



# **General Assembly Tigar AD Pirot 2015**



June 29, 2015

Dear Shareholders,

Please be advised that the regular session of the General Assembly of the Joint-Stock Company Tigar from Pirot (Tigar AD) will be held on **29 June 2015 in Pirot**, in the Large Conference Room of the Administrative Building at the seat of the Company, 213, Nikole Pasica Str., starting at **12:00 hours**.

### **A g e n d a**

- 1) Making Decision on adopting the Financial Statement of Tigar ad Pirot for the year 2014 with the Independent Auditor's Report and of reports related to it: Executive Board's Business Report and the Report of the Supervisory Board;
- 2) Making Decision on adopting the Consolidated Financial Statement of Tigar ad Pirot for the year 2014 with the Independent Auditor's Report and of reports related to it: Executive Board's Business Report and the Report of the Supervisory Board.
- 3) Making Decision on election of independent auditor for the year 2015;
- 4) Making Decision on amendments and supplements of Tigar ad By-Laws;
- 5) Making Decision on appointing a member of Tigar ad Supervisory Board.

We hereby invite you to participate in decision-making on the items on the agenda, either in person or through a proxy. Detailed information about voting via proxy is contained in the Invitation for a regular session of the General Assembly, which is enclosed with this material, as well as power of attorney for the voting at the GA session.

The power of attorney, to be filled in places marked for identification of shareholders (address, place of residence, identification card number, personal identification number) or proxy (name and surname, voting instructions on individual agenda items) should be submitted to Tigar AD not later than 3 days prior to the meeting, or until June 26, 2015. (in person or by mail).

This material contains draft decisions on all items on the agenda with corresponding explanations.

Materials for the session may be downloaded from the Company's website [www.tigar.com](http://www.tigar.com) and will be available for inspection at the Company's headquarters each working day – from Monday to Friday, from 8am to 4pm.

#### **N o t e:**

Kindly arrive at the venue of the session not later than 10 a.m. for registration of attendance and other formalities, so that the session of the General Assembly may begin on time. Please note that you will be required to present an ID card for identification purposes.

At the session of the General Assembly are invited, in accordance with the Decision of the Supervisory Board of Tigar AD Pirot, owners of shares on April 29, 2015. according to the unique records of shareholders. All the invitations are sent to shareholders' addresses.

The right to participate in the work of the session have persons who are shareholders of the Company on the tenth day before the date of the meeting, according to the list of shareholders, as determined on the basis of statements of shareholders from the Central Registry - Day Meeting: June 19, 2015.

Sincerely yours,

In Pirot, 29.05.2015.

**Managing Director**

**Nebojša Đenadić**



**Report of the Executive Board of Tigar ad Pirot to shareholders in connection with the business results of the Joint Stock Company Tigar Pirot in 2014.**

Business in 2014 was characterized by continuity of industrial activity and stabilization of industrial operations, noting that Tigar ad continue its operations without any additional borrowing.

Production in tons in 2014 recorded a growth of 1% in the production the rubber footwear program, while the revenues from the sales of rubber footwear increased by 4% compared to the previous year. In the domestic market was recorded a sales growth of 15 percent, while the volume of sales on the foreign market is approximately at the same level (sales growth of 1%). At the end of the year were initiated negotiations with potential new customers from the UK, France, Poland and Canada.

Tigar Rubber Technical goods I.l.c. Pirot has achieved in 2014 a production in tons that is by 55% lower compared to the same period of the previous year. The main reason for the decrease of production and the sales income lower by 27% of the plant Tigar Rubber Technical Goods is the lack of domestic market, where has occurred the reduction in revenues of 48%, primarily because of the difficulties with which faced the large systems and the companies in the field of construction; liquidity problems of domestic economic entities and the absence of public procurement for the needs of the Army of Serbia, while the foreign market sales increased by 8%.

Tigar Chemical Products has produced 172 tons of the product, which is 8% less than in the same period last year, while the revenues have decreased by 30%. The plant continues to operate in harsh production conditions caused by a decrease in capacity due to the relocation at this new location after the fire. Despite the aforementioned, the factory has succeeded to meet the needs of Tigar Rubber Footwear and of Tigar Tyres for adhesives, so that on the domestic market it has recorded a revenue decline of 7%. In late 2014, the factory Tigar Chemical Products renewed cooperation with customers from South Africa and Bulgaria.

Total revenues from sales of goods, products and services on a consolidated basis for the period January-December 2014 amounted to RSD 2.7 billion, which is 12% lower when compared to the same period last year. Great impact on reported lower sales on a consolidated basis had the liquidation of the company Tigar Europe from Great Britain. Liquidation was approached due to the termination of the contract on the sale of tires in the UK market, which this entity has with Tigar Tyres. Sales revenues of this entity had declined from 4.4 million pounds in 2013 to 0.2 million pounds in 2014. Bt the termination of this contract and therefore the revenues realized based on it, there was lost the economic feasibility of operations of this subsidiary company. From all the above it is clear that decline in revenue at the consolidated level is not caused by real business activity but because of the liquidation of the company that has been operating in the UK market. As a consequence of the termination of the contract with Tigar Tyres in the part of distribution of tires in the domestic market, there have also declined the revenues from the sale of goods and services of the service network, due to a lack of tires and complementary products which incurred due to funding problems.

Total external sales of the company in 2014 was at a level of around RSD 2 billion, of which 69% was in export. The largest share in exports was achieved by Tigar Rubber Footwear I.l.c. Pirot in the amount of 87%.

Consolidated operating expenses were lower by 17% compared to the same period last year. Lower operating expenses on a consolidated basis in 2014 are the result of the taken measures and controls in part of reduction of expenditures, rationalization of labor, business optimization, as well as external factors – decrease of material prices.



Structure of operating expenses in 2014 in total cost by groups is as it follows: Expenditures related to wages, salaries and other personnel expenses account for about 38%; expenses for the costs of materials, energy and the reduction of inventories accounted for 39%; the cost of goods accounts for 2%; expenses, depreciation and provisions accounted for 7% and other expenses accounted for 14%. In the cost structure for the observed period are also included the costs related to the preparation of the Prepackaged Reorganization Plan – for Tigar Rubber Footwear and Tigar ad.

Starting with the financial statements for 2014, the reported operating loss (EBIT) in 2014 on a consolidated basis amounted to RSD 226.8 million, while the operating loss in 2013 amounted to RSD 481.5 million, which represents a better result by 254 7 million, or by 53%. Reported operating loss before depreciation and long-term provisions (EBITDA) in 2014 amounted to 10.6 million dinars, while in the same period of previous year operating loss before amortization and long-term provisions amounted RSD 261.5 million, which represents an improvement of 251 million dinars, or 96%. EBITDA in 2014 improved for 435.1 million dinars compared to the year 2012. Thanks to the measures taken in 2014, there was achieved the stabilization of business operations.

