



Tigar®

TIGAR AD PIROT

BUSINESS REPORT FOR THE PERIOD JANUARY – SEPTEMBER 2014.

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GENERAL ASSESSMENT OF THE PERFORMANCE IN THE PERIOD JANUARY-SEPTEMBER 2014

The overall assessment of the period January-September 2014 was strongly influenced by the situation in which the company is for a longer period of time but also in terms that generally characterize the local economy.

In conditions of poor market slump and the weak purchasing power, primarily in the domestic market, production has recorded a decline compared to the third quarter of last year for 13% in the production of footwear in tons, while, as compared to the first nine months last year was recorded a decline of 5% (in tons). Production of Tigar Rubber Technical Goods and of Chemical Products programs decreased by 58% compared to the first nine months of last year. The decline is related to the portion of production intended for the domestic market.

Total external sales of Tigar's program since the beginning of the year stood at around RSD 1.339 million, of which cca three-quarters were realized from the export and is lower by 4% in relation to the same period last year, while the sale of Tigar Rubber Footwear program is higher by 5%.

Consolidated operating revenues have recorded the decline growth compared to the same period last year by 17%.

At the Extraordinary session of General Assembly held on 14 April 2014, a decision was made on the submission of Proposal for the initiation of the bankruptcy proceedings through reorganization, with the Prepackaged Plan of Reorganization. The Plan was completed and submitted to the Court within the legally provided deadline - on 29.05.2014. Upon surrender of the Plan, some creditors have had certain remarks to the plan and submitted them to the Court. With most of the banks that had objections to the plan were organized and held meetings and all reasonable objections were accepted and implemented. Most meetings were held with the representatives of the Tax Administration and all their suggestions and remarks were duly entered into the Prepackaged Reorganization Plan. The revised version of the plan was submitted to the Court and was adopted on 18.09.2014.

Despite the fact that the 'Prepackaged Plan of Reorganization' was adopted by the midst of September, the company is continuously working on the implementation of the measures provided by the Plan of business and financial consolidation, which was adopted in December 2013 and is an integral part of the Pre-packaged Reorganization Plan. The aim of these measures is to stabilize the business and continued growth in production and sales with maximum reduction of costs and their rationalization. In parallel with that, there is employed an intensive work on the project of restructuring the Tigar group in order to create an efficient business system that will service its obligations and make profit to owners. With special emphasis on the fact that Tigar ad is entering its second year of operation without any additional borrowing.

During the observed period, the company's management had continuous communication with the largest owners and representatives of the government of the Republic of Serbia, as the largest individual shareholder with a view to reach a consensus on the key decisions for the company.

Chairman of Supervisory Board of Tigar a.d.

NEBOJŠA PETROVIĆ



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1. INTRODUCTION

1.1. GENERAL

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

Corporate ID: 07187769

Web site: www.tigar.com

Core activity: Holdings

Number of shareholders: 30/06/2014 4,465

Assets: 30/09/2014 ('000 RSD) 6,077,380

Registered address: Nikole Pašića 213, 18300 Pirot, Serbia

Tax ID: 100358298

Certificate of incorporation: Registry File 1-1087

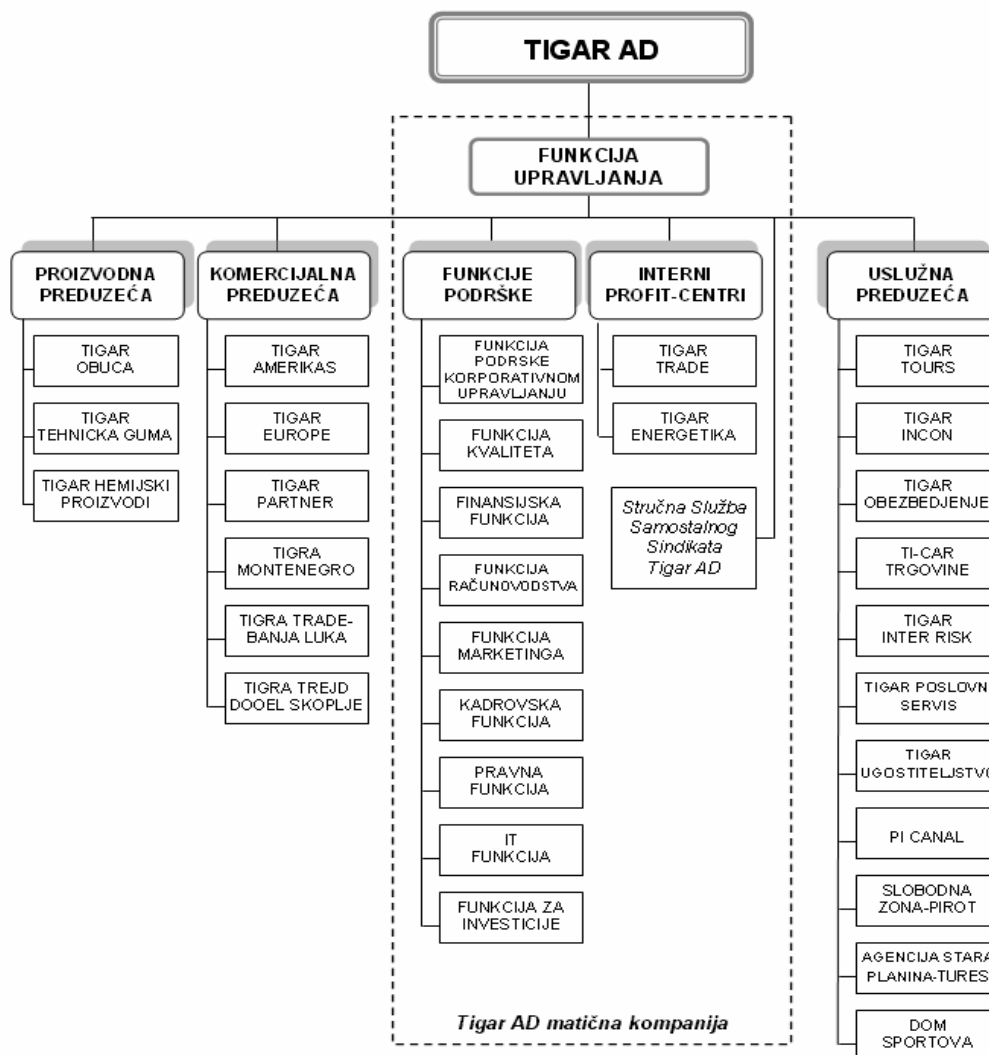
Number of employees: 1,603 as of 30/09/2014

Capital: 30/09/2014 (000 din) 0

Capitalization: 30/09/2014 (000 din) 164.972

1.2. CORPORATE STRUCTURE

On the day of writing this report, the organizational structure of the corporation look like it follows in the graph below:



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1.3. INVESTMENTS

During the reporting period (January-September 2014), the investment status was as follows:

In thousands RSD	Purchases of fixed assets and intangible investments
	January-September 2014
Tigar Technical Rubber Goods	635
Tigar Chemical products	
Tigar Rubber Footwear	322
Service entities	24,319
Holding company	826
Total	26,102

The process of financial consolidation and efforts to respond to customers' requirements and market conditions without any borrowing have inevitably had an impact on the possible level of investment.

Investments were appropriate to the real needs and opportunities of Tigar's business system at that time, so they're primarily related to the necessary investment maintenance of production equipment, servicing of the existing computer equipment and telephone switchboard of Tigar ad.

In the service sector, there was made the sanation of the object - hotel StarA and was purchased the necessary equipment for regular performance of jobs.

Investment in further development are necessary but they will be strictly selected and will be aimed primarily to streamline business operations, as well as investments in expanding of market potential.



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2. PRODUCTION LEVELS AND SALES OF GOODS AND SERVICES

2.1. BREAKDOWN OF PRODUCTION AND SALES

Structure of production and sales program in the period January-September 2014 was as given below:

Rubber Footwear Program

Tigar Footwear's product lines currently include the following product groups:

- *Safety footwear*
- *Work boots*
- *Sports footwear*
- *Fashion footwear*
- *Children's footwear*
- *Low footwear*

Rubber footwear encompasses a wide range of products for diverse uses, which are made in a large number of standardized styles, in accordance with specific environmental standards to ensure minimal contamination of working environment at the end of their life cycle.

The quality and characteristics of raw materials and the quality of the final product are defined by stringent technical&technological specifications consistent with international standards and specific requirements of respective markets and customers.

In addition to off-take exports made under customers' brand names, Tigar sells safety rubber footwear under its proprietary brand names, such as Tigar and Century, Maniera stylish footwear, Brolly children's footwear, and other types of footwear made under the Tigar brand name.

Rubber Technical Goods Program

Tigar Rubber Technical Goods actual program includes the following product groups:

- *Molded rubber products.*
- *Rubber profiles, with the most common EPDM profiles for construction industry*
- *Hoses, including flexi hoses*
- *Combined products and semi-finished rubber products, like rubber-metal products, shock absorbers...*
- *Special purpose products, such as tanks for combat aircraft, covers for the top of the tank and invulnerable wheels*
- *Products made from recycled (crumb) rubber of different particle sizes that are used to overlay and protect outdoor and indoor surfaces, including rubber mat used in construction industry for soundproofing, rubber tiles for children's playgrounds, as well as various bollards for traffic signalization.*
- *Sports court flooring* is basically comprised of rubber matting of different thickness – indoor sports facilities or rubber granulate for outdoor sports facilities, depending on their purpose.

Chemical Products Program

Tigar Chemical Products manufactures more than 300 products classified into:

- *Horizontal road signage materials.*
- *Self-spreading flooring.*
- *„Coil coatings“* – a range of products for the protection of outer steel-sheet and aluminum surfaces of buildings and „can coatings“ - group of products designated for the tin packaging industry
- *Anti-corrosion coatings* are designed for consumer spending and construction industry

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- *Adhesives for consumer market and construction industry, various industrial adhesives, and special-purpose adhesives.* A special product belonging to this group is conveyor belt adhesive designed for the mining industry.

Complementary programs

Subsidiaries in the service sector are contributing to core businesses and provide quality services to the Company and to customers in the local environment

- Construction and engineering,
- Free Zone Piro, on 5ha 09a and 41m2 of infrastructure-equipped land provides services to the business that is done without payment of customs duties, VAT and certain municipal charges,
- Transport, including domestic and international freight forwarding,
- Food production for internal purposes of Tigar ad and also for external markets including food preparation for employees of Tigar Tyres, as well as accommodation and hospitality services to tourists, business people, delegations, sports teams
- Business unit dealing with collection and processing of secondary raw materials,

Although they have a significant influence on the diversification of the business system, all these activities generate over 60% of the income from Tigar Tyres, which provides them with a basis for confidence in their business.

OTHER COMMERCIAL ACTIVITIES

Through service-sales network of commercial enterprise is performed the sale of tires and spare parts for vehicles. Companies from abroad are selling only Tigar branded tires, manufactured by the company Tigar Tyres. In the domestic market are offered passenger, light truck and truck tires of all world wide manufacturers, and most tires are from Michelin group, which includes Tigar branded tires. As for the complementary program, it includes motor oil, car batteries, car care products, brake systems, etc., from domestic and foreign suppliers. In Tigar's sales - service network 'Stop & Drive' are offered services related to car repair, vehicle washing, tracking and storage of tires. The above services are performed in stable passenger and cargo services. In addition to stable services, the network also disposes of mobile services which are equipped for the work on the field.

The specialized chain Bottega, in addition to women's and children's footwear, sold, in order to maintain the season and goods of domestic producers fashion women's, men's and children's footwear.

2.2. STRATEGY OF THE APPROACH ON THE MARKET OF GOODS AND SERVICES

Tigar's business and development strategy for the period 2013-2017 implies the following guidelines:

- Volume growth, through increased sales to both existing and new customers and markets and through introduction of new products;
- Ongoing product mix changes, focusing on highly sophisticated products;
- Lowering the labor cost to the optimal level, with a further reduction of fixed and variable costs.



