



**Tigar**®

TIGAR AD PIROT

# BUSINESS REPORT FOR THE PERIOD JANUARY-SEPTEMBER, 2010.

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## OVERVIEW OF SEMI-ANNUAL PERFORMANCE OF 2010.

During the first nine months of 2010, the structure of revenues is dominated by business revenues, in comparison with previous years when a significant percent of revenues were revenues from realized capital gain. Sales income on consolidated level is lower in this period for 11% in comparison with the whole 2009. On the basis of market demands, it was possible to keep the sales level for the first nine months on the level of 2009, but it was not realized because of the need for adjustments to structure changes and production and sales in the footwear programme because of high number of new buyers and new types of products, delayed reaction of buyers in the programme of technical goods, including the programme of recycled rubber products, as a consequence of delayed launching of both factories' production, as well as because of the problems of supply in tyre programme, both with companies operating abroad and in Serbia. Realized sales increase of the factories and service network is 40%, while the increase of export is higher in comparison with the same period last year for 56%. The highest increase of export is realized in the footwear programme on the basis of the increase of export for buyers from 2009. and introduction of new buyers. Over 80% of export is realized on the EU market. Companies abroad had an increase of external sales of 26%. In the sales structure of companies abroad, except Tigar Americas, the sales of tyres of Tigar brand dominates and makes 87% of the total sales and also the sales of footwear increased for 57%. In the part of services, income from the services within the service network Stop@Drive increased for 40% and make 60% of the total margin which the network realizes by sales of tyres of domestic and foreign producers and accompanying program for vehicles. Income from other types of external services are increased for 30%. Consolidated business income of 169 million is realized, while in the same period last year, business loss of 145 million was realized. Income after taxation of 33,5 mil is smaller related to the same period last year, when the income at the end of the period was 51 million, which is mainly the consequence of more than five times smaller other incomes that were realized last year on the basis of capital gain. Regardless of worse final result, the most important is that the Corporation managed in 2010. to come out from the zone of business loss to a zone of business gain. Increase of course influenced the increase of the level of credit indebtedness with credits in euros, especially long-term loans, which worsened some ratios in the part of indebtedness, because the course influenced dinar amount of debt and dinar value of capital, property, assets remained the same.

Footwear factory gained the position of European leader in the program of rubber footwear due to both its product range and product quality. In the export of this program, the greatest part of the sales is that of products from premium segment. A special quality is the base of customers comprised of leading European distributors and retail chains. High level of activities related to new customers and new markets partly slowed down the activities on development of proprietary brands in part of protective and sports footwear, while development activities related to the brands such as Maniera Europe, Maniera Sport and Brolly were realized as planned. Given the fact that new production plants were commissioned with more than hal a year delay, market positioning of this program is under way, which shows the increase of order for the last quarter and especially in 2011. As for the program of recycled rubber, the sales is focused mainly on customers of Bilgoutex brand, but significant activities on adaptation of this type of product is under way, as well as the activities on their certification and promotion on the market of Serbia and region, where, compared with other European countries, these have not had significant application so far. As for the program of HP, the greatest attention is being focused on relocation of this program to a new location.

Realized development activities and development activities under way are a guarantee for the increase of the products offerings, especially on the foreign market. Development activities include groups of products which are manufactured according to the request and under names of the customers, but also groups of products which are made under brands in the ownership of Tigar. Expanding of product range from the higher segment, especially for proprietary brands and expanding the base of customers on foreign and domestic market are the key development priorities.

The development activities we implemented, and other activities in progress, will result in broader product offerings, particularly with respect to the international marketplace. Our development activities have largely focused on custom-made product groups manufactured under customer brand names, but also groups of products manufactured under Tigar's proprietary brand names. Expansion of our higher-end product assortment, particularly under our own brand names, and building of our client base in both foreign and domestic markets, continue to be our key development priorities.

Activities on positioning on new markets are intensified in the third quarter, where the most important market is that of Russian Federation and ex Soviet Republics and the market of Australia, while special activities on increasing the sales on the USA market are planned for the last quarter, as well as the sales of proprietary brands for the EU market. In 2010, investments in market positioning in the country and abroad were significantly higher than in previous years. Complete valorization of these investments is expected to start from 2011, since the majority part


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of the activities was connected with presentation of the new production products and system production potentials on the markets, both in the part of BB sales and in part of consumer goods market. In the first nine months, besides participation at domestic fairs, Corporation took part at the Footwear Fair in Dusseldorf and Protective Footwear in Perth, Australia.

In the human resources area, we are continuing to optimize our headcount and to institute ongoing training, in order to achieve the targeted growth in productivity.

Footwear Factory has been certified this year and in accordance with the standard OHSAS 18001, while other production programmes are certified in accordance with standards ISO 9001 and ISO 14001. Activities on acquiring necessary international and domestic certificates for products were being realized as planned in the first nine months. International certificates for groups of products which are used in special ambient and working conditions open the possibilities for these products to be sold on all markets without limitation, which is important comparative advantage.

In August, we completed our first issue of long-term bonds, amounting to 1,6 million euros and made preparations for the second issue which was realized in October. By the end of the year, the sales of shares up to 25% of the total number of shares planned to be realized through closed issues to a known buyer, with the aim to provide assets for investment activities defined by the Plan, can be put off for the first half of 2011, exclusively because the period by the end of the year is too short for such a complex transaction. Issue of long-term corporate bonds, intense activities on the change of maturity dates of liabilities, as well as planned recapitalization should enable long-term development and stable financial position of the Company. During the period, TTRG applied to EU funds for a grant whose proceeds would be used to implement environmental projects in Serbia.

Among our key investment activities during the period, the most important was the commissioning of our recycled-rubber products plant, which was delayed due to a temporary construction stoppage brought about by exceptionally low outdoor temperatures. Work on the development of the additional space at the Tigar 3 location, purchased in December 2009, will be our investment priority through year-end.

Dragan Nikolić  
Chairman of Tigar AD's Board of Directors



## 1. EXECUTIVE SUMMARY

### 1.1. BASIC FACTS

**Registered name:** Akcionarsko društvo "Tigar" Pirot (Joint-Stock Company Tigar Pirot, hereinafter also referred to as Tigar, Tigar AD, the Company, and the Holding Company)

**Registered address:** Nikole Pašića 213, 18300 Pirot, Serbia

**Corporate ID number:** 07187769

**Fiscal ID number:** 100358298

**Web site address:** [www.tigar.com](http://www.tigar.com)

**Incorporation certificate:** Registry file no. 1-1087

**Core activity:** Holding activities

**Number of employees:** 1,984 at 30/09/2010

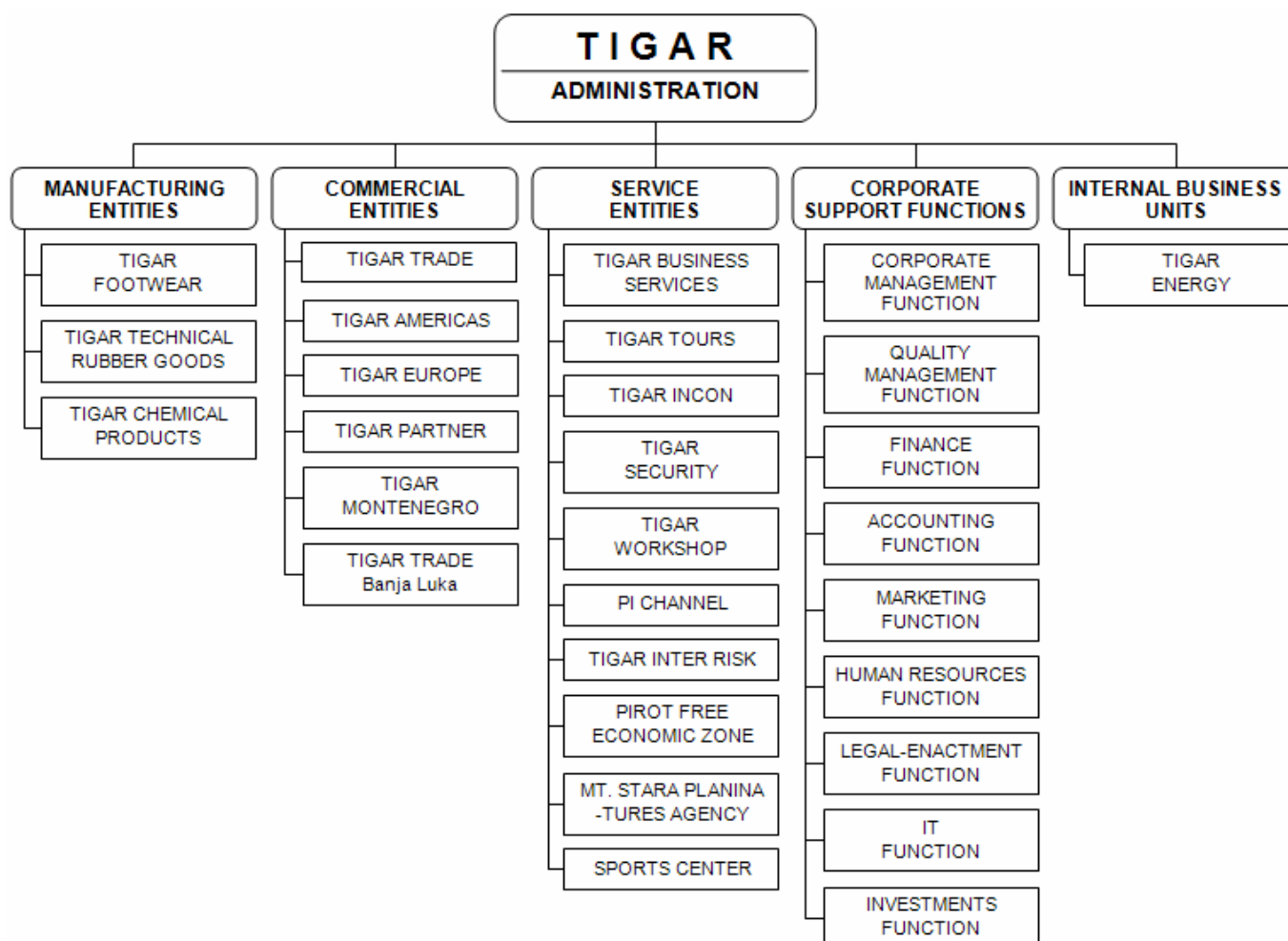
**Number of shareholders:** 4,800 at 30/09/2010

**Capital:** 3,514,817 (000 RSD) at 30/09/2010

**Assets:** 7,946,843 (000 RSD) at 30/09/2010

**Capitalization:** 1,003,580.64 (000 RSD) at 30/09/2010

### 1.2. CORPORATE STRUCTURE





### 1.3. PRODUCTION AND SALES PORTFOLIO

#### **FOOTWEAR**

- Safety rubber boots and work boots
- Stylish and children footwear
- General-purpose footwear
- Hunting and fishing rubber boots

#### **TECHNICAL RUBBER GOODS**

- Molded rubber products for industries, infrastructure (e.g., speed decelerators), and automobiles (e.g., floor mats and gasoline bladders), and rubber-coated metal parts.
- Rubber profiles of all types, including those for the construction and automotive industries.
- Hoses. Tigar Technical Rubber Goods manufactures a broad assortment of rubber hoses, fabric-reinforced hoses, and metal-spring flexible hoses.
- Rubber compounds and semi-finished products, including rubber-coated cabling, rubber/metal products, automotive shock absorbers, rail shock-mounts, and products for a number of other applications.
- Sporting goods
- Products made on the basis on rubber recycled material to be used for infrastructure, construction, playgrounds, arrangement of public areas.

#### **CHEMICAL PRODUCTS**

- Conveyor belt adhesives
- Road paint
- Industrial and general-purpose adhesives
- Coatings, thinners, solvents, and chemicals

#### **COMPLEMENTARY PRODUCT LINES**

- Tires made by domestic and international manufacturers
- Oils, batteries, car care products and other automotive products
- Imported stylish and children's leather footwear

#### **SERVICES**

**Tigar's automotive service and retail network STOP & DRIVE offered the following types of services during the period:**

- Tire repair services, including wheel removal and installation, wheel balancing, tire inspection, and filling with liquid nitrogen.
- Auto mechanic services, including wheel alignment; inspection of brakes, shock absorbers and suspension; replacement of axels, shock absorbers, and brake discs and plates; disc machining; air conditioning unit cleaning and disinfection; oil, oil filter and fuel filter changes, and replacement of shock absorbers.
- Car wash
- Tire monitoring and safe-keeping

The above services are offered at service centers and by mobile units, for cars and trucks.



In addition to **STOP & DRIVE** services, Tigar offers the following in the area of services:

- All types of building and infrastructure construction and maintenance services, supported by our engineering group;
- Services provided by the Pirot Free Economic Zone, a specially designated area where businesses are exempted from duty, VAT, and a number of municipal taxes and fees.
- Overland transportation services, including domestic and international freight forwarding, outsourced inter-city transportation of goods, and vehicle maintenance.
- Hospitality services tracing to Tigar's resources on Mt. Stara Planina and Pirot as a tourist destination.
- A number of other services, largely provided internally to the Tigar Group.

#### 1.4. INVESTMENT ACTIVITIES

On the Holding level, the greatest part of assets were spent on the arrangement of the part of location Tigar III, purchased in December, 2009. Investments in reconstruction of buildings on that part of the location, where the plants of the Chemical products factory and warehouses are to be located, were postponed for 2011, as well as the investments related to the program of recycling and system for collection of used tyres. The basic reason for putting off these investments is because by the end of 2010, financial plans for long-term financing were not completed and the financing policy does not allow starting of bigger investments in case previous long-term investments are not finalized. According to the existing plan, the starting of these investments is planned to begin with the construction season. Investments of factories in the first nine months were on the level of investment maintaining plans. Considering the fact that the program of implementation of the project of complete modernization in the footwear factory was finished in December, 2009, there was not a need for investments in this year for purchasing of fixed assets. Investments related to new molds for new buyers were mainly financed by buyers. In TTG factory, final investments in the line for thermoplastic profiles and final construction of the line for EPDM profiles are planned for the fourth quarter with the producers of equipment in Spain. Mounting of the line in the factory itself is planned for January so as to avoid disturbing the production by the end of the year. Tigar Trade has opened new sales-service outlets in Kragujevac and Cacak in this period, a new outlet from the chain "Bottega" is commissioned in Belgrade and two sales spots are arranged in the shopping centers "Delta City" and "Usce" in Belgrade, additional equipment for the existing services is purchased with the aim to increase the scope of services in the "light service" area and it was invested in the arrangement and fixing up of warehouse areas.

In thousands of RSD	Purchases of fixed assets and intangible investments I – IX, 2010
Tigar Technical Rubber Goods	107,653
Tigar Chemical Products	11,630
Tigar Footwear	104,200
Tigar Trade	54,157
Tigar Business Services	28,545
Holding Company	37,589
<b>Total</b>	<b>343,774</b>





## 1.5. DEVELOPMENT AND CERTIFICATION ACTIVITIES

In the footwear segment, during the period more than 112 new products were developed for 12 international customers, and some 60 products were refined based on customer requirements. More than 50 new or alternative types of raw materials were introduced in order to improve the functional and aesthetic characteristics of our products and to give us more of a competitive advantage over other manufacturers and 40 new material are in the phase of research.

Introduction of new materials is related to new products and modifications on previously manufactured products. Industrialization of about 70% of new products and their launching into regular production was realized in the period July-August. In July and August, Footwear factory produced only new products which required significant costs related to development activities and process of their introduction into regular production. In this part of the year, a number of activities were implemented with respect to obtaining UK certification for safety footwear products manufactured under Tigar's Century, Century Safety, Century 4000 Super Safety, Forester, Fireman and Firefighter 4000 brand names. In the period of July-August, a new collection of products from Maniera Sport programme is developed, the industrialization of which and launching into regular production shall be realized in October. New collection of Maniera Sport, together with thirty-four models of Maniera fashion footwear from Maniera Europe collection, which were started to be regularly produced during the summer, was introduced at the Dusseldorf trade show in September 2010. During the summer, a redesigning of children's boots Brolly was realized in the sense of esthetical changes, reduction of weight and increase of comfort, which required introduction of new materials mainly in the part of trefix and foils. In the period July-August, a complete redesign of hunting boots Tigar brand was made with a belt, continuation and cevlar and industrialization and starting of regular production is planned for the last quarter which overlaps with the season. Preparation of the model of new hunting boots under new Tigar private name Caccia is under way. Industrialization is planned for the last quarter and this new brand shall be offered on the market next seson.

TTRG is in the process of implementing TS 16 949 certification, a precursor to the manufacturing of products for global automobile manufacturers. With our purchase of a RRP manufacturing business, TTRG will become the owner of a number of brands in the following product groups: playground tiles, sandboxes, bollards, buffers, and rubber flooring. Playground tiles have been tested and certified by Germany's TUV agency, based on EU Directive EN 1177, which is particularly an advantage given that this involves special surfaces required for children's safety. In addition to products obtained through acquisition, intense development activities have been initiated for new products for the construction industry and highway infrastructure, for both the domestic and export markets.

Development activities for introduction of greater number of new groups of products intended mainly for construction activities, arrangement of public places and road building activities are under way. In the programme for making of foils, the greatest part of the activities are focused on development of granulated rubber, filling for cables, in the sports programme on the development of three new types of balls, while in the part of industrial coating, the activities on development of new types of membranes are under way. The greatest part of development activities is in the programme of recycled rubber products, where there are twelve new types of products are being developed, the majority of which is in its final phase. In the part of production of profiles, intensifying of development activities is planned after mounting of the additionally made part of the line for EPDM profiles and lines for thermoplastic profiles, where the development activities, in case the agreement is made in the meantime about the conditions, shall berealized with one of the biggest producers of rubber part for vehicles, which is a kind of preparation for potential production for Fiat.

Tigar Chemical Products is carrying out intense activities on widening its assortment of water-soluble products, based on existing standards.

At the same time with development of new products, activities for introduction of nine new and alternative materials are under way, first of all intended for the production of new products.


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## 1.6. PRODUCTION LEVELS

Following is a summary of production levels by segment, expressed in tons:

### TIGAR FOOTWEAR

Output in tons	January- September		% change
	2009	2010	
Low footwear	249.57	200.60	-20%
Work footwear	627.87	578.64	-8%
Hunting footwear	200.65	328.69	64%
Fishing footwear	38.07	41.53	9%
Safety footwear	145.37	175.21	21%
Cardboard, soles, heels	10.19	14.59	43%
Fashion footwear	26.01	68.35	163%
Children`s footwear	33.99	21.73	-36%
<b>TOTAL:</b>	<b>1.331.71</b>	<b>1,429.33</b>	<b>7%</b>

Even though production levels were below plan, the output of safety boots, hunting boots and fashion footwear was significantly higher and improved the product mix and thus increased the overall product value compared to last year. The greatest part of this production was intended for foreign buyers. Since the factory, starting from July, does not have standard production for domestic market because of lack of supplies which were formed in the first half of the year, in the last quarter, besides high orders for export, the plan will have to include the production for Serbian market and the region, so that the requirements of buyers should be satisfied.