EBITDA in 2014 would be better if it was not burdened by costs in the amount of RSD 33.9 million, which are related to the VAT expense based on the handed over pledged goods to UBB bank – RSD 8.2 million; costs of forcible collection – RSD 3.3 million, the cost of making a Prepackaged reorganization Plan (costs of bankruptcy proceedings RSD 2 million, expenses of appraisers RSD 5.2 million, audit cost RSD 2 million, costs of consultants RSD 1 million) as well as costs that are not directly connected with the regular business of the company (costs of sponsorship and donations RSD 12.2 million, predominantly realized through the help for the flooded areas in the Republic of Serbia and the Serbian Republic. Tigar has donated nearly 10,000 pairs of rubber footwear).

Financing costs on a consolidated basis, in the period January-December 2014 amounted to RSD 982.1 million, while the cost of funding at the consolidated level in the same period last year amounted to RSD 644.7 million. **The largest part of financial expenses are made of the interest-related costs, which on a consolidated basis amounted to about RSD 573.3 million. The level of debt denominated in dinars was significantly influenced by changes of the dinar exchange rate, which was on the balance sheet date at the end of the year higher than at the end of last year, so on that basis we have foreign exchange losses and other financial expenses in the amount of RSD 408.9 million.**

Large burdens on the basis of borrowing from earlier periods and financial expenses still significantly affect the net results so that the net loss on a consolidated basis in 2014 amounted to RSD 1.4 billion, while in 2013 it amounted to RSD 1.03 billion, which is higher by 35%. Viewed individually, the parent company Tigar ad has achieved an operating income of RSD 1.9 billion, the operating result (EBIT) of RSD 102.9 million, the loss before taxation of RSD 849.1 million and a net loss of RSD 849.1 million. At the level of dependent entities in 2014 has occurred a significant step forward in all entities in the part of stabilization of operations up to the level of operating result (EBIT) compared to the previous year, while in the part of the net result the situation is as it follows: net operating losses recorded Tigar Rubber Footwear in the amount of 486.9 million dinars, Tigar Rubber Technical Goods in the amount of 253.2 million dinars, Tigar Chemical Products in the amount of 55 million dinars, Tigra Montenegro in the amount of 50 thousand euro, Tigar Europe in the amount of 51 thousand pounds (the last submitted report), Tigar Partner in the amount of 1.4 million denars, Tigar Catering in the amount of 9.3 million dinars, Tigar Incon in the amount of 25.6 million dinars.



The gains in business have achieved Tigar Business Service in the amount of 7.6 million dinars, Tigar Free Trade Zone - 22.2 million dinars, Ti Car - 12.1 million dinars, other service activities (Tigar Security, Tigar Insurance, Tigar Tours, Pi channel) totalling 22.6 million dinars, as well as Tigar Trade - 17 thousand convertible marks.

During 2014, the parent company has taken steps to resolve the status of the dependent company Tigar Americas.

At the consolidated level, the value of total assets was 6.9 billion dinars, of which fixed assets 5.1 billion dinars, and the current assets 1.8 billion dinars.

Changes in the law have caused the engagement of an independent appraiser for the purpose of making assessments of facilities and equipment according to IAS 36 and IAS 40. The Company has conducted the posting according to appraisal that in regular report on business operations have affected the position of investment property in the balance sheet at both individual and consolidated level: in Tigar AD was reduced to 104.8 million dinars in Tigar Rubber Footwear increased by RSD 10 million, in Tigar Rubber Technical Goods decreased by 16.4 million dinars in Tigar Chemical products decreased by 52.4 million dinars while in case of other related entities there were no changes.

A part that relates to claims in the amount of 393 million dinars for the most part include the accounts receivable from domestic and foreign customers. The structure of domestic customer receivables relate to current receivables where from the 8 largest customers is claimed 65 million dinars. As for the seven largest foreign customers, receivables amounted to 69.6 million dinars. In the part of older claims, the largest single claim is asserted against GP auto shop in bankruptcy in the amount of 20.6 million dinars. As for this customer is envisaged compensation in the amount of about 17 million dinars, while the rest will be settled from the bankruptcy estate. When speaking of the customer Ema from Pozarevac, the amount is 30.9 million dinars. There is also anticipated compensation in the amount of about 10 million dinars, while as for the rest were activated bills at the end of 2013. There is also a significant amount of receivables related to the entities from abroad. Tigar Partner Macedonia claims from its customers 25.6 million dinars, Tigra Montenegro 8.3 million dinars and Tigar Trade Banja Luka 28.7 million dinars. There is a disputed claim in case of Tigar Chemical Products in the amount of 9.7 million dinars towards the company LK Commerce from Greece.

At the consolidated level, the loss above the capital is 1.5 billion dinars. Individually, loss above the capital as of 31.12.2014 was realized by Tigar Rubber Technical Goods - 443.7 million dinars, Tigar Rubber Footwear - 538.5 million dinars, Tigar AD - 965.4 million dinars and Ti Car - 1.3 million dinars.

On the liabilities side, the equity value is 0, liabilities for long term loans around 1.8 billion dinars, other long-term liabilities 0.3 billion dinars, liabilities under short-term loans were 3.6 billion dinars and other short-term liabilities amounted to about 2.9 billion dinars. This level of short-term liabilities compared to the available working capital is a lot higher, so that the current liquidity ratio is below the desirable one. By replacing short-term liabilities with the long-term loans, through a process of long-term financial stabilization, there will be provided a better impact on the current liquidity of the company.

Number of employees at the end of 2014 was 1,616, which implies the decrease of 196 employees compared to 2013, when there were 1,812 people employed.

To overcome the problem that arose because of the impossibility of the realization of the Conclusion of the Serbian Government to issue a guarantee in the amount of 20 million euros in 2013, at meetings held in February and March 2014, the largest creditors, ie. banks have proposed the launch

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of the procedure of submitting the Prepackaged Reorganization Plan. The Supervisory Board of Tigar ad at its meeting held on 12 March 2014 has made a decision on convening the Extraordinary session of General Assembly on 14 April 2014, on the occasion of which was made a decision on filing the proposal for the initiation of the bankruptcy procedure through reorganization, with the Prepackaged Reorganization Plan. Prepackaged Reorganization Plans for Tigar AD and Tigar Rubber Footwear were handed over to the Commercial Court in Nis on 29.05.2014. Voting on which the plan for Tigar ad was adopted by the majority of creditors was held on 18/09/2014 and for Tigar Rubber Footwear on 09.23.2014. There were no appeals in relation to the plan of Tigar Rubber Footwear so that it became valid on 26/11/2014, and the beginning of its implementation was on 11.12.2014. Repayment towards direct creditors of Tigar Rubber Footwear began on 01/11/2015.