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- Investments in order to achieve cost savings in production.
- Long-term financing based on the favorable long-term loans, with no significant debt in the early years of the projection.
- Export as a dominant form of selling products of Tigar plants.
- Growth in sales of its own brands, particularly in exports.
- Introduction of new selling channels
- Growth in sales to end users of tires, footwear, and other complementary goods in the Serbian market.
- Fusion of operations through the integration of parts that do not have an independent market perspective.
- Maintenance of the sales volume of tires and other complementary goods through companies abroad.
- Increased revenues from the provision of external services in services in the field of construction and Free Zone Pirot.
- Maintaining the level of internal services at the level of needs of both Tigar ad and Tigar Tyres.

2.3. EVALUATION OF THE MARKET POSITION OF RUBBER FOOTWEAR PROGRAM IN THE PERIOD JANUARY-SEPTEMBER 2014.

Total sales in the period January-September 2014 is by 5% lower in relation to the same period last year:

<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Tigar Rubber Footwear	1,061,977	1,117,463	5%
Tigar rubber Technical Goods	274,418	192,580	-30%
Chemical Products	55,191	29,269	-47%
Tyres	13,745	8,053	-41%
Other programs	13,892	5,294	-62%
TOTAL	1,419,221	1,352,659	-5%

<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Total domestic market	437,534	377,053	-14%
Tigar Rubber Footwear	220,421	267,515	21%
Tigar rubber Technical Goods	171,624	81,245	-53%
Chemical Products	17,853	14,947	-16%
Tyres	13,745	8,053	-41%
Other programs	13,892	5,294	-62%

<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Export	981,687	975,606	-1%
Tigar Rubber Footwear	841,555	849,948	1%
Tigar rubber Technical Goods	102,793	111,335	8%
Chemical Products	37,338	14,323	-62%

Sales of Tigar products in the period January-September 2014 amounted to RSD 1.339.312.000, of which 73% were realized in export. Tigar Rubber Footwear plant still has the largest share in exports, which in the first half of 2014 amounted to 83% of realized production.



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Sales of the rubber footwear program in the period January-September 2014 was by 5% higher compared to the same period last year.

<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Tigar Rubber Footwear	1,061,977	1,117,463	5%
- Domestic market	220,421	267,515	21%
- Export	841,555	849,948	1%

The period January-September this year, with regular servicing of existing customers in exports, was marked by an agreement on the renewal of cooperation with the firm Battistini (ITA) after a long break (expected sales of 50,000 pairs of rubber footwear by the end of the year worth about EUR 450,000, with the goal to reach in 2016 the sales volume of 140,000 pairs), then renewing cooperation with the companies Euro PM (GER) and Raitex (ITA), as well as the beginning of cooperation with the company Hound & Craft (CAN/FRA) for which have already been won 14 models for the North American market and for which is in progress the winning of 14 additional (new) models, the realization of which is envisaged for the beginning of the next year. As for the customer Ilse Jacobsen Hornabaek (DEN), it is in progress the winning the 8 new models for the season autumn-winter 2015 and is envisaged the increase of monthly deliveries (6-8000 pairs per month). There was achieved an agreement about the continuation of the production in the last quarter for Berner (FIN) of special models for Finnish Army, the deliveries of which will begin by the beginning of the next year. Quantities delivered for the customer Oxyprod (ITA) in this year will be higher for over 50% in relation to the last year. Negotiations are being held about the next year's sales volume to reach about 120.000 pairs of rubber footwear and the development of new models to be realized in the second half of the next year. There are intensified negotiations to deliver significant quantities of Tigar branded hunting boots in the Canadian market (first deliveries are planned for September). During previous period were won and sent samples for the potential customer from the Republic of Ireland (Spats Boots), the realization of which is expected during next year - 20.000 pairs.

It is important to emphasize the synchronized action with customers in the domestic market, where the emphasis is on the advance payments and better positioning of own brands on the market in the region.

2.4. EVALUATION OF THE MARKET POSITION OF RUBBER TECHNICAL GOODS PROGRAM IN THE PERIOD JANUARY-SEPTEMBER 2014.

In Tigar Rubber Technical Goods plant, the sales was by 30% lower when compared to the first half of last year and due to the lack of market or insufficient presence on the market is seriously jeopardizing the business.

The main cause of the decrease in the volume of sales is the lack of cooperation with the Ministry of Defence of the RS in part of tanks, then the problems with which are facing the largest buyers in the domestic market (Nissal, RTB Bor Group...), their passing through certain organizational transformations (as for customers of TRTG, their problem except reduced needs is also their liquidity and actual status), the condition of large economic systems, reduced shipments of recycled rubber in the first half of the year due to the lack of working capital to finance production, lack of realization related to rubber hoses on the Russian auto-industry in the third quarter due to the crisis of that branch of industry and the situation in that region ... The crisis has primarily affected the construction, which resulted in a lower demand of rubber profiles, the later being the main program of Tigar Rubber Technical goods plant.

In the same period, together with the significant decrease of the sales volume on the domestic market was recorded the sales growth in exports:



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<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Rubber Technical goods	274,418	192,580	-30%
- Domestic market	171,624	81,245	-53%
- Export	102,793	111,335	8%

It is in progress the winning of new product for the protection of metal structures in the construction of bridges (recycled rubber), there is expected the completion of negotiations for the delivery of rubber foils for the protection of buildings from salt water (for Italian market), there is continued the winning for the company Metso (SWE) in the part of products for the mining industry for which the production is growing being that we are placing our products in their centers around the world and there are increased supplies of rubber membranes for the Austrian market.

Realization of these jobs is expected in the last quarter of the current year, then should follow the continuation of deliveries of rubber hoses in Russia, higher sales volume of rubber profiles which would mitigate the decline in sales in the current year.

2.5. EVALUATION OF THE MARKET POSITION OF THE CHEMICAL PRODUCTS PROGRAM IN THE PERIOD JANUARY - SEPTEMBER 2014.

In difficult conditions due to fire at the end of last year, the factory was able to meet the needs of Tigar Rubber Footwear and of Tigar Tyres for adhesives. For these reasons, the realization of sales is significantly lower compared to the same period last year. In the second quarter was made a step forward in the implementation of supply for the mining industry in Bulgaria. It is also more regular the supply of the domestic market.

In the last quarter are expected larger deliveries of adhesives in export to Bulgarian and South-African markets.

<i>Net income from the sale of goods and products In Serbia and from Serbia in '000 RSD</i>	January- September 2013	January- September 2014	%
Chemical Products	55,191	29,269	-47%
- Domestic market	17,853	14,947	-16%
- Export	37,338	14,323	-62%

2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OFFERED BY THE SERVICE NETWORK IN THE PERIOD JANUARY-SEPTEMBER 2014.

The process of restructuring of the service network and retails is continuing. Parallel to this process began and supply networks tires, footwear and complementary programs (batteries, etc.). There was performed the re-registration of Tigar Protective Workshop in Ti-Car Trgovine and a new organizational framework for the specified network.

In the second quarter was realized the procurement of the brand Accelera tires, which was then distributed in retail stores.

Continuation of this action, which practically has to show the cost-effectiveness and rentability of each store, is planned for the second quarter of this year. It is important to point out activities related to finding a long term solution for the supply of tires, so that in this regard was initiated activity on the acquisition of the brand Accelera.



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2.7. PRICE FLUCTUATIONS OF KEY RAW MATERIALS AND COMPLEMENTARY PRODUCTS

Prices of key raw materials during the three quarters were stable, so there were no significant deviations of price in relation to the previous period, except for one type of rubber where was recorded a price decline. It is also significant that there was no announcement of price increases for the next quarter.

The biggest problem is still the instability in the supply of textiles for the manufacture of footwear. It is in course the introduction of 4-5 new suppliers to this segment in order to normalize the supply both qualitatively and quantitatively. During the first quarter began intensive efforts to replace some critical suppliers, primarily in the area of key materials - rubber and textiles. The introduction of new suppliers for textiles will provide additional quality in the supply of materials, the availability of alternatives and capacity, but also with respect to price pressure on existing suppliers.

2.8. PRODUCTION OUTPUT

There was realized the following production by programs:

Production (pairs)	January-September 2013	January-September 2014	%
Tigar Rubber Footwear	881,268	782,984	-11%

Production (tons)	January-September 2013	January-September 2014	%
Tigar Rubber Technical Goods	1,148	437	-62%
Chemical Products	156	116	-26%
TOTAL	1,304	552	-58%

During the period January-September 2014, total realized production in Tigar Rubber Footwear plant was 782.984 pairs, which is by 11% lower in relation to the same period last year, but it was different by the structure of the production mix. Total production in tons in Tigar Rubber Technical Goods and Chemical Product plants was 552 t, which is by 58% lower with respect to the same period last year.



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3. FINANCIALS FOR THE PERIOD JANUARY-SEPTEMBER 2014.

3.1 KEY INDICATORS OF THE HOLDING COMPANY (TIGAR AD)

Tigar AD's unconsolidated financials in thousands of dinars	January - September 2013.	January - September 2014.	% change
Assets	6,185,802	6,077,380	-2%
Equity	557,421		-100%
Operating income	2,291,583	1,337,401	-42%
EBIT	90,056	62,366	-31%
EBITDA	131,896	98,962	-25%
Financial income	11,677	16,845	44%
Other income	7,566	8,310	10%
Total income	2,310,826	1,362,556	-41%
Net income	-253,370	-377,647	-49%
<u>Ratios</u>			
Current Ratio	0.67	0.63	-7%
Debt-to-assets ratio	0.87	0.96	11%
Net profit/total income	-10.96%	-27.72%	-153%

3.2. KEY INDICATORS AT CONSOLIDATED LEVEL

The majority of cash flow from operations, generated through the sales of products and services inputs and outputs through the parent company and is distributed between the parent company and core manufacturing entities. Internal cash flows are related to flows from operating activities on the basis of payment for services rendered and purchased/sold goods and products, flows from financing - long-term loans which the parent company directs toward its subsidiaries and short-term loans among entities and trends based on withdrawn earnings from subsidiaries companies.

Manufacturing entities essentially operate as manufacturing divisions of the holding company. Commercial enterprises are enterprises abroad and are primarily engaged in commercial activity. Service entities are predominantly oriented to the external market for the procurement of necessary inputs, as well as in terms of sales or provision of services. At the individual level, there are service subsidiaries whose dependence on the internal market is more pronounced: Tigar Tours, Tigar Security and Tigar Catering.

Tigar AD's consolidated financials in thousands of dinars	January - September 2013.	January - September 2014.	% change
Assets	8,157,560	8,092,257	-1%
Equity	549,448		-100%
Sales Revenues	2,253,849	1,924,750	-15%
EBIT	2,253,175	1,880,893	-17%
EBITDA	-318,845	-248,785	22%
Financial income	-150,048	-87,553	42%
Other income	19,030	23,896	26%
Total income	22,908	22,303	-3%
Net income	2,295,113	1,927,092	-16%
Assets	-730,596	-863,374	-18%



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Total revenues from sales of goods, products and services on a consolidated basis, for the period January-September 2014 amounted in RSD '000 up to RSD 1,924.750 which is by 15% lower than in the same period last year. During the reporting period there were no major revenues in part of activating effects. Operating income realized in the period January-September 2014 fell by 17% compared to the same period last year.

Consolidated operating expenses were lower by 17%, due to the low level of productive activity in the first quarter of this year. In the structure of operating expenses, as significant item figure the staff costs, which in total costs accounted for about 39%. Employee expenses are lower than in the same period last year by 9%, partly as a consequence of the reduction in the total number of workers, as well as of reduction of earnings. Expenditures for the costs of materials and energy in the total costs accounted for 36%. The cost of goods in total expenditure accounted for 3%. Expenses, depreciation and provisions in total operating expenses accounted for 8%. Other expenses were lower by 12% and participate in total operating expenses with 15%. Within the structure of these expenditures fall the "accompanying" costs of production and sales, such as transport, maintaining costs, PR and marketing, as well as various administrative expenses, and expense costs of taxation and other consulting expenses related to the position on the capital market, the work of management and the like. In the cost structure for the reporting period also enter the costs related to the elaboration of the Pre-packaged Reorganization Plan in Tigar Rubber Footwear and Tigar ad.

