



Tigar®

TIGAR AD PIROT

FIRST QUARTER 2011 INTERIM REPORT

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OVERVIEW OF Q1 2011 PERFORMANCE

Although the 1st quarter generally reflects the greatest impact of seasonality, Tigar reported a further increase in sales revenues. At the consolidated level, sales revenues were 33% higher compared to the same period a year ago. The highest sales growth was recorded in the EU market. Based on market demand, Tigar could have achieved 30% higher sales to this market, but was unable to do so for reasons stated below.

In our footwear segment, there were shifts in production dynamics necessitated by buyer demands for new products. Product specifications needed to be reconciled with buyers, international product certifications had to be obtained, and suppliers were unable to deliver a number of components, such as several types of outsoles, for which Tigar had to find other, non-European sources. However, Tigar managed to cope with all of these problems successfully and reported a further growth in April. Footwear sales recorded in April were 203% higher than in April of last year, or 68% relative to plan. Moreover, this segment is now entering its full season. Based on buyer orders, sales are expected to match plan levels which call for a three-digit growth. However, financing will continue to be a major challenge.

Tigar Technical Rubber Goods (TTRG) also reported a sales growth, which it expects to boost in the coming months given its new contracts and the beginning of the season for recycled rubber products. This segment's overall April sales matched plan levels.

However, like in 2010, expectations were not met in the end-user sales segment, due to tire supply problems both in the country and abroad. Sales of products made by Tigar's factories and sales by Stop & Drive were 32% higher, while export sales were 76% higher than a year ago. Tigar recorded a consolidated profit of 18.9 million RSD. The business environment during the 1st quarter was extremely challenging, mainly due to the appreciation of the Dinar (which reduced Dinar revenues from exports as well as from sales by companies operating abroad), high inflation (which increased Dinar costs and expenses), and a general increase in raw material prices in the global marketplace. Tigar offset these adverse impacts of the business environment by productivity and sales price adjustments.

Tigar Footwear remained the European leader in the manufacture of rubber footwear, with regard to both product assortment and quality. Most of its exports were made up of premium-segment products. Additionally, its client base was made up of leading European distributors and retail chains. Despite a high level of activity associated with new buyers and new markets during the reporting period, Tigar Footwear intensified its development of proprietary brands of safety, sports and fashion footwear. In our recycled rubber products segment, sales largely continued to target buyers of Bilgutex brand products; however, major efforts were made to refine these products, and to certify and promote them in Serbia and other countries in the region, where there has been no substantial demand in the past. For the most part, Tigar Chemical Products focused efforts on its imminent relocation. Both past and present R&D activities are expected to ensure a broader product offering, especially to the international marketplace. Product development addressed custom-made products and products made under customer brand names, but also several groups of products made under the Tigar brand name. Our key development priorities are to increase our offering of higher-segment products, especially those made under our proprietary brand names, and to broaden our client base, both domestically and internationally.

In the human resources area, we continued to optimize our headcount and offer ongoing training courses, to achieve our targeted productivity growth. We have prepared documents consistent with EU legislation for the sale of 25% of new shares, aimed at procuring funds to finance investment activities. However, in view of the complexity of the contemplated transaction, our Shareholders' Assembly will be asked to extend the previous deadline of 10 June 2011 by one year. We are also actively seeking to modify loan maturity dates and replace commercial loans with subsidized interest rate loans, to reduce high finance expenses.

Most of our investment activities during the reporting period targeted infrastructures at the recently purchased addition to the Tigar 3B location. The continuation of investment activities will depend solely on our ability to procure international long-term capital loans. No major activity will be undertaken before financing has been secured.

Dragan Nikolić

Chairman of the 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)

Corporate ID: 07187769

Web site: www.tigar.com

Core activity: Holdings

Number of shareholders: 4,720 at 31/03/2011

Assets: 6,446,542 (000 RSD) at 31/03/2011

Registered address: Nikole Pašića 213, 18300 Pirot, Serbia

Tax ID: 100358298

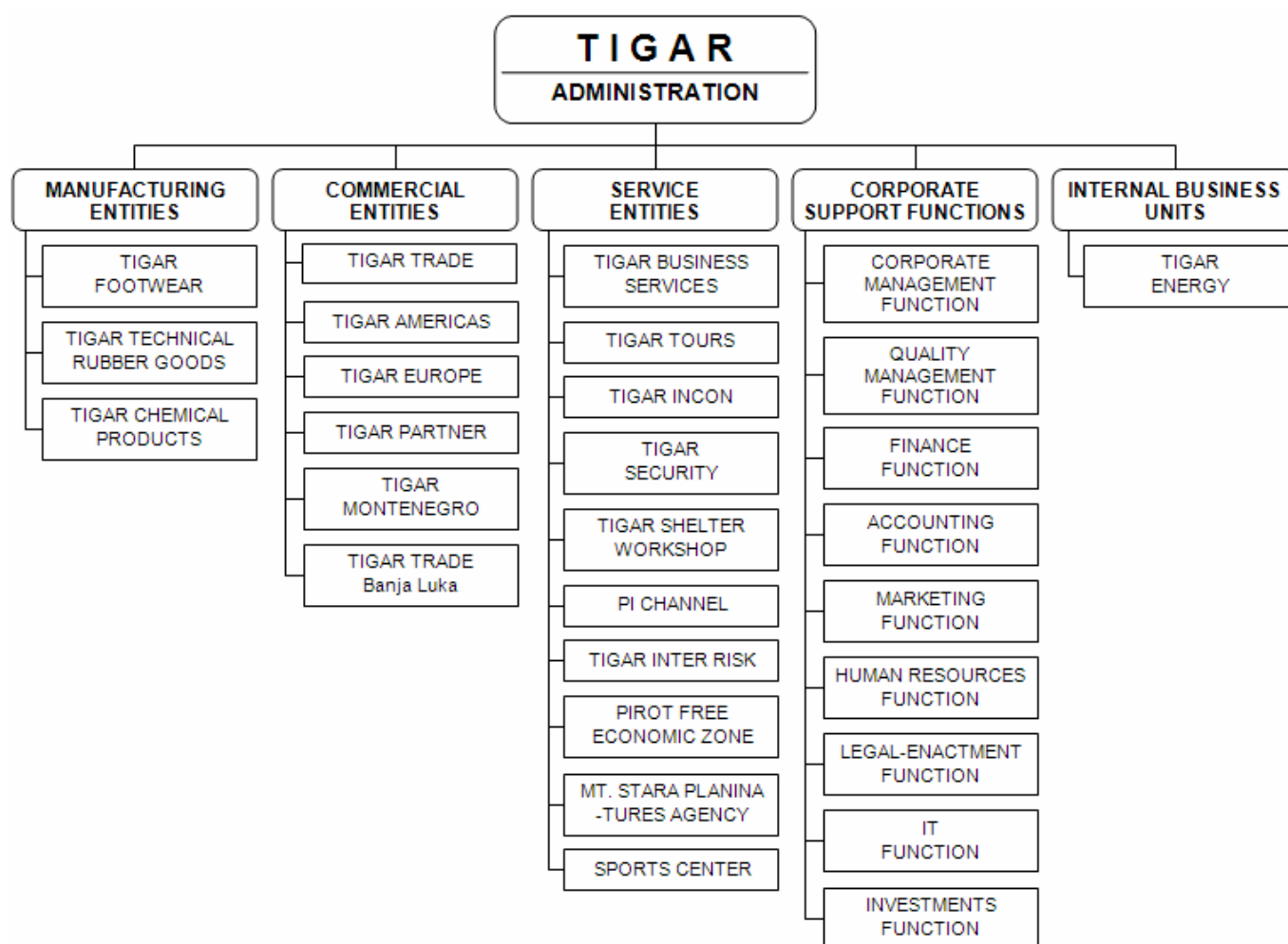
Certificate of Incorporation: Registry File 1-1087

Number of employees: 2,269 at 31/03/2011

Capital: 2,804,641 (000 RSD) at 31/03/2011

Capitalization: 1,209,796 (000 RSD) at 31/03/2011

1.2. CORPORATE STRUCTURE





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1.3. PRODUCTION AND SALES OVERVIEW

FOOTWEAR

- Safety and work boots
- Fashion and children's footwear
- General purpose footwear
- Hunting and fishing boots

TECHNICAL RUBBER GOODS

- Molded rubber products for diverse industries, including the construction industry and road industries (e.g. speed bumps), vehicles (e.g. floor mats and fuel tanks), and rubber-coated products;
- Rubber profiles for diverse applications, such as those in the construction and automotive industries;
- A wide assortment of rubber hoses and tubing, including fabric-reinforced tubing and steel-spring flexible hoses;
- Rubber-metal products and semi-finished rubber products, including rubber-coated cabling, rubber compounds, vehicle shock absorbers, and shock mounts for rail vehicles;
- Sporting goods;
- Products made from recycled rubber for the road and construction industries, playgrounds, sports facilities, public areas, and the like.

CHEMICAL PRODUCTS

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

COMPLEMENTARY GOODS

- Tires made by domestic and international manufacturers
- Motor oils, vehicle batteries, car care products, and afterparts
- Imported leather shoes

SERVICES

Tigar's automotive service and sales network STOP & DRIVE offered the following services during the reporting period:

- Tire repair, including wheel removal and installation, balancing, tire inspection, and filling with liquid nitrogen;
- Auto-mechanic services, including wheel alignment; inspection of brakes, shock absorbers and suspensions; 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 washes;
- Tire monitoring and safe-keeping.

The above services are provided by service centers and mobile units for both cars and trucks.



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Other services supplied by the Tigar Group:

- Diverse services related to the construction and maintenance of buildings and infrastructure, supported by an engineering group;
- Services of the Pirot Free Economic Zone, a specially designated area where businesses are exempted from customs duties, VAT, and a number of municipal levies;
- Overland transportation services, including national and international freight forwarding, contracted or sub-contracted international transport, and vehicle maintenance;
- Tourist services, tracing to Tigar's resources on Mt. Stara Planina and to Pirot as a tourist destination;
- A number of other services largely provided within the Tigar Group.