Privredna Banka Belgrade in bankruptcy made an appeal in relation to the adopted plan of Tigar ad, and by the Resolution of the Commercial Court of Appeals in Belgrade as of 31.12.2014 was ordered the correction of the plan. Such correction of the plan was done and the revised text of the Prepackaged Reorganization Plan was handed over to the Court on 20/02/2015. At a hearing held in the Commercial Court in Nis on 04/07/2015, by the majority decision of creditors was adopted the Prepackaged Reorganization Plan of Tigar AD. It is now expected the validity of the Prepackaged Reorganization Plan of Tigar ad Pirot.

In the reporting period, the company's management had continuous communication with the largest owners and representatives of the Government of the Republic of Serbia as the largest individual shareholder, with the aim of reaching agreement on the key decisions for the company.

In September of 2014 was made a Decision to launch the project for the construction of a factory for the production of rubber compounds, because the contract with Tigar Tyres on lease of the White Mixing Room was expiring. There were formed project teams, there was chosen a variant of the preliminary design and location on which the factory would be built.

During 2015, the company will invest more than a million euros in the construction of a new facility for the production of rubber compounds which are essential for the production of rubber products. Representatives of the company Tigar ad signed a Contract for design and construction with Delta Engineering, the contractor.

The area of the manufacturing facility of the new object will be 1.700m<sup>2</sup>, and the total surface on which the plant will be built is 3,000m<sup>2</sup>.

**Managing Director  
Nebojsa Djenadic**



Pursuant to Article 442, and in compliance with the application of the Article 399 of the Law on Companies (Official Gazette of the RS, ns. 36/11, 99/11, 83/14 and 5/15) and to Article 25 of the Rules of Procedure on the work of the Supervisory Board of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Company submits:

**Report of the Supervisory Board of Tigar ad Pirot to shareholders in connection with the business results of Tigar AD in 2014.**

The Supervisory Board of the Joint Stock Company Tigar, Pirot, was elected on the occasion of the General Assembly as of 14.06.2013 on a term of 4 years and after certain changes in the membership, it works in the following composition: Nebojsa Petrovic, Chairman; Aleksandar Radojevic, Igor Markicevic, Aleksandar Djurkovic and Bogdan Popara. The coopted member of the Supervisory Board, Bogdan Popara will be proposed for the election at the regular session of the General Assembly.

Within preparation for the regular annual General Assembly of Tigar ad in 2014, the Supervisory Board has considered the Annual Report for the year 2014, reviewed all the facts relating to the accounting and reporting practices in Tigar and its subsidiaries, the Company's compliance with the law and other regulations.

By the insight into the Financial Statement, there was found that it has been prepared in accordance with the regulations. The financial statement is given an assessment of events in the environment and the status of the most important processes within Tigar that have reflected on the operating result.

In addition to the Financial Statement, the Supervisory Board has also reviewed the documentation related to the work of the Executive Board, the Managing Director, the Committees of the Supervisory Board and other governing structures and concluded that all these governing bodies have carried out their tasks in compliance with applicable regulations and within the defined company policies.

In addition to the financial results of the parent company - Tigar ad Pirot as a legal entity, there was also reported the consolidated result for Tigar and other subsidiaries within the corporation.

Within individual balances of Tigar ad was achieved an operating profit of RSD 102.9 million, while in the previous year was reported an operating profit in the amount of RSD 67.6 million.

The total loss in 2014 amounted to RSD 849.1 million and the largest share in the reported loss had financial expenditures in the amount of 612.2 million dinars in which the interest-related expense holds the largest share.

The reported operating loss in the consolidated balance sheets amounted to RSD 226,8 million, while in the previous year, the operating loss amounted to RSD 481,5 million. The total reported loss on a consolidated basis amounted to RSD 1.406,5 million. Within the reported loss, the largest share hold financial expenses in the amount of RSD 982.2 million.

The financial statements are in accordance with the regulations, they were audited by an independent auditor on which will be submitted respective Opinion to the General Assembly. As for the audit in 2014 was engaged a reputable audit firm Ernst & Young Ltd. Belgrade, whose qualifications and independence in relation to the Company were undeniable even on the occasion of their choice.

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The Supervisory Board has estimated that the Financial Statement for the year 2014 is fair and comprehensive, with an emphasis on issues that form the core of the business and with the realistic assessment of the situation in the region.

The financial statements of the Company, as the figure recap of realized results, is presented in a clear manner and in accordance with the accounting regulations and standards, and adopted accounting policies.

In accordance with applicable regulations, the Supervisory Board has participated in the preparation of the sessions of the General Assembly of Tigar ad Pirot.

The Supervisory Board has not only contemplated the accounting statements but also the overall management activities. Management and financing of its subsidiaries, as the main activity, complemented by activities of supporting services such as sales, purchase, commercial logistics and trade in the country and abroad, were the main features of business activity and sources of income in 2014.

During its term of office, the Supervisory Board held a total of 42 sessions in which it made decisions that fell under its jurisdiction, in the exercise of the supervisory function of the Company.

The Supervisory Board will consider that it has successfully completed its tasks within the scope of its work if the General Assembly share its opinion by accepting the offered Report.

**Chairman of Tigar ad  
Supervisory Board**

**Nebojša Petrović**



Pursuant to Article 441 paragraph 1 item 5 of the Law on Companies (Official Gazette of the RS, no. 36/11, 99/11, 83/14 and 5/15) and Article 49 paragraph 1 items 5 and 7 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, on its session held on 2015-05-28, proposes to General Assembly convened for June 29, 2015 to make the following

**DECISION**

**adopting Tigar AD's 2014 Financial Statement of the Joint Stock Company Tigar Pirot**

1. The Financial Statement of Tigar AD Joint Stock Company for the year 2014, and the reports in connection with the Financial Statement, including:

- Tigar AD's 2014 Annual Report presented by the Executive Board,
  - The 2014 report presented by the auditor firm Ernst & Young doo Belgrade, and
  - The 2014 report presented by the Supervisory Board
- are hereby adopted in their entirety.