Financing costs on a consolidated basis, for the period January-September 2014 amounted to RSD 644 million while the costs of financing in the same period last year amounted up to RSD 439 million.

The largest part of financial expenses are interest-related expenses, which on a consolidated basis amounted to about 406 million RSD. The level of debt denominated in dinars is significantly affected by changes in exchange rates, which is on the balance sheet at the end of the quarter, higher than at the end of last year, so on that basis we have foreign exchange losses.

At the consolidated level, the value of total assets is RSD 8.1 billion, of which the fixed assets of RSD 5.6 billion and current assets about RSD 2.0 billion, loss in excess of capital RSD 0.5 billion. On the liabilities side, equity value is 0, long-term borrowings are about RSD 1 billion, liabilities based on short-term borrowings were RSD 3.8 billion and other short-term liabilities amounted to about RSD 3.0 billion. This level of short-term liabilities compared with the available current assets is much higher, so that the current liquidity ratio is below the desirable one. Substituting current liabilities with the long-term borrowings through the process of long-term financial stabilization will be provided a better impact on current liquidity business.

3.3. TIGAR AD – PARENT COMPANY

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
ASSETS			
Non-current assets	3,002,068	2,417,661	2,388,272
Unpaid subscribed capital			
Goodwill			
Intangible assets	40,138	27,818	25,850
Property, plant and equipment	1,607,821	1,509,553	1,475,751
Property, plant and equipment	1,152,377	1,113,858	1,080,056
Investment property	455,444	395,695	395,695
Biological agents			
Long-term financial placements	1,354,109	880,290	886,671
Equity investments	1,315,364	868,220	874,601
Other long-term financial placements	38,745	12,070	12,070



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Current assets	3,332,031	2,933,562	3,259,609
Inventories	659,332	621,303	469,371
Assets held-for-sale	6,337		
Accounts receivable, placements and cash	2,666,362	2,312,259	2,790,238
Accounts receivable	2,154,510	2,016,860	2,453,849
Receivables from over-paid taxes	122		
Short-term financial placements	120,752	276,539	301,960
Cash and cash equivalents	7,571	2,088	15,030
Value added tax and prepayments	383,407	16,772	19,399
Deferred tax assets			
OPERATING ASSETS	6,334,099	5,351,223	5,647,881
Loss in excess of capital		69,145	429,499
TOTAL ASSETS	6,334,099	5,420,368	6,077,380
EQUITY AND LIABILITIES			
Equity	810,790		
Share and other capital	2,062,152	642,704	642,704
Share issuing premiums			
Reserves	206,215	143	143
Revaluation reserves	167,943	112,817	112,818
Retained earnings	623,646		
Loss	2,249,166	755,664	755,665
Shares buyback			
Long-term provisions and liabilities	5,486,285	5,420,368	6,077,380
Long-term provisions	224,262	221,704	221,249
Long-term liabilities	533,379	671,875	663,146
Long-term debt	532,961	671,875	663,146
Other long-term liabilities	418		
Current liabilities	4,728,644	4,526,789	5,192,985
Short-term financial liabilities	2,667,176	2,781,875	2,878,684
Account payable	1,539,184	1,099,362	1,391,604
Other current liabilities	362,498	555,005	832,119
Value added tax and other taxes payable and accruals	119,795	73,769	75,216
Income taxes payable	39,991	16,778	15,362
Deferred tax liabilities	37,024		
TOTAL EQUITY AND LIABILITIES	6,334,099	5,420,368	6,077,380

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	3,797,210	2,958,181	2,291,583	1,337,401
Sales of goods, products and services	3,745,673	2,942,551	2,278,800	1,323,416
Work performed by the company and capitalized	21,694			
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income	29,843	15,630	12,783	13,985
OPERATING EXPENSES	4,024,794	2,883,347	2,201,527	1,275,035
Cost of commercial goods sold	2,805,063	2,205,412	1,713,521	886,036
Material, fuel and energy consumed	160,739	100,951	68,503	58,351
Staff costs	524,877	295,592	220,104	161,932
Depreciation, amortization and provisions	270,328	56,084	41,840	36,596
Other operating expenses	263,787	225,308	157,559	132,120



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PROFIT/LOSS FROM OPERATIONS	-227,584	74,834	90,056	62,366
FINANCE INCOME	100,142	18,446	11,677	16,845
FINANCE EXPENSES	784,864	515,955	352,661	458,136
OTHER INCOME	386,530	90,791	7,566	8,310
OTHER EXPENSES	1,634,959	529,826	10,008	7,032
PROFIT/LOSS BEFORE TAXATION	-2,160,735	-861,710	-253,370	-377,647
INCOME TAXES				
Current tax expense	36,155	124		
Deferred income tax expense	2,773			
Deferred income tax benefit		37,024		
NET PROFIT/LOSS	-2,199,663	-824,810	-253,370	-377,647

In 2014, the retail network and services are set apart from Tigar a.d. and annexed to Protective Workshop, which has changed its name into 'TI-CAR trgovine d.o.o.' A part of sales of finished products and the purchase of raw materials are also performed through this entity.

3.4. INCOME STATEMENT OF TIGAR AD AND TI-CAR TRGOVINE - INTEGRATED

In 2014, the retail network and services were set apart from Tigar ad and annexed to the Protective Workshop which also changed its name in TI-CAR Trade I.l.c. A part of the sale of finished products and raw material purchase are also performed through this entity.

Income Statement for Tigar ad and TiCAR trgovina I.l.c. (in thousands of RSD)	Jan-Sep 2013	Jan-Sep 2014	%
OPERATING INCOME	2,306,381	2,184,499	-5%
Sales of goods, products and services	2,293,598	2,169,084	-5%
Work performed by the company and capitalized	0	0	
Increase in inventories of finished products and work in progress	0	0	
Decrease in inventories of finished products and work in progress	0	0	
Other operating income	12,783	15,415	21%
OPERATING EXPENSES	2,223,346	2,102,995	-5%
Cost of commercial goods sold	1,720,297	1,627,979	-5%
Material, fuel and energy consumed	69,448	74,857	8%
Staff costs	231,738	205,579	-11%
Depreciation, amortization and provisions	42,710	37,195	-13%
Other operating expenses	159,153	157,386	-1%
PROFIT/LOSS FROM OPERATIONS	83,035	81,504	-2%
FINANCE INCOME	11,677	18,271	56%
FINANCE EXPENSES	352,663	461,752	31%
OTHER INCOME	7,567	8,316	10%
OTHER EXPENSES	10,074	8,184	-19%
PROFIT/LOSS BEFORE TAXATION	-260,458	-361,845	-39%

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INCOME TAXES			
Current tax expense	0	0	
Deferred income tax expense	0	0	
Deferred income tax benefit	0	0	
NET PROFIT/LOSS	-260,458	-361,845	-39%

For the purpose of comparison, it is presented the income statement of the parent company and of Ti-Car with the elimination of internal relations. Viewed collectively, Tigar ad and Tigar Ti-Car have achieved operating profit in the amount of RSD 81.5 million, at the approximately same level as last year.

3.5. CONSOLIDATED FINANCIAL RESULT

Tigar ad Consolidated Balance Sheet (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
ASSETS			
NON-CURRENT ASSETS	5,936,392	5,720,259	5,580,487
Intangible assets	686,978	621,615	570,770
Property, plant and equipment	5,198,842	5,074,747	4,985,820
Property, plant and equipment	4,383,580	4,319,233	4,230,306
Investment property	815,262	755,514	755,514
Long-term financial placements	50,572	23,897	23,897
Equity investments	11,827	11,827	11,827
Other long-term financial placements	38,745	12,070	12,070
Current assets	2,537,383	2,226,455	1,990,571
Inventories	1,282,573	1,217,035	1,051,792
Non-current assets held for sale and assets of discontinued operations	6,337		
Accounts receivable, placements and cash	1,248,473	1,009,420	938,779
Accounts receivable	732,244	577,801	506,750
Receivables from over-paid taxes	4,552	4,506	2,026
Short-term financial placements	5,223	472	472
Cash and cash equivalents	198,767	220,447	284,404
Value added tax and prepayments	307,687	206,194	145,127
Deferred tax assets	23,924		
OPERATING ASSETS	8,497,699	7,946,714	7,571,058
Loss in excess of capital			521,199
TOTAL ASSETS	8,497,699	7,946,714	8,092,257
EQUITY AND LIABILITIES			
Equity	1,281,373	322,359	
Share and other capital	2,200,119	831,559	850,056
Share issuing premiums	5,453	5,599	5,523
Revaluation reserves	1,569,704	1,506,746	1,497,815
Retained earnings			
Loss	2,493,903	2,021,545	2,353,394
Long-term liabilities and provisions	7,040,487	7,508,598	7,976,500
Long-term provisions	293,185	291,854	271,772
Long-term liabilities	1,254,999	1,029,357	1,049,128
Long-term debt	1,254,581	1,025,537	1,029,409
Other long-term liabilities	418	3,820	19,719



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Current liabilities	5,492,303	6,187,387	6,655,600
Short-term financial liabilities	3,272,753	3,709,619	3,776,777
Account payable	1,063,560	1,114,130	1,074,889
Other current liabilities	905,067	1,207,924	1,593,024
Value added tax and other taxes payable and accruals	196,217	121,947	174,786
Income taxes payable	54,706	33,767	36,124
Deferred tax liabilities	175,839	115,757	115,757
TOTAL EQUITY AND LIABILITIES	8,497,699	7,946,714	8,092,257

Detailed explanation related to the balance sheet at the consolidated level are given on page 14 of the Business report.

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	3,991,439	3,061,964	2,253,175	1,880,893
Sales of goods, products and services	3,911,854	3,083,210	2,253,849	1,924,750
Work performed by the company and capitalized	237,940	26,124	16,371	1,243
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress	181,271	64,583	30,164	59,885
Other operating income	22,916	17,213	13,119	14,786
OPERATING EXPENSES	4,876,813	3,499,236	2,572,020	2,129,678
Cost of commercial goods sold	834,745	252,072	179,007	53,432
Material, fuel and energy consumed	1,406,630	1,284,949	947,004	766,362
Staff costs	1,664,505	1,230,177	917,251	831,974
Depreciation, amortization and provisions	439,707	226,175	168,797	161,232
Other operating expenses	531,226	505,863	359,961	316,678
PROFIT/LOSS FROM OPERATIONS	-885,374	-437,272	-318,845	-248,785
FINANCE INCOME	68,893	26,162	19,030	23,896
FINANCE EXPENSES	947,186	642,430	438,948	644,277
OTHER INCOME	98,275	170,045	22,908	22,303
OTHER EXPENSES	568,748	112,284	13,149	10,623
PROFIT/LOSS BEFORE TAXATION	-2,234,140	-995,779	-729,004	-857,486
INCOME TAXES				
Current tax expense	42,009	6,519	2,603	6,759
Deferred income tax expense		863		
Deferred income tax benefit	825	60,682	1,011	870
NET PROFIT/LOSS	-2,275,324	-942,479	-730,596	-863,374



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I.Z.P. 14/03**KEY FINANCIAL RESULTS BY ENTITY****TIGAR****TIGAR AD**

Equity : 0
Total income: 1,362.556
FRITDA: 98 962

PRODUCTION ENTITIES**TIGAR R. FOOTWEAR**

Equity: 0
Total income: 869 196

TIGAR R. TECHNICAL GOODS

Equity : 0
Total income:

TIGAR CHEMICAL PRODUCTS

Equity: 145,209
Total income: 61,221

COMMERCIAL ENTITIES**TIGRA MONTENEGRO**

Equity: 55
Total income: 93
EBITDA: -37
(000 EUR)

TIGAR PARTNER

Equity: 16,878
Total income: 13,638
EBITDA: -1,268
(000 DEN)

TIGRA TRADE Banja Luka

Equity: 91
Total income: 980
EBITDA: 29
(000 KM)

TIGAR EUROPE

Equity: 2,488
Total income: 172
EBITDA: -68
(000 GBP)

TIGAR AMERICAS

Equity: N/A
Ukupan prihod: N/A
EBITDA: N/A
(000 USD)