### TECHNICAL RUBBER GOODS

Output in tons	January-September		% changes compared to 2009
	2009	2010	
External rubber compound mixing plant	136	649	376%
Molded products	26	85	226%
Rubber profiles and tubing	103	207	101%
Sporting goods	7	35	389%
Industrial rubber coating	12	59	383%
Recycled-rubber products		628	
<b>TOTAL</b>	<b>285</b>	<b>1,662</b>	<b>484%</b>

Profile production is focused on profiles for civil engineering industry. Given the level of order for the last quarter, for domestic and foreign market, activation of the line for two-component profiles and lines for TP profiles is planned for January 2011. In other programmes, increase is connected with the work for existing buyers, except in the programme for recycled rubber products. As in case with footwear and with TTG, a significant increase of buyers' orders occurs after the first year of business operations, so that in the last quarter, more significant projects for buyers from Germany, Italy and North Europe were started. In the programme of recycled rubber products, the production so far was focused on the requests of previous buyers of Bilgoutex. In this programme, the factory is focused on the increase of quantity and improvement of mix of products for these buyers, including the activities on adapting and certification of this products for domestic market and region market, which so far has not been oriented towards this kind of products. Potential production for Fiat is very significant for further work of the factory as it requires quality preparations of minimum one year and a half of joint development with strategic partner and provision of additional equipment up to 1,5 million euros for follow-up of two hundred thousand vehicles' production. There is not any other producer in the region which could fulfill this requirement. Entering this project shall depend on Fiat's decision related to the potential supplier.


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**CHEMICAL PRODUCTS**

Output in tons	January- September		% change
	2009	2010	
Mining industry products	29	39	36%
Road paint	694	464	-33%
Railways/ACP	8	13	66%
Metal industry products	61	65	6%
Construction industry products/flooring	5	8	71%
Consumer products	107	81	-24%
Internal production	78	88	12%
<b>TOTAL</b>	<b>981</b>	<b>758</b>	<b>-23%</b>

In the first nine months, the trend of reduction of the level for road paint continued although the sales is not significantly lower as a part of the sales was realized through supplies. Road paints are made for defined buyers, which are firstly Serbia Roads and Belgrade Roads. Ability of the buyers of this products to fulfill their liabilities on regular basis were also an important factor when a decision about the level of production capacities was made. The fact that the production for road industry is on the highest level, when tones are considered, it influenced the total production realization the most. In the part of export, orders for the road paints for Greece were not realized because of the general economic situation in that country, which significantly influenced the total quantities.

TCP's output targeting the road industry remained constant during the period. Since this product line is the largest by weight, it had a significant impact on total output expressed in tons. An increase in the output of mining industry products, polyurethane flooring, and products for the metal industry had a positive impact on product mix. Situation in the part of production for railways was influenced by overhauls which, during the period, were not conducted according to plan. Increase of production for the needs of Tigar related to Tigar Footwear and Tigar Tyres.

**1.7. SALES OF GOODS AND SERVICES**

In the period January-September, 2010, net income from sales within and out of Serbia (excluding that earned by companies operating abroad), was 1,685 million RSD, a growth of 40% relative to a year ago, but was still below plan levels. Exports were up by 56%. The greatest part of exports was realized in EU 83% and after that on the transite Balkans and surrounding countries 10%. Export for the Russian Federation remained on the symbolic level of 1% as during the third quarter, tenders, which are announced by Ministry for emergency situations, related to firefighter boots were postponed. The first tender is expected to be announced in November but in case Tigar Trade gets certain quantities, the realization would be at the beginning of 2011 so that in 2010, the total export shall be certainly reduced for the planned export to Russian Federation, unless several parallel actions are realized related to the export of other programmes. Export increase would have been higher if the plan of sales for new customers had been realized in the programme of footwear, where the most important are Decathlon France, AJS France, Martinello Italy, and Ilse Jacobsen Denmark. Because of the complexity of programme, export was not realized as planned by dynamics although there were defined orders of buyers which is slowly being balance as we near the end of the year. Domestic sales were off but were still ahead of a year ago, by 26%. Sales of TTRG products increased by 95% over a year ago but still fell below plan levels: first due to the delay in the start-up of production as there were significantly higher orders, especially by new buyers, which started to appear about a year after the start-up of the production, which was also the case with the Footwear factory. As for the programme of recycled products, the situation is similar. The level of orders for 2011 is significant with existing buyers and according to some estimations, a domestic market should start to accept more a completely new programme made of recycled material. In the part of tyre sales, realization is at the level of last year, the service gains making 40% and margin from goods' sales 60%. The network was for a longer time faced with unsuitable provision with tyres, which influenced realized difference in the price of tyres. We should also bear in mind the announcement of obligatory replacement of winter tyres, because of which the buyers gave up purchasing of summer tyres, bearing in mind obligatory replacement with winter ones. When in the last moment, the new regulations were given up, the situation is such that we can really expect the sales on the level of last year or up to 10% higher, depending on the quality of supply by quantity and mix, postponing of obligatory replacement for next year requires a high level of


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preparation of the network for next year. In the third quarter, there was a stabilization of business operations of the company in the region.

**SERBIA**

<i>Net sales income from goods and products in thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared with 2009</i>
<b>Sales by product group</b>			
Car and light truck tires	173,213	174,528	1%
Truck tires	35,616	33,844	-5%
Agricultural and other tires	24,921	14,247	-43%
<b>Total tires sale</b>	<b>233,750</b>	<b>222,619</b>	<b>-5%</b>
<b>Inner tubes</b>	11,763	9,737	<b>-17%</b>
<b>Tigar Rubber footwear</b>	<b>657,437</b>	<b>1,018,606</b>	<b>55%</b>
- Domestic market	138,538	210,578	52%
- Export	518,899	808,028	56%
<b>Non - Tigar footwear</b>	6,153	20,278	230%
<b>Technical Rubber goods</b>	<b>116,604</b>	<b>227,386</b>	<b>95%</b>
- Domestic market	89,761	158,733	77%
- Export	19,272	50,387	161%
- Sales via factory	7,570	18,265	141%
<b>Chemical products</b>	<b>156,163</b>	<b>167,294</b>	<b>7%</b>
- Sales via Tigar Trade	5,983	7,337	23%
- Domestic market, sales via factory	113,902	121,262	6%
- Exports, sales via factory	36,278	38,695	7%
<b>Complementary goods</b>	18,075	19,349	7%
<b>TOTAL</b>	<b>1,199,945</b>	<b>1,685,268</b>	<b>40%</b>

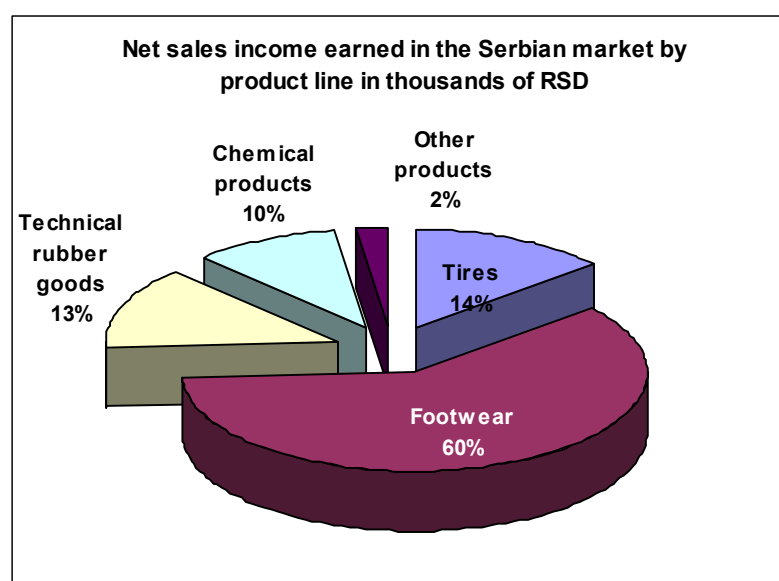

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<i>Net sales income from goods and products in thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared with 2009</i>
<b>Sales by product lines</b>			
Tires	245,513	232,356	-5%
Footwear	657,437	1,018,606	55%
Technical rubber goods	116,604	227,386	95%
Chemical products	156,163	167,294	7%
Other products	24,229	39,627	64%
<b>TOTAL SALES WITHIN AND OUT OF SERBIA</b>	<b>1,199,945</b>	<b>1,685,268</b>	<b>40%</b>

Percent contribution of programme in the net external sales profit in Serbia in the first nine months is as follows:



In 2010, a complete concentration of resources was directed towards Footwear as the biggest business, which influenced a high percent of contribution in the total revenues. When the season started, with the assumption of normalization of supply, the percent of contribution of the tyre sales revenues shall certainly have the tendency of increase as well as the programme of technical goods, where in the last quarter a trend of increase of orders occurred, especially for the new buyers in export.


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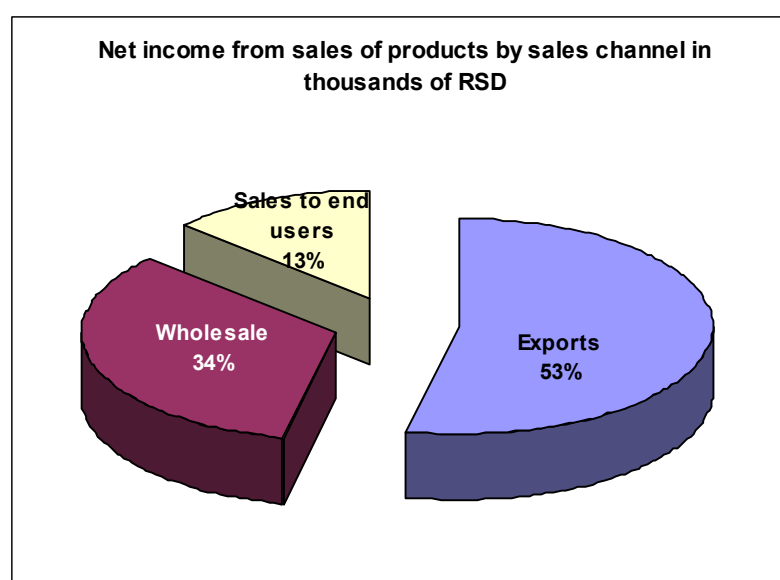
Document reference

**IZ.P.10/03**

Following is a breakdown of domestic sales of products and goods by sales channel:

<i>Net sales income in thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared with 2009.</i>
<b>Sales by sales channel</b>			
Exports	574,449	897,111	56%
Wholesale	431,946	570,307	32%
Sales to end users	193,550	217,850	13%
<b>TOTAL SALES WITHIN AND OUT OF SERBIA</b>	<b>1,199,945</b>	<b>1,685,268</b>	<b>40%</b>

The graph below shows the relative percentages of net external revenues earned in the Serbian market by sales channel:



The sales to end users had the smallest trend of increase, which shall be changed, according to all projections, in the last quarter when tyre sales and footwear to end buyers is significantly intensified. The wholesale was focused on suppliers who took over as compensation for materials from domestic and regional dealers which are traditional Tigar's customers. A lot of activities were carried out on preparations in order to include the offer and realization for public companies and industry, especially in the part of protective programme, recycled rubber products, service rendering and terrain services. A special set of activities is intended for preparations for the next season related to the placement of recycled rubber products for private persons, using the material for arrangement of gardens to terrain building.



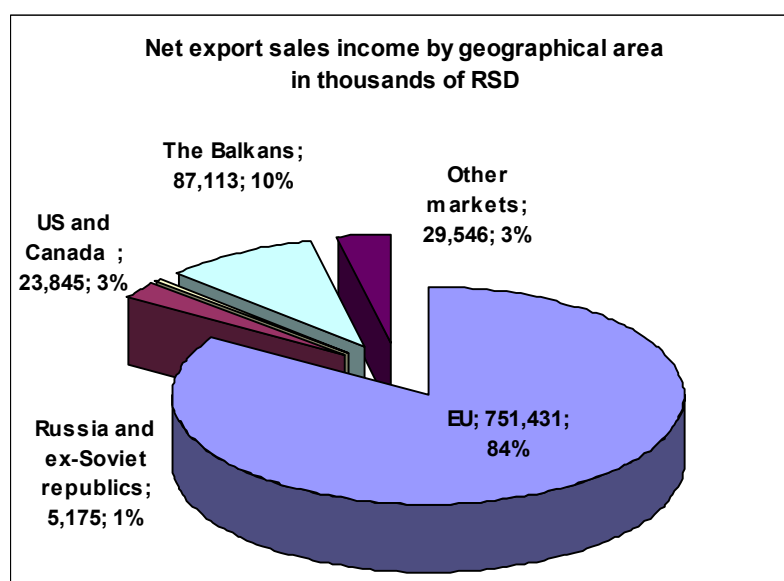
## INTERNATIONAL SALES OUT OF SERBIA

The graph below shows the relative percentages of net external revenues from international sales out of Serbia by product line:

Following is a breakdown of exports by geographical area:

<i>Net income from exports by geographical area, in thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared to 2009.</i>
<b>Sales by geographical area</b>			
EU	482,460	751,431	56%
US and Canada	8,341	23,845	186%
Russia and ex-Soviet republics	844	5,175	513%
The Balkans	71,907	87,113	21%
Other markets	10,896	29,546	171%
<b>TOTAL</b>	<b>574,449</b>	<b>897,111</b>	<b>56%</b>

The graph below shows the relative percentages of net revenues earned in the international market by geographical area:



The highest increase had the sales on the biggest market of EU owing to the increase of the sales to the network of existing buyers and introduction of more new buyers. According to the projection of sales on the market of EU for 2010, out of total projected increase of sales of 6,7 million euros, a half is a result of increased sales to standard buyers and a half represents a sales to the buyers who appear for the first time in 2010. In the Balkans region, there is also an increased number of buyers as well as the sales of especially fashion and children footwear, which was not much present in the previous years. The Canadian market records high increase rates but the possibilities are much higher. Three new products from the protective programme are being prepared and also intense activities have been started related to the fashion programme for both the Canadian and USA market.

In August, Tigar Americas Company had a very successful presentation at the fair of protective equipment in Perth, Australia. The first negotiations are related to the sales on the market and are to be realized in the last quarter. As the first organized presentation at Australian market was in August, and first concrete negotiations are to be in the last quarter, introduction of Australian market is real to be planned for 2011, as well as the sales for the market of Russian Federation, for reasons mentioned in the previous text.



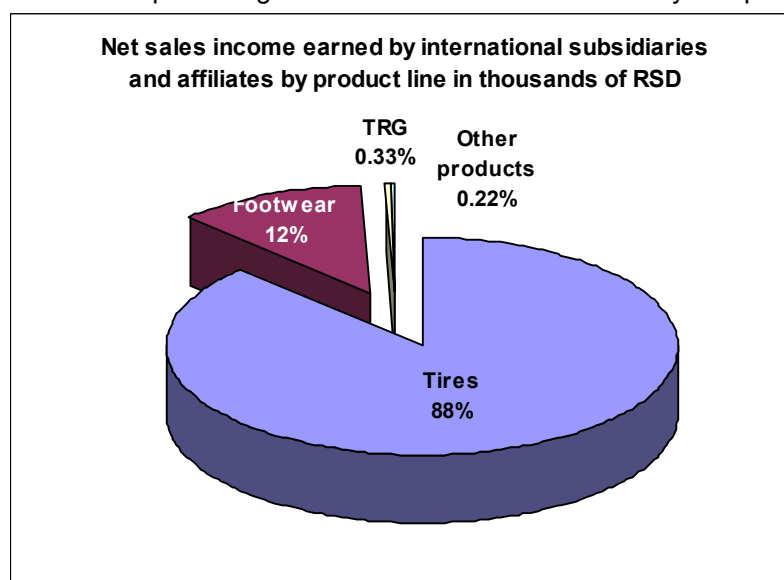
## COMPANIES OPERATING ABROAD

Following is a breakdown of sales of products and goods via subsidiaries and affiliates operating abroad, by product line:

<i>Net income from sales of products by subsidiaries and affiliates operating abroad, in thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared to 2009.</i>
<b>Sales by product lines</b>			
Tires	615,404	765,359	24%
Footwear	65,900	103,398	57%
TTG	4,958	2,886	-42%
Other products	5,263	1,964	-63%
<b>TOTAL SALES ABROAD</b>	<b>691,526</b>	<b>873,607</b>	<b>26%</b>

\*Tigar Europe 50%

The graph below shows the relative percentages of net sales revenues earned by companies operating abroad:



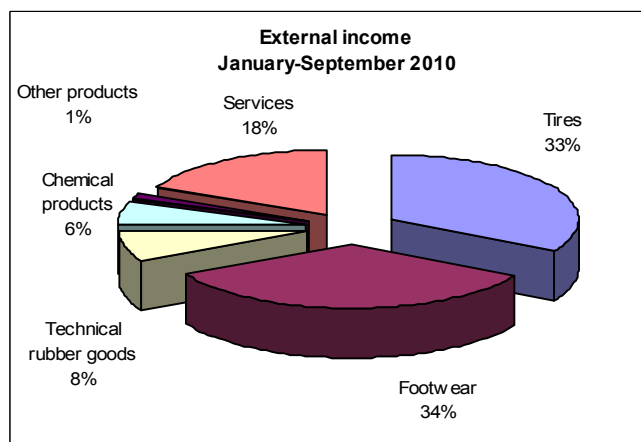
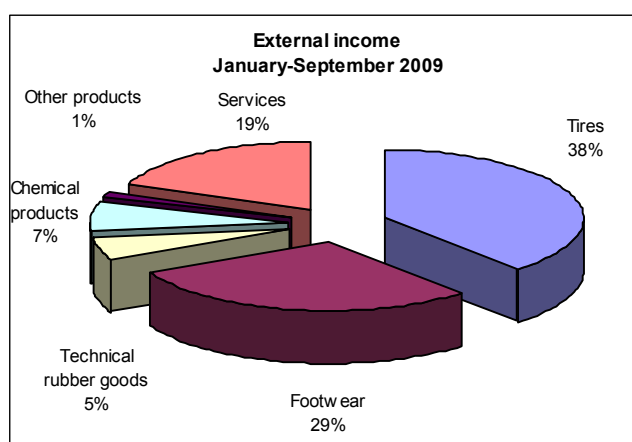
Tigar Americas is a company operating abroad in 100% ownership of Tigar Corporation, Balkans companies have the majority ownership while Tigar Europe Joint-Venure in which Tigar Corporation has 50% ownership. Except for Tigar Americas which is oriented towards the footwear programme, other companies in their sales product range have Tigar brand tyre as a major product. Tigar Americas is the only abroad company which also deals with purchasing of raw materials and intermediates for the needs of system. Considering the fact that the sales policy provides for complete sales outside EU and Russia to be realized through Tigar Americas, as well as for the real basis for increase of qualities of materials which are purchased through that company, the most real increase can be expected related to the business operations of Tigar Americas. Tigar Europe has the highest turnover of tyres compared to all other companies abroad and it still has the status of exclusive seller of Tigar brand on the market of England and Northern Ireland. The levels of sales in the next period mostly depends on the policy which Michelin group shall have in relation to this market. Orientation of the Corporation is towards the increase of sales of footwear and other production programmes from the factories which belong to the Corporation. Success of the sales of products made by factories in the ownership of Corporation shall orient the policy of Corporation towards all abroad companies. Policy towards Tigar Europe shall depend on the sales trends in this programme because of the high level of turnover in the tyre programme. Although there was an absolute increase in revenues from sales through companies abroad, the contribution of that kind of revenues in total revenues was reduced from 27% to 25%.





