

**Tigar**®

JOINT STOCK COMPANY TIGAR

BUSINESS REPORT FOR THE PERIOD JANUARY – MARCH 2017 Corrected version

Distribution list:

e: www.tigar.com

p: Supervisory Board members archive

Key words: TIGAR, REPORT, BUSINESS, MARCH 2017		Document Reference
		IZ.P.17/01a
Date: 2017-06 -09	Author: Branislav Čurić	Approved by: Nebojša Petrović



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

TABLE OF CONTENTS

ASSESSMENT OF PERFORMANCE IN THE PERIOD JANUARY – MARCH 2017	4
1.1. GENERAL	7
1.2. CORPORATE STRUCTURE	8
1.3. INVESTMENTS	9
2. PRODUCTION LEVELS AND SALES OF GOODS AND SERVICES	10
2.1. BREAKDOWN OF PRODUCTION AND SALES	10
2.2. STRATEGY OF THE APPROACH ON THE MARKET OF GOODS AND SERVICES	12
2.3. EVALUATION OF THE MARKET POSITION OF FOOTWEAR PROGRAM IN THE PERIOD JANUARY –MARCH 2017.....	12
2.4. EVALUATION OF THE MARKET POSITION OF RUBBER TECHNICAL GOODS PROGRAM IN THE PERIOD JANUARY –MARCH 2017.....	14
2.5. EVALUATION OF THE MARKET POSITION OF THE CHEMICAL PRODUCTS PROGRAM IN THE PERIOD JANUARY –MARCH 2017.....	15
2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OF THE SERVICE NETWORK IN THE PERIOD JANUARY –MARCH 2017	15
2.8. PRODUCTION OUTPUT.....	16
3. FINANCIALS FOR THE PERIOD JANUARY –MARCH 2017	17
3.1. KEY INDICATORS FOR THE PARENT COMPANY TIGAR A.D.....	17
3.2. KEY INDICATORS AT THE CONSOLIDATED LEVEL	17
3.3. CONSOLIDATED FINANCIAL RESULT.....	19
3.4. TIGAR AD PARENT COMPANY.....	22
3.5. KEY FINANCIAL RESULTS OF THE SUBSIDIARIES	26
3.6. TIGRA MONTENEGRO – MONTENEGRO	27
3.7. TIGRA TREJD – REPUBLIC OF SRPSKA	27
3.8. TIGAR PARTNER – MACEDONIA	28
3.9. TI-CAR TRGOVINE	29
3.10. TIGAR BUSINESS SERVICE	31
3.11. TIGAR CATERING.....	34
3.12. TIGAR INCON	36
3.13. FREE ZONE PIROT	39
3.14. TIGAR SECURITY	41
3.15. PI CHANNEL	43
3.16. TIGAR TOURS	45
3.17. TIGAR INTER - RISK.....	48
4. REAL ESTATE AND LEGAL MATTERS	50
4.1 REAL ESTATE	50
4.2. LEGAL PROCEEDINGS	54
5. CAPITAL MARKET POSITION	54
6. SUSTAINABLE DEVELOPMENT	57
6.1. EMPLOYEES.....	57
6.2. INTEGRATED MANAGEMENT SYSTEMS.....	59
6.3. ENVIRONMENTAL PROTECTION AND EMPLOYEES' OCCUPATIONAL HEALTH AND SAFETY	59



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

6.4. INTELLECTUAL PROPERTY	60
6.5. INFORMATION TECHNOLOGY	62
6.6. SOCIAL RESPONSIBILITY	62
6.7. CORPORATE GOVERNANCE.....	63
7. MAJOR JANUARY –MARCH 2017 TRANSACTIONS WITH RELATED PARTIES ...	64
8. RESEARCH AND DEVELOPMENT	64
9. ADVANTAGES AND RISKS	65
9.1. ADVANTAGES	65
9.2. RISKS.....	66
10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE I QUARTER OF 2017	69



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

ASSESSMENT OF PERFORMANCE IN THE PERIOD JANUARY – MARCH 2017

Business operations in the first quarter of 2017 were strongly influenced by the situation in which the company has been for a longer period.

The first quarter of 2016 was marked by significant export of rubber footwear in the market of Finland, which did not occur in the first quarter of 2017 causing export of the rubber footwear to be significantly less in relation to the same period last year. From the beginning of the year the total sale of Tigar's program is at the level of RSD 382,3 million, of which 72% was achieved in export and is by 34% lower in relation to the previous year.

The sale of the Rubber footwear program is by 37% lower in relation to 2016. This situation comes as a result of the lack of sale based on a tender for the market of Finland. Production in Tigar a.d. in the period January – March 2017 has recorded a decline by 8% in relation to the previous year in the domain of footwear program in tons, i.e. an increase by 1% when we observe production in pairs.

The sale of the Tigar Technical Goods' program is by 6% lower in relation to the same period in the previous year, whereas production of the Tigar Technical Goods' program in tons is by 22% higher in relation to the previous year.

When it comes to the program of Chemical Products the sales is by 43% higher in relation to the same period last year whereas production in tons is by 15% lower.

Consolidated operating income recorded a decline by 22% in relation to the previous year. There was stated operating loss (EBIT) in the period January – March in the amount of 1,705 thousand dinars, whereas in the same period the previous year was stated operating profit in the amount of 47,487 thousand dinars. Operating profit prior to amortization and provisions (EBITDA) amounts to 37,715 thousand dinars, whereas in the previous year was recorded operating profit prior to amortization and provisions in the amount of 88,379 thousand dinars.

Increase in the price of raw materials and energy products influenced the company's results to a significant extent in this quarter.

Since the Government adopted the Conclusion as of 13.09.2016, 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
Total V issue	377.551.851,42	1.009.496,00	377.551.504,00
existing share		1.718.460,00	642.704.040,00
Value after V issue		2.727.956,00	1.020.255.544,00



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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
Total VI issue	94.759.234,13	253.366,00	94.758.884,00
Value after VI issue		2.981.322,00	1.115.014.428,00

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
Total VII issue	541.776.905,75	1.448.601,00	541.776.774,00
Value after VII issue		4.429.923,00	1.656.791.202,00

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

VIII ISSUE - registered at the CSD&CH as of 10.02.2016

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
Total RS	1,209,764,447.20	3,234,664.00	1,209,764,336.00
City of Pirot	334,715.30	894	334,356.00
Total VIII issue	1,210,099,162.50	3,235,558.00	1,210,098,692.00
Value after VIII issue		7,665,481.00	2,866,889,894.00

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.

Due to conversions carried out and registration of newly-released shares in the Central Securities Depository and Clearing House there came about inconsistencies in the number of registered and issued shares. The Company has taken steps in order to engage new shares in trading at the Belgrade Stock Exchange. Since new issues of shares have been carried out in accordance with the legally enforceable PPoR this segment has not been implemented completely, since it is expected the opinion of new shareholders concerning the engagement of these shares into the regulated market.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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. In early 2017, official replies from most creditors have not been obtained. So far, official replies were submitted by DEG and AIK Bank only. For this reason, and for the majority of shareholders requested it, there has been scheduled a joint meeting of all larger creditors for 05.05.2017.

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 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



