

**Tigar**®

JOINT STOCK COMPANY TIGAR

# BUSINESS REPORT FOR THE PERIOD JANUARY – DECEMBER 2016

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## **ASSESSMENT OF PERFORMANCE IN THE PERIOD JANUARY – DECEMBER 2016**

Business operations in the fourth quarter of 2016 were strongly influenced by the situation in which the company has been for a longer period.

From the beginning of the year the total sale of Tigar's program is at the level of RSD 1,94 billion, of which 70.7 % was achieved in export and is by 6% higher in relation to the previous year. The sale of the Rubber footwear program is by 8% higher in relation to 2015. Production in Tigar a.d. in the period January – December 2016 has recorded a decline by 11% in relation to the previous year in the domain of footwear program in tons, i.e. a decline by 12% when we observe production in pairs. There was recorded a decline in physical production volume of footwear in pairs by 12% in relation to the previous year, but the structure of production program has been changed significantly given that the production in 2016 was mainly intended for export market where the value of products is greater as well. There was recorded an increase in production of safety footwear by 5%, fashion footwear by 42% and children's footwear by 36% in relation to the previous year, whereas a decline in production was recorded predominantly in programs intended for domestic market, primarily when it comes to low footwear and work footwear, by 21% and 17% respectively.

Production of the Technical Good's program is by 21% lower in relation to the previous year in tons, whereas in the program of Chemical Products production in tons is by 11% higher.

According to the data of European Commission on export of rubber – plastic footwear in the European Union in the period 2012 – 2016 Tigar a.d. ranks second, in the first six months of 2016, right after China, with the realization of 5,578 million euros, which represents the best data on export for Tigar a.d. in the last 5 years.

Consolidated operating income recorded a growth by 6% in relation to the previous year. The most important operating indicators such as EBIT and EBITDA continue the trend of business operation stabilization in 2016, as well. There was stated operating profit (EBIT) in the period January – December in the amount of 92,874 thousand dinars, whereas in the same period the previous year was stated operating profit in the amount of 19,916 thousand dinars. Operating profit prior to amortization and provisions (EBITDA) amounts to 255,982 thousand dinars, whereas in the previous year was recorded operating profit prior to amortization and provisions in the amount of 213,226 thousand dinars.

Voluntary liquidation proceeding of the company Tigar Europe, with its headquarters in London, where Tigar a.d. owns 50% of its share capital, commenced in August 2014. During 2014, 2015 and 2016 the entire part from the bankruptcy estate pertaining to the Company was paid-in. Pursuant to the legislation of the UK, actions were undertaken and in the fourth quarter of 2016 voluntary liquidation proceeding of Tigar Europe was terminated.

In the first quarter, the Company presented the ongoing implementation of measures envisioned by the PPoR, at the session of the Board of Creditors. Taking into account that one of the measures envisaged - sale of assets – did not yield fruit, there came about problems in the settlement of liabilities and it was concluded then that it was necessary to make changes to the terms from the PPoR. The Company did a draft proposal of new more favourable terms and meetings about changing the proposed terms were held with all larger creditors. For the banks to finally declare themselves, their condition, as well as condition of



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DEG, who is one of the largest creditors, is to hear the attitude of the State, that is, state creditors.

The banks were also offered debt-to-equity conversion, envisioned as one of the measures by the PPoR as a valid document, but the banks were not interested in conversion in negotiations so far. Meetings were held in the Commercial Court in Nis with a view of the implementing the change of terms in the best manner possible, all pursuant to law regulation.

Based on measures defined by the PPoR on 13.09.2016 the Government of the Republic of Serbia passed the Conclusion whereby is given consent and recommendation to creditors with state share in capital, to convert their receivables into permanent share in the Company's capital. Upon passing the Conclusion it was approached to adjusting liabilities, making decisions at the managing bodies as well as harmonizing text of the agreement on conversion. After creditors made positive decisions, it was approached to drawing up new projections and negotiations with commercial creditors will continue.

Since the Government's passing of the Conclusion until the end of the year there have been three issues of ordinary shares for the sake of increase of principal capital:

**V ISSUE – registered at the CSD&CH as of 01.12.2016**

**Capital increase registered at SBRA as of 06.12.2016**

Creditor	Total value	Share number	Full share value
PIO FUND	217.431.260,62	581.367,00	217.431.258,00
HEALTH FUND	45.696.933,74	122.184,00	45.696.816,00
TAXES CITY OF PIROT	91.457.326,82	244.538,00	91.457.212,00
Jubmes bank AD Beograd	22.966.330,24	61.407,00	22.966.218,00
<b>Total V issue</b>	<b>377.551.851,42</b>	<b>1.009.496,00</b>	<b>377.551.504,00</b>
existing share		1.718.460,00	642.704.040,00
<b>Value after V issue</b>		<b>2.727.956,00</b>	<b>1.020.255.544,00</b>

**VI ISSUE- registered at the CSD&CH as of 22.12.2016**

**Capital increase registered at SBRA as of 28.12.2016**

Creditor	Total value	Share number	Full share value
Dunav	80.592.345,55	215.487,00	80.592.138,00
National employment agency	14.166.888,58	37.879,00	14.166.746,00
<b>Total VI issue</b>	<b>94.759.234,13</b>	<b>253.366,00</b>	<b>94.758.884,00</b>
<b>Value after VI issue</b>		<b>2.981.322,00</b>	<b>1.115.014.428,00</b>

**VII ISSUE - registered at the CSD&CH as of 30.12.2016**

**Capital increase registered at SBRA as of 12.01.2017**

Creditor	Total value	Share number	Full share value
Postal Savings Bank	541.776.905,75	1.448.601,00	541.776.774,00
<b>Total VII issue</b>	<b>541.776.905,75</b>	<b>1.448.601,00</b>	<b>541.776.774,00</b>
<b>Value after VII issue</b>		<b>4.429.923,00</b>	<b>1.656.791.202,00</b>

In February 2017 there has been done another issue of ordinary share for the sake of increase of principal capital:

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VIII ISSUE - registered at the CSD&CH as of 10.02.2017

Capital increase registered at SBRA as of 07.03.2017

Creditor	Total value	Share number	Full share value
Deposit Insurance Agency	579,418,983.04	1,549,248.00	579,418,752.00
Ministry of Finance	195,959,463.00	523,955.00	195,959,170.00
Fund 2 – by means of the Ministry	356,926,898.20	954,349.00	356,926,526.00
Tax Administration - Taxes in favour of the RS	77,459,102.96	207,109.00	77,458,766.00
<b>Total RS</b>	<b>1,209,764,447.20</b>	<b>3,234,664.00</b>	<b>1,209,764,336.00</b>
City of Pirot	334,715.30	894	334,356.00
<b>Total VIII issue</b>	<b>1,210,099,162.50</b>	<b>3,235,558.00</b>	<b>1,210,098,692.00</b>
<b>Value after VIII issue</b>		<b>7,665,481.00</b>	<b>2,866,889,894.00</b>

There has not yet been implemented conversion with the Development Fund of the Republic of Serbia for the loan approved from the funds of the Development Fund and Privredna bank Belgrade in bankruptcy. As of 01.11.2016 the Development Fund of the Republic of Serbia made positive decision on converting the debt into equity, but implementation of this decision shall ensue after all creditors from the Conclusion of the Government of the RS have implemented the conversion. Due to its specific situation Privredna bank in bankruptcy must obtain the Decision of the Board of Creditors, which has not yet been made. It is expected that this Decision is made as well as the implementation of conversion for these two creditors.

In the part of settling obligations towards creditors, obligations are settled according to opportunities. In the beginning of the implementation of the PPOr the settlement ran smoothly, however from the moment the Footwear principals matured the possibility for the settlement of obligations became difficult. There were held meetings with larger creditors and they were presented with the steps that the Company undertakes to overcome the problem, as well as with the need to write-off part of the receivables, reduce interest rates and extend the repayment period for the remaining debt. We expect to hear creditors' responses at the beginning of 2017.

In the reporting period the Company's management continued communication with the largest owners and representatives of the Government of the Republic of Serbia, as well as with the largest individual shareholder, with the purpose of reaching agreement on key decisions for the Company, pursuant to the measures envisaged by the PPOr.'

CHAIRMAN OF SUPERVISORY BOARD OF TIGAR A.D.  
NEBOJŠA PETROVIĆ



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**IZ.P. 16/05****1. INTRODUCTION**

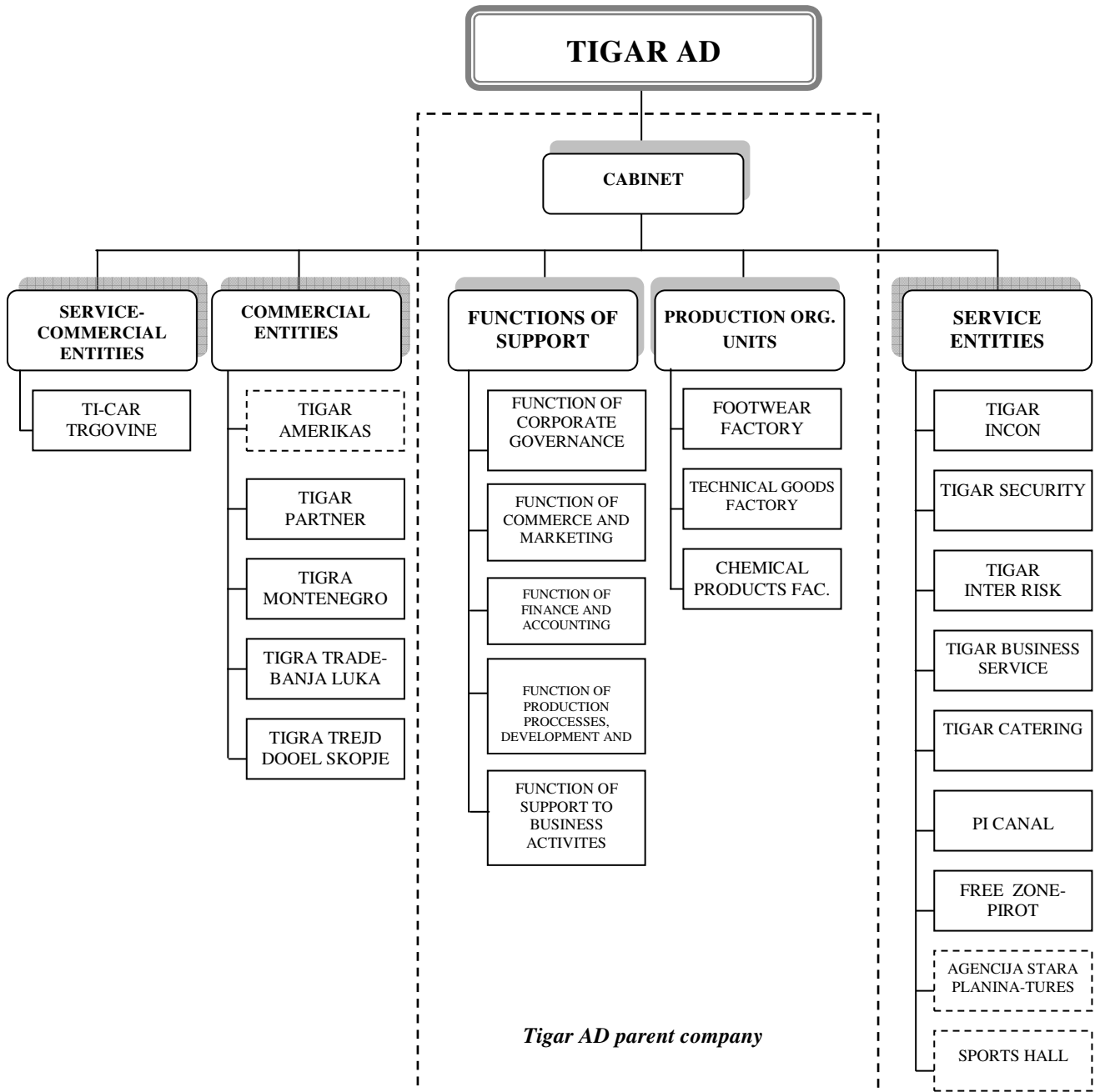
## 1.1. GENERAL

<b>Registered name:</b> Akcionarsko društvo "Tigar" Pirot (Joint-Stock Company Tigar Pirot, hereinafter also referred to as Tigar / the Company / the Holding)	<b>Registered address:</b> 213, Nikole Pašića Street, 18 300 Pirot, Serbia
<b>Corporate ID:</b> 07187769	<b>Tax ID:</b> 100358298
<b>Web site:</b> <a href="http://www.tigar.com">www.tigar.com</a>	<b>Certificate of incorporation:</b> Registry File 1-1087
<b>Core activity:</b> 6420- Holdings	<b>Number of employees:</b> 31/12 /2016 1.459
<b>Number of shareholders:</b> 31/12/2016 4,389	<b>Capital:</b> 31/12 /2016 (000 rsd) 0
<b>Assets:</b> 31/12/2016 (000 din 5,524,944)	<b>Capitalization:</b> 31 /12/2016 (000 rsd) 575.889



1.2. CORPORATE STRUCTURE

On the day of writing this report, the organizational structure of the corporation is as follows from the graph below:



Note: Commercial and service entities marked in broken line are in the process of liquidation, except for Tigar Americas in process of extinguishing.





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### 1.3. INVESTMENTS

During 2016, the investment status was as follows:

In thousands RSD	Purchase of fixed assets and intangible investments
	January - December 2016
<b>Tigar a.d.</b>	<b>47,414</b>
Tigar Technical Goods	0
Tigar Chemical Products	0
Tigar Footwear	315
Tigar a.d.-functions	47,099
<b>Service entities</b>	<b>39,118</b>
<b>Total</b>	<b>86,532</b>

In thousands RSD	Purchase of fixed assets and intangible investments - service entities
	January – December 2016
Business Service	511
TI-CAR Trgovine	0
Tigar Catering	118
Security	333
Inter Risk	0
Incon	174
Pi canal	114
Free Zone	37,867
<b>Total services</b>	<b>39,118</b>

The process of financial consolidation and efforts to respond to customers' requirements and market conditions without any borrowings 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, in the given period, so they primarily refer to the necessary investment maintenance of production equipment and servicing of the existing computer equipment.

When it comes to Tigar a.d. investments refer to the construction of new object for production of rubber compounds at the location Tigar III, and adaptation of the warehouse no.20 at the location Tigar III, Dragoš, for the purpose of storing material due to moving from location Tigar Tyres.

When it comes to service entities there was done procurement of the necessary equipment, spare parts and tools, as well as other parts necessary for performing regular business activities. Most funds were invested in Free Zone for construction and equipping warehouses, buying land and procurement of new computer equipment.

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



## **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 – December 2016 was as given below:

#### **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 and living 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.

#### **Technical Rubber Goods Program**

Technical Rubber 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.*



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- *Self-spreading flooring.*
- „*Coil coatings*“ are used to protect outer steel-sheet and aluminum surfaces of buildings and „*can coatings*“, group of products is designated for the tin packaging industry
- *Anti-corrosion coatings* are designed for consumer spending and construction industry
- *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 goods**

Through service-sales network of commercial enterprise is performed the sale of tires and spare parts for vehicles. Companies abroad sell tires of the Tigar brand, manufactured by the factory Tigar Tyres and by other manufacturers. In the domestic market it offers passenger, light truck and truck tires of all manufacturers in the world. Of complementary products include motor oil, car batteries, car care products, air exhausters etc., domestic and foreign suppliers as well as garden program. Tigar's sales - service network Stop & Drive, extend tire, car repair services, vehicle washing, tracking and storage of tires.

The specialized chain Bottega, in addition to women's and children's footwear produced by Tigar also sells goods of other producers (fashion women's, men's and children's leather footwear), in order to maintain the season.

### **Other Services**

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 Pirot, on 122ha 02a and 86m<sup>2</sup> of infrastructure-equipped land provides services to the business that is done without payment of customs duties, VAT and certain municipal charges,*
- *Transport, including both domestic and international freight forwarding,*
- *Food production for internal purposes of Tigar a.d. but also for external markets, as well as accommodation and hospitality services to tourists, business people, delegations and sports teams.*
- *Ti-car, dealing with collecting and processing secondary raw materials.*
- Activity in the field of broadcasting radio and TV programme

## **2.2 STRATEGY OF THE APPROACH ON THE MARKET OF GOODS AND SERVICES**

Tigar's business and development strategy for the period 2016 – 2019 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 semi - variable costs.



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- Long-term financing based on the favorable long-term loans, with low interests and with no significant debt in the early years of the projection pursuant to the Prepackaged Plan of Reorganization.
- 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.
- Fusioning of operations through integration ( status change of merging production units conducted on 11.09.2015 ) and implementing measures defined by the Prepackaged Plan of Reorganization of Tigar a.d. for service entities.
- Increase of the sales volume of its own brand product through companies abroad (region)
- 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 a.d. and Tigar Tyres

In the ongoing business and marketing environment, Tigar endeavored and still endeavors to integrate itself better in the vertical supply chain, optimises its production-market portfolio by keeping track of the customers' demands for new products.

**2.3 EVALUATION OF THE MARKET POSITION OF FOOTWEAR PROGRAM IN THE PERIOD JANUARY – DECEMBER 2016**

Total sales of finished products and goods in 2016 is by 6% higher in relation to the previous year:

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – December 2015</b>	<b>January – December 2016</b>	<b>%</b>
Tigar Footwear	1,587,149	1,707,942	8%
Rubber Technical Goods	216,853	197,295	-9%
Chemical Products	29,754	36,029	21%
Tires	42,674	44,015	3%
Other programs	13,198	11,344	-14%
<b>TOTAL</b>	<b>1,889,628</b>	<b>1,996,626</b>	<b>6%</b>

Sales of products and goods in Serbia and from Serbia in the period January - December 2016 amounted to slightly more than RSD 1,996 billion, of which 68.74 % (RSD 1,4 billion) was exported. The program of rubber footwear still has the greatest share in export in the amount of 92.53 % (RSD 1,3 billion ).

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – December 2015</b>	<b>January – December 2016</b>	<b>%</b>
<b>Domestic market</b>	<b>667,776</b>	<b>624,240</b>	<b>-7%</b>
- Tigar Footwear	467,077	438,101	-6%
- Rubber Technical Goods	128,059	114,272	-11%
- Chemical Products	16,768	16,507	-2%
- Tires	42,674	44,015	3%
- Other programs	13,198	11,344	-14%



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<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	January – December 2015	January – December 2016	%
<b>Export</b>	<b>1,221,852</b>	<b>1,372,386</b>	<b>12%</b>
- Tigar Footwear	1,120,072	1,269,841	13%
- Rubber Technical Goods	88,794	83,022	-7%
- Chemical Products	12,986	19,523	50%

Sales of program of rubber footwear in 2016 is by 8% higher than in 2015, whereby export is by 13% higher, whereas in the domestic market there was recorded a decline in sales volume by 6% in relation to the same period last year.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	January – December 2015	January – December 2016	%
<b>Footwear Tigar</b>	<b>1,587,149</b>	<b>1,707,942</b>	<b>8%</b>
- Domestic market	467,077	438,101	-6%
- Export	1,120,072	1,269,841	13%

The most significant characteristic of year 2016 is the increase in the volume of sales in export by 13% in relation to 2015, with continuous realization of demands and needs of the existing customers and all demands have been realized within the envisioned and requested terms. Main factors brought to the sales increase in export such as: deliveries of special protective boots for the needs of Finnish Army, significant increase in demand by a customer from Finland as well as the result of continuous winning of new models of rubber footwear for the customer Ilse Jacobsen Hornbaek (DEN) resulting in an increase of delivered quantities so that in 2016 for the said customer the quantity delivered is higher by 12.98% than the quantity delivered throughout the entire year of 2015.

Previous year was marked by the contacts achieved, announcement of cooperation, samples exchange and winning of new articles for customers from Switzerland, Czech Republic, Italy, Poland and a retail chain from France and in the third quarter there came about realization of activities with the majority of them. The year's last quarter was reserved for meetings with the customers, forecasts and arranging co-operation for the next year 2017.

In the domestic market in 2016 there was recorded a sales decline by 6% in relation to 2015. It is of great importance to emphasize the follow-up of synchronized action with customers in the domestic market and region, where the emphasis is on the advance payments which represent an extremely important financial instrument in conditions of production/sale of goods with extremely seasonal character. Tigar continues to respect customers' demands concerning delivery periods since with their advance payments they expressed a clear intention to continue business cooperation and take over the goods at the time convenient to them. Given the adverse weather conditions the purchasers decided to withdraw the goods later in relation to their advances.

#### 2.4 EVALUATION OF THE MARKET POSITION OF RUBBER TECHNICAL GOODS PROGRAM IN THE PERIOD JANUARY – DECEMBER 2016

The sales of the production program of technical goods in 2016 is by 9% lower compared to 2015 and in view of the trend of decline of realization and insufficient capacity utilization, business is seriously threatened and steps are being taken towards reorganization of that production part as well as downsizing and redistribution.



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<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	January – December 2015	January – December 2016	%
<b>Rubber Technical Goods</b>	<b>216,853</b>	<b>197,295</b>	<b>-9%</b>
- Domestic market	128,059	114,272	-11%
- Export	88,794	83,022	-7%

Dominant factor in the sales decrease in longer period is the lack of realization of goods in export, primarily of rubber hoses in the market of RUS and reduced volume of demand in products from recycled rubber. An additional effect on the reduced sales volume had the lack of realization of work according to the conducted public procurement of the Ministry of Defence of the Republic of Serbia for tanks because realization of the tender was postponed for an indefinite period of time.

Positive characteristics of this period are winning new positions for created parts and their commercialization in the form of increased demands for the pressed parts for the customer from Switzerland, when it comes to products for mining industry for which products are increasingly being placed in their centers all over the world. Winning and approval of rubber hoses for a customer from Serbia is in progress, with an effort to substitute the competition and export from Turkey. In the third quarter there came about realization of cooperation and delivery of injection moulded products for the company Gomma Line (products for the automotive industry). At the same time in this quarter there came about an increase in the scope of cooperation with Ironworks Smederevo (Hesteel), but also a decrease in scope when it comes to RTB Bor and Prim Kostolac due to problems in their businesses, as well as due to the occurrence of unfair competition by small-sized companies. Given that these large systems found themselves in problem, the determining factor when it comes to procurement is price and quality, and the volume of realization with them is reduced, which significantly affected the volume of realized income.

Market position of this plant is threatened by the conditions in construction industry and by the situation in which large business systems found themselves (mining complex).

#### 2.5 EVALUATION OF THE MARKET POSITION OF THE CHEMICAL PRODUCTS PROGRAM IN THE PERIOD JANUARY – DECEMBER 2016

In difficult conditions (reduced capacity, location problem...) the factory Chemical Products was able to meet the needs of Tigar Rubber Footwear and other entities, as well as the needs of Tigar Tyres for adhesives.

Sales volume in 2016 is by 21% higher compared to the previous year, whereas in export there was recorded an increase in sales by 50%.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	January – December 2015	January – December 2016	%
<b>Chemical Products</b>	<b>29,754</b>	<b>36,029</b>	<b>21%</b>
- Domestic market	16,768	16,507	-2%
- Export	12,986	19,523	50%

#### 2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OF THE SERVICE NETWORK IN THE PERIOD JANUARY – DECEMBER 2016

The process of restructuring of the service network retails and colonials is continuing. Parallel to this process was continued the regular supply of networks with tires, footwear and complementary programs (batteries, motor oils, etc..)



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In 2016 the service network has recorded a decrease in sales volume by 1% compared to 2015.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	January – December 2015	January – December 2016	%
- Tires	42,674	44,015	3%
- Other programs	13,198	11,344	-14%
<b>TOTAL</b>	<b>55,872</b>	<b>55,360</b>	<b>-1%</b>

Despite the continuous rationalization of the retail-service network, reduction of the number of employed, improvement and concentration of the offer, the recorded decrease in sales compared to 2015 implies that the results are still unsatisfactory.

The actions taken should show the cost-effectiveness and rentability of each object, which will result in closing down some retail service and opening of new ones. It is important to point out activities related to finding a long term solution for the supply of tires, so that in this regard collaboration with Tigar Tyres is continued.

Each retail-service object shall be subjected to a detailed analysis of expediency of its further existence and way of functioning despite the growth of sales volume in the period observed, which is, primarily, a consequence of low comparable sizes in the previous period, so that the process of rationalization of costs is continued, as well as closing down of the unprofitable objects is being continued throughout 2016 as well.

## 2.7. PRICE FLUCTUATIONS OF KEY RAW MATERIALS AND COMPLEMENTARY PRODUCTS

Prices of some key raw materials fluctuated according to the ongoing events in the global market, fluctuation of oil price, and the influence of other external and internal factors.