SERVICE ENTITIES**FREE ZONE PIROT**

Equity : 228,611
Total income: 199,121
FRITDA: 29 570

TIGAR BUSINESS SERVICE

Equity: 45,334
Total income: 92,277
FRITDA: 24 036

TIGAR CATERING

Equity: 111,959
Total income: 131,365
FRITDA: 2 699

TIGAR INCON

Equity: 88,498
Total income: 50,850
EBITDA: -10,890

TIGAR INTER RISK

Equity: 4,286
Total income: 1,741
EBITDA: 473
(000 RSD)

TI-CAR TRGOVINE

Equity: 3,124
Total income: 959,610
FRITDA: 19 737

TIGAR SECURITY

Equity: 98,006
Total income: 93,764
EBITDA: 34,205
(000 RSD)

TIGAR TOURS

Equity: 8,638
Total income: 1,993
EBITDA: -161
(000 RSD)

PI CHANNEL

Equity: 8,287
Total income: 10,168
EBITDA: 1,202
(000 RSD)



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3.6. TIGAR RUBBER FOOTWEAR

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	2,032,415	1,931,628	1,851,351
Current assets	1,036,043	724,575	1,288,449
Deferred tax assets			
Loss above equity			228,610
TOTAL ASSETS	3,068,458	2,656,203	3,368,411
Equity	522,401	165,351	0
Long-term liabilities and provisions	589,226	327,995	336,776
Current liabilities	1,947,823	2,153,739	3,022,517
Deferred tax liabilities	9,008	9,118	9,118
TOTAL EQUITY AND LIABILITIES	3,068,458	2,656,203	3,368,411

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	1,340,145	1,298,813	913,434	868,626
Sales of goods, products and services	1,275,763	1,300,092	897,476	921,480
Work performed by the company and capitalized	159,367	11,525	6,128	
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress	95,013	26,961	897	58,356
Other operating income	28	14,157	10,727	5,502
OPERATING EXPENSES	1,693,400	1,626,814	1,175,795	1,131,288
Cost of commercial goods sold				
Material, fuel and energy consumed	853,392	852,998	616,878	572,292
Staff costs	511,722	439,810	319,684	324,122
Depreciation, amortization and provisions	103,786	111,982	83,585	80,598
Other operating expenses	224,500	222,024	155,648	154,276
PROFIT/LOSS FROM OPERATIONS	-353,255	-328,001	-262,361	-262,662
FINANCE INCOME	970	634	604	139
FINANCE EXPENSES	83,959	97,122	58,049	131,848
OTHER INCOME	880	50,158	417	431
OTHER EXPENSES	252,115	4,819	1,239	19
PROFIT/LOSS BEFORE TAXATION	-687,479	-379,150	-320,628	-393,959
INCOME TAXES				
Current tax expense				
Deferred income tax expense		110		
Deferred income tax benefit	11,475			
NET PROFIT/LOSS	-676,004	-379,259	-320,628	-393,959



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CASH FLOWS (in thousands of RSD)	January-September 2013.	January-September 2014.
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	174,632	195,177
Cash outflow from operating activities	165,056	191,267
Net cash inflow from operating activities	9,576	3,910
Net outflow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	1,063	1,053
Net cash inflow from investing activities		
Net cash outflow from investing activities	1,063	1,053
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities		
Cash outflow from financing activities	8,473	
Net cash inflow from financing activities		
Net cash outflow from financing activities	8,473	
NET CASH INFLOW	40	2,857
NET CASH OUTFLOW		
Cash and cash equivalents at beginning of year	128	122
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	42	5
CASH AND CASH EQUIVALENTS AT END OF YEAR	126	2,974

3.7. TIGAR RUBBER TECHNICAL GOODS

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	1,015,247	1,008,133	986,315
Current assets	295,640	249,246	338,095
Deferred tax assets			
Loss above equity		155,915	309,183
TOTAL ASSETS	1,310,887	1,413,294	1,633,593
Equity	39,283		
Long-term liabilities and provisions	171,222	63,509	65,033
Current liabilities	1,083,152	1,349,785	1,568,560
Deferred tax liabilities	17,230		
TOTAL EQUITY AND LIABILITIES	1,310,887	1,413,294	1,633,593

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014
OPERATING INCOME	339,700	319,657	216,385	170,799
Sales of goods, products and services	342,371	352,658	243,320	168,395
Work performed by the company and capitalized	22,658	166	166	595
Increase in inventories of finished products and work in progress				1,797
Decrease in inventories of finished products and work in progress	25,329	33,282	27,190	
Other operating income		115	89	12
OPERATING EXPENSES	555,961	492,433	354,439	279,101
Cost of commercial goods sold		25,758		745
Material, fuel and energy consumed	237,930	190,338	152,182	92,896



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Staff costs	168,270	124,942	93,178	78,472
Depreciation, amortization and provisions	30,113	30,227	22,664	22,454
Other operating expenses	119,648	121,168	86,414	84,534
PROFIT/LOSS FROM OPERATIONS	-216,261	-172,776	-138,054	-108,302
FINANCE INCOME	13,666	227	357	1,031
FINANCE EXPENSES	64,085	33,673	22,777	46,433
OTHER INCOME	4,244	2,574	610	1,235
OTHER EXPENSES	62,477	1,397	880	801
PROFIT/LOSS BEFORE TAXATION	-324,913	-205,045	-160,744	-153,270
INCOME TAXES				
Current tax expense				
Deferred income tax expense	8,844			
Deferred income tax benefit		17,229		
NET PROFIT/LOSS	-333,757	-187,816	-160,744	-153,270

CASH FLOWS (in thousands of RSD)	January-September 2013.	January-September 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	71,504	72,533
Cash outflow from operating activities	66,314	60,490
Net cash inflow from operating activities	5,190	12,043
Net outflow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	2,769	
Net cash inflow from investing activities		
Net cash outflow from investing activities	2,769	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities		
Cash outflow from financing activities	2,436	12,037
Net cash inflow from financing activities		
Net cash outflow from financing activities	2,436	12,037
NET CASH INFLOW		6
NET CASH OUTFLOW	15	
Cash and cash equivalents at beginning of year	24	1
Foreign exchange gains on translation of cash and cash equivalents	5	
Foreign exchange losses on translation of cash and cash equivalents	7	7
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	



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3.8. TIGAR CHEMICAL PRODUCTS

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	235,435	233,981	233,285
Current assets	69,791	92,965	135,225
Deferred tax assets			
TOTAL ASSETS	305,226	326,946	368,511
Equity	160,767	150,312	145,209
Long-term liabilities and provisions	1,874	1,231	1,232
Current liabilities	138,299	175,403	222,070
Deferred tax liabilities	4,286		
TOTAL EQUITY AND LIABILITIES	305,226	326,946	368,511

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014
OPERATING INCOME	91,733	85,683	74,844	51,890
Sales of goods, products and services	112,666	90,023	76,921	54,998
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	21,541	4,340	2,077	3,326
Other operating income	608			218
OPERATING EXPENSES	131,785	101,477	85,196	61,076
Cost of commercial goods sold		665	665	2,765
Material, fuel and energy consumed	61,567	48,737	43,689	27,241
Staff costs	35,122	29,478	23,269	17,152
Depreciation, amortization and provisions	1,860	1,448	1,134	695
Other operating expenses	33,236	21,149	16,439	13,223
PROFIT/LOSS FROM OPERATIONS	-40,052	-15,794	-10,352	-9,186
FINANCE INCOME	2,450	480	464	606
FINANCE EXPENSES	6,877	668	661	938
OTHER INCOME	451	1,320	471	8,725
OTHER EXPENSES	12,743	78	15	16
PROFIT/LOSS BEFORE TAXATION	-56,771	-14,740	-10,093	-809
INCOME TAXES				
Current tax expense				
Deferred income tax expense				
Deferred income tax benefit	331	4,285		
NET PROFIT/LOSS	-56,440	-10,455	-10,093	-809



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CASH FLOWS (in thousands of RSD)	January-September 2013.	January-September 2014.
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	54,170	14,658
Cash outflow from operating activities	70,237	17,733
Net cash inflow from operating activities		
Net outflow from operating activities	16,067	3,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	52	
Net cash inflow from investing activities		
Net cash outflow from investing activities	52	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	21,308	3,275
Cash outflow from financing activities	4,933	200
Net cash inflow from financing activities	16,375	3,075
Net cash outflow from financing activities		
NET CASH INFLOW	75,478	17,933
NET CASH OUTFLOW	75,222	17,933
Cash and cash equivalents at beginning of year	256	
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	15	
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	
CASH FLOWS FROM OPERATING ACTIVITIES	90	
Cash inflow from operating activities	194	

3.9. TIGAR EUROPE UK – In the procedure of voluntary winding up

Balance Sheet in thousands of GBP	As of 31.12.2012. Audited	As of 31.12.2013. Audited	As of 30.06.2014.
Assets			
Non-current assets	2		
Current assets	3,390	3,291	2,604
Deferred tax assets			
Total assets	3,392	3,291	2,604
Equity and liabilities			
Equity	2,609	2,538	2,488
Non-current liabilities			
Current liabilities	783	753	117
Deferred tax liabilities			
Total equity and liabilities	3,392	3,291	2,604

INCOME STATEMENT (in thousands of GBP)	January- December 2012. Audited	January- December 2013. Audited	January-June 2013.	January-June 2014.
Turnover	9,322	4,807	2,577	167
Cost of sales	8,514	4,058	2,302	151
Gross Profit	808	749	275	16
Administrative expenses	613	940	302	84
Operating Profit	195	-191	-28	-68
Interest receivable	8	10	5	5
Commission				
Profit on Ordinary Activities Before Taxation	204	-181	-23	-63
Tax on profit on ordinary activities	41	110	5	12
Retained Profit for the Financial Year	163	-71	-18	-51



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BALANCE SHEET (in thousands of EUR)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	4	4	3
Current assets	261	356	216
Deferred tax assets			
Total assets	265	360	220
Equity	106	95	55
Non-current liabilities			
Current liabilities	159	265	165
Deferred tax liabilities			
Total equity and liabilities	265	360	220

INCOME STATEMENT (in thousands of EUR)	January-December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
Total income	647	486	286	93
Total expenses	645	497	298	133
PROFIT/LOSS BEFORE TAXATION	1	-11	-11	-40
Income taxes	0			
Deferred income tax expense				
Deferred income tax benefit				
NET PROFIT/LOSS	1	-11	-11	-40

3.11.TIGRA TRADE – REPUBLIC SRPSKA

BALANCE SHEET (in thousands of KM)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	234	283	274
Current assets	771	905	972
Deferred tax assets			
Loss above equity	41		
TOTAL ASSETS	1,046	1,188	1,246
Equity	0	71	91
Long-term liabilities and provisions	1,046	1,108	1,155
Current liabilities			
Deferred tax liabilities	1,046	1,188	1,246

Income statement (in thousands of KM)	January-December 2012.	January-December 2013.	January- September 2013.	January- September 2014.
Total income	865	1,226	541	980
Total expenses	1,051	1,156	585	952
PROFIT/LOSS BEFORE TAXATION	-186	70	-44	27
Income taxes				
Deferred income tax expense				
Deferred income tax benefit				
NET PROFIT/LOSS	-186	70	-44	27



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I.Z.P. 14/03**3.12. TIGAR PARTNER – MACEDONIA**

BALANCE SHEET (in thousands of Denars)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	29	17	0
Current assets	23,393	27,076	26,352
Deferred tax assets	0	0	0
TOTAL ASSETS	23,422	27,094	26,352
Equity	17,803	17,865	16,878
Long-term liabilities and provisions	0	0	0
Current liabilities	5,618	9,229	9,474
Deferred tax liabilities	0	0	0
TOTAL EQUITY AND LIABILITIES	23,422	27,094	26,352

Income statement (in thousands of Denars)	January-December 2012.	January-December 2013.	January- September 2013.	January- September 2014.
Total income	31,071	27,272	16,833	13,638
Total expenses	31,004	27,201	16,877	14,620
PROFIT/LOSS BEFORE TAXATION	67	71	-44	-982
Income taxes	8	9	4	5
Deferred Income Tax expense	0	0	0	0
Deferred Income Tax benefit	0	0	0	0
NET PROFIT/LOSS	59	62	-49	-987