1.4. INVESTMENT ACTIVITIES

During the reporting period, investment activities continued to target Tigar 3B location infrastructures and also included capital maintenance, purchases of new tools and molds at manufacturing subsidiary level, and outfitting of sales outlets and warehouses.

In thousands of RSD	Purchases of fixed assets and intangible investments Q1 2011
Tigar Technical Rubber Goods	15,500
Tigar Chemical Products	
Tigar Footwear	58,526
Tigar Trade	13,760
Service entities	1,060
Holding Company	17,562
Total	106,408

1.5. R&D AND CERTIFICATION ACTIVITIES

Tigar Footwear is currently developing 97 new products. To improve the functional and esthetic characteristics of its products and enhance its competitive edge, Tigar Footwear introduced 29 new or alternate raw materials and is currently testing another 40, for both new and upgraded products. During the reporting period, Tigar Footwear industrialized 40% of new products which are now in production. Major inroads were made into the industrialization of Tigar-brand products, applying a special dipping technology, which are expected to significantly improve sales of Tigar-brand safety, farmers' and general-purpose footwear to the international marketplace.

Tigar Technical Rubber Goods (TTRG) is in the process of implementing TS 16 949 certification, a precursor to the manufacturing of products for global automobile manufacturers. Following the purchase of a recycled-rubber products manufacturing business, TTRG became the owner of a number of brands in the following product groups: playground tiles, sandbox edging, bollards, buffers, and rubber matting. 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.

Currently under way are development activities aimed at introducing a large number of new groups of products, largely targeting the construction industry (for public surfaces and roads). In the rubber sheeting segment, activities focus on the development of crumb-rubber cable fillers, in the sporting goods segment on the development of three new types of balls, and in the industrial rubber-coating segment on the development of new types of bladders. However, recycled rubber products remain R&D's top priority.



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In the rubber profile segment, product development activities will intensify following the installation of extended EPDM and thermoplastic profile lines. In this segment, if terms and conditions are agreed upon in the interim, TTRG will proceed in collaboration with one of the leading European manufacturers of automotive rubber parts. This project will also prepare Tigar for potential production for Fiat.

Tigar Chemical Products is currently expanding its assortment of water-soluble products, based on existing standards.

In parallel with the development of new products, nine new and alternate materials, primarily aimed at new products, are currently being introduced.

1.6. PRODUCTION OUTPUT

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

Production in tons	1 st Quarter		% Change relative to 2010
	2010	2011	
Tigar Footwear	549	606	10%
Tigar Technical Rubber Goods	501	684	37%
Tigar Chemical Products	118	50	-58%
TOTAL:	1,168	1,340	15%

During the reporting period, most of Tigar Footwear's production was dedicated to exports. Although expectations were not met, it is extremely important that there was a significant increase in the production of more sophisticated and costlier products relative to a year ago. This has improved Tigar Footwear's product mix and revenues. Tigar Footwear's output of standard products for the domestic and regional markets was relatively low and mostly aimed at replenishing stocks, but it will increase during the 2nd and 3rd quarters.

TTRG's production volume and product mix were negatively impacted by the deferral, until the first semester of 2011, of the dual-component and thermoplastic profile lines. Growth across all segments was largely attributed to production for current buyers. Similar to Tigar Footwear, TTRG recorded a considerable increase in buyer orders after the first year of operation on its new premises, such that at the end of the 4th quarter of 2010 a number of projects were launched for buyers from Germany, Italy and several northern European countries, which began placing orders during the reporting period. In the recycled rubber products segment, production continued to respond to Bilgutex buyer demands. Here TTRG focused on increasing quantity and improving product mix, but was also actively upgrading and certifying these products for the domestic and regional market where past demand for these products has been rather low. The potential production for Fiat is very important to TTRG since it requires a year and a half of extensive preparations (to jointly develop products with a strategic partner), and purchases of additional equipment worth up to 1.5 million €, to support an annual vehicle output of 200,000 units. TTRG's entry into this project will depend on Fiat's selection of potential suppliers.

Tigar Chemical Products (TCP) recorded a positive trend during the reporting period. Road paint was custom made, largely for Serbia Roads and Belgrade Roads. The ability of these buyers to make timely payments was a major driver of production capacity utilization. Given that production for the road infrastructure had the largest share by weight, it also had the greatest impact on TCP's production output. Orders for road paint placed by Greek buyers were not filled due to the economic situation in that country, and this impacted the overall production volume. TCP's product mix was improved by products made for the mining industry, an increase in output of polyurethane flooring, and products made for the metal industry. In the railroad segment, production depended on overhauls by railway companies which were not implemented according to plan, and the consumer product segment suffered from the general retail situation. However, TCP increased production for Tigar Footwear and Tigar Tyres.



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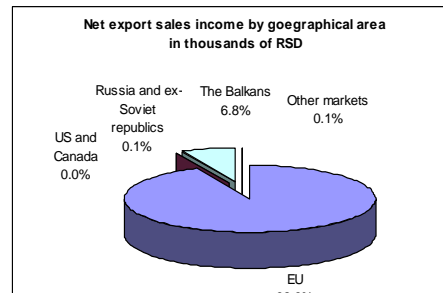
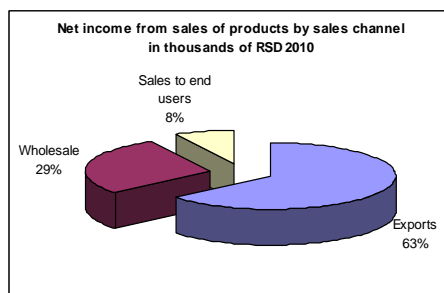
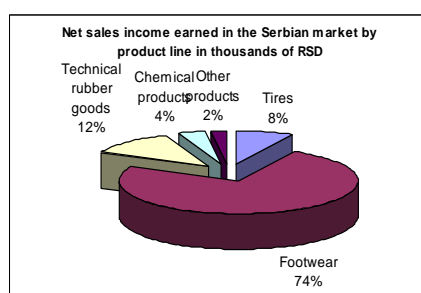
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1.7. SALES OF GOODS AND SERVICES

SERBIA

During the reporting period, sales within and out of Serbia (excluding Tigar companies operating abroad) were recorded at 551,596 million RSD, or 32% more than a year ago. However, they were still below plan. Export sales were 76% higher, with 93% of all exports going to the EU.

<i>Net sales income from goods and products</i>	1 st Quarter 2010	1 st Quarter 2011	% Change
<i>In thousands of RSD</i>			
Sales by product group			
Tires	79,421	43,019	-46%
Footwear	241,763	409,102	69%
Technical rubber goods	57,821	67,223	16%
Chemical products	25,748	19,801	-23%
Other products	13,017	12,451	-4%
TOTAL SALES WITHIN AND OUT OF SERBIA	417,770	551,596	32%



During the reporting period, all corporate resources were focused on the footwear segment, which is currently Tigar's largest business, resulting in the highest contribution of that business to the overall income. During the upcoming season, provided that supply problems are overcome, revenues from tire sales will certainly grow, as will revenues from technical rubber goods given increasing orders, especially from new international buyers.

The highest sales growth was recorded in the EU market, owing to increasing sales to existing buyers and sales to new buyers. Based on 2011 EU market projections, an overall sales growth of 11 million € will be attributed in roughly equal proportions to increased sales to regular buyers and sales to buyers attracted in 2010. The number of buyers in the Balkans also increased, as did sales, particularly of fashion and children's footwear. Three new products from the safety boots range are currently being developed for the US market, and a considerable effort is aimed at fashion footwear sales to Canada and the US.

SUBSIDIARIES AND AFFILIATES OPERATING ABROAD

<i>Net income from sales of products by subsidiaries and affiliates</i>	1 st Quarter 2010	1 st Quarter 2011	% Change
<i>operating abroad, in thousands of RSD</i>			
Sales by product line			
Tires	202,425	234,621	16%
Footwear	20,775	26,640	28%
TRG	429	292	-32%
Other products	1,959	16	-99%
TOTAL SALES ABROAD	225,588	261,568	16%

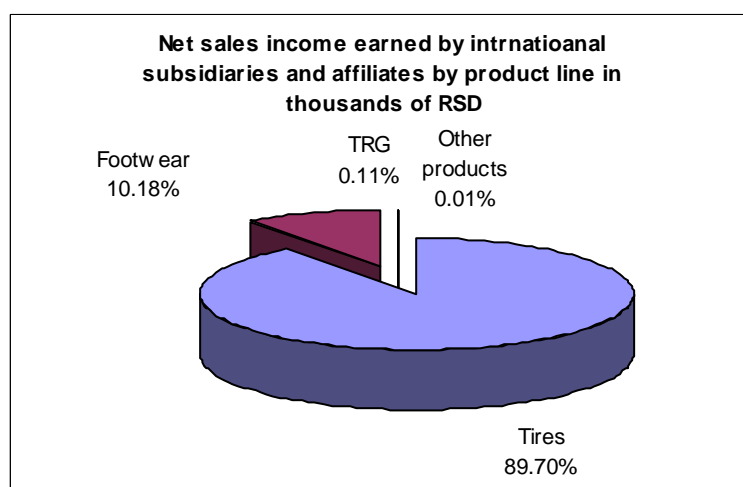
* Tigar Europe at 50%.



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Tigar Americas is a wholly-owned Tigar subsidiary based in the US. Tigar AD is the majority shareholder of all Tigar companies operating in the Balkans, while Tigar Europe is a joint venture, in which Tigar AD holds a 50% stake. Apart from Tigar Americas which focuses on footwear sales, the other companies from this group largely sell Tigar-brand tires. Tigar Americas is the only company operating abroad that also purchases raw materials for the Tigar Group. In view of the corporate policy which calls for all sales outside of the EU and Russia to be channeled through Tigar Americas, and given that raw material purchases via this company will likely increase, Tigar Americas is expected to report the highest growth.