According to the above mentioned events, prices of natural and synthetic rubber have recorded changes. Prices of natural rubber (weighted) were lower by 8% on average in comparison with 2015, whereas prices of synthetic SBR rubber were lower by 5%. There has been recorded a slight increase in the price of silicate fillers (up to 2%).

In 2016 prices of EPDM compounds were mostly lower by 2% compared to the previous year.

There came about a noticeable decrease in char price by 10%, whereas prices of technical textiles observed as one group did not change ( only knitted fibres (felt) price decreased by 17%, but the price of neoprene lined textile increased by 24%) Prices of other raw materials did not change.

Average price of oil fuel in 2016 was by 7.5% higher in relation to the previous year.

## 2.8. PRODUCTION OUTPUT

There was realized the following production by programs:

Production (pairs)	January – December 2015	January – December 2016	%
Tigar Footwear	1,397,908	1,225,824	-12%



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Production (tons )	January – December 2015	January – December 2016	%
Tigar Technical Goods	459	361	-21%
Chemical Products	152	169	11%
<b>TOTAL</b>	<b>611</b>	<b>530</b>	<b>-13%</b>

During the period January – December 2016, total realized production in Footwear factory was 1,225,824 pairs, which is by 12% lower in relation to the same period last year. Total production achieved in tons in the factories Rubber Technical Goods and Chemical Product was 530 t, which is by 13% lower with respect to the same period last year.

### 3. FINANCIALS FOR THE PERIOD JANUARY – DECEMBER 2016

#### 3.1. KEY INDICATORS FOR THE PARENT COMPANY TIGAR A.D. FOR STATISTICAL PURPOSES

Tigar AD's unconsolidated financials in thousands of dinars	January – December 2015	January – December 2016	% of change
Total assets	5,870,625	5,524,944	-6%
Equity			
Operating income	2,362,695	2,308,674	-2%
EBIT	162,037	44,906	-72%
EBITDA	246,763	183,363	-26%
Financial income	115,048	59,512	-48%
Other income	86,215	26,243	-70%
Total income	2,563,958	2,394,429	-7%
Net result	-264,355	-393,823	-49%
<u>Significant ratios</u>			
Current ration	1.23	1.00	-19%
Debt-to-assets ratio	1.39	1.40	1%
Net result/total income	-10.31%	-16.45%	-60%

The principal reasons for the stated loss are the significant financial expenses on the basis of interest and the foreign exchange differences which for the period January – December 2016 amounted to RSD 374,7 million.

As of 11.09.2015 there came about the status change of merger of the dependent entities Tigar Footwear, Tigar Technical Goods and Tigar Chemical Products to the parent company Tigar a.d. Following the status change as of 12.09.2015 the whole business of these entities has been shown within the data referring to the parent company Tigar a.d. The status change of merger of the dependant entity Tigar Tours to the parent company Tigar a.d. occurred on 22.04.2016. Following the status change, as of 22.04.2016 the entire business of this entity is shown within the data referring to the parent company Tigar a.d. That is why the data given in the income balance are not comparable

#### 3.2. KEY INDICATORS AT THE CONSOLIDATED LEVEL

The bulk of the cash flow from operations, generated from the sales of products and services enters and goes out of the system through the parent company. Internal cash flows are related to flows from operating activities on the basis of payment for services rendered and





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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.

Due to statutory change, the manufacturing companies were merged to the parent company and continue their business operations within Tigar a.d. Commercial entities are enterprises abroad and are primarily engaged in commercial activity. Service entities are predominantly oriented toward the external market related to the procurement of necessary inputs, as well as in terms of sales or provision of services. At the individual level, there are service entities whose dependence on the internal market is more pronounced: Tigar Inter Risk, Tigar Security and Tiger Catering.

Consolidated financials of Tigar AD in thousands of dinars	January – December 2015	January – December 2016	% change
Total assets	6,647,738	6,324,137	-5%
Sales revenues	2,826,617	2,994,991	6%
EBIT	19,916	92,874	366%
EBITDA	213,226	255,982	20%
Financial revenues	32,486	29,780	-8%
Other incomes	102,695	45,361	-56%
Net result	-576,608	-399,316	31%

Total revenues from sales of goods, products and services on a consolidated basis, for the period January-December 2016 amounted to 2,970,791 thousand dinars which is by 7% higher than last year when they amounted to 2,780,175 thousand dinars. Operating income realized in the same period in the amount of 2,994,991 thousand dinars which is by 6% more compared to last year when they amounted to 2,826,617 thousand dinars.

Consolidated operating expenses in the amount of 2,902,117 thousand dinars increased by 3.4% in relation to the period January – December 2015 when they amounted to 2.806.701 thousand dinars.

Structure of operating expenses in total cost by groups is as follows: costs of wages, salaries and other personnel expenses account for about 40%; expenses for the costs of materials and energy corrected for the change in inventories and income from own use of products, services and merchandise accounted for 35%; the cost of goods accounts for 3%; expenses, depreciation and provisions accounted for 6% and other expenses accounted for 16%.

Financing costs at the consolidated level in the period January- December 2016 amounted to 386,494 thousand dinars, whereas financing costs at the consolidated level in the previous year amounted to 522,808 thousand dinars. The largest part of financial expenses make up for interest costs, which amounted to 266,888 thousand dinars at the consolidated level whereas foreign exchange losses and other financial expenses amounted to 113,587 thousand dinars. The effects of reduction of financial expenses are the result of finality of the Prepackaged Plan of Reorganization and its implementation. It is evident that the amount of interest is still very high and significant.

Reported operating profit (EBIT) amounts to 92,874 thousand dinars, while the operating profit for the previous year amounted to 19,916 thousand dinars, which represents a better result for 72,958 thousand dinars. EBIT growth in 2016 compared to 2015 is an indicator of good business moves that gave these results.



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Reported profit before amortization and reserves (EBITDA) amounts to 255,982 thousand dinars while in the previous year there was reported an operating profit before amortization and reserves in the amount of 213,226 thousand dinars, which represents an improvement for 42,756 thousand dinars.

At the consolidated level, the value of total assets amounted to RSD 6,3 billion, of which fixed assets RSD 4,3 billion, while current assets RSD 2,0 billion.

A part that relates to receivables in the amount of RSD 342 million includes current receivables of domestic and foreign customers. The receivables of domestic customers amounted to RSD 177 million where out of 7 largest customers are claimed RSD 52,3 million. Foreign customer receivables amounted to RSD 165 million, whereas out of 7 largest foreign customers RSD 72,2 million are claimed.

In the part of older receivables, the largest single claims are asserted against GP AUTO – SHOP Ilc Lazarevac in the amount of RSD 20,6 million. The stated receivables, together with the claim in the amount of RSD 17,6 million were registered in the bankruptcy proceedings initiated before the Commercial Court in Belgrade. Since GP AUTO – SHOP's account is blocked, there was initiated the Legal proceeding on unilateral compensation. There was received confirmation of receipt of unilateral compensation by GP AUTO-SHOP in the fourth quarter of 2016 and after its implementation there remained claims from GP AUTO-SHOP Ilc Lazarevac in the amount of 3 million dinars.

As for the customer Ema from Pozarevac the due amount is RSD 30,9 million. Also, towards this customer we have liabilities in the amount of RSD 10 million. For the claims (reduced for the existing liabilities) towards this purchaser there were activated the bills of exchange by the end of 2013. By verifying at the site of Business Registers Agency it was stipulated that EMA Pozarevac's account is blocked.

Since the Law of Contract and Torts (Articles 336. 337) envisages the possibility of unilateral compensation, when the account of one side is blocked, by the end of third quarter there were drafted unilateral compensations and delivered to the blocked creditors. Implementation of these compensations in the accounting depends on obtaining certificate of receipt of the said by the creditor. Given that until now no certificate of receipt by the creditors were received, recording these compensations in the books is uncertain.

There is a disputable claim from the company L.K. Commerce from Greece in the amount of RSD 9,9 million. For the settlement of receivables from this company there was initiated a proceeding before the foreign arbitration before the Chamber of Commerce and Industry of Serbia in the case no. T-18/14. The first hearing was held on May 9th, 2016 and the process is in progress. A significant amount of receivables is related to the entities operating abroad. Tigar Partner Macedonia claims from its customers 25,5 million dinars, Tigra Montenegro 2 million dinars, and Tigra Trade Banja Luka claims 30,1 million dinars.

At the consolidated level, loss above the equity level is RSD 1,9 billion. On the liabilities side, the equity value is 0, liabilities for long term loans and reserves are RSD 6,1 billion, short-term financial liabilities are 0,8 billion and other operating liabilities amount to approximately RSD 1,3 billion.

By replacing short-term liabilities with the long-term loans, through the process of long-term financial stabilization, there was provided a better impact on the current liquidity of the company.



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### 3.3 CONSOLIDATED FINANCIAL RESULT

<b>ASSETS</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>5,113,669</b>	<b>4,530,441</b>	<b>4,308,171</b>
<b>I. INTANGIBLE ASSETS</b>	415,482	279,860	208,762
Investment in development	368,482	268,544	199,364
Concessions, patents , licenses , trademarks , software and other rights	16,243	7,434	5,663
Other intangible assets		3	
Intangible assets under construction	30,757	3,879	3,735
Advances for intangible assets			
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	4,674,321	4,240,075	4,090,752
Land	525,279	517,802	490,421
Buildings	2,678,462	2,518,424	2,578,484
Plant and equipment	800,631	723,714	640,380
Investment property	582,070	292,513	266,181
Property, plant and equipment under construction	57,190	161,394	94,371
Investments in others property, plants and equipment	10,749	6,288	679
Advances for property , plant and equipment	19,940	19,940	20,236
<b>III. BIOLOGICAL AGENTS</b>			
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>	23,866	10,506	8,657
Shares in associated companies and joint ventures	12,018	491	491
Equity investments in other companies and other securities held for sale	94	94	94
Other long-term financial placements	11,754	9,921	8,072
<b>V. LONG-TERM RECEIVABLES</b>			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>1,884,157</b>	<b>2,117,297</b>	<b>2,015,966</b>
<b>I. INVENTORIES</b>	1,174,846	1,588,154	1,480,316
Material , spare parts , tools and supplies	97,547	129,280	183,353
Unfinished production and unfinished services	166,214	136,514	134,653
Finished Products	252,125	391,998	392,638
Goods	595,272	509,357	362,736
Fixed assets held for sale	27,162	399,680	386,004
Advances paid to suppliers and for services	36,526	21,325	20,932
<b>II. RECEIVABLES FROM SALE</b>	393,108	310,266	341,512
Customers in the country - other related parties	3,402	3,832	2,126
Customers in the country	282,629	224,271	174,868
Customers abroad	107,077	82,163	164,518
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>	1,384	129	
<b>IV. OTHER RECEIVABLES</b>	52,005	70,845	53,208
<b>V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>VI. SHORT-TERM FINANCIAL PLACEMENTS</b>	472		
Short-term loans and investments - other related parties	472		
<b>VII. CASH AND CASH EQUIVALENTS</b>	194,656	85,481	95,408
<b>VIII. VALUE ADDED TAX</b>	22,943	16,541	10,214
<b>IX. PREPAYMENTS</b>	44,743	45,881	35,308
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>6,997,826</b>	<b>6,647,738</b>	<b>6,324,137</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>		<b>811,313</b>	<b>661,662</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>			
<b>I. SHARE AND OTHER CAPITAL</b>	642,704	642,704	1,115,014
Share Capital	642,704	642,704	1,115,014
<b>II. SUBSCRIBED CAPITAL UNPAID</b>			
<b>III. TREASURY SHARES</b>			
<b>IV. RESERVES</b>	5,409	5,411	3,642
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment	1,509,155	1,509,372	1,509,376
<b>VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	77,139	84,716	101,672
<b>VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	3,593	4,976	4,146
<b>VIII. RETAINED EARNINGS</b>			



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Retained profit from previous years			
Retained profit from financial year			
<b>IX. PARTICIPATION RIGHTS WITHOUT CONTROL</b>	87,802	91,147	98,303
<b>X. LOSS</b>	3,814,092	4,405,805	4,780,492
Loss of previous years	2,369,755	3,814,093	4,361,843
Loss for the year	1,444,337	591,712	418,649
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>2,024,795</b>	<b>6,862,923</b>	<b>6,120,270</b>
<b>I. LONG-TERM PROVISIONS</b>	254,496	255,595	252,742
Provision for retirement and other employee benefits	36,736	42,692	39,898
Provision for lawsuits	217,760	211,193	212,844
Other long-term provisions		1,710	
<b>II. LONG-TERM LIABILITIES</b>	1,770,299	6,607,328	5,867,528
Liabilities convertible into equity			1,751,876
Liabilities from securities in period exceeding one year		317,125	
Long-term loans and loans in the country	535,359	4,379,536	2,715,403
Long-term loans and loans abroad	944,950	950,167	774,834
Liabilities arising from finance lease	15,881	11,425	6,621
Other long-term liabilities	274,109	949,075	618,794
<b>V. DEFERRED TAX LIABILITIES</b>	<b>114,777</b>	<b>107,363</b>	<b>103,786</b>
<b>G. CURRENT LIABILITIES</b>	<b>6,353,730</b>	<b>1,754,883</b>	<b>2,056,712</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	3,555,912	416,816	848,014
Short-term loans and loans in the country	2,042,605		
Liabilities based on fixed assets and assets from discontinued operations held for sale	27,162	9,452	
Other current financial liabilities	1,486,145	407,364	848,014
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	100,564	56,025	46,027
<b>III. ACCOUNTS PAYABLE</b>	1,050,547	768,531	652,289
Suppliers - other related parties in the country	4,259	4,835	2,287
Suppliers in the country	502,240	459,272	413,639
Foreign suppliers	532,398	298,686	230,851
Other liabilities	11,650	5,738	5,512
<b>IV. OTHER CURRENT LIABILITIES</b>	1,419,881	433,906	436,296
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>	32,172	6,591	11,444
<b>VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	28,787	12,758	5,894
<b>VII. ACCRUALS</b>	165,867	60,256	56,748
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>1,495,476</b>	<b>2,077,431</b>	<b>1,956,631</b>
<b>D. TOTAL LIABILITIES</b>	<b>6,997,826</b>	<b>6,647,738</b>	<b>6,324,137</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>		<b>811,313</b>	<b>661,662</b>

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	%
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>2,826,617</b>	<b>2,994,991</b>	<b>6%</b>
I. Sales of goods	72,569	80,718	11%
II. Sales of products and services	2,707,606	2,890,073	7%
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	46,442	24,200	-48%
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>2,806,701</b>	<b>2,902,117</b>	<b>3.4%</b>
I. Cost of commercial goods sold	59,117	78,120	32%
II. Work performed by the company and capitalized	39,637	23,065	-42%
III. Increase in inventories of finished products and work in progress	88,420	5,080	
IV. Decrease in inventories of finished products and work in progress			
V. Material consumed	926,170	878,098	-5%
VI. Fuel and energy consumed	175,642	155,363	-12%
VII. Staff costs	1,139,438	1,174,909	3%
VIII. Production expenses	331,925	385,002	16%
IX. Amortization	184,122	160,737	-13%
X. Costs of long-term provisions	9,188	2,371	
XI. Intangible costs	109,156	95,663	-12%
<b>V. PROFIT FROM OPERATIONS</b>	<b>19,916</b>	<b>92,874</b>	
<b>G. LOSS FROM OPERATIONS</b>			
<b>D. FINANCE INCOME</b>	<b>32,486</b>	<b>29,780</b>	<b>-8%</b>
I. Financial income from related persons and other financial	295	18,514	



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income			
II. Interest income (from third parties)	2,679	1,163	-57%
III. Gains and positive effects of currency clause	29,512	10,103	-66%
<b>D. FINANCE EXPENSES</b>	<b>522,808</b>	<b>386,494</b>	<b>-26%</b>
I. Financial expenses related party transactions and other financial expenses	6,246	6,019	
II. Interest expense (by third parties)	389,474	266,888	-31%
III. Foreign exchange gains and negative effects of currency clause	127,088	113,587	-11%
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>490,322</b>	<b>356,714</b>	<b>27%</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>18,608</b>	<b>10,538</b>	
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>27,369</b>	<b>5,588</b>	<b>-80%</b>
<b>J. OTHER INCOME</b>	<b>84,087</b>	<b>34,823</b>	<b>-59%</b>
<b>K. OTHER EXPENSES</b>	<b>161,534</b>	<b>155,013</b>	<b>-4%</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>556,615</b>	<b>379,080</b>	<b>32%</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>	<b>3,506</b>	<b>5,253</b>	
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	<b>560,120</b>	<b>384,333</b>	<b>31%</b>
<b>P. INCOME TAX</b>			
I. Current tax expense	23,903	18,559	-22%
II. Deferred income tax expense	14	272	
III. Deferred income tax benefit	7,430	3,848	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>576,608</b>	<b>399,316</b>	<b>31%</b>

### 3.4. TIGAR AD PARENT COMPANY

\* On 11.09.2015 was implemented the status change implying the merger of dependent entities Tigar Rubber Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products to the parent company Tigar a.d. After the status change and starting with 12.09.2015, the overall business operations of these production entities is shown within the data pertaining to the parent company, Tigar ad.

By the Prepackaged Plan of Reorganization becoming valid and final on 01.06.2015, there were replaced the short-term liabilities into the long-term loans, which caused a better impact on the current liquidity.

ASSETS	31.12.2014.	31.12.2015.	31.12.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>1,983,302</b>	<b>3,894,327</b>	<b>3,659,717</b>
I. INTANGIBLE ASSETS	13,758	279,515	207,388
Investment in development	33	268,544	199,237
Concessions, patents , licenses , trademarks , software and other rights	9,823	7,200	4,474
Intangible assets under construction	3,902	3,771	3,677
II. PROPERTY, PLANT AND EQUIPMENT	1,257,829	3,291,008	3,132,586
Land	54,376	454,761	430,742
Buildings	643,255	1,713,331	1,749,863
Plant and equipment	231,157	675,729	603,253
Investment property	290,896	292,513	266,181
Property, plant and equipment under construction	28,945	129,511	62,289
Investments in others property, plants and equipment	9,200	5,223	318
Advances for property , plant and equipment		19,940	19,940



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III. BIOLOGICAL AGENTS			0
IV. LONG-TERM FINANCIAL PLACEMENTS	504,651	323,804	319,743
Shares of limited liability companies	480,785	313,298	311,088
Shares in associated companies and joint ventures	12,018	491	491
Equity investments in other companies and other securities held for sale	94	94	92
Other long-term financial placements	11,754	9,921	8,072
V. LONG-TERM RECEIVABLES	207,064		0
Receivables from the parent company and other subsidiaries	207,064		
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>2,851,148</b>	<b>1,976,298</b>	<b>1,865,227</b>
I. INVENTORIES	453,874	1,399,397	1,315,306
Material , spare parts , tools and supplies	5,574	151,414	175,634
Unfinished production and unfinished services		136,514	134,653
Finished Products		391,998	392,638
Goods	430,666	347,474	241,928
Fixed assets held for sale		362,160	358,234
Advances paid to suppliers and for services	17,634	9,837	12,219
II. RECEIVABLES FROM SALE	1,892,079	502,322	442,205
Customers in the country – parent company and subsidiaries	1,648,171	239,730	200,065
Customers abroad – parent company and subsidiaries	115,847	125,698	108,458
Customers in the country – other related parties	585	1,093	1,283
Customers in the country	57,380	72,487	52,707
Customers abroad	70,096	63,314	79,692
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	57,116	26,818	19,351
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	239,953		56,167
Short-term loans and investments – parent company and subsidiaries	239,480		11,509
Short-term loans and investments - other related parties	456		
Other short term financial placements	17		44,658
VII. CASH AND CASH EQUIVALENTS	109,103	1,430	701
VIII. VALUE ADDED TAX	12,297	12,914	7,225
IX. PREPAYMENTS	86,726	33,417	24,272
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>4,834,450</b>	<b>5,870,625</b>	<b>5,524,944</b>
<b>D. OFF BALANCE SHEET ASSETS</b>		<b>798,813</b>	<b>624,162</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>			<b>0</b>
I. SHARE AND OTHER CAPITAL	642,704	642,704	1,115,014
Share Capital	642,704	642,704	1,115,014
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES	143	143	143
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment	112,818	205,809	205,809
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	6		1,113
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS		2,042	
VIII. RETAINED EARNINGS		1,823	1,823
Retained profit from previous years		1,823	1,823
Retained profit from financial year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	1,814,668	3,371,206	3,765,742
Loss of previous years	962,476	3,106,851	3,371,919
Loss for the year	852,192	264,355	393,823
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>755,963</b>	<b>6,785,725</b>	<b>6,092,419</b>
I. LONG-TERM PROVISIONS	220,604	240,390	235,814
Provision for retirement and other employee benefits	5,920	29,197	24,680
Provision for lawsuits	214,684	211,193	211,134
Other long-term provisions			
II. LONG-TERM LIABILITIES	535,359	6,545,335	5,856,605
Liabilities convertible into equity			1,751,876
Liabilities from securities in period exceeding one year		317,125	
Long-term loans and loans in the country	535,359	4,379,536	2,715,403



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Long-term loans and loans abroad		950,167	774,834
Other long-term liabilities		898,507	614,492
<b>V. DEFERRED TAX LIABILITIES</b>		<b>3,075</b>	
<b>G. CURRENT LIABILITIES</b>	<b>5,137,484</b>	<b>1,604,594</b>	<b>1,874,365</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	3,051,513	418,543	841,975
Short-term loans from parent and subsidiaries	119,984	16,086	1,973
Short-term loans and loans in the country	2,042,117		
Other short-term financial liabilities	889,412	402,457	840,002
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	52,541	44,436	40,054
<b>III. ACCOUNTS PAYABLE</b>	990,652	743,878	588,582
Suppliers – parent company and subsidiaries in the country	164,010	83,712	90,129
Suppliers – parent company and subsidiaries abroad	50,584	50,507	20,090
Suppliers - other related parties in the country	3,972	2,158	2,159
Suppliers in the country	293,792	321,310	289,905
Foreign suppliers	478,113	283,504	185,260
Other liabilities	181	2,687	1,039
<b>IV. OTHER CURRENT LIABILITIES</b>	945,237	347,760	364,384
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>		74	
<b>VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	15,364	6,563	1,772
<b>VII. ACCRUALS</b>	82,177	43,340	37,598
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>1,058,997</b>	<b>2,522,769</b>	<b>2,441,840</b>
<b>D. TOTAL LIABILITIES</b>	<b>4,834,450</b>	<b>5,870,625</b>	<b>5,524,944</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>		<b>798,813</b>	<b>624,162</b>

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>1,855,835</b>	<b>2,362,695</b>	<b>2,308,674</b>
I. Sales of goods	1,446,938	1,374,616	20,617
II. Sales of products and services	<b>392,320</b>	<b>854,765</b>	<b>1,964,789</b>
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	16,577	133,314	323,268
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>1,755,978</b>	<b>2,200,658</b>	<b>2,263,768</b>
I. Cost of commercial goods sold	1,261,701	1,178,334	16,857
II. Work performed by the company and capitalized			
III. Increase in inventories of finished products and work in progress		40,189	5,080
IV. Decrease in inventories of finished products and work in progress			
V. Material consumed	4,648	307,667	814,558
VI. Fuel and energy consumed	85,143	121,011	209,127
VII. Staff costs	196,104	359,814	805,445
VIII. Production expenses	58,742	51,906	49,191
IX. Amortization	48,456	77,624	138,195
X. Costs of long-term provisions	302	7,102	262
XI. Intangible costs	100,882	137,389	235,213
<b>V. PROFIT FROM OPERATIONS</b>	<b>99,857</b>	<b>162,037</b>	<b>44,906</b>
<b>G. LOSS FROM OPERATIONS</b>			
<b>D. FINANCE INCOME</b>	<b>49,695</b>	<b>115,048</b>	<b>59,512</b>
I. Financial income from related persons and other financial income	25,950	95,997	50,569
II. Interest income (from third parties)	2,135	1,118	844
III. Gains and positive effects of currency clause	21,610	17,933	8,099
<b>D. FINANCE EXPENSES</b>	<b>612,261</b>	<b>429,085</b>	<b>374,712</b>
I. Financial expenses related party transactions and other financial expenses	14,276	10,848	5,978
II. Interest expense (by third parties)	415,261	293,980	256,576
III. Foreign exchange gains and negative effects of currency clause	182,724	124,257	112,158
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>562,566</b>	<b>314,037</b>	<b>315,200</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGHT INCOME STATEMENT</b>	<b>1,832</b>	<b>13,838</b>	<b>3,616</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT</b>	<b>385,418</b>	<b>37,373</b>	<b>1,941</b>



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<b>FAIR VALUE TROUGH INCOME STATEMENT</b>			
<b>J. OTHER INCOME</b>	18,963	72,377	22,627
<b>K. OTHER EXPENSES</b>	24,861	152,900	150,506
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	852,193	256,058	396,498
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		3,506	401
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	852,193	259,564	396,899
<b>P. INCOME TAX</b>			
I. Current tax expense		4,791	
II. Deferred income tax expense			
III. Deferred income tax benefit			3,076
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	852,193	264,355	393,823

<b>CASH FLOWS</b> <b>(in thousands of RSD)</b>	<b>January – December 2015</b>	<b>January – December 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	1,962,401	2,063,884
Cash outflow from operating activities	2,042,765	2,034,667
Net cash inflow from operating activities		29,217
Net outflow from operating activities	80,364	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities	37,496	51,509
Cash outflow from investing activities	73,477	42,727
Net cash inflow from investing activities		8,782
Net cash outflow from investing activities	35,981	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	7,858	
Cash outflow from financing activities	5,919	37,723
Net cash inflow from financing activities	1,939	
Net cash outflow from financing activities		37,723
<b>TOTAL CASH INFLOW</b>	<b>2,007,755</b>	<b>2,115,393</b>
<b>TOTAL CASH OUTFLOW</b>	<b>2,122,161</b>	<b>2,115,117</b>
<b>NET CASH INFLOW</b>		276
<b>NET CASH OUTFLOW</b>	<b>114,406</b>	
<b>Cash and cash equivalents at beginning of year</b>	<b>109,103</b>	<b>1,430</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>	<b>7,593</b>	
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>860</b>	<b>1,006</b>
<b>CASH AT THE END OF ACCOUNTING PERIOD</b>	<b>1,430</b>	<b>700</b>

On 01.06.2015 the Prepackaged Plan of Reorganization of Tigar a.d.became final and valid before the court, there were launched the activities in the part of its enforcement and implementation. In this regard, on 06.08.2015 were made Decisions on the adoption of the Agreement on the merger of dependent entities Tigar Rubber Footwear I.I.c., Tigar Rubber Technical Goods I.I.c. and Tigar Chemical Products I.I.c. as assignors, and the Joint Stock Company Tigar as the acquiring company. Date of the status change, i.e. the merger is 11.09.2015.