2. According to the income statement for the January-December 2014 period, the Joint Stock Company Tigar AD reported the following results:

<b>Income statement (in thousands of RSD)</b>	<b>january-december 2014</b>	<b>january-december 2013</b>
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>1,855,836</b>	<b>2,958,181</b>
I. Sales of goods	1,446,938	2,521,459
II. Sales of products and services	392,321	421,092
III. Revenues from premiums, subsidies, donations, grants etc.		
IV. Other operating income	16,577	15,630
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>1,752,901</b>	<b>2,890,597</b>
I. Cost of commercial goods sold	1,261,701	2,205,412
II. Work performed by the company and capitalized		
III. Increase in inventories of finished products and work in progress		
IV. Decrease in inventories of finished products and work in progress		
V. Material consumed	4,648	11,253
VI. Fuel and energy consumed	85,143	88,516
VII. Staff costs	193,027	304,380
VIII. Production expenses	58,742	104,341
IX. Amortization	48,456	53,821
X. Costs of long-term provisions	302	683
XI. Intangible costs	100,882	122,191
<b>C. PROFIT FROM OPERATIONS</b>	<b>102,935</b>	<b>67,584</b>
<b>D. LOSS FROM OPERATIONS</b>		
<b>I. FINANCE INCOME</b>	<b>49,695</b>	<b>18,446</b>
I. Financial income from related persons and other financial income	25,950	1,187
II. Interest income (from third parties)	2,135	493
III. Gains and positive effects of currency clause	21,610	16,766
<b>F. FINANCE EXPENSES</b>	<b>612,261</b>	<b>503,280</b>



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I. Financial expenses related party transactions and other financial expenses	14,276	21,852
II. Interest expense (by third parties)	415,261	422,753
III. Foreign exchange gains and negative effects of currency clause	182,724	58,675
<b>G. PROFIT FROM FINANCING</b>		
<b>H.LOSS FROM FINANCING</b>	<b>562,566</b>	<b>484,834</b>
<b>I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>1,832</b>	<b>18,949</b>
<b>J. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>385,418</b>	<b>494,874</b>
<b>K. OTHER INCOME</b>	<b>18,963</b>	<b>71,842</b>
<b>L. OTHER EXPENSES</b>	<b>24,861</b>	<b>34,283</b>
<b>M. OPERATING PROFIT BEFORE TAX</b>		
<b>N. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>849,115</b>	<b>855,616</b>
<b>Q. PROFIT BEFORE TAXATION</b>		
<b>R. LOSS BEFORE TAXATION</b>	<b>849,115</b>	<b>855,616</b>
<b>S. INCOME TAXES</b>		
I. Current tax expense		124
II. Deferred income tax expense		
III. Deferred income tax benefit		37,024
<b>T.EARNINGS OF EMPLOYER</b>		
<b>U. NET PROFIT</b>		
<b>V. NET LOSS</b>	<b>849,115</b>	<b>818,716</b>

3. According to the balance sheet as of 31 December 2014, Tigar AD reported the following items

**BALANCE SHEET (in thousands of RSD)**

	As of 31.december 2014	As of 31.december 2013	As of 31.december 2012
<b>ASSETS</b>			
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	<b>0</b>		
<b>B. NON-CURRENT ASSETS</b>	<b>1,983,302</b>	<b>2,308,016</b>	<b>2,888,125</b>
I. INTANGIBLE ASSETS	13,758	16,381	28,701
Investment in development	33	71	5
Concessions, patents, licenses, trademarks, software and other rights	9,823	12,157	14,767
Intangible assets under construction	3,902	4,153	13,929
Advances for intangible assets	0	0	0
II. PROPERTY, PLANT AND EQUIPMENT	1,257,829	1,410,676	1,505,315
Land	54,376	54,156	26,060
Buildings	643,255	655,518	678,835
Plant and equipment	231,157	260,838	295,680
Investment property	290,896	395,695	455,444
Property, plant and equipment construction	28,945	37,706	33,009
Investments in property, plants and equipment	9,200	6,763	16,287
III. BIOLOGICAL AGENTS	0	0	0
IV. LONG-TERM FINANCIAL PLACEMENTS	504,651	880,959	1,354,109
Shares in subsidiaries	480,785	856,716	1,303,534
Shares in associated companies and joint ventures	12,018	12,020	11,677
Shares in other legal entities and other securities for available for sale	94	153	153
Other long-term investments	11,754	12,070	38,745
V. LONG-TERM RECEIVABLES	207,064	0	0
Receivables from parent company and its subsidiaries	207,064	0	0



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<b>C. DEFERRED TAX ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>D. CURRENT ASSETS</b>	<b>2,851,148</b>	<b>2,936,294</b>	<b>3,332,031</b>
<b>I. INVENTORIES</b>	453,874	621,303	665,669
Material, spare parts, tools and supplies	5,574	6,531	9,149
Unfinished production and unfinished services	0	67,895	67,882
Goods	430,666	532,532	567,095
Fixed assets for sale	0	0	6,337
Advances paid to suppliers	17,634	14,345	15,206
<b>II. DUE ON SALE</b>	1,892,079	1,811,666	1,917,668
Customers in the country - the parent and subsidiaries	1,648,171	1,419,098	1,409,118
Customers abroad - parent and subsidiaries	115,847	127,897	102,829
Customers in the country - other related parties	585	978	834
Customers in the country	57,380	172,988	301,275
Customers abroad	70,096	90,705	103,612
Other receivables from sales	0	0	0
<b>III RECEIVABLES FROM SPECIFIC</b>	0	0	0
<b>IV. OTHER RECEIVABLES</b>	57,116	206,744	236,964
<b>V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	0	0	0
<b>VI. SHORT-TERM FINANCIAL PLACEMENTS</b>	239,953	276,539	120,752
Short-term loans and investments - parent and subsidiaries	239,480	276,539	120,752
Short-term loans and investments - other related parties	456	0	0
Other short-term financial investments	17	0	0
<b>VII. CASH AND CASH EQUIVALENTS</b>	109,103	2,088	7,571
<b>VIII. VALUE ADDED TAX</b>	12,297	0	16,402
<b>IX. PREPAYMENTS</b>	86,726	17,954	367,005
<b>I. TOTAL ASSETS</b>	<b>4,834,450</b>	<b>5,244,310</b>	<b>6,220,156</b>
<b>F. OFF BALANCE SHEET ASSETS</b>	<b>0</b>		
	<b>As of 31.december 2014</b>	<b>As of 31.december 2013</b>	<b>As of 31.december 2012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. KAPITAL</b>	<b>0</b>	<b>0</b>	<b>649,897</b>
<b>I. SHARE AND OTHER CAPITAL</b>	642,704	642,704	2,062,152
Share Capital	642,704	642,704	2,062,152
<b>II. SUBSCRIBED CAPITAL UNPAID</b>	0	0	0
<b>III. TREASURY SHARES</b>	0	0	0
<b>IV. RESERVES</b>	143	143	206,215
<b>V. REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT</b>	112,818	112,817	167,943
<b>VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	6	0	0
<b>VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	0	0	0
<b>VIII. RETAINED EARNINGS</b>	0	0	623,646
Retained profit from previous years	0	0	623,646
<b>IX. PARTICIPATION RIGHTS WITHOUT CONTROL</b>	0	0	0
<b>X. LOSS</b>	1,811,014	961,899	2,410,059
Loss of previous years	961,899	144,549	210,396
Loss for the year	849,115	817,350	2,199,663
<b>B. NON-CURRENT ASSETS</b>	<b>755,963</b>	<b>893,579</b>	<b>757,641</b>
<b>I. LONG-TERM PROVISIONS</b>	220,604	221,704	224,262
Provision for retirement and other employee benefits	5,920	7,429	11,061
Provision for lawsuits	214,684	214,275	213,201
Other long-term provisions		0	0
<b>II. LONG-TERM LIABILITIES</b>	535,359	671,875	533,379
Long-term loans in the country	535,359	671,875	532,961