In the tire sales segment, Tigar Europe reported the highest sales among this group of companies. It continues to be the exclusive distributor of Tigar-brand tires in the UK and Ireland. Sales in the upcoming period will largely depend on Michelin Group's policy with regard to this market. Tigar's current focus is on increasing sales of footwear and other products made by the Tigar Group and this will be a key driver of Tigar's corporate policy associated with its international subsidiaries. Its policy toward Tigar Europe, in view of its large tire sales volume, will be governed by tire sales developments.



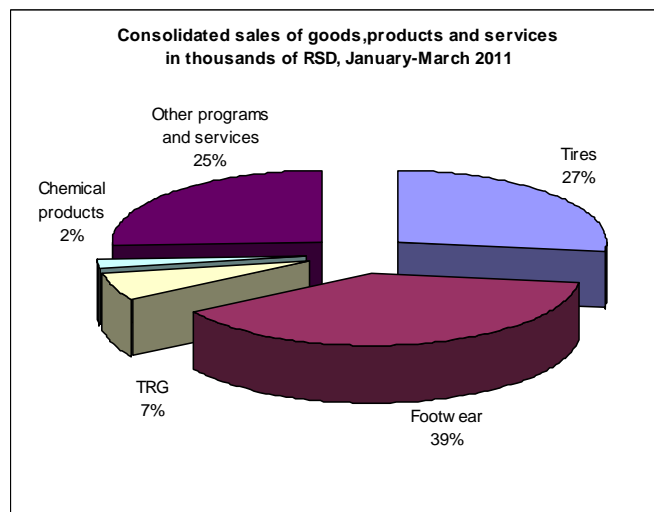
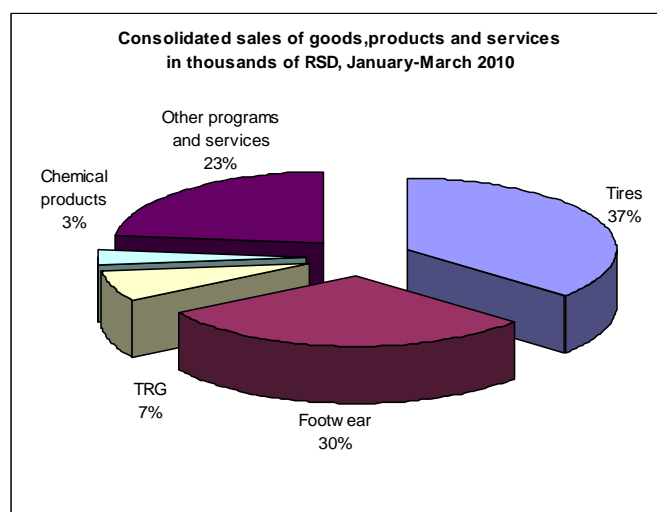
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TOTAL EXTERNAL REVENUES, INCLUDING REVENUES FROM SALES OF GOODS VIA COMPANIES OPERATING ABROAD AND REVENUES FROM EXTERNAL SERVICES

<i>In thousands of RSD</i>	<i>January-March 2010</i>	<i>January-March 2011</i>	<i>%</i>
Consolidated sales of goods, products and services	774,011	1,026,192	33%





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2. KEY Q1 2011 FINANCIAL INDICATORS

At the end of the reporting period, the Company's consolidated operating income recorded a 29% growth, while total income grew by 29%. Consolidated expenses were 28% higher. The largest contributor to expenses was the cost of raw materials, with a 40% share. The increase in raw material costs was largely a result of increased consumption (in physical units) and a general increase in raw material prices, particularly of natural rubber (where prices doubled) and fabric (where the price of cotton increased on global commodity exchanges). To offset this raw material price increase, in February we increased our final-product prices by 10% on average. The second largest expense item was employee expenses, with a 36% share. They were 19% higher than a year ago. The cost of goods sold contributed 7% to overall expenses. Write-offs, depreciation and provisions grew by 8%, as a result of activation of fixed assets, particularly at the recycling plant, and had a 3% share in overall expenses. Other expenses recorded a 35% increase and had a 13% share in total operating expenses. This expense item includes production- and sales-related costs (such as transportation, maintenance, PR and marketing), various administrative expenses, audit fees, tax and other consulting fees, capital market expenses (the largest items being corporate agent and Stock Exchange fees), expenses attributed to the activities of Tigar's governing bodies, and the like. Most of our finance expenses were made up of interest and currency translations associated with short-term loans. Other expenses were not materially significant. Exchange rate fluctuations considerably impacted our loan debt expressed in Dinars, particularly with regard to long-term loans, such that the effects of shrinkage in original currencies are not recognizable. This is a result of the fact that all long-term loans and most short-term loans are denominated in Euros. The increase in loan debt due to exchange rates also had a major impact on reported ratios, particularly with regard to equity and assets employed, since these are denominated in Dinars and do not change. Short-term liabilities include long-term loan repayments which mature within the next twelve months.

Receivables are collectable from both domestic and international markets, such that there are no bad debts. At the end of the reporting period, accounts receivable were 17% higher than a year ago. This increase is tied to sales growth. Cash and cash equivalents at the end of the reporting period were recorded at 324 million RSD. Inventories were 20% higher, as an expected consequence of production and sales growth. This is not due to a higher number of physical units, but the fact that inventories carry costlier products than at the end of last year. Inventories of both unfinished and finished products grew.

The main challenge was financing of the high production and sales growth, which increased the need for working capital. At the same time, during the 1st quarter, the semi-annual installment of a Paris Club loan, the quarterly installment of a TTRG capital loan, and the semi-annual installment of a Tigar Footwear capital loan were paid, resulting in a cash outflow of some 700,000 €. This permanent outflow reduced our potential for financing business operations. The maintenance or reduction of our overall loan debt, on the one hand, and a double- or triple-digit production and sales growth, on the other hand, are irreconcilable trends and the Company is, therefore, actively seeking non-credit funds which will be used to both increase working capital and finance investments (in infrastructure, equipment, and market and product development). Market and product development in both 2010 and the 1st quarter of 2011 incurred considerable expenses, but they were necessitated by the projected level of growth. Since our market position has never been better and will likely continue to improve across all our businesses, and given that both our manufacturing segments and sales network are able to respond to market demands, the main task is to ensure financing of growth through non-credit sources of funding, replacement of most of our commercial loans with those granted at subsidized interest rates, and modification of maturity dates through re-orientation toward long-term sources, in view of the fact that our growth will ensure a much better financial position in the upcoming period.

From an analytical perspective, the ratio of our financial results to assets employed is high, but this is primarily a result of the fact that the Company changed its core activity two years ago, that it commissioned three new plants within a period of two years, and that a certain time is required following investments in buildings and equipment, as well as in product development, to start producing concrete commercial and financial benefits, leading to a significant improvement of this ratio. The loan debt, relative to assets, is not high, but the ratio of total debt to total income is unfavorable because one half of the debt is attributed to long-term loans which will mature in the coming years. These loans were taken out to finance the development of new capacities and products. It is more realistic to view current liabilities relative to annual income, because future long-term loan repayments will be made along with a considerable increase in sales revenues.



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TIGAR

TIGAR AD

Equity: 2,804,641
 Total income: 1,052,287
 EBITDA: 50,719
 (000 RSD)

PRODUCTION ENTITIES

TIGAR FOOTWEAR

Equity: 876,898
 Total income: 555,414
 EBITDA: 25,916
 (000 RSD)

TIGAR TEHNICAL RUBBER GOODS

Equity: 276,849
 Total income: 133,438
 EBITDA: -12,074

TIGAR CHEMICAL PRODUCTS

Equity: 133,241
 Total income: 42,861
 EBITDA: 2,964
 (000 RSD)

COMMERCIAL ENTITIES

TIGAR MONTENEGRO

Equity: 112
 Total income: 125
 EBITDA: 4
 (000 EUR)

TIGAR PARTNER

Equity: 17,508
 Total income: 5,430
 EBITDA: -132
 (000 DEN)

TIGAR TRADE Banja Luka

Equity: 394
 Total income: 239
 EBITDA: -25
 (000 KM)

TIGAR EUROPE

Equity: 2,790
 Total income: 3,726
 EBITDA: 168
 (000 GBP)

TIGAR AMERICAS

Equity: 420
 Total income: 269
 EBITDA: -16
 (000 USD)

SERVICE ENTITIES

PIROT FREE ECONOMIC ZONE

Equity: 147,409
 Total income: 76,462
 EBITDA: 8,524
 (000 RSD)

TIGAR BUSINESS SERVICES

Equity: 26,250
 Total income: 46,578
 EBITDA: 2,223
 (000 RSD)

TIGAR HOSPITALITY

Equity: 141,532
 Total income: 32,466
 EBITDA: 294
 (000 RSD)

TIGAR INCON

Equity: 166,754
 Total income: 74,393
 EBITDA: -1,123
 (000 RSD)

TIGAR INTER RISK

Equity: 1,815
 Total income: 1,041
 EBITDA: -38
 (000 RSD)

TIGAR SHELTER WORKSHOP

Equity: 3,879
 Total income: 8,669
 EBITDA: 539
 (000 RSD)

TIGAR SECURITY

Equity: 20,041
 Total income: 24,857
 EBITDA: 6,345
 (000 RSD)

TIGAR TOURS

Equity: 9,508
 Total income: 1,196
 EBITDA: -92
 (000 RSD)

PI CHANNEL

Equity: 4,185
 Total income: 3,456
 EBITDA: 374
 (000 RSD)



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CONSOLIDATED INDICATORS

Tigar AD's consolidated financials in thousands of RSD	1 st Quarter 2010	1 st Quarter 2011	% Change
Assets	7,218,072	8,314,550	15%
Equity	3,492,018	3,402,239	-3%
Operating income	962,389	1,238,818	29%
EBIT	32,441	49,131	51%
EBITDA	70,085	89,876	28%
Finance income	25,456	66,425	161%
Other income	24,713	3,935	-84%
Total income	1,012,558	1,309,179	29%
Net income	-30,265	18,875	gain vs. loss
<u>Significant ratios</u>			
Return on equity (ROE)	-0.87%	0.55%	gain vs. loss
Return on total assets (ROA)	-0.42%	0.23%	gain vs. loss
Current Ratio	1.41	1.18	-16%
Debt-to-assets ratio	0.49	0.56	16%
Debt / Equity	1.01	1.38	37%
Net profit/total income	-2.99%	1.44%	gain vs. loss

TIGAR AD: UNCONSOLIDATED FINANCIALS

Tigar AD's unconsolidated financials in thousands of RSD	1 st Quarter 2010	1 st Quarter 2011	% Change
Assets	5,071,791	6,446,542	27%
Equity	2,798,261	2,804,641	0%
Operating income	698,442	1,009,925	45%
EBIT	33,192	38,365	16%
EBITDA	45,741	50,719	11%
Finance income	43,824	40,804	-7%
Other income	8,894	1,558	-82%
Total income	751,160	1,052,287	40%
Net income	7,724	3,891	-50%
<u>Significant ratios</u>			
Return on equity (ROE)	0.28%	0.14%	-50%
Return on total assets (ROA)	0.15%	0.06%	-60%
Current Ratio	1.14	1.09	-4%
Debt-to-assets ratio	0.45	0.56	26%
Debt / Equity	0.81	1.29	60%
Net profit/total income	1.03%	0.37%	-64%



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3. CAPITAL MARKET POSITION

Tigar's stock is traded on the Prime Market of the Belgrade Stock Exchange and included in both its indices: the Belex Line (general) and Belex 15 (top performers). The table below summarizes Tigar stock trading during the reporting period.