3.13. TI-CAR TRGOVINE

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	31,818	30,661	30,170
Current assets	5,963	192,221	732,402
Deferred tax assets	208	190	190
Loss above equity	11,703	12,678	
TOTAL ASSETS	49,692	235,750	762,762
Equity			3,124
Long-term liabilities and provisions	912	395	395
Current liabilities	48,780	235,355	759,243
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	49,692	235,750	762,762

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	18,355	193,999	16,066	958,178
Sales of goods, products and services	18,355	193,781	16,066	956,748
Work performed by the company and capitalized				
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and				



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work in progress				
Other operating income		218		1,430
OPERATING EXPENSES	30,089	194,771	23,087	939,040
Cost of commercial goods sold	3,109	166,498	6,776	849,534
Material, fuel and energy consumed	1,414	2,763	945	16,506
Staff costs	20,094	15,506	11,634	43,647
Depreciation, amortization and provisions	1,600	1,071	870	599
Other operating expenses	3,872	8,933	2,862	28,754
PROFIT/LOSS FROM OPERATIONS	-11,734	-772	-7,021	19,138
FINANCE INCOME	13	179		1,426
FINANCE EXPENSES	1,119	175	2	3,616
OTHER INCOME	174	377	1	6
OTHER EXPENSES	16	567	66	1,152
PROFIT/LOSS BEFORE TAXATION	-12,682	-958	-7,088	15,802
INCOME TAXES				
Current tax expense				
Deferred income tax expense		18		
Deferred income tax benefit	94			
NET PROFIT/LOSS	-12,588	-976	-7,088	15,802

3.14. TIGAR BUSINESS SERVICE

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	39,751	37,425	48,407
Current assets	35,381	45,713	123,451
Deferred tax assets	1,644	1,269	1,269
TOTAL ASSETS	76,776	84,407	173,127
Equity	19,453	31,568	45,334
Long-term liabilities and provisions	1,941	6,012	21,911
Current liabilities	55,382	46,827	105,882
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	76,776	84,407	173,127

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	111,654	117,517	88,876	91,221
Sales of goods, products and services	111,654	117,517	88,876	91,221
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				
OPERATING EXPENSES	114,593	103,743	76,130	75,358
Cost of commercial goods sold				
Material, fuel and energy consumed	39,025	35,439	25,991	28,354
Staff costs	37,154	30,679	22,053	20,933



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Depreciation, amortization and provisions	12,838	8,738	6,264	8,173
Other operating expenses	25,576	28,887	21,822	17,898
PROFIT/LOSS FROM OPERATIONS	-2,939	13,774	12,746	15,863
FINANCE INCOME	576	171	166	42
FINANCE EXPENSES	6,751	2,032	1,156	1,460
OTHER INCOME	315	1,743	1,490	1,014
OTHER EXPENSES	683	357	356	1
PROFIT/LOSS BEFORE TAXATION	-9,482	13,299	12,890	15,458
INCOME TAXES				
Current tax expense		809		1,692
Deferred income tax expense		375		
Deferred income tax benefit	1,098			
NET PROFIT/LOSS	-8,384	12,115	12,890	13,766

3.15. TIGAR CATERING

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	170,947	167,393	164,324
Current assets	52,867	53,197	74,343
Deferred tax assets			
TOTAL ASSETS	223,814	220,590	238,667
Equity	125,224	112,904	111,959
Long-term liabilities and provisions	4,963	1,157	1,157
Current liabilities	93,344	106,037	125,059
Deferred tax liabilities	283	492	492
TOTAL EQUITY AND LIABILITIES	223,814	220,590	238,667

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	169,131	150,710	107,640	130,967
Sales of goods, products and services	168,647	150,368	107,378	130,745
Work performed by the company and capitalized	300	158	129	221
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income	184	184	133	1
OPERATING EXPENSES	194,442	166,375	121,873	131,607
Cost of commercial goods sold	7,846	6,298	4,843	4,270
Material, fuel and energy consumed	90,928	84,816	59,821	71,643
Staff costs	73,945	55,945	43,126	41,718
Depreciation, amortization and provisions	6,066	4,902	3,738	3,339
Other operating expenses	15,657	14,414	10,345	10,637
PROFIT/LOSS FROM OPERATIONS	-25,311	-15,665	-14,233	-640
FINANCE INCOME	139	373	372	
FINANCE EXPENSES	4,586	633	621	444



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OTHER INCOME	493	4,672	871	398
OTHER EXPENSES	615	858	423	259
PROFIT/LOSS BEFORE TAXATION	-29,880	-12,111	-14,034	-945
INCOME TAXES				
Current tax expense				
Deferred income tax expense	132	209		
Deferred income tax benefit				
NET PROFIT/LOSS	-30,012	-12,320	-14,034	-945

CASH FLOWS (in thousands of RSD)	January-September 2013.	January-September 2014.
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	111,351	116,914
Cash outflow from operating activities	114,356	87,841
Net cash inflow from operating activities		29,073
Net outflow from operating activities	3,005	
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities	100	
Cash outflow from investing activities	921	952
Net cash inflow from investing activities		
Net cash outflow from investing activities	821	952
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	4,543	
Cash outflow from financing activities	635	29,430
Net cash inflow from financing activities	3,908	
Net cash outflow from financing activities		29,430
NET CASH INFLOW	82	
NET CASH OUTFLOW		1,309
Cash and cash equivalents at beginning of year	38	1,309
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	5	
CASH AND CASH EQUIVALENTS AT END OF YEAR	115	



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BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	162,842	156,862	152,370
Current assets	95,177	40,425	52,210
Deferred tax assets			
TOTAL ASSETS	258,019	197,287	204,580
Equity	127,238	104,483	88,498
Long-term liabilities and provisions	5,829	4,194	3,691
Current liabilities	123,515	87,162	110,943
Deferred tax liabilities	1,437	1,448	1,448
TOTAL EQUITY AND LIABILITIES	258,019	197,287	204,580

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	158,727	144,512	119,701	50,808
Sales of goods, products and services	157,205	144,293	119,482	50,808
Work performed by the company and capitalized	1,522	219	219	
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income				
OPERATING EXPENSES	195,455	168,056	137,241	66,190
Cost of commercial goods sold				
Material, fuel and energy consumed	71,023	51,026	42,064	13,799
Staff costs	95,839	70,368	57,582	33,303
Depreciation, amortization and provisions	6,848	6,098	4,584	4,492
Other operating expenses	21,745	40,564	33,011	14,596
PROFIT/LOSS FROM OPERATIONS	-36,728	-23,544	-17,540	-15,382
FINANCE INCOME	4,439	5,492	5,549	
FINANCE EXPENSES	5,647	4,912	3,977	583
OTHER INCOME	69	1,493	351	42
OTHER EXPENSES	4,159	1,274	62	62
PROFIT/LOSS BEFORE TAXATION	-42,026	-22,745	-15,679	-15,985
INCOME TAXES				
Current tax expense				
Deferred income tax expense	532	10		
Deferred income tax benefit				
NET PROFIT/LOSS	-42,558	-22,755	-15,679	-15,985



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I.Z.P. 14/03**3.17. FREE ZONE PIROT**

BALANCE SHEET (in thousands of RSD)	As of 31.12.2012.	As of 31.12.2013.	As of 30.09.2014.
Non-current assets	79,758	75,359	78,040
Current assets	148,311	160,996	188,947
Deferred tax assets	214	102	102
TOTAL ASSETS	228,283	236,457	267,089
Off-balance sheet assets	23,000	20,000	12,500
Equity	181,020	199,378	228,611
Long-term liabilities and provisions	2,900	3,274	3,274
Current liabilities	44,363	33,805	35,204
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	228,283	236,457	267,089
Off-balance sheet liabilities	23,000	20,000	12,500

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	252,047	250,009	196,894	194,915
Sales of goods, products and services	252,047	250,009	196,894	194,915
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				
OPERATING EXPENSES	243,242	233,970	182,570	167,473
Cost of commercial goods sold	16			198
Material, fuel and energy consumed	3,809	4,145	2,702	3,673
Staff costs	49,837	53,062	39,096	41,794
Depreciation, amortization and provisions	2,617	2,886	1,830	2,128
Other operating expenses	186,963	173,877	138,942	119,680
PROFIT/LOSS FROM OPERATIONS	8,805	16,039	14,324	27,442
FINANCE INCOME	12,403	13,887	1,627	2,810
FINANCE EXPENSES	2,225	1,544	1,443	369
OTHER INCOME	24,155	12,067	11,409	1,396
OTHER EXPENSES	2,376	19,740	197	1,194
PROFIT/LOSS BEFORE TAXATION	40,762	20,709	25,720	30,085
INCOME TAXES				
Current tax expense	2,282	2,239	1,655	853
Deferred income tax expense		112		
Deferred income tax benefit	85			
NET PROFIT/LOSS	38,565	18,358	24,065	29,232



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3.18. OTHER SERVICE ENTITIES – COLLECTIVELY

Income statement (in thousands of RSD)	January- December 2012.	January- December 2013.	January- September 2013.	January- September 2014.
OPERATING INCOME	136,857	129,071	94,632	107,588
Sales of goods, products and services	135,974	128,143	94,344	107,588
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	883	928	288	
OPERATING EXPENSES	109,591	94,616	70,464	73,741
Cost of commercial goods sold				
Material, fuel and energy consumed	2,186	3,437	1,378	2,752
Staff costs	95,658	78,279	60,348	63,246
Depreciation, amortization and provisions	3,116	2,869	2,096	1,872
Other operating expenses	8,631	10,031	6,642	5,871
PROFIT/LOSS FROM OPERATIONS	27,266	34,455	24,168	33,847
FINANCE INCOME	391	295	228	63
FINANCE EXPENSES	3,140	383	77	243
OTHER INCOME	888	724	256	15
OTHER EXPENSES	1,912	649	83	25
PROFIT/LOSS BEFORE TAXATION	23,493	34,442	24,492	33,657
INCOME TAXES				
Current tax expense	904	3,430	1,115	4,278
Deferred income tax expense	15	75		
Deferred income tax benefit	124			
NET PROFIT/LOSS	22,698	30,937	23,377	29,379

* Other service entities include Tigar Security, Tigar Inter risk, Tigar Tours, Pi channel



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4. REAL ESTATE AND LEGAL MATTERS

4.1. REAL ESTATE

All of Tigar's manufacturing facilities are located in Pirot. Tigar Rubber Footwear and Tigar Rubber Technical Goods have relocated to Tigar 3 location which was purchased in 2006 and outfitted in 2007 and 2008. Tigar owns a number of buildings in Belgrade and across Serbia (office space, warehouses and retail outlets).

All the real estate owned by the Company has been entered into the land registry.

The ownership of real estate held within Tigar 2, Tigar 3 and Tigar 3B and the Cardboard Plant (where Tigar's production facilities and warehouses are located) was carried out the conversion of ownership, as well as that of 'Vrelo' and 'Planinarski Dom' tourist facilities, and they now constitute 'private property'.

Land

The total number of cadastral lots owned by Tigar and its dependent entities, without Free Zone, as of 30.09.2014 is 113, of which 309,862m² is undeveloped land, while the useful area is 93,167m². The total carrying value of the land is RSD 412,096,048.53.

The carrying value of the land of the Free Economic Zone was RSD 18,090,326.24 on September 30th 2014.

Buildings

Tigar and its main subsidiaries own a total of 170 buildings.

The aggregate useful surface area owned by Tigar and its main subsidiaries is 93,167m². As of 30 September 2014, the carrying value of the buildings owned by Tigar and its major subsidiaries was RSD 2,160,745,498.03.

The carrying value of the buildings owned by individual entities is given in the table below.

Entity	Value in RSD on 30.09.2014.
Tigar AD	395,695,081.41
Tigar R. Footwear	132,565,516.16
Tigar R. Technical Goods	218,125,914.19
Tigar Chemical Products	141,692,766.12
Total:	888,079,277.88

In addition to the value of buildings owned by the nine largest subsidiaries, this part also covers the data on the Free Zone Pirot. The carrying value of the buildings owned by individual entities is given in the table below.