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Liabilities based on financial leasing	0	0	418
<b>C. DEFERRED TAX LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>37,024</b>
<b>D. CURRENT LIABILITIES</b>	<b>5,133,830</b>	<b>4,556,965</b>	<b>4,775,594</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	<b>3,051,513</b>	<b>2,781,875</b>	<b>2,667,176</b>
Short-term loans from parent companies and subsidiaries	119,984	66,187	45,000
Short-term loans from other related parties	0	0	0
Short-term loans in the country	2,042,117	1,992,538	2,150,564
Other current financial liabilities	889,412	723,150	471,612
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	<b>52,541</b>	<b>52,114</b>	<b>54,140</b>
<b>III. ACCOUNTS PAYABLE</b>	<b>990,652</b>	<b>1,048,472</b>	<b>1,485,044</b>
Suppliers - parent and subsidiaries in the country	164,010	212,622	628,966
Suppliers - parent and subsidiaries abroad	50,584	41,642	42,182
Suppliers - other related parties in the country	3,972	4,949	4,619
Suppliers in the country	293,792	396,512	381,229
Foreign suppliers	478,113	391,121	354,742
Other liabilities	181	1,626	73,306
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>941,583</b>	<b>590,544</b>	<b>404,910</b>
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>	<b>0</b>	<b>4,905</b>	<b>4,538</b>
<b>VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>15,364</b>	<b>18,550</b>	<b>41,764</b>
<b>VII. ACCRUALS</b>	<b>82,177</b>	<b>60,505</b>	<b>118,022</b>
<b>I. THE LOSS IN EXCESS OF CAPITAL</b>	<b>1,055,343</b>	<b>206,234</b>	<b>0</b>
<b>F. TOTAL LIABILITIES</b>	<b>4,834,450</b>	<b>5,244,310</b>	<b>6,220,156</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>

4. Decision on covering the loss expressed within the Financial Statement for the year 2014 will be made later on.

5. Financial Statement of Tigar ad Pirot for the year 20143 together with the Independent Auditor's Report will be published in its entirety on the web page of the joint stock company [www.tigar.com](http://www.tigar.com), in both serbian and english language.

6. This Decision shall come into effect by the date of its adoption.

### E x p l a n a t i o n

Within preparation for the regular annual session of the General Assembly of Tigar Pirot, the Supervisory Board has considered the Annual Business Report of Tigar in 2014, especially the Financial Statement and has recommended its adoption to the General Assembly, together with the report of the independent auditors.

The financial statement has been prepared in accordance with the Accounting Act and in accordance with international accounting standards and reflect the real situation of the results of operations and Company's assets. In the income statement for the year 2014 is presented a positive operating result of RSD 102.9 million, which compared to 2013 when the operating result was RSD 67.6 million, figures as an increase of 52%. Net loss for the period January-December 2014 in the amount of RSD 759.1 million dinars is lower than the net loss reported in the same period in 2013 when it amounted to RSD 818.7 million, which represents an improvement of the net results for 7%. The main reason for the better financial result is the growth of sales revenues that can be seen in the items of the income statement.

Business Report contains a detailed view of operations and events affecting the Company's operations in 2014, and it was made in accordance with the law governing the capital market. Supervisory Board report on the company's business operations and the realized supervision over the work of the Executive Board has also been submitted to the General Assembly in accordance with the reporting obligations prescribed by the Law on Companies.

 <b>Tigar</b> ®	<b>TIGAR a.d. Pirot SUPERVISORY BOARD</b>
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At the proposal of the Supervisory Board of Tigar ad Pirot, the General Assembly of the Company adopted the Financial Statement for the year 2014 together with reports relating to it and made the decision as stated above.'

**Chairman of Supervisory Board of  
Tigar ad Pirot**

**Nebojsa Petrovic**



Pursuant to Article 441 paragraph 1 item 5 of the Companies Law (Official Gazette of the RoS, nos. 36/11, 99/11, 83/14 and 5/15) and pursuant to Article 49 paragraph 1 items 5 and 7 of the By-Laws of the Joint-Stock Company Tigar Pirot (Tigar AD), the Supervisory Board of Tigar AD on its session as of May 28, 2015 proposes to the General Assembly to pass on its session scheduled for 2013-06-29 the following

**'DECISION**  
**adopting Tigar AD's 2014 Consolidated Financial Statement**  
**and other reports related to it**

1. It is hereby adopted the Consolidated Financial Statement of Tigar AD for the year 2014, and the reports in connection with the Consolidated Financial Statement, including:

- Tigar AD's 2014 Annual Report presented by the Executive Board,
- The report presented by the auditor firm Ernst & Young doo Belgrade, and
- The 2014 report presented by the Supervisory Board

2. According to the income statement from the Consolidated Financial Statement for the January-December 2014 period, the Joint Stock Company Tigar Pirot expressed the following results:

Income statement (in thousands of RSD)	January-December 2014	January-December 2013
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>2,734,470</b>	<b>3,106,115</b>
I Sales of goods	145,519	448,739
II Sales of products and services	2,566,507	2,640,019
III Revenues from premiums, subsidies, donations, grants etc.		
IV Other operating income	22,445	17,357
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>2,961,349</b>	<b>3,587,638</b>
I Cost of commercial goods sold	63,057	253,004
II Work performed by the company and capitalized	270	26,124
III Increase in inventories of finished products and work in progress	0	
IV Decrease in inventories of finished products and work in progress	15,425	64,583
V Material consumed	941,854	1,102,762
VI Fuel and energy consumed	185,212	181,005
VII Staff costs	1,132,331	1,278,153
VIII Production expenses	261,439	328,753
IX Amortization	213,002	218,277
X Costs of long-term provisions	3,302	1,704
XI Intangible costs	145,996	185,523
<b>C. PROFIT FROM OPERATIONS</b>		
<b>D. LOSS FROM OPERATIONS</b>	<b>226,879</b>	<b>481,523</b>
<b>I. FINANCE INCOME</b>	<b>33,875</b>	<b>26,162</b>
I Financial income from related persons and other financial income	973	1,661
II Interest expense (by third parties)	2,344	4,251
III Foreign exchange gains and negative effects of currency clause	30,558	20,250
<b>F. FINANCE EXPENSES</b>	<b>982,153</b>	<b>644,722</b>
I Financial expenses related party transactions and other financial expenses	4,031	6,442
II Interest expense (by third parties)	573,282	513,923
III Foreign exchange gains and negative effects of currency clause	404,839	124,358
<b>G. PROFIT FROM FINANCING</b>		
<b>H. LOSS FROM FINANCING</b>	<b>948,278</b>	<b>618,559</b>
<b>I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>14,044</b>	<b>19,015</b>
<b>J. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>158,210</b>	<b>69,991</b>
<b>K. OTHER INCOME</b>	<b>50,077</b>	<b>151,029</b>
<b>L. OTHER EXPENSES</b>	<b>124,017</b>	<b>87,495</b>