	AT 31 DECEMBER 2010	AT 31 MARCH 2011	% CHANGE
Number of shareholders	4,753	4,720	-0.70%
Total number of shares	1,718,460	1,718,460	-
Book value of shares	1,636	1,636	-
Market price of shares	700.00	704.00	0.6%
Low	686.00 (24.02.2011)		
High	779.00 (24.01.2011)		
Q1 2011 average*	732.00		
Market capitalization in RSD	1,202,922,000.00	1,209,795,840	0.6%
P/BV**	0.40		
P/E***	323.29		
EPS****	2.26		

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

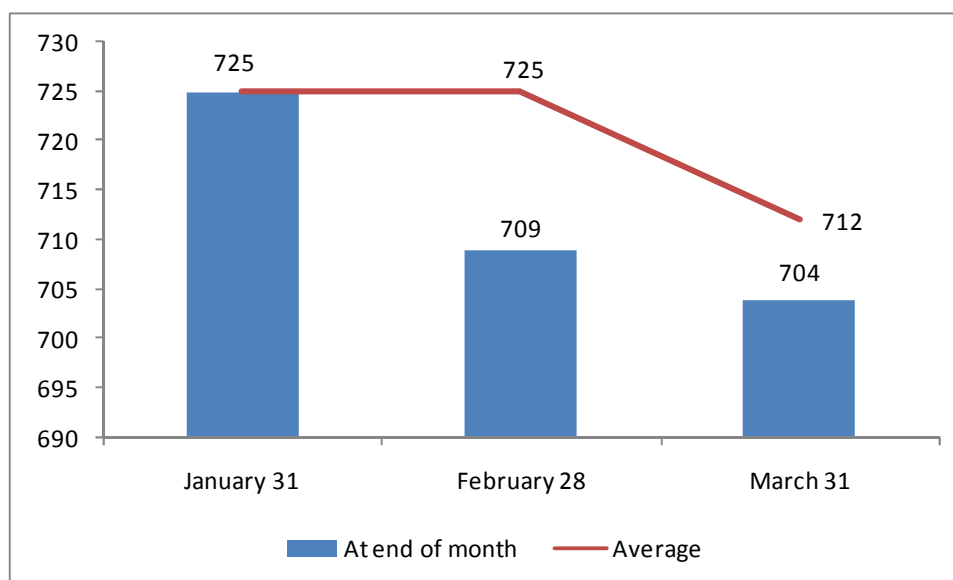
** Average market price to book value ratio.

*** Price-to-earnings ratio.

**** Earnings per share during the period.

The liquidity of Tigar stock improved considerably during the reporting period. The six-month average trading volume at the end of January was 773,842 RSD, at the end of February 1,008,977 RSD, and at the end of the reporting period 1,220,402 RSD.

The graphic below shows Tigar stock price movements during the reporting period.



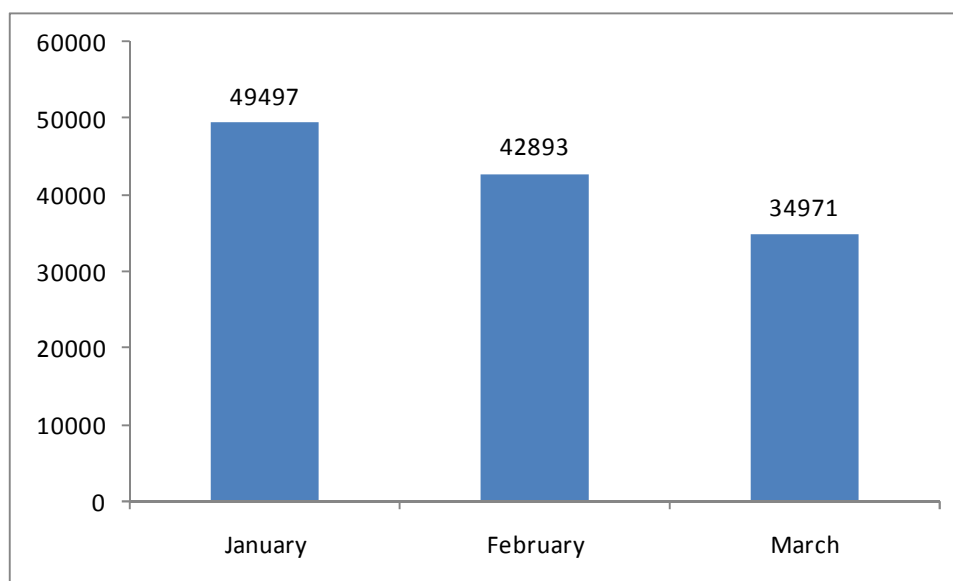


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The graphic below shows the trading volume by month.



Changes in shareholder structure during the reporting period

Shareholders	31 December 2010	31 March 2011	% Change
Legal entities	52.30%	47.76%	-4.54%
Individuals	28.98%	28.80%	-0.19%
Custody accounts	18.71%	23.44%	4.73%

Tigar's ownership structure was characterized by stable stakes of three groups of shareholders: the Serbian government (via two national funds); domestic and international institutional investors; and retail investors.

During the reporting period, the previous largest private investor reduced its stake. This resulted in increased stakes of the other investors and the entry of new professional investors.

Top ten shareholders as of 31 March 2011

	Shareholder	Number of shares	% Stake
1	SERBIAN NATIONAL EQUITY FUND	429,429	24.98918
2	SERBIAN NATIONAL PENSION AND DISABILITY FUND	149,981	8.72764
3	ERSTE BANK CUSTODY 00001	104,398	6.07509
4	ERSTE&STEIERMARKISCHE BANK D.D.	99,147	5.76953
5	SG SERBIA CUSTODY	55,654	3.23860
6	ARTIO INT. EQUITY FUND	48,275	2.80920
7	RAIFFEISEN BANK INTERNATIONAL	42,164	2.45359
8	KOMERCIJALNA BANKA-CUSTODY	26,062	1.51659
9	SWEDBANK AS	24,851	1.44612
10	THE ROYAL BANK OF SCOTLAND N.V.	21,181	1.23256



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Members of Tigar's Board of Directors hold less than 1% of Tigar stock on aggregate. The following table shows the number of shares held by members of the Board of Directors as of 31 March 2011.

Name	Number of shares held on 31 May 2005	Number of shares held on 30 June 2010	% Stake
Dragan Nikolić	880	898	0.052
Jelena Petković	275	281	0.016
Slobodan Sotirov	539	550	0.032
Miodrag Tančić	460	460	0.027
Vladimir Nikolić	803	803	0.050
Jose Alexandre F. da Costa	-	-	-
Tihomir Nenadić	-	-	-
Gordana Lazarević	-	-	-
Aleksej Misailović	-	-	-

Some Board members increased their stake as a result of participation in a pro-rated sale of treasury shares by Tigar in 2009.

Members of the Supervisory Board hold no Tigar stock.

Investor Relations

During the reporting period, the Company reported to its shareholders and the capital market on a regular basis. Its 2010 Annual Report was published as required by stock exchange regulations. The Company made several IR presentations and held a number of meetings with current shareholders and potential investors.

At the beginning of March, Tigar stock became the first stock listed on the Belgrade Stock Exchange to have two market makers. In addition to the brokerage firm InterCapital, which has been Tigar's market maker since December 2008, in March 2011 Dunav Stockbroker executed an agreement with the BSE and formally became Tigar's market maker as well.



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4. SUSTAINABLE DEVELOPMENT

4.1. EMPLOYEES

Headcount and Structure

At the end of the reporting period, Tigar had 2,269 employees in Serbia. In addition, Tigar's entities in the United States, United Kingdom, Macedonia, Montenegro, and Bosnia and Herzegovina employed a total of 24 local employees.

On 31 March 2011, the employee structure was as follows:

Workforce as of 31 March 2011	
Company	Number of employees
Tigar AD	208
Tigar Trade	261
Tigar Footwear	1.011
Tigar Technical Rubber Goods	221
Tigar Chemical Products	73
Others	495
Total	2,269

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, in case of death of its retired employee, Tigar pays to the family one monthly salary. Currently, 38 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

First quarter 2011 employee expenses incurred by Tigar AD and its subsidiaries, including net earnings, taxes, pension fund and health insurance contributions, in-house meals, and local transportation subsidies, are shown in the table below, along with percentages of sales income.