On 25.02.2016 there was concluded the Agreement on the merger of dependent entity Tigar Tours as assignor, and the Joint Stock Company Tigar as the acquiring company. Date of the status change, i.e. the merger is 22.04.2016.





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In the following table is given a detailed review of the merged balance sheet items of Tigar a.d. and Tigar Tours with the elimination of internal relations:

Balance Sheet as of 22.04.2016 in  
thousand dinars

In thousand dinars

POSITIONS	Marks AOP	Tigar AD	Tigar Tours	Total I	eliminations	corrections	Total II
1		2	3	4=2+3	5	6	6=4+5+6
<b>ASSETS</b>							
<b>A. SUBSCRIBED CAPITAL UNPAID</b>	0001	0	0	0			0
<b>B. NON-CURRENT ASSETS</b> (0003 + 0010 + 0019 + 0024 + 0034)	0002	3.868.725	21	3.868.746	-2.210	0	3.866.536
<b>I. INTANGIBLE ASSETS</b> (0004 + 0005 + 0006 + 0007 + 0008 + 0009)	0003	264.479	0	264.479	0	0	264.479
1. Investment in development	0004	254.403	0	254.403			254.403
2. Concessions, patents , licenses , trademarks , software and other rights	0005	6.321	0	6.321			6.321
3. Goodwill	0006	0	0	0			0
4. Other intangible assets	0007	0	0	0			0
5. Intangible assets under construction	0008	3.755	0	3.755			3.755
6. Advances for intangible assets	0009	0	0	0			0
<b>II. PROPERTY, PLANT AND EQUIPMENT</b> (0011 + 0012 + 0013 + 0014 + 0015 + 0016 + 0017 + 0018)	0010	3.280.442	21	3.280.463	0	0	3.280.463
1. Land	0011	454.761	0	454.761			454.761
2. Buildings	0012	1.703.458	0	1.703.458			1.703.458
3. Plant and equipment	0013	655.525	21	655.546			655.546
4. Investment property	0014	292.513	0	292.513			292.513
5. Other property, plant and equipment	0015	0	0	0			0
6. Property, plant and equipment construction	0016	149.605	0	149.605			149.605
7. Investments in others property, plants and equipment	0017	4.640	0	4.640			4.640
8. Advances for property , plant and equipment	0018	19.940	0	19.940			19.940
<b>III. BIOLOGICAL AGENTS</b> (0020 + 0021 + 0022 + 0023)	0019	0	0	0	0	0	0
1. Woods and plants	0020	0	0	0			0
2. Basic herd	0021	0	0	0			0
3. Biological agents in preparation	0022	0	0	0			0
4. Advances for biological agents	0023	0	0	0			0
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b> (0025 + 0026 + 0027 + 0028 + 0029 + 0030 + 0031 + 0032 + 0033)	0024	323.804	0	323.804	-2.210	0	321.594
1. Shares in subsidiaries	0025	313.298	0	313.298	-2.210		311.088
2. Shares in associated companies and joint ventures	0026	491	0	491			491
3. Equity investments in other companies and other securities held for sale	0027	94	0	94			94
4. Long term placements to the parent company and other related parties	0028	0	0	0			0
5. Long-term placements with other related parties	0029	0	0	0			0
6. Long-term investments in the country	0030	0	0	0			0
7. Long-term investments abroad	0031	0	0	0			0
8. Securities held to maturity	0032	0	0	0			0
9. Other long-term investments	0033	9.921	0	9.921			9.921
<b>V. LONG-TERM RECEIVABLES</b> (0035 + 0036 + 0037 + 0038 + 0039 + 0040 + 0041)	0034	0	0	0	0	0	0
1. Receivables from parent company and its subsidiaries	0035	0	0	0			0
2. Receivables from other related parties	0036	0	0	0			0
3. Receivables from sales on trade credit	0037	0	0	0			0



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4. Receivables for sale under the agreement on financial leasing	0038	0	0	0			0
5. Receivables in respect of sureties	0039	0	0	0			0
6. Disputed and doubtful receivables	0040	0	0	0			0
7. Other long-term receivables	0041	0	0	0			0
V. DEFERRED TAX ASSETS	0042	0	0	0			0
G. CURRENT ASSETS (0044 + 0051 + 0059 + 0060 + 0061 + 0062 + 0068 + 0069 + 0070)	0043	1.869.235	3.062	1.872.297	-3.001	0	1.869.296
I. INVENTORIES (0045 + 0046 + 0047 + 0048 + 0049 + 0050)	0044	1.360.613	0	1.360.613	0	0	1.360.613
1. Supplies , spare parts , tools and supplies	0045	144.396	0	144.396			144.396
11 2. Unfinished production and unfinished services	0046	137.101	0	137.101			137.101
3. Finished Products	0047	393.060	0	393.060			393.060
4. Goods	0048	318.502	0	318.502			318.502
5. Fixed assets held for sale	0049	361.768	0	361.768			361.768
6. Advances paid to suppliers	0050	5.786	0	5.786			5.786
II. RECEIVABLES FROM SALE (0052 + 0053 + 0054 + 0055 + 0056 + 0057 + 0058)	0051	419.845	2.950	422.795	-3.001	0	419.794
1. Customers in the country - the parent and subsidiaries	0052	204.943	2.802	207.745	-3.001		204.744
2. Customers abroad - parent and subsidiaries	0053	124.117	0	124.117			124.117
3. Customers in the country - other related parties	0054	1.659	0	1.659			1.659
4. Customers abroad - other related parties	0055	0	0	0			0
5. Customers in the country	0056	22.595	148	22.743			22.743
6. Customers abroad	0057	66.531	0	66.531			66.531
7. Other receivables from sales	0058	0	0	0			0
III. RECEIVABLES FROM SPECIFIC OPERATIONS	0059	0	0	0			0
22 IV. OTHER RECEIVABLES	0060	18.446	60	18.506			18.506
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	0061	0	0	0			0
VI. SHORT-TERM FINANCIAL PLACEMENTS (0063 + 0064 + 0065 + 0066 + 0067)	0062	19.291	47	19.338	0	0	19.338
1. Short-term loans and investments - parent and subsidiaries	0063	19.291	47	19.338			19.338
2. Short-term loans and investments - other related parties	0064	0	0	0			0
3. Short-term loans and loans in the country	0065	0	0	0			0
4. Short-term loans and loans abroad	0066	0	0	0			0
5. Other short-term financial investments	0067	0	0	0			0
VII. CASH AND CASH EQUIVALENTS	0068	1.183	5	1.188			1.188
VIII. VALUE ADDED TAX	0069	12.733	0	12.733			12.733
IX. PREPAYMENTS	0070	37.124	0	37.124			37.124
D. TOTAL ASSETS = OPERATING ASSETS (0001 + 0002 + 0042 + 0043)	0071	5.737.960	3.083	5.741.043	-5.211	0	5.735.832
Đ. OFF BALANCE SHEET ASSETS	0072	798.813		798.813			798.813
EQUITY AND LIABILITIES							
A. EQUITY (0402 + 0411 - 0412 + 0413 + 0414 + 0415 -0416 + 0417 + 0420 - 0421) ≥ 0 = (0071 - 0424 - 0441 -0442)	0401	0	1.464	0	0	0	0
I. SHARE AND OTHER CAPITAL (0403 + 0404 + 0405 + 0406 + 0407 + 0408 + 0409 + 0410)	0402	642.704	3.184	645.888	-3.184	0	642.704
1. Share Capital	0403	642.704	0	642.704			642.704
2. Shares of limited liability companies	0404	0	3.184	3.184	-3.184		0
3. Stakes	0405	0	0	0			0
4. State capital	0406	0	0	0			0
5. Social capital	0407	0	0	0			0
6. Cooperative shares	0408	0	0	0			0
7. Share premium	0409	0	0	0			0



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8. Other capital	0410	0	0	0			0
II. SUBSCRIBED CAPITAL UNPAID	0411	0	0	0			0
III. TREASURY SHARES	0412	0	0	0			0
IV. RESERVES	0413	143	0	143			143
V. Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment	0414	205.809	0	205.809			205.809
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (credit balance accounts of group 33 except 330)	0415	0	0	0			0
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS (debit balance of the account group 33 except 330)	0416	2.042	34	2.076			2.076
VIII. RETAINED EARNINGS (0418 + 0419)	0417	1.823	0	1.823	0	0	1.823
1. Retained profit from previous years	0418	1.823	0	1.823			1.823
2. Retained profit from financial year	0419	0	0	0			0
IX. PARTICIPATION RIGHTS WITHOUT CONTROL	0420	0	0	0			0
X. LOSS (0422 + 0423)	0421	3.404.965	1.686	3.406.651	-974	0	3.405.677
1. Loss of previous years	0422	3.371.206	1.297	3.372.503	-974		3.371.529
2. Loss for the year	0423	33.759	389	34.148			34.148
B. LONG-TERM PROVISIONS AND LIABILITIES (0425 + 0432)	0424	6.745.696	158	6.745.854	0	0	6.745.854
I. LONG-TERM PROVISIONS (0426 + 0427 + 0428 + 0429 + 0430 + 0431)	0425	239.996	158	240.154	0	0	240.154
1. For expenses in warranty period	0426	0	0	0			0
2. For restoration of natural resources	0427	0	0	0			0
3. Provisions for restructuring costs	0428	0	0	0			0
4. Provision for retirement and other employee benefits	0429	28.862	158	29.020			29.020
5. Provision for lawsuits	0430	211.134	0	211.134			211.134
6. Other long-term provisions	0431	0	0	0			0
41 II. LONG-TERM LIABILITIES (0433 + 0434 + 0435 + 0436 + 0437 + 0438 + 0439 + 0440)	0432	6.505.700	0	6.505.700	0	0	6.505.700
1. Liabilities convertible into equity	0433	0	0	0			0
2. Liabilities to parent companies and subsidiaries	0434	0	0	0			0
3. Liabilities to other related parties	0435	0	0	0			0
4. Liabilities from securities in period exceeding one year	0436	0	0	0			0
5. Long-term loans and loans in the country	0437	4.732.072	0	4.732.072			4.732.072
6. Long-term loans and loans abroad	0438	957.926	0	957.926			957.926
7. Liabilities arising from finance lease	0439	0	0	0			0
8. Other long-term liabilities	0440	815.702	0	815.702			815.702
V. DEFERRED TAX LIABILITIES	0441	3.075	1	3.076			3.076
G. CURRENT LIABILITIES (0443 + 0450 + 0451 + 0459 + 0460 + 0461 + 0462)	0442	1.545.717	1.460	1.547.177	-3.001	0	1.544.176
I. SHORT-TERM FINANCIAL LIABILITIES (0444 + 0445 + 0446 + 0447 + 0448 + 0449)	0443	409.535	365	409.900	0	0	409.900
1. Short-term loans from parent companies and subsidiaries	0444	19.343	365	19.708			19.708
2. Short-term loans from other related parties	0445	0	0	0			0
3. Short-term loans and loans in the country	0446	0	0	0			0
4. Short-term loans and loans abroad	0447	0	0	0			0
5. Liabilities based on fixed assets and funds of discontinued operations held for sale	0448	0	0	0			0



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6. Other current financial liabilities	0449	390.192	0	390.192			390.192
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	0450	22.519	0	22.519			22.519
III. (ACCOUNTS PAYABLE 0452 + 0453 + 0454 + 0455 + 0456 + 0457 + 0458)	0451	750.878	343	751.221	-3.001	0	748.220
1. Suppliers - parent and subsidiaries in the country	0452	79.473	267	79.740	-3.001		76.739
2. Suppliers - parent and subsidiaries abroad	0453	49.276	0	49.276			49.276
3. Suppliers - other related parties in the country	0454	2.099	0	2.099			2.099
4. Suppliers - Other related legal entities abroad	0455	0	0	0			0
5. Suppliers in the country	0456	303.652	76	303.728			303.728
6. Foreign suppliers	0457	312.884	0	312.884			312.884
7. Other liabilities	0458	3.494	0	3.494			3.494
IV. OTHER CURRENT LIABILITIES	0459	323.542	670	324.212			324.212
V. LIABILITIES FOR VALUE ADDED TAX	0460	74	2	76			76
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	0461	6.559	0	6.559			6.559
VII. ACCRUALS	0462	32.610	80	32.690			32.690
D. LOSS IN EXCESS OF CAPITAL (0412 + 0416 + 0421 - 0420 - 0417 - 0415 - 0414 - 0413 - 0411 - 0402) ≥ 0 = (0441 + 0424 + 0442 - 0071) ≥ 0	0463	2.556.528	0	2.555.064	2.210	0	2.557.274
Đ. TOTAL LIABILITIES (0424 + 0442 + 0441 + 0401 - 0463) ≥ 0	0464	5.737.960	3.083	5.741.043	-5.211	0	5.735.832
G. OFF BALANCE SHEET LIABILITIES	0465	798.813	0	0			0

Bearing in mind two status changes: as of 11.09.2015 when the manufacturing entities (Tigar Rubber Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products) merged with the parent company, and as of 22.04.2016 when the service entity Tigar Tours was merged with the parent Company and we note that the data given as of 31th December 2016 are not comparable with the data given for the period January – December 2015 (income statement), i.e. not comparable with the data given as of 31th December 2015 (balance sheet).

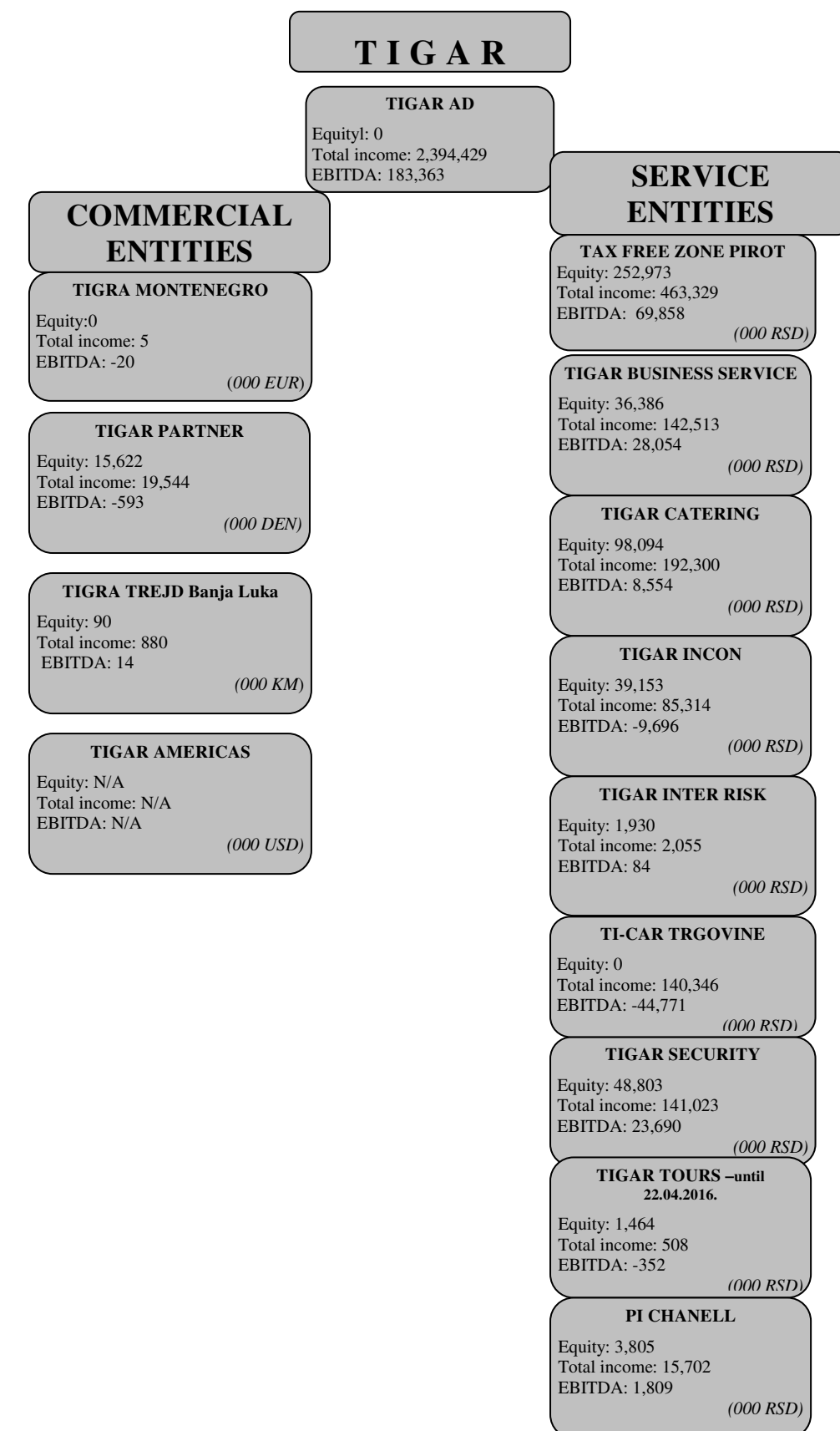


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## 3.5. KEY FINANCIAL RESULTS OF THE SUBSIDIARIES





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### 3.6. TIGRA MONTENEGRO – MONTENEGRO

<b>BALANCE SHEET Tigra Montenegro (in thousands of EUR)</b>	<b>as of 31.12.2014</b>	<b>as of 31.12.2015</b>	<b>as of 31.12.2016</b>
Non-current assets	3	3	3
Current assets	182	45	36
Deferred tax assets			
<b>TOTAL ASSETS</b>	<b>185</b>	<b>48</b>	<b>38</b>
Equity	45	3	-21
Long-term liabilities and provisions			
Current liabilities	140	44	59
Deferred tax liabilities			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185</b>	<b>48</b>	<b>38</b>

<b>Income statement Tigra Montenegro (in thousands of EUR)</b>	<b>January – December 2014</b>	<b>January – December 2015</b>	<b>January – December 2016</b>
<b>Total income</b>	<b>172</b>	<b>16</b>	<b>5</b>
<b>Total expenses</b>	<b>223</b>	<b>57</b>	<b>29</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-50</b>	<b>-41</b>	<b>-24</b>
Income taxes			
Deferred Income Tax expense			
Deferred Income Tax benefit			
<b>NET PROFIT/LOSS</b>	<b>-50</b>	<b>-41</b>	<b>-24</b>

### 3.7. TIGRA TREJD – REPUBLIC OF SRPSKA

<b>BALANCE SHEET (in thousands of KM)</b>	<b>as of 31.12.2014</b>	<b>as of 31.12.2015</b>	<b>as of 31.12.2016</b>
Fixed Assets	269	258	246
Current assets	909	954	979
Deferred tax assets			
Loss above equity value			
<b>TOTAL ASSETS</b>	<b>1,178</b>	<b>1,212</b>	<b>1,224</b>
Equity	88	89	90
Non-current liabilities			
Short-term liabilities	1,090	1,122	1,134
Deferred tax liabilities			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,178</b>	<b>1,212</b>	<b>1,224</b>

<b>Income statement (in thousands of KM)</b>	<b>January – December 2014</b>	<b>January – December 2015</b>	<b>January – December 2016</b>
<b>Total income</b>	<b>1,452</b>	<b>1,182</b>	<b>880</b>
<b>Total expenses</b>	<b>1,430</b>	<b>1,181</b>	<b>879</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>23</b>	<b>1</b>	<b>1</b>
Income taxes	5	0	0



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Deferred Income Tax expense			
Deferred Income Tax benefit			
<b>NET PROFIT/LOSS</b>	<b>17</b>	<b>1</b>	<b>1</b>

### 3.8. TIGAR PARTNER – MACEDONIA

<b>BALANCE SHEET (in thousands of Denars)</b>	<b>as of 31.12.2014</b>	<b>as of 31.12.2015</b>	<b>as of 31.12.2016</b>
Fixed Assets	6	2	0.020
Current assets	21,187	20,249	22,708
Deferred tax assets	0	0	0
<b>TOTAL ASSETS</b>	<b>21,193</b>	<b>20,251</b>	<b>22,708</b>
Equity	16,457	15,989	15,622
Non-current liabilities	0	0	0
Short-term liabilities	4,736	4,262	7,086
Deferred tax liabilities	0	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,193</b>	<b>20,251</b>	<b>22,708</b>

<b>Income statement (in thousands of Denars)</b>	<b>January – December 2014</b>	<b>January – December 2015</b>	<b>January – December 2016</b>
<b>Total income</b>	<b>24,115</b>	<b>20,590</b>	<b>19,544</b>
<b>Total expenses</b>	<b>25,512</b>	<b>21,052</b>	<b>19,909</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-1,397</b>	<b>-462</b>	<b>-365</b>
Income taxes	10	6	3
Deferred Income Tax expense	0	0	0
Deferred Income Tax benefit	0	0	0
<b>NET PROFIT/LOSS</b>	<b>-1,407</b>	<b>-468</b>	<b>-368</b>

### 3.9. TI-CAR TRGOVINE

In 2014, the retail network and services were set apart from Tigar a.d. and merged to Protective Workshop which parallelly with that changed its name into TI-CAR Trgovine I.I.c.