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I.Z.P. 14/03**BOOK VALUE OF BUILDINGS**

BOOK VALUE OF BUILDINGS (in RSD)		
Entity	30.06.2014.	30.09.2014.
Tigar AD	652,862,191.37	648.978.960,37
Tigar Rubber Technical Goods	435,872,882.57	434.117.148,57
Tigar Chemical Products	33,214.00	32,599.00
Tigar Rubber Footwear	683,312,081.62	681.302.816,62
Tigar Protective Workshop	29,219,021.18	29.069.947,18
Tigar Business Service	16,321,981.65	16.257.435,65
Tigar Tours	5,905,548.10	5.875.705,10
Tigar Security	25,353,738.49	25.246.989,49
Free Zone	44,128,730.55	46.046.896,44
Tigar Incon	140,279,586.55	139.725.346,55
Tigar Catering	134,703,545.06	134.091.653,06
Total:	2,167,992,521.14	2.160.745.498,03

Real estate transactions

In the period January-September 2014, there were no major real estate transactions.

Liens

At the end of September 2014, the property of the Company was burdened by the following liens, according to the below stated court orders:

Collateral agreement I 622/09 dated 25 June 2009 places a lien on the Occupational Health Building in favor of Hypo Alpe Adria Banka a.d., Belgrade.

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

Mortgage statement 1587/2010 dated 13 April 2010 and 1586/10, 1585/10 and 1584/10 places liens on immovable property in Kruševac, Bačka Palanka, Zrenjanin and Užice in favor of Privredna Banka a.d. Belgrade.

Collateral agreement I 1402/2010 dated 16 April 2010 places a lien on the Occupational Health Building in favor of Hypo Alpe Adria Banka a.d., Belgrade.

Mortgage statement 2351/10 and 2350/10 dated 26 May 2010 places liens on immovable property in Niš and business premises of Tigar Tours and Tigar Incon in favor of Societe Generale Bank a.d., Belgrade.

Mortgage statement no. 2901/10, 2898/10 and 2900/10 dated 2 July 2010 places liens on immovable property over business premises in Knjaževac, Pirot and Subotica in favor of Privredna banka a.d. Belgrade.

Belgrade First Basic Court ruling 8-I-55362/2010 dated 27 August 2010 places a lien on a 6-bedroom apartment in Belgrade in favor of Hypo Alpe Adria Banka a.d., Belgrade.



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Mortgage statements I 4400/2010 and 4401/2010 dated 23 November 2010 place liens on real estate in Niš and business premises of Tigar Tours in favor of Societe Generale Banka a.d., Belgrade.

Mortgage statement II 37/2011 and 38/11 dated 11 March 2011 places liens on immovable property in Pirot, Čačak and Novi Sad in favor of AIK Bank a.d., Niš.

Mortgage statements I 1091/2011, 1092/2011, 1090/2011, 1089/2011, 1088/2011 and 1085/2011 dated 19 April 2011 place liens on immovable property in Bačka Palanka, Pirot, Subotica, Knjaževac, Svilajnac, Užice and Zrenjanin in favor of Privredna Banka a.d., Belgrade.

Mortgage statements I 1809/2011 and 1810/2011 dated 28 June 2011 place liens on real estate in Pirot in favor of Hypo Alpe Adria Bank a.d., Belgrade.

Mortgage Statement I 1774/2011 dated 24 June 2011 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 2987/2011 dated 19 October 2011 places a lien on real estate in Pirot (Administrative Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 3179/2011 dated 8 November 2011 places a lien on real estate in Pirot in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 3280/2011 dated 21 November 2011 places a lien on real estate in Pirot - Tigar Tours in favor of Societe Generale Bank a.d., Belgrade.

Mortgage Statement I 3670/2011 dated 27 December 2011 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 3659/2011 dated 27 December 2011 places a lien on real estate in Pirot (Administrative Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 428/2012 dated 14 February 2012 places a lien on real estate in Pirot, Novi Sad and Cacak in favor of AIK Bank a.d., Niš.

Mortgage Statement I 472/2012 dated 22 February 2012 places a lien on real estate in Pirot (Administrative Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 734/2012 places a lien on real estate in Pirot (Administrative Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 1849/2012 dated 21 May 2012 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 2282/2012 dated 18 June 2012 places a lien on real estate in Pirot in favor of Hypo Alpe-Adria bank a.d. Belgrade.

Mortgage Statement I 2382/2012 dated 26 June 2012 places a lien on real estate in Pirot and Vračar in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 2612/2012 dated 10 July 2012 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 3165/2012 dated 30 August 2012 places a lien on real estate in Pirot in favor of Erste Banka a.d., Novi Sad.



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Mortgage Statement I 3512/2012 dated 26 September 2012 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 3510/2012 dated 26 September 2012 places a lien on real estate in Pirot and Belgrade in favor of Hypo Alpe-Adria Bank a.d. Belgrade.

Mortgage Statement I 4169/2012 dated 9 November 2012 places a lien on real estate in Pirot in favor of the Development Fund of the Republic of Serbia, Nis.

Mortgage Statement I 1920/2013 dated 20 May 2013 places a lien on real estate in Temerin and Šimanovci in favor of Banca Intesa a.d. Belgrade.

4.2. LEGAL PROCEEDINGS

Tigar is party to a number of legal disputes that have arisen in the course of its business. 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 (excluding interest): Trepca-Zvecan 9,637,376; Union Banka 6,194,000; Lola Corporation 8,210,350; and Tigar Prom Nova Varos 3,636,676; totalling 27,678,402.

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. Lola Corporation Belgrade).

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.



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5. CAPITAL MARKET POSITION

Trading on the BSE since the beginning of 2014 is still characterized by a low level of investment activity and low liquidity. Total turnover in the trading of 35.6 million euros in the third quarter of 2014 is by 30.2% lower compared to the second quarter of 2014 when it stood at 51 million euros. The average share of foreign investors in trading is getting lower from quarter to quarter. In the reporting period was by 37.14% lower than their share in the second quarter of 2014, when it was at a level of 47.05%. The consequence was the reduction of the overall turnover in the third quarter. The year 2014 is the third year in a row in which the value of index indicators of the Belgrade Stock Exchange are recording growth. Looking at the third quarter of 2014 compared to the end of the previous one, Belex 15 increased by 16.08% and Belex line by 16.50%. Although the indices are in plus, the traffic recovery is absent, so that the already chronic illiquidity is established as one of the main features of the Serbian capital markets.

By the Decision of the Listing Committee of the BSE from 27.08.2013, Tigar shares are traded on the Open market, given the fact that Tigar has not been able to, within the deadline provided by the Committee, to provide the auditor's opinion on the financial statements for the year 2012, positive or restrained, which is one of the basic conditions for companies to be listed at A and B stock market listings. As part of a regular audit of the BSE indices, Tigar's shares from mid-September 2013 are not part of the index basket of the finest shares on Belex 15.

The negative trend in the movements of share prices that could be observed from the middle of 2012 has continued throughout 2013 and in the first three quarters of 2014. In the first half of August, the price of Tigar's shares has reached the lowest level of RSD 42. By the mid September has occurred a significant growth of company's shares. The trading in the third quarter of 2014 has ended at the level of 96 dinars, which is significantly below the nominal value but is also higher for 84.61% than the price at the end of the second quarter and for 128.57% higher in relation to the lowest price which was also attained during the third quarter of 2014.

During the observed period, there was traded with 51.614 shares which is 3.0% of the total number of issued shares. When compared to the second quarter of 2014 when there were traded only 22.840 shares, the turnover has augmented for 125.98%.

The following table contains a summary of key data from trading of Company's shares during the third quarter of 2014.

	30. JUNE 2014.	30. SEPTEMBER 2014.	% CHANGE
Number of shareholders	4,467	4,465	-0,05
Total number of shares	1,718, 460	1,718,460	
Book value of shares	-166,00	-249,93	
Market price of shares	52.00	96,00	84,61
Lowest price during the period	42.00 – 12.08.2014.		
Highest price during the period	96.00 –30.09.2014.		
Average price in the period III-VI 2014.	61,51		
Market capitalization in RSD	89,359,920	164,972,160	81,54
P/ BV *	-0,38		

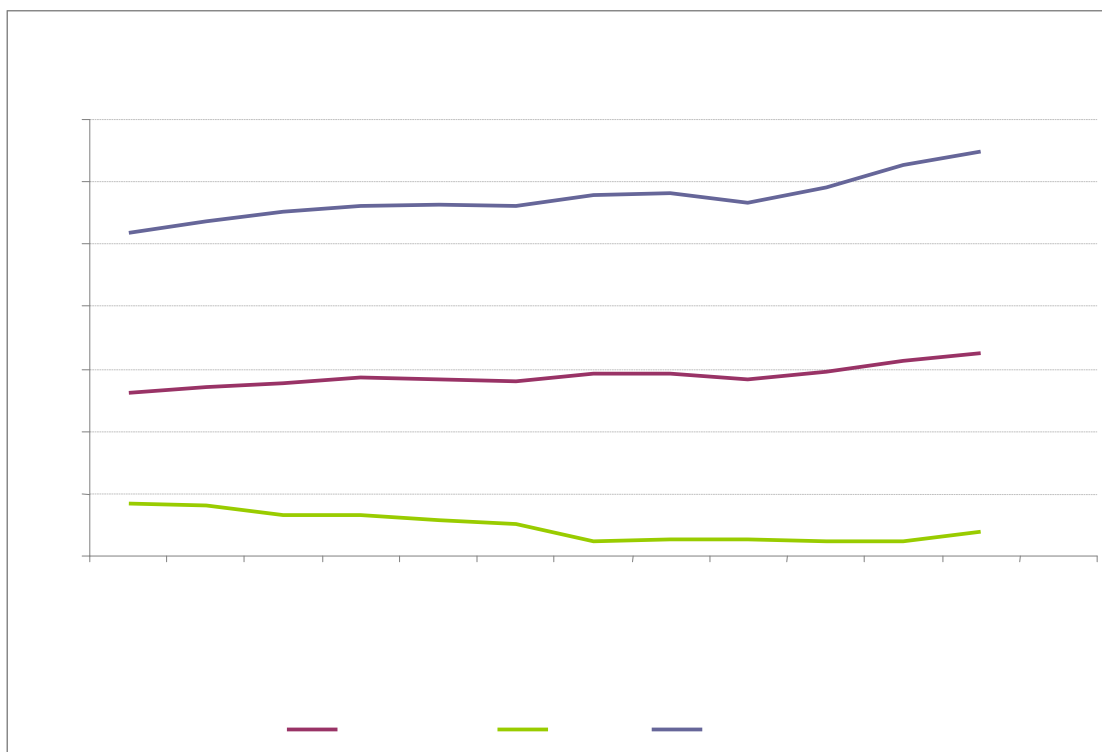


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The graph below shows Tigar stock price and index movements in the period 30.09.2013.-30.09.2014.



The efforts of the company to openly and transparently communicate with the investment community marked the observed period. In accordance with Tigar's good practice to periodically and consistently report the public on its operations. There have been regularly prepared and published information, through which existing and potential investors were informed about important events as well as major business activities of Tigar.

In the second quarter, the company has first held the Extraordinary session of General Assembly at which approval has been given for the launching of the Pre-packaged reorganization plan (UPPR), which was handed over on May 29th to the Commercial Court in Nis. After the procedure and the hearing held before the Court on 18.09.2014, by the decision of the majority of creditors was adopted the Pre-packaged reorganization Plan for Tigar ad on 29.09.2014. The Court issued a Resolution confirming the adoption of the revised text of the Pre-packaged reorganization plan.

The ownership structure at the end of the third quarter of 2014

Shareholders	30.09.2014.
Legal entities	42,67
Individuals	33,54
Custody accounts	23,79

Tigar's ownership structure in the third quarter of 2014 is characterized by stable stakes of three groups of shareholders: the Serbian government (via its two national funds); institutional investors (domestic and international) and a group of natural persons.



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Top ten shareholders as of 30 September 2014

In the third quarter of 2014 occurred minor changes in the group of the ten largest shareholders in relation to the second quarter of 2014.