Q1 2011 Employee expenses			
	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD	% of sales income
Tigar AD.	35,038	58,998	38.88%
Tigar Trade	29,456	50,551	5.89%
Tigar Footwear	85,258	146,400	36.93%
Tigar Technical Rubber Goods	20,046	34,430	32.81%
Tigar Chemical Products	8,110	13,876	54.22%
Others	43,089	74,118	28.23%
Total	220,997	378,373	21.03%

During the reporting period, taxes and health insurance and pension fund contributions amounted to 157,376,000 RSD.



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Optimization of Human Resources

During the reporting period, six employees left Tigar on the following grounds:

	Retirement	Redundancy	Other*	TOTAL
Tigar AD		1		1
Tigar Trade				
Tigar Footwear	1		3	4
Tigar Technical Rubber Goods				
Tigar Chemical Products				
Others			1	1
Total	1	1	4	6

* Of these 4 employees, 1 voluntarily left the Company 3 were dismissed.

The numbers do not show large shifts in the number of employees.

Retrenchment is inherent in the restructuring process. This process will continue during 2011. Solving the problem of employee redundancy on a voluntary basis was a major component of Tigar's contribution to social stability.

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

Workforce downsizing costs and percentage of gross salaries		
	In thousands of RSD	%
Tigar AD	502	0,85
Tigar Trade		
Tigar Footwear	165	0,11
Tigar Technical Rubber Goods		
Tigar Chemical Products		
Others		
Total	667	0,18

Professional Education

Tigar's policy of ensuring the availability of professionals through the offering of scholarships to Pirot secondary school students was continued in 2011.

Scholarships were paid for students at the following colleges/universities during the reporting period:

Professional education				
	Technical sciences	Manufacturing process engineering	Economics and business administration	Other
Total	25	8	7	13

Tuition and scholarship expenses paid during the reporting period amounted to 736,000 RSD, or 0.19% of gross salaries.



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Employee Training

The following numbers of employees were trained through internal and external training programs during the reporting period:

Employee training			
	Internal	External	Total
Tigar AD		39	39
Tigar Trade	8	8	16
Tigar Footwear	168	25	193
Tigar Technical Rubber Goods	100	17	117
Tigar Chemical Products		2	2
Others	112	21	133
Total	388	112	500

Employee training expenses during the reporting period amounted to 2,267,672 RSD, or 0.60% of gross salaries.

4.2. QUALITY ASSURANCE

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.

Regular annual maintenance and improvement audits per ISO 9001, ISO 14001 and OHSAS 18001 certifications, conducted by YUQS, attested to Tigar's long-term commitment to customer and stakeholder satisfaction. IQNet is a leading national certification body and member of IQNet, an international association of certification bodies, which in addition to domestic accreditations holds an accreditation of the French body COFRAC.

In July 2010, Tigar Footwear underwent an audit and certification check of its integrated management system, at which time occupational health and safety management per OHSAS 18001 was added to the existing quality and environmental management components of the integrated management system at this company. A regular annual inspection of its integrated management system will be conducted in July 2011.

The Tigar Technical Rubber Goods integrated management system was audited at the end of December 2010, per ISO 9001, ISO 14001, and OHSAS 18001, with all three management component being re-certified. A regular annual inspection of its integrated management system will be conducted in December 2011.

In 2010, Tigar Incon initiated an action plan aimed at certifying an integrated management systems per ISO 9001, ISO 14001 and OHSAS 18001 requirements at this company. By mid-2011, Tigar Incon, which provides design and engineering services, will be certified as well.

Tigar Footwear and Tigar Technical Rubber Goods underwent a number of third-party audits which were carried out by buyers or independent experts on their behalf.

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



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4.3. ENVIRONMENTAL PROTECTION

Tigar's manufacturing facilities are located within the industrial zone of Pirot, at the end of the Pirot Gorge. The condition of the natural environment and the unaltered ecosystem here attest to the Company's good environmental practices. Tigar continues to be committed to sustainable development and employee well-being.

At Tigar, environmental management and occupational health and safety management are incorporated with 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 the 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 initial certification of the occupational health and safety management system per OHSAS 18001 standards was completed in 2010.

The Environmental Ministry has classified Tigar as a company whose activities involve a low level of environmental risk. Tigar's subsidiaries do not operate IPPC or Seveso facilities, and have been categorized as such.

In general, any environmental impacts which result from activities in the rubber industry primarily originate from:

- Generation of solid waste;
- Utilization of natural resources;
- Emissions into the atmosphere; and
- Wastewater discharges.

Some occupational health and safety risks exist in areas where natural rubber is mixed and rubber sheeting produced, due to rotating equipment components which are common in rubber industry machinery.

Potential environmental impacts trace 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. All raw materials are visibly marked, warning signs are posted as appropriate, and an internal safety data sheet is provided for each raw material. Each safety data sheet is comprised of 16 sections which clearly describe the nature of the substance, its possible affect on health and the environment, procedures to be implemented in the event of an accident, procedures to be undertaken related to packaging and packaging waste, etc. All employees who come in contact with the substance receive regular training and re-training. All corporate documents are consistent with the new Chemicals Law (Official Gazette of the Republic of Serbia 36/2009) and related secondary legislation. Pursuant to recent legislation, in March Tigar Trade registered 128 imported chemicals with the Chemicals Agency (under the Ministry of Environment, Mining and Spatial Planning), and Tigar Chemical Products, which both imports and manufactures chemicals, registered 165 chemical substances.

Multi-disciplinary teams, including occupational medicine specialists in the capacity as independent consultants, have prepared risk assessments for all workplaces and work environments within the Company based on in-depth analyses. These documents identify workplaces at potential risk and stipulate measures which must be undertaken to prevent hazards. All requirements per OHSAS 18001 and all provisions of the Occupational Safety Law (Official Gazette of the Republic of Serbia 101/2005) and related secondary legislation have been satisfied. At Tigar's manufacturing subsidiaries, 14 work assignments, with a total of 139 employees, were identified as being at elevated risk. These employees are kept under special scrutiny.

At locations containing raw materials, in addition to preventative measures being carried out, action plans are in place in the event of accidental spills of raw materials, to ensure that the health of employees is maintained and the environment protected. Tigar's industrial facilities are not classified as Seveso facilities (i.e., facilities in which hazardous substances are produced, stored, or used in quantities which may result in chemical accidents). The quantities of hazardous substances stored at Tigar facilities are significantly below specified potentially-critical levels. None of Tigar's subsidiaries store or use radioactive substances.

Tigar waste is classified based on the Handbook of Rules and Regulations on the Classification, Packing, and Storing of Secondary Raw Materials (Official Gazette 55/01). Lab analyses of all kinds of waste have been conducted (i.e., characterization and classification of waste) and a waste management plan consistent with the Waste Management Law (Official Gazette of the Republic of Serbia 135/09) prepared. The plan is being



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implemented by Tigar Shelter Workshop, which holds a special permit for waste collection, transportation, and storage, issued by the Ministry of Environment and Spatial Planning.

Recyclable waste is kept onsite for only a short period of time, in a special warehouse intended for secondary raw materials, and is sold or given away to certified recyclers. A portion of rubber waste is processed within Tigar Technical Rubber Goods. Waste which has no useful value (i.e., cannot be recycled) is stored and disposed of at the municipal landfill. All waste disposals at Tigar is handled under contract with the local utility. Waste management at the Company is based on specified internal criteria and rules, which control all waste flows.

In March, annual waste management reports were submitted to the Environmental Agency (under the Ministry of Environment, Mining and Spatial Planning), addressing: Tigar Footwear, Tigar Technical Rubber Goods, and Tigar Chemical Products, as required by applicable legislation (Official Gazette of the RoS, no. 96/2010).

Packaging waste management has been delegated to operators certified by the Ministry of Environment and Spatial Planning. This is one of the options offered by the Law on Packaging and Packaging Waste (Official Gazette of the Republic of Serbia 135/09), which has been adopted by Tigar. These arrangements allow Tigar to use the Green Dot on its packaging. Tigar Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products have delegated their obligations to Sekopak, while Tigar Trade entered into an agreement with Ekostarpak. Tigar Shelter Workshop, which collects packaging paste, also has a contract with the latter operator. Payments are made and reports submitted on a monthly basis. Pursuant to applicable legislation, 2010 Annual Packaging Material Disposal Reports were submitted to the Environmental Agency in March for Tigar Footwear, Tigar Technical Rubber Goods, Tigar Chemical Products, and Tigar Trade.

Tigar operates a leading-edge automated power station designed to fire either oil or natural gas. Gas emissions at the emitter are checked once a year by a certified institution. Air quality within the industrial zone is monitored by the Public Health Institute of Pirot on an ongoing basis.

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.

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 permissible levels of pollutants has been recorded and Tigar's discharges, therefore, are not seen to present a threat to the environment.

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 regarding environmental or occupational health and safety issues. There are no litigation proceedings involving Tigar arising out of environmental or social concerns.

Tigar Footwear, Tigar Technical Rubber Goods, and Tigar Chemical Products regularly submit information to the local administration, as required for the Register of Polluters pursuant to applicable legislation (Official Gazette no. 91/2010). 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.

The following environmental and occupational health and safety laws apply to the Company:

- The Occupational Health and Safety Law,
- The Environmental Protection Law,
- The Air Protection Law,
- The Waste Management Law,
- The Law on Packaging Materials and Waste,
- The Environmental Noise Protection Law,



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- The Chemicals Law,
- The Water Law,
- The Fire Protection Law, and
- The Law on Explosive Substances and Flammable Liquids and Gases.

Tigar regularly monitors its legal environment to ensure that all regulations are observed. An adjustment period for new requirements is generally defined and an action plan prepared to make sure that activities are carried out, resources procured and responsibilities assigned, as required.

All audits performed by national environmental and occupational health and safety inspectors confirm the Company's full compliance with legislation.

4.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Piro*t in English, and *Akcionarsko društvo Tigar – Piro*t, 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.