**TOTAL EXTERNAL INCOME, INCLUDING INCOME FROM SALES OF GOODS VIA COMPANIES OPERATING ABROAD AND INCOME FROM EXTERNAL SERVICES**

<i>In thousands of RSD</i>	<i>I-IX, 2009</i>	<i>I-IX, 2010</i>	<i>% Change compared to 2009.</i>
<b>Total-Sales of goods by companies operating abroad (excluding goods of Tigar's entities in Serbia)</b>	<b>620,668</b>	<b>767,323</b>	<b>24%</b>
<i>* Figures include 50% of Tigar Europe</i>			
<b>TOTAL EXTERNAL SALES OF PRODUCTS IN THE COUNTRY AND ABROAD</b>	<b>1,820,613</b>	<b>2,452,591</b>	<b>35%</b>
<i>Stop &amp; Drive service revenues</i>	<b>12,570</b>	<b>17,658</b>	<b>40%</b>
<b>TOTAL INCOME FROM EXTERNAL SALES OF PRODUCTS</b>	<b>1,833,183</b>	<b>2,470,249</b>	<b>35%</b>
<b>External sales of other services rendered in Serbia</b>	<b>404,893</b>	<b>526,131</b>	<b>30%</b>
<b>TOTAL EXTERNAL INCOME</b>	<b>2,238,076</b>	<b>2,996,380</b>	<b>34%</b>



From the previous Table it can be seen that increase has been realized in all sales channels. Increase in all programmes is explained in the previous text and what should be mentioned here is that the increase of services is related mostly to the increased revenues from services rendered by construction service Tigar INCON, transport services, food production services, as well as internal services, such as security services which are used both by Tigar Corporation and Tigar Tyres.



## 2. KEY FINANCIAL INDICATORS

In the first nine months of 2010, consolidated business income is increased by 36%, while total income is increased by 20%. As the transaction with Michelin was definitely finished in 2009, consolidated result for the first half of 2009 includes the result of Tigar Tyres, as well, which amounted to 141,4 million dinars in the same period last year, corresponding to the profit which increased the consolidated result last year on the basis of financial income. Other revenues are lower for 227,6 million or 81% as there were not any transactions with effects of capital gain. As the calculation of EBITDA in the previous year included extra revenues, expressed EBITDA is lower than last year, in case the calculation excludes extra revenues in 2009. EBITDA would be negative and significant increase would be expressed on the basis of the change in business result.

Consolidated business expenditures are increased by 605 million or 23%. In the structure of operating expenditures, costs of material are the highest expenditures, with 31% in the total expenditures. Costs of material related to the same period last year are increased by 17%. Increase of material expenditures is mainly influenced by increased consumption expressed in physical items, as well as the increase of prices of materials, especially of natural rubber, where the price is twice as high and also the price of textile as a consequence of the cotton price increase on the world stock exchange. During the year, the increase of prices has been made twice on the level of total programmes and the following increase is planned for the beginning of next year. When new products are introduced, the last price of material is calculated. The second important category of expenditures is expenditures of the employed, which participate with 36%. Employee expenses grew by 8% related to last year, largely as a result of adjustments for inflation, considering the fact that in this period the number of employees did not increase. Purchasing value of goods in total expenditures participates with 18%. Purchasing value of goods is higher for 60% which is a result and increase of sales related to the same period last year, especially with companies abroad and increase of the suppliers' prices. Expenditures of depreciation and costs of the reserve are increased for 14% which is a consequence of activating fixed assets especially in the factory for recycling and participate with 3% in total business expenditures. Other expenditures are higher for 53% and participate in total business expenditures with 12%. In the structure of these expenditures are "accompanying" expenditures of production and sales such as transport, maintaining costs, PR and marketing expenditures as different types of administrative expenditures, expenditures of auditing, costs of taxation and other types of consulting, expenditures related to the position on the market of capital where the highest item is obligatory costs of corporative agent and compensation on the Stock Exchange, expenditures related to the work of management bodies and similar. The greatest part of financial expenditures are the costs of interest, as well as the costs of exchange rates differences related to short-term loans, as other exchange rates differences are deferred. Other expenditures are not of material importance.

Changes in dinar exchange rate significantly influences the expressed level of credit indebtedness in dinars, especially with long-term loans, so the effects of reduction in the currency are not recognizable. The effect of exchange course is that significant because all long-term loans are expressed in euros, as well as the majority of short-term ones. The increase of the amount of credit indebtedness because of the increase of exchange course also greatly influences the expressed ratios, especially in relation to the capital or engaged assets because those values are expressed in dinars and do not change. Installments of long-term loans are included in short-term liabilities and are paid in the period in the next twelve months. In the nine-month period, two emissions of long-term corporate bonds are realized amounting to 2,4 million euros. Buyers of the bonds were insurance companies and banks. Emission was lower for 0,8 million euros related to the plan, but the most substantial emission was for companies. The reasons for lower emission are the fact that voluntary pension funds were excluded from the list of potential buyers because of the regulations of national Bank of Serbia in the part of emission insurance, as well as because of the price, as the interest for the bonds were significantly higher for the companies in Serbia and in the region and related to the second emission, the National Bank of Serbia increased referential interest rate just before the closing.

Accounts receivable are collectable from both foreign and domestic markets, and there are no bad debts. Accounts receivable at the end of the period were 36% higher than a year ago. The growth of receivables is connected with the sales increase. Cash and cash equivalents declined from 702 million at the end of 2009 to 469 million dinars at the end of September, 2010. Given that Tigar's remaining 10% stake in Tigar Tyres was sold in the latter half of December 2009, most of the cash proceeds were retained at the end of that year. A portion of these funds was spent in 2010 to finance investments and working capital. The value of cash and cash equivalents is on the level of six-months' result. The value of supplies is higher for 22%. At the end of the period, there was not any significant growth of supplies in physical units but more expensive products are on stock than at the end of the year. The value of unfinished production supplies increased, as well as the value of materials' supplies.



## TIGAR

### TIGAR AD

Equity: 2,795,711  
 Total income: 538,481  
 EBITDA: 122,607  
 (000 RSD)

## PRODUCTION ENTITIES

### TIGAR FOOTWEAR

Equity: 858,523  
 Total income: 1,077,922  
 EBITDA: 77,727  
 (000 RSD)

### TIGAR TECHNICAL RUBBER GOODS

Equity: 310,915  
 Total income: 154,214  
 EBITDA: 11,024  
 (000 RSD)

### TIGAR CHEMICAL PRODUCTS

Equity: 46,295  
 Total income: 154,237  
 EBITDA: -39,817  
 (000 RSD)

## COMMERCIAL ENTITIES

### TIGAR TRADE

Equity: 251,463  
 Total income: 2,123,959  
 EBITDA: 114,219  
 (000 RSD)

### TIGAR MONTENEGRO

Equity: 100  
 Total income: 477  
 EBITDA: 13  
 (000 EUR)

### TIGAR PARTNER

Equity: 15,436  
 Total income: 17,500  
 EBITDA: -1,953  
 (000 DEN)

### TIGAR TRADE Banja Luka

Equity: 354  
 Total income: 1,273  
 EBITDA: -21  
 (000 KM)

### TIGAR EUROPE

Equity: 2,807  
 Total income: 11,853  
 EBITDA: 283  
 (000 GBP)

### TIGAR AMERICAS

Equity: 433  
 Total income: 769  
 EBITDA: 4  
 (000 USD)

## SERVICE ENTITIES

### PIROT FREE ZONE

Equity: 152,043  
 Total income: 149,322  
 EBITDA: 18,917  
 (000 RSD)

### TIGAR BUSINESS SERVICES

Equity: 155,948  
 Total income: 225,075  
 EBITDA: 4,512  
 (000 RSD)

### TIGAR TOURS

Equity: 9,921  
 Total income: 4,655  
 EBITDA: 808  
 (000 RSD)

### TIGAR INTER RISK

Equity: 1,781  
 Total income: 3,185  
 EBITDA: 151  
 (000 RSD)

### TIGAR SECURITY

Equity: 21,333  
 Total income: 62,097  
 EBITDA: 9,816  
 (000 RSD)

### TIGAR WORKSHOP

Equity: 12,155  
 Total income: 42,645  
 EBITDA: 10,864  
 (000 RSD)

### TIGAR INCON

Kapital: 60,604  
 Ukupan prihod: 160,182  
 EBITDA: 23,913  
 (000 RSD)

### PI CHANNEL

Equity: 4,261  
 Total income: 10,403  
 EBITDA: 1,181  
 (000 RSD)

### SPORTS CENTER

Equity: 15,710  
 Total income: 958  
 EBITDA: 50  
 (000 RSD)


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**IZ.P.10/03**
**CONSOLIDATED FINANCIALS**

<b>Tigar AD's consolidated financials in thousands of dinars</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% changes</b>
Assets	7,116,196	7,946,843	12%
Equity	3,824,191	3,514,817	-8%
Operating revenue	2,535,065	3,455,411	36%
Operating income/loss	-145,467	169,716	gain vs.loss
Financial revenues	166,965	61,829	-63%
Other revenues	281,496	53,847	-81%
Total revenues	2,983,526	3,571,086	20%
EBIT	211,459	218,072	3%
EBITDA	312,074	332,388	7%
Net income /loss	51,119	33,552	-34%
<u>Significant ratios</u>			
Return on equity	1.34%	0.95%	-29%
Debt-to-assets ratio	0.44	0.53	22%
<u>Liquidity and solvency ratios</u>			
Current Ratio	1.76	1.58	-10%
Quick ratio	0.89	0.80	-10%
<u>Ratios</u>			
ROE	1.34%	0.95%	-29%
ROA	0.72%	0.42%	-41%
Net profit/total income	1.71%	0.94%	-45%


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**IZ.P.10/03**
**TIGAR AD – THE HOLDING COMPANY: UNCONSOLIDATED FINANCIALS**

Tigar AD's unconsolidated financials in thousands of dinars	January-September 2009	January-September 2010	% change
Assets	3,902,851	4,086,453	5%
Equity	2,774,284	2,795,711	1%
Operating income	210,426	452,532	115%
Result from operation	-143,355	34,916	gain vs. loss
Financial income	107,642	72,660	-32%
Other income	266,194	13,289	-95%
Total income	584,262	538,481	-8%
EBIT	194,152	103,321	-47%
EBITDA	207,870	122,607	-41%
Net income	83,782	22,199	-74%
<u>Significant ratios</u>			
Return on equity	3.02%	0.79%	-74%
Return on shareholders equity	4.06%	1.08%	-74%
Debt-to-assets ratio	0.29	0.31	9%
<u>Liquidity and solvency ratios</u>			
Current Ratio	1.39	2.32	67%
Quick ratio	1.38	2.30	67%
<u>Other ratios</u>			
ROE	3.02%	0.79%	-74%
ROA	2.15%	0.54%	-75%
Net profit/total income	14.34%	4.12%	-71%



### 3. BUSINESS ENVIRONMENT AND RISK ASSESSMENT

The business climate in the considered period continued to be negative, albeit with initial signs of a gradual recovery, particularly with respect to GDP growth, manufacturing growth, growth in exports, and increases in salaries relative to the same period of a year ago. Increases in transportation activity, particularly freight traffic, were encouraging because this is an important indicator of economic revival. The export structure matched the manufacturing structure and was dominated by metallurgy. On the other hand, domestic demand was rather low, financing of manufacturing quite difficult, and financing of investment activities extremely low. Manufacturing is not diversified and, as a result, both growth and decline generally reflect developments in the metal industry. In 2009, 100,000 jobs were lost in Serbia, and this trend continued into 2010. Labor market data suggest that despite the mild economic recovery, unemployment is growing and the number of jobs is declining, resulting in both economic and social problems. The labor structure is unfavorable, in view of the large number of jobs in the non-economy. The average net monthly income was among the lowest in the region. This, on the one hand, affected affordable demand and, on the other hand, put extreme pressure on performing businesses. The ongoing privatization process was increasingly characterized by terminated agreements. Very few new privatizations were completed and privatization revenues were quite low. The state, which has a 1/3 interest in Tigar, has not yet revealed its strategy with regard to companies in which it holds a significant stake.

#### ***Risks related to Tigar's business***

Key risks related to the business operations were connected with the increase of material prices and realization of investment activities. In the period January-September, the price of natural rubber increased twice and there was an price increase in textile up to 50% as a consequence of cotton price increase, while as for the other materials, the price remained the same or declined in percents. Increase of material prices is partly incorporated into the price but it partly has to be compensated by increased productivity and reduction of production and sales prices. Because of inability to close the financial structure for 2011, the project of building the system for collection and plant for recycling used tyres were postponed, as well as relocation of Chemical Products factory. Postponing of these investments shall enable the effects of investments be real starting from the second half of 2012.

#### ***Risks related to inflation, exchange rates, capital procurement and capital cost***

The increase of exchange rate in 2010. led to the most significant decline of dinar in relation to euro since euro was introduced. The increase in exchange rates influence negatively the growth of liabilities in foreign currency as majority of the loans are expressed in euros and the price of imported materials while in export it has a significant positive effect. Influence of the increase of exchange rates on export annuls the influence of exchange rates on import but the influence on the level and costs of loans indexed in euros is significant. Based on developments noted this year, annual inflation should remain at the projected single-digit level but significantly higher than planned. The Government of Serbia in 2010. continued to subsidize short-term loans to support liquidity and working capital. Loan limits have been increased. Nevertheless, to achieve a balance between short-term and long-term indebtedness with grace-period, at refinancing, some of the loans were taken out under subsidized terms and conditions, while others are commercial loans but with a grace period of up to one year and a longer maturity period. The cost of capital for commercial loans remains unchanged compared to a year ago. In the period to come, replacement of short-term loans with long-term ones shall be continued, so that internal cash is unburdened and needs for financing working capital from internal cash enabled without significant increase of the level of indebtedness, regardless of the growth of production and sales. The conditions and price of loans for financing export, which the government plans for next year, are not completely known, but it is expected that certain favourable assets are to be provided for financing of export which is a priority. In case the price and maturity dates are favourable, we shall enter the process of further refinancing.

#### ***Risks related to shareholder and corporate structure***

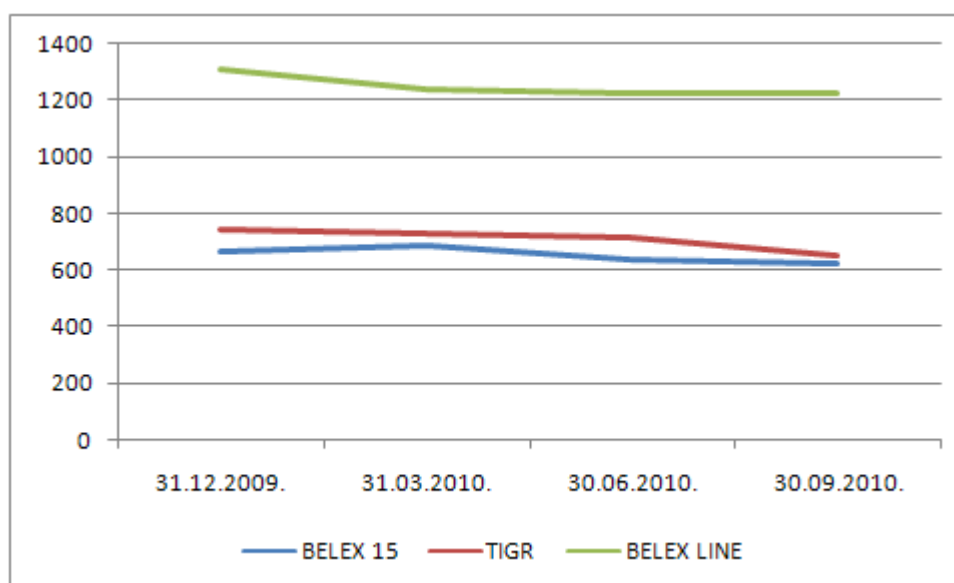
During the period, there were no major changes in stockholding concentration and no takeover announcements, which might affect corporate business and development policies. Overall developments do not suggest that the Company might be facing this type of risk in the near future, even though consolidation through capital increases is possible through the process of recapitalization. Since the strategy of the state related to its share in the capital has not been defined clearly so far, unexpected actions which could negatively influence the business operations are not expected, as the corporation is among the greatest employers, exporters and tax payers, although this kind of a decision is beyond direct influence of the management.



## 4. CAPITAL MARKET POSITION

During the whole third quarter, Tigar stock lost 18.7% of its value and at the end of the period, it reached its lowest level since the beginning of the year -584 dinars. This decline was significantly higher than both indice of Belgrade Stock Exchange. Although at the end of August, a semi-annual report of the Company was presented with significantly better revenues from sales, export, low liquidity in trade was the basic reason for decline of the Company's value on the Stock Exchange. Shareholders-professional investors and physical persons lowered their trade in the existing conditions.

The graph below is a parallel presentation of Tigar's stock price relative to both Belgrade Stock Exchange indices movements in the period January-September, 2010:



The table below shows major stock trading indicators and key ratios based on market prices of shares during the period.

	30 JUNE 2010.	30 SEPTEMBER, 2010.	% CHANGES
Number of shareholders	4,801	4,800	-
Number of shares outstanding	1,718,460	1,718,460	-
Book value of shares	1,636	1,636	-
Stock market value of shares	719.00	584.00	-18.77%
Lowest price during the period	(30.09.2010.) - 584.00		
Highest price during the period	(01.07.2010.) - 700.00		
Average for the period I-IX, 2010*	655.00		
Market capitalization, RSD	1,235,572,740.00	1,003,580,640.00	-18.77%
P/ BV **	0.40		
P/E ***	50.7		
EPS ****	12.9		

\* The average price is based on closing prices and the number of trading days during the period.

\*\* Average market price to book value ratio.

\*\*\* Price-to-earnings ratio.

\*\*\*\* Earnings per share during the period.


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**IZ.P.10/03**
**Share price movement during the period**

Date	31.12.2009.	31.01.2010.	28.02.2010.	31.03.2010.	30.04.2010.	31.05.2010.	30.06.2010.
Price	746.00	741.00	750.00	730.00	824.00	733.00	719.00
	<b>30.07.2010.</b>	<b>31.08.2010.</b>	<b>30.09.2010.</b>				
	<b>645.00</b>	<b>639.00</b>	<b>584.00</b>				

***Changes in shareholder structure during the third quarter of 2010.***

Shareholders	30.06.2010	30.09.2010	% Changes
Legal entities	53.41%	53.38%	-0.03%
Individuals	29.74%	29.40%	-0.34%
Custody accounts	16.84%	17.20%	0.37%

Low liquidity in share trade and stable number of total shareholders shows that the changes in the mentioned period happened in the relation individuals, partial sales- professional investors, purchasing of the shares, because of more favourable price

**Top ten shareholders as of 30 September, 2010.**

	Shareholder	Number of shares	% stake
1.	Equity Fund of the Republic of Serbia	429,429	24.98
2.	Pension and Disability Fund	149,981	8.72
3.	ARTIO EQUITE FUND	123,132	7.16
4.	SOCIETE GENERALE YUGOSLAV BANK	89,752	5.22
5.	ERSTE BANK CUSTODY 00001	83,391	4.85
6.	ERSTE&STEIERMARKISCHE BANK D.D.	36,258	2.10
7.	STICHTING SHELL PENSIONENFONDS	23,970	1.39
8.	SOCIETE GENERALE YUGOSLAV BANK	23,583	1.37
9.	UNICREDIT BANK KASTODI RACUN	18,500	1.07
10.	DUNAV OSIGURANJE A.D.O.	17,120	0.99
	Total, top ten shareholders	<b>995,116</b>	<b>57.90</b>

During the third quarter, the top ten shareholders retained their ownership stake in the Company. A more substantial change occurs after the quarter ended and before the publishing of this report, when Shell, Pension fund sells its packet of 1,39% of the ownership of the Company to the new shareholder SWEDBANK.