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a**1. INTRODUCTION**

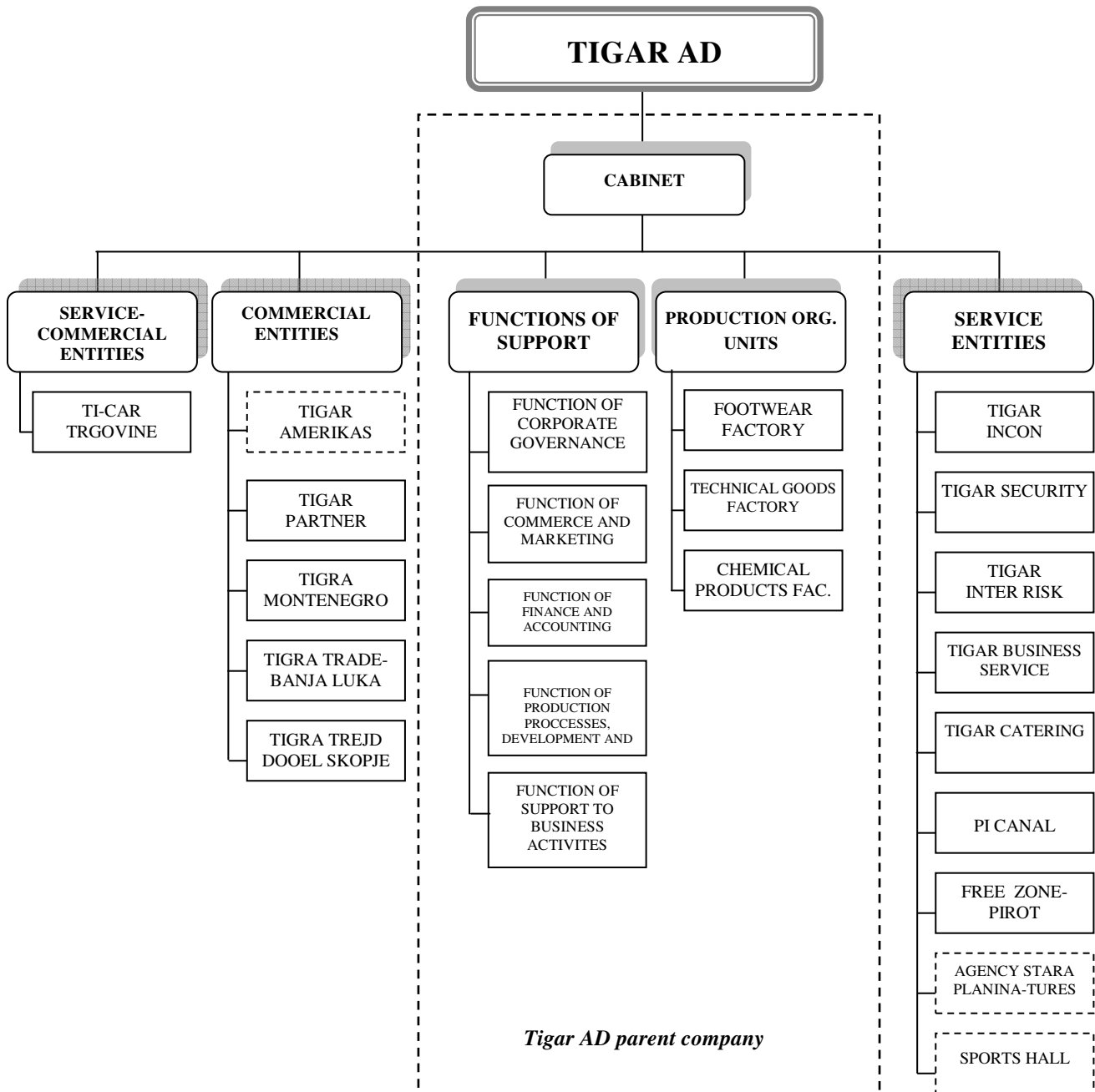
1.1. GENERAL

Registered name: Akcionarsko društvo "Tigar" Pirot (Joint-Stock Company Tigar Pirot, hereinafter also referred to as Tigar / the Company / the Holding)	Registered address: 213, Nikole Pašića Street, 18 300 Pirot, Serbia
Corporate ID: 07187769	Tax ID: 100358298
Web site: www.tigar.com	Certificate of incorporation: Registry File 1-1087
Core activity: 6420- Holdings	Number of employees: 31/03 /2017 1,442
Number of shareholders: 31//2016 4,389	Capital: 31/03/2017 (000 rsd) 0
Assets: 31/03/2017 (000 din 5,418,113)	Capitalization: 31 /03/2017 (000 rsd) 597,907



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.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a

1.3.INVESTMENTS

During I quarter of 2017 , the investment status was as follows:

In thousands RSD	Purchase of fixed assets and intangible investments
	January – March 2017
Tigar a.d.	1,574
Tigar Technical Goods	0
Tigar Chemical Products	0
Tigar Footwear	1,196
Tigar a.d.-functions	378
Service entities	5,413
Total	6,987

In thousands RSD	Purchase of fixed assets and intangible investments - service entities
	January – March 2017
Business Service	0
TI-CAR Trgovine	0
Tigar Catering	0
Security	0
Inter Risk	0
Incon	0
Pi canal	0
Free Zone	5,413
Total services	5,413

The process of financial consolidation and efforts to respond to customers' and market requirements 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.

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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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 - March 2017 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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

I.Z.P. 17/01a

Chemical Products Program

Tigar Chemical Products manufactures more than 300 products classified into:

- *Horizontal road signage materials.*
- *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 world manufacturers. 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 Ti-car trgovina provides 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.

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 Piroč, on 122ha 02a and 86m² 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



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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.
- 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 – MARCH 2017

Total sales of finished products and goods in the first quarter of 2017 is by 33% lower in relation to the previous year:

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
Tigar Footwear	532,294	333,793	-37%
Rubber Technical Goods	44,828	42,067	-6%
Chemical Products	4,481	6,416	43%
Tires	6,730	8,320	24%
Other programs	2,687	2,970	11%
TOTAL	591,020	393,567	-33%



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Sales of products and goods in Serbia and from Serbia in the period January – March 2017 amounted to approximately RSD 394 million, of which 69,6% (RSD 274 million) in export. The program of rubber footwear still has the greatest share in export which amounts to 91,2% (RSD 250 million).

<i>Net income from sales of goods</i>			
<i>and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
Domestic market	143,689	119,656	-17%
- Tigar Footwear	105,079	84,000	-20%
- Rubber Technical Goods	24,900	21,453	-14%
- Chemical Products	4,294	2,914	-32%
- Tires	6,730	8,320	24%
- Other programs	2,687	2,970	11%

<i>Net income from sales of goods</i>			
<i>and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
Export	447,331	273,910	-39%
- Tigar Footwear	427,215	249,793	-42%
- Rubber Technical Goods	19,929	20,615	3%
- Chemical Products	187	3,503	1771%

Sales of program of rubber footwear in the first quarter 2017 is by 37% lower than in the same period in 2016, whereby export is by 42% lower, whereas in the domestic market there was recorded a decline in sales volume by 20% in relation to the same period last year.

<i>Net income from sales of goods</i>			
<i>and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
Footwear Tigar	532,294	333,793	-37%
- Domestic market	105,079	84,000	-20%
- Export	427,215	249,793	-42%

The first quarter of 2017 was marked by decrease in sales volume in export in the amount of RSD 177,4 million in relation to the same period 2016, as a result of decrease in demand volume of existing large customers: Berner, IJH and Dechatlon. The scope of realization lacked more from objective circumstances with buyers themselves and because of still small scope of realization with three new foreign buyers. The process of winning and introduction of new articles that customers demand is a complex one and requires a longer time period. In progress is the process of finding new buyers.

The main factor of decrease in sales volume when it comes to export in this quarter is the lack of deliveries of special protective boots for the need of Finnish marked based on a tender which at the same period in 2016 amounted to RSD 138,4 million. This big business deal is a tender, it has been in effect for three years and it is to be renewed in the second half of 2017. Although the scope of cooperation for the remaining programs with this customer increased, deliveries will be realized in the second and third quarter.

Early this year, our buyer from Denmark made organizational changes, which conditioned that they reduce order in the first trimestre this year in relation to the same period last year.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

When it comes to deliveries for the buyer Dechatlon, a growth of 20% is expected according to planned and announced scope for the year 2017, except that deliveries for this customer start in June. In the course of the first quarter it was agreed on terms of continuation of cooperation (deliveries volume and prices). Tigar was informed of the changes within Dechatlon group and of continuation of cooperation with them through their company Madirom from Romania where their sales and logistics center had been relocated. In the first trimestre there were smaller deliveries towards them, according to their needs.

Also, less demand is present in traditional markets where Tigar places its products.

In the first quarter of 2017 positive turnover growth was achieved by the new customers from Poland and Italy, and it is also noticeable greater demand from customers from Balkan in relation to the same period in 2016.

The previous year was also marked by the contacts achieved, announcement of cooperation, sample exchange as well as winning new articles for buyers from Switzerland, Czechia, Italy and two buyers from Poland. Although cooperation started in the second half of 2016, delivery volume and realization in the first quarter of 2017 is still not at the desired level.

In May were agreed visits by new companies, prospective buyers who are interested in the children's rubber footwear program, as well as a buyer who is interested in the program for children and women.

In the domestic market in the first quarter 2017 there was recorded a decline by 20% in sales in relation to the same period 2016 because largest customers in the last quarter of the previous year paid in advances and were left with great supplies in their warehouses due to weather conditions and shortening the season in the last quarter.

It is important 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' requests related to delivery time because their advance payments show clear intention to continue business cooperation and take over goods at a time suitable for them. The amount of transferred advances equals to two months' realization in the domestic market, and this trend continued until the end of the first trimestre increasing the advance to the amount of RSD 55 million.

2.4 EVALUATION OF THE MARKET POSITION OF RUBBER TECHNICAL GOODS PROGRAM IN THE PERIOD JANUARY – MARCH 2017

The sales of the production program of technical goods in the first quarter of 2017 is by 6% lower compared to the same period in 2016 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.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>			%
	I quarter 2016	I quarter 2017	
Rubber Technical Goods	44,828	42,067	-6%
- Domestic market	24,900	21,453	-14%
- Export	19,929	20,615	3%



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Dominant factor in the sales decrease in a longer period is the lack of realization of goods in export, primarily of rubber hoses in the market of RUS and reduced demand volume 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 cleaned parts and their commercialization in the form of increased demands for the pressed parts for the company Metso (SWE) 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 TUR. 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 unfavorable situation 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 – MARCH 2017

In difficult conditions for production (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 the first quarter of 2017 is by 43% higher compared to the previous year as a result of increase in export, whereas in domestic market there was recorded a decline in sales by 32%.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
Chemical Products	4,481	6,416	43%
- Domestic market	4,294	2,914	-32%
- Export	187	3,503	1771%

2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OF THE SERVICE NETWORK IN THE PERIOD JANUARY – MARCH 2017

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..)