Registered trademarks as of 31 March 2011:

Appl. No.	Appl. date	Reg. No.	Trademark	Valid until	Holder
Ž-247/80	30.04.80.	31499	Tigar	21.12.17.	Tigar AD
Ž-2606/06	14.11.06.	54763	Tigar	14.11.16.	Tigar AD
Ž-84/385	17.01.84.	29947	Tigar Tg 615	25.05.17.	Tigar AD
Ž-947/07	30.04.07.	55640	Tigar Planinarski Dom	30.04.17.	Tigar AD
Ž-918/07	27.04.07.	55822	Tigar Tours	27.04.17.	Tigar AD
Ž-842/07	18.04.07.	55612	Markol	18.04.17.	Tigar AD
Ž-1129/07	17.05.07.	55735	Tigar Incon	17.05.17.	Tigar AD
Ž-890/80	11.07.03.	49590	Tigar Sportski Program	11.07.13.	Tigar AD
Ž-152/07	29.01.07.	56018	Tigar	29.01.07.	Tigar AD
Ž-1703/07	26.07.07.	56315	Tigar Footwear	26.07.17.	Tigar AD
Ž-1704/07	26.07.07.	56315	Tigar Obuća	26.07.17.	Tigar AD
Z-2440/07	17.10.07.	56731	Tigar Hemijski Proizvodi	17.10.17.	Tigar AD
Ž-212/08	05.02.08.	57737	Tigrostick	05.02.18.	Tigar AD
Ž-211/08	05.02.08.	57738	Tigrolux	05.02.18.	Tigar AD
Ž-214/08	05.02.08.	57650	Tigroopen	05.02.18.	Tigar AD
Ž-213/08	05.02.08.	57649	Tigrokol	05.02.18.	Tigar AD
Ž-768/08	31.03.08.	57538	Hotel Stara Planina	31.03.18.	Tigar AD
Ž-1433/08	06.06.08.	58815	Overload	06.06.18.	Tigar AD
Ž-1475/08	11.06.08.	58462	Waterpolo Senior	11.06.18.	Tigar AD
Ž-1473/08	11.06.08.	58427	Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1431/08	06.06.08.	58813	Waterpolo Junior	06.06.18.	Tigar AD
Ž-1472/08	11.06.08.	58428	Specijal	11.06.18.	Tigar AD
Ž-1432/08	06.06.08.	59305	Basketball Tg21 Official	06.06.18.	Tigar AD
Ž-1474/08	11.06.08.	58424	Neos	06.06.18.	Tigar AD
Ž-1469/08	11.06.08.	58426	Tricker Ball Basket Ball	11.06.18.	Tigar AD
Ž-1471/08	11.06.08.	59401	Bistro	11.06.18.	Tigar AD
Ž-1468/08	11.06.08.	58423	Overload Handball	11.06.18.	Tigar AD
Ž-1470/08	11.06.08.	58425	Dynamic Overload	11.06.18.	Tigar AD
Ž-1429/08	06.06.08.	58464	Overload Waterpolo Junior	06.06.18.	Tigar AD
Ž-1467/08	11.06.08.	58430	Overload Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1476/08	11.06.08.	58463	Overload Waterpolo Senior	11.06.18.	Tigar AD
Ž-1430/08	06.06.08.	59304	Basketball TG21 Overload	06.06.18.	Tigar AD
Z-2441/07	17.10.07.	56730	Tigar Tehnička Guma	17.10.17.	Tigar AD
Ž-2681/08	03.11.08.	59486	Trapper	03.11.18.	Tigar AD
Ž-2682/08	03.11.08.	59485	Pesca	03.11.18.	Tigar AD
Ž-2679/08	03.11.08.	59327	Rainydays	03.11.18.	Tigar AD
Ž-2680/08	03.11.08.	59334	Nency	03.11.18.	Tigar AD
Ž-2678/08	03.11.08.	59333	Ladybird	03.11.18.	Tigar AD
Ž-2677/08	03.11.08.	59336	Ratar	03.11.18.	Tigar AD
Ž-2676/08	03.11.08.	59451	Balerina	03.11.18.	Tigar AD
Ž-2675/08	03.11.08.	59335	Work	03.11.18.	Tigar AD
Ž-2904/08	02.12.08.	59458	Polar	03.11.18.	Tigar AD
Ž-2674/08	03.11.08.	59337	Protecta	03.11.18.	Tigar AD
Ž-2673/08	03.11.08.	59390	Forestry Line	03.11.18.	Tigar AD
Ž-2672/08	03.11.08.	60043	Fireproof	03.11.18.	Tigar AD
Ž-2671/08	03.11.08.	59326	Cryo	03.11.18.	Tigar AD
Ž-2670/08	03.11.08.	59387	Sparclesafety	03.11.18.	Tigar AD
Ž-2661/08	31.10.08.	59341	Firefighter Super Safety	31.10.18.	Tigar AD
Ž-2662/08	31.10.08.	59452	Century Super Safety	31.10.18.	Tigar AD
Ž-2659/08	31.10.08.	59334	Century 4000 Safety	31.10.18.	Tigar AD
Ž-2660/08	31.10.08.	59345	Forester 3000	31.10.18.	Tigar AD
Ž-2903/08	02.12.08.	60464	Trendy	02.12.18.	Tigar AD



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Ž-247R/80	30.04.80.	49044	Tigar	30.09.15.	Tigar Tyres
Ž-1369/05	17.10.05.	49768	Tigar Tyres	17.10.15.	Tigar Tyres
Ž-1373/05	17.10.05.	49792	Hitris Logo	17.10.15.	Tigar Tyres
Ž-1371/05	17.10.05.	49819	Cargo Speed Logo	17.10.15.	Tigar Tyres
Ž-1372/05	17.10.05.	49912	Wintera Logo	17.10.15.	Tigar Tyres
Ž-1468/05	31.10.05.	53797	Tigar Trgovine	31.10.15.	Tigar AD
Ž-551/09	27.03.09.	-	Bottega	-	Tigar AD
Ž-639/09	13.04.09.	59942	Hotel StarA	13.04.19.	Tigar AD
Ž-1011/09	30.06.09.	59367	Brolly	30.06.19.	Tigar AD
Ž-1012/09	30.06.09.	59366	Maniera	30.06.19.	Tigar AD
Ž-1685/09	03.11.09.	60513	Stop&Drive	03.11.19.	Tigar AD
Ž-1686/09	03.11.09.	60514	S&D	03.11.19.	Tigar AD
International, USA	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
		675 773A	Tigar	20.05.17.	Tigar Tyres
USA	24.10.78.	1174089	Tigar Logo	15.08.12.	Tigar Americas Corp.
	02.11.07.	77320619	Tigar	-	Tigar Americas Corp.
International, 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
International 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 Obuća
Finland	20.11.85.	94345	Forester	20.11.15.	Tigar Obuća
Norway	14.11.85.	123042	Forester	14.11.15.	Tigar Obuća
Sweden	26.07.85.	0197287	Forester	26.07.15.	Tigar Obuća
UK	23.06.95.	2025055	Century	23.06.15.	Tigar Obuća
UK	31.05.84.	1219898	Forester	31.05.15.	Tigar Obuća
UK	23.06.95.	2025057	Forester	23.06.15.	Tigar Obuća

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 design 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-1/397708101/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 initiated national 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, www.tigar.co.rs, www.tigar.rs.

Tigar Footwear holds five domain names: www.century-safety.com, www.century-safety.de, www.century-safety.fr, www.century-safety.es and www.century-safety.co.uk.

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



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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.

4.5. 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 management and anti-virus protection
- Maintenance of internet and internet access
- Standardization of corporate hardware and software

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 online 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.



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- **Three-layer architecture:** The use of leading-edge internet technologies facilitates administration and access from several locations.

4.6. REAL ESTATE AND LEGAL SECURITY

All of Tigar's manufacturing facilities are located in Pirot. Four manufacturing plants operated at two separate locations in 2009, 2010, and the 1st quarter of 2011. The larger location holds tire and chemical 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).

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

Land

The total number of parcels of land owned by Tigar and its subsidiaries (excluding the Free Economic Zone) was 124 as of 31 March 2010. Their total surface area is 408,371 m², of which 303,958 m² constitutes undeveloped land.

Buildings

Tigar and its main subsidiaries own a total of 175 buildings, with a surface area of 104,413 m².

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.

Major proceedings date back to before the year 2000; they are shown in the following table (excluding 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:	28,873,676



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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, and 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.

4.7. CORPORATE SOCIAL RESPONSIBILITY

In keeping with its corporate policy of social responsibility, Tigar is committed to a high level of corporate responsibility toward its employees and the community in which it earns its profits. All stakeholders are treated in a responsible and ethical manner. Corporate social responsibility (CSR) is ensured by Tigar's strategic corporate documents and the Codex, which constitute an integral part of Tigar's overall business policy. Tigar's vision and mission clearly define its relationships with employees, shareholders, customers, the local community and society, and its attitude toward the environment, which are consistent with CSR strategies that are well-established today. The Tigar Corporation, which was elected the most socially-responsible company in Serbia in 2008 by the Serbian Chamber of Commerce within the "Promotion of Corporate Social Responsibility in Southeast Europe" campaign, continued to make efforts to maintain and upgrade its reputation in this area during the reporting period by: developing a balanced approach to all aspects of CSR in everyday business, without concentrating such efforts in any one area or targeting a single group, integrating business ethics with environmental protection, defining clear policies with respect to employees and the local community, and demonstrating a high regard for shareholders, consumers and other stakeholders, all of which continue to be the basic building blocks for Tigar's CSR.

Respect for its employees is one of the most important aspects of Tigar's CSR policy. In line with the principle that employee health and safety are Tigar's number one priority, Tigar conducts training courses for all new employees to acquaint them with potential risks inherent in their workplace. The Company also provides regular medical examinations of employees working in special environments and ensures that all newly-acquired equipment is certified as per applicable legislation.

Demonstrating its commitment to occupational health and safety and wishing to contribute to the advancement of this CSR segment in Serbia, the Company partnered with the Serbian Chamber of Commerce to organize a conference entitled "**Occupational Health and Safety: An Investment in the Future**", to mark the 28th of April, the World Health and Safety Day. One of the conclusions of this conference was that advancements in this area require a synergy between lawmakers, employers, employees and the media, and that all departments, institutions and individuals need to work closely together to prevent injuries at work. The event was an opportunity for Tigar to showcase its safety footwear for heavy-duty work environments. The conference was attended by representatives from some 60 institutions and companies.