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

<b>ASSETS</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>46,473</b>	<b>1,558</b>	<b>1,400</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	30,085	1,558	1,400
Land	1,932		
Buildings	27,796	1,355	1,326
Plant and equipment	259	104	74
Property, plant and equipment under construction	98	99	
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES	16,388		
Receivables from the parent company and subsidiaries	16,388		
<b>V. DEFERRED TAX ASSETS</b>	<b>145</b>	<b>132</b>	<b>107</b>
<b>G. CURRENT ASSETS</b>	<b>569,909</b>	<b>248,520</b>	<b>162,312</b>



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I. INVENTORIES	128,835	125,062	109,613
Goods	115,161	85,482	71,813
Fixed assets held for sale		28,068	27,770
Advances paid to suppliers and for services	13,674	11,512	10,030
II. RECEIVABLES FROM SALE	303,415	87,855	27,323
Customers in the country - the parent and subsidiaries	229,186	66,217	7,014
Customers abroad - parent and subsidiaries	6,682	1,123	1,110
Customers in the country - other related parties	9	68	28
Customers in the country	43,063	20,439	19,171
Customers abroad	24,475	8	
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	6,073	12,622	13,742
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	110,163	19,315	8,063
Short-term loans and investments - parent and subsidiaries	110,163	19,315	8,063
VII. CASH AND CASH EQUIVALENTS	329	329	349
VIII. VALUE ADDED TAX	9,694	29	
IX. PREPAYMENTS	11,400	3,308	3,222
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>616,527</b>	<b>250,210</b>	<b>163,819</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>			
I. SHARE AND OTHER CAPITAL	1,348	1,348	1,348
Share Capital			
Shares of limited liability companies	1,348	1,348	1,348
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	389	364	471
VIII. RETAINED EARNINGS	10,688		
Retained profit from previous years			
Retained profit from financial year	10,688		
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	14,787	73,316	115,992
Loss of previous years	14,787	4,099	73,315
Loss for the year		69,217	42,677
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>818</b>	<b>507</b>	<b>518</b>
I. LONG-TERM PROVISIONS	818	507	518
Provision for retirement and other employee benefits	818	507	518
II. LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>618,849</b>	<b>322,035</b>	<b>278,416</b>
I. SHORT-TERM FINANCIAL LIABILITIES	107,721	8,740	30,006
Short-term loans from parent companies and subsidiaries	107,721	8,740	30,006
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	41,728	9,217	4,000
III. ACCOUNTS PAYABLE	434,221	271,236	225,606
Suppliers - parent and subsidiaries in the country	354,486	238,201	191,257
Suppliers - other related parties in the country		48	106
Suppliers in the country	49,497	25,730	25,705
Foreign suppliers	24,842	4,433	4,248
Other liabilities	5,396	2,824	4,290
IV. OTHER CURRENT LIABILITIES	32,218	26,523	12,785
V. LIABILITIES FOR VALUE ADDED TAX	2,041	2,416	1,553
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	372	155	1,097
VII. ACCRUALS	548	3,748	3,369
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>3,140</b>	<b>72,332</b>	<b>115,115</b>
<b>D. TOTAL LIABILITIES</b>	<b>616,527</b>	<b>250,210</b>	<b>163,819</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			





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Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>1,383,904</b>	<b>425,010</b>	<b>127,476</b>
I. Sales of goods	1,367,802	415,589	124,126
II. Sales of products and services	13,500	7,846	3,084
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	2,602	1,575	266
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>1,354,607</b>	<b>483,929</b>	<b>172,421</b>
I. Cost of commercial goods sold	1,224,188	362,512	94,374
II. Work performed by the company and capitalized			
V. Material consumed	9,992	1,354	758
VI. Fuel and energy consumed	11,982	8,855	4,325
VII. Staff costs	64,305	60,787	45,127
VIII. Production expenses	22,239	14,181	9,954
IX. Amortization	780	459	58
X. Costs of long-term provisions	284	91	116
XI. Intangible costs	20,837	35,690	17,709
<b>V. PROFIT FROM OPERATIONS</b>	<b>29,297</b>		
<b>G. LOSS FROM OPERATIONS</b>		<b>58,919</b>	<b>44,945</b>
<b>D. FINANCE INCOME</b>	<b>2,417</b>	<b>789</b>	<b>191</b>
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)			
III. Gains and positive effects of currency clause	2,417	789	191
<b>D. FINANCE EXPENSES</b>	<b>4,841</b>	<b>1,110</b>	<b>564</b>
I. Financial expenses related party transactions and other financial expenses			1
II. Interest expense (by third parties)	1,516	279	260
III. Foreign exchange gains and negative effects of currency clause	3,325	831	303
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>2,424</b>	<b>321</b>	<b>373</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>1,018</b>		<b>4,750</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>10,601</b>	<b>7,660</b>	
<b>J. OTHER INCOME</b>	<b>394</b>	<b>298</b>	<b>7,929</b>
<b>K. OTHER EXPENSES</b>	<b>6,672</b>	<b>2,603</b>	<b>4,524</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>11,012</b>		
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>		<b>69,205</b>	<b>37,163</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			<b>4,547</b>
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>11,012</b>		
<b>O. LOSS BEFORE TAXATION</b>		<b>69,205</b>	<b>41,710</b>
<b>P. INCOME TAX</b>			
I. Current tax expense	279		942
II. Deferred income tax expense	45	12	25
III. Deferred income tax benefit			
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>	<b>10,688</b>		
<b>T. NET LOSS</b>		<b>69,217</b>	<b>42,677</b>

CASH FLOWS (in thousands of RSD)	January – December 2015	January – December 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	848,833	204,387
Cash outflow from operating activities	840,544	233,807
Net cash inflow from operating activities	8,289	
Net outflow from operating activities		29,420



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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		6,578
Cash outflow from investing activities		
Net cash inflow from investing activities		6,578
Net cash outflow from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities		32,241
Cash outflow from financing activities	8,133	9,289
Net cash inflow from financing activities		22,952
Net cash outflow from financing activities	8,133	
<b>TOTAL CASH INFLOW</b>	<b>848,833</b>	<b>243,206</b>
<b>TOTAL CASH OUTFLOW</b>	<b>848,677</b>	<b>243,096</b>
<b>NET CASH INFLOW</b>	156	110
<b>NET CASH OUTFLOW</b>		
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>329</b>	<b>329</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	156	90
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>329</b>	<b>349</b>

### 3.10. TIGAR BUSINESS SERVICE

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

ASSETS	31.12.2014.	31.12.2015.	31.12.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>58,980</b>	<b>38,790</b>	<b>31,077</b>
I. INTANGIBLE ASSETS	4	1	
Concessions, patents , licenses , trademarks , software and other rights	4	1	
II. PROPERTY, PLANT AND EQUIPMENT	45,480	38,789	31,077
Land	2,765	2,765	2,765
Buildings	13,591	13,374	13,158
Plant and equipment	29,124	22,510	15,128
Property, plant and equipment under construction		140	26
III. BIOLOGICAL AGENTS			
IV LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES	13,496		
Receivables from the parent company and subsidiaries	13,496		
<b>V. DEFERRED TAX ASSETS</b>	<b>2,417</b>	<b>2,549</b>	<b>3,208</b>
<b>G. CURRENT ASSETS</b>	<b>71,303</b>	<b>48,948</b>	<b>58,633</b>
I. INVENTORIES	2,791	4,241	804
Material, spare parts, tools and supplies	1,230	1,018	418
Advances paid to suppliers and for services	1,561	3,223	386
II. RECEIVABLES FROM SALE	8,397	27,171	24,933
Customers in the country - the parent and subsidiaries	224	299	230
Customers in the country	8,173	26,373	24,471
Customers abroad		499	232
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	276	107	2,163
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	58,760	16,879	30,369
Short-term loans and investments - parent and subsidiaries	58,760	16,879	30,369
VII. CASH AND CASH EQUIVALENTS	2	32	85
VIII. VALUE ADDED TAX	521		
IX. PREPAYMENTS	556	518	279
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>132,700</b>	<b>90,287</b>	<b>92,918</b>
<b>Ø. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>	<b>36,231</b>	<b>40,609</b>	<b>36,386</b>
I. SHARE AND OTHER CAPITAL	23,104	23,104	23,104
Share Capital			
Shares of limited liability companies	23,104	23,104	23,104
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible			



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assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	497	474	590
VIII. RETAINED EARNINGS	23,108	19,079	14,972
Retained profit from previous years	15,513		
Retained profit from financial year	7,595	19,079	14,972
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	9,484	1,100	1,100
Loss of previous years	8,918	1,100	1,100
Loss for the year	566		
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>17,279</b>	<b>12,844</b>	<b>8,163</b>
I. LONG-TERM PROVISIONS	1,398	1,419	1,542
Provision for retirement and other employee benefits	1,398	1,419	1,542
II. LONG-TERM LIABILITIES	15,881	11,425	6,621
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>79,190</b>	<b>36,834</b>	<b>48,369</b>
I. SHORT-TERM FINANCIAL LIABILITIES	50,092	7,996	9,522
Short-term loans from parent companies and subsidiaries	45,570	3,089	4,147
Other short-term financial liabilities	4,522	4,907	5,375
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	2,859	4,319	3,766
III. ACCOUNTS PAYABLE	12,058	12,516	20,406
Suppliers - parent and subsidiaries in the country	3,281	2,130	3,937
Suppliers - other related parties in the country	90		
Suppliers in the country	8,512	10,131	16,299
Foreign suppliers	173	255	155
Other liabilities	2		15
IV. OTHER CURRENT LIABILITIES	9,130	7,441	10,905
V. LIABILITIES FOR VALUE ADDED TAX		551	740
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,549	1,920	940
VII. ACCRUALS	3,502	2,091	<b>2,090</b>
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>132,700</b>	<b>90,287</b>	<b>92,918</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>119,549</b>	<b>148,941</b>	<b>140,599</b>
I. Sales of goods		5	19
II. Sales of products and services	119,549	148,936	140,580
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income			
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>103,127</b>	<b>124,302</b>	<b>120,865</b>
I. Cost of commercial goods sold			
V. Material consumed	3,968	4,189	4,528
VI. Fuel and energy consumed	30,978	32,940	28,850
VII. Staff costs	31,329	35,055	34,030
VIII. Production expenses	12,130	23,874	25,467
IX. Amortization	11,217	8,969	8,271
X. Costs of long-term provisions		44	49
XI. Intangible costs	13,505	19,231	19,670
<b>V. PROFIT FROM OPERATIONS</b>	<b>16,422</b>	<b>24,639</b>	<b>19,734</b>
<b>G. LOSS FROM OPERATION</b>			
<b>D. FINANCE INCOME</b>	<b>46</b>	<b>104</b>	<b>46</b>
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)	13	44	
III. Gains and positive effects of currency clause	33	60	46
<b>D. FINANCE EXPENSES</b>	<b>7,483</b>	<b>3,217</b>	<b>2,152</b>
I. Financial expenses related party transactions and other financial expenses			



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II. Interest expense (by third parties)	6,198	3,004	1,760
III. Foreign exchange gains and negative effects of currency clause	1,285	213	392
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>7,437</b>	<b>3,113</b>	<b>2,106</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>		<b>114</b>	<b>29</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>446</b>		<b>862</b>
<b>J. OTHER INCOME</b>	<b>3,272</b>	<b>3,105</b>	<b>1,839</b>
<b>K. OTHER EXPENSES</b>	<b>2,312</b>	<b>159</b>	<b>537</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>9,499</b>	<b>24,586</b>	<b>18,097</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>			
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			<b>77</b>
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>9,499</b>	<b>24,586</b>	<b>18,020</b>
<b>O. LOSS BEFORE TAXATION</b>			
<b>P. INCOME TAX</b>			
I. Current tax expense	3,617	5,638	<b>3,706</b>
II. Deferred income tax expense			
III. Deferred income tax benefit	1,148	131	<b>658</b>
<b>R. EARNINGS OF EMPLOYER</b>			
<b>T. NET LOSS</b>	<b>7,030</b>	<b>19,079</b>	<b>14,972</b>

### 3.11. TIGAR CATERING

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

ASSETS	31.12.2014.	31.12.2015.	31.12.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>166,933</b>	<b>163,808</b>	<b>159,478</b>
I. INTANGIBLE ASSETS	8	110	236
Investments in development			128
Concessions, patents, licenses, trademarks, software and other rights	8	2	108
Intangible assets under construction		108	
II. PROPERTY, PLANT AND EQUIPMENT	164,226	163,698	159,242
Land	27,190	27,190	27,090
Buildings	129,574	127,234	126,367
Plant and equipment	6,475	7,691	5,785
Property, plant and equipment construction	987	1,583	
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES	2,699		
Receivables from parent company and subsidiaries	2,699		
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>89,568</b>	<b>62,502</b>	<b>36,790</b>
I. INVENTORIES	5,839	6,096	5,039
Supplies, spare parts, tools and supplies	3,840	4,018	3,345
Goods	1,146	1,128	852
Advances paid to suppliers	853	950	842
II. DUE ON SALE	25,954	11,536	7,130
Customers in the country - the parent and subsidiaries	8,543	2,757	492
Customers in the country - other related parties	20	25	13
Customers in the country	17,273	8,754	6,625
Customers abroad	118		
III. RECEIVABLES FROM SPECIFIC			
IV. OTHER RECEIVABLES	33,822	35,826	20,983
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	23,065	8,362	3,133
Short-term loans and placements - parent and subsidiaries	23,065	8,362	3,133
VII. CASH AND CASH EQUIVALENTS		67	22



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VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	888	615	483
<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>256,501</b>	<b>226,310</b>	<b>196,268</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>	<b>99,619</b>	<b>97,875</b>	<b>98,094</b>
I. SHARE AND OTHER CAPITAL	204,108	204,108	204,108
Shares of limited liability companies	204,108	204,108	204,108
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	35	749	431
VIII. RETAINED EARNINGS			
retained earnings for the year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	104,454	105,484	105,583
Loss of previous years	93,976	104,454	105,484
Loss for the year	10,478	1,030	99
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>2,388</b>	<b>13,421</b>	<b>3,434</b>
I. LONG-TERM PROVISIONS	2,388	3,371	2,689
Provision for retirement and other employee benefits	2,388	3,371	2,689
II. LONG-TERM LIABILITIES		10,050	745
Other long-term liabilities		10,050	745
<b>V. DEFERRED TAX LIABILITIES</b>	<b>631</b>	<b>228</b>	<b>332</b>
<b>G. CURRENT LIABILITIES</b>	<b>153,863</b>	<b>114,786</b>	<b>94,407</b>
I. SHORT-TERM FINANCIAL LIABILITIES	15,766	2,754	22,747
Short-term loans from parent companies and subsidiaries	15,766	2,754	13,000
Other short-term financial liabilities			9,747
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	374	794	551
III. ACCOUNTS PAYABLE	99,193	93,837	51,469
Suppliers - parent and subsidiaries in the country	50,730	56,900	6,065
Suppliers – subsidiaries in the country	12	12	
Suppliers in the country	48,279	36,758	45,382
Foreign suppliers	172	149	
Other liabilities		18	23
IV. OTHER CURRENT LIABILITIES	32,530	11,788	12,165
V. LIABILITIES FOR VALUE ADDED TAX	1,587	1,556	3,371
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	4,413	4,057	4,103
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>256,501</b>	<b>226,310</b>	<b>196,268</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>177,211</b>	<b>205,323</b>	<b>191,518</b>
I. Sales of goods	12,281	11,198	7,888
II. Sales of products and services	164,906	194,125	183,630
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	24		
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>180,543</b>	<b>203,801</b>	<b>187,436</b>
I. Cost of commercial goods sold	5,830	5,863	4,237
II. Work performed by the company and capitalized	270	331	211
III. Increase in inventories of finished products and work in progress			
IV. Decrease in inventories of finished products and work in			



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progress			
V. Material consumed	88,491	101,935	92,475
VI. Fuel and energy consumed	7,640	8,181	7,362
VII. Staff costs	58,672	64,305	61,225
VIII. Production expenses	3,012	4,337	3,415
IX. Amortization	4,341	4,288	4,310
X. Costs of long-term provisions	1,160	454	162
XI. Intangible costs	11,667	14,769	14,461
<b>V. PROFIT FROM OPERATIONS</b>		<b>1,522</b>	<b>4,082</b>
<b>G. LOSS FROM OPERATIONS</b>	<b>3,332</b>		
<b>D. FINANCE INCOME</b>		<b>4</b>	<b>20</b>
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)		3	20
III. Gains and positive effects of currency clause		1	
<b>D. FINANCE EXPENSES</b>	<b>7,814</b>	<b>2,919</b>	<b>4,152</b>
I. Financial expenses related party transactions and other financial expenses			1,051
II. Interest expense (by third parties)	7,813	2,910	3,101
III. Foreign exchange gains and negative effects of currency clause	1	9	
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>7,814</b>	<b>2,915</b>	<b>4,132</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>56</b>		
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>250</b>	<b>386</b>	<b>76</b>
<b>J. OTHER INCOME</b>	<b>1,738</b>	<b>839</b>	<b>762</b>
<b>K. OTHER EXPENSES</b>	<b>738</b>	<b>493</b>	<b>630</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>			<b>6</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>10,340</b>	<b>1,433</b>	
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>NJ. PROFIT BEFORE TAXATION</b>			<b>6</b>
<b>O. LOSS BEFORE TAXATION</b>	<b>10,340</b>	<b>1,433</b>	
<b>P. INCOME TAX</b>			
I. Current tax expense			
II. Deferred income tax expense	138		104
III. Deferred income tax benefit		403	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>10,478</b>	<b>1,030</b>	<b>99</b>

<b>CASH FLOWS</b> <b>(in thousands of RSD)</b>	<b>January – December 2015</b>	<b>January – December 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	260,615	250,051
Cash outflow from operating activities	262,506	264,717
Net cash inflow from operating activities		
Net outflow from operating activities	1,891	14,666
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Cash outflow from investing activities	1,912	1,187
Net cash inflow from investing activities		
Net cash outflow from investing activities	1,912	1,187
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	3,870	15,808
Cash outflow from financing activities		
Net cash inflow from financing activities	3,870	15,808
Net cash outflow from financing activities		
<b>TOTAL CASH INFLOW</b>	<b>264,485</b>	<b>265,859</b>
<b>TOTAL CASH OUTFLOW</b>	<b>264,418</b>	<b>265,904</b>



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<b>NET CASH INFLOW</b>	67	
<b>NET CASH OUTFLOW</b>		<b>45</b>
<b>GOTOVINA NA POČETKU OBRAČUNSKOG PERIODA</b>		<b>67</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>67</b>	<b>22</b>

## 3.12. TIGAR INCON

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

<b>ASSETS</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>159,642</b>	<b>146,443</b>	<b>142,002</b>
I INTANGIBLE ASSETS	12	2	58
Investments in development			58
Concessions, patents , licenses , trademarks , software and other rights	12	2	
II PROPERTY, PLANT AND EQUIPMENT	151,310	146,441	141,944
Land	7,727	7,727	7,727
Buildings	132,443	130,335	128,225
Plant and equipment	11,140	8,050	5,663
Property, plant and equipment construction		329	329
III BIOLOGICAL AGENTS			
IV LONG-TERM FINANCIAL PLACEMENTS			
V LONG-TERM RECEIVABLES	8,320		
Receivables from parent company and subsidiaries	8,320		
<b>V DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>53,931</b>	<b>30,408</b>	<b>18,047</b>
I INVENTORIES	5,887	7,065	5,006
Supplies , spare parts , tools and supplies	5,118	6,325	3,956
Advances paid to suppliers	769	740	1,050
II DUE ON SALE	40,589	15,929	11,544
Customers in the country - the parent and subsidiaries	8,603	8,375	1,749
Customers in the country - other related parties	758	758	758
Customers in the country	31,228	6,796	9,037
III RECEIVABLES FROM SPECIFIC			
IV OTHER RECEIVABLES		60	42
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS	7,351	2,118	
Short-term loans and placements – parent and subsidiaries	7,351	2,118	
Other short-term financial placements			
VII CASH AND CASH EQUIVALENTS	6	7	13
VIII VALUE ADDED TAX		1,254	1,442
IX PREPAYMENTS	98	3,975	
<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>213,573</b>	<b>176,851</b>	<b>160,049</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>	72,523	56,208	39,153
I SHARE AND OTHER CAPITAL	162,425	162,425	162,425
Shares of limited liabilities companies	162,425	162,425	162,425
II SUBSCRIBED CAPITAL UNPAID			
III TREASURY SHARES			
IV RESERVES			
V REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT			
VI UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	572	640	1,298
VIII RETAINED EARNINGS	7,371		
retained earnings for the year	7,371		
IX PARTICIPATION RIGHTS WITHOUT CONTROL			



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X LOSS	96,701	105,577	121,974
Loss of previous years	70,005	89,329	105,578
Loss for the year	26,696	16,248	16,396
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>2,727</b>	<b>43,127</b>	<b>7,079</b>
I LONG-TERM PROVISIONS	2,727	2,608	3,522
Provision for retirement and other employee benefits	2,727	2,608	3,522
II LONG-TERM LIABILITIES		40,519	3,557
Other long-term liabilities		40,519	3,557
<b>V. DEFERRED TAX LIABILITIES</b>	<b>1,369</b>	<b>382</b>	<b>488</b>
<b>G. CURRENT LIABILITIES</b>	<b>136,954</b>	<b>77,134</b>	<b>113,329</b>
I SHORT-TERM FINANCIAL LIABILITIES	29,657	22,629	59,837
Short-term loans from parent companies and subsidiaries	29,657	22,629	22,289
Other short-term financial liabilities			37,548
II PREPAYMENTS, DEPOSITS AND GUARANTEES		15,038	14,717
III ACCOUNTS PAYABLE	44,487	24,201	20,610
Suppliers - parent and subsidiaries in the country	25,066	13,085	8,111
Suppliers in the country	19,421	11,116	12,499
IV OTHER CURRENT LIABILITIES	54,135	13,202	13,794
V LIABILITIES FOR VALUE ADDED TAX	1,996		
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII ACCRUALS	6,679	2,064	4,371
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>213,573</b>	<b>176,851</b>	<b>160,049</b>

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>73,187</b>	<b>95,661</b>	<b>84,764</b>
I Sales of goods			
II Sales of products and services	73,187	94,361	80,913
III Revenues from premiums, subsidies, donations, grants etc.			
IV Other operating income		1,300	3,851
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>92,482</b>	<b>107,478</b>	<b>99,592</b>
II Work performed by the company and capitalized			
V Material consumed	16,885	34,436	27,556
VI Fuel and energy consumed	2,990	2,360	2,048
VII Staff costs	48,728	50,071	46,211
VIII Production expenses	5,941	3,727	8,456
IX Amortization	5,837	5,279	4,571
X Costs of long-term provisions		160	561
XI Intangible costs	12,101	11,445	10,189
<b>V. PROFIT FROM OPERATIONS</b>			
<b>G. LOSS FROM OPERATIONS</b>	<b>19,295</b>	<b>11,817</b>	<b>14,828</b>
<b>D. FINANCE INCOME</b>		<b>716</b>	
I Financial income from related persons and other financial income			
II Interest income (from third parties)		716	
III Gains and positive effects of currency clause			
<b>D. FINANCE EXPENSES</b>	<b>8,987</b>	<b>6,665</b>	<b>1,421</b>
I Financial expenses related party transactions and other financial expenses			
II Interest expense (by third parties)	8,987	6,665	1,421
III Foreign exchange gains and negative effects of currency clause			
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>8,987</b>	<b>5,949</b>	<b>1,421</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>289</b>	<b>441</b>	<b>434</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>J. OTHER INCOME</b>	<b>1,541</b>	<b>200</b>	<b>116</b>
<b>K. OTHER EXPENSES</b>	<b>323</b>	<b>110</b>	<b>382</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>26,775</b>	<b>17,235</b>	<b>16,081</b>





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<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			<b>209</b>
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	<b>26,775</b>	<b>17,235</b>	<b>16,290</b>
<b>P. INCOME TAX</b>			
I Current tax expense			
II Deferred income tax expense			106
III Deferred income tax benefit	79	987	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>26,696</b>	<b>16,248</b>	<b>16,396</b>

<b>CASH FLOWS</b> (in thousands of RSD)	<b>January- December 2015</b>	<b>January- December 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	151,202	97,304
Cash outflow from operating activities	152,411	98,912
Net cash inflow from operating activities		
Net outflow from operating activities	1,209	1,608
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Cash outflow from investing activities		
Net cash inflow from investing activities		
Net cash outflow from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	15,805	38,050
Cash outflow from financing activities	14,595	36,436
Net cash inflow from financing activities	1,210	1,614
Net cash outflow from financing activities		
<b>TOTAL CASH INFLOW</b>	<b>167,007</b>	<b>135,354</b>
<b>TOTAL CASH OUTFLOW</b>	<b>167,006</b>	<b>135,348</b>
<b>NET CASH INFLOW</b>	<b>1</b>	<b>6</b>
<b>NET CASH OUTFLOW</b>		
<b>CASH AT THE BEGINNING OF ACCOUNTING PERIOD</b>	<b>6</b>	<b>7</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>7</b>	<b>13</b>

### 3.13. FREE ZONE PIROT

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

<b>ASSETS</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>77,451</b>	<b>116,615</b>	<b>143,463</b>
<b>I INTANGIBLE ASSETS</b>	247	232	1,080
Concessions, patents , licenses , trademarks , software and other rights	247	232	1,080
<b>II PROPERTY, PLANT AND EQUIPMENT</b>	77,204	116,383	142,383
Land	18,090	18,412	15,150
Buildings	45,805	48,166	75,553
Plant and equipment	4,171	3,294	4,724
Property, plant and equipment construction	8,428	29,733	31,727
Investments in others property, plants and equipment	710	512	361
Advances for property , plant and equipment		16,266	14,868
<b>III BIOLOGICAL AGENTS</b>			
<b>IV LONG-TERM FINANCIAL PLACEMENTS</b>			
Other long-term financial placements			
<b>V LONG-TERM RECEIVABLES</b>			