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<b>M. OPERATING PROFIT BEFORE TAX</b>		
<b>N. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>1,393,262</b>	<b>1,087,524</b>
<b>Q. PROFIT BEFORE TAXATION</b>		
<b>R. LOSS BEFORE TAXATION</b>	<b>1,393,262</b>	<b>1,087,524</b>
<b>S. INCOME TAXES</b>		
I Current tax expense	16,893	6,519
II Deferred income tax expense	735	863
III Deferred income tax benefit	4,354	60,682
<b>T.EARNINGS OF EMPLOYER</b>		
<b>U. NET PROFIT</b>		
<b>V. NET LOSS</b>	<b>1,406,536</b>	<b>1,034,224</b>

3. According to the balance sheet in the Consolidated Financial Statement as of 31 December 2014, Tigar AD reported the following balance sheet items:

**BALANCE SHEET (in thousands of RSD)**

<b>ASSETS</b>	<b>As of 31.december 2014</b>	<b>As of 31.december 2013</b>	<b>As of 31.december 2012</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>5,113,669</b>	<b>5,477,305</b>	<b>5,728,837</b>
<b>I. INTANGIBLE ASSETS</b>	415,482	487,546	581,929
Investment in development	368,482	434,142	463,708
Concessions, patents , licenses , trademarks , software and other rights	16,243	17,450	23,451
Goodwil	0	0	0
Other inangible assets	0	100	82
Intangible assets under construction	30,757	35,854	94,688
Advances for intangible assets	0	0	0
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	4,674,322	4,965,518	5,096,336
Land	525,279	444,382	366,965
Buildings	2,678,462	2,787,681	2,761,877
Plant and equipment	800,631	877,165	982,115
Investment property	582,070	755,514	815,262
Property, plant and equipment construction	57,190	72,020	152,293
Investments in property, plants and equipment	10,749	8,816	17,824
Advances for properties, plant and equipment	19,940	19,940	0
<b>III. BIOLOGICAL AGENTS</b>	0	0	0
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>	23,866	24,241	50,572
Shares in subsidiaries	0	0	0
Shares in associated companies and joint ventures	12,018	12,171	11,827
Shares in other legal entities and other	94	0	0
Other long-term investments	11,754	12,070	38,745
<b>V. LONG-TERM RECEIVABLES</b>	0	0	0
<b>C. DEFERRED TAX ASSETS</b>	<b>0</b>	<b>1,875</b>	<b>23,924</b>
<b>D. CURRENT ASSETS</b>	<b>1,820,521</b>	<b>2,164,386</b>	<b>2,466,739</b>
<b>I. INVENTORIES</b>	1,111,209	1,147,985	1,218,266
Material, spare parts, tools and supplies	97,547	99,618	115,301
Unfinished production and unfinished services	102,577	234,208	302,068
Finished products	252,125	116,740	621,937
Goods	595,272	670,223	132,050
Fixed assets for sale	27,162	0	6,337
Advances paid to suppliers	36,525	27,196	40,573
<b>II. DUE ON SALE</b>	393,108	520,025	689,592
Customers in the country - the parent and	0	0	0



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subsidiaries			
Customers abroad - parent and subsidiaries	0	0	0
Customers in the country - other related parties	3,402	29,457	28,354
Customers in the country	282,629	361,661	452,465
Customers abroad	107,077	128,907	208,773
Other receivables from sales	0	0	0
III RECEIVABLES FROM SPECIFIC	1,384	4,761	0
IV. OTHER RECEIVABLES	52,005	63,176	47,204
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	0	0	0
VI. SHORT-TERM FINANCIAL PLACEMENTS	473	472	5,223
Short-term loans and investments - parent and subsidiaries	0	0	0
Short-term loans and investments - other related parties	472	472	5,180
Other short-term financial investments	0	0	43
VII. CASH AND CASH EQUIVALENTS	194,656	220,447	198,767
VIII. VALUE ADDED TAX	22,943	19,634	16,894
IX. PREPAYMENTS	44,743	187,886	290,793
<b>I. TOTAL ASSETS</b>	<b>6,934,190</b>	<b>7,643,566</b>	<b>8,219,500</b>
<b>F. OFF BALANCE SHEET ASSETS</b>	<b>0</b>		
<b>EQUITY AND LIABILITIES</b>	<b>As of 31.december 2014</b>	<b>As of 31.december 2013</b>	<b>As of 31.december 2012</b>
<b>A. EQUITY</b>	<b>0</b>	<b>0</b>	<b>951,593</b>
I. SHARE AND OTHER CAPITAL	642,704	642,704	2,062,152
Share Capital	642,704	642,704	2,062,152
II. SUBSCRIBED CAPITAL UNPAID	0	0	0
III. TREASURY SHARES	0	0	0
IV. RESERVES	5,409	5,396	5,252
V. REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT	1,509,155	1,506,949	1,571,185
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	77,139	87,216	53,087
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	3,593	0	0
VIII. RETAINED EARNINGS	0	0	0
IX. PARTICIPATION RIGHTS WITHOUT CONTROL	87,802	88,216	83,604
X. LOSS	3,832,302	2,413,007	2,823,686
Loss of previous years	2,420,235	1,374,171	678,249
Loss for the year	1,412,067	1,038,836	2,145,437
<b>B. NON-CURRENT ASSETS</b>	<b>2,024,794</b>	<b>1,321,211</b>	<b>1,548,185</b>
I. LONG-TERM PROVISIONS	254,496	291,854	293,185
Provision for retirement and other employee benefits	36,736	78,654	79,985
Provision for lawsuits	217,760	213,200	213,200
Other long-term provisions	0	0	0
II. LONG-TERM LIABILITIES	1,770,298	1,029,357	1,255,000
Long-term loans in the country	535,359	724,075	1,153,779
Long-term loans abroad	944,950	301,462	100,803
Liabilities based on financial leasing	15,881	3,820	418
Other long-term liabilities	274,109	0	0