Tigar has been a reliable partner to its local and wider community for decades. The Company is committed to securing knowledge and developing talent; during the reporting period, it continued to support schools in Pirot and work with them to advance learning. An example of good practice was the *Ship of Friendship* project. The original project, *There Sails a French Ship*, launched a decade ago in partnership with Tigar, developed into an international project. The Company recognized the invaluable benefits of international cooperation between secondary schools from Pirot, Clermont Ferrand, St. Petersburg and Sofia, and the opportunity to promote Serbia. The key objectives and outcomes of this project included an exchange of ideas and experiences, familiarization with different cultures, and a show of respect for diversity and tolerance.

Another aspect of Tigar's CSR has to do with **supporting disabled and handicapped individuals**. In 2011, Tigar initiated a local radio show called "Seeking the Right to Rights". The goal of this project was to contribute to a quicker and easier social inclusion of disabled and handicapped individuals. Research topics within the scope of the show included: employment rights of disabled and handicapped individuals, professional rehabilitation and employment legislation, media coverage of the disabled and handicapped, human rights of disabled and handicapped individuals, rights of disabled and handicapped women, attitudes toward disability, and the like.

In an endeavor to motivate young professional architects to produce environmentally friendly and sustainable designs of houses, apartment buildings, business premises and public areas, the Company sponsored a



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competition for young architects called “**Environmentally Friendly Design**”. Young architects were invited to produce conceptual architectural designs featuring Tigar’s environmentally-friendly products made from recycled rubber. The objectives of this campaign were to showcase the creativity of young professionals, to raise awareness of products tracing to recycling (which can themselves be recycled), and to help conserve the environment for future generations.

Aiming to **support healthy lifestyles and sports**, the Company helped build a ski facility on Mt. Stara Planina, in the immediate vicinity of the StarA Hotel, to contribute to the advancements of sports tourism in this part of Serbia.

In addition to **sponsoring a Book Fair** in Pirot, through its branch office in Niš Tigar helped organize a New Year’s Symphonic Concert there.

Being one of the CSR leaders in Serbia, Tigar continued to be committed to the overall advancement of CSR and played an active role in the **institutional aspect of CSR** through the CSR Council of the Serbian Chamber of Commerce, whose mission is to promote and advance CSR, support the implementation of the ISO 26000 standard, and raise awareness of this concept in both corporate circles and the wider Serbian community.

4.8. MANAGEMENT

The management system remained unchanged: Tigar’s Shareholders’ Assembly elects the Board of Directors, and the Board of Directors elects the Executive Board. Day-to-day management is within the scope of the Executive Board. There is also a Supervisory Board comprised of three members, who monitor Tigar’s assets and corporate documents, and report to shareholders on these and other matters. At its ordinary session held in June 2010, Tigar’s Shareholders’ Assembly re-elected the Board of Directors.

At the end of the reporting period, Tigar’s management bodies included:

The Board of Directors

Name	Responsibility at Tigar/Position outside Tigar
<i>Executive members:</i>	
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 Tancic	Executive Director for Manufacturing Processes
<i>Non-executive members:</i>	
Vladimir Nikolić	Chief Executive Officer of Tigar Tyres
Gordana Lazarevic	Officer of the Ministry of Finance
Jose Alexandre F. da Costa	Legal Counsel to Tigar AD’s CEO
<i>Independent members:</i>	
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 reporting period, members of the Board of Directors received remuneration in the gross aggregate amount of RSD 2,503,336. The Board of Directors held three meetings.



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The Executive Board

There have been no changes in the composition of the Executive Board since the last published report.

Name	Position at Tigar
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 Executive Board can be reached at Tigar's business address: Nikole Pašića 213, 18300 Pirot, Republic of Serbia.

During the reporting period, the Executive Board held four meetings at which monthly performance against Business Plan objectives and other issues relevant to operations were reviewed.

Members of the Executive Board receive no special compensation for their services as members of the Executive Board.

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

The Supervisory Board

Full name	SB position	Principal activities outside Tigar
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 144,322 RSD during the reporting period.



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5. SUMMARY OF FINANCIAL PERFORMANCE

5.1. TIGAR AD (THE HOLDING COMPANY)

Aggregate financials of Tigar AD and Tigar Trade:

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	3,226,938	3,245,905
Current assets	2,944,421	3,200,637
Deferred tax assets		
TOTAL ASSETS	6,171,359	6,446,542
Equity	2,800,749	2,804,641
Long-term liabilities and provisions	652,611	696,222
Current liabilities	2,714,626	2,942,306
Deferred tax liabilities	3,373	3,373
TOTAL EQUITY AND LIABILITIES	6,171,359	6,446,542

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	698,442	1,009,925	45%
Operating expenses	665,250	971,560	46%
PROFIT/LOSS FROM OPERATIONS	33,192	38,365	16%
Finance income	43,824	40,804	-7%
Finance expenses	67,343	58,683	-13%
Other income	8,894	1,558	-82%
Other expenses	764	13,768	1702%
PROFIT/LOSS BEFORE TAXATION	17,803	8,276	-54%
INCOME TAXES			
Current tax expense	10,079	4,385	-56%
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	7,724	3,891	-50%



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5.2. TIGAR FOOTWEAR

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	1,420,256	1,465,353
Current assets	1,137,422	1,296,688
Deferred tax assets	0	0
TOTAL ASSETS	2,557,678	2,762,041
Equity	857,475	876,898
Long-term liabilities and provisions	772,345	759,024
Current liabilities	920,603	1,118,864
Deferred tax liabilities	7,255	7,255
TOTAL EQUITY AND LIABILITIES	2,557,678	2,762,041

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
Operating income	347,483	537,931	55%
Sales of goods, products and services	258,952	396,393	53%
Operating expenses	317,168	525,445	66%
PROFIT/LOSS FROM OPERATIONS	30,315	12,486	-59%
Finance income	560	17,452	3016%
Finance expenses	18,863	10,456	-45%
Other income	423	31	-93%
Other expenses	0	26	
PROFIT/LOSS TAXATION	12,435	19,487	57%
INCOME TAXES	309	64	
Current tax expense	309	64	-79%
	0	0	
NET PROFIT/LOSS	12,126	19,423	60%



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5.3. TIGAR TECHNICAL RUBBER GOODS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	741,043	753,277
Current assets	379,575	349,332
Deferred tax assets		
TOTAL ASSETS	1,120,618	1,102,609
Equity	296,544	276,849
Long-term liabilities and provisions	350,698	344,125
Current liabilities	469,550	477,808
Deferred tax liabilities	3,826	3,827
TOTAL EQUITY AND LIABILITIES	1,120,618	1,102,609

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	111,124	126,761	14%
Sales of goods, products and services	75,660	104,929	
Operating expenses	138,343	145,302	5%
PROFIT/LOSS FROM OPERATIONS	-27,219	-18,541	32%
Finance income	199	6,650	3242%
Finance expenses	5,520	7,705	40%
Other income	13,848	27	-100%
Other expenses	4,588	126	-97%
PROFIT/LOSS TAXATION	-23,280	-19,695	15%
INCOME TAXES			
Current tax expense			
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	-23,280	-19,695	15%



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5.4. TIGAR CHEMICAL PRODUCTS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	124,800	124,223
Current assets	145,528	146,392
Deferred tax assets	973	973
TOTAL ASSETS	271,301	271,588
Equity	131,031	133,241
Long-term liabilities and provisions	2,806	2,806
Current liabilities	137,464	135,541
Deferred tax liabilities		
TOTAL EQUITY AND LIABILITIES	271,301	271,588

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	30,208	41,737	38%
Sales of goods, products and services	27,884	25,591	-8%
Operating expenses	46,338	39,350	-15%
PROFIT/LOSS FROM OPERATIONS	-16,130	2,387	gain vs. loss
Finance income	1,017	742	-27%
Finance expenses	1,427	1,302	-9%
Other income	521	382	-27%
Other expenses	78		
PROFIT/LOSS BEFORE TAXATION	-16,097	2,209	gain vs. loss
INCOME TAXES			
Current tax expense	433		
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	-16,530	2,209	gain vs. loss



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5.5. TIGAR EUROPE (UK)

Balance Sheet in thousands of GBP		As of 31 December 2010	As of 31 March 2011
Assets			
	Non-current assets	5	5
	Current assets	4,217	5,157
	Deferred tax assets		
	Total assets	4,222	5,162
Equity and liabilities			
	Equity	2,668	2,790
	Non-current liabilities		
	Current liabilities	1,554	2,371
	Total equity and liabilities	4,222	5,162

INCOME STATEMENT (in thousands of GBP)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
Turnover	3,472	3,725	7%
Cost of sales	3,229	3,399	5%
Gross Profit	243	325	34%
Administrative expenses	156	158	2%
Operating Profit	87	167	92%
Interest receivable	1	1	113%
Profit on Ordinary Activities Before Taxation	88	168	92%
Tax on profit on ordinary activities	19	46	142%
Retained Profit for the Financial Year	69	122	78%



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5.6. TIGAR AMERICAS (USA)

Balance Sheet in thousands of USD		As of 31 December 2010	As of 31 March 2011
Assets			
	Non-current assets	6	6
	Current assets	282	342
	Deferred tax assets	250	250
	Total assets	538	598
Equity and liabilities			
	Equity	436	420
	Long-term liabilities and provisions	0	0
	Current liabilities	102	178
	Deferred tax liabilities		
	Total Equity	538	598

INCOME STATEMENT (in thousands of USD)	1 st Quarter 2011
Sales and marketing income	269
Cost of goods sold	239
Gross profit	29
Selling, general and administrative expenses	46
Result from operations	-16
Other income (expense)	0
Net result before corporation taxes	-16
Income tax	0
Net profit (loss)	-16