Company realized in this period two emissions of long-term corporate bonds which provoked significant interest of the investors and a number of IR activities were carried out before the emissions towards the investment public. Besides individual meetings with management and presentation of the results and business model of the Company, visits of the investors to the Company were organized.

All business information of significance to investors was released to the public via Tigar's website, the Belgrade Stock Exchange website, and media outlets.




**BUSINESS REPORT FOR JANUARY-SEPTEMBER, 2010**

Document reference

**IZ.P.10/03**
***Tigar stock held by corporate management***

Corporate management holds less than 1% of Tigar shares. The following table shows the number of shares held by members of the Board of Directors as of 30 September, 2010.

Name	Shares held as of 31 May 2005	Shares held as of 30 September 2010	% of existing shares
Dragan Nikolić	880	898	0.052
Jelena Petković	275	281	0.016
Slobodan Sotirov	539	550	0.032
Modrag Tancic*	460	460	0.027
Vladimir Nikolić	803	803	0.050
Aleksej Misailović*			
Jose Alexandre F. da Costa			
Gordana Lazarević*	-	-	-
Tihomir Nenadić	-	-	-

\* Directors appointed by the General Assembly on 18 June 2010.

Some Board members increased their stake as a result of participation in the pro-rated sale of treasury shares by the Company in 2009. Members of the Supervisory Board hold no Tigar stock.



## 5. SUSTAINABLE DEVELOPMENT

### 5.1. EMPLOYEES

#### *Headcount and structure*

As of 30 September, 2010, Tigar had 1,984 employees. In addition, Tigar's subsidiaries in Serbia, the United States, United Kingdom, Macedonia, Montenegro, and Bosnia and Herzegovina employed a total of 81 local employees.

<b>Workforce as of 30 September, 2010</b>	
<b>Company</b>	<b>Number of employees</b>
Tigar AD	200
Tigar Footwear	741
Tigar Business Services	164
Tigar Technical Rubber Goods	223
Tigar Chemical Products	74
Tigar Trade	272
Others	310
<b>Total</b>	<b>1,984</b>

All employees sign standard employment contracts with the Company's top executives, stipulating the basic conditions of employment, from working hours to grounds for termination of contract. Full-time employment entails 40 working hours per week. Employment contracts are confidential.

Upon retirement, all employees are entitled to three monthly salaries in accordance with Art. 119 (1) (1) of the Labor Law, while those who opt to retire as soon as they fulfill one of the two criteria for retirement receive two additional monthly salaries as an incentive. Tigar's retired employees generally continue to maintain contact with Tigar. For example, Tigar pays a two-month salary equivalent to the family upon a retiree's death. Currently, 81 employees and retirees are repaying housing loans obtained from Tigar. Apart from statutory requirements, Tigar has no special programs or funds for employees' health insurance, retirement or other social security matters.

#### *Employee expenses*

Total employee expenses incurred by Tigar AD and its subsidiaries during the period of I-IX, 2010, including net earnings, taxes, pension fund and health insurance contributions, in-house meals and local transportation subsidies amounted to 994,553,000 RSD. The table below shows paid salaries as a percentage of sales income.

<b>I-IX, 2010. total employee expenses</b>			
	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD	% of sales income
Tigar AD	77,995	133,169	30.42%
Tigar Footwear	196,573	338,019	39.68%
Tigar Business Services	45,186	77,581	34.71%
Tigar Technical Rubber Goods	64,800	111,168	34.47%
Tigar Chemical Products	25,996	44,460	32.52%
Tigar Trade	85,156	145,731	7.13%
Other	84,320	144,425	34.67%
<b>Total</b>	<b>580,027</b>	<b>994,553</b>	<b>22.43%</b>

Taxes, health insurance and pension fund contributions and all other expenses during the period of I-IX, 2010, amounted to 414,526,000 RSD.


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**IZ.P.10/03**
**Optimization of human resources**

During the period of I-IX,2010, 65 employees left Tigar AD and its subsidiaries on the following grounds:

	Retirement	Redundancy	Other*	TOTAL
Tigar AD		3	1	4
Tigar Footwear	3	7	5	15
Tigar Business Services	3	4	5	12
Tigar Technical Rubber Goods	2	6	1	9
Tigar Chemical Products			1	1
Tigar Trade	2	6	2	10
Other	3	6	5	14
<b>Total</b>	<b>13</b>	<b>32</b>	<b>20</b>	<b>65</b>

\* Of these 20 employees, whose working contract was terminated according to other basis, 3 left the Company of their own volition, 9 voluntarily moved to another entity within the Tigar Group, 2 passed away, and 6 were dismissed.

The numbers do not show large shifts in the number of employees. The primary reasons for termination of full-time employment are retirement and redundancy (referral of full-time employees to the Labor Market).

Retrenchment is inherent in the restructuring process. This process will continue during 2010. Solving the problem of employee redundancy on a voluntary basis was a major component of the social stability policy.

All-inclusive expenses associated with the optimization of human resources and percentages relative to gross salaries are shown below:

<b>Workforce downsizing costs and percentage of gross salaries</b>		
	In thousands of RSD	%
Tigar AD	1,137	0.85
Tigar Footwear	2,518	0.74
Tigar Business Services	1,647	2.12
Tigar Technical Rubber Goods	3,326	2.99
Tigar Chemical Products		
Tigar Trade	15,506	10.64
Other	2,524	1.74
<b>Total</b>	<b>26,658</b>	<b>2.68</b>

**Professional education**

Our policy of ensuring the availability of professional employees through the offering of scholarships to Pirot secondary school students was continued in 2010.

Scholarships were paid for students at the following colleges/universities during the period of I-IX,2010:

<b>Professional education</b>				
	Technical sciences	Manufacturing process engineering	Economics and business administration	Other
<b>Total</b>	<b>27</b>	<b>8</b>	<b>9</b>	<b>13</b>

Tuition and scholarship expenses paid during the period I-IX,2010. amounted to 2,689,600 RSD, or 0.27% of gross salaries.


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**Employee training**

The following numbers of employees were trained through internal and external training programs during the period of I-IX, 2010:

<b>Employee training- internal and external</b>			
	Internal	External	Total
Tigar AD	26	50	76
Tigar Footwear	752	20	772
Tigar Business Services	72	7	79
Tigar Technical Rubber Goods	442	15	457
Tigar Chemical Products	74	3	77
Tigar Trade	249	57	306
Other	326	78	404
<b>Total</b>	<b>1,941</b>	<b>230</b>	<b>2,171</b>

Employee training expenses incurred during of I-IX, 2010, the period amounted to 7,140,596 RSD, or 0.71% of gross salaries.

**5.2. QUALITY MANAGEMENT**

Tigar's quality management system (ISO 9001) was initially certified in 1995 by the then Federal Standardization Bureau. Tigar was the third company in the country to obtain certification of its quality management system. Following the introduction of environmental management standards (ISO 14001), and occupational health and safety standards (OHSAS 18001), Tigar's system was upgraded accordingly so that today Tigar has a well-established integrated management system which ensures that all risks associated with quality, the environment, and employee health and safety are monitored and addressed.

Annual inspections and audits corroborate Tigar's compliance with ISO 9001 and ISO 14001 and attest to the Corporation's ongoing commitment to customer and stakeholder satisfaction. These inspections and audits are conducted by YUQS, a leading national certification body and a member of IQNet, which has been accredited by both national bodies and the French COFRAC.

In Tigar Chemical Products, the second annual regular supervisory control of integrated management systems was carried out in February, on the basis of issued certificates for the system of quality and environmental protection management. During the control, there were not registered any non-compliances and in the report which was made by the controllers, it was stated that Tigar Chemical Products manages all the processes in the manner defined by documentation and upgrading was registered.

In Tigar Footwear the control was performed in July, i.e. certification of integrated management systems, by which the system of health management and safety at work was also included together with certified systems of quality and environmental protection, according to requirements of the standard OHSAS 18001.

Realization of action plans for certification of IMS according to the requirements of ISO 9001, ISO 14001 and OHSAS 18001 is currently being implemented for the Companies Tigar Technical Goods and Tigar Incon, which is planned by the end of 2010 for Technical Goods and for the beginning of 2011. for Tigar Incon.

Tigar Footwear was the subject of audit conducted by another side i.e. by the audit carried out by customers or expertson their behalf

Tigar Business Services, which provides hospitality and catering services, is currently conducting preparations for implementation of the HACCP (food safety) management system.



### 5.3. ENVIRONMENTAL PROTECTION

Tigar's manufacturing facilities are located within Pirot's industrial zone, at the end of the Pirot Gorge. The condition of the natural environment and the unaltered ecosystem attest to the Company's good environmental practices. Tigar has been committed to sustainable development even prior to the introduction of environmental standards.

Environmental management is incorporated into quality management. At the corporate level, the overall responsibility for environmental protection resides with the Executive Director for Quality Management and all environment-related tasks and responsibilities are coordinated by Tigar's Quality Management Function. At a subsidiary level, respective environmental concerns are addressed by individual Quality Management Departments.

Tigar received its initial environmental management (ISO 14001) certification in 2003. Since then, the system has been upgraded on an ongoing basis and improvements are evident.

The activities of the companies within Tigar Corporation carry low level of risk for the environment. Companies of the Corporation are not included in IPPC and SEVESO plants.

Any environmental impact resulting from activities in the rubber industry primarily originate from:

- Generation of solid waste;
- Utilization of natural resources;
- Emissions into the atmosphere; and
- Discharge of wastewater.

Potential environmental impact traces to the use of raw materials classified as hazardous substances. These substances are purchased, stored, and used in accordance with applicable regulations aimed at preventing accidents. Records of hazardous substances are kept and annual reports submitted to the Ministry responsible for environmental protection. All raw materials are visibly marked, warning signs are posted as appropriate, and an internal safety data sheet, derived from the manufacturer's MSDS, is provided for each raw material.

As of February 2010, new procedures were put in place, which are expected to improve waste management and handling of raw materials at Tigar. A File on chemicals for imported raw-materials and products is being prepared in accordance with the Law on chemicals management, Official Gazette of Republic of Serbia 36/99, so that registration with the Agency for chemicals can be carried out i.e. with the Ministry for environmental protection and town planning.

Tigar's manufacturing subsidiaries do not belong to the group of so-called SAVECO facilities in which hazardous substances, in quantities that can cause chemical accidents, are manufactured, stored or used. The quantities of hazardous substances stored by Tigar are far below the critical levels outlined, which may create chemical accident situations. None of Tigar's subsidiaries use or store radioactive substances.

The nature and categories of all solid waste have been identified and appropriate procedures have been put in place. The possibilities of further processing of waste have been defined and the Plan of waste management has been made in accordance with the Law. Tigar Protective Workshop is responsible for the realization of the Plan and waste management.

Tigar Workshop has been certified by the ministry responsible for waste management, to collect, temporarily store, and dispose of waste, based on the new Waste Management Law. In the period of January-September, 2010, this company upgraded conditions and storing capacities by building a new warehouse.

Management of packaging waste is transferred to authorized operator for packaging waste management.

Tigar operates a leading-edge automated power station designed to fire either oil or gas. The old boiler facility, which fired solid fuel, was shut down in August 2008. In addition to improved efficiency and the elimination of slag, the new facility is expected to also improve the quality of gas emissions. Gas emissions were measured and tested in February 2010 by the certified laboratory of the "1<sup>st</sup> May" Institute from Niš, and all parameters were found to be below limit values.

Tigar's subsidiaries use both water from the public water supply system and industrial water. Water is used for sanitary needs, as a source of energy (steam), and as a cooling fluid. None of Tigar's subsidiaries use water as part of their manufacturing processes and, as such, do not produce any industrial wastewater.


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Tigar's liquid effluents, generally standard urban wastewaters, are discharged into the public sewage system based on stipulations set out in Tigar's Water Permit. Wastewater quality is routinely monitored by certified laboratories, based on the law, and has to date always been found to be compliant. The monitoring encompasses a number of parameters which may have significant impact on the recipient – the Nišava River. All indicators to date have shown that the impact of Tigar's wastewater is equal to that of wastewater discharged from residential areas (urban wastewater). Consistent with the use of water by the Company, no exceedance of maximum permissible levels of pollutants has been recorded and Tigar's discharges, therefore, are not seen to present a threat to the environment. Three out of four quarterly tests were conducted in 2010, and all parameters were found to be well below permissible levels.

Fire risk is inherent in the production processes of all manufacturing entities. As such, all required permits, preventative measures, and Fire Response Plans are in place for assets exposed to fire risk. All buildings are covered by a video surveillance system. Tigar Security, which manages this system, is well-equipped and adequately staffed to provide fire protection, fire fighting and physical security services.

There are no pending proceedings against Tigar or its subsidiaries with respect to environmental issues. There are also no litigation proceedings involving Tigar arising out of environmental concerns.

Tigar Footwear, Tigar Technical Rubber Goods, and Tigar Chemical Products, have all submitted information to the Environmental Protection Agency, as required for the Integrated Register of Polluters in 2009, pursuant to the Environmental Protection Law (Article 75) and Regulations on the Integrated Polluter Register Development Methodology (Official Gazette no. 94/07). This obligation also includes reporting on the monitoring of environmental parameters (wastewater quality, gas emissions, types and quantities of generated waste, types and quantities of hazardous waste), and submission of information about major raw materials, manufactured products, and the like. All such information is available to the public via the Agency's website.

Tigar Corporation marked the Environmental Protection Day by collecting electronic waste. Some 6.2 tons of e-waste was delivered to S.E.T. of Belgrade for recycling.

The following environmental laws apply to the Company:

- *The Environmental Protection Law,*
- *The Air Protection Law,*
- *The Waste Management Law,*
- *The Law on Packaging Materials and Waste,*
- *The Environmental Noise Protection Law,*
- *The Law on Chemicals,*
- *The Water Law,*
- *The Fire Protection Law, and*
- *The Law on Explosive Substances and Flammable Liquids and Gases.*

In addition to these laws, environmental impact is regulated by a number of secondary legislative instruments (e.g., codes and decrees), which are not mentioned here because the list is rather long. Tigar monitors and assesses its compliance with applicable legislation on an ongoing basis. Whenever new requirements need to be implemented, a timetable and action plan are prepared, which designate required activities, date limits for their realization, necessary resources, and individuals in charge. Tigar needs to implement new requirements as set out in the recently-enacted Law on Packaging Materials and Waste and the Law on Chemicals.

In the period January-September, 2010, eight inspection controls were carried out by Republic Inspector for environmental protection, mostly because new legal obligations have been announced. During the audit, both preventive and control, there were no any remarks as related to business operations from the aspect of environmental protection. A complete compliance with relevant regulations was determined.

## **5.4. INTELLECTUAL PROPERTY**

Tigar's full registered name is Joint-Stock Company Tigar – Pirot in English, and Akcionarsko društvo Tigar – Pirot, in Serbian. Its short name is Tigar AD – Pirot, in both languages. The registered name and its use are regulated by the provisions of Article 14 of the Articles of Association. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.


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**Registered trademarks as of 30 September, 2010**

Appl. No.	Appl. date	Req. No.	Trademark	Valid until	Holder
Z-247/80	30.04.80.	31499	Tigar	21.12.17.	Tigar AD
Z-2606/06	14.11.06.	54763	Tigar	14.11.16.	Tigar AD
Z-84/385	17.01.84.	29947	Tigar Tg 615	25.05.17.	Tigar AD
Z-947/07	30.04.07.	55640	Tigar Planinarski Dom	30.04.17.	Tigar AD
Z-918/07	27.04.07.	55822	Tigar Tours	27.04.17.	Tigar AD
Z-842/07	18.04.07.	55612	Markol	18.04.17.	Tigar AD
Z-1129/07	17.05.07.	55735	Tigar Incon	17.05.17.	Tigar AD
Z-890/80	11.07.03.	49590	Tigar Sportski Program	11.07.13.	Tigar AD
Z-152/07	29.01.07.	56018	Tigar	29.01.07.	Tigar AD
Z-1703/07	26.07.07.	56315	Tigar Footwear	26.07.17.	Tigar AD
Z-1704/07	26.07.07.	56315	Tigar Obuca	26.07.17.	Tigar AD
Z-2440/07	17.10.07.	56731	Tigar Hemijski Proizvodi	17.10.17.	Tigar AD
Z-212/08	05.02.08.	57737	Tigrostik	05.02.18.	Tigar AD
Z-211/08	05.02.08.	57738	Tigrolux	05.02.18.	Tigar AD
Z-214/08	05.02.08.	57650	Tigropren	05.02.18.	Tigar AD
Z-213/08	05.02.08.	57649	Tigrokol	05.02.18.	Tigar AD
Z-768/08	31.03.08.	57538	Hotel Stara Planina	31.03.18.	Tigar AD
Z-1433/08	06.06.08.	58815	Overload	06.06.18.	Tigar AD
Z-1475/08	11.06.08.	58462	Waterpolo Senior	11.06.18.	Tigar AD
Z-1473/08	11.06.08.	58427	Waterpolo Mini Mini	11.06.18.	Tigar AD
Z-1431/08	06.06.08.	58813	Waterpolo Junior	06.06.18.	Tigar AD
Z-1472/08	11.06.08.	58428	Specijal	11.06.18.	Tigar AD
Z-1432/08	06.06.08.	59305	Basketball Tq21 Official	06.06.18.	Tigar AD
Z-1474/08	11.06.08.	58424	Neos	06.06.18.	Tigar AD
Z-1469/08	11.06.08.	58426	Tricker Ball Basket Ball	11.06.18.	Tigar AD
Z-1471/08	11.06.08.	59401	Bistro	11.06.18.	Tigar AD
Z-1468/08	11.06.08.	58423	Overload Handball	11.06.18.	Tigar AD
Z-1470/08	11.06.08.	58425	Dynamic Overload	11.06.18.	Tigar AD
Z-1429/08	06.06.08.	58464	Overload Waterpolo Junior	06.06.18.	Tigar AD
Z-1467/08	11.06.08.	58430	Overload Waterpolo Mini Mini	11.06.18.	Tigar AD
Z-1476/08	11.06.08.	58463	Overload Waterpolo Senior	11.06.18.	Tigar AD
Z-1430/08	06.06.08.	59304	Basketball TG21 Overload	06.06.18.	Tigar AD
Z-2441/07	17.10.07.	56730	Tigar Tehnicka Guma	17.10.17.	Tigar AD
Z-2681/08	03.11.08.	59486	Trapper	03.11.18.	Tigar AD
Z-2682/08	03.11.08.	59485	Pesca	03.11.18.	Tigar AD
Z-2679/08	03.11.08.	59327	Rainydays	03.11.18.	Tigar AD
Z-2680/08	03.11.08.	59334	Nency	03.11.18.	Tigar AD
Z-2678/08	03.11.08.	59333	Ladybird	03.11.18.	Tigar AD
Z-2677/08	03.11.08.	59336	Ratar	03.11.18.	Tigar AD
Z-2676/08	03.11.08.	59451	Balerina	03.11.18.	Tigar AD
Z-2675/08	03.11.08.	59335	Work	03.11.18.	Tigar AD
Z-2904/08	02.12.08.	59458	Polar	03.11.18.	Tigar AD
Z-2674/08	03.11.08.	59337	Protecta	03.11.18.	Tigar AD
Z-2673/08	03.11.08.	59390	Forestry Line	03.11.18.	Tigar AD
Z-2672/08	03.11.08.	60043	Fireproof	03.11.18.	Tigar AD
Z-2671/08	03.11.08.	59326	Cryo	03.11.18.	Tigar AD
Z-2670/08	03.11.08.	59387	Sparclesafety	03.11.18.	Tigar AD
Z-2661/08	31.10.08.	59341	Firefighter Super Safety	31.10.18.	Tigar AD
Z-2662/08	31.10.08.	59452	Century Super Safety	31.10.18.	Tigar AD
Z-2659/08	31.10.08.	59334	Century 4000 Safety	31.10.18.	Tigar AD
Z-2660/08	31.10.08.	59345	Forester 3000	31.10.18.	Tigar AD
Z-2903/08	02.12.08.	60464	Trendy	02.12.18.	Tigar AD
Z-247R/80	30.04.80.	49044	Tigar	30.09.15.	Tigar Tyres
Z-1369/05	17.10.05.	49768	Tigar Tyres	17.10.15.	Tigar Tyres
Z-1373/05	17.10.05.	49792	Hiltris Logo	17.10.15.	Tigar Tyres
Z-1371/05	17.10.05.	49819	Cargo Speed Logo	17.10.15.	Tigar Tyres
Z-1372/05	17.10.05.	49912	Wintera Logo	17.10.15.	Tigar Tyres
Z-1468/05	31.10.05.	53797	Tigar Trgovine	31.10.15.	Tigar AD
Z-551/09	27.03.09.	-	Bottega	-	Tigar AD
Z-639/09	13.04.09.	59942	StarA Hotel	13.04.19.	Tigar AD
Z-1011/09	30.06.09.	59367	Brolly	30.06.19.	Tigar AD
Z-1012/09	30.06.09.	59366	Maniera	30.06.19.	Tigar AD
Z-1685/09	03.11.09.	60513	Stop&Drive	03.11.19.	Tigar AD
Z-1686/09	03.11.09.	60514	S&D	03.11.19.	Tigar AD
Int'l trademark.	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
USA	24.10.78.	675 773A	Tigar	20.05.17.	Tigar Tyres
USA	02.11.07.	1174089	Tigar Logo	15.08.12.	Tigar Americas Corp.
USA	-	77320619	Tigar	-	Tigar Americas Corp.
Int'l trademark 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Int'l trademark 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
USA 79075140	07.09.09.	-	Maniera	-	Tigar AD
USA 79075638	07.09.09.	-	Brolly	-	Tigar AD
Canada	25.05.90.	368832	Forester	25.05.15.	Tigar Footwear
Finland	20.11.85.	94345	Forester	20.11.15.	Tigar Footwear
Norway	14.11.85.	123042	Forester	14.11.15.	Tigar Footwear
Sweden	26.07.85.	0197287	Forester	26.07.15.	Tigar Footwear
UK	23.06.95.	2025055	Century	23.06.15.	Tigar Footwear
UK	31.05.84.	1219898	Forester	31.05.15.	Tigar Footwear
UK	23.06.95.	2025057	Forester	23.06.15.	Tigar Footwear