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<b>C. DEFERRED TAX LIABILITIES</b>	<b>114,777</b>	<b>117,631</b>	<b>175,839</b>
<b>D. CURRENT LIABILITIES</b>	<b>6,308,305</b>	<b>6,287,250</b>	<b>5,543,883</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	<b>3,555,912</b>	<b>3,709,620</b>	<b>3,272,752</b>
Short-term loans in the country	2,042,605	2,211,127	2,197,566
Liabilities on fixes assets and assets from	27,162	0	0
Other current financial liabilities	1,486,145	1,498,493	1,075,186
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	<b>100,564</b>	<b>78,241</b>	<b>57,554</b>
<b>III. ACCOUNTS PAYABLE</b>	<b>1,050,541</b>	<b>1,037,057</b>	<b>1,006,006</b>
Suppliers - other related parties in the country	4,259	18,099	41,518
Suppliers in the country	502,240	544,868	513,118
Foreign suppliers	532,398	448,955	444,695
Other liabilities	11,644	25,135	6,675
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>1,374,461</b>	<b>1,296,447</b>	<b>947,479</b>
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>	<b>32,172</b>	<b>32,691</b>	<b>61,360</b>
<b>VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>28,787</b>	<b>43,954</b>	<b>66,228</b>
<b>VII. ACCRUALS</b>	<b>165,868</b>	<b>89,240</b>	<b>132,504</b>
<b>I. THE LOSS IN EXCESS OF CAPITAL</b>	<b>1,513,686</b>	<b>82,526</b>	<b>0</b>
<b>F. TOTAL LIABILITIES</b>	<b>6,934,190</b>	<b>7,643,566</b>	<b>8,219,500</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>

4. Consolidated Financial Statement of Tigar ad Pirot for the year 2014 together with the Independent Auditor's Report is available in its entirety at the website of the Joint Stock Company [www.tigar.com](http://www.tigar.com), on both Serbian and English language.

5. This Decision shall come into force upon its adoption.

### **Explanation**

In accordance with Article 27 of the Accounting Law (Official Gazette of RS, no. 62/13) Tigar ad Pirot, as a form of associated companies, in which the controlling Company and its subsidiaries form a group of companies, has a legal obligation of presenting consolidated financial result for the period January - December 2014, which was the subject of discussion at the meeting of the Supervisory Board of Tigar ad Pirot, as part of the preparations for the regular annual General Assembly of Tigar ad Pirot.

The Supervisory Board has reviewed the consolidated financial statement of Tigar AD for the period January-December 2014. In the consolidated income statement for the year 2014 was reported negative operating result of -225.8 million RSD, which when compared to the year 2013 when a negative operating result amounted to -481.5 million RSD, figures as an improvement of 53%. Net loss for the period January-December 2014 amounted to RSD 1,395 million, while the loss in the same period in 2013 amounted to 1,034 million dinars. The main reason for the reported loss are significant financial expenses based on interest and foreign exchange differences, which for the period January-December 2014 amounted to 982.1 million dinars, while in the same period last year they have amounted up to 644.7 million dinars.

Financial Statement is made in accordance with the law governing the capital market and includes, in addition to accounting statements, and the most important operating data and events from the environment that have affected the subject operating result.

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Supervisory Board report on the results of business operations of the joint stock company Tigar in 2014 has also been submitted to the General Assembly in accordance with the reporting obligations prescribed by the Law on Companies.

At the proposal of the Supervisory Board of Tigar ad Pirot, the General Assembly of the Company has adopted the consolidated financial statement for the year 2014, together with other reports related to it (Annual Report and Auditor's Report) and made the decision as stated above.'

**Chairman of Tigar a.d.  
Supervisory Board**

**Nebojša Petrović**



Pursuant to article 441 paragraph 1 item 15 of the Law on Companies (Official Gazette of the RS, ns. 36/11, 99/11, 83/14 and 5/15) and to article 49 paragraph 1 item 7 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, proposes to General Assembly, on its session scheduled for 2015-06-29 to make the following

**“DECISION  
on election of independent auditors  
of the Joint Stock Company Tigar Pirot**

1. As for the independent auditor of the Joint Stock Company Tigar Pirot and its dependent entities for the year 2015 is hereby elected '**Audit and Consulting Company - Stanišić Audit I.I.c. Belgrade**
2. Status and responsibilities of the auditor referred to in item 1 hereof are regulated by the Law on audit.
3. This decision shall come into force upon its adoption.

**E x p l a n a t i o n**

In accordance with the Companies Law (Article 453), and the Audit Act (Art. 21), the annual financial statements of public joint stock companies such as Tigar AD and certain subsidiaries are subject to mandatory audit. Auditors elected by the General Assembly, their status, rights and obligations are governed by the regulations in the field of auditing.

**Audit and Consulting Company - Stanišić Audit I.I.c. Belgrade** is among the leading domestic companies for audit and consulting, with a team of professionals who can realize top quality services in a manner that through auditing and consulting services they provide could be improved the quality of business operations of companies using their services. This company has a long business tradition and has carried out with success audit in legal entities from different fields (including those related to production, trade and service industries).

Bearing in mind the above, the Supervisory Board, in proposing an independent auditor to carry out the audit of individual and consolidated financial statements of the Company for the year 2015 and the audit of individual financial statements of certain subsidiaries, has opted for '**Audit and Consulting Company - Stanišić Audit I.I.c. Belgrade**, after an analysis of submitted bids for the provision of such type of services and after obtaining the opinion of the Audit Commission, which gave its recommendation.

Accepting the proposal of the Supervisory Board, the General Assembly has passed a decision on the selection of an independent auditor of the Joint Stock Company Tigar Pirot and its subsidiaries for the year 2015."

**Chairman of the Supervisory Board**

**Nebojša Petrović**



Pursuant to article 441 paragraph 1 item 15 of the Law on Companies (Official Gazette of the RS, no. 36/11, 99/11, 83/14 and 5/15) and to Article 49 paragraph 1 item 7 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, on its session held on May 28, 2015 proposes to General Assembly to make, on its session scheduled for 2014-06-29, the following

**'DECISION  
on amendments and supplements of Tigar ad By-Laws**

- 1) It is hereby determined the proposal of Amendments and supplements of the By-Laws of the Joint Stock Company Tigar Pirot as of 20.06.2012 having the following content:

**Article 1.**

Article 17 paragraph 1 of the By-Laws gets amended and now reads as it follows:

„Total basic capital of the Company amounts to RSD 642.704.040,00.“

**Article 2.**

Article 20 paragraph 2 of the By-Laws amends and now reads:

'All issued shares of the Company are ordinary shares and are issued to bearer (holder); the number of votes per share is one; the nominal value per share is 374.00 RSD (three hundred and seventy-four dinars) and the designation of the shares is: CFI Code ESVUFR, and ISIN number RSTIGRE55421.'

**Article 3.**

Article 26 paragraph 3 of the By-Laws amends and now reads:

'Any decision to issue convertible bonds, warrants or other securities, as well as the determination of the number, time, price of acquisition, and other terms of the issue, shall be made by the General Assembly.'

**Article 4.**

Article 34 paragraph 1 item 2 of the By-Laws amends and now reads:

'2. Basic capital increases and decreases, and every issue of shares, except in the case of authorized capital'.

**Article 5.**

Article 42, after paragraph 2 will be added a new paragraph 3, reading as it follows:



'Signatures of shareholders – individuals on the prescribed Proxy form published on the Company's website, must not be verified in accordance with the applicable law governing the verification of signatures.'