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Receivables from parent company and subsidiaries			
<b>V DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>188,527</b>	<b>124,663</b>	<b>170,457</b>
I INVENTORIES	1,133	651	2,032
Goods	1,019	541	540
Advances paid to suppliers and for services	114	110	1,492
II DUE ON SALE	43,249	40,497	58,260
Customers in the country - the parent and subsidiaries	7,887	1,104	4,772
Customers in the country	31,307	35,105	48,781
Customers abroad	4,055	4,288	4,707
III RECEIVABLES FROM SPECIFIC	1,255		
IV OTHER RECEIVABLES	15,905	142	924
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS	45,000		13,000
Short-term loans and placements – parent and subsidiaries	45,000		13,000
VII CASH AND CASH EQUIVALENTS	79,048	79,413	92,357
VIII VALUE ADDED TAX		2,092	
IX PREPAYMENTS	2,937	1,868	3,884
<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>265,978</b>	<b>241,278</b>	<b>313,920</b>
<b>D. OFF-BALANCE SHEET ASSETS</b>	<b>12,500</b>	<b>12,500</b>	<b>37,500</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. CAPITAL</b>	<b>222,112</b>	<b>196,161</b>	<b>252,973</b>
I SHARE AND OTHER CAPITAL	<b>118,439</b>	<b>118,439</b>	<b>118,439</b>
Share capital	118,439	118,439	118,439
II SUBSCRIBED CAPITAL UNPAID			
III TREASURY SHARES		34,854	34,854
IV RESERVES	5,016	5,016	5,016
V REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT			
VI UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	556		
VII UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS		101	291
VIII RETAINED EARNINGS	98,101	107,661	164,663
Retained earnings from previous years	75,923	64,921	107,661
Retained earnings for the year	22,178	42,740	57,002
IX PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS			
Loss from previous years			
Loss for the year			
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>2,792</b>	<b>4,635</b>	<b>5,359</b>
I LONG-TERM PROVISIONS	2,792	4,635	5,359
Provisions for retirement and other employee benefits	1,082	2,925	3,648
Provisions for lawsuits	1,710	1,710	1,711
II LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>	<b>411</b>	<b>292</b>	<b>178</b>
<b>G. CURRENT LIABILITIES</b>	<b>40,663</b>	<b>40,190</b>	<b>55,410</b>
I SHORT-TERM FINANCIAL LIABILITIES			
II PREPAYMENTS, DEPOSITS AND GUARANTEES	2,182	2,210	2,324
III ACCOUNTS PAYABLE	25,800	27,680	41,840
Suppliers - parent and subsidiaries in the country	5,229	2,671	1,429
Suppliers in the country	14,947	14,311	21,648
Foreign suppliers	5,438	10,493	18,618
Other accounts payable	186	205	145
IV OTHER CURRENT LIABILITIES	6,611	7,391	7,476
V LIABILITIES FOR VALUE ADDED TAX	1,167	1	1,421
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	4,300	2,549	1,566
VII ACCRUALS	603	359	783
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>265,978</b>	<b>241,278</b>	<b>313,920</b>
<b>G. OFF-BALANCE LIABILITIES</b>	<b>12,500</b>	<b>12,500</b>	<b>37,500</b>



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Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016.
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>261,118</b>	<b>375,156</b>	<b>454,444</b>
I Sales of goods	5		1
II Sales of products and services	261,113	375,156	454,443
III Revenues from premiums, subsidies, donations, grants etc.			
IV Other operating income			
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>226,644</b>	<b>315,767</b>	<b>388,616</b>
I Cost of commercial goods sold	202		1
V Material consumed	1,984	1,563	2,222
VI Fuel and energy consumed	4,461	4,586	5,347
VII Staff costs	55,515	60,701	67,829
VIII Production expenses	148,736	231,825	296,190
IX Amortization	2,867	3,028	3,270
X Costs of long-term provisions	170	1,188	760
XI Intangible costs	12,709	12,876	12,997
<b>V. PROFIT FROM OPERATIONS</b>	<b>34,474</b>	<b>59,389</b>	<b>65,828</b>
<b>G. LOSS FROM OPERATIONS</b>			
<b>D. FINANCE INCOME</b>	<b>14,757</b>	<b>6,704</b>	<b>2,584</b>
I Financial income from related persons and other financial income	10,245	4,695	1,051
II Interest income (from third parties)	181	645	45
III Gains and positive effects of currency clause	4,331	1,364	1,488
<b>Đ. FINANCE EXPENSES</b>	<b>716</b>	<b>1,148</b>	<b>734</b>
I Financial expenses related party transactions and other financial expenses	9	5	41
II Interest expense (by third parties)	7	2	
III Foreign exchange gains and negative effects of currency clause	700	1,141	693
<b>E. PROFIT FROM FINANCING</b>	<b>14,041</b>	<b>5,556</b>	<b>1,850</b>
<b>Ž. LOSS FROM FINANCING</b>			
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>2,656</b>	<b>3,712</b>	<b>1,709</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>23,072</b>	<b>16,156</b>	<b>6,629</b>
<b>J. OTHER INCOME</b>	<b>268</b>	<b>383</b>	<b>4,592</b>
<b>K. OTHER EXPENSES</b>	<b>256</b>	<b>710</b>	<b>168</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>28,111</b>	<b>52,174</b>	<b>67,182</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>			
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>28,111</b>	<b>52,174</b>	<b>67,182</b>
<b>O. LOSS BEFORE TAXATION</b>			
<b>P. INCOME TAX</b>			
I Current tax expense	5,420	9,552	10,294
II Deferred income tax expense	513		
III Deferred income tax benefit		118	114
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>	<b>22,178</b>	<b>42,740</b>	<b>57,002</b>
<b>T. NET LOSS</b>			

### 3.14. TIGAR SECURITY

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

ASSETS	31.12.2014.	31.12.2015.	31.12.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>90,532</b>	<b>27,832</b>	<b>26,930</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	29,111	27,832	26,930
Land	1,558	1,558	1,558
Buildings	23,674	23,272	22,870
Plant and equipment	3,358	2,742	2,502
Investments in others property, plants and equipment	521	260	
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			



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V. LONG-TERM RECEIVABLES	61,421		
Receivables from the parent and subsidiaries	61,421		
<b>V. DEFERRED TAX ASSETS</b>	<b>280</b>	<b>468</b>	<b>430</b>
<b>G. CURRENT ASSETS</b>	<b>114,939</b>	<b>63,666</b>	<b>68,104</b>
I. INVENTORIES	116	413	277
Advances paid for supplies and services	116	413	277
II. RECEIVABLES FROM SALE	69,099	54,501	63,650
Customers in the country - the parent and subsidiaries	48,600	41,761	50,124
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	84	10	45
Customers in the country	20,415	12,730	13,481
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	123	3,421	297
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	45,434	4,858	3,369
Short-term loans and investments - parent and subsidiaries	45,434	4,858	3,369
VII. CASH AND CASH EQUIVALENTS		7	34
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	167	466	477
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>205,751</b>	<b>91,966</b>	<b>95,464</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>QUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. CAPITAL</b>	<b>86,228</b>	<b>47,230</b>	<b>48,803</b>
I. EQUITY	39,413	39,413	39,413
Shares of limited liability companies	39,413	39,413	39,413
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV RESERVES			
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIESVALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	42	551	1,132
VIII. RETAINED EARNINGS	51,372	12,883	15,037
Retained profit from previous years	27,592		
Retained profit from financial year	23,780	12,883	15,037
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	4,515	4,515	4,515
Loss of previous years	3,026	4,515	4,515
Loss for the year	1,489		
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>1,861</b>	<b>2,418</b>	<b>3,225</b>
I. LONG-TERM PROVISIONS	1,861	2,418	3,225
Provision for retirement and other employee benefits	1,861	2,418	3,225
II. LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>117,662</b>	<b>42,318</b>	<b>43,436</b>
I. SHORT-TERM FINANCIAL LIABILITIES	32,286		
Short-term loans from parent companies and subsidiaries	32,286		
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	50	36	15
III. ACCOUNTS PAYABLE	8,629	6,033	3,564
Suppliers - parent and subsidiaries in the country	4,024	1,840	1,280
Suppliers - other related parties in the country	180		5
Suppliers in the country	4,425	4,193	2,279
IV. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	60,047	28,482	31,229
V. LIABILITIES FOR VALUE ADDED TAX	4,997	1,982	4,239
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	6,914	1,184	321
VII. ACCRUALS	4,739	4,601	4,068
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>205,751</b>	<b>91,966</b>	<b>95,464</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			



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Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>126,214</b>	<b>119,795</b>	<b>140,865</b>
I. Sales of goods			
II. Sales of products and services	126,214	119,795	139,711
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income			1,154
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>86,597</b>	<b>99,200</b>	<b>118,871</b>
I. Cost of commercial goods sold			
II. Work performed by the company and capitalized			
V. Material consumed	1,684	144	215
VI. Fuel and energy consumed	1,179	1,260	1,120
VII. Staff costs	76,217	85,298	102,801
VIII. Production expenses	1,325	1,227	858
IX. Amortization	1,461	1,312	1,235
X. Costs of long-term provisions		136	461
XI. Intangible costs	4,731	9,823	12,181
<b>V. PROFIT FROM OPERATIONS</b>	<b>39,617</b>	<b>20,595</b>	<b>21,994</b>
<b>G. LOSS FROM OPERATIONS</b>			
<b>D. FINANCE INCOME</b>			
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)			
III. Gains and positive effects of currency clause			
<b>D. FINANCE EXPENSES</b>	<b>10,867</b>	<b>4,008</b>	<b>3,314</b>
I. Financial expenses related party transactions and other financial expenses			
II. Interest expense (by third parties)	10,867	4,008	3,314
III. Foreign exchange gains and negative effects of currency clause			
<b>E. PROFIT FROM FINANCING</b>			
<b>Z. LOSS FROM FINANCING</b>	<b>10,867</b>	<b>4,008</b>	<b>3,314</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>			
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>131</b>	<b>192</b>	<b>161</b>
<b>J. OTHER INCOME</b>	<b>863</b>	<b>166</b>	<b>158</b>
<b>K. OTHER EXPENSES</b>	<b>10</b>	<b>16</b>	<b>31</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>29,472</b>	<b>16,545</b>	<b>18,646</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>			
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			<b>18</b>
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>29,472</b>	<b>16,545</b>	<b>18,628</b>
<b>O. LOSS BEFORE TAXATION</b>			
<b>P. INCOME TAX</b>			
I. Current tax expense	7,147	3,850	3,553
II. Deferred income tax expense	34		38
III. Deferred income tax benefit		188	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>	<b>22,291</b>	<b>12,883</b>	<b>15,037</b>
<b>T. NET LOSS</b>			

## 3.15. PI CHANNEL

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

ASSETS	31.12.2014.	31.12.2015.	31.12.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>6,717</b>	<b>6,013</b>	<b>5,650</b>



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I. INTANGIBLE ASSETS			45
Intangible assets under construction			45
II. PROPERTY, PLANT AND EQUIPMENT	6,717	6,013	5,605
Buildings	67	67	61
Plant and equipment	1,193	584	233
Property, plant and equipment construction		33	103
Investments in others property, plants and equipment	5,457	5,329	5,208
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
<b>V. DEFERRED TAX ASSETS</b>	<b>17</b>	<b>48</b>	<b>43</b>
<b>G. CURRENT ASSETS</b>	<b>4,710</b>	<b>2,480</b>	<b>2,539</b>
I. INVENTORIES	239	405	84
Advances paid for supplies and services	239	405	84
II. RECEIVABLES FROM SALE	3,322	1,105	1,844
Customers in the country - other related parties	2,630	232	607
Customers in the country	692	873	1,237
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	398	205	141
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS			
VII. CASH AND CASH EQUIVALENTS	683	642	449
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	68	123	21
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>11,444</b>	<b>8,541</b>	<b>8,232</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>	<b>5,499</b>	<b>3,000</b>	<b>3,805</b>
I. Share Capital	3,166	3,166	3,166
Shares of limited liability companies	3,166	3,166	3,166
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES	115	115	115
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIESVALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VIII. RETAINED EARNINGS	3,143	266	1,071
Retained profit from previous years	3,143		266
Retained profit from financial year		266	805
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS	925	547	547
Loss of previous years			547
Loss for the year	925	547	
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>			
I. LONG-TERM PROVISIONS			
II. LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>5,945</b>	<b>5,541</b>	<b>4,427</b>
I. SHORT-TERM FINANCIAL LIABILITIES	124		
Other short-term financial liabilities	124		
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	177	376	55
III. ACCOUNTS PAYABLE	3,867	3,604	3,190
Suppliers - other related parties in the country	2,703	1,615	1,788
Suppliers in the country	1,164	1,989	1,402
IV. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,140	1,307	835
V. LIABILITIES FOR VALUE ADDED TAX	486	78	306
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	151	176	41
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>11,444</b>	<b>8,541</b>	<b>8,232</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			



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<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>13,015</b>	<b>14,871</b>	<b>15,641</b>
I. Sales of goods			
II. Sales of products and services	13,015	4,626	8,215
III. Revenues from premiums, subsidies, donations, grants etc			
IV. Other operating income		10,245	7,426
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>14,074</b>	<b>15,055</b>	<b>14,306</b>
I. Cost of commercial goods sold			
II. Work performed by the company and capitalized			
III. in inventories of finished products and work in progress			
IV. Decrease in inventories of finished products and work in progress			
V. Fuel and energy consumed	214	220	96
VI. Fuel and energy consumed	1,185	1,102	760
VII. Staff costs	9,388	9,893	10,788
VIII. Production expenses	1,206	1,222	1,203
IX. Amortization	805	755	474
X. Costs of long-term provisions			
XI. Intangible costs	1,276	1,863	985
<b>V. PROFIT FROM OPERATIONS</b>			<b>1,335</b>
<b>G. LOSS FROM OPERATIONS</b>	<b>1,059</b>	<b>184</b>	
<b>D. FINANCE INCOME</b>	<b>59</b>	<b>11</b>	
I. Financial expenses related party transactions and other financial expenses			
II. Interest expense (by third parties)	59	11	
III. Foreign exchange gains and negative effects of currency clause			
<b>D. FINANCE EXPENSES</b>	<b>39</b>	<b>127</b>	<b>16</b>
I. Financial expenses related party transactions and other financial expenses			
II. Interest expense (by third parties)	23	126	16
III. Foreign exchange gains and negative effects of currency clause	16	1	
<b>E. PROFIT FROM FINANCING</b>	<b>20</b>		
<b>Z. LOSS FROM FINANCING</b>		<b>116</b>	<b>16</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>52</b>	<b>38</b>	
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			<b>133</b>
<b>J. OTHER INCOME</b>	<b>287</b>	<b>4</b>	<b>61</b>
<b>K. OTHER EXPENSES</b>	<b>240</b>	<b>40</b>	<b>382</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>			<b>865</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>940</b>	<b>298</b>	
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>NJ. PROFIT BEFORE TAXATION</b>			<b>865</b>
<b>O. LOSS BEFORE TAXATION</b>	<b>940</b>	<b>298</b>	
<b>P. INCOME TAX</b>			
I. Current tax expense		14	55
II. Deferred income tax expense			5
III. Deferred income tax benefit	15	31	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			<b>805</b>
<b>T. NET LOSS</b>	<b>925</b>	<b>281</b>	



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### 3.16. TIGAR TOURS

\* On 22.04.2016 was executed the status change implying the merger of the subsidiary Tigar Tours to the parent company Tigar a.d. The data shown for this entity includes its business as an independent entity until 22.04.2016. After the status change as of 22.04.2016 the business of this entity is shown within the data pertaining to the parent company Tigar a.d.

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

ASSETS	31.12.2014.	31.12.2015.	22.04.2016.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>6,073</b>	<b>26</b>	<b>21</b>
I. INTANGIBLE ASSETS			
Investment in development			
Concessions, patents , licenses , trademarks , software and other rights			
Intangible assets under construction			
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	6,016	26	21
Land	1,048		
Buildings	4,922		
Plant and equipment	46	26	21
Investment property			
Property, plant and equipment construction			
Investments in others property, plants and equipment			
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES	57		
Receivables from the parent company and other related parties	57		
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>4,745</b>	<b>3,787</b>	<b>3,062</b>
I. INVENTORIES	251	360	
Supplies , spare parts , tools and supplies			
Unfinished production and unfinished services			
Goods			
Fixed assets held for sale			
Advances paid for supplies and services	251	360	
II. RECEIVABLES FROM SALE	3,470	3,289	2,950
Customers in the country - the parent and subsidiaries	2,502	3,046	2,802
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties			
Customers in the country	651	243	148
Customers abroad	317		
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	45	44	60
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	53	47	47
Short-term loans and investments - parent and subsidiaries	53	47	47
Short-term loans and investments - other related parties			
Other short-term financial placements			
VII. CASH AND CASH EQUIVALENTS	925	45	5
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	1	2	
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>10,818</b>	<b>3,813</b>	<b>3,083</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>22.04.2016.</b>
<b>A. EQUITY</b>	<b>8,059</b>	<b>1,853</b>	<b>1,464</b>
I. SHARE AND OTHER CAPITAL	9,103	3,184	3,184
Share Capital			
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER			





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COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	43	34	34
VIII. RETAINED EARNINGS	474		
Retained profit from previous years	474		
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	1,475	1,297	1,686
Loss of previous years	1,137	1,001	1,297
Loss for the year	338	296	389
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>190</b>	<b>158</b>	<b>158</b>
I. LONG-TERM PROVISIONS	190	158	158
Provision for retirement and other employee benefits	190	158	158
Provision for lawsuits			
Other long-term provisions			
II. LONG-TERM LIABILITIES			
Long-term loans and loans in the country			
Liabilities arising from finance lease			
<b>V. DEFERRED TAX LIABILITIES</b>	<b>47</b>		
<b>G. CURRENT LIABILITIES</b>	<b>2,522</b>	<b>1,802</b>	<b>1,460</b>
I. SHORT-TERM FINANCIAL LIABILITIES	531	365	365
Short-term loans from parent companies and subsidiaries	531	365	365
Short-term loans from other related parties			
Short-term loans and loans in the country			
Other current financial liabilities			
II. PREPAYMENTS, DEPOSITS AND GUARANTEES			
III. ACCOUNTS PAYABLE	1,090	564	343
Suppliers - parent and subsidiaries in the country	557	214	267
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country			
Suppliers in the country	471	349	76
Foreign suppliers			
Other liabilities	62	1	
IV. OTHER CURRENT LIABILITIES	715	772	670
V. LIABILITIES FOR VALUE ADDED TAX	71	12	2
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	115	89	80
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>10,818</b>	<b>3,813</b>	<b>3,083</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January - 22. April 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>2,706</b>	<b>2,286</b>	<b>371</b>
I. Sales of goods			
II. Sales of products and services	2,706	2,286	371
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income			
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>3,060</b>	<b>2,768</b>	<b>728</b>
I. Cost of commercial goods sold			
V. Material consumed	37	33	1
VI. Fuel and energy consumed	51	69	3
VII. Staff costs	2,038	1,955	607
VIII. Production expenses	129	172	21
IX. Amortization	144	70	5
X. Costs of long-term provisions	22	10	
XI. Intangible costs	639	459	91
<b>V. PROFIT FROM OPERATIONS</b>			
<b>G. LOSS FROM OPERATIONS</b>	<b>354</b>	<b>482</b>	<b>357</b>
<b>D. FINANCE INCOME</b>	<b>26</b>	<b>162</b>	<b>2</b>
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)	10	4	
III. Gains and positive effects of currency clause	16	158	2



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<b>D. FINANCE EXPENSES</b>	<b>16</b>	<b>76</b>	<b>4</b>
I. Financial expenses related party transactions and other financial expenses			
II. Interest expense (by third parties)	3	2	1
III. Foreign exchange gains and negative effects of currency clause	13	74	3
<b>E. PROFIT FROM FINANCING</b>	<b>10</b>	<b>86</b>	
<b>Z. LOSS FROM FINANCING</b>			<b>2</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>16</b>	<b>41</b>	
<b>J. OTHER INCOME</b>	<b>26</b>	<b>95</b>	<b>135</b>
<b>K. OTHER EXPENSES</b>			165
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>334</b>	<b>342</b>	<b>389</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	<b>334</b>	<b>342</b>	<b>389</b>
<b>P. INCOME TAX</b>			
I. Current tax expense			
II. Deferred income tax expense	4		
III. Deferred income tax benefit		46	
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>338</b>	<b>296</b>	<b>389</b>

## 3.17. TIGAR INTER - RISK

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

<b>ASSETS</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>695</b>	<b>21</b>	<b>12</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	15	21	12
Plant and equipment	15	21	12
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES	680		
Receivables from the parent company and other related parties	680		
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>4,600</b>	<b>2,958</b>	<b>2,958</b>
I. INVENTORIES	85	1	
Advances paid for supplies and services	85	1	
II. RECEIVABLES FROM SALE	815	513	841
Customers in the country - the parent and subsidiaries	624	188	246
Customers in the country	191	325	595
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	146	197	102
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	3,434	2,132	1,973
Short-term loans and investments - parent and subsidiaries	3,434	2,132	1,973
VII. CASH AND CASH EQUIVALENTS	120	75	3
VIII. POREZ NA DODATU VREDNOST			
IX. VALUE ADDED TAX		40	38
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>5,295</b>	<b>2,979</b>	<b>2,970</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014.</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>
<b>A. EQUITY</b>	<b>3,969</b>	<b>1,992</b>	<b>1,930</b>
I. SHARE AND OTHER CAPITAL	1,973	1,973	1,973
Shares of limited liability companies	1,973	1,973	1,973



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II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	7	19	35
VIII. RETAINED EARNINGS	2,003	93	47
Retained profit from previous years	1,995		
Retained profit for the year	8	93	47
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS		55	55
Loss of previous years		55	55
Loss for the year			
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>84</b>	<b>89</b>	<b>74</b>
I. LONG-TERM PROVISIONS	84	89	74
Provision for retirement and other employee benefits	84	89	74
II. LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>		<b>2</b>	<b>2</b>
<b>G. CURRENT LIABILITIES</b>	<b>1,242</b>	<b>896</b>	<b>964</b>
I. SHORT-TERM FINANCIAL LIABILITIES	301	48	
Short-term loans from parent companies and subsidiaries	301	48	
II. PREPAYMENTS, DEPOSITS AND GUARANTEES			
III. ACCOUNTS PAYABLE	190	73	238
Suppliers - parent and subsidiaries in the country	179	57	178
Suppliers in the country	11	16	60
IV. OTHER CURRENT LIABILITIES	629	680	650
V. LIABILITIES FOR VALUE ADDED TAX			
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	21		
VII. ACCRUALS	101	95	76
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>5,295</b>	<b>2,979</b>	<b>2,970</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2014	January – December 2015	January – December 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>2,100</b>	<b>2,382</b>	<b>2,023</b>
I. Sales of goods			
II. Sales of products and services	2,100	2,382	2,023
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income			
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>1,885</b>	<b>2,375</b>	<b>1,948</b>
I. Cost of commercial goods sold			
V. Material consumed	11	7	15
VI. Fuel and energy consumed	61	92	40
VII. Staff costs	1,515	1,899	1,531
VIII. Production expenses	27	29	10
IX. Amortization	14	8	9
X. Costs of long-term provisions		2	
XI. Intangible costs	257	338	343
<b>V. PROFIT FROM OPERATIONS</b>	<b>215</b>	<b>7</b>	<b>75</b>
<b>G. LOSS FROM OPERATIONS</b>			
<b>D. FINANCE INCOME</b>	<b>2</b>	<b>1</b>	<b>0</b>
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)	2	1	0
III. Gains and positive effects of currency clause			
<b>D. FINANCE EXPENSES</b>	<b>1</b>	<b>5</b>	<b>9</b>
I. Financial expenses related party transactions and other			

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financial expenses			
II. Interest expense (by third parties)	1	5	9
III. Foreign exchange gains and negative effects of currency clause			
<b>E. PROFIT FROM FINANCING</b>	<b>1</b>		
<b>Ž. LOSS FROM FINANCING</b>		<b>4</b>	<b>9</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>		<b>134</b>	
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>114</b>		
<b>J. OTHER INCOME</b>	<b>23</b>	<b>11</b>	<b>32</b>
<b>K. OTHER EXPENSES</b>	<b>25</b>		<b>3</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>100</b>	<b>148</b>	<b>95</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>			
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>100</b>	<b>148</b>	<b>95</b>
<b>O. LOSS BEFORE TAXATION</b>			
<b>P. INCOME TAX</b>			
I. Current tax expense	92	53	49
II. Deferred income tax expense		2	
III. Deferred income tax benefit			
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>	<b>8</b>	<b>93</b>	<b>46</b>
<b>T. NET LOSS</b>			

## 4. REAL ESTATE AND LEGAL MATTERS

### 4.1 REAL ESTATE

All of Tigar's manufacturing facilities are located in Pirot at the location Tigar 3. Tigar owns a number of buildings in Belgrade and across Serbia (office premises, warehouses, retail outlets and other).