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The flagship trademark is «a stylization of a tiger's head with the logo 'Tigar' inscribed in the Cyrillic or Latin alphabet» (Article 17 of the Articles of Association). The appearance and contents of the flagship trademark fall within the jurisdiction of the Board of Directors. Affiliated companies, which are controlled by Tigar AD, may use the flagship trademark.

In 2006, the flagship trademark was protected as a registered trademark within the territory of the Republic of Serbia for goods in international Classes 1, 7, 17, 20, 25 and 28, as a separate trademark only for tires in Class 12, and as an international trademark in 43 countries for the same classes previously listed and for Class 12 (vehicle tires); all are in the name of Tigar AD. A variation of the flagship trademark, «Tigar MH», is protected in Serbia for tires and processing of materials (Classes 12 and 40) in the name of Tigar Tyres. Under a Trademark Assignment Agreement, signed by Tigar AD and MHPB in 2002, Tigar AD is obligated to assign its flagship trademark for tires and inner tubes (Class 12) only to Tigar Tyres. The proceedings for recording of the assignment have been completed for Serbia and the member states of the Madrid Agreement. Transfer to the US is pending.

In 2007, Tigar AD applied for registration of 9 new trademarks in Serbia and for territorial expansion of trademark 675773 to include eight additional member states of the Madrid Agreement (application EX-I/397708101/CB). Also in 2007, Tigar applied for registration of the Tigar trademark in the name of the Tigar Americas Corporation in the USA, for Classes 7, 17, 25 and 35 (application 77320619).

In 2008, Tigar initiated the registration of marks with which its products and product lines are identified.

In 2009, Tigar AD initiated domestic and international registration of its Maniera and Brolly trademarks.

Tigar Technical Rubber Goods has one pending patent application with the Serbian Intellectual Property Office, for an invention entitled "*Tigar Flex*" *Flexible Hose Production Technology*, filed on 30 January 2006 under no. P-2006/0071.

Tigar AD holds two internet domain names: [www.tigar.com](http://www.tigar.com) and [www.tigar.co.yu](http://www.tigar.co.yu). Tigar Footwear holds five new domain names: [www.century-safety.com](http://www.century-safety.com), [www.century-safety.de](http://www.century-safety.de), [www.century-safety.fr](http://www.century-safety.fr), [www.century-safety.es](http://www.century-safety.es) and [www.century-safety.co.uk](http://www.century-safety.co.uk)

Tigar holds no copyrights or neighboring rights. Tigar uses standard software under licenses duly acquired from software manufacturers or software distributors.

Article 12 (3) of the Particular Collective Contract stipulates that employees have a right to be remunerated for copyrights, technical innovations, and improvements in production processes. The amount of remuneration is regulated by a separate contract between the employee and Tigar AD, in the form of an increase of the employee's salary. This contract represents an annex to the individual employment contract; its contents are confidential and it is valid for one year.

Tigar has not been notified of any complaints, objections or claims and Tigar has not filed any complaints, objections or claims with respect to any infringement of intellectual property rights.





## 5.5. INFORMATION TECHNOLOGY

The IT Function is a part of Tigar AD. It provides integrated data management services to Tigar and its key activities include:

- Development of application software
- Installation of software
- Software and hardware user training
- Logistic support to users
- Database maintenance
- Data security
- Installation and maintenance of hardware and software
- Administration and user access management
- Local area network and anti-virus protection
- Maintenance of internet and internet access
- Standardization of corporate hardware and software

The IT Function employs 15 individuals, 13 of whom are university graduates. It is comprised of two departments:

- The Programming and Development Department, and
- The Installations Department.

The Programming and Development Department employs seven engineers who develop and generate application software and provide logistic support to users.

The Installations Department employs five engineers, one data-entry operator and one system console operator. This department installs and maintains hardware and operating system software at workstations, monitors the operation of the host computer, installs user applications, defines users and grants access privileges.

The IT Function ensures access to the IT Center, the Internet and the Intranet by all Tigar locations. The IT Center and the various Company sites are linked by means of optical cabling. Local IT engineers maintain local computer networks and local computer equipment at the manufacturing plants, while the IT Function maintains computer equipment at all other Tigar locations. The IT Function ensures data security at host computer and workstation levels, as well as appropriate anti-virus protection. Backups from the main server and anti-virus update downloads are made on a daily basis, and workstations automatically download updates upon morning boot-up.

In the Central Computer Room there is a production server - IBM POWER-6 M25 with the IBM operating system OS400 V5R4 and DB2 database - which is used for communications, development, applications and access to databases. The disaster recovery machine is IBM POWER-6 M15, with the same operating system. There is an IBM POWER-6 M15 machine at another location, the ICT Center at Tigar 3. These two systems communicate directly, via optical cabling. Using IBM's ITERA software installed on both machines, databases are replicated on-line and in real time such that, in the event of failure of the production server, the M25 machine can assume all of its functions and become the main production server until the M25 server is back on line. This ensures continuous operation of the entire IT system and uninterrupted access by users.

Data bases are simultaneously maintained on two servers, which are kept at physically separate locations. Additional security is provided by tape backups, using the system's tape library.

Data base access requires a user name and password at sign-in. Each user is provided with a description of accessible data.

Files are backed up daily at three levels. Media containing backups are kept in a metal safe under lock and key. Entry into the Central Computer Room is limited to essential personnel – system engineers who have coded access. A data warehouse server (with a Windows 2003 operating system and Progress database), internet server, intranet server, web server, DNS server, and mail server are also located in the Central Computer Room. Only computer equipment made by reputable manufacturers (e.g., IBM and Dell) is used.


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Tigar's IBM M25 central server is protected by a 15KVA UPS, while the disaster recovery machine IBM POWER-6 M15 is protected by a 2KVA UPS and supplemental battery cabinet, ensuring stable and uninterrupted power supply of 90 minutes.

Tigar's business entities and the IT function are linked via optical cabling. Local networks within the entities use UTP Class 5 cabling, while UTP Class 6 (transmission speed up to 1 Gbit/s) cabling is used at the new, Tigar 3 location. The network protocol is TCP/IP. Wireless networks are also available at the corporate administration building and the new Tigar Footwear factory.

Tigar's entire computer network is segmented and protected from unnecessary broadcast traffic within the network and between workstations by virtual LANs deployed by functional entity. This also enhances network performance in terms of speed, response, and data transmission. Net infrastructure is 1Gbit/100-Mbit and is realized through optical and UTP cables of class 5 and 6 and 1Gbit/100-Mbit net cards. From the central switch to every factory at Tigar location optical cables are installed. A complete computer network of the Corporation is segmented by creating virtual LANs by functional entities, so that unnecessary BROADCAST is avoided within the network between workstations and in order to upgrade the performance of the whole network as related to the speed, response and data transfer. A total of 15 virtual LANs are available within the Corporation.

Control of Internet traffic is provided by means of additional Juniper-140 firewall hardware and software components, which allow for the definition of virtual private LANs toward external networks based on stringent rules, and ensure appropriate control of overall Internet traffic, faster response and data transmission, higher network and user security through a server in the DMZ zone, as well as enhanced performance of the overall system.

The Company uses all data transmission systems supported by Telecom: FR (frame relay) link to the internet provider, primary ISDN, FTP internet service for communication with branch offices, retail outlets, and regional centers, and the like. A secure corporate L3VPN network has been set up to link branch offices, regional centers, and warehouses. Internet connection of the Corporation is substantially upgraded (High speed Internet) with the use of optical cable from Telecom to IT centre of Tigar. The speed of Internet access is 10Mbit/sec. A Falcon video conferencing system with three ISDN lines has been installed.

The Tigar 3 location and the corporate administration building at the Tigar 1 location use an IP telephone switchboard - AWAYA S8300, which includes a media server - Awaya6700. Communication with Telekom is established via two primary ISDNs and 60 incoming lines. The switchboard currently services 450 extensions, but can be expanded to 900 extensions, 34 wireless base units (DECT phones), and 24 analog channels. Three "conference rooms" are currently active. They are accessed via authorization codes. Each phone of the Awaya 1608 system can be used to set up an internal conference with five other participants from Tigar, without using the "conference room". The old OMNI switchboard was fully integrated with the new IP AWAYA system and both function as a single communication system. Internal software allows for easy administration and maintenance of the corporate telephone system, controlled access and use, as well as cost monitoring and management by user, group of users or business unit.

The system supports a centralized business application with 18 different modules, 800 table formats, and some 2000 programs which are used by the Company and its subsidiaries in their daily activities.

Appropriate software support has been provided in accordance with all requirements and needs of the users, while maintenance and continual upgrading of software solutions are constant activity. Complete business operations in the part of raw-materials and materials purchasing, including export and import activities through Free Zone Pirot, as well as complete warehouse operations and wholesale are covered by central application on production server M25. Retail operations are supported by "Agens" application.

Full application support has been provided for comprehensive use of the IBM POWER-6 M25 server by Tigar Footwear, Tigar Chemical Products, and Tigar Incon. The same activity is nearing completion at the Pirot Free Economic Zone.



### Main features of Tigar's Information System include:

- **Comprehensive support:** The system supports all corporate activities, including manufacturing, design, purchasing, warehousing, sales, HR, finance, and accounting.
- **One-time data entry:** Documents are entered solely at the point of generation. Data redundancy has been minimized. Once entered, information can be used by all parts of the system.
- **Highest level of security:** System security is under the full control of the administrator; there is a three-tiered data security feature which ensures:
  - Protection from unauthorized access;
  - Protection from unauthorized use of system functions;
  - Protection from unauthorized retrieval of data;
  - The user has access to data only if such access is allowed by the administrator;
  - Query, modification, deletion, and addition rights are defined at document level;
  - User registration and allocation of user privileges is centralized;
  - Switching to other modules or programs does not require logging off and on;
- **Multi-company system:** The system allows for instantaneous monitoring of multiple companies within the same database and for consolidation at Company level.
- **Multi-currency system:** Business transactions can be entered and monitored in both the national currency and in foreign currencies.
- **Centralized coding system:** Product, customer and supplier codes can be entered by several users, but only authorized users can approve or modify codes.
- **Integrated approach:** All business functions of the Company have been integrated by means of a single database. The system automatically generates a large number of different documents, such as bookkeeping/accounting entries, warehouse receipts, delivery notes, and the like. Any document can be cancelled regardless of its level, along with any other documents which might have been created on the basis of such document.
- **Openness:** The system is readily expandable and can be interfaced with other information systems and the Windows environment.
- **Flexibility:** The system can be adapted to any specific needs of the Company, based on a large number of parameters which were set at the time of implementation.
- **Modular approach:** Individual modules can be operated independently or as part of the integrated system.
- **Simple and consistent user interface:** Requires little training and is easy to operate. Flexible menus, graphic user interface, and on-line context sensitive help.
- **Large processing and storage capacity:** For example, the system supports a payroll of 4,000.
- **Multiple user support:** The system supports several hundred interactive users.
- **Three-layer architecture:** The use of leading-edge internet technologies facilitates administration and access from several locations.

## 5.6. REAL ESTATE AND LEGAL SECURITY

All of Tigar's manufacturing facilities are located in Pirot. In 2009 and 2010, four manufacturing plants operated at two separate locations. The larger location holds tire and chemicals products manufacturing facilities. Tigar Footwear and Tigar Technical Rubber Goods have been relocated to another site. The new Tigar 3 location purchased in 2006 was refurbished and prepared for re-location in 2008. It was booked as a „capital project in progress“. Tigar owns several buildings in Belgrade, and Tigar Trade owns buildings across Serbia (office buildings, warehouses, and retail outlets).

Tigar Tyres owns the buildings in which it operates, and holds the right to use the land on which these buildings are located. Tigar owns or holds the right to use all the remaining land. The buildings on this land are owned by Tigar and/or the subsidiaries it controls. Buildings used by manufacturing subsidiaries are owned by them. Building used by some service subsidiaries are owned by them, while the remainder is owned by Tigar.

Based on a resolution of Tigar AD's General Assembly of Shareholders concerning the sale of a portion of infrastructure-enabled land at the Tigar 2 location, and the pertinent contract with Tigar Tyres dated 27 March


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2008, Tigar Tyres acquired 148,274 m<sup>2</sup> of additional industrial land (and the surface area of un-built land owned by Tigar AD was reduced by as much).

Per Serbian laws, urban land zoned for construction is owned by the state, and Tigar has acquired the permanent right to use the land. Land away from urban construction zones is owned by Tigar.

### **Land**

The total number of cadastral lots owned by Tigar and its subsidiaries is 125 as of 30 September, 2010. Their total surface area is 397,257 m<sup>2</sup>, of which 303,958 m<sup>2</sup> is undeveloped land. The total book value of the land is RSD 44,313,115.89.

### **Buildings**

Tigar and its main subsidiaries own a total of 178 buildings .

The total surface area of the buildings owned by Tigar and its subsidiaries is 93,299 m<sup>2</sup>.

As of 30 September, 2010, the book value of buildings owned by Tigar and its major subsidiaries was RSD 1,854,299,606.96.

The following table shows the book value of buildings owned by Tigar AD, its nine largest subsidiaries, and the Pirot Free Economic Zone.

### **Book value of buildings**

<b>BOOK VALUE OF BUILDINGS (RSD)</b>		
<b>ENTITY</b>	<b>30.06.2010.</b>	<b>30.09.2010.</b>
Tigar AD	267,496,958.49	265,615,357.49
Tigar Trade	192,735,087.91	191,975,347.91
Tigar Technical Rubber Goods	392,876,955.98	391,382,250.98
Tigar Chemical Products	43,058.00	42,443.00
Tigar Footwear	802,917,720.41	800,523,254.41
Tigar Workshop	10,943,714.14	10,870,411.14
Tigar Business Services	143,004,495.68	142,397,426.68
Tigar Tours	6,383,032.10	6,353,189.10
Tigar Security	819,542.31	809,035.31
Free Economic Zone	44,396,169.88	44,238,850.94
<b>Total</b>	<b>1,861,616,734.90</b>	<b>1,854,299,606.96</b>

### **Material encumbrances**

The Company's material encumbrances at the end of September, 2010 were as follows:

Municipal Court of Pirot certificate ref. I no. 1562/04 dated 21 December 2004, under agreement in favor of Yu Banka Belgrade, places a lien against real property (cardboard and footwear plant buildings) serving as a security for the following agreements between Yu Banka and Tigar:

- Agreement no. 3617/04 dated 6 October 2004, EUR 704,494.39 (outstanding balance EUR 329,564.71)
- Agreement no. 3618/04 dated 6 October 2004, EUR 2,439,711.58 (outstanding balance EUR 1,136,360.14)
- Agreement no. 3619/04 dated 6 October 2004, USD 2,362,641.42 (outstanding balance USD 1,105,251.16)


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A mortgage statement certified by the Municipal Court of Pirot on 24 March 2009 under ref 2127/09 places a lien against real property – the StarA Hotel building – in favor of AIK Bank from Niš.

A debt collateral agreement, ref. 622/09 dated 25 June 2009, places a lien against the Occupational Health Service Building in favor of Hypo Alpe Adria Bank from Belgrade.

Agreement, ref. I.VII 11645/09 dated 27 July 2009, places a lien against an apartment on Resavska Street in Belgrade in favor of Hypo Alpe Adria Bank from Belgrade.

Mortgage statements, ref. 93/2009, 94/2009, 95/2009 and 96/2009 dated 15 October 2009, place liens against business premises in Zrenjanin, Bačka Palanka, Užice and Kruševac in favor of Privredna Banka from Belgrade.

Mortgage statement 6224/2009 places a lien against business premises in Belgrade and mortgage statement 6225/2009 dated 3 November 2009 places a lien against business premises in Čačak in favor of Moscow Bank from Belgrade..

A debt collateral agreement, ref. 1238/09 dated 29 December 2009, places a lien against the Occupational Health Service Building in favor of Hypo Alpe Adria Bank a.d. Beograd.

A mortgage statement, ref. 2350/10 dated 26 May 2010, places a lien against real property in Niš, the Tourism Building-StarA Hotel, and business premises of Tigar Tours and Tigar Incon, in favor of Societe Generale Bank a.d. Beograd.

A mortgage statement, ref. 1416/2010 dated 31 March 2010, places a lien against real estate in Pirot and the Tourism Building-StarA Hotel in favor of AIK Bank a.d. Niš.