The order of the first ten shareholders and their ownership structure is shown in the following table:

O. No.	Shareholder – Name/Business name	Number of shares	% of share
1	NATIONAL SHARE FUND AD BELGRADE	429,429	24.98
2	ERSTE BANK NOVI SAD - Custody account	158,295	9,21
3	NATIONAL PENSION AND DISABILITY FUND OF THE REPUBLIC OF SERBIA	149,981	8,73
4	UNICREDIT BANK SERBIA AD– Custody account	114,222	6,65
5	ERSTE BANK AD NOVI SAD – Custody account	87,387	5.08
6	RADENKOVIĆ NIKOLA	42,831	2,49
7	TZR NATURA VITA	25,100	1,46
8	HERMA INVESTMENTS	19,300	1.12
9	VOJVODJANSKA BANKA AD Novi Sad- Custody account	18,722	1,09
10	COMP. DUNAV INSURANCE A.D.O	17,120	0,99

Source: Central Registry of Securities, Depository and Clearing House, 30 September 2014, www.crhov.rs



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6. SUSTAINABLE DEVELOPMENT

EMPLOYEES

Headcount and structure

On 30 September 2014, the number of people employed in Tigar Corporation was 1,603.

Workforce as of 30.09.2014.	
Company	No of employees
Tigar AD	217
T.R.Footwear	719
T.R.T.G.	173
T.C.Products	32
Other	462
TOTAL	1,603

All employees sign employment contracts with directors of companies within Tigar Corporation, which regulate conditions of employment in accordance with the Labor Law and internal regulations.

Employee expenses

Total employee expenses in the period I-IX 2014 incurred by Tigar AD and its subsidiaries, apart of net wages include the costs related to taxes and contributions, in-house meals, and local transportation. The table below shows paid salaries and wages as a percentage of sales income.

Total employee expenses in the period I-IX 2014			
	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD	% of sales income
Tigar AD	78,645	132,329	10%
Tigar Rubber Footwear	180,054	303,568	33%
Tigar Technical Rubber Goods	46,653	78,416	47%
Tigar Chemical Products	9,567	16,723	30%
Others	139,703	236,646	15%
Total	454,622	767,682	19%

Optimization of human resources

During the period I-IX 2014, a 147 of permanently employed people have left Tigar a.d. and its dependent entities.

Organizational unit	No. of employees/RSD	Pension	Redundancy	Other	TOTAL
Tigar a.d.	No. of employees	5	22	24	51
	Amount in RSD	814.106,00	4.349.197,00		5.163.303,00
Tigar Rubber Footwear	No. of employees	18	4	34	56
	Amount in RSD	2.456.852,00	1.751.850,00		4.208.702,00
Tigar Technical Rubber Goods	No. of employees	5	0	4	9
	Amount in RSD	743.127,00			743.127,00
Tigar Chemical Products	No. of employees	1	1	5	7
	Amount in RSD	179.346,00	355.919,00		535.265,00

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Others	No. of employees	6	0	18	24
	Amount in RSD	1.016.529,00			1.016.529,00
Total	No. of employees	35	27	85	147
	Amount in RSD	5.209.960,00	6.456.966,00		11.666.926,00

* As of these 85 full-time employees who terminated their employment on other grounds, 77 employees resigned of their own volition, termination of employment for violation of obligations - 6 employees, termination of employment on the basis of completing the years of service – 1 employee, and fatal case – 2 employees.

Optimization and reduction in the number of permanent employees is an integral part of the restructuring process. This process began in 2013 and continued in 2014.

Costs of optimization of the number of employees based on all grounds, as well as the percentage of participation of such costs in gross salaries are shown below:

Employee training

The following number of employees was trained in the period I-IX 2014 through internal and external training programs:

Employee training – internal and external			
	INTERNAL TRAININGS	EXTERNAL TRAININGS	TOTAL
Tigar AD	31	19	50
Tigar Rubber Footwear	368	9	377
Tigar Technical Rubber Goods	67	23	90
Tigar Chemical Products	28	0	28
Others	649	3	652
Total	1143	54	1197

Employee training expenses in the period I-IX 2014 amounted to 1.092.929.00 RSD or 0.15% of gross salaries.

6.2. INTEGRATED MANAGEMENT SYSTEMS

Preservation and promotion of integrated management systems (ISO 9001, ISO 14001 and OHSAS 18001) figures as a priority even in these difficult business conditions.

Tigar's quality management system (ISO 9001) was initially certified in 1995 by the then Federal Standardization Bureau. Following the introduction of environmental management standards (ISO 14001) in 2003, and occupational health and safety standards (OHSAS 18001) in 2010.

Integrated management systems in the Tiger group, suffered significant changes between the two reporting. During the implementation of a comprehensive re-engineering process in accordance with the approved Pre-packaged Reorganization Plan.

There are being implemented all necessary actions in order to re-certify the IMS of Rubber Footwear and Rubber Technical Goods plants. In Rubber Footwear and Rubber Technical Goods plants, preparations are under way for adapting the documentation basis in accordance with the Pre-packaged Plan of Reorganization.



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In addition to the certification verifications, verification of feasibility and performance evaluation of production and service entities within Tigar group is performed by the customers or service users or experts working on their behalf, through the so-called second party audits. Checking of the compliance of the established management systems in Tigar group, as well as the checking of the effectiveness and efficiency of the process and the system as a whole, is done through regular internal audits.

Tigar Rubber Footwear was subject of inspection by the other side, i.e., through checkings carried out by customers.

In the company Tigar Incon, which deals with design and construction and public works, in July 2014 was carried out the second annual inspection of integrated management system according to ISO 9001, ISO 14001 and OHSAS 18001 by the certification body 'Kvalitet ad' from Nis without any determined conflict.

6.3. ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY

From the standpoint of environmental impact, production activities of the company (manufacturing plants, manufacturing of rubber footwear, rubber technical goods and products made from recycled tires in an industrial area on the outskirts of the city of Pirot basin and chemical products outside the settlement in a rented industrial space companies in bankruptcy Suko. ad) are qualified as activities with low environmental risk, and manufacturing subsidiaries of Tigar do not fall into the group of the IPPC, nor in the group of Seveso facilities.

Monitoring of air quality and waste water, determining the safety of electrical installations and equipment in terms of safety and determining of the condition of the working environment are entrusted to external authorized institutions.

On waste, packaging and packaging waste are taking care providers authorized for the waste management (internally and externally). Handling and storage of chemicals is carried out in accordance with legislation and internally defined procedures.

As for the fire protection, safety and response in case of emergency, it is entrusted to Tigar Security.

In accordance with relevant laws and regulations in the period January-June 2014:

- There have been carried out the reportings on environmental parameters by entering data into the information system of the Environment Agency, where there are generated Annual reports on packaging and packaging waste, Annual reports on waste for production companies and Report on the annual balance of emissions of air pollutants.
- There were submitted reports to local government for the needs of establishment of a Local Register of pollution sources.
- There has been carried out the registration of chemicals and products imported in Tigar Chemical Products which are subject to registration. Ministry of Energy, Development and Environmental Protection was submitted the required documentation.
- There has been carried out the sampling and testing of the waste water quality for the first quarter and the test report was sent to relevant institutions.
- There has been carried out the sampling and testing of the air quality in the energy broadcaster for the first six months, and the test report was sent to relevant institutions.



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6.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Piroć* in English, and *Akcionarsko društvo Tigar – Piroć*, in Serbian. Its short name is Tigar AD – Piroć, and JSC Tigar in English. The registered name and its use are regulated by the provisions of Articles 10 and 14 of the By-Laws. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.

Registered trademarks as of 30 September 2014:

Request No.	Request Date	Reg. No.	Trademark	Valid until	Owner
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 Mountain House	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 Sports program	11.07.23.	Tigar AD
Ž-152/07	29.01.07.	56018	Tigar	29.01.17.	Tigar AD
Ž-1703/07	26.7.2007	56315	Tigar Footwear	26.07.17.	Tigar AD
Ž-1704/07	26.07.07.	56315	Tigar Footwear	26.07.17.	Tigar AD
Z-2440/07	17.10.07.	56731	Tigar Chemical Products	17.10.17.	Tigar AD
Ž-212/08	5.2.2008	57737	Tigrostik	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	Tigropren	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	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 Technical Goods	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



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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
Ž-1468/05	31.10.05.	53797	Tigar Trgovine	31.10.15.	Tigar AD
Ž-551/09	27.03.09.	60789	Bottega	27.03.19.	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
Internat. trademark	03.07.97.	675 773 1174089	Tigar Tigar Logo	20.05.17. 15.08.12.	Tigar AD Tigar Americas Corp.
USA	02.11.07.	77320619	Tigar	-	Tigar Americas Corp.
Internat. trademark 37003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Internat. trademark 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
SAD 79075140	07.09.09.	3870299	Maniera	07.09.19.	Tigar AD
SAD 79075638	07.09.09.	3906894	Brolly	07.09.19.	Tigar AD
Canada	25.05.90.	368832	Forester	25.05.15.	Tigar Footwear
Finland	20.11.85.	94345	Forester	20.11.15.	Tigar Footwear
Norvey	14.11.85.	123042	Forester	14.11.15.	Tigar Footwear
Sweden	26.07.85.	197287	Forester	26.07.15.	Tigar Footwear
Great Britain	23.06.95.	2025055	Century	23.06.15.	Tigar Footwear
Great Britain	31.05.84.	1219898	Forester	31.05.15.	Tigar Footwear
Great Britain	23.06.95.	2025057	Forester	23.06.15.	Tigar Footwear

The flagship trademark is “a stylization of a tiger's head with the logo 'Tigar' inscribed in the Cyrillic or Latin alphabet” (Article 1 of the By-Laws). The design and contents of the flagship trademark fall within the jurisdiction of the Supervisory Board. Affiliated companies, which are controlled by Tigar AD, may use the flagship trademark.

Tigar AD holds three internet domain names: www.tigar.com and www.tigar.co.rs and tigar.rs.

Tigar holds no software copyrights or broadcasting 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. No objections or claims are filed toward Tigar, or by Tigar, in connection with the violation of intellectual property rights.

6.5. INFORMATION TECHNOLOGY

The IT Function is a part of Tigar AD dealing with the processing of business data on a central host computer for all the parts of Tigar company. 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



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- 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 within the corporation

6.6. SOCIAL RESPONSIBILITY

The concept of corporate social responsibility of Tigar implies a high level of responsibility toward its employees and toward the community in which it makes profits, with socially responsible and ethical approach to all social actors.

By its vision, mission and corporate values, the company clearly stated its commitment toward sustainable development and the principles it is guiding with in the part of the socially responsible business are defined in the document **Guidelines in the field of philanthropy and other benefits**. In this way are determined certain priority areas in which Tigar participates, as well as the criteria used to decide on support to various CSR initiatives, and evaluation of actual effects.

The basic principle of Tigar's philanthropic policy is that the projects and activities supported must contribute to the general progress and welfare of a large number of people. Key areas of its philanthropic activities support the building of an inclusive society, contributing to the general welfare of the community, strengthening of environmental awareness, which includes projects that highlight the importance of recycling and using recycled products. The company has made clear its commitment to the development of volunteer staff, along with supporting the development of skills and talents, thus improving a positive entrepreneurial climate and encouraging the development of leadership skills and knowledge.

Philanthropic projects in the observed period are relating to key areas - contributing to the general welfare of the community, building an inclusive society and support media projects that should contribute to the inclusion of persons with disabilities in the local community.

Within the project "Different and yet the same" of Radio Plus are realized on weekly basis the news about the activities of persons with disabilities and organizations that are dedicated to children with disabilities, with the broadcast of excerpts from the Inclusive bon-ton.

During the state of emergency in Serbia and the Republic of Srpska, conditioned by floods in May, Tigar ad has reacted adequately and its production was put into the function of needs of the state institutions and the affected population through realization of donation or through cooperation with business partners who have donated Tigar's rubber footwear.

Tigar ad has shown in its so far work the initiative in the area of CSR social responsibility and philanthropy and was a support and a participant in many humanitarian actions.