At locations Tigar 2, Tigar 3, Tigar 3B and the Cardboard Plant, where production and storage capacities are located, was carried out conversion of ownership, as well as at the location of Planinarski Dom' tourist facilities, and in these locations the type of law is 'property', and the type of property is 'private'.

#### Land

The total number of cadastral lots owned by Tigar and its dependent entities, without Free Zone, as of 31.12.2016 is 183, of which 319,381 m<sup>2</sup>, is undeveloped land, while the useful area is 97,116 m<sup>2</sup>. The total carrying value of Tigar a.d. and its dependent entities land as of 31.12.2016 is RSD 469,881,831.19.

The carrying value of the land of the Free Zone as of 31.12.2016 is RSD 15.149.645,36.

#### Buildings

Tigar and its main subsidiaries own a total of 171 buildings.

The aggregate useful surface area owned by Tigar and its main subsidiaries is 97,116 m<sup>2</sup>.

As of 31.12.2016, the carrying value of the buildings owned by Tigar and its major subsidiaries is RSD 2,117,361,650.83

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The value of investment properties is given in the table below:

Entity	Value in RSD as of 31.12.2016
Tigar AD	266,181,099.77
<b>Total:</b>	<b>266,181,099.77</b>

### Book value of buildings

Book value of buildings (in RSD)			
Entity	30.06.2016	30.09.2016	31.12.2016
Tigar AD	1,698,521,329.35	1,685,430,372.46	1,749,863,282.62
Ti-car Trgovine	1,340,406.62	1,333,033.62	1,325,660.62
Tigar Business Service	13,266,134.46	13,211,955.46	13,157,778.46
Tigar Security	23,071,405.07	22,970,878.07	22,870,352.07
Free Zone	66,221,418.17	74,826,556.31	75,552,904.48
Tigar Incon	129,279,229.57	128,751,772.57	128,224,315.57
Tigar Catering	126,047,393.46	125,454,034.06	126,367,357.03
<b>Total:</b>	<b>2,057,747,316.70</b>	<b>2,051,978,602.55</b>	<b>2,117,361,650.85</b>

The values of assets held for sale are given in the following table:

Entity	Value in RSD on 31.12.2016
<b>Tigar AD</b>	<b>358,233,805.44</b>
<b>Ti car trgovine</b>	<b>27,770,247.11</b>
<b>Total:</b>	<b>386,004,052.55</b>

### Real estate transactions

Pursuant to the adopted Prepackaged Plan of Reorganization, in the period January - December 2016 were carried out the following real estate transactions of the Company:

At a public auction held on 29.01.2016 was sold a garage located at 122, Kozaračka St. in Pirot

At a public auction held on 05.05.2016 were sold:

- a garage (garage no 19) at 122, Kozaracka St. in Pirot and
- business premises – part of building No.1 together with the land underneath the business premises and around the building, at 96, Trg Republike St. in Pirot
- by the settlement on the recognition of property rights to real estate, concluded in the form of public notary records as of 01.07.2016. between the Free Zone and Tigar ad Pirot, was sold part in joint ownership of real estate to Free Zone in an area of 259 m2, warehouse No.1, Building No.1, on the cadastral plot 4536/1, LN 8800, KO Pirot Grad.

Pursuant to the Prepackaged Plan of Reorganization, at the public auction held on 29.08.2016 there were sold:

- land at 10 cadastral lots registered at LN 368 KO Brlog, total area of 12.776 m2



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and

- 23 buildings, at the location Vrelo

At a public auction held on 25.11.2016 were sold:

- Immovables, forest of class 4, P 307 m2, registered at LN no. 1302, KO Izvor, cadastral lot no. 491;
- Immovables total area of 515 m2, registered at LN no. 694, KO Dobri Do, cadastral lot no. 7564,

Namely,

- \* tourism building No.1 P 117 m2, with the appurtenant land beneath it and
- \* land adjacent to the building – pasture of class 3, area 398 m2.

### **Liens**

In line with the signed agreements on conversion of debt into equity there was approached to immovable property liens removal based on agreement of mortgage creditors whose receivables were converted into principal capital of Tigar a.d. Pirot. In progress in the procedure of deletion of mortgages placed in favor of Postal Savings Bank, Tax Administration and Deposit Insurance Agency on immovables listed below

At the end 2016, the immovable property of the Company was encumbered by the following liens:

Mortgage statement no. 4048/2009 dated 29.06.2009 places lien on immovable property in Temerin and Šimanovci in favor of Banca Intesa a.d. Belgrade.

Mortgage statement no. 1492/2010 dated 07. 04. 2010 places lien on immovable property in Temerin and Šimanovci in favor of Banca Intesa a.d. Belgrade.

Mortgage statement no. 4709/2010 dated 23. 12. 2010 places lien on immovable property in Temerin and Šimanovci in favor of Banca Intesa a.d. Belgrade

Mortgage statement no. 516/2013 dated 20. 02. 2013 places lien on immovable property in Temerin and Šimanovci in favor of Banca Intesa a.d. Belgrade.

Mortgage statements nos. 1742/11 dated 22. 06. 2011 and 1863/11 dated 01. 07. 2011, places lien on immovable property in Pirot – location Tigar III b in favor of Banca Intesa a.d. Belgrade.

Mortgage statements nos. 93/2009 dated 15. 10. 2009, 1587/2010 dated 13 04.2010 and 1092/2011 dated 19. 04. 2011 places lien on business premises in Zrenjanin in favor of Privredna banka a.d. Belgrade.

Mortgage statements nos. 2901/2010 dated 02.07.2010 and 1090/2011 dated 19.04.2011 places lien on business premises in Svilajnac in favor of Privredna banka a.d. Belgrade.

Mortgage statement no. 2900/2010 dated 02.07.2010 places lien on business premises in Knjaževac in favor of Privredna banka a.d. Belgrade.



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Mortgage statement no. 1089/2011 dated 19.04.2011 places lien on business premises in Knjaževac and Subotica in favor of Privredna banka a.d. Belgrade.

Mortgage statement no. 1091/2011 dated 19.04.2011, extrajudicial mortgage II order no. 2017/09 dated 17.09.2009 and 2018/09 dated 17.09.2009 places lien on business premises in Uzice in favor of Privredna banka a.d. Belgrade.

Mortgage statements nos. 1373/09 dated 04.11.2009, 1739/11 dated 03.06.2011 and 1781/11 dated 06.06.2011 places lien on business premises in Backa Palanka in favor of Privredna banka a.d. Belgrade.

Mortgage statement no. 2898/2011 dated 19.04.2011 places lien on business premises in Subotica in favor of Privredna banka a.d. Belgrade.

Mortgage statements nos. 3513/12 and 1810/2011 dated 26.09.2012 places lien on immovable property in Belgrade, Resavska Street in favor of Addiko Bank a.d. Belgrade.

Resolution of the collateral agreement I no. 622/09 dated 25.06.2009 and mortgage statements nos. 3511/12 dated 26.07.2012, 2282/12 dated 18.06.2012 places lien on immovable property in Pirot – Occupational Health Building in favor of Addiko Bank a.d. Belgrade

Mortgage statements nos. 691/09 dated 20.07.2009, resolution no. 1238/09 dated 29.12.2009, 1810/2011 dated 28.06.2011, 1809/11 dated 28.06.2011 and 3510/12 dated 26.09.2012 places lien on immovable property in Pirot – Rubber Technical Goods in favor of Addiko Bank a.d. Belgrade.

Mortgage statement no. 2382/2012 dated 26.06.2012 places lien on immovable property in Belgrade, Cara Nikolaja II Street in favor of Srpska banka a.d. Belgrade.

Mortgage statements nos. 2381/2012 dated 26.06.2012 places lien on immovable property in Pirotu - „Old Rubber Footwear“- Cardboard, land and objects, in favor of Srpska banka a.d. Belgrade.

Mortgage statements nos. 4714/10 dated 21.04.2010, 2352/10 dated 26.05.2010 and 420/13 dated 12.02.2013 place lien on immovable property in Nis in favor of Societe Generale bank a.d. Belgrade.

Mortgage statements nos. 1712/2010 dated 21.02.2010, 2351/10 dated 26.05.2010 places lien on immovable property in Pirot – business premises and Tigar Incon, in favor of Societe Generale bank a.d. Belgrade.

Mortgage statement no. 3279/11 dated 21.11.2011 places lien on immovable property in Pirot – business premises of Tigar Incon in favor of Societe Generale bank a.d. Belgrade.

Mortgage statement no. 3281/11 dated 21.11.2011 places lien on immovable property in Pirot – business premises in Dragos street in favor of Societe Generale bank a.d. Belgrade.

Mortgage statement no. 3278/11 dated 21.11.2011 places lien on immovable property in Pirot – central kitchen, in favor of Societe Generale bank a.d. Belgrade.



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Mortgage statements nos. 428/2012 dated 14.02.2012 and 1849/2012 dated 21.05.2012 and 2612/2012 dated 10.07.2012 places lien on immovable property in Pirot, Cacak and Novi Sad, in favor of AIK bank a.d. Nis.

Mortgage statement no. 3165/2012, od 30.08.2012 places lien on immovable property in Pirot – building of Energetics (Power Plant) and of Hotel StarA , in favor of Erste bank a.d. Novi Sad.

Mortgage statements nos. 1917/12 dated 25.05.2012, 1918/12 dated 25.05.2012, 1919/12 dated 25.05.2012 and 1920/12 dated 25.05.2012 places lien on immovable properties in Pirot–Tigar III b, in favor of Postal Savings Bank a.d. Belgrade. – Certificates of removal obtained in 2017, in progress is the removal procedure.

Resolution no. 05-433-100358298/2014-2 dated 08.04.2014 and resolution no. 079-433-05-161/2014/5 dated 26.06.2014 places lien on immovable property in Pirot in favor of Tax Administration, branch office Pirot. Request for removal was submitted in 2017 and removal procedure is in progress

Mortgage statement no. 4169/12 dated 09.11.2012 places lien on immovable property in Pirot, in favor of Development Fund of the Republic of Serbia.

Mortgage statement no. 10957/08 dated 14.10.2008 places lien on immovable property in Pirot – Rubber Footwear Plant, in favor of German Investment Bank.

Mortgage statement OPU-1405-2015 dated 22.10.2015 places lien on immovable property in Pirot – land from the Register from Cadastre 705 KO Dobri Do and the object of Human Resources Department at the location Tigar II in favor of Societe Generale bank a.d. Belgrade.

Mortgage statement OPU – 1734- 2015 dated 24.12.2015 places a lien on immovables in Pirot – location of the 'Old Rubber Footwear' and Cardboard, as well as on business premises in Belgrade, 37, Cara Nikolaja II Street in favor of Srpska banka a.d. Belgrade.

Mortgage Statement OPU – 1636-2015 and 1637-2015 dated 07.12.2015 places a lien on immovables in Pirot – land Tigar III and objects no.9,10,26,45,47 and 48 on cadaster lot 3620/1 in favor of Societe Generale bank a.d. Belgrade and Postal Savings bank a.d. Belgrade. Certificates of removal obtained from Postal Savings Bank in 2017, decision on mortgage deletion obtained.

Mortgage Statement OPU – 1635- 2015 dated 07.12.2015 places a lien on immovables in Pirot – land and objects on Planinarski dom, Register from Cadastre 1302 KO Izvor in favor of AIK bank a.d. Niš.

Mortgage Statement OPU: 1735-2015 dated 24.12.2015 places a lien on immovables in Temerin – 2 and Pećinci, in favor of Banca Intesa a.d. Belgrade.

By the Resolution of RGA, Real Estate Cadastre Service in Pirot no. 952-02-12-49/2016 dated 22.09.2016, on the basis of the Mortgage Statement OPU: 938 – 2016 dated 27.06.2016 places executive extrajudicial lien on immovable properties in Pirot – buildings at the location Tigar 2, on the cadaster lots: **3390/41**, **3390/44**, **3390/65** listed in LN 7950 KP Pirot City, and factory yard at the location Tigar 2 at the cadaster lot 3390/66 listed in LN





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7950 KO Pirot City, in favor of Postal Savings Bank Belgrade; Certificates of removal obtained from Postal Savings Bank in 2017, decision on mortgage deletion obtained

By the Resolution of RGA, Real Estate Cadastre Service in Pirot no.952-02-12-48/2016 dated 19.09.2016, Mortgage Statement OPU: 939 – 2016 dated 27.06.2016 places executive extrajudicial mortgage on immovables in Pirot – Administrative building at the location Tigar 2 on the cadastral lot **3390/3** listed in LN 7950 in favor of Deposit Insurance Agency. Request for mortgage deletion submitted.

Mortgage Statement no.II 96/2009 places a lien on immovables, residential – commercial building in Kruševac, on the cadastral lot no. 2049, listed in LN no.7469 KO Kruševac. By the Resolution of RGA, Real Estate Cadastre Service in Pirot no. 952-02-4-3642/2016 dated 16.08.2016 places ownership in favor of Tigar a.d. Pirot.

#### 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 the year 2000. They include the following (excluding interest): Trepca-Zvecan 9,637,376; Union Bank 6,194,000; Lola Corporation 8,210,350; and Tigar Prom - Nova Varos 3,636,676; totaling 27,678,402.

For all of these disputes effective court rulings exist, but payout has not been realized due to political problems in case of Trepca or multiple-year liquidation proceedings which due to unexplainable reasons have not been completed.

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

## 5. CAPITAL MARKET POSITION

Trading on the BSE from the beginning of 2016 is still characterized by a low level of investment activity and low liquidity. 2015 is the fourth year in a row that records the increase of BSE indices, until the sixth month when a decrease of indices was recorded, belex 15 by 8.86% and belexline by 8.27%. Decrease in value of stock indices was continued in the first half of 2016 when belex 15 recorded a decrease by 5.54%, and belexline 3.59%. In the third and fourth indices record growth, so that Belex 15 recorded an increase by 11.38% and belexline an increase by 13.69% on annual basis. Positive trends of the BSE indices have been present for several months, which partly represents the response of the owners of capital surplus at the currently relatively limited offer of investment products and opportunities in Serbia. During 2016 number of transactions was lower by 60%, whereas the achieved turnover at the domestic capital market is higher by 85% in comparison with the previous year. Successful revision of the program with the International Monetary Fund, lower deficits and stable exchange rate could have a positive impact on potential investors and the growth of domestic capital markets in the next period.



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The negative trend in the movement of share prices which is observed from the mid of the year 2012, continued in 2013 and 2014 and in the first quarter of 2015. In mid-March, the price of Tigar's shares reached the lowest level of 30 RSD. By the end of the same month, there was recorded a significant increase in the price of company's shares. Trading in the third and fourth quarter of 2015 proceeded at a level of 76 - 100 dinars, which is significantly below the nominal value of 374 RSD, but is almost three times higher in relation to the lowest price at which Tigar's shares were traded during the first quarter of 2015 and by 40.85% higher in relation to the prices shares were traded on the last day of 2014.

During 2016 the price of Tigar a.d. shares ranged between RSD 60-150, which represents a great price fluctuation. It was traded with 134.471 shares, equal to 3.04% of the total number of issued shares at the end of 2016. By mid-June and in early July there was recorded a significant growth in price of the Company's shares to RSD 120, which represents a growth in price by 17.65% in relation to the price at which was traded on the last day of 2015. During the fourth quarter was reached the highest price of RSD 150 per share, which represents a growth of 150,00% in relation to the lowest price of RSD 60 at which was traded during the year 2016, followed by a drop in price.

The following table contains a summary of key data from trading of Company's shares during the last two quarters of 2016

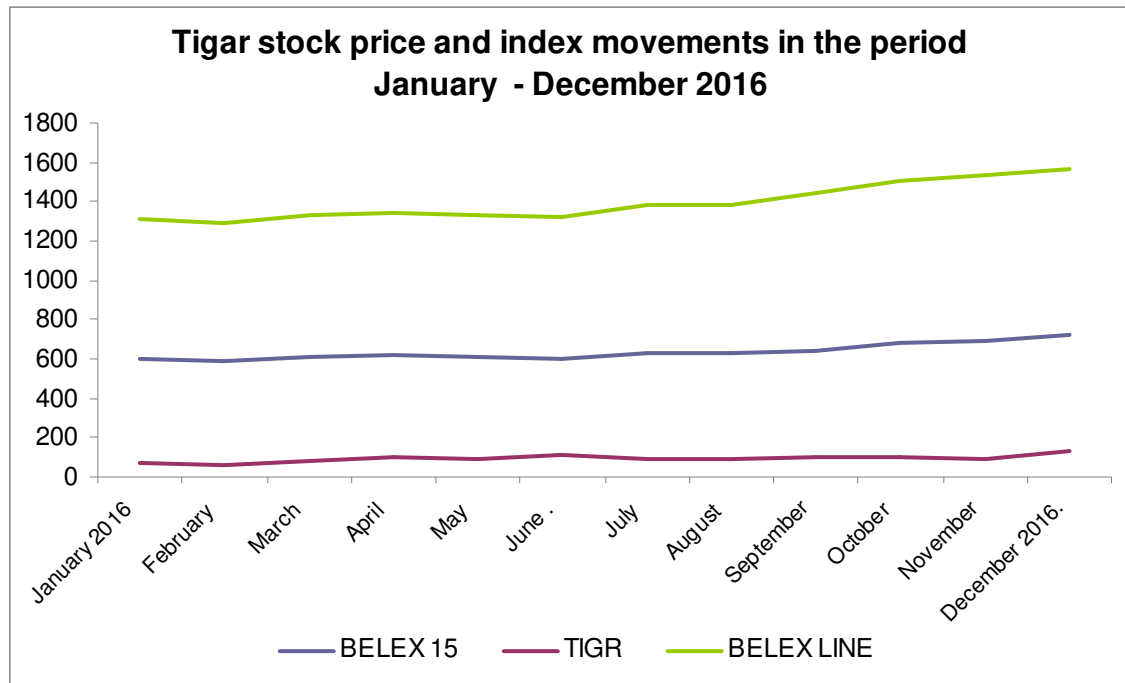
	<b>30 SEPTEMBER 2016</b>	<b>31 DECEMBER 2016</b>	<b>% OF CHANGE</b>
<b>Number of shareholders</b>	4,393	4,389	-0,09
<b>Total number of issued shares</b>	1,718,460	4,429,923	
<b>Book value of shares</b>	-1.574,56	-551,21	
<b>Market price of shares</b>	100,00	130,00	30,00
<b>Lowest price during the period (in RSD)</b>	91.00 – 18.11.2016.		
<b>Highest price during the period (in RSD)</b>	150.00 – 04.11.2016.		
<b>Average price I-XII 2016</b>	93,89		
<b>Market capitalization in RSD</b>	171,846,000	575,889,990	

The graph below shows the parallel representation of stock price and index movements during the period January –December 2016.



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Company's efforts 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.

Due to its inability to settle the accumulated liabilities towards its creditors the Company has held the Extraordinary session of General Assembly on 14.04.2014, at which it was decided to submit the proposal for initiating bankruptcy proceedings through reorganization pursuant to the Prepackaged Plan of Reorganization (PpoR).

The Prepackaged Plan of Reorganization for Tigar a.d. became valid on 01.06.2015, and on 16.06.2015 begun its implementation in accordance with repayment schedules.

In the last quarter of 2016 pursuant with the valid PpoR and the Conclusion of the Government of the RS on conversion of claims into permanent share in the Company's capital, there were issued and subscribed in the CSD&CH shares of V, VI and VII issue, a total of 2.711.463 shares. At the end of 2016 Tigar owned a total of 4.429.923 shares.

**Ownership structure at the end of 2016**

<b>Shareholders</b>	<b>31.12.2016</b>
Legal entities	84.72
Individuals	13.18
Custody accounts	2.10

Tigar's ownership structure at the of 2016, after the subscription of V, VI and VII issue of shares changed significantly in relation to the third quarter end. It is characterized by stable stakes of three groups of shareholders, the state of Serbia via its four funds, domestic and international institutional investors and a group of individuals.



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### Top ten shareholders as of 31.12.2016

In comparison with 2015 when there were traded 344.037 shares, in 2016, trading volume with the Company's shares is lower by 60.92%. 134.467 shares changed their owners, which along with the new shares emissions led to significant changes in in the top ten shareholders group.

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

Ord.No.	Shareholder – Name/Business name	Number of shares	% of share
1.	POŠTANSKA ŠTEDIONICA BANKA AD	1,448,601	32.70
2	REPUBLIČKI FOND ZA PENZIJSKO I INVAL. OSIG.	581,367	13.12
3	AKCIONARSKI FOND AD BEOGRAD	429,429	9.69
4	NIKOMMS DOO BEOGRAD	380,579	8.59
5	OPŠTINA PIROT	244,538	5.52
6	KOMPANIJA DUNAV OSIGURANJE A.D.O.	215,487	4.86
7	PIO FOND RS	149,981	3.39
8	REPUBLIČKI ZAVOD ZA ZDRAVSTVENO OSIGUR.	122,184	2.76
9	JUBMES BANKA A.D. BEOGRAD	61,407	1.39
10	ERSTE BANK AD NOVI SAD – Kastodi račun	61,115	1.38

Data from the Central Registry of Securities and the Depository and Clearing House as of 31.12.2016 were published at [www.crhov.rs](http://www.crhov.rs)

## 6. SUSTAINABLE DEVELOPMENT

### 6.1. EMPLOYEES

#### Headcount and structure

On 31.12.2016 the number of people employed in Tigar Group was the following:

Workforce on 31.12.2016	
Company	Number of employees
<b>Tigar a.d. collectively</b>	<b>1.026</b>
– Tigar a.d.	232
– Footwear Plant	665
– Technical Rubber Goods plant	108
– Chemical Products plant	21
<b>Other</b>	<b>433</b>
<b>Total</b>	<b>1.459</b>



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All employees sign standard employment contracts with the Company's top executives, within the Tigar Group, stipulating the basic conditions of employment in accordance with the Labor Law and internal acts.

### Employee expenses

Total employee expenses in the period I-XII 2016 incurred by Tigar a.d. and its subsidiaries in the country with 100% ownership, apart from net wages, include the costs related to taxes and contributions, in-house meals, and local transportation.

#### Total employee expenses in the period I-XII 2016

	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD
<b>TIGAR AD collectively</b>	459.535	780.650
– <i>Tigar a.d.</i>	113.450	190.421
– Tigar Rubber Footwear	289.961	494.481
– Tigar Technical Rubber Goods	46.519	78.706
– Tigar Chemical Products	9.606	17.041
<b>Other</b>	167.732	283.359
<b>Total</b>	627.267	1.064.009

### Optimization of human resources

During the period I-XII 2016, 124 of permanently employed people have left Tigar a.d. and its dependent entities on various basis.

Since footwear production has seasonal character, Tigar a.d. hires a certain number of contingent staff throughout the year. This group of employees is engaged when the production volume is on the increase, whereas the said are not engaged in the period of reduced production volume.

Organizational unit	No. of employees/ RSD	Pension	Redundancy	Other*	TOTAL
<b>Tigar AD collectively</b>	<b>No. of employees</b>	<b>34</b>	<b>3</b>	<b>53</b>	<b>90</b>
	<b>Amount in RSD</b>	<b>4.247.114,00</b>	<b>310.581,00</b>		<b>4.557.695,00</b>
<i>Tigar a.d.</i>	No. of employees	1	3	16	20
	Amount in RSD	254.358,00	310.581,00		564.939,00
<i>Tigar Rubber Footwear</i>	No. of employees	25		27	52
	Amount in RSD	3.009.954,00			3.009.954,00
<i>Tigar Technical Rubber Goods</i>	No. of employees	8		7	15
	Amount in RSD	982.802,00			982.802,00
<i>Tigar Chemical products</i>	No. of employees			3	3
	Amount in RSD				
<b>Other</b>	No. of employees	12	1	<b>21</b>	<b>34</b>
	Amount in RSD	<b>1.537.332,00</b>	19.233,00		1.556.565,00
<b>Total</b>	<b>No. of employees</b>	<b>36</b>	<b>4</b>	<b>74</b>	<b>124</b>
	<b>Amount in RSD</b>	<b>5.784.446,00</b>	<b>329.814,00</b>		<b>6.114.260,00</b>



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\*As of these 74 full-time employees who terminated their employment on other grounds, 63 employees resigned of their own volition, termination of employment for violation of obligations – 6 employees, fatal case – 4 employees, on furlough – 1 employee. Optimization and reduction in the number of permanent employees is an integral part of the restructuring process. This process began in 2013 and continues in 2016 also.

### Employee training

The following number of employees was trained in the period I – XII 2016 through internal and external training programs:

Employee training – internal and external			
	INTERNAL TRAININGS	EXTERNAL TRAININGS	TOTAL
<b>Tigar AD collectively</b>	<b>1.190</b>	<b>33</b>	<b>1.223</b>
1. <i>Tigar a.d.</i>	57	26	83
2. Footwear	922	7	929
3. Technical Rubber Goods	209	0	209
4. Chemical Products	2	0	2
<b>Others</b>	<b>518</b>	<b>0</b>	<b>518</b>
<b>Total</b>	<b>1.708</b>	<b>33</b>	<b>1.741</b>

Employee training expenses in the period I – XII 2016 amounted to RSD 1,009,346.00 or 0.09 % of paid gross salaries.

In the period January- December 2016, internship (professional practice) was completed by 240 students from Pirot secondary schools and 14 students.

### 6.2. INTEGRATED MANAGEMENT SYSTEMS

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, Tigar's system was upgraded accordingly. Even in difficult business conditions are made efforts for the preservation and promotion of integrated management systems.

The first half of 2016 was marked by the upgrading of the documentation basis of the company Tigar Rubber Technical Goods and of the related processes within Tigar AD and were carried out preparatory works for the re-certification of integrated management systems in manufacturing entity Tigar Rubber Technical Goods. In May were certified integrated management systems of the factory Tigar Rubber Technical Goods according to ISO 9001, ISO 14001 and OHSAS 18001 certification by TUV Rheinland Inter Cert I.l.c. from Belgrade. In the current system was not established any inconsistency with the requirements of the relevant standards.

In the same period in the Footwear factory was conducted I inspection by the certification body TUV Rheinland Inter Cert I.l.c. from Belgrade. The inspection of IMS in the Footwear



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factory which was certified last year is successfully maintained and improved. During the evaluation there were no inconsistencies registered.

In September was carried out supervision by the Ministry of Defence – Administration for Defence Technology with the purpose of verifying whether conditions are met to extend the license for manufacturing NVO in the area of development, designing and production of components of armaments and military equipment made of rubber and combination of rubber and other materials, as well as paints and adhesives intended for means for NVO.

In December at Free Zone Pirot was carried out an inspection of integrated management systems (IMS) by JUQS, company for certification and supervision of quality systems I.I.c. During the assessment there were no inconsistencies registered.

### 6.3. ENVIRONMENTAL PROTECTION AND EMPLOYEES' OCCUPATIONAL HEALTH AND SAFETY

Tigar's manufacturing facilities, production of rubber footwear, technical rubber goods and recycled rubber products are located in the industrial zone of the city, at the end of the Pirot valley. Condition of the natural environment and the unaltered ecosystem attest to the good environmental practices of the company. The commitment towards sustainable development and care about its employees is the long years policy and practice. Production of chemical products has been relocated and now takes place in the rented industrial space of the former company Suko a.d. out of the inhabited settlement.

By the estimation of the Ministry in terms of environmental impacts, production activities of the company are qualified as an activity with low environmental risk. Production entities are not listed either in the IPPC nor in the group of SEVESO facilities. Handling and storage of chemicals is carried out in accordance with regulations and internally defined procedures. About the generated waste takes care the company Ti-car Trade I.I.c. working unit-Secondary raw materials, a certified operator for waste management. As for the fire safety, security and response to emergencies, there is in charge Tigar Security. Taking care of packaging and packaging waste, air quality monitoring and waste water, determining safety of electrical installations and equipment in terms of security as well as determining the condition of the working environment, shall be entrusted to external authorized institutions.

Previously entered long-term contracts with operators of packaging waste management, Ekostar pak and Sekopak are still valid, only that because of the merger of productional entities to parent company (status change), the contract with Sekopak was concluded with Tigar a.d.

In September was carried out inspection by the municipal inspector for environmental protection of City Administration Pirot, Department for urbanization, housing and utilities, construction and inspection. Inspector for environmental did not observe any omissions and deficiencies in operation and management of waste materials of the operator TI-CAR I.I.c.

In the period October – December 2016 was carried out sampling and testing of wastewater quality. Testing results of wastewater samples indicate that values of all parameters tested are less than the maximum permissible levels prescribed by the Regulation on emission limit values of pollutants in water and deadlines for their achievement.

In December 2016 was completed the handover of E-waste to an authorized operator for the disposal of this kind of waste.



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#### 6.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Piro*t in English, and *Akcionarsko društvo Tigar – Piro*t, in Serbian. Its short name is Tigar AD – Pirot in Serbian, 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 of the Joint Stock Company Tigar. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.

Registered trademarks as of 31 December 2016:

Br. Zahteva	Datum Zah.	Br. Reg.	Zaštitni znak	Važi do	Vlasnik
Ž-247/80	30.04.80.	31499	Tigar	21.12.17.	Tigar AD
Ž-2606/06	14.11.06.	54763	Tigar	14.11.26.	Tigar AD
Ž-84/385	17.01.84.	29947	Tigar Tg 615	25.05.17.	Tigar AD
Ž-947/07	30.04.07.	55640	Tigar Planinarski dom	30.04.17.	Tigar AD
Ž-918/07	27.04.07.	55822	Tigar Tours	27.04.17.	Tigar AD
Ž-842/07	18.04.07.	55612	Markol	18.04.17.	Tigar AD
Ž-1129/07	17.05.07.	55735	Tigar Incon	17.05.17.	Tigar AD
Ž-890/80	11.07.03.	49590	Tigar Sportski program	11.07.23.	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 Obuća	26.07.17.	Tigar AD
Z-2440/07	17.10.07.	56731	Tigar Hemijski proizvodi	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 planina	31.03.18.	Tigar AD
Ž-1433/08	06.06.08.	58815	Overload	06.06.18.	Tigar AD
Ž-1475/08	11.06.08.	58462	Waterpolo Senior	11.06.18.	Tigar AD
Ž-1473/08	11.06.08.	58427	Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1431/08	06.06.08.	58813	Waterpolo Junior	06.06.18.	Tigar AD
Ž-1472/08	11.06.08.	58428	Specijal	11.06.18.	Tigar AD
Ž-1432/08	06.06.08.	59305	Basketball Tg21 Official	06.06.18.	Tigar AD
Ž-1474/08	11.06.08.	58424	Neos	06.06.18.	Tigar AD
Ž-1469/08	11.06.08.	58426	Tricker Ball Basket Ball	11.06.18.	Tigar AD
Ž-1471/08	11.06.08.	59401	Bistro	11.06.18.	Tigar AD
Ž-1468/08	11.06.08.	58423	Overload Handball	11.06.18.	Tigar AD
Ž-1470/08	11.06.08.	58425	Dynamic Overload	11.06.18.	Tigar AD
Ž-1429/08	06.06.08.	58464	Overload Waterpolo Junior	06.06.18.	Tigar AD
Ž-1467/08	11.06.08.	58430	Overload Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1476/08	11.06.08.	58463	Overload Waterpolo Senior	11.06.18.	Tigar AD
Ž-1430/08	06.06.08.	59304	Basketball TG21 Overload	06.06.18.	Tigar AD
Z-2441/07	17.10.07.	56730	Tigar Tehnička guma	17.10.17.	Tigar AD
Ž-2681/08	03.11.08.	59486	Trapper	03.11.18.	Tigar AD
Ž-2682/08	03.11.08.	59485	Pesca	03.11.18.	Tigar AD
Ž-2679/08	03.11.08.	59327	Rainydays	03.11.18.	Tigar AD
Ž-2680/08	03.11.08.	59334	Nency	03.11.18.	Tigar AD
Ž-2678/08	03.11.08.	59333	Ladybird	03.11.18.	Tigar AD
Ž-2677/08	03.11.08.	59336	Ratar	03.11.18.	Tigar AD
Ž-2676/08	03.11.08.	59451	Balerina	03.11.18.	Tigar AD
Ž-2675/08	03.11.08.	59335	Work	03.11.18.	Tigar AD
Ž-2904/08	02.12.08.	59458	Polar	03.11.18.	Tigar AD
Ž-2674/08	03.11.08.	59337	Protecta	03.11.18.	Tigar AD
Ž-2673/08	03.11.08.	59390	Forestry Line	03.11.18.	Tigar AD
Ž-2672/08	03.11.08.	60043	Fireproof	03.11.18.	Tigar AD
Ž-2671/08	03.11.08.	59326	Cryo	03.11.18.	Tigar AD





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Ž-2670/08	03.11.08.	59387	Sparclesafety	03.11.18.	Tigar AD
Ž-2661/08	31.10.08.	59341	Firefighter Super Safety	31.10.18.	Tigar AD
Ž-2662/08	31.10.08.	59452	Century Super Safety	31.10.18.	Tigar AD
Ž-2659/08	31.10.08.	59334	Century 4000 Safety	31.10.18.	Tigar AD
Ž-2660/08	31.10.08.	59345	Forester 3000	31.10.18.	Tigar AD
Ž-2903/08	02.12.08.	60464	Trendy	02.12.18.	Tigar AD
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
Med.Zaštitni Zn.	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
Med. Zaštitn. Zn. 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Med. Zaštitn. Zn. 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
SAD	07.09.09.	3870299	Maniera	07.09.19.	Tigar AD
79075140					
SAD	07.09.09.	3906894	Brolly	07.09.19.	Tigar AD
79075638					
Kanada	25.05.90.	368832	Forester	25.05.20.	Tigar Obuća

The flagship trademark is “a stylization of a tiger's head with the logo 'Tigar' inscribed in the Cyrillic or Latin alphabet” (Article 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](http://www.tigar.com), [www.tigar.co.rs](http://www.tigar.co.rs) and [www.tigar.rs](http://www.tigar.rs).

Tigar holds no software copyrights or broadcasting rights. Tigar uses standard software under licenses duly acquired from software manufacturers or distributors. Pursuant to Article 55 paragraph 2 of the Particular Collective Contract, employees are entitled to compensation on the basis of innovation (outstanding contribution to increasing productivity, improving quality, new technical solutions and improvements in production processes). 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 for data processing
- Database maintenance
- Data security
- Installation and maintenance of hardware and software
- Administration and user access management
- Local area network management and anti-virus protection
- Maintenance of Internet and Intranet access
- Standardization of corporate hardware and software within the corporation



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## 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.

With its vision, mission and corporate values, the company clearly demonstrates its commitment towards sustainable development and the principles governing the field of corporate social responsibility are defined in the document Guidelines in the field of philanthropy and other givings. In this way certain priority areas in which Tigar participates, as well as the criteria for deciding on the support of various CSR initiatives, i.e the evaluation of achieved effects.

The company has defined as its philanthropic policy key principle that specific projects and actions must contribute to the general development and welfare of many people. Key areas of philanthropic activities of Tigar are support the building of an inclusive society, contribution to the general welfare of the community, contribution to physical development of children and youth, strengthening the environmental awareness. The Company has made clear its commitment to the further development of employee volunteering, giving support to the development of knowledge and talent, promoting positive entrepreneurial climate and encouraging the development of leadership skills and knowledge.

Philanthropic projects in the reporting period were related to key areas - contribution to the general welfare of the community, support and help to vulnerable groups as well as support to education and sport at the local level through contribution to physical development of children.

In its so-far work, Tigar ad has shown initiative in the field of CSR and philanthropy and was the support and participant in many types of humanitarian actions.

Support to education and physical development of children and youth continues during 2016.

Sports equipment was donated to the women's volleyball club and support at the local level was provided for the football club, chess club as well as for the ski center.

Organization of the republic competition in Tehnicka secondary school was supported in the form of donation of sports equipment, which were awarded to the best competitors.

Financial help was provided for the organization 'A friend in need' which was founded with the aim to provide help in cooperation with the donators for people such as children and adults who are differently-abled, without parental care.

During March 2016 due to weather disasters that hit west Serbia there were donated rubber boots to the people of the affected area.

Office furniture of older date was donated to the National Theater in Pirot, for the needs of theater performances.

This year also was provided help in goods for the needs of Diocese of Raska – Prizren and to National kitchens in Kosovo. Support (donation) in rubber footwear also received members of Civil Protection so as to be properly equipped in case of emergency situations in the country.



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Care of seniors and support for the organization of traditional excursion was also a part of CSR activities.

Donation of rubber footwear to a primary school in Pirot was carried out. Also support was given to the association 'Damsko srce' which cherishes the tradition of manufacturing Pirot kilim.

By helping sports clubs we support physical development and good habits of the young at the local level. Also was supported the event of national importance Plum days in Blace.

For our blood donors we provided help and support for participation in the annual meetings of the voluntary blood donors.

In the last quarter as well as for the occasion of marking the company's anniversary, it was continued with the support to schools and preschool institutions. Traditionally, special attention was directed at schools and institutions for children with special needs and those who are differently abled and come from vulnerable social groups.

During 2016, pursuant with the practice of corporate social responsibility, there was paid special mode of care to employees afflicted by serious illness, in the form of financial aid and support.

#### 6.7. CORPORATE GOVERNANCE

##### **Supervisory Board of Tigar ad Pirot**

The Supervisory Board, as the body of the bicameral management system operates and makes decisions in the following composition:

- Nebojša Petrović, Chairman
- Aleksandar Đurković
- Aleksandar Radojević
- Bogdan Popara
- Velibor Stević

\*\*\*On 31.12.2016 member of the Supervisory Board Velibor Stević holds 5.694 company's shares.

##### **Executive Board of Tigar ad Pirot**

Executive Board operates in the following composition:

- Branislav Ćurić, ED for Commerce and Marketing
- Gorica Stanković, ED for Finance and Accounting
- Biljana Bogdanović, ED for Business Activities Support
- Zoran Mančić, ED for Productional processes, Development and Investment
- Nataša Pop-Krstić, ED for Corporate Governance

The Executive Board will make decisions falling within its competence on the occasion of its respective sessions.



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## **7. MAJOR JANUARY – DECEMBER 2016 TRANSACTIONS WITH RELATED PARTIES**

Tigar's operating system functions as a mixed holding company made of the parent company - Tigar ad and 15 dependent entities of which 8 are 100% owned by the parent company; while remaining dependent entities are in its majority ownership. On 22.04.2016 there was executed the status change of merger of Tigar Tours to Tigar a.d.

The parent company, Tigar AD, deals with: a) production and b) holding operations - management, financing and development of dependent entities in which it holds 100% or majority ownership, c) commercial activities, and d) generation of energy and fluids (for productional entities). Dependent entities are grouped into divisions according to the basic type of activities they perform: 1) commercial 2) service entities, 3) service-commercial entities. None of the dependent productional or service entities that is 100% owned by the parent company is not in a functional sense rounded and comprehensive enterprise. To some degree or completely the basic functions and support functions have been transferred to the parent company.

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. 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.

Estimate of justification of the current level of business diversification and a proposal for further development directions in the field of activity with which the corporation deals are done 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 dependent service subsidiaries. Through a number of analysis was also reviewed the importance of the non-core activities in relation to "core" activities, which was evaluated with consideration of 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.

## **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, but also a characteristic of own-brand product development.



## **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 Serbian and regional markets. Within this particular brand is specially recognized the redesigned brand **Tigar hunting program**, which was won in 2011 and in 2015 acquired its full market recognition. Women's fashion program **Maniera** and children's program **Brolly** are among the brands created by their own R&D - from construction, technology, choice of material all the way to the model and product branding. Offering children's, women's fashion-, yachting, leisure and lux categories of footwear, these brands have yet to fight for their recognition and market share. It is a fact that footwear production for customers' brands – contract manufacturing - is important, and that footwear of the Tigar brand did not position in the market in the proper way, regardless of products high quality. Through international acquisitions, Tigar has acquired ownership of the safety footwear brands - Century and finished products made from recycled rubber - Bilgutex. In the previous period we have invested efforts in certification and recertification of the complete safety program Century that was finalized by the end of 2015. Certification of the work footwear program according to the standards' requirements is finished, and some new products were added to that segment, enabling Tigar brand a breakthrough into new market positions where it has not yet been present. The process of developing, i.e., winning new private brands in the safety and hunting rubber footwear program is in progress as well as the development and redesign of the fashion program under the brands of our existing customers. In the Chemical Products program exist several private brands, which are owned by Tigar and include the Tigar name, such as tigrostik, tigrokol, markol, tigrolux...



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Strategy in the coming years is based on the constant strengthening of brands owned by Tigar 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.

### **Service network**

Today the sales network includes 4 service centers for the sale of vehicle tires and batteries, oil for cars and the provision of light services and 21 retail stores of colonial type. The company uses its sales network to sell its products, but also products of other manufacturers, following the principle multi-product - multi-brand strategy.

Through the analysis of business activities is carried out allocation of certain facilities, the closure of unprofitable objects and the opening of new, profitable sales & service centers.

### **Long-term experience in international strategic partners**

In the part of rubber footwear, potential strategic partnerships are possible not only with some of the manufacturers but also with some of the suppliers of essential raw materials but also through acquisition of ownership over some of the remaining European manufacturers. However, in the part of rubber technical goods, there are opportunities and need for establishing strategic partnerships.

## **9.2. RISKS**

Risk management with which the company is facing can be classified into strategic and operational risks.

In the part of managing strategic risk, the company can not affect the possible risk factors, such as:

- Risks related to changes to the legislation, in particular due to major changes being implemented in the process of harmonization with EU legislation;
- Economic or political instability;
- Macroeconomic environment and general business conditions;
- Entering the market of the European Union as well as access to the Russian market (registration and commercial aspects)
- All manufacturing and service entities are operating in the market with very strong competition and due to various risk factors, their market position may be compromised.
- As a stock company, Tigar is affected and depends on capital market developments and on the structure of ownership, there is always the possibility of changing corporate policies and strategies.

In the part of operational risks, the Company faces risks related to the very industry in which it operates as well as with a group of financial risks.

There is no united organizational unit in the company that deals with risk management, they are monitored within each entity and function 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



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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.

The market is characterized by:

- The growing trend of import demand on existing and international markets for rubber-plastic footwear - strong pressure of competitors and substitutes Pu, PVC
- Significant sensitivity to fluctuations in the price of inputs (basic inputs are exchange products)
- When speaking of work footwear market, there is an increase of participation of cheap competition from China in foreign as well as on domestic market; competition from Southeast Asia is less sensitive to fluctuations in the price of inputs.
- Low purchasing capacity of the domestic market in the segment of the consumer market defines the market of fashion and children's footwear, as well as price sensitivity of consumers.

- 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.

The market is characterized by:

- significant sensitivity to fluctuations in the price of inputs (basic inputs are exchange products)
- strong pressure of domestic and international competitors in all segments
- strong pressure of small price competitive producers on the domestic market
- low purchasing capacity of the domestic market

Production and market access 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.

In the part 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.

The market is characterized by:

- low purchasing power of the domestic market
- accentuated price sensitivity of demand.
- high pressure of competitors in all market segments



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### **Credit risk and the cost of borrowed capital**

Financial risks include the market risk (foreign currency and interest rate), credit risk and liquidity risk. Exposure to foreign currency risk is reflected in payables toward suppliers from abroad, borrowings, as well as cash and cash equivalents.

Exposure to price change risk is greatest in the part related to procurement of raw materials imported and is associated with exposure to foreign exchange risk. The Company has applied the stabilization of operations and measures to decrease the impact of this risk to the business, which is mainly associated with contracting long term business relationship with suppliers from abroad and timely procurement of raw materials, however exchange traded products always represent risk.

The Company does not use any financial instruments to avoid the impact of financial risks on business operations because such instruments are not widely used, nor is there an organized market for such instruments in the Republic of Serbia.

By continuous monitoring of analytical indicators are set the guidelines for taking immediate corrective measures concerning the business operations. One of the measures is negotiating with creditors to achieve more favourable financing terms

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

In the period January – December 2016 it was traded with a total of 134.467 shares, meaning that 3.04% of the total number of issued shares at the end of 2016 changed their owner and along with the newly issued shares of V, VI and VII issue led to significant changes in the Company's ownership structure.

The Prepackaged Plan of Reorganization for Tigar a.d. envisages the possibility of conversion of debt into equity, of both the state i.e. state creditors and other creditors. Pursuant to that, on 13.09.2016 the Government of the Republic of Serbia passed a Conclusion on conversion.

At the end of 2016 the Company's largest shareholder is Postal Savings Bank that acquired its shares through conversion of debt into equity through the VII issue of shares subscribed in the Cental Securities Depository and Clearing House on 30.12.2016 as well as the state of Serbia, through its four funds, Equity Fund, Pension and Disability Insurance Funds, Republic Health Insurance Fund and the National Employment Service, with share of 29.81%.

There is no formal risk management framework for the Company's capital.

The Company's management considers the capital risk, with the aim of risk alleviation and belief that the company will be able to maintain the principle of business continuity.

### **Reputation risk**

Series of activities in the Company and those related to it initiated the need to manage reputation risk and that strategic management deals with it as one of priorities.





## **10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE IV QUARTER OF 2016**

### **Changes in the business of the entities Tigar Europe, Tigar Americas and Tigra Montenegro:**

The process of voluntary liquidation of the company Tigar Europe with its headquarters in London, where Tigar a.d. owned 50% of the share capital began in August 2014. Throughout the years 2014, 2015 and 2016 the Company was paid out the entire part of the liquidation estate pertaining to it. Pursuant to the UK legislation there ensued activities and in the fourth quarter of 2016 the process of voluntary liquidation of Tigar Europe was terminated.

Due to the lack of communication with the director and unsatisfactory operating results, it is undergoing the shutdown of Tigar Americas, commercial enterprise based in the territory of the United States in which Tigar a.d. figures as the owner of 100% of the share capital. The Company has hired and entitled a lawyer to conduct the proceedings.

Bearing in mind the fact that Tigra Montenegro has shown negative business result in the previous period, the parent company Tigar a.d. has undertaken activities in order to sell its share in Tigra Montenegro I.l.c. Podgorica to the second founder on the basis of pre-emptive right. After unsuccessful negotiations on the sale of share to a third party, co-founder is still interested in buying the share. Negotiations with the co-founder on important terms of the share buying and selling are nearing their end. As the last resort of resolving the status of this entity shall be initiation of bankruptcy proceedings before the competent authorities.

### **Implementing measures from the PPoR**

On 06.10.2016 the Company announced the sale of service entities Tigar Business Service I.l.c., Tigar Incon I.l.c., Tigar Catering I.l.c., Tigar Security I.l.c., and Pi Canal I.l.c. in the newspaper 'Politika' pursuant to the measures of the legally adopted PPoR of Tigar a.d. Pirot. There were no interested buyers for the purchase of these entities.

### **Making decisions of importance of the managing body of Tigar a.d.:**

Since one of the measures of the legally confirmed PPoR of Tigar a.d. Pirot represents the conversion of debt into equity, the state, being one of the creditors, passed the Conclusion which recommended to other creditors with which the state has its share in capital to convert the debts into equity of Tigar a.d. The creditors accepted the recommendation and made decisions at their decision-making bodies.

Pursuant to the resolutions of Supervisory Board of Tigar a.d. Pirot passed in the last quarter of 2016, there were realized a total of three (V, VI, VII) issues of shares based on capital increase through conversion of creditors' claims into permanent equity in the capital of Joint Stock Company Tigar Pirot, total value of RSD 1,014,087,162. after which in January 2017 there was passed Resolution on VIII issue of shares, total value of RSD 1,210,098,692. After the VIII issue of shares through conversion of creditors' claims into permanent equity in the capital of Joint Stock Company Tigar Pirot there came about additional increase in Company's capital.

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### **Changes in the composition of the managing body and acquisition of shares by the members of the Supervisory Board of Tigar a.d.:**

In the last quarter of 2016 there were no changes in the composition of the managing body.

### **Conclusion of the Government of the RS on launching the initiative for privatization of Tigar AD and it's dependent entities as of 13.04.2017:**

On 13 April, 2017 the Government of the Republic of Serbia passed the Conclusion 05 No. 023-3255/2017 on launching the initiative for privatization of Joint Stock Company „Tigar“ Pirot and dependent entities Tigar Incon I.I.c., Tigar Catering I.I.c., Tigar Business Service I.I.c., Tigar Security I.I.c., and Ti car trgovine I.I.c.

### **Board of Creditors:**

The Board of Creditors held several sessions in the III quarter of 2016. On 07.07.2016 was held electronic session and the Board of Creditors accepted the new member of the Supervisory Board Velibor Stević at the proposal of the shareholders Nikomms I.I.c. Belgrade and Nikola Radenković, whereas at the session held on 25.07.2016 were considered and adopted decisions on on appointing new CEO, report of an independent expert Finaudit for Q4 2015 and Q1 2016 as well as proposal for correction of the financing conditions from the PpoR with the possibility of reducing interest rates to 3M EURIBOR + 1,5%, extending the repayment period from 7 to 10 years, writing off 40% of debt and debt-to-equity conversion. At this session of the Board of Creditors it was repeated and concluded that the final declaration of the banks on accepting the changes of the conditions depends on the State's attitude, i.e. state creditors. On 15.09.2016 was held electronic session and the text of the advertisement for the sale of service entities was approved pursuant to the PPOr. On 3.10.2016 was held electronic session with one item on the agenda: approval for appointment of the proposed new members of the Supervisory Board by the shareholders of the company Nikkomms I.I.c. from Belgrade and Nikola Radenković from Belgrade. The Board of Creditors did not approve the appointment of the proposed candidates.

In the IV quarter was held one session of the Board of Creditors, as of 22.12.2016 at which was considered the following: Finaudit report for II quarter 2016, Report on sale of assets: real estate and subsidiaries, through auction pursuant to the PpoR, Report on conversion of debt into equity of Tigar a.d., proposal for correction of repayment terms from the PpoR and changes in composition of the Board of Creditors after debt-to-equity conversion.

### **Issue of shares based on conversion of debts into Company's permanent capital in 2017**

VII issue of shares was subscribed in Central Securities Depository and Clearing House as of 30.12.2016. Capital increase on the basis of VII issue was registered in the Serbian Business Registers Agency in January 2017.

During 2017, as of 10.02.2017 there was subscribed the VIII issue of shares in Central Securities Depository and Clearing House, with which the state of Serbia got 3.234.664 shares. Afterwards, the total number of Tigar shares amounts to 7.665.481 shares and the state's share is 42.2%, whereas together with the Equity Fund of RS 5,60%, Pension and Disability Insurance Funds of RS 9,54%, Republic Health Insurance Fund 1,59% and the National Employment Service 0,49% it has a total of 59,43%.



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**Corporate Governance Code:**

The Company adopted Corporate Governance Code on 08.09.2005 when its implementation began. Earlier this year Corporate Governance Code was revised and adopted at the session of the Supervisory Board, as of 27.02.2017. The said is available for the public on the Company's Internet page [www.tigar.com](http://www.tigar.com), as well as on the respective Internet pages of Belgrade Stock Exchange and Central Securities Depository and Clearing House.

**DIRECTOR OF ACCOUNTING FUNCTION  
TIGAR AD**

**Aleksandra Đorđević**

**MANAGING DIRECTOR OF TIGAR AD**

**Branislav Čurić**

**CHAIRMAN OF 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 annual reports, we hereby declare that to our best knowledge these Reports have 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 results are included within the consolidated statements.

The Supervisory Board of the Company has reviewed and approved annual report for the year 2016 for which the audit process was carried out and which contains all corrections in book entries submitted by an independent auditing firm during the audit process, at its session held on 15 May 2017.

**DIRECTOR OF ACCOUNTING FUNCTION  
TIGAR AD**

**Aleksandra Đorđević**

**MANAGING DIRECTOR OF TIGAR AD**

**Branislav Čurić**

**CHAIRMAN OF TIGAR AD  
SUPERVISORY BOARD**

**Nebojša Petrović**

**JOINT STOCK COMPANY "TIGAR"  
PIROT**

**REPORT  
ON CONDUCTED AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEAR 2016**

**Belgrade, May 20, 2017**

**JOINT STOCK COMPANY "TIGAR"  
PIROT**

**REPORT  
ON CONDUCTED AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEAR 2016**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

We have audited the submitted financial statements of the Joint Stock Company "TIGAR" Pirot (hereinafter: the Company) which comprise the balance sheet, as of December 31, 2016, the income statement, the statement of other comprehensive income, the cash flow statement and the statement of changes in owners' equity for the year ended on that day, as well as the summary of the significant accounting policies and other explanatory notes.

#### *Management's responsibility*

The management of the Company is responsible for preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and regulations of the Republic of Serbia, as well as for such internal control that management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and the Law of Accounting and Auditing of the Republic of Serbia. These standards and the law require that we comply with ethical requirements and plan and perform the audit in such a way as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making the risk assessments, the auditor considers the internal controls which are relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the given circumstances. The audit also evaluates the adequacy of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

#### *Basis for Qualified Opinion*

- On December 31, 2016, the Company has stated intangible assets in the amount of RSD 199,237 thousand. Within intangible assets, the Company has also stated capitalized costs of development. Based on the disclosed documentation, we were not able to determine whether the criterion for capitalization of development costs was met at the moment of initial recognition, either using audit or alternative methods. We were not provided with the analysis on how and when these intangible assets would generate future economic benefits.

Even though the Company, on December 31, 2016, has performed impairments in the net amount of RSD 22,648 thousand (on December 31, 2015, in the net amount of RSD 79,723 thousand, on December 31, 2014 in the net amount of RSD 105,250 thousand), there is an indication that intangible assets were stated in the amount exceeding the recoverable amount, which is contrary to the IAS 36 - Impairment of Assets.

Considering the foregoing, it is necessary that the Company continues with additional analysis of the value of intangible assets, i.e. to further depreciate the intangible assets in order to reduce it to the recoverable amount.

- On December 31, 2016, the Company, in the Balance Sheet (AOP 0052, AOP 0053 and AOP 0054), stated total receivables to related parties in the amount of RSD 309,806 thousand, i.e. 70.06% of the total receivables from sales. The receivables from related parties, in the country and abroad, which were not collected within 180 days from the due date, amounted to RSD 184,358 thousand. The Company did not assess the collectibility of these receivables, nor it recorded value correction of these receivables at the balance sheet date, even though the related parties have significant problems with liquidity and accumulated operating losses. Based on the documentation that was presented to us, and the lack of recoverability analysis, we could not be sure neither that the receivables from related parties, as of December 31, 2016, were presented fairly, nor if it is necessary to record their depreciation in the income statement for the year 2016.

- On December 31, 2016, the Company, in the Balance Sheet (AOP 0045, AOP 0046, AOP 0047 and AOP 0048), stated the total inventories in the amount of RSD 944,853 thousand. The given amount included inventories and slow turnover, inventories without fluctuations for a period longer than a year, in the amount of RSD 277,154 thousand, for which the Company provided no adequate impairment analysis. Due to lack of adequate analysis of the inventories, we were not able to determine the potential effect of non-deductible impairment of inventories, as of December 31, 2016, on the income statement and accumulated losses.

#### ***Qualified Opinion***

In our opinion, except for the effects of the issues described in the Basis for Qualified Opinion, the financial statements present true and fair view of all significant material aspects of the financial position of the joint stock company "TIGAR", Pirot, as of December 31, 2016, as well as its financial performance and cash flows for the year ended on that day, in accordance with the accounting regulations of the Republic of Serbia.



## INDEPENDENT AUDITOR'S REPORT (continued)

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

#### *Emphasis of matter*

##### *Status change*

As disclosed in Note 5 to the financial statements, as of February 25, 2016, the Agreement was concluded for the merger of the subsidiary "Tigar Tours Ltd", as the Transferor company, to the joint stock company "Tigar", as the Transferee company. The date of the status change, i.e. the merger is April 22, 2016.

##### *Going concern principle*

As disclosed in Note 2.2. of the financial statements, the Company incurred a net loss in the amount of RSD 393,823 thousand, for the year which ended on December 31, 2016.

Short-term liabilities of the Company, as of December 31, 2016, were higher than current assets for RSD 9,138 thousand. The Company has liquidity problems (net cash outflow). The total debt to equity ratio was negative. The loss above the equity value was RSD 2,441,840 thousand.

The aforementioned facts point to the existence of a material uncertainty, which raise doubt whether the Company will be able to continue operations in terms of the stipulations MSR 570 - the principle of continuity and be able to realize its assets and settle the liabilities in the normal course of business.

In order to stabilize the business, the Company has taken the following measures:

- At the Extraordinary General Meeting of Shareholders held on April 14, 2014, the Decision was reached on submitting a proposal for initiating bankruptcy reorganization proceedings, with the Pre-pack Reorganization Plan (PPRP).

- On June 1, 2015, PPRP of Joint Stock Company "Tigar" became effective and the Company initiated implementation of the Pre-pack Reorganization Plan. In relation to this, on August 6, 2015, the Company decided to adopt the Subsidiary Merger Agreements for "Tigar Footwear Ltd", "Tigar Technical Rubber Ltd" and "Tigar Chemical Products Ltd", as the Transferors, to the joint stock company "Tigar", as the Transferee company. The date of the status change and the merger is September 11, 2015.

- Pursuant to the adopted PPRP of Joint Stock Company "Tigar", all the liabilities were harmonized up to June 16, 2015. Short-term loans and associated interest payments were converted into long-term loans, with the new principal of the loan denominated in EUR, with repayment period of 7 years (2 years grace period, when only interest is repayable + 5 years of interest and principal repayment).

- On February 25, 2016, the Agreement was signed on the merger of the subsidiary "Tigar Tours Ltd" as the Transferor company, to Joint Stock Company "Tigar", as the Transferee company. The date of the status change and the merger is April 22, 2016.

- The Company, in the course of 2016, actively implemented the measures stipulated in the Plan of Business and Financial Consolidation, as well as the measures stipulated by PPRP. The aim of the Business and Financial Consolidation Plan is stabilization of operations, continued growth in production and sales with the maximum reduction of costs and their rationalization.

## INDEPENDENT AUDITOR'S REPORT (continued)

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

#### *Going concern principle (continued)*

In early 2016, the Company has identified the possibility of problems in the settlement of liabilities in accordance with the PPRP and immediately informed the Creditors' Committee, as well as other major creditors. The causes of the problems are explained in detail in the New Repayment Plan, which was distributed to all the major creditors.

The opinion of the majority of creditors was that it was necessary to wait for the State decision, i.e. the state creditors' way to solve the problem.

Based on the measures defined by PPRP on September 13, 2016, the Government of the Republic of Serbia adopted the Conclusion where the recommendation is given to creditors with state participation in the capital, to convert their claims into permanent stake in the capital of the Company.

The Creditors accepted the recommendation and made the Decisions through the decision-making bodies.

At the meetings of the Supervisory Board of "Tigar" Pirot, during 2016, the necessary decisions were made in order to implement the conversion process, all in accordance with the enforceable PPRP.

By the end of 2016, in accordance with the Resolution of the Government of the Republic of Serbia, as of September 13, 2016, V and VI issue of ordinary shares was released and the Company capital increased. In the same period, the release of VII and VIII issue of ordinary shares also began, but the official capital increase in the Serbian Business Registers Agency was recorded in the first quarter of 2017, as follows:

- The bank Poštanska štedionica Belgrade, has converted its claims into share capital of the Company. The share subscription was carried out in the Central Securities Depository on December 30, 2016, based on the Decision of the Business Registers Agency, BD 1532/2017 as of January 12, 2017, and the capital increase of the Company was recorded based on the VII issue of shares.

- Deposit Insurance Agency Belgrade, the Development Fund of the Republic of Serbia, Ministry of Finance, Tax Administration and the City of Pirot converted their claims into equity of the Company, according to the decision of the Business Registers Agency, BD 17227/2017, as of March 7, 2017, which caused the Company capital increase based on the VIII issue of shares.

After the adoption of the conclusion of the Government of the Republic of Serbia, as of September 13, 2016, the meetings were held with creditors that were not covered by the Conclusion, with the aim to change the conditions of the PPRP.

Until the day of the audit, the answer to the terms offered was submitted by AIK Bank and DEG, German Investment Bank.

Bearing in mind the above facts, the Company has prepared the accompanying financial statements in accordance with the going concern principle.

#### *Mortgages and pledges*

As disclosed in Note 36 to the financial statements and Note 4.1. of the Annual Report, in order to provide correct and complete settlement of all obligations to commercial banks, as a collateral, for long-term loans, in accordance with the PPRP, mortgages over buildings in several locations throughout the Republic and pledges on equipment were placed.

As disclosed in Note 37 to the financial statements, on account of proper and complete settlement of all obligations towards commercial banks and other creditors, as collateral for settlement of liabilities from long-term loans and payables, in accordance with the PPRP, the pledge on goods in the amount of RSD 624,162 was placed.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT**

#### *Legal disputes*

As disclosed in Note 38 to the financial statements, the Company is involved in several commercial and labour disputes, as the defendant, whose value is estimated at the amount of RSD 20,000 thousand, and the outcome of those disputes is uncertain.

Besides that, the Company is involved in labour disputes, as the defendant, whose value cannot be estimated.

As of December 31, 2016, the Company did not make provisions for litigations.

The management of the Company believes that the outcome of the litigations will be favourable and that the Company will not face materially significant consequences.

The Company is involved in several disputes, as the claimant, whose value is estimated at RSD 27.678 thousand.

For all of these disputes, the effective court rulings exist, but the collection has not been made.

Our opinion is not qualified in respect of these matters.

#### *Other issues*

On April 13, 2017, the Government of the Republic of Serbia adopted the Conclusion 05 No: 023-3255/2017 on the initiative for privatization of the Joint Stock Company "Tigar" Pirot and its subsidiaries "Tigar Incon Ltd", "Tigar Catering Ltd", "Tigar Business service Ltd", "Tigar Security Ltd" and "Ti – car Trgovine Ltd".

#### *Report on other legal and regulatory requirements*

The Company is responsible for the preparation of the Annual Report, in accordance with the Accounting Law of the Republic of Serbia ("RS Official Gazette" No. 61/2013). Our responsibility is to express an opinion on the compliance of the annual report with the financial statements for the year 2016. In this regard, our actions are conducted in accordance with the International Standards on Auditing 720 - the Auditor's Responsibilities Relating to Other Information in Documents, which contain financial statements that were audited, and we are limited to the assessment of compliance of the financial statements with the annual report on business operations.

In our opinion, the Annual Report is compliant with the audited Financial Statements.

Belgrade, May 18, 2017.

Certified Auditor

**JOINT STOCK COMPANY "TIGAR"  
PIROT**

**REPORT  
ON THE CONDUCTED AUDIT OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR 2016**

**JOINT STOCK COMPANY "TIGAR"  
PIROT**

**REPORT  
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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

We have audited the submitted consolidated financial statements of Joint Stock Company "Tigar" Pirot (hereinafter: the Group) which comprise the consolidated balance sheet, as of December 31, 2016, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended on that day, as well as the summary of the significant accounting policies and the notes to the consolidated financial statements.

#### *Management's Responsibility*

The management of the Group is responsible for preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards and regulations of the Republic of Serbia, as well as for the internal controls, which the management determines as necessary for preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and the Law on Accounting and Auditing of the Republic of Serbia. Due to the significance of the issues presented in the paragraph Basis for Disclaimer of Opinion, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion.

#### *Basis for Disclaimer of Opinion*

- On December 31, 2016, the Group recorded intangible assets in the amount of RSD 199,364 thousand (AOP 0004). Within the position of intangible assets, the Parent Company recorded the capitalized development costs. From the presented documentation, we were not able, neither by auditing nor alternative methods, to make sure whether the criteria for the capitalization of development costs at the time of initial recognition was fulfilled. We were not provided with an analysis of how and in what period these intangible assets will generate probable future economic benefits.

Although at the Group level, the depreciation in the total amount of RSD 345,323 thousand (on December 31, 2014, in the net amount of RSD 242,952 thousand, on December 31, 2015, in the net amount of RSD 79,723 thousand and on December 31, 2016, in the net amount of RSD 22,648 thousand) was performed, there is an indication that the intangible assets were recorded in business books of the Parent Company at a value higher than their recoverable amount, which would be contrary to the requirements of IAS 36 - Impairment of assets.

In consideration of the above, it is necessary that the Parent Company continues to work on additional analyses of the value of intangible assets, i.e. to further depreciate the intangible assets to reduce it to recoverable value, since the group has significant current and accumulated losses.



PREDUZEĆE ZA REVIZIJU I KONSALTING

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## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT**

#### *Basis for Disclaimer of Opinion (continued)*

- On December 31, 2016, the total inventories of the Group amounted to RSD 1,073,381 thousand (AOP 0045, AOP 0046, AOP 0047 and AOP 0048). Inventories that had no movement for a period longer than one year, for which value adjustment was not carried out, amounted to at least RSD 277,154 thousand on that day. Due to lack of proper analysis of these inventories, we were not able to confirm the potential impact of unrecognized value adjustment of inventories, as of December 31, 2016, and the effects on the consolidated income statement and the consolidated accumulated losses.
- On December 31, 2016, the Group did not consolidate data of the subsidiary "Tigar Americas", Florida, USA, in which the Joint Stock Company "Tigar" owns 100% of the share capital, due to the lack of communication and financial information from this subsidiary.

Due to the lack of financial statements for this entity, in the current, as in the previous years, we were not able to assess the impact of these facts on the consolidated financial statements.

#### ***Disclaimer of Opinion***

Due to the significance of the issues described in the paragraph Basis for Disclaimer of Opinion, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements of the Group of Joint Stock Company "Tigar" Pirot on December 31, 2016.

#### ***Emphasis of Matter***

##### ***Going Concern Principle***

As disclosed in the Note 2.3. of the consolidated financial statements, the Group incurred a net loss in the amount of RSD 399,316 thousand for the year ended on December 31, 2016.

On December 31, 2016, the Group's short-term liabilities exceeded its current assets for RSD 40,746 thousand.

The Group has problems with liquidity (net cash outflow).

The total debt to equity ratio is negative.

The loss above equity is incurred in the amount of RSD 1,956,631 thousand.

The aforementioned facts point to the existence of a material uncertainty, which raise doubt whether the Group will be able to continue operations in terms of the stipulations ISA 570 - Going concern and be able to realize its assets and settle the liabilities in the normal course of business.



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## INDEPENDENT AUDITOR'S REPORT (continued)

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

#### *Going Concern Principle (continued)*

In order to stabilize operations, the following measures were taken at the Parent Company level:

- At the Extraordinary General Meeting of Shareholders held on April 14, 2014, the Decision was reached on submitting a proposal for initiating bankruptcy reorganization proceedings, with the Pre-pack Reorganization Plan (PPRP).

- On June 1, 2015, PPRP of Joint Stock Company "Tigar" became effective and the Company initiated implementation of the Pre-pack Reorganization Plan. In relation to this, on August 6, 2015, the decisions were reached to adopt the Subsidiary Merger Agreements for "Tigar Footwear Ltd", "Tigar Technical Rubber Ltd" and "Tigar Chemical Products Ltd", as the Transferors, to Joint Stock Company "Tigar", as the Transferee company. The date of the status change and the merger is September 11, 2015.

- Pursuant to the adopted PPRP of Joint Stock Company "Tigar", all the liabilities were harmonized up to June 16, 2015. Short-term loans and associated interest payments were converted into long-term loans, with the new principal of the loan denominated in EUR, with repayment period of 7 years (2 years grace period, when only interest is repayable + 5 years of interest and principal repayment).

- On February 25, 2016, the Agreement was concluded on the merger of the subsidiary "Tigar Tours Ltd" as the Transferor company, to Joint Stock Company "Tigar", as the Transferee company. The date of the status change and the merger is April 22, 2016.

- The Company, in the course of 2016, actively implemented the measures stipulated in the Plan of Business and Financial Consolidation, as well as the measures stipulated by PPRP. The aim of the Business and Financial Consolidation Plan is stabilization of operations, continued growth in production and sales with the maximum reduction of costs and their rationalization.

In early 2016, at the Parent Company level, the possibility of problems in the settlement of liabilities in accordance with the PPRP was identified and the Creditors' Committee, as well as other major creditors were immediately informed. The causes of the problems are explained in detail in the New Repayment Plan document, which was distributed to all the major creditors.

The opinion of the majority of creditors was that it was necessary to wait for the State decision, i.e. the state creditors' way to solve the problem.

Based on the measures defined by PPRP on September 13, 2016, the Government of the Republic of Serbia adopted the Conclusion where the recommendation is given to creditors with state participation in the capital, to convert their claims into permanent stake in the capital of the Parent Company.

The Creditors accepted the recommendation and made the Decisions through the decision-making bodies.

At the meetings of the Supervisory Board of "Tigar" Pirot, during 2016, the necessary decisions were made in order to implement the conversion process, all in accordance with the enforceable PPRP.

By the end of 2016, in accordance with the Resolution of the Government of the Republic of Serbia, as of September 13, 2016, V and VI issue of ordinary shares was released and the Parent Company capital increased. In the same period, the release of VII and VIII issue of ordinary shares also began, but the official capital increase in the Serbian Business Registers Agency was recorded in the first quarter of 2017, as follows:





## INDEPENDENT AUDITOR'S REPORT (continued)

### TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

#### *Going Concern Principle (continued)*

- The bank Poštanska štedionica Belgrade, has converted its claims into share capital of the Parent Company. The share subscription was carried out in the Central Securities Depository on December 30, 2016, based on the Decision of the Business Registers Agency, BD 1532/2017 as of January 12, 2017, and the capital increase of the Parent Company was recorded based on the VII issue of shares.

- Deposit Insurance Agency Belgrade, the Development Fund of the Republic of Serbia, Ministry of Finance, Tax Administration and the City of Pirot converted their claims into equity of the Parent Company, according to the decision of the Business Registers Agency, BD 17227/2017, as of March 7, 2017, which caused the Company capital increase based on the VIII issue of shares.

After the adoption of the conclusion of the Government of the Republic of Serbia, as of September 13, 2016, the meetings were held with creditors that were not covered by the Conclusion, with the aim to change the conditions of the PPRP.

Until the day of the audit, the answer to the terms offered was submitted by AIK Bank and DEG, German Investment Bank.

Bearing in mind the above facts, the Group has prepared the accompanying financial statements in accordance with the going concern principle.

#### *Mortgages and pledges*

As disclosed in Note 20. to the consolidated financial statements and Note 4.1. of the Annual Report, in order to provide correct and complete settlement of all obligations to commercial banks, as a collateral, for long-term loans, in accordance with the PPRP, mortgages over buildings in several locations throughout the Republic and pledges on equipment were placed.

As disclosed in Note 23. to the consolidated financial statements, on account of proper and complete settlement of all obligations towards commercial banks and other creditors, as collateral for settlement of liabilities from long-term loans and payables, in accordance with the PPRP, the pledge on goods in the amount of RSD 624,162 was placed.

#### *Legal disputes*

As disclosed in Note 37. to the consolidated financial statements, the Group is involved in several legal disputes both as a claimant and as a defendant.

The Parent Company is involved in disputes of largest values.

The Parent Company is involved in several commercial and labour disputes where it appears as a defendant, whose value is estimated at the amount of RSD 20,000 thousand, and the outcome of these disputes is uncertain.

Besides that, the Parent Company is involved in labour disputes, whose value cannot be predicted.



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## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT**

The Parent Company did not make provisions for litigations in the books, as of December 31, 2016. The management of the Parent Company believes that the outcome of the litigations will be favourable and that it will not face materially significant consequences.

#### *Legal disputes (continued)*

The Parent Company is involved in several disputes, as the claimant, whose value is estimated at RSD 27.678 thousand.

For all of these disputes, the effective court rulings exists, but the collection has not been carried out.

Our opinion is not qualified in respect of these matters.

#### *Other issues*

On April 13, 2017, the Government of the Republic of Serbia adopted the Conclusion 05 No: 023-3255/2017 on the initiative for privatization of the Joint Stock Company "Tigar" Pirot and its subsidiaries "Tigar Incon Ltd", "Tigar Cateromg Ltd", "Tigar Business service Ltd", "Tigar Security Ltd" and "Ti - car trgovine Ltd".

#### *Report on other legal and regulatory requirements*

The Group is responsible for the preparation of the Annual Report on operations, in accordance with the Accounting Law of the Republic of Serbia ("RS Official Gazette" No. 61/2013). Our responsibility is to express an opinion on the compliance of the annual consolidated report with the consolidated financial statements for the year 2016. In this regard, our actions are conducted in accordance with the International Standards on Auditing 720 - the Auditor's Responsibilities Relating to Other Information in Documents which contain financial statements that were audited, and we are limited to the assessment of compliance of the annual report with the financial statements.

In our opinion, the annual consolidated business report is compliant with the audited consolidated financial statements of the Group.

Certified Auditor