A mortgage statement, ref.1587/2010 dated 13 April 2010, places a lien against real property in Kruševac and Užice in favor of Privredna Banka a.d. Beograd.

A debt collateral agreement, ref. 1402/2010 dated 16 April 2010, places a lien against the Occupational Health Service Building in favor of Hypo Alpe Adria Bank a.d. Beograd.

A mortgage statement, ref. 1707/2010 dated 26 April 2010, places a lien against the building for other industrial activities/administration building in favor of AIK Bank a.d. Niš.

A mortgage statement, ref. 1929/2010 dated 4 May 2010, places a lien against business premises in Novi Sad in favor of AIK Bank a.d. Niš.

A collateral agreement, ref. 19712 dated 17 June 2010, places a lien against movable property as specified in Recital 1, in favor of Banca Intesa a.d. Beograd.

A mortgage statement, ref. 2794/2010 dated 23 June 2010, places a lien against real property: boiler facility, industrial water basin, mazut storage tank, and mazut transfer building in favor of Banca Intesa a.d. Beograd.

A mortgage statement, ref. 2713/2010 dated 17 June 2010, places a lien against the building for other industrial activities/administration building and business premises in Čačak, in favor of UniCredit Bank a.d. Beograd.



### Legal proceedings

Tigar is party to a number of legal disputes that have arisen in the course of its business, including: commercial litigation; administrative proceedings; employee litigation; liquidation, bankruptcy and mandatory settlement proceedings; and participation in criminal proceedings against individuals who had victimized Tigar, usually by thefts or bad checks. These proceedings are not unusual and are not expected to have a significant impact on Tigar's financial position.

The largest disputes at the corporate level occurred prior to 2000. They include the following (amounts shown do not include interest):

DEFENDANT	CLAIM
TREPČA-Zvečan	9,637,376
UNION BANKA	6,194,000
LOLA KORPORACIJA	7,159,000
2M-Pirot	2,247,300
TIGAR PROM-Nova Varoš	3,636,000
TOTAL	<b>28,873,676</b>

For all of these disputes, effective court rulings exist, but payout has not been realized due to political problems (e.g., Trepca), multiple-year liquidation proceedings which for unexplainable reasons have not been completed, long-term restructuring processes (e.g., the Lola Corporation).

Regardless of the delay in the execution of the court decisions, it is realistic to expect their partial or complete payout in the coming years. Since the value of the claims has already been booked against expenses, the payout of the court decisions will represent considerable extraordinary income for the Company.

## 5.7. CORPORATE SOCIAL RESPONSIBILITY

In keeping with its corporate social responsibility policy, Tigar is committed to a high level of responsibility to the community in which it earns its profits. All social stakeholders and representatives, both within the Company and beyond, are treated in a socially responsible and ethical manner. Corporate social responsibility (CSR) is ensured by our strategic corporate documents and the Corporate Governance Code, which constitute an integral part of Tigar's overall business policy. Tigar's vision and mission clearly define its relationships with employees, customers, the local community and society, and its attitude toward the environment, which are consistent with CSR strategies that are well-established today.

During the period of first nine months of 2010, Tigar continued to work on maintaining and strengthening its reputation as the leader in corporate social responsibility, developing a balanced approach to all aspects of corporate social responsibility, without concentrating its efforts in any one area or targeting a single group. Business ethics integrated with environmental protection, clearly-defined policies with respect to employees and a collaborative approach to the local community and the society as a whole, with a high regard for shareholders, consumers and other stakeholders, continued to be the basic building blocks for our corporate social responsibility.

**Respect for our employees** is one of the most important aspects of our CSR policy. In line with the principle that employee health and safety are our number one priority, during the period we conducted training courses for all new employees in fire protection, use of personal protective equipment, handling of hazardous and toxic substances, and measures to be undertaken in the event of undesirable situations. Employees working in special environments underwent medical examinations, as required. We also ensured that all newly acquired equipment was certified as required by applicable legislation.

We implemented an occupational health and safety management system per 18001 and conducted a number of respective training courses.

Employee injuries were monitored with respect to two indicators: frequency and severity. Both indicators showed downward trends during the period of first nine months of 2010.



**Tigar has for decades been a reliable partner of the local community and society as a whole.** We are committed to the development of knowledge and talent. Our annual „Golden Pen“ award went to top high school students and we continued to offer scholarships. **One of our major environmental drives** during the period involved the collection of electrical and electronic waste from businesses, institutions and individuals in the Pirot area. More than 6 tons of such waste was collected and delivered to a recycling center in Belgrade.

A number o **Tigar's CSR activities are dedicated to the handicapped.** This year, we donated a playground to the Dragan Kovačević Elementary School for visually impaired children in Belgrade, sponsored the Belgrade Pantomime Group of the Stefan Dečanski Elementary School for hearing impaired children, and established collaboration with the Union of Handicapped Students. The Company also helped a Safety House for homeless children and earlier, it made contact wit the foundation of Princess Katarina, which was continued by organizing a dinner for donors in London, for which the Company donated 200 pairs of boots.

Being a CSR leader in the country, Tigar strives to contribute to the enhancement of CSR and takes an active role in the **institutional aspect of CSR.** At the beginning of 2010 Tigar became a member of the CSR Council of the Serbian Chamber of Commerce, which is composed of representatives of companies of all sizes, who have demonstrated strong CSR commitment, through introduction of standard ISO 26000. The mission of this Council is to promote CSR among both businesses and the general public in Serbia.

## 5.8. CORPORATE GOVERNANCE

During the period, Tigar duly adhered to its Corporate Governance Code – the Codex. We continued to work with the IFC and an independent consultant on the Tigar AD Corporate Governance Refinement Project.

## 5.9. MANAGEMENT

The management structure is unchanged. The General Assembly of Shareholders (GAS) elects the Board of Directors. The Board of Directors elects the Management Body. The Management Body is in charge of day-to-day operations. There is also a three-member Supervisory Board, which reviews all of Tigar's documents and the status of its assets. It reports findings in these and other specific areas to shareholders. At its annual session held in June 2010, the GAS elected a new Board of Directors.

As of 30 September, 2010, corporate governing bodies were as follows:

### **Board of Directors**

Name	Responsibility at Tigar/Position outside Tigar
Executive members:	
Dragan Nikolić	Management Body Chairman and Chief Executive Officer
Jelena Petković	Executive Director for Corporate Management Support
Slobodan Sotirov	Executive Director for Quality Management
Miodrag Tančić	Executive Director for Manufacturing Processes
Non-executive members:	
Vladimir Nikolić	Chief Executive Officer of Tigar Tyres
Gordana Lazarević	Officer of the Ministry of Finance
Jose Alexandre F. da Costa	Legal Counsel to Tigar AD's CEO
Independent members:	
Aleksej Misailović	Chief Executive Officer of Adventis
Tihomir Nenadić	Director of Mayfield Management d.o.o., a member of the Fordgate Group, UK

Members of the Board of Directors can be reached at Tigar's business address: Nikole Pašića 213 18300 Pirot, Republic of Serbia. During the period of I-IX, 2010, members of the Board of Directors received remuneration in the gross aggregate amount of RSD 5,495,732.00. The Board of Directors held five meetings during the period.


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**Management Body**

The structure and composition of the Management Body has not changed since the last published report.

The Executive Board consists of the following members:

<b>Name</b>	<b>Position at Tigar</b>
Dragan Nikolić	Chief Executive Officer
Jelena Petković	Executive Director (ED) for Corporate Management Support
Đorđe Džunić	ED for Financial Affairs
Miodrag Tančić	ED for Manufacturing
Slobodan Sotirov	ED for Quality Management
Branislav Mitrović	ED for IT and Investments
Milivoje Nikolić	ED for Human Resources

Members of the Management Body can be reached at Tigar's business address: Nikole Pašića 213, 18300 Pirot, Republic of Serbia.

During the period of I-IX, 2010, the Management Body held twelve meetings at which monthly performance against Business Plan objectives and other issues relevant to operations were reviewed.

Members of the Management Body receive no special compensation for their services as members of the Management Body.

There are no service contracts between Tigar and/or its subsidiaries and Management Body members providing for benefits upon termination of Management Body membership.

**Supervisory Board**

Current members of the Supervisory Board are:

<b>Full name</b>	<b>SB position</b>	<b>Principal activities outside Tigar</b>
Milivoje Cvetanović	Chairman	Independent Accounting Consultant
Dr. Milić Radović	Member	Full Professor, Belgrade University School of Business Administration
Dragan Milosavljević	Member	Ministry of Finance, Treasury Administration, Belgrade

Members of the Supervisory Board can be reached at Tigar's business address: Nikole Pašića 213, 18300 Pirot, Republic of Serbia.

Members of the Supervisory Board received an aggregate gross compensation of 504,574.00 RSD during the period of I-IX, 2010.





## 6. FINANCIAL PERFORMANCE OF TIGAR AD AND ITS SUBSIDIARIES

### 6.1. TIGAR AD – THE HOLDING COMPANY

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 30 September 2010
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>2,780,230</b>	<b>2,796,398</b>
Intangible assets	20,769	35,727
<b>Property, plant and equipment</b>	<b>612,227</b>	<b>613,288</b>
Property, plant and equipment	612,227	613,288
<b>Long-term financial placements</b>	<b>2,147,234</b>	<b>2,147,383</b>
Equity investments	2,099,576	2,099,725
Other long-term financial placements	47,658	47,658
<b>CURRENT ASSETS</b>	<b>1,217,563</b>	<b>1,290,055</b>
Inventories	26,005	8,780
Assets held-for-sale	4,367	4,367
<b>Accounts receivable, placements and cash</b>	<b>1,187,191</b>	<b>1,276,908</b>
Accounts receivable	142,844	907,125
Receivables from over-paid taxes	8,520	361
Short-term financial placements	488,501	5,369
Cash and cash equivalents	530,588	278,193
Value added tax and prepayments	16,738	85,860
<b>Deferred tax assets</b>		
<b>TOTAL ASSETS</b>	<b>3,997,793</b>	<b>4,086,453</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>2,811,407</b>	<b>2,795,711</b>
Share and other capital	2,062,152	2,062,152
Share issuing premiums		
Reserves	206,215	206,215
Revaluation reserves		
Retained earnings	543,040	527,344
Loss		
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>1,185,593</b>	<b>1,289,948</b>
Long-term provisions	9,562	9,300
<b>Long-term liabilities</b>	<b>171,009</b>	<b>724,826</b>
Long-term debt	171,009	555,431
Other long-term liabilities		169,395
<b>Current liabilities</b>	<b>1,005,022</b>	<b>555,822</b>
Short-term financial liabilities	862,551	392,405
Account payable	93,932	55,807
Other current liabilities	35,135	72,763
Value added tax and other taxes payable and accruals	3,868	34,847
Income taxes payable	9,536	
<b>Deferred tax liabilities</b>	<b>793</b>	<b>794</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,997,793</b>	<b>4,086,453</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>210,426</b>	<b>452,532</b>	<b>115%</b>
Sales of goods, products and services	184,002	421,269	129%
Work performed by the company and capitalized	9,361	14,815	58%
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income	17,063	16,448	-4%
<b>OPERATING EXPENSES</b>	<b>353,781</b>	<b>417,616</b>	<b>18%</b>
Cost of commercial goods sold	38		-100%
Material, fuel and energy consumed	48,691	76,306	57%
Staff costs	172,375	195,277	13%
Depreciation, amortization and provisions	13,718	19,286	41%
Other operating expenses	118,959	126,747	7%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>-143,355</b>	<b>34,916</b>	<b>Gain vs.loss</b>
<b>FINANCE INCOME</b>	107,642	72,660	<b>-32%</b>
<b>FINANCE EXPENSES</b>	106,022	88,229	<b>-17%</b>
<b>OTHER INCOME</b>	266,194	13,289	<b>-95%</b>
<b>OTHER EXPENSES</b>	11,031	23	<b>-100%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>113,428</b>	<b>32,613</b>	<b>-71%</b>
<b>INCOME TAXES</b>			
Current tax expense	29,646	10,414	-65%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>83,782</b>	<b>22,199</b>	<b>-74%</b>


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<b>CASH FLOWS (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	266,920	280,564
Cash receipts from customers	242,188	267,226
Interest received from operating activities	812	1,873
Other receipts from operating activities	23,920	11,465
Cash outflow from operating activities	449,766	564,397
Cash paid to suppliers for raw materials and other expenses	132,586	247,082
Gross salaries and other personnel costs paid	168,165	186,986
Interest paid	85,854	70,520
Income tax expense	58,087	12,806
Other levies paid	5,074	47,003
Net cash inflow from operating activities		
Net outflow from operating activities	182,846	283,833
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities	814,055	20,033
Sale shares and stakes (net inflow)	596,162	0
Sales of fixed assets	120	5,313
Other financial placements ( net inflow)	0	0
Interest received	0	0
Dividends received	217,773	14,720
Cash outflow from investing activities	128,042	19,282
Purchase of shares	0	149
Purchase of fixed assets	128,042	19,133
Other financial placements ( net outflow)	0	0
Net cash inflow from investing activities	686,013	751
Net cash outflow from investing activities	0	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	7,242	50,675
Increase in capital	0	0
Long-term and short-term borrowings ( net inflow)	0	0
Other long-term and short-term liabilities	7,242	50,675
Cash outflow from financing activities	540,843	53,721
Buyback of own shares and stakes	292	0
Long-term and short-term borrowings ( net outflow)	486,402	53,323
Financial lease	1,969	398
Dividends paid	52,180	0
Net cash inflow from financing activities		
Net cash outflow from financing activities	533,601	3,046
<b>Total cash inflow</b>	<b>1,088,217</b>	<b>351,272</b>
<b>Total cash outflow</b>	<b>1,118,651</b>	<b>637,400</b>
<b>NET CASH INFLOW</b>		
<b>NET CASH OUTFLOW</b>	<b>30,434</b>	<b>286,128</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>52,935</b>	<b>530,588</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>0</b>	<b>33,733</b>
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>66</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>22,435</b>	<b>278,193</b>


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**IZ.P.10/03**
**6.2. TIGAR FOOTWEAR**

<b>BALANCE SHEET (in thousands of RSD)</b>	<b>As of 31 December 2009</b>	<b>As of 30 September 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>1,229,437</b>	<b>1,295,341</b>
Intangible assets	45,226	139,492
<b>Property, plant and equipment</b>	<b>1,184,211</b>	<b>1,155,849</b>
Property, plant and equipment	1,184,211	1,155,849
<b>Long-term financial placements</b>	<b>-</b>	<b>-</b>
<b>CURRENT ASSETS</b>	<b>814,964</b>	<b>1,160,348</b>
Inventories	491,572	592,929
Assets held-for-sale	-	
<b>Accounts receivable, placements and cash</b>	<b>323,392</b>	<b>567,419</b>
Accounts receivable	272,365	276,022
Receivables from over-paid taxes		
Short-term financial placements		
Cash and cash equivalents	190	56
Value added tax and prepayments	50,837	291,341
<b>Deferred tax assets</b>		
<b>TOTAL ASSETS</b>	<b>2,044,401</b>	<b>2,455,689</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>853,427</b>	<b>858,523</b>
Share and other capital	820,484	820,485
Reserves	-	-
Revaluation reserves	-	-
Retained earnings	74,258	79,354
Loss	41,315	41,316
<b>Long-term liabilities and provisions</b>	<b>1,186,306</b>	<b>1,592,498</b>
Long-term provisions	30,728	18,063
<b>Long-term liabilities</b>	<b>671,222</b>	<b>743,224</b>
Long-term debt	671,222	743,224
Other long-term liabilities	-	-
<b>Current liabilities</b>	<b>484,356</b>	<b>831,211</b>
Short-term financial liabilities	176,487	356,976
Account payable	266,919	440,161
Other current liabilities	37,593	32,754
Value added tax and other taxes payable and accruals	3,357	1,320
Income taxes payable	-	-
<b>Deferred tax liabilities</b>	<b>4,668</b>	<b>4,668</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,044,401</b>	<b>2,455,689</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>902,841</b>	<b>1,053,740</b>	<b>17%</b>
Sales of goods, products and services	809,595	851,829	5%
Work performed by the company and capitalized	4,444	93,796	
Increase in inventories of finished products and work in progress	87,346	106,428	22%
Decrease in inventories of finished products and work in progress			
Other operating income	1,456	1,687	16%
<b>OPERATING EXPENSES</b>	<b>868,601</b>	<b>1,012,703</b>	<b>17%</b>
Cost of commercial goods sold			
Material, fuel and energy consumed	430,962	467,524	8%
Staff costs	331,986	343,001	3%
Depreciation, amortization and provisions	29,100	37,003	27%
Other operating expenses	76,553	165,175	116%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>34,240</b>	<b>41,037</b>	<b>20%</b>
<b>FINANCE INCOME</b>	10,286	1,072	<b>-90%</b>
<b>FINANCE EXPENSES</b>	37,777	38,734	<b>3%</b>
<b>OTHER INCOME</b>	266	23,110	
<b>OTHER EXPENSES</b>	203	20,153	
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>6,812</b>	<b>6,332</b>	<b>-7%</b>
<b>INCOME TAXES</b>			
Current tax expense	680	1,235	82%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>6,132</b>	<b>5,097</b>	<b>-17%</b>


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<b>CASH FLOWS (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	1,034,475	858,301
Cash receipts from customers	1,034,475	858,225
Interest received from operating activities		76
Other receipts from operating activities		
Cash outflow from operating activities	1,253,144	1,015,501
Cash paid to suppliers for raw materials and other expenses	842,734	596,795
Gross salaries and other personnel costs paid	344,277	353,459
Interest paid	34,721	43,240
Income tax expense	607	2,153
Other levies paid	30,805	19,854
Net cash inflow from operating activities		
Net outflow from operating activities	218,669	157,200
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Sale shares and stakes (net inflow)		
Sales of fixed assets		
Other financial placements ( net inflow)		
Interest received		
Dividends received		
Cash outflow from investing activities	82,976	11,212
Purchase of shares		
Purchase of fixed assets	82,976	11,212
Other financial placements ( net outflow)		
Net cash inflow from investing activities		
Net cash outflow from investing activities	82,976	11,212
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	295,850	168,287
Increase in capital		
Long-term and short-term borrowings ( net inflow)	266,713	46,984
Other long-term and short-term liabilities	29,137	121,303
Cash outflow from financing activities		
Buyback of own shares and stakes		
Long-term and short-term borrowings ( net outflow)		
Financial lease		
Dividends paid		
Net cash inflow from financing activities	295,850	168,287
Net cash outflow from financing activities		
<b>Total cash inflow</b>	<b>1,330,325</b>	<b>1,026,588</b>
<b>Total cash outflow</b>	<b>1,336,120</b>	<b>1,026,713</b>
<b>NET CASH INFLOW</b>		
<b>NET CASH OUTFLOW</b>	<b>5,795</b>	<b>125</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>31,833</b>	<b>190</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>1,298</b>	<b>41</b>
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>1,302</b>	<b>50</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>26,034</b>	<b>56</b>


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**IZ.P.10/03**
**6.3. TIGAR TECHNICAL RUBBER GOODS**