Social welfare institution in Sremcica, who cares about the life and health of more than 300 young people with special needs, Tigar has donated rubber footwear to all users in collaboration with the humanitarian organization of Japanese Society. This institution has been selected upon the recommendation of the Ministry of Labour, Employment and Social Policy.

In order to contribute to the general welfare of the community and support our people in Kosovo and Metohija, there was supported a project that aims to make national kitchens more sustainable in the future.

In order to support the educational and physical development of the children, there was realized the donation of sports equipment to primary schools and was supported the project of the Pirot District related to assistance to schools.



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6.7. CORPORATE GOVERNANCE

Supervisory Board of Tigar ad Pirot

In the third quarter of 2014, Ms Gordana Layarevic submitted her resignation to the position of the member of the Supervisory Board, after which this Board operates in the following composition:

- Nebojša Petrović, Chairman
- Igor Markičević
- Aleksandar Đurković
- Aleksandar Radojević

***members of Supervisory Board as of 30.09 2014 do not own company's shares

Executive Board of Tigar ad Pirot

Following changes in the composition of the Executive Board that have occurred in the third quarter of 2014 – dismissal based on submitted resignation of Biljana Tomic, ED for Quality and appointing of the new member, Zoran Mancic to act as the ED for Investments and IT, the Executive Board now functions in the following composition:

- Nebojša Đenadić, ED for Corporate Management Support and Business System Development
- Gorica Stanković, ED for Finances
- Zorica Mladenović, ED for HR
- Branislav Ćurić, ED for Commerce and Marketing
- Zoran Mančić, ED for Investments and IT



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7. MAJOR JANUARY-SEPTEMBER 2014 TRANSACTIONS WITH RELATED PARTIES

Tigar's operating system functions as a mixed holding company made of the parent company - Tigar ad and 17 dependent entities of which 12 are 100% owned by the parent company; while remaining dependent entities are in its majority ownership. The parent company, Tigar AD, deals with: a) holding operations - management, financing and development of dependent entities in which it holds 100% or majority ownership, b) commercial activities, and c) the generation of energy and fluids (for productional entities). Dependent entities are grouped into divisions according to the basic type of activities they perform: 1) productional entities, 2) commercial entities, and 3) service entities. None of the dependent productional and service entities that is 100% owned by the parent company is not in a functional sense rounded and holistic enterprise. To some degree or on an overall basis, the basic functions and support functions were transferred to the parent company. The parent company is functionally organized and in its composition there are two profit centers (trade and energetics).

The majority of the cash flow from operations, generated from the sales of products and services, enters into and goes out from the system through the parent company and is distributed between the parent company and the core manufacturing entities. Cash flows from borrowed external sources are dominantly being inputted through the parent company then are directed toward other parts of the system, in accordance with the need for working capital, investment policy and plans. There are some exceptions, such as Tigar Rubber Footwear LLC (DEG's long-term loan). Internal cash flows are related to flows from operating activities on the basis of payment for services rendered and purchased / sold goods and products, flows from financing - long-term loans which the parent company directs toward its subsidiaries and short-term loans among entities and cash flows based on withdrawn earnings from subsidiaries.

Evaluating of the current level of business diversification and suggestion for further development direction in the field of activity which the corporation is engaged are being performed continuously, taking into account the following criteria: I) the compatibility of non-core activities with basic ("core") activities, II) the importance of non-core activities for the business in the field of basic ("core") activities, III) the profitability of service subsidiaries. Through the analysis was also reviewed the importance of non-core activities in relation to "core" activities, which was evaluated considering the following parameters: a) the importance of the internal market for business volume and revenue of the parent company and its subsidiaries b) cash flows that the parent company exercised based on its ownership in subsidiaries and c) the impact of the subsidiaries on the involvement of working capital through short-term financing.

The aforementioned program of business restructuring involves the status change, i.e., merger of most of the subsidiaries to the parent company.



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8. RESEARCH AND DEVELOPMENT

One of the main goals of development is to maintain the current flexibility and willingness to meet the specific requirements of customers. Costs of product research and development are regular component of the off-take production. There are significant opportunities related to capitalization of these costs through the development and improvement of production and characteristics of own-brand products.

9. ADVANTAGES AND RISKS

9.1. ADVANTAGES

Leading producer of rubber products in the region

Tigar's product portfolio includes rubber footwear, rubber technical goods and chemical products. Its production facilities are located within a single industrial location, ensuring their strong synergy. For example, certain groups of products made by one segment constitute semi-finished products for another segment. In addition to its industrial capacities, Tigar operates a national sales network which offers both Tigar-made products and complementary products made by other manufacturers, including tires and car parts.

Convenient location

Tigar's production facilities are located in Pirot, Southeast Serbia. This geographical location offers strategic advantages and a number of product distribution options. An additional benefit is the proximity to the state border and other countries in the region. Tigar is located at a distance of 600 km from the Port of Bar in Montenegro, 380 km from the Port of Thessaloniki in Greece and 480 km from the Port of Varna in Bulgaria, allowing it to combine different modes of transportation, including shipping via the Adriatic, Mediterranean and Black Sea. Tigar's strategic location will become increasingly important as countries in the region form alliances, including the lifting of customs barriers and creating a common market of 55 million consumers.

Brands

The Tigar corporate brand holds a dominant and distinctive position in both domestic and regional markets. However, the fact is that most of the rubber footwear production is done under private brands of customers, and that Tigar branded rubber footwear is not properly positioned, regardless of the high quality of products. Through international acquisitions, Tigar has acquired ownership of the safety footwear brands - Century and finished products made from recycled rubber - Bilgutex. In the coming period, it is necessary to make further efforts on the market for these brands could be properly positioned, which also applies to fashion rubber footwear Maniera and Brolly, program of children's rubber footwear. The process of developing, i.e., winning new private brands in the sports rubber footwear program is in progress. In the Chemical Products program exist several private brands, which are owned by Tigar and include the Tigar name. Strategy in the coming years is based on the constant strengthening of Tigar owned brands on both domestic and international market, with the ultimate goal of equalizing income from sales of goods under its own brands with brands that are owned by other customers.

First national automotive service network

Tigar began developing its sales network in the 1970s. As a result of previous investments in this area, Tigar now operates the largest national vehicle, tire and afterpart chain. In 2004, the Company initiated a complete reconstruction and updating of this chain, by shutting down unprofitable facilities and developing new, highly-profitable service centers. Prior to this project, the Company operated 80 retail outlets, while today the chain is comprised of 11 service centers which sell vehicle tires and afterparts, and offer light vehicle servicing; 3 mobile service units; and 22 sales outlets. It also



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operates a chain of specialty footwear stores - Bottega. The Company uses these chains to sell its own products, as well as products made by other manufacturers, following a multi-product/multi-brand strategy.

Long-term experience in international strategic partners

Tigar had partnered with the American BF Goodrich for more than 30 years. After Michelin acquired this company, Tigar became and remained its strategic partner in the tire segment for nearly twenty years, from the early 1990's to the year 2010. Given that Tigar is the European leader in the footwear market, it does not seek strategic alliances in this segment as there are opportunities for Tigar to acquire one or more of the remaining European manufacturers, or to independently organize, or with some other partners, a production outside of Serbia. However, there are opportunities for strategic partnerships in the technical rubber goods segment.

9.2. RISKS

Risk management of the company covers a group of risks related to the macroeconomic environment and general business conditions, risks related to the very industry in which it operates, and a group of financial risks. The company can not affect the possible risk factors such as economic or political instability. All manufacturing and service entities are operating in markets with very strong competition and due to various risk factors, their market position may be compromised. Tigar is also exposed to risks related to legislation, especially because of some major changes of regulation being implemented within the procedure of harmonization with the EU legislation.

Being a joint-stock company, Tigar is affected by capital market developments and therefore, there is always a possibility that major shareholders may be willing to modify corporate policies and strategies.

There is no separate organizational unit within the company that deals with the risk management; they are monitored within individual entities and functions at the corporate level.

Risks conditioned by the macroeconomic environment and general business conditions

The company's business is significantly influenced by the macroeconomic environment, and also by the business conditions in the markets in which it produces almost half of its total revenue, or on the markets of procurement of the key raw materials - natural and synthetic rubber. In the domestic market are analyzed factors that influence the demand, the company's business, legislation.

Market- and Industry-related risks

Tigar Marketing Strategy is defined in terms of opportunities and threats of the market and business environment and is consistent with the fundamental competitive advantages of Tigar in the production of rubber footwear. Its main elements are: 1) the differentiation of production based on the high quality of production and products, continued development of programs and products and high-quality service related to product development for the off-take production, 2) off-take production as the main form of the market expansion, and 3) development and profiling of own brand.

Technical rubber goods segment is based on the following elements: 1) Brand Strategy (purchased Bilgutex brand and Tigar brand), 2) continued development of new materials and products, and 3) differentiation on the basis of product quality, and adaptability to specific customer needs.

Production and market approach of Tigar Chemical Products is based on differentiation from the competition, through development of its own proprietary products and ensuring stable product quality confirmed by relevant certificates.

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In the process of providing services - selling passenger tires, there are monitored activities in the part of the legal regulation of this area and the presence of competition at the national or regional markets.

Credit risk and the cost of borrowed capital

By neglecting this risk group, the corporation has come into a pre-bankruptcy condition during the previous period. By using tools to control credit risk, it is envisaged to create as soon as possible, a business system that will be creditworthy primarily in the area of long-term and investment loans. Continuous monitoring of analytical indicators provide guidelines for taking immediate corrective measures in the business. Management of cash flows aims to lower the cost of debt capital.

Risks related to shareholder and corporate structure

During the considered period, there were no major changes in shareholding 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. Regular communication with major shareholders allows to anticipate possible developments in the area of ownership consolidation.

The state, via its two funds, figures as the largest shareholder of the company, holding 33.7% of shares. As for the sale of state shares, there is no indication that such process could take place during 2014.

Reputation risk

Series of activities in the Company and those related to it, initiated the need to set as one of priorities the monitoring and management of the reputational risk in the future.



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10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE THIRD QUARTER OF 2014

After the hearing on 18.09.2014, the Commercial Court in Nis has passed on 29.09.2014 a Resolution bz which was confirmed the adoption of the revised text of the Pre-packaged Reorganization Plan of Tigar a.d. Pirot.

After the hearing held on 23.09.2014, the Commercial Court in Nis has passed on 30.09.2014. a Resolution no. 1, P. 16/2014, by which was confirmed the adoption of the revised text of the Prepackaged Plan of Reorganization of Tigar Rubber Footwear I.l.c.

Changes in business of the entity Tigar Europe:

In the third quarter was initiated the procedure of the voluntary liquidation of the company Tigar Europe, seated in London, in which Tigar ad owns 50% of the share capital.

Agreement no. 120/11 as of 06.12.2011 signed with Michelin and Tigar Tyres provided that Tigar Europe performs the distribution of TIGAR-branded tyres in the United Kingdom and the Republic of Ireland until 31.12.2013. Considering the fact that the tyre distribution represented about 96% of the sales income of Tigar Europe and the sale of rubber footwear only 4%, there has imposed the common decision to enter the company Tigar Europe into the procedure of voluntary winding up.

Liquidation procedure is proceeding in compliance with the UK regulations.

**MANAGING DIRECTOR
TIGAR AD**

Nebojša Đenadić

**CHAIRMAN
TIGAR AD SUPERVISORY BOARD**

Nebojša Petrović



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DECLARATION

Pursuant to article 50 (3) of the Capital Market Law, as individuals responsible for the preparation of quarterly reports, we hereby declare that to our best knowledge this Annual Report has been prepared applying appropriate international financial reporting standards and that it is a true and objective presentation of the assets, liabilities, financial position, business, profits, losses, cash flows, and capital changes of this public company, including its subsidiaries whose financial statements are consolidated.

Revision of the quarterly reports is not done, reports are unaudited.

Supervisory Board of the Company has considered and adopted the quarterly report on its session held on November 12, 2014.

**DIRECTOR OF TIGAR AD ACCOUNTING FUNCTION
Aleksandra Đorđević**

**MANAGING DIRECTOR
TIGAR AD**

Nebojša Đenadić

**CHAIRMAN
TIGAR AD SUPERVISORY BOARD**

Nebojša Petrović