**Article 6.**

Article 49 paragraph 1 item 9 of the By-Laws reading:

'9. Issuing of bonds and other securities as provided for under the Law and these Bylaws'  
– *to be deleted*

**Article 7.**

In Article 49 paragraph 1 item 10 of the By-Laws becomes the item 9, amends and now reads:

'9. Determining the issue price of shares as provided for under Article 260, Paragraph 3 of the Law on Companies and Article 263 paragraph 2 of the Law on Companies'.

**Article 8.**

Article 50 paragraph 5 of the By-Laws reading as it follows

'The Chairperson of the Supervisory Board shall represent the Company vis-a-vis the executive directors (members of the Executive Committee) and shall have other powers as provided for under the law, these Bylaws and other documents of the Company' – *to be deleted*.

**Article 9.**

Subtitle and Article 60 paragraphs 1 and 2 of the By-Laws amend and now read as it follows:

**„Number of executive directors, their appointing and dismissal**

**Article 60.**

The Company has 5 (five) executive directors forming the Executive Board:

- ED for corporate management
- ED for finances and accounting
- ED for production processes, development and investment
- ED for commercial activities and marketing
- ED for support of business activities

Executive directors are appointed by the Supervisory Board of the Company at the proposal of the Nominating Committee, if any.

Executive directors are appointed on a 4 year period, with the possibility of their re-appointment.“

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**Article 10.**

Article 62 paragraph 4 of the By-Laws amends and now reads:

„Executive directors for certain areas shall report to the Supervisory Board and follow its instructions, in accordance with the Law on Companies (Article 431 and relative application of the Article 416).“

**Article 11.**

Article 65 paragraph 1 item 5 of the By-Laws amends and now reads:

'5. Appoint and dismiss members of governing bodies of all subsidiaries (performing the duties which fall within the competence of the General Assembly of the respective subsidiary), or representatives of the Company in bodies and institutions on different grounds, in compliance with these By-Laws and their Incorporation Acts'

**Article 12.**

Article 73 of the By-Laws is amended and now reads:

**„Internal supervision**

**Article 73.**

Through its internal documents, the Company shall stipulate the mode of implementation and organization of internal supervision of its business operations.

At least one person responsible for internal monitoring of operations must meet the requirements for an internal auditor in accordance with the law governing the accounting and auditing procedures; must be employed by the Company and perform only internal control and can not be a director or member of the Supervisory Board.

The individual of the preceding paragraph shall be appointed by the Supervisory Board on the proposal of the Audit Committee.

The person who manages the affairs of internal control must meet the requirements in terms of professional and technical knowledge and experience that make him/her eligible for this function, which are provided by the special act of the Company.

The person who manages the affairs of internal control is appointed by the Supervisory Board on the proposal of the Audit Committee.

Other individuals engaged to perform internal supervision duties do not need to fulfill the criteria prescribed for the internal auditor pursuant to the law which regulates accounting and auditing. Such individuals are engaged in compliance with the conditions provided by the act on organization and systematization of jobs in the Company.”

**Article 13.**

Article 76 paragraph 2 of the By-Laws is amended and now reads:

„The acquisition or disposal as contemplated in this article means the acquisition or disposal of assets in any manner in accordance with the Article 470 of the Law on Companies.”



### **Explanation**

By-Laws of Tigar AD was adopted at the session of the General Assembly as of 20.06.2012 and aimed at the harmonization of the Company with the provisions of the Companies Law (Official Gazette of RS, Nos. 36/11 and 99/11). The proposed amendments and supplements to the By-Laws on some issues: competence to decide on issuance of other securities - bonds, exclusions obligations of verification of signatures on the proxy for the voting, organization of internal control, etc., shall be further harmonized with the Law on Companies such as listed issues are dealt with in accordance with the legal provisions in this field.

By amendments and supplements to the provisions on the number of executive directors, this area, in accordance with the needs of the Company, shall be governed in a different way compared to existing regulations in the By-Laws (there is reduced the number of executive directors for certain areas that make up the Executive Board).

By amendments and supplements to the provisions on the value of the share capital and the nominal value of shares are adjusted the provisions of the By-Laws with the new values after the reduction of share capital in accordance with the law.

This is the essence of amending the By-Laws, which, at the proposal of the Supervisory Board, was adopted by the General Assembly which has passed a relative Decision reading as above.

**Chairman of Supervisory Board  
Nebojša Petrović**



Pursuant to article 441 paragraph 1 item 15 and in relation to article 434 paragraph 2 items 1 and 2 of the Law on Companies (Official Gazette of the RS, ns. 36/11, 99/11, 83/14 and 5/15) and to article 48 paragraph 4 of the By-Laws of the Joint Stock Company Tigar Pirot, the General Assembly of the Joint Stock Company Tigar Pirot, on its session held on 28.05.2015 made the following

**‘D E C I S I O N**  
**on appointinga member of the Supervisory Board**  
**of the Joint Stock Company Tigar Pirot**

1. As for the member of the Supervisory Board of the Joint Stock Company Tigar Pirot is hereby appointed **Bogdan Popara, personal identification number 270897485004** on a mandate period that coincides with the duration of the four-year term of office of the Supervisory Board members, elected by the General Assembly of Tigar ad Pirot on 14.06.2013.
2. The appointed member of the Supervisory Board shall exercise his rights and duties in accordance with legal regulations and internal regulations of the company, governing status issues, scope, operation and decision-making of the Supervisory Board.
3. This decision shall come into force upon its adoption.

**E x p l a n a t i o n**

Tigar ad Pirot as a public joint stock company, with a bicameral governance model provided by the By-Laws, on its session of the General Assembly held on 14.06.2013, elected a Supervisory Board of five members, for a term of four years.

Meanwhile, the number of the Supervisory Board members falls below the number predicted by the By-Laws of the Company and therefore and in accordance with the legal obligation, there was approached the appointing of a new member of the Supervisory Board.

The proposal of candidate for the member of Supervisory Board was submitted by the Nominating Committee on the basis that the proposed candidate, Bogdan Popara, professor of the Faculty for Strategic and Operational Management from Belgrade, a mechanical engineer by profession, expertly specialized in the field of international business, with years of experience jobs related to the area of economic affairs and insurance companies, with his knowledge and experience can successfully perform the duties from the scope of the Supervisory Board of Tigar AD.

Accepting the recommendation of the Nomination Committee, the Supervisory Board, made a cooptation of the member of the Supervisory Board at the meeting of the Supervisory Board as of 13.05.2015 and then, in accordance with the legal procedure, referred the proposal to the General Assembly, to elect the proposed candidate, Bogdan Popara as member of the Supervisory Board.

Bearing in mind the above, the General Assembly approved the proposal of the Supervisory Board and passed the Decision as stated above."

**Chairman of Tigar a.d.**  
**Supervisory Board**

**Nebojša Petrović**



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