<b>BALANCE SHEET</b> (in thousands of RSD)	<b>As of 31 December 2009</b>	<b>As of 30 September 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>636,132</b>	<b>724,328</b>
Intangible assets	44,287	74,197
<b>Property, plant and equipment</b>	<b>591,845</b>	<b>650,131</b>
Property, plant and equipment	591,845	650,131
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>235,127</b>	<b>366,337</b>
Inventories	140,277	184,573
Assets held-for-sale		
<b>Accounts receivable, placements and cash</b>	<b>94,850</b>	<b>181,764</b>
Accounts receivable	53,265	109,233
Receivables from over-paid taxes	334	334
Short-term financial placements	188	188
Cash and cash equivalents	24,207	52
Value added tax and prepayments	16,856	71,957
<b>Deferred tax assets</b>		
<b>TOTAL ASSETS</b>	<b>871,259</b>	<b>1,090,665</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>330,415</b>	<b>310,915</b>
Share and other capital	418,687	418,687
Share issuing premiums		
Reserves		
Revaluation reserves		
Retained earnings	119	119
Loss	88,391	107,891
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>539,937</b>	<b>778,843</b>
Long-term provisions	13,009	12,263
<b>Long-term liabilities</b>	<b>257,358</b>	<b>339,804</b>
Long-term debt	257,016	339,430
Other long-term liabilities	342	374
<b>Current liabilities</b>	<b>269,570</b>	<b>426,776</b>
Short-term financial liabilities	22,241	67,862
Account payable	223,473	339,739
Other current liabilities	22,310	18,965
Value added tax and other taxes payable and accruals	1,546	210
Income taxes payable		
<b>Deferred tax liabilities</b>	<b>907</b>	<b>907</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>871,259</b>	<b>1,090,665</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>115,522</b>	<b>408,228</b>	<b>253%</b>
Sales of goods, products and services	99,537	322,462	224%
Work performed by the company and capitalized	39,385	53,475	36%
Increase in inventories of finished products and work in progress		32,260	
Decrease in inventories of finished products and work in progress	23,400		
Other operating income		31	
<b>OPERATING EXPENSES</b>	<b>202,404</b>	<b>420,743</b>	<b>108%</b>
Cost of commercial goods sold			
Material, fuel and energy consumed	65,670	186,808	184%
Staff costs	103,336	119,763	16%
Depreciation, amortization and provisions	6,934	14,868	114%
Other operating expenses	26,464	99,304	275%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>-86,882</b>	<b>-12,515</b>	<b>86%</b>
<b>FINANCE INCOME</b>	1,822	1,558	<b>-14%</b>
<b>FINANCE EXPENSES</b>	3,817	18,684	<b>389%</b>
<b>OTHER INCOME</b>	2,841	10,428	<b>267%</b>
<b>OTHER EXPENSES</b>	3,274	286	<b>-91%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-89,310</b>	<b>-19,499</b>	<b>78%</b>
<b>INCOME TAXES</b>			
Current tax expense	219		-100%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>-89,529</b>	<b>-19,499</b>	<b>78%</b>




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<b>CASH FLOWS (in thousands of RSD)</b>	<b>January- September 2009</b>	<b>January- September 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	221,157	304,371
Cash receipts from customers	218,545	293,928
Interest received from operating activities	5	1,546
Other receipts from operating activities	2,607	8,897
Cash outflow from operating activities	252,811	296,095
Cash paid to suppliers for raw materials and other expenses	142,061	157,879
Gross salaries and other personnel costs paid	105,728	118,231
Interest paid	3,094	17,971
Income tax expense	93	
Other levies paid	1,835	2,014
Net cash inflow from operating activities		8,276
Net outflow from operating activities	31,654	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		8,418
Sale shares and stakes (net inflow)		
Sales of fixed assets		8,418
Other financial placements ( net inflow)		
Interest received		
Dividends received		
Cash outflow from investing activities	126,273	135,032
Purchase of shares		
Purchase of fixed assets	126,273	135,032
Other financial placements ( net outflow)		
Net cash inflow from investing activities		
Net cash outflow from investing activities	126,273	126,614
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	232,668	94,238
Increase in capital		
Long-term and short-term borrowings ( net inflow)	232,668	50,985
Other long-term and short-term liabilities		43,253
Cash outflow from financing activities	78,681	
Buyback of own shares and stakes		
Long-term and short-term borrowings ( net outflow)	73,174	
Financial lease	230	
Dividends paid	5,277	
Net cash inflow from financing activities	153,987	94,238
Net cash outflow from financing activities		
<b>Total cash inflow</b>	<b>453,825</b>	<b>407,027</b>
<b>Total cash outflow</b>	<b>457,765</b>	<b>431,127</b>
<b>NET CASH INFLOW</b>		
<b>NET CASH OUTFLOW</b>	<b>3,940</b>	<b>24,100</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,156</b>	<b>24,207</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>10</b>	<b>47</b>
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>183</b>	<b>102</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>43</b>	<b>52</b>


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**IZ.P.10/03**
**6.4. TIGAR CHEMICAL PRODUCTS**

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 30 September 2010
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>9,446</b>	<b>17,883</b>
Intangible assets	9	11,724
<b>Property, plant and equipment</b>	<b>9,437</b>	<b>6,159</b>
Property, plant and equipment	9,437	6,159
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>183,572</b>	<b>181,442</b>
Inventories	52,902	74,239
Assets held-for-sale		
<b>Accounts receivable, placements and cash</b>	<b>130,670</b>	<b>107,203</b>
Accounts receivable	126,082	89,331
Receivables from over-paid taxes	2,984	128
Short-term financial placements		
Cash and cash equivalents	1,562	571
Value added tax and prepayments	42	17,173
<b>Deferred tax assets</b>	<b>787</b>	<b>787</b>
<b>TOTAL ASSETS</b>	<b>193,805</b>	<b>200,112</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>97,650</b>	<b>46,295</b>
Share and other capital	99,740	99,740
Share issuing premiums		
Reserves		
Revaluation reserves		
Retained earnings	13,741	8,688
Loss	15,831	62,133
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>96,155</b>	<b>153,817</b>
Long-term provisions	3,043	3,043
<b>Long-term liabilities</b>		
Long-term debt		
Other long-term liabilities		
<b>Current liabilities</b>	<b>93,112</b>	<b>150,774</b>
Short-term financial liabilities		31,852
Account payable	32,839	61,334
Other current liabilities	52,258	57,446
Value added tax and other taxes payable and accruals	3,900	142
Income taxes payable	4,115	
<b>Deferred tax liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>193,805</b>	<b>200,112</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January - September 2009</b>	<b>January - September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>162,624</b>	<b>150,622</b>	<b>-7%</b>
Sales of goods, products and services	173,052	136,713	-21%
Work performed by the company and capitalized		11,574	
Increase in inventories of finished products and work in progress		2,335	
Decrease in inventories of finished products and work in progress	10,428		
Other operating income			
<b>OPERATING EXPENSES</b>	<b>180,301</b>	<b>195,565</b>	<b>8%</b>
Cost of commercial goods sold			
Material, fuel and energy consumed	112,317	104,375	-7%
Staff costs	43,736	46,729	7%
Depreciation, amortization and provisions	3,709	3,336	-10%
Other operating expenses	20,539	41,125	100%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>-17,677</b>	<b>-44,943</b>	<b>-154%</b>
<b>FINANCE INCOME</b>	<b>1,423</b>	<b>2,514</b>	<b>77%</b>
<b>FINANCE EXPENSES</b>	<b>12,924</b>	<b>3,198</b>	<b>-75%</b>
<b>OTHER INCOME</b>	<b>1,989</b>	<b>1,101</b>	<b>-45%</b>
<b>OTHER EXPENSES</b>	<b>1</b>	<b>475</b>	
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-27,190</b>	<b>-45,001</b>	<b>-66%</b>
<b>INCOME TAXES</b>			
Current tax expense	4,578	1,300	-72%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>-31,768</b>	<b>-46,301</b>	<b>-46%</b>


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CASH FLOWS (in thousands of RSD)	January - September 2009	January - September 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	344,630	194,129
Cash receipts from customers	339,967	185,562
Interest received from operating activities		
Other receipts from operating activities	4,663	8,567
Cash outflow from operating activities	217,021	224,935
Cash paid to suppliers for raw materials and other expenses	137,153	169,287
Gross salaries and other personnel costs paid	41,773	46,361
Interest paid	599	1,300
Income tax expense	21,041	2,888
Other levies paid	16,455	5,099
Net cash inflow from operating activities	127,609	
Net outflow from operating activities		30,806
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Sale shares and stakes (net inflow)		
Sales of fixed assets		
Other financial placements ( net inflow)		
Interest received		
Dividends received		
Cash outflow from investing activities	766	226
Purchase of shares		
Purchase of fixed assets	766	226
Other financial placements ( net outflow)		
Net cash inflow from investing activities		
Net cash outflow from investing activities	766	226
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	17,514	43,792
Increase in capital		
Long-term and short-term borrowings ( net inflow)		29,705
Other long-term and short-term liabilities	17,514	14,087
Cash outflow from financing activities	140,400	13,686
Buyback of own shares and stakes		
Long-term and short-term borrowings ( net outflow)		13,686
Financial lease		
Dividends paid	140,400	
Net cash inflow from financing activities		30,106
Net cash outflow from financing activities	122,886	
<b>Total cash inflow</b>	<b>362,144</b>	<b>237,921</b>
<b>Total cash outflow</b>	<b>358,187</b>	<b>238,847</b>
<b>NET CASH INFLOW</b>	<b>3,957</b>	
<b>NET CASH OUTFLOW</b>		<b>926</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,451</b>	<b>1,562</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>58</b>	<b>46</b>
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>705</b>	<b>111</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4,761</b>	<b>571</b>


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**IZ.P.10/03**
**6.5. TIGAR TRADE (DOMESTIC SALES NETWORK)**

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 30 September 2010
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>350,577</b>	<b>387,040</b>
Intangible assets	664	41,213
<b>Property, plant and equipment</b>	<b>349,913</b>	<b>345,827</b>
Property, plant and equipment	349,913	345,827
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>1,377,654</b>	<b>1,791,186</b>
Inventories	652,219	799,859
Assets held-for-sale	15,517	15,672
<b>Accounts receivable, placements and cash</b>	<b>709,918</b>	<b>975,655</b>
Accounts receivable	660,279	895,078
Receivables from over-paid taxes	1,345	743
Short-term financial placements		
Cash and cash equivalents	28,788	22,473
Value added tax and prepayments	19,506	57,361
<b>Deferred tax assets</b>		
<b>TOTAL ASSETS</b>	<b>1,728,231</b>	<b>2,178,226</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>209,850</b>	<b>251,463</b>
Share and other capital	230,718	230,718
Share issuing premiums		
Reserves		
Revaluation reserves		
Retained earnings	28,635	70,248
Loss	49,503	49,503
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>1,517,038</b>	<b>1,925,420</b>
Long-term provisions	1,699	300
<b>Long-term liabilities</b>	<b>26,804</b>	<b>135,799</b>
Long-term debt	23,972	132,718
Other long-term liabilities	2,832	3,081
<b>Current liabilities</b>	<b>1,488,535</b>	<b>1,789,321</b>
Short-term financial liabilities	786,908	932,190
Account payable	673,324	750,643
Other current liabilities	24,958	34,040
Value added tax and other taxes payable and accruals	3,145	72,448
Income taxes payable	200	
<b>Deferred tax liabilities</b>	<b>1,343</b>	<b>1,343</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,728,231</b>	<b>2,178,226</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>1,418,591</b>	<b>2,104,211</b>	<b>48%</b>
Sales of goods, products and services	1,361,430	2,044,493	50%
Work performed by the company and capitalized	39,386	41,027	4%
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income	17,775	18,691	5%
<b>OPERATING EXPENSES</b>	<b>1,391,529</b>	<b>2,010,425</b>	<b>44%</b>
Cost of commercial goods sold	1,087,653	1,415,718	30%
Material, fuel and energy consumed	39,909	111,922	180%
Staff costs	141,913	162,202	14%
Depreciation, amortization and provisions	15,581	17,681	13%
Other operating expenses	106,473	302,902	184%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>27,062</b>	<b>93,786</b>	<b>247%</b>
<b>FINANCE INCOME</b>	6,961	18,682	<b>168%</b>
<b>FINANCE EXPENSES</b>	31,114	52,507	<b>69%</b>
<b>OTHER INCOME</b>	7,079	1,066	<b>-85%</b>
<b>OTHER EXPENSES</b>	1,944	4,294	<b>121%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>8,044</b>	<b>56,733</b>	<b>605%</b>
<b>INCOME TAXES</b>			
Current tax expense	1,614	802	-50%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>6,430</b>	<b>55,931</b>	<b>770%</b>


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<b>CASH FLOWS (in thousands of RSD)</b>	<b>January-September 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash inflow from operating activities	2,167,606
Cash receipts from customers	2,037,945
Interest received from operating activities	30
Other receipts from operating activities	129,631
Cash outflow from operating activities	2,388,453
Cash paid to suppliers for raw materials and other expenses	2,176,769
Gross salaries and other personnel costs paid	165,079
Interest paid	37,857
Income tax expense	400
Other levies paid	8,348
Net cash inflow from operating activities	
Net outflow from operating activities	220,847
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash inflow from investing activities	
Sale shares and stakes (net inflow)	
Sales of fixed assets	
Other financial placements ( net inflow)	
Interest received	
Dividends received	
Cash outflow from investing activities	8,826
Purchase of shares	
Purchase of fixed assets	8,826
Other financial placements ( net outflow)	
Net cash inflow from investing activities	
Net cash outflow from investing activities	8,826
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Cash inflow from financing activities	228,341
Increase in capital	
Long-term and short-term borrowings ( net inflow)	223,252
Other long-term and short-term liabilities	5,089
Cash outflow from financing activities	4,529
Buyback of own shares and stakes	
Long-term and short-term borrowings ( net outflow)	
Financial lease	1,439
Dividends paid	3,090
Net cash inflow from financing activities	223,812
Net cash outflow from financing activities	
<b>Total cash inflow</b>	<b>2,395,947</b>
<b>Total cash outflow</b>	<b>2,401,808</b>
<b>NET CASH INFLOW</b>	
<b>NET CASH OUTFLOW</b>	<b>5,861</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>28,788</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	453
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>22,474</b>


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**IZ.P.10/03**
**6.6. TIGAR EUROPE, UK**

Balance Sheet in thousands of GBP		As of 31 December 2009	As of 30 September 2010
<b>Assets</b>			
	Non-current assets	7	6
	Current assets	3,921	4,542
	Deferred tax assets		
	<b>Total assets</b>	<b>3,928</b>	<b>4,547</b>
<b>Equity and liabilities</b>			
	Equity	2,582	2,807
	Non-current liabilities		
	Current liabilities	1,346	1,740
	<b>Total equity and liabilities</b>	<b>3,928</b>	<b>4,547</b>

INCOME STATEMENT (in thousands of GBP)	January-September 2009	January-September 2010	% change relative to 2009
<b>Turnover</b>	<b>9,669</b>	<b>11,848</b>	<b>23%</b>
Cost of sales	9,036	11,101	23%
<b>Gross Profit</b>	<b>632</b>	<b>747</b>	<b>18%</b>
Administrative expenses	428	466	9%
<b>Operating Profit</b>	<b>205</b>	<b>281</b>	<b>37%</b>
Interest receivable	8	5	-43%
Commission	23		-100%
<b>Profit on Ordinary Activities Before Taxation</b>	<b>236</b>	<b>286</b>	<b>21%</b>
Tax on profit on ordinary activities	66	60	-9%
<b>Retained Profit for the Financial Year</b>	<b>170</b>	<b>226</b>	<b>33%</b>




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**IZ.P.10/03**
**6.7.TIGAR AMERICAS**

Balance Sheet in thousands of USD		As of 31 December 2009	As of 30 September 2010
<b>Assets</b>			
	Non-current assets	1	1
	Current assets	261	299
	Deferred tax assets	254	254
	<b>Total assets</b>	<b>517</b>	<b>554</b>
<b>Equity and liabilities</b>			
	Equity	429	433
	Non-current liabilities		
	Current liabilities	88	122
	<b>Total equity and liabilities</b>	<b>517</b>	<b>554</b>

INCOME STATEMENT (in thousands of USD)	January-September 2009	January-September 2010	% change relative to 2009
<b>Sales and marketing income</b>	<b>441</b>	<b>769</b>	<b>74%</b>
Cost of goods sold	296	640	116%
<b>Gross profit</b>	<b>145</b>	<b>130</b>	<b>-11%</b>
Selling, general and administrative expenses	131	121	-8%
<b>Result from operations</b>	<b>14</b>	<b>9</b>	<b>-41%</b>
Other income (expense)	-32	-5	85%
<b>Net result before corporation taxes</b>	<b>-17</b>	<b>4</b>	<b>gain vs.loss</b>
Income tax			
<b>Net profit (loss)</b>	<b>-17</b>	<b>4</b>	<b>gain vs.loss</b>


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**6.8.TIGAR MONTENEGRO**

Balance Sheet in thousands of EUR		As of 31 December 2009	As of 30 September 2010
<b>Assets</b>			
	Non-current assets	4	4
	Current assets	218	290
	Deferred tax assets		
	<b>Total assets</b>	<b>222</b>	<b>294</b>
<b>Equity and liabilities</b>			
	Equity	93	100
	Non-current liabilities		
	Current liabilities	129	194
	Deferred tax liabilities		
	<b>Total equity and liabilities</b>	<b>222</b>	<b>294</b>

INCOME STATEMENT ( in thousands of EUR )	January-September 2009	January-September 2010	% change relative to 2009
<b>Total income</b>	<b>460</b>	<b>477</b>	<b>4%</b>
<b>Total expenses</b>	<b>451</b>	<b>464</b>	<b>3%</b>
<b>Profit/Loss from operations</b>	<b>9</b>	<b>13</b>	<b>48%</b>
<b>Current tax expense</b>			
<b>Deferred Income tax expense</b>			
<b>Deferred Income tax benefit</b>			
<b>Net profit/Loss</b>	<b>9</b>	<b>13</b>	<b>48%</b>


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**6.9. TIGAR TRADE, Banja Luka, Republika Srpska**

Balance Sheet in thousands of KM		As of 31 December 2009	As of 30 September 2010
<b>Assets</b>			
	Non-current assets	243	226
	Current assets	1,254	1,198
	Deferred tax assets	0	0
	<b>Total assets</b>	<b>1,498</b>	<b>1,424</b>
<b>Equity and liabilities</b>			
	Equity	485	354
	Non-current liabilities	0	0
	Current liabilities	1,012	1,071
	Deferred tax liabilities	0	0
	<b>Total equity and liabilities</b>	<b>1,498</b>	<b>1,424</b>

INCOME STATEMENT ( in thousands of KM )	January-September 2009	January-September 2010	% change relative to 2009
<b>Total income</b>	<b>1,751</b>	<b>1,273</b>	<b>-27%</b>
<b>Total expenses</b>	<b>1,797</b>	<b>1,351</b>	<b>-25%</b>
<b>Profit/Loss from operations</b>	<b>-46</b>	<b>-78</b>	<b>-71%</b>
<b>Current tax expense</b>			
<b>Deferred Income tax expense</b>			
<b>Deferred Income tax benefit</b>			
<b>Net profit/Loss</b>	<b>-46</b>	<b>-78</b>	<b>-71%</b>


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**6.10. TIGAR PARTNER, Macedonia**

Balance Sheet in thousands of Denars		As of 31 December 2009	As of 30 September 2010
<b>Assets</b>			
	Non-current assets	615	387
	Current assets	27,061	23,763
	Deferred tax assets	0	0
	<b>Total assets</b>	<b>27,676</b>	<b>24,150</b>
<b>Equity and liabilities</b>			
	Equity	17,626	15,436
	Non-current liabilities	0	0
	Current liabilities	10,050	8,714
	Deferred tax liabilities	0	0
	<b>Total equity and liabilities</b>	<b>27,676</b>	<b>24,150</b>