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5.6. TIGAR MONTENEGRO

Balance Sheet (in thousands of EUR)	As of 31 December 2010	As of 31 March 2011
Non-current assets	4	4
Current assets	271	270
Deferred tax assets	0	0
Total assets	275	274
Equity	108	112
Non-current liabilities	0	0
Current liabilities	166	162
Deferred tax liabilities	0	0
Total equity and liabilities	275	274

INCOME STATEMENT (in thousands of EUR)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
Total income	140	125	-10%
Total expenses	137	122	-11%
PROFIT/LOSS BEFORE TAXATION	2	3	44%
Current tax expense	0	0	
Deferred income tax expense	0	0	
Deferred income tax benefit	0	0	
NET PROFIT/LOSS	2	3	44%



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5.8. TIGAR TRADE (REPUBLIKA SRPSKA)

BALANCE SHEET (in thousands of KM)	As of 31 December 2010	As of 31 March 2011
Non-current assets	244	238
Current assets	1,446	1,369
Deferred tax assets	0	0
Total assets	1,691	1,607
Equity	435	394
Non-current liabilities	0	0
Current liabilities	1,256	1,213
Deferred tax liabilities	0	0
Total equity and liabilities	1,691	1,607

INCOME STATEMENT (in thousands of KM)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
Total income	232	239	3%
Total expenses	331	280	-15%
PROFIT/LOSS BEFORE TAXATION	-99	-41	59%
Current tax expense	0	0	
Deferred income tax expense	0	0	
Deferred income tax benefit	0	0	
NET PROFIT/LOSS	-99	-41	59%



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5.9. TIGAR PARTNER (MACEDONIA)

Balance Sheet (in thousands of Denars)	As of 31 December 2010	As of 31 March 2011
Non-current assets	334	257
Current assets	23,772	22,571
Deferred tax assets	0	0
Total assets	24,106	22,829
Equity	17,722	17,508
Non-current liabilities	0	0
Current liabilities	6,384	5,321
Deferred tax liabilities	0	0
Total equity and liabilities	24,106	22,829

INCOME STATEMENT (in thousands of Denars)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
Total income	4,768	5,430	14%
Total expenses	5,897	5,644	-4%
PROFIT/LOSS BEFORE TAXATION	-1,129	-214	81%
Current tax expense	4	0	
Deferred income tax expense	0	0	
Deferred income tax benefit	0	0	
NET PROFIT/LOSS	-1,133	-214	81%



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5.10. TIGAR BUSINESS SERVICES

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	218,217	57,638
Current assets	84,664	13,671
Deferred tax assets	79	79
TOTAL ASSETS	302,960	71,388
Equity	169,308	26,250
Long-term liabilities and provisions	20,025	15,685
Current liabilities	113,627	29,453
Deferred tax liabilities		
TOTAL EQUITY AND LIABILITIES	302,960	71,388

Note: On 1 February 2011, a business unit was spun-off from Tigar Business Services and incorporated as Tigar Hospitality Ltd.

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	73,749	45,405	-38%
Operating expenses	75,442	46,599	-38%
PROFIT/LOSS FROM OPERATIONS	-1,693	-1,194	29%
Finance income	183	411	125%
Finance expenses	846	1,061	25%
Other income	669	762	14%
Other expenses	3	220	
PROFIT/LOSS BEFORE TAXATION	-1,690	-1,302	23%
INCOME TAXES			
Current tax expense	85		
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	-1,775	-1,302	27%

Note: On 1 February 2011, a business unit was spun-off from Tigar Business Services and incorporated as Tigar Hospitality Ltd.



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5.11. TIGAR HOSPITALITY

BALANCE SHEET (in thousands of RSD)	Opening balance sheet as of 1 February 2011	As of 31 March 2011
Non-current assets	157,308	156,720
Current assets	48,822	75,423
Deferred tax assets		
TOTAL ASSETS	206,130	232,143
Equity	141,755	141,532
Long-term liabilities and provisions	5,841	5,826
Current liabilities	58,534	84,785
Deferred tax liabilities		
TOTAL EQUITY AND LIABILITIES	206,130	232,143

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2011
Operating income	31,973
Operating expenses	32,613
PROFIT/LOSS FROM OPERATIONS	-640
Finance income	14
Finance expenses	46
Other income	479
Other expenses	9
PROFIT/LOSS BEFORE TAXATION	-202
INCOME TAXES	
Current tax expense	21
Deferred income tax expense	
Deferred income tax benefit	
NET PROFIT/LOSS	-223



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5.12. TIGAR INCON

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	161,407	159,941
Current assets	114,201	71,845
Deferred tax assets		
TOTAL ASSETS	275,608	231,786
Equity	169,561	166,754
Long-term liabilities and provisions	5,860	5,860
Current liabilities	99,404	58,389
Deferred tax liabilities	783	783
TOTAL EQUITY AND LIABILITIES	275,608	231,786

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	42,616	74,387	75%
Operating expenses	41,195	77,046	87%
PROFIT/LOSS FROM OPERATIONS	1,421	-2,659	-287%
Finance income	28		-100%
Finance expenses	57		-100%
Other income	281	6	-98%
Other expenses			
PROFIT/LOSS BEFORE TAXATION	1,673	-2,653	-259%
INCOME TAXES			
Current tax expense	299	154	-48%
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	1,374	-2,807	-304%



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5.13. PIROT FREE ECONOMIC ZONE

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2011
Non-current assets	131,986	131,491
Current assets	68,879	83,726
Deferred tax assets	110	110
TOTAL ASSETS	200,975	215,326
Equity	140,069	147,409
Long-term liabilities and provisions	60,906	67,917
Current liabilities	57,351	64,463
Deferred tax liabilities		
TOTAL EQUITY AND LIABILITIES	200,975	215,326

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	53,096	75,645	42%
Operating expenses	45,095	67,913	51%
PROFIT/LOSS FROM OPERATIONS	8,001	7,732	-3%
Finance income	116	220	89%
Finance expenses	162	633	290%
Other income		597	
Other expenses	0	576	
PROFIT/LOSS BEFORE TAXATION	7,955	7,340	-8%
INCOME TAXES			
Current tax expense			
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	7,955	7,340	-8%



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5.14. OTHER SERVICE ENTITIES: AGGREGATE FINANCIALS

INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change
Operating income	38,628	39,096	1%
Operating expenses	33,363	32,996	-1%
PROFIT/LOSS FROM OPERATIONS	5,265	6,100	16%
Finance income	105	23	-78%
Finance expenses	121	12	-90%
Other income	116	100	-14%
Other expenses			
PROFIT/LOSS BEFORE TAXATION	5,365	6,211	16%
INCOME TAXES			
Current tax expense	180	121	-33%
Deferred income tax expense			
Deferred income tax benefit			
NET PROFIT/LOSS	5,185	6,090	17%



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5.15. CONSOLIDATED FINANCIALS

CONSOLIDATED BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 March 2010
ASSETS		
Non-current assets	4,743,526	4,812,460
Intangible assets	398,125	493,835
Property, plant and equipment	4,288,114	4,261,338
Property, plant and equipment	4,288,114	4,261,338
Long-term financial placements	57,287	57,287
Equity investments	11,819	11,819
Other long-term financial placements	45,468	45,468
Current assets	3,455,722	3,482,301
Inventories	1,823,646	1,986,405
Assets held-for-sale	20,039	20,039
Accounts receivable, placements and cash	1,612,037	1,475,857
Accounts receivable	903,162	850,121
Receivables from over-paid taxes	7,097	6,874
Short-term financial placements	4,986	6,595
Cash and cash equivalents	369,524	324,190
Value added tax and prepayments	327,267	288,076
Deferred tax assets	21,305	19,788
TOTAL ASSETS	8,220,553	8,314,550
EQUITY AND LIABILITIES		
Equity	3,393,665	3,402,239
Share and other capital	2,144,190	2,136,390
Share issuing premiums		
Reserves	940	346
Revaluation reserves	1,051,402	1,051,402
Retained earnings	197,134	214,101
Loss		
Shares buyback		
Long-term liabilities and provisions	4,692,192	4,777,618
Long-term provisions	83,087	82,997
Long-term liabilities	1,729,281	1,753,541
Long-term debt	1,512,668	1,539,243
Other long-term liabilities	216,614	214,299
Current liabilities	2,879,824	2,941,080
Short-term financial liabilities	1,716,210	1,749,976
Account payable	851,146	916,291
Other current liabilities	183,927	176,739
Value added tax and other taxes payable and accruals	110,455	74,459
Income taxes payable	18,086	23,615
Deferred tax liabilities	134,696	134,693
TOTAL EQUITY AND LIABILITIES	8,220,553	8,314,550



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CONSOLIDATED INCOME STATEMENT (in thousands of RSD)	1 st Quarter 2010	1 st Quarter 2011	% Change relative to 2010
OPERATING INCOME	962,389	1,238,818	29%
Sales of goods, products and services	774,011	1,026,192	33%
Work performed by the company and capitalized	65,856	98,076	49%
Increase in inventories of finished products and work in progress	107,328	108,650	1%
Decrease in inventories of finished products and work in progress	0	0	
Other operating income	15,194	5,901	-61%
OPERATING EXPENSES	929,948	1,189,687	28%
Cost of commercial goods sold	123,959	83,332	-33%
Material, fuel and energy consumed	290,136	476,406	64%
Staff costs	361,828	431,866	19%
Depreciation, amortization and provisions	37,645	40,745	8%
Other operating expenses	116,381	157,339	35%
PROFIT/LOSS FROM OPERATIONS	32,441	49,131	51%
FINANCE INCOME	25,456	66,425	161%
FINANCE EXPENSES	94,877	80,412	-15%
OTHER INCOME	24,713	3,935	-84%
OTHER EXPENSES	5,593	12,662	126%
PROFIT/LOSS BEFORE TAXATION	-17,860	26,417	gain vs. loss
INCOME TAXES			
Current tax expense	12,400	7,542	-39%
Deferred income tax expense	4	0	-100%
Deferred income tax benefit	0	0	
NET PROFIT/LOSS	-30,265	18,875	gain vs. loss

Jelena Petković
Executive Director for Corporate
Management Support

Dragan Nikolić
Board of Directors Chairman