In the first quarter of 2017 the service network has recorded an increase in sales volume by 20% in relation to the same period 2016.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	I quarter 2016	I quarter 2017	%
- Tires	6,730	8,320	24%
- Other programs	2,687	2,970	11%
TOTAL	9,417	11,290	20%

Increase in sales volume is a result of better supply of shops with goods but also of continued rationalization of service network retails, through reduction in number of employees and improvement in quality of the offer.

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

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 constant growth in the first quarter. Prices of natural rubber (weighted) were higher by 36% on average in comparison with IV quarter in 2016, whereas prices of synthetic SBR rubber were higher by 12% to some 48% depending on the type of rubber. There has been recorded an increase in the price of silicate fillers by 8% in the first quarter of 2017 in relation to the last quarter of 2016.

In the first quarter of 2017 prices of EPDM compounds were mostly higher by 1,5% compared to the last quarter of 2016.

In the reporting period there came about a noticeable increase in price of char by 25%, of solvent by 26%, of injector by 7%, whereas prices of technical textiles observed as one group did not change.

Average price of oil fuel in the first quarter of 2017 was by 13% higher in relation to the last quarter of the previous year.

2.8. PRODUCTION OUTPUT

There was realized the following production by programs:

Production (pairs)	January – March 2016	January – March 2017	%
Tigar Footwear	267,326	269,267	1%



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Production (tons)	January –March 2016	January – March 2017	%
Tigar Technical Goods	92	113	22%
Chemical Products	37	32	-15%
TOTAL	129	144	12%

During the period January –March 2017, total realized production in Footwear factory was 269,267 pairs, which is by 1% more in relation to the same period last year. Total production achieved in tons in the factories Rubber Technical Goods and Chemical Product was 144t, which is by 12% more with respect to the same period last year.

3. FINANCIALS FOR THE PERIOD JANUARY – MARCH 2017

3.1. KEY INDICATORS FOR THE PARENT COMPANY TIGAR A.D.

Tigar AD's unconsolidated financials in thousands of dinars	January – March 2016	January – March 2017	% change
Total assets	5,720,631	5,418,113	-5%
Equity			
Operating income	676,800	474,221	-30%
EBIT	37,958	-14,404	-138%
EBITDA	73,060	19,465	-73%
Financial income	12,850	5,116	-60%
Other income	3,880	3,393	-13%
Total income	693,530	482,730	-30%
Net result	-87,883	-63,947	27%
<u>Significant ratios</u>			
Current ratio	1.18	0.99	-16%
Debt-to-assets ratio I	1.41	1.10	-22%
Net result/total income	-12.67%	-13.25%	-5%

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 –March 2017 amounted to RSD 57,7 million.

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 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



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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 – March 2016	January – March 2017	% change
Total assets	6,521,129	6,241,807	-4%
Sales revenues	836,874	655,576	-22%
EBIT	47,487	-1,705	-104%
EBITDA	88,379	37,715	-57%
Financial revenues	13,343	5,525	-59%
Other incomes	8,165	4,781	-41%
Net result	-81,146	-55,160	32%

Total revenues from sales of goods, products and services on a consolidated basis, for the period January – March 2017 amounted to 647,234 thousand dinars which is by 22% less in relation to the previous year when they amounted to 831,700 thousand dinars. Operating income realized in the same period in the amount of 655,576 thousand dinars which is by 22% less compared to last year when they amounted to 836,874 thousand dinars.

Consolidated operating expenses in the amount of 657,281 thousand dinars are lower by 17% in relation to the period January –March 2016 when they amounted to 789,387 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 41%; 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 33%; the cost of goods accounts for 2%; expenses, depreciation and provisions accounted for 6% and other expenses accounted for 18%.

Financing costs at the consolidated level in the period January – March 2017 amounted to 58,862 thousand dinars, whereas financing costs at the consolidated level in the previous year amounted to 144,847 thousand dinars. The largest part of financial expenses make up for interest costs, which amounted to 39,029 thousand dinars at the consolidated level whereas foreign exchange losses and other financial expenses amounted to 19,833 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 1,705 thousand dinars, while the operating profit for the previous year amounted to 47,487 thousand dinars, which represents a worse result for 49,192 thousand dinars.

Reported profit before amortization and reserves (EBITDA) amounts to 37,715 thousand dinars while in the previous year there was reported an operating profit before amortization and reserves in the amount of 88,379 thousand dinars, which represents a deterioration for 50,664 thousand dinars.

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



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

A part that relates to receivables in the amount of RSD 248 million includes current receivables of domestic and foreign customers. The receivables of domestic customers amounted to RSD 151 million where out of 7 largest customers are claimed RSD 65 million. Foreign customer receivables amounted to RSD 97 million, whereas out of 7 largest foreign customers RSD 32 million are claimed.

At the consolidated level, loss above the equity level is RSD 260 million. On the liabilities side, the equity value is 0, liabilities for long term loans and reserves are RSD 4,4 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.

3.3 CONSOLIDATED FINANCIAL RESULT

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	4,530,441	4,308,171	4,276,121
I. INTANGIBLE ASSETS	279,860	208,762	197,438
Investment in development	268,544	199,364	188,759
Concessions, patents , licenses , trademarks , software and other rights	7,434	5,663	4,944
Goodwill			
Other intangible assets	3		
Intangible assets under construction	3,879	3,735	3,735
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	4,240,075	4,090,752	4,070,027
Land	517,802	490,421	490,692
Buildings	2,518,424	2,578,484	2,569,424
Plant and equipment	723,714	640,380	621,785
Investment property	292,513	266,181	266,181
Other property, plants and equipment			
Property, plant and equipment under construction	161,394	94,371	101,277
Investments in others property, plants and equipment	6,288	679	728
Advances for property , plant and equipment	19,940	20,236	19,940
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS	10,506	8,657	8,656
Shares in subsidiaries			
Shares in associated companies and joint ventures	491	491	492
Equity investments in other companies and other securities held for sale	94	94	92
Other long-term investments	9,921	8,072	8,072
V. LONG-TERM RECEIVABLES			
V. DEFERRED TAX ASSETS			
G. CURRENT ASSETS	2,117,297	2,015,966	1,965,686
I. INVENTORIES	1,588,154	1,480,316	1,483,692
Material , spare parts , tools and supplies	129,280	183,353	167,143
Unfinished production and unfinished services	136,514	134,653	161,097
Finished Products	391,998	392,638	399,521
Goods	509,357	362,736	361,726
Fixed assets held for sale	399,680	386,004	386,004
Advances paid to suppliers and for services	21,325	20,932	8,201
II. RECEIVABLES FROM SALE	310,266	341,512	247,555
Customers in the country - the parent and subsidiaries			
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	3,832	2,126	2,235
Customers abroad – other related parties			
Customers in the country	224,271	174,868	147,946



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Customers abroad	82,163	164,518	97,374
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS	129		
IV. OTHER RECEIVABLES	70,845	53,208	47,588
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS			
Short-term loans and investments - parent and subsidiaries			
Short-term loans and investments - other related parties			
VII. CASH AND CASH EQUIVALENTS	85,481	95,408	118,424
VIII. VALUE ADDED TAX	16,541	10,214	21,074
IX. PREPAYMENTS	45,881	35,308	47,353
D. TOTAL ASSETS = OPERATING ASSETS	6,647,738	6,324,137	6,241,807
D. OFF BALANCE SHEET ASSETS	811,313	661,662	661,662
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY			
I. SHARE AND OTHER CAPITAL	642,704	1,115,014	2,866,890
Share Capital	642,704	1,115,014	2,866,890
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES	5,411	3,642	3,642
V. Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment	1,509,372	1,509,376	1,509,376
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	84,716	101,672	101,598
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	4,976	4,146	4,146
VIII. RETAINED EARNINGS			
Retained profit from previous years			
Retained profit from financial year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL	91,147	98,303	104,407
X. LOSS	4,405,805	4,780,492	4,841,780
Loss of previous years	3,814,093	4,361,843	4,780,492
Loss for the year	591,712	418,649	61,288
B. LONG-TERM PROVISIONS AND LIABILITIES	6,862,923	6,120,270	4,381,165
I. LONG-TERM PROVISIONS	255,595	252,742	252,743
Provision for retirement and other employee benefits	42,692	39,898	39,899
Provision for lawsuits	211,193	212,844	212,844
Other long-term provisions	1,710		
II. LONG-TERM LIABILITIES	6,607,328	5,867,528	4,128,422
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	4,379,536	2,715,403	2,724,846
Long-term loans and loans abroad	950,167	774,834	777,944
Liabilities arising from finance lease	11,425	6,621	6,648
Other long-term liabilities	949,075	618,794	618,984
V. DEFERRED TAX LIABILITIES	107,363	103,786	103,786
G. CURRENT LIABILITIES	1,754,883	2,056,712	2,016,869
I. SHORT-TERM FINANCIAL LIABILITIES	416,816	848,014	849,354
Short-term loans from parent companies and subsidiaries			
Short-term loans from other related parties			
Short-term loans and loans in the country			
Short-term loans and loans abroad			
Liabilities based on fixed assets and assets from discontinued operations held for sale	9,452		
Other current financial liabilities	407,364	848,014	849,354
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	56,025	46,027	14,046
III. ACCOUNTS PAYABLE	768,531	652,289	602,005
Suppliers - parent and subsidiaries in the country			
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country	4,835	2,287	2,639
Suppliers - other related parties abroad			
Suppliers in the country	459,272	413,639	435,370



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Foreign suppliers	298,686	230,851	158,045
Other liabilities	5,738	5,512	5,951
IV. OTHER CURRENT LIABILITIES	433,906	436,296	479,241
V. LIABILITIES FOR VALUE ADDED TAX	6,591	11,444	11,185
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	12,758	5,894	5,046
VII. ACCRUALS	60,256	56,748	55,992
D. THE LOSS IN EXCESS OF CAPITAL	2,077,431	1,956,631	260,013
Đ. TOTAL LIABILITIES	6,647,738	6,324,137	6,241,807
G. OFF BALANCE SHEET LIABILITIES	811,313	661,662	661,662

Income statement (in thousands of RSD)	January – March 2016	January – March 2017	%
INCOME FROM OPERATIONS			
A. OPERATING INCOME	836,874	655,576	-22%
I. Sales of goods	13,218	15,046	14%
II. Sales of products and services	818,482	632,188	-23%
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	5,174	8,342	61%
EXPENSES FROM OPERATIONS			
B. OPERATING EXPENSES	789,387	657,281	-17%
I. Cost of commercial goods sold	6,816	15,132	122%
II. Work performed by the company and capitalized	3,298	5,397	64%
III. Increase in inventories of finished products and work in progress		34,342	
IV. Decrease in inventories of finished products and work in progress	56,034		
V. Material consumed	234,406	186,124	-21%
VI. Fuel and energy consumed	37,526	47,012	25%
VII. Staff costs	296,238	282,086	-5%
VIII. Production expenses	98,335	108,894	11%
IX. Amortization	40,892	39,420	-4%
X. Costs of long-term provisions			
XI. Intangible costs	22,438	18,352	-18%
V. PROFIT FROM OPERATIONS	47,487		
G. LOSS FROM OPERATIONS		1,705	
D. FINANCE INCOME	13,343	5,525	-59%
I. Financial income from related persons and other financial income	1	57	
II. Interest income (from third parties)	433	589	36%
III. Gains and positive effects of currency clause	12,909	4,879	-62%
Đ. FINANCE EXPENSES	144,847	58,862	-59%
I. Financial expenses related to party transactions and other financial expenses	1,843	1,175	
II. Interest expense (by third parties)	71,513	39,029	-45%
III. Foreign exchange gains and negative effects of currency clause	71,491	18,658	-74%
E. PROFIT FROM FINANCING			
Ž. LOSS FROM FINANCING	131,504	53,337	59%
J. OTHER INCOME	8,165	4,781	-41%
K. OTHER EXPENSES	749	169	-77%
L. OPERATING PROFIT BEFORE TAX			
LJ. LOSS FROM OPERATIONS BEFORE TAX	76,601	50,430	34%
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD			
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD	247	512	
NJ. PROFIT BEFORE TAXATION			
O. LOSS BEFORE TAXATION	76,848	50,942	34%
P. INCOME TAX			
I. Current tax expense	4,285	4,218	-2%
II. Deferred income tax expense	13		
III. Deferred income tax benefit			



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

R. EARNINGS OF EMPLOYER			
S. NET PROFIT			
T. NET LOSS	81,146	55,160	32%

3.4. TIGAR AD PARENT COMPANY data for the year 2016 were audited

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	3,894,327	3,659,718	3,627,423
I. INTANGIBLE ASSETS	279,515	207,387	196,125
Investment in development	268,544	199,236	188,631
Concessions, patents , licenses , trademarks , software and other rights	7,200	4,474	3,817
Goodwill			
Other intangible assets			
Intangible assets under construction	3,771	3,677	3,677
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	3,291,008	3,132,586	3,111,553
Land	454,761	430,742	430,742
Buildings	1,713,331	1,749,863	1,742,492
Plant and equipment	675,729	603,253	588,189
Investment property	292,513	266,181	266,181
Other property, plants and equipment			
Property, plant and equipment under construction	129,511	62,289	63,864
Investments in others property, plants and equipment	5,223	318	145
Advances for property , plant and equipment	19,940	19,940	19,940
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS	323,804	319,745	319,745
Shares in subsidiaries	313,298	311,088	311,088
Shares in associated companies and joint ventures	491	491	491
Equity investments in other companies and other securities held for sale	94	94	94
Other long-term investments	9,921	8,072	8,072
V. LONG-TERM RECEIVABLES			
V. DEFERRED TAX ASSETS			
G. CURRENT ASSETS	1,976,298	1,865,226	1,790,690
I. INVENTORIES	1,399,397	1,315,306	1,324,227
Material , spare parts , tools and supplies	151,414	175,634	159,210
Unfinished production and unfinished services	136,514	134,653	161,097
Finished Products	391,998	392,638	399,521
Goods	347,474	241,928	241,532
Fixed assets held for sale	362,160	358,234	358,234
Advances paid to suppliers and for services	9,837	12,219	4,633
II. RECEIVABLES FROM SALE	502,322	442,204	343,175
Customers in the country - the parent and subsidiaries	239,730	200,064	205,571
Customers abroad - parent and subsidiaries	125,698	108,458	101,303
Customers in the country - other related parties	1,093	1,283	1,385
Customers abroad – other related parties			
Customers in the country	72,487	52,707	4,159
Customers abroad	63,314	79,692	30,757
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	26,818	19,351	11,296
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS		56,167	55,165
Short-term loans and investments - parent and subsidiaries		11,509	19,752
Other short-term financial placements		44,658	35,413
VII. CASH AND CASH EQUIVALENTS	1,430	701	1,726
VIII. VALUE ADDED TAX	12,914	7,225	16,674
IX. PREPAYMENTS	33,417	24,272	38,427
D. TOTAL ASSETS = OPERATING ASSETS	5,870,625	5,524,944	5,418,113
Đ. OFF BALANCE SHEET ASSETS	798,813	624,162	624,162
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY			
I. SHARE AND OTHER CAPITAL	642,704	1,115,014	2,866,890
Share Capital	642,704	1,115,014	2,866,890



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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	205,809	205,809	205,809
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS		1,113	1,113
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	2,042		
VIII. RETAINED EARNINGS	1,823	1,823	1,823
Retained profit from previous years	1,823		1,823
Retained profit from financial year		1,823	
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	3,371,206	3,765,742	3,829,689
Loss of previous years	3,106,851	3,371,919	3,765,742
Loss for the year	264,355	393,823	63,947
B. LONG-TERM PROVISIONS AND LIABILITIES	6,785,725	6,092,419	4,369,055
I. LONG-TERM PROVISIONS	240,390	235,814	235,814
Provisions for expenses in warranty period			
Provisions for restoration of natural resources			
Provisions for restructuring costs			
Provision for retirement and other employee benefits	29,197	24,680	24,680
Provision for lawsuits	211,193	211,134	211,134
Other long-term provisions			
II. LONG-TERM LIABILITIES	6,545,335	5,856,605	4,133,241
Liabilities convertible into equity		1,751,876	
Liabilities towards parent companies and subsidiaries			
Liabilities towards other related parties			
Liabilities from securities in period exceeding one year	317,125		
Long-term loans and loans in the country	4,379,536	2,715,403	2,724,846
Long-term loans and loans abroad	950,167	774,834	777,944
Liabilities arising from finance lease			
Other long-term liabilities	898,507	614,492	630,451
V. DEFERRED TAX LIABILITIES	3,075		
G. CURRENT LIABILITIES	1,604,594	1,874,365	1,802,969
I. SHORT-TERM FINANCIAL LIABILITIES	418,543	841,975	851,711
Short-term loans from parent companies and subsidiaries	16,086	1,973	5,323
Other current financial liabilities	402,457	840,002	846,388
II. PREPAYMENTS, DEPOSITS AN GUARANTEES	44,436	40,054	9,142
III. ACCOUNTS PAYABLE	743,878	588,582	497,062
Suppliers - parent and subsidiaries in the country	83,712	90,129	60,158
Suppliers - parent and subsidiaries abroad	50,507	20,090	19,936
Suppliers - other related parties in the country	2,158	2,159	2,519
Suppliers – other related parties abroad			
Suppliers in the country	321,310	289,905	295,042
Foreign suppliers	283,504	185,260	118,096
Other liabilities	2,687	1,039	1,311
IV. OTHER CURRENT LIABILITIES	347,760	364,384	407,383
V. LIABILITIES FOR VALUE ADDED TAX	74		
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	6,563	1,772	1,772
VII. ACCRUALS	43,340	37,598	35,899
D. THE LOSS IN EXCESS OF CAPITAL	2,522,769	2,441,840	753,911
Đ. TOTAL LIABILITIES	5,870,625	5,524,944	5,418,113
G. OFF BALANCE SHEET LIABILITIES	798,813	624,162	624,162

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	2,362,695	2,308,674	676,800	474,221
I. Sales of goods	1,374,616	20,617	2,767	1,818
II. Sales of products and services	854,765	1,964,789	593,096	389,036
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income	133,314	323,268	80,937	83,367
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	2,200,658	2,263,768	638,842	488,625



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

I. Cost of commercial goods sold	1,178,334	16,857	2,329	1,411
II. Work performed by the company and capitalized				
III. Increase in inventories of finished products and work in progress	40,189	5,080	5,641	36,923
IV. Decrease in inventories of finished products and work in progress			61,676	2,581
V. Material consumed	307,667	814,558	217,618	173,624
VI. Fuel and energy consumed	121,011	209,127	48,347	65,783
VII. Staff costs	359,814	805,445	206,061	189,458
VIII. Production expenses	51,906	49,191	12,877	7,875
IX. Amortization	77,624	138,195	35,102	33,869
X. Costs of long-term provisions	7,102	262		
XI. Intangible costs	137,389	235,213	60,473	50,947
V. PROFIT FROM OPERATIONS	162,037	44,906	37,958	
G. LOSS FROM OPERATIONS				14,404
D. FINANCE INCOME	115,048	59,512	12,850	5,116
I. Financial income from related persons and other financial income	95,997	50,569		57
II. Interest income (from third parties)	1,118	844	156	588
III. Gains and positive effects of currency clause	17,933	8,099	12,694	4,471
D. FINANCE EXPENSES	429,085	374,712	141,753	57,509
I. Financial expenses related party transactions and other financial expenses	10,848	5,978	1,787	1,175
II. Interest expense (by third parties)	293,980	256,576	70,170	38,000
III. Foreign exchange gains and negative effects of currency clause	124,257	112,158	69,796	18,334
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	314,037	315,200	128,903	52,393
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	13,838	3,616		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	37,373	1,941		
J. OTHER INCOME	72,377	22,627	3,880	3,393
K. OTHER EXPENSES	152,900	150,506	571	42
L. OPERATING PROFIT BEFORE TAX				
LJ. LOSS FROM OPERATIONS BEFORE TAX	256,058	396,498	87,636	63,446
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD	3,506	401	247	501
NJ. PROFIT BEFORE TAXATION				
O. LOSS BEFORE TAXATION	259,564	396,899	87,883	63,947
P. INCOME TAX				
I. Current tax expense	4,791			
II. Deferred income tax expense				
III. Deferred income tax benefit		3,076		
R. EARNINGS OF EMPLOYER				
S. NET PROFIT				
T. NET LOSS	264,355	393,823	87,883	63,947

CASH FLOWS (in thousands of RSD)	January – March 2016	January – March 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	638,653	417,218
Cash outflow from operating activities	575,336	421,865
Net cash inflow from operating activities	63,317	
Net outflow from operating activities		4,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		3,700
Cash outflow from investing activities	28,781	1,600
Net cash inflow from investing activities		2,100
Net cash outflow from investing activities	28,781	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities		3,853



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Cash outflow from financing activities	33,858	
Net cash inflow from financing activities		3,853
Net cash outflow from financing activities	33,858	
TOTAL CASH INFLOW	638,653	424,771
TOTAL CASH OUTFLOW	637,975	423,465
NET CASH INFLOW	678	1,306
NET CASH OUTFLOW		
Cash and cash equivalents at beginning of year	1,430	701
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	239	281
CASH AT THE END OF ACCOUNTING PERIOD	1,869	1,726

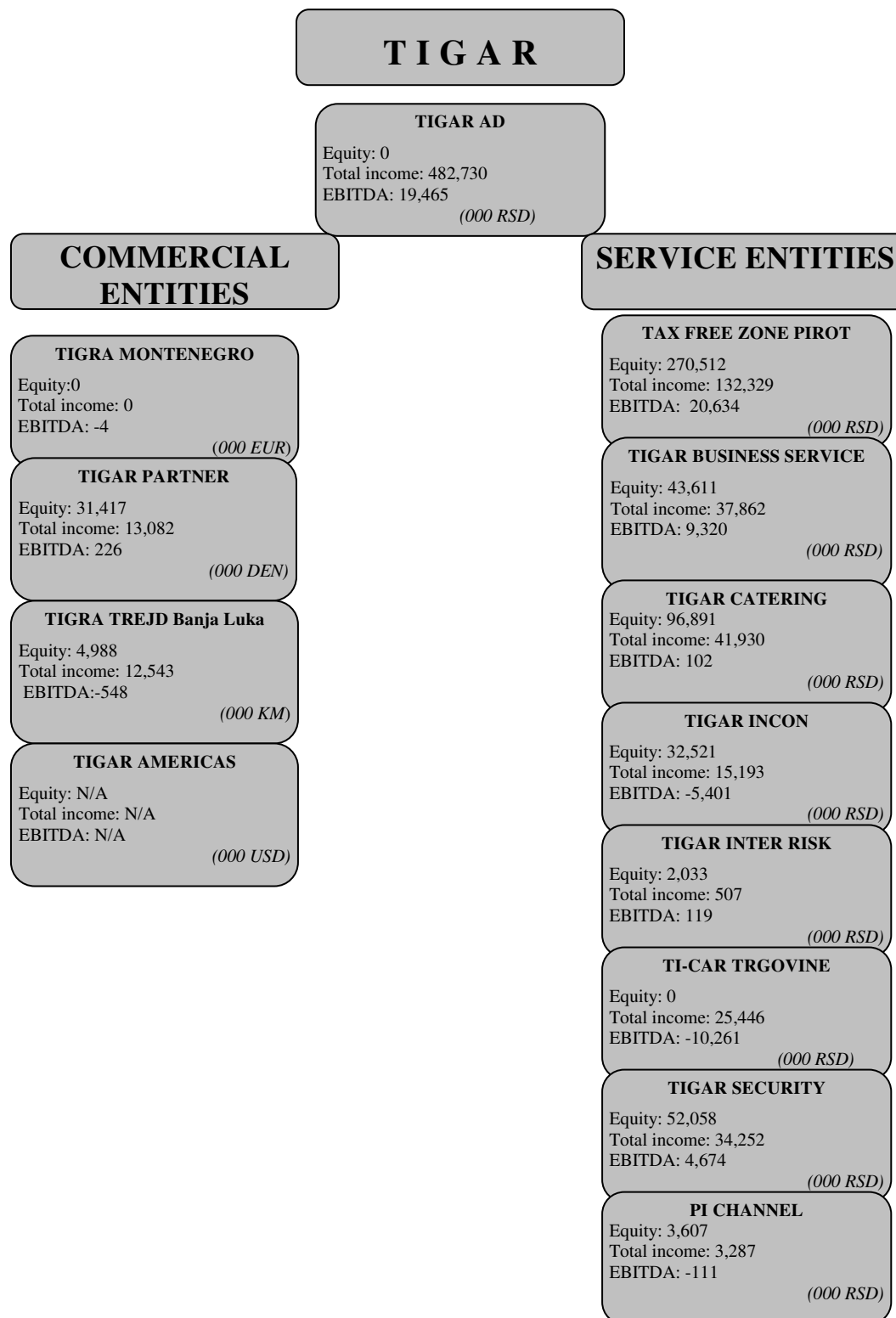


**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a

3.5. KEY FINANCIAL RESULTS OF THE SUBSIDIARIES





**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a**3.6. TIGRA MONTENEGRO – MONTENEGRO**

BALANCE SHEET Tigra Montenegro (in thousands of EUR)	as of 31.12.2015	as of 31.12.2016	as of 31.03.2017
Non-current assets	3	3	2
Current assets	45	36	34
Deferred tax assets			
TOTAL ASSETS	48	38	37
Equity	3	-21	-26
Long-term liabilities and provisions			
Current liabilities	44	59	62
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	48	38	37

Income statement Tigra Montenegro (in thousands of EUR)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
Total income	16	5	0	
Total expenses	57	29	7	5
PROFIT/LOSS BEFORE TAXATION	-41	-24	-7	-5
Income taxes				
Deferred Income Tax expense				
Deferred Income Tax benefit				
NET PROFIT/LOSS	-41	-24	-7	-5

3.7. TIGRA TREJD – REPUBLIC OF SRPSKA

BALANCE SHEET (in thousands of KM)	as of 31.12.2015	as of 31.12.2016	as of 31.03.2017
Fixed Assets	258	246	244
Current assets	954	979	969
Deferred tax assets			
Loss above equity value			
TOTAL ASSETS	1,212	1,224	1,213
Equity	89	90	79
Long-term reserves and liabilities			
Short-term liabilities	1,122	1,134	1,134
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	1,212	1,224	1,213



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Income statement (in thousands of KM)	2015	2016	January – March 2016	January – March 2017
Total income	1,182	880	124	198
Total expenses	1,181	879	141	210
PROFIT/LOSS BEFORE TAXATION	1	1	-18	-12
Income taxes	0	0		
Deferred Income Tax expense				
Deferred Income Tax benefit				
NET PROFIT/LOSS	1	1	-18	-12

3.8. TIGAR PARTNER – MACEDONIA

BALANCE SHEET (in thousands of Denars)	as of 31.12.2015	as of 31.12.2016	as of 31.03.2017
Fixed Assets	2	0	0
Current assets	20,249	22,708	20,796
Deferred tax assets	0	0	0
TOTAL ASSETS	20,251	22,708	20,796
Equity	15,989	15,622	15,713
Non-current liabilities	0	0	0
Short-term liabilities	4,262	7,086	5,084
Deferred tax liabilities	0	0	0
TOTAL EQUITY AND LIABILITIES	20,251	22,708	20,796

Income statement (in thousands of Denars)	2015	2016	January – March 2016	January – March 2017
Total income	20,590	19,544	4,263	6,545
Total expenses	21,052	19,909	4,420	6,452
PROFIT/LOSS BEFORE TAXATION	-462	-365	-157	93
Income taxes	6	3	0	1
Deferred Income Tax expense	0	0	0	0
Deferred Income Tax benefit	0	0	0	0
NET PROFIT/LOSS	-468	-368	-157	91



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a**3.9. TI-CAR TRGOVINE****BALANCE SHEET (in thousands of RSD)**

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	1,558	1,400	1,386
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	1,558	1,400	1,386
Land			
Buildings	1,355	1,326	1,318
Plant and equipment	104	74	68
Property, plant and equipment construction	99		
Investments in others property, plants and equipment			
Advances for property , plant and equipment			
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
V. DEFERRED TAX ASSETS	132	107	107
G. CURRENT ASSETS	248,520	162,312	150,293
I. INVENTORIES	125,062	109,613	102,528
Goods	85,482	71,813	73,826
Fixed assets held for sale	28,068	27,770	27,770
Advances paid for supplies and services	11,512	10,030	932
II. RECEIVABLES FROM SALE	87,855	27,323	21,759
Customers in the country - the parent and subsidiaries	66,217	7,014	6,421
Customers abroad - parent and subsidiaries	1,123	1,110	1,114
Customers in the country - other related parties	68	28	28
Customers abroad - other related parties			
Customers in the country	20,439	19,171	14,196
Customers abroad	8		
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	12,622	13,742	10,863
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	19,315	8,063	8,063
Short-term loans and investments - parent and subsidiaries	19,315	8,063	8,063
VII. CASH AND CASH EQUIVALENTS	329	349	3,522
VIII. VALUE ADDED TAX	29		905
IX. PREPAYMENTS	3,308	3,222	2,653
D. TOTAL ASSETS –OPERATING PROPERTY	250,210	163,819	151,786
D. OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY			
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	364	471	471
VIII. RETAINED EARNINGS			
Retained profit from previous years			
Retained profit from financial year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	73,316	115,992	126,308
Loss of previous years	4,099	73,315	115,992
Loss for the year	69,217	42,677	10,316
B. LONG-TERM PROVISIONS AND LIABILITIES	507	518	518
I. LONG-TERM PROVISIONS	507	518	518
Provision for retirement and other employee benefits	507	518	518
Provision for lawsuits			



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Other long-term provisions			
II. LONG-TERM LIABILITIES			
V. DEFERRED TAX LIABILITIES			
G. CURRENT LIABILITIES	322,035	278,416	276,699
I. SHORT-TERM FINANCIAL LIABILITIES	8,740	30,006	30,006
Short-term loans from parent companies and subsidiaries	8,740	30,006	30,006
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	9,217	4,000	3,651
III. ACCOUNTS PAYABLE	271,236	225,606	222,695
Suppliers - parent and subsidiaries in the country	238,201	191,257	193,131
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country	48	106	120
Suppliers - other related legal entities abroad			
Suppliers in the country	25,730	25,705	20,865
Foreign suppliers	4,433	4,248	4,265
Other liabilities	2,824	4,290	4,314
IV. OTHER CURRENT LIABILITIES	26,523	12,785	15,035
V. LIABILITIES FOR VALUE ADDED TAX	2,416	1,553	
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	155	1,097	1,097
VII. ACCRUALS	3,748	3,369	4,215
D. THE LOSS IN EXCESS OF CAPITAL	72,332	115,115	125,431
Đ. TOTAL LIABILITIES	250,210	163,819	151,786
G. OFF BALANCE SHEET LIABILITIES			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	425,010	127,476	23,459	25,397
I. Sales of goods	415,589	124,126	22,882	23,918
II. Sales of products and services	7,846	3,084	439	495
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income	1,575	266	138	984
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	483,929	172,421	36,764	35,672
I. Cost of commercial goods sold	362,512	94,374	16,911	16,744
V. Material consumed	1,354	758	98	161
VI. Fuel and energy consumed	8,855	4,325	1,154	1,203
VII. Staff costs	60,787	45,127	11,554	11,516
VIII. Production expenses	14,181	9,954	1,965	1,869
IX. Amortization	459	58	15	14
X. Costs of long-term provisions	91	116		
XI. Intangible costs	35,690	17,709	5,067	4,166
V. PROFIT FROM OPERATIONS				
G. LOSS FROM OPERATIONS	58,919	44,945	13,305	10,275
D. FINANCE INCOME	789	191	132	31
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)				
III. Gains and positive effects of currency clause	789	191	132	31
Đ. FINANCE EXPENSES	1,110	564	213	87
I. Financial expenses related party transactions and other financial expenses		1		
II. Interest expense (by third parties)	279	260	56	38
III. Foreign exchange gains and negative effects of currency clause	831	303	157	50
E. PROFIT FROM FINANCING				
Ž. LOSS FROM FINANCING	321	373	81	57
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT		4,750		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT	7,660			
J. OTHER INCOME	298	7,929		18
K. OTHER EXPENSES	2,603	4,524	6	2
L. OPERATING PROFIT BEFORE TAX				
LJ. LOSS FROM OPERATIONS BEFORE TAX	69,205	37,163	13,392	10,316



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD		4,547		
NJ. PROFIT BEFORE TAXATION				
O. LOSS BEFORE TAXATION	69,205	41,710	13,392	10,316
P. INCOME TAX				
I. Current tax expense		942		
II. Deferred income tax expense	12	25		
III. Deferred income tax benefit				
R. EARNINGS OF EMPLOYER				
S. NET PROFIT				
T. NET LOSS	69,217	42,677	13,392	10,316

CASH FLOWS (in thousands of RSD)	January – March 2016	January – March 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	58,621	35,924
Cash outflow from operating activities	84,837	32,751
Net cash inflow from operating activities		3,173
Net cash outflow from operating activities	26,216	
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities		
Net cash inflow from investing activities		
Net cash outflow from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	28,525	
Cash outflow from financing activities		
Net cash inflow from financing activities	28,525	
Net cash outflow from financing activities		
TOTAL CASH INFLOW	87,146	35,924
TOTAL CASH OUTFLOW	84,837	32,751
NET CASH INFLOW	2,309	3,173
NET CASH OUTFLOW		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	329	349
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	1	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,637	3,522

3.10. TIGAR BUSINESS SERVICE**BALANCE SHEET (in thousands of RSD)**

ASSETS	31.12.2015.	31.12.2016.	31.03.2017
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	38,790	31,077	29,043
I. INTANGIBLE ASSETS	1		
Concessions, patents , licenses , trademarks , software and other rights	1		
II. PROPERTY, PLANT AND EQUIPMENT	38,789	31,077	29,043
Land	2,765	2,765	2,765
Buildings	13,374	13,158	13,104
Plant and equipment	22,510	15,128	13,174
Property, plant and equipment construction	140	26	
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
Receivables from parent company and its subsidiaries			
V. DEFERRED TAX ASSETS	2,549	3,208	3,208



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

G. CURRENT ASSETS	48,948	58,633	66,723
I. INVENTORIES	4,241	804	1,274
Supplies, spare parts , tools and supplies	1,018	418	864
Goods			
Advances paid for supplies and services	3,223	386	410
II. RECEIVABLES FROM SALE	27,171	24,933	30,582
Customers in the country - the parent and subsidiaries	299	230	272
Customers in the country - the parent and subsidiaries			
Customers in the country - other related parties			
Customers in the country	26,373	24,471	29,999
Customers abroad	499	232	311
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	107	2,163	4,210
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	16,879	30,369	30,406
Short-term loans and investments - parent and subsidiaries	16,879	30,369	30,406
VII. CASH AND CASH EQUIVALENTS	32	85	32
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	518	279	219
D. TOTAL ASSETS =OPERATION PROPERTY	90,287	92,918	98,974
Đ. OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2016
A. EQUITY	40,609	36,386	43,611
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 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	474	590	590
VIII. RETAINED EARNINGS	19,079	14,972	22,197
Retained profit from previous years			14,972
Retained profit from financial year	19,079	14,972	7,225
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	1,100	1,100	1,100
Loss of previous years	1,100	1,100	1,100
Loss for the year			
B. LONG-TERM PROVISIONS AND LIABILITIES	12,844	8,163	8,190
I. LONG-TERM PROVISIONS	1,419	1,542	1,542
Provision for retirement and other employee benefits	1,419	1,542	1,542
II. LONG-TERM LIABILITIES	11,425	6,621	6,648
Liabilities arising from finance lease	11,425	6,621	6,648
Other long-term liabilities			
V. DEFERRED TAX LIABILITIES			
G. CURRENT LIABILITIES	36,834	48,369	47,173
I. SHORT-TERM FINANCIAL LIABILITIES	7,996	9,522	9,192
Short-term loans from parent companies and subsidiaries	3,089	4,147	5,002
Other current financial liabilities	4,907	5,375	4,190
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	4,319	3,766	3,497
III. ACCOUNTS PAYABLE	12,516	20,406	23,311
Suppliers - parent and subsidiaries in the country	2,130	3,937	6,125
Suppliers - parent and subsidiaries abroad			
Suppliers in the country	10,131	16,299	16,756
Foreign suppliers	255	155	316
Other liabilities		15	114
IV. OTHER CURRENT LIABILITIES	7,441	10,905	8,290
V. LIABILITIES FOR VALUE ADDED TAX	551	740	745
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,920	940	
VII. ACCRUALS	2,091	2,090	2,138
D. THE LOSS IN EXCESS OF CAPITAL			
Đ. TOTAL LIABILITIES	90,287	92,918	98,974
G. OFF BALANCE SHEET LIABILITIES			



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	148,941	140,599	37,817	36,603
I. Sales of goods	5	19	7	
II. Sales of products and services	148,936	140,580	37,810	36,603
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income				
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	124,302	120,865	29,325	29,317
I. Cost of commercial goods sold				
V. Material consumed	4,189	4,528	1,041	594
VI. Fuel and energy consumed	32,940	28,850	7,328	8,221
VII. Staff costs	35,055	34,030	8,326	7,976
VIII. Production expenses	23,874	25,467	6,542	6,595
IX. Amortization	8,969	8,271	2,139	2,034
X. Costs of long-term provisions	44	49		
XI. Intangible costs	19,231	19,670	3,949	3,897
V. PROFIT FROM OPERATIONS	24,639	19,734	8,492	7,286
G. LOSS FROM OPERATION				
D. FINANCE INCOME	104	46	17	5
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)	44			
III. Gains and positive effects of currency clause	60	46	17	5
Đ. FINANCE EXPENSES	3,217	2,152	591	393
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	3,004	1,760	353	343
III. Foreign exchange gains and negative effects of currency clause	213	392	238	50
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	3,113	2,106	574	388
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	114	29		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT		862		
J. OTHER INCOME	3,105	1,839	658	1,254
K. OTHER EXPENSES	159	537		
L. OPERATING PROFIT BEFORE TAX	24,586	18,097	8,576	8,152
LJ. LOSS FROM OPERATIONS BEFORE TAX				
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD		77		
NJ. PROFIT BEFORE TAXATION	24,586	18,020	8,576	8,152
O. LOSS BEFORE TAXATION				
P. INCOME TAX				
I. Current tax expense	5,638	3,706	1,409	927
II. Deferred income tax expense				
III. Deferred income tax benefit	131	658		
R. EARNINGS OF EMPLOYER				
S. NET PROFIT	19,079	14,972	7,167	7,225
T. NET LOSS				



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

3.11. TIGAR CATERING

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	163,808	159,478	158,411
I. INTANGIBLE ASSETS	110	236	231
Investments in development		128	128
Concessions, patents , licenses , trademarks , software and other rights	2	108	103
Intangible assets under construction	108		
II. PROPERTY, PLANT AND EQUIPMENT	163,698	159,242	158,180
Land	27,190	27,090	27,090
Buildings	127,234	126,367	125,775
Plant and equipment	7,691	5,785	5,315
Property, plant and equipment construction	1,583		
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
Receivables from parent company and subsidiaries			
V. DEFERRED TAX ASSETS			
G. CURRENT ASSETS	62,502	36,790	35,361
I. INVENTORIES	6,096	5,039	3,206
Supplies , spare parts , tools and supplies	4,018	3,345	2,472
Goods	1,128	852	734
Advances paid for supplies and services	950	842	
II. DUE ON SALE	11,536	7,130	6,998
Customers in the country - the parent and subsidiaries	2,757	492	211
Customers in the country - other related parties	25	13	13
Customers in the country	8,754	6,625	6,774
III. RECEIVABLES FROM SPECIFIC			
IV. OTHER RECEIVABLES	35,826	20,983	20,849
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	8,362	3,133	3,113
Short-term loans and placements – parent and subsidiaries	8,362	3,133	3,113
VII. CASH AND CASH EQUIVALENTS	67	22	1
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	615	483	1,194
D. TOTAL ASSETS = OPERATION ASSETS	226,310	196,268	193,772
DE OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY	97,875	98,094	96,891
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	749	431	431
VIII. RETAINED EARNINGS			
Retained earnings for the year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	105,484	105,583	106,786
Loss of previous years	104,454	105,484	105,583
Loss for the year	1,030	99	1,203
B. LONG TERM PROVISIONS AND LIABILITIES	13,421	3,434	3,434
I. LONG-TERM PROVISIONS	3,371	2,689	2,689
Provision for retirement and other employee benefits	3,371	2,689	2,689
II. LONG-TERM LIABILITIES	10,050	745	745
V. DEFERRED TAX LIABILITIES	228	332	332



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

G. CURRENT LIABILITIES	114,786	94,408	93,115
I. SHORT-TERM FINANCIAL LIABILITIES	2,754	22,747	14,201
Short-term loans from parent companies and subsidiaries	2,754	13,000	13,698
Other short-term financial liabilities		9,747	503
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	794	551	289
III. ACCOUNTS PAYABLE	93,837	51,470	56,024
Suppliers - parent and subsidiaries in the country	56,900	6,065	5,322
Suppliers – subsidiaries in the country	12		
Suppliers in the country	36,758	45,382	50,682
Foreign suppliers	149		2
Other liabilities	18	23	18
IV. OTHER CURRENT LIABILITIES	11,788	12,165	14,009
V. LIABILITIES FOR VALUE ADDED TAX	1,556	3,372	4,441
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	4,057	4,103	4,151
D. THE LOSS IN EXCESS OF CAPITAL			
Đ. TOTAL LIABILITIES	226,310	196,268	193,772
G. OFF BALANCE SHEET LIABILITIES			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	205,323	191,518	49,572	41,926
I. Sales of goods	11,198	7,888	2,281	1,449
II. Sales of products and services	194,125	183,630	47,291	40,477
III.. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income				
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	203,801	187,436	48,737	42,892
I. Cost of commercial goods sold	5,863	4,237	1,071	872
II. Work performed by the company and capitalized	331	211	43	41
V. Material consumed	101,935	92,475	24,273	19,551
VI. Fuel and energy consumed	8,181	7,362	2,057	2,087
VII. Staff costs	64,305	61,225	15,608	15,060
VIII. Production expenses	4,337	3,415	978	1,075
IX. Amortization	4,288	4,310	1,111	1,068
X. Costs of long-term provisions	454	162		
XI. Intangible costs	14,769	14,461	3,682	3,220
V. PROFIT FROM OPERATIONS	1,522	4,082	835	
D. LOSS FROM OPERATIONS				966
D. FINANCE INCOME	4	20		
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			
Đ. FINANCE EXPENSES	2,919	4,152	229	154
I. Financial expenses related party transactions and other financial expenses		1,051		
II. Interest expense (by third parties)	2,910	3,101	229	154
III. Foreign exchange gains and negative effects of currency clause	9			
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	2,915	4,132	229	154
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT				
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT	386	76		
J. OTHER INCOME	839	762	23	4
K. OTHER EXPENSES	493	630	123	87
L. OPERATING PROFIT BEFORE TAX		6	506	
LJ. LOSS FROM OPERATIONS BEFORE TAX	1,433			1,203
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN				



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
NJ. PROFIT BEFORE TAXATION		6	506	
O. LOSS BEFORE TAXATION	1,433			1,203
P. INCOME TAX				
I. Current tax expense				
II. Deferred income tax expense		104		
III. Deferred income tax benefit	403			
R. EARNINGS OF EMPLOYER				
S. NET PROFIT			506	
T. NET LOSS	1,030	99		1,203

CASH FLOWS (in thousands of RSD)	January – March 2016	January – March 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	72,666	50,388
Cash outflow from operating activities	78,060	41,878
Net cash inflow from operating activities		8,510
Net outflow from operating activities	5,394	
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	1,150	
Net cash inflow from investing activities		
Net cash outflow from investing activities	1,150	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	6,527	5,006
Cash outflow from financing activities		13,537
Net cash inflow from financing activities	6,527	
Net cash outflow from financing activities		8,531
TOTAL CASH INFLOW	79,193	55,394
TOTAL CASH OUTFLOW	79,210	55,415
NET CASH INFLOW		
NET CASH OUTFLOW	17	21
GOTOVINA NA POČETKU OBRAČUNSKOG PERIODA	67	22
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT END OF PERIOD	50	1

3.12. TIGAR INCON

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	146,443	142,002	140,895
I INTANGIBLE ASSETS	2	58	58
Concessions, patents, licenses, trademarks, software and other rights	2		
Intangible assets under construction		58	58
II PROPERTY, PLANT AND EQUIPMENT	146,441	141,944	140,837
Land	7,727	7,727	7,727
Buildings	130,335	128,225	127,697
Plant and equipment	8,050	5,663	5,084
Property, plant and equipment construction	329	329	329
III BIOLOGICAL AGENTS			
IV LONG-TERM FINANCIAL PLACEMENTS			
V LONG-TERM RECEIVABLES			
Receivables from parent company and subsidiaries			
V DEFERRED TAX ASSETS			
G. CURRENT ASSETS	30,408	18,047	15,168
I INVENTORIES	7,065	5,006	4,596
Supplies, spare parts, tools and supplies	6,325	3,956	4,596
Advances paid for supplies and services	740	1,050	



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

II DUE ON SALE	15,929	11,544	9,143
Customers in the country - the parent and subsidiaries	8,375	1,749	1,926
Customers in the country – parent company and dependent legal entities			
Customers in the country - other related parties	758	758	761
Customers in the country	6,796	9,037	6,456
III RECEIVABLES FROM SPECIFIC			
IV OTHER RECEIVABLES	60	42	47
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS	2,118		
Short-term loans and placements – parent and subsidiaries	2,118		
Other short-term financial placements			
VII CASH AND CASH EQUIVALENTS	7	13	7
VIII VALUE ADDED TAX	1,254	1,442	681
IX PREPAYMENTS	3,975		694
D. TOTAL ASSETS = OPERATION ASSETS	176,851	160,049	156,063
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY	56,208	39,153	32,521
I SHARE AND OTHER CAPITAL	162,425	162,425	162,425
Shares of limited liability 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	640	1,298	1,298
VIII RETAINED EARNINGS			
Retained earnings from previous years			
IX PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS	105,577	121,974	128,606
Loss of previous years	89,329	105,578	121,974
Loss for the year	16,248	16,396	6,632
B. LONG TERM PROVISIONS AND LIABILITIES	43,127	7,079	7,080
I LONG-TERM PROVISIONS	2,608	3,522	3,523
Provision for retirement and other employee benefits	2,608	3,522	3,523
II LONG-TERM LIABILITIES	40,519	3,557	3,557
Other long-term liabilities	40,519	3,557	3,557
V. DEFERRED TAX LIABILITIES	382	488	488
G. CURRENT LIABILITIES	77,134	113,329	115,974
I SHORT-TERM FINANCIAL LIABILITIES	22,629	59,837	66,745
Short-term loans from parent companies and subsidiaries	22,629	22,289	29,197
Short-term loans and loans abroad			
Liabilities based on fixed assets and funds of discontinued operations held for sale			
Other short-term financial liabilities		37,548	37,548
II PREPAYMENTS, DEPOSITS AND GUARANTEES	15,038	14,717	9,113
III ACCOUNTS PAYABLE	24,201	20,610	21,937
Suppliers - parent and subsidiaries in the country	13,085	8,111	10,461
Suppliers in the country	11,116	12,499	11,449
Other liabilities			10
IV OTHER CURRENT LIABILITIES	13,202	13,794	13,710
V LIABILITIES FOR VALUE ADDED TAX			
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII ACCRUALS	2,064	4,371	4,469
D. THE LOSS IN EXCESS OF CAPITAL			
Đ. TOTAL LIABILITIES	176,851	160,049	156,063

Income statement (in thousands of RSD)	January – December 2015	January-December 2016	January-March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	95,661	84,764	13,887	15,184
I Sales of goods				



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

II Sales of products and services	94,361	80,913	12,998	14,278
III Revenues from premiums, subsidies, donations, grants etc.				
IV Other operating income	1,300	3,851	889	906
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	107,478	99,592	22,201	21,692
II Work performed by the company and capitalized				
V Material consumed	34,436	27,556	5,216	3,466
VI Fuel and energy consumed	2,360	2,048	607	765
VII Staff costs	50,071	46,211	11,566	11,673
VIII Production expenses	3,727	8,456	700	2,387
IX Amortization	5,279	4,571	1,183	1,107
X Costs of long-term provisions	160	561		
XI Intangible costs	11,445	10,189	2,929	2,294
V. PROFIT FROM OPERATIONS				
G. LOSS FROM OPERATIONS	11,817	14,828	8,314	6,508
D. FINANCE INCOME	716			
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				
D. FINANCE EXPENSES	6,665	1,421	559	123
I Financial expenses related party transactions and other financial expenses				
II Interest expense (by third parties)	6,665	1,421	559	123
III Foreign exchange gains and negative effects of currency clause				
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	5,949	1,421	559	123
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	441	434		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT				
J. OTHER INCOME	200	116	75	9
K. OTHER EXPENSES	110	382	27	
L. OPERATING PROFIT BEFORE TAX				
LJ. LOSS FROM OPERATIONS BEFORE TAX	17,235	16,081	8,825	6,622
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD		209		11
NJ. PROFIT BEFORE TAXATION				
O. LOSS BEFORE TAXATION	17,235	16,290	8,825	6,633
P. INCOME TAX				
I Current tax expense				
II Deferred income tax expense		106		
III Deferred income tax benefit	987			
R. EARNINGS OF EMPLOYER				
S. NET PROFIT				
T. NET LOSS	16,248	16,396	8,825	6,633

CASH FLOWS (in thousands of RSD)	January – March 2016	January – March 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	26,353	11,916
Cash outflow from operating activities	27,720	18,845
Net cash inflow from operating activities		
Net outflow from operating activities	1,367	6,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities		
Net cash inflow from investing activities		
Net cash outflow from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	6,979	12,059
Cash outflow from financing activities	5,600	5,136



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Net cash inflow from financing activities	1,379	6,923
Net cash outflow from financing activities		
TOTAL CASH INFLOW	33,332	23,975
TOTAL CASH OUTFLOW	33,320	23,981
NET CASH INFLOW	12	
NET CASH OUTFLOW		6
CASH AT THE BEGINNING OF ACCOUNTING PERIOD	7	13
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19	7

3.13. FREE ZONE PIROT

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	116,615	143,463	143,693
I INTANGIBLE ASSETS	232	1,080	1,025
Concessions, patents, licenses, trademarks, software and other rights	232	1,080	1,025
II PROPERTY, PLANT AND EQUIPMENT	116,383	142,383	142,668
Land	18,412	15,150	15,421
Buildings	48,166	75,553	75,192
Plant and equipment	3,294	4,724	4,396
Property, plant and equipment construction	29,733	31,727	37,084
Investments in others property, plants and equipment	512	361	285
Advances for property, plant and equipment	16,266	14,868	10,290
III BIOLOGICAL AGENTS			
IV LONG-TERM FINANCIAL PLACEMENTS			
Other long-term financial placements			
V LONG-TERM RECEIVABLES			
Receivables from parent company and subsidiaries			
V DEFERRED TAX ASSETS			
G. CURRENT ASSETS	124,663	170,457	198,658
I INVENTORIES	651	2,032	1,604
Goods	541	540	540
Advances paid to suppliers and for services	110	1,492	1,064
II DUE ON SALE	40,497	58,260	70,883
Customers in the country - the parent and subsidiaries	1,104	4,772	6,730
Customers in the country	35,105	48,781	60,193
Customers abroad	4,288	4,707	3,960
III RECEIVABLES FROM SPECIFIC			
IV OTHER RECEIVABLES	142	924	882
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS		13,000	13,000
Short-term loans and placements – parent and subsidiaries		13,000	13,000
VII CASH AND CASH EQUIVALENTS	79,413	92,357	111,177
VIII VALUE ADDED TAX	2,092		
IX PREPAYMENTS	1,868	3,884	1,112
D. TOTAL ASSETS = OPERATION ASSETS	241,278	313,920	342,351
Đ. OFF-BALANCE SHEET ASSETS	12,500	37,500	37,500
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY	196,161	252,973	270,512
I SHARE AND OTHER CAPITAL	118,439	118,439	118,439
Share capital	118,439	118,439	118,439
II SUBSCRIBED CAPITAL UNPAID			
III TREASURY SHARES	34,854	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			
VII UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	101	291	291
VIII RETAINED EARNINGS	107,661	164,663	182,202



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Retained earnings from previous years	64,921	107,661	164,663
Retained earnings for the year	42,740	57,002	17,539
IX PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS			
Loss from previous years			
Loss for the year			
B. LONG TERM PROVISIONS AND LIABILITIES	4,635	5,359	5,359
I LONG-TERM PROVISIONS	4,635	5,359	5,359
Provisions for retirement and other employee benefits	2,925	3,648	3,648
Provisions for lawsuits	1,710	1,711	1,711
II LONG-TERM LIABILITIES			
V. DEFERRED TAX LIABILITIES	292	178	178
G. CURRENT