INCOME STATEMENT ( in thousands of Denars )	January-September 2009	January-September 2010	% change relative to 2009
<b>Total income</b>	<b>30,788</b>	<b>17,500</b>	<b>-43%</b>
<b>Total expenses</b>	<b>30,767</b>	<b>19,680</b>	<b>-36%</b>
<b>Profit/Loss from operations</b>	<b>21</b>	<b>-2,180</b>	
<b>Current tax expense</b>	<b>12</b>	<b>10</b>	<b>-16%</b>
<b>Deferred Income tax expense</b>			
<b>Deferred Income tax benefit</b>			
<b>Net profit/Loss</b>	<b>9</b>	<b>-2,190</b>	


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**IZ.P.10/03**
**6.11. TIGAR BUSINESS SERVICES**

<b>BALANCE SHEET (in thousands of RSD)</b>	<b>As of 01 January 2010</b>	<b>As of 30 September 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>212,212</b>	<b>205,137</b>
Intangible assets		
<b>Property, plant and equipment</b>	<b>212,212</b>	<b>205,137</b>
Property, plant and equipment	212,212	205,137
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>68,208</b>	<b>72,038</b>
Inventories	10,043	10,110
Assets held-for-sale		
<b>Accounts receivable, placements and cash</b>	<b>58,165</b>	<b>61,928</b>
Accounts receivable	51,956	52,995
Receivables from over-paid taxes	898	642
Short-term financial placements	35	34
Cash and cash equivalents	1,908	27
Value added tax and prepayments	3,370	8,230
<b>Deferred tax assets</b>	<b>29</b>	
<b>TOTAL ASSETS</b>	<b>280,448</b>	<b>277,175</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>166,670</b>	<b>155,948</b>
Share and other capital	187,937	187,937
Retained earnings	2,075	1,914
Loss	23,342	33,903
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>113,604</b>	<b>121,081</b>
Long-term provisions	7,995	6,309
<b>Long-term liabilities</b>	<b>22,685</b>	<b>26,223</b>
Long-term debt		
Other long-term liabilities	22,685	26,223
<b>Current liabilities</b>	<b>82,924</b>	<b>88,549</b>
Short-term financial liabilities	16,783	5,908
Account payable	50,294	72,580
Other current liabilities	13,141	8,409
Value added tax and other taxes payable and accruals	2,705	1,652
Income taxes payable		
<b>Deferred tax liabilities</b>	<b>175</b>	<b>146</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>280,448</b>	<b>277,175</b>


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2010</b>
<b>OPERATING INCOME</b>	<b>223,503</b>
Sales of goods, products and services	217,377
Work performed by the company and capitalized	6,126
Increase in inventories of finished products and work in progress	
Decrease in inventories of finished products and work in progress	
Other operating income	
<b>OPERATING EXPENSES</b>	<b>233,072</b>
Cost of commercial goods sold	13,377
Material, fuel and energy consumed	87,747
Staff costs	82,557
Depreciation, amortization and provisions	12,825
Other operating expenses	36,566
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>-9,569</b>
<b>FINANCE INCOME</b>	<b>60</b>
<b>FINANCE EXPENSES</b>	<b>2,139</b>
<b>OTHER INCOME</b>	<b>1,512</b>
<b>OTHER EXPENSES</b>	<b>169</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-10,305</b>
<b>INCOME TAXES</b>	
Current tax expense	255
Deferred income tax expense	
Deferred income tax benefit	
<b>NET PROFIT/LOSS</b>	<b>-10,560</b>


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CASH FLOWS (in thousands of RSD)	January-September 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Cash inflow from operating activities</b>	<b>249,796</b>
Cash receipts from customers	248,589
Interest received from operating activities	1
Other receipts from operating activities	1,206
<b>Cash outflow from operating activities</b>	<b>237,050</b>
Cash paid to suppliers for raw materials and other expenses	137,497
Gross salaries and other personnel costs paid	81,948
Interest paid	659
Income tax expense	
Other levies paid	16,946
Net cash inflow from operating activities	12,746
Net outflow from operating activities	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>Cash inflow from investing activities</b>	<b>1</b>
Sale shares and stakes (net inflow)	
Sales of fixed assets	1
Other financial placements ( net inflow)	
Interest received	
Dividends received	
<b>Cash outflow from investing activities</b>	<b>8,759</b>
Purchase of shares	
Purchase of fixed assets	1,899
Other financial placements ( net outflow)	6,860
Net cash inflow from investing activities	
Net cash outflow from investing activities	8,758
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
<b>Cash inflow from financing activities</b>	
Increase in capital	
Long-term and short-term borrowings ( net inflow)	
Other long-term and short-term liabilities	
<b>Cash outflow from financing activities</b>	<b>5,764</b>
Buyback of own shares and stakes	
Long-term and short-term borrowings ( net outflow)	
Financial lease	2,600
Dividends paid	3,164
Net cash inflow from financing activities	
Net cash outflow from financing activities	5,764
<b>Total cash inflow</b>	<b>249,797</b>
<b>Total cash outflow</b>	<b>251,573</b>
<b>NET CASH INFLOW</b>	
<b>NET CASH OUTFLOW</b>	<b>1,776</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,908</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>5</b>
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>110</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>27</b>


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**IZ.P.10/03**
**6.12. TIGAR INCON**

<b>BALANCE SHEET</b> (in thousands of RSD)	<b>As of 31 December 2009</b>	<b>As of 30 September 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>26,351</b>	<b>25,735</b>
Intangible assets	113	88
<b>Property, plant and equipment</b>	<b>26,238</b>	<b>25,647</b>
Property, plant and equipment	26,238	25,647
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>74,682</b>	<b>79,076</b>
Inventories	9,059	6,415
<b>Accounts receivable, placements and cash</b>	<b>65,623</b>	<b>72,661</b>
Accounts receivable	55,165	61,889
Receivables from over-paid taxes		
Short-term financial placements		
Cash and cash equivalents	4,493	6
Value added tax and prepayments	5,965	10,766
<b>Deferred tax assets</b>		
<b>TOTAL ASSETS</b>	<b>101,033</b>	<b>104,811</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>50,080</b>	<b>60,604</b>
Share and other capital	35,282	35,282
Retained earnings	20,619	31,143
Loss	5,821	5,821
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>50,334</b>	<b>43,588</b>
Long-term provisions	5,883	5,883
<b>Long-term liabilities</b>		
Long-term debt		
Other long-term liabilities		
<b>Current liabilities</b>	<b>44,451</b>	<b>37,705</b>
Short-term financial liabilities	1,449	
Account payable	28,457	17,982
Other current liabilities	10,010	17,717
Value added tax and other taxes payable and accruals	3,744	1,906
Income taxes payable	791	100
<b>Deferred tax liabilities</b>	<b>619</b>	<b>619</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>101,033</b>	<b>104,811</b>




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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>200,441</b>	<b>158,795</b>	<b>-21%</b>
Sales of goods, products and services	200,436	158,076	-21%
Work performed by the company and capitalized	5	719	
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income			
<b>OPERATING EXPENSES</b>	<b>173,808</b>	<b>138,001</b>	<b>-21%</b>
Cost of commercial goods sold			
Material, fuel and energy consumed	72,636	51,017	-30%
Staff costs	81,025	69,610	-14%
Depreciation, amortization and provisions	2,540	2,744	8%
Other operating expenses	17,607	14,630	-17%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>26,633</b>	<b>20,794</b>	<b>-22%</b>
<b>FINANCE INCOME</b>	<b>74</b>	<b>869</b>	
<b>FINANCE EXPENSES</b>	<b>564</b>	<b>225</b>	<b>-60%</b>
<b>OTHER INCOME</b>	<b>23</b>	<b>518</b>	
<b>OTHER EXPENSES</b>		<b>225</b>	
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>26,166</b>	<b>21,731</b>	<b>-17%</b>
<b>INCOME TAXES</b>			
Current tax expense	296	898	203%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>25,870</b>	<b>20,833</b>	<b>-19%</b>


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<b>CASH FLOWS</b> (in thousands of RSD)	<b>January-September 2009</b>	<b>January-September 2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	<b>254,840</b>	<b>173,996</b>
Cash receipts from customers	254,672	173,902
Interest received from operating activities	11	
Other receipts from operating activities	157	94
Cash outflow from operating activities	242,564	<b>172,195</b>
Cash paid to suppliers for raw materials and other expenses	139,378	82,473
Gross salaries and other personnel costs paid	77,262	72,316
Interest paid	7	132
Income tax expense	592	1,589
Other levies paid	25,325	15,685
Net cash inflow from operating activities	12,276	1,801
Net outflow from operating activities	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities	<b>0</b>	<b>0</b>
Sale shares and stakes (net inflow)		
Sales of fixed assets		
Other financial placements ( net inflow)		
Interest received		
Dividends received		
Cash outflow from investing activities	<b>8,129</b>	<b>4,837</b>
Purchase of shares		
Purchase of fixed assets	629	2,887
Other financial placements ( net outflow)	7,500	1,950
Net cash inflow from investing activities	0	0
Net cash outflow from investing activities	8,129	4,837
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	0	0
Increase in capital		
Long-term and short-term borrowings ( net inflow)		
Other long-term and short-term liabilities		
Cash outflow from financing activities	<b>4,314</b>	<b>1,514</b>
Buyback of own shares and stakes		
Long-term and short-term borrowings ( net outflow)		
Financial lease	2,991	1,514
Dividends paid	1,323	
Net cash inflow from financing activities	0	0
Net cash outflow from financing activities	4,314	1,514
<b>Total cash inflow</b>	<b>254,840</b>	<b>173,996</b>
<b>Total cash outflow</b>	<b>255,007</b>	<b>178,546</b>
<b>NET CASH INFLOW</b>	<b>0</b>	<b>0</b>
<b>NET CASH OUTFLOW</b>	<b>167</b>	<b>4,550</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>824</b>	<b>4,493</b>
Foreign exchange gains on translation of cash and cash equivalents	47	66
Foreign exchange losses on translation of cash and cash equivalents	43	3
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>661</b>	<b>6</b>


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**IZ.P.10/03**
**6.13. PIROT FREE ECONOMIC ZONE**

<b>BALANCE SHEET</b> (in thousands of RSD)	<b>As of 31 December 2009</b>	<b>As of 30 September 2010</b>
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>125,799</b>	<b>129,430</b>
Intangible assets	373	204
<b>Property, plant and equipment</b>	<b>125,426</b>	<b>129,226</b>
Property, plant and equipment	125,426	129,226
<b>Long-term financial placements</b>		
Equity investments		
Other long-term financial placements		
<b>CURRENT ASSETS</b>	<b>31,434</b>	<b>57,916</b>
Inventories	1,903	1,625
Assets held-for-sale		
<b>Accounts receivable, placements and cash</b>	<b>29,531</b>	<b>56,291</b>
Accounts receivable	15,702	37,337
Receivables from over-paid taxes	106	304
Short-term financial placements		
Cash and cash equivalents	13,148	18,569
Value added tax and prepayments	575	81
<b>Deferred tax assets</b>	<b>12</b>	<b>12</b>
<b>TOTAL ASSETS</b>	<b>157,245</b>	<b>187,358</b>
<b>Off balance sheet assets</b>	25,500	25,500
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>138,156</b>	<b>152,043</b>
Share and other capital	118,439	118,439
Share issuing premiums		
Reserves	380	380
Revaluation reserves	11,168	11,168
Retained earnings	8,170	22,057
<b>Long-term liabilities and provisions</b>	<b>19,089</b>	<b>35,315</b>
Long-term provisions	2,634	2,634
<b>Long-term liabilities</b>		<b>741</b>
Long-term debt		
Other long-term liabilities		741
<b>Current liabilities</b>	<b>16,455</b>	<b>31,939</b>
Short-term financial liabilities		
Account payable	9,458	20,390
Other current liabilities	6,586	9,438
Value added tax and other taxes payable and accruals	410	2,110
Income taxes payable		
<b>Deferred tax liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>157,245</b>	<b>187,358</b>
<b>Off balance sheet liabilities</b>	25,500	25,500


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<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January-September 2009</b>	<b>January-September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>42,752</b>	<b>148,595</b>	<b>248%</b>
Sales of goods, products and services	42,752	148,595	248%
Work performed by the company and capitalized			
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income			
<b>OPERATING EXPENSES</b>	<b>37,166</b>	<b>131,916</b>	<b>255%</b>
Cost of commercial goods sold		111	
Material, fuel and energy consumed	1,475	1,983	34%
Staff costs	24,468	27,841	14%
Depreciation, amortization and provisions	1,637	2,392	46%
Other operating expenses	9,586	99,589	939%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>5,587</b>	<b>16,679</b>	<b>199%</b>
<b>FINANCE INCOME</b>	<b>856</b>	<b>643</b>	<b>-25%</b>
<b>FINANCE EXPENSES</b>	<b>336</b>	<b>795</b>	<b>136%</b>
<b>OTHER INCOME</b>	<b>51</b>	<b>84</b>	<b>65%</b>
<b>OTHER EXPENSES</b>	<b>0</b>	<b>1</b>	<b>405%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>6,157</b>	<b>16,610</b>	<b>170%</b>
<b>INCOME TAXES</b>			
Current tax expense			
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>6,157</b>	<b>16,610</b>	<b>170%</b>


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**6.14. AGGREGATE FINANCIALS OF OTHER SERVICE SUBSIDIARIES**

<b>INCOME STATEMENT (in thousands of RSD)</b>	<b>January- September 2009</b>	<b>January- September 2010</b>	<b>% Change relative to 2009</b>
<b>OPERATING INCOME</b>	<b>126,448</b>	<b>121,323</b>	<b>-4%</b>
Sales of goods, products and services	125,861	119,989	-5%
Work performed by the company and capitalized	19		-100%
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income	568	1,334	135%
<b>OPERATING EXPENSES</b>	<b>118,972</b>	<b>104,313</b>	<b>-12%</b>
Cost of commercial goods sold	6,989	2,830	-60%
Material, fuel and energy consumed	6,584	2,734	-58%
Staff costs	89,189	85,416	-4%
Depreciation, amortization and provisions	5,143	3,496	-32%
Other operating expenses	11,068	9,837	-11%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>7,476</b>	<b>17,010</b>	<b>128%</b>
<b>FINANCE INCOME</b>	<b>444</b>	<b>272</b>	<b>-39%</b>
<b>FINANCE EXPENSES</b>	<b>121</b>	<b>171</b>	<b>41%</b>
<b>OTHER INCOME</b>	<b>482</b>	<b>2,348</b>	<b>387%</b>
<b>OTHER EXPENSES</b>	<b>25</b>		<b>-100%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>8,256</b>	<b>19,459</b>	<b>136%</b>
<b>INCOME TAXES</b>			
Current tax expense	309	536	73%
Deferred income tax expense			
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>7,947</b>	<b>18,923</b>	<b>138%</b>


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**6.15. CONSOLIDATED PERFORMANCE**

Tigar ad Consolidated Balance Sheet (in thousands of RSD)	As of 31 December 2009	As of 30 September 2010
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>4,110,708</b>	<b>4,338,251</b>
Intangible assets	111,442	302,647
<b>Property, plant and equipment</b>	<b>3,939,938</b>	<b>3,976,127</b>
Property, plant and equipment	3,939,938	3,976,127
<b>Long-term financial placements</b>	<b>59,328</b>	<b>59,477</b>
Equity investments	11,670	11,819
Other long-term financial placements	47,658	47,658
<b>Current assets</b>	<b>3,026,465</b>	<b>3,587,692</b>
Inventories	1,442,628	1,755,778
Assets held-for-sale	19,884	20,039
<b>Accounts receivable, placements and cash</b>	<b>1,563,953</b>	<b>1,811,875</b>
Accounts receivable	727,066	866,261
Receivables from over-paid taxes	14,303	2,142
Short-term financial placements	5,736	1,520
Cash and cash equivalents	702,009	469,239
Value added tax and prepayments	114,839	472,713
<b>Deferred tax assets</b>	<b>18,036</b>	<b>20,900</b>
<b>TOTAL ASSETS</b>	<b>7,155,209</b>	<b>7,946,843</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>3,514,083</b>	<b>3,514,817</b>
Share and other capital	2,146,009	2,153,082
Share issuing premiums		
Reserves	207,925	210,334
Revaluation reserves	1,074,215	1,074,215
Retained earnings	85,934	77,187
Loss		
Shares buyback		
<b>Long-term liabilities and provisions</b>	<b>3,513,163</b>	<b>4,304,093</b>
Long-term provisions	79,861	62,090
<b>Long-term liabilities</b>	<b>1,149,078</b>	<b>1,970,618</b>
Long-term debt	1,132,408	1,770,803
Other long-term liabilities	16,670	199,816
<b>Current liabilities</b>	<b>2,284,224</b>	<b>2,271,384</b>
Short-term financial liabilities	1,432,181	1,344,464
Account payable	639,111	693,088
Other current liabilities	151,136	182,706
Value added tax and other taxes payable and accruals	43,134	50,991
Income taxes payable	18,663	135
<b>Deferred tax liabilities</b>	<b>127,963</b>	<b>127,934</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,155,209</b>	<b>7,946,843</b>


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Tigar ad Consolidated Income statement (in thousands of RSD)	January- September 2009	January- September 2010	% of change relative to 2009
<b>OPERATING INCOME</b>	<b>2,535,065</b>	<b>3,455,411</b>	<b>36%</b>
Sales of goods, products and services	2,223,643	2,985,199	34%
Work performed by the company and capitalized	231,149	297,643	29%
Increase in inventories of finished products and work in progress	50,282	141,023	180%
Decrease in inventories of finished products and work in progress			
Other operating income	29,991	31,546	5%
<b>OPERATING EXPENSES</b>	<b>2,680,531</b>	<b>3,285,695</b>	<b>23%</b>
Cost of commercial goods sold	367,862	587,529	60%
Material, fuel and energy consumed	859,193	1,005,592	17%
Staff costs	1,083,378	1,166,545	8%
Depreciation, amortization and provisions	100,615	114,316	14%
Other operating expenses	269,483	411,713	53%
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>-145,466</b>	<b>169,716</b>	<b>gain vs loss</b>
<b>FINANCE INCOME</b>	<b>166,965</b>	<b>61,829</b>	<b>-63%</b>
<b>FINANCE EXPENSES</b>	<b>201,128</b>	<b>206,754</b>	<b>3%</b>
<b>OTHER INCOME</b>	<b>281,496</b>	<b>53,847</b>	<b>-81%</b>
<b>OTHER EXPENSES</b>	<b>9,737</b>	<b>26,195</b>	<b>169%</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>92,130</b>	<b>52,443</b>	<b>-43%</b>
<b>INCOME TAXES</b>			
Current tax expense	41,011	17,586	-57%
Deferred income tax expense		1,305	
Deferred income tax benefit			
<b>NET PROFIT/LOSS</b>	<b>51,119</b>	<b>33,552</b>	<b>-34%</b>
Minority interest	602	4,405	632%
Tigar ad	50,517	29,147	-42%

**TIGAR AD**

**Jelena Petković**  
**Executive Director for Corporate  
Management Affairs**

**TIGAR AD**

**Dragan Nikolić**  
**Board of Directors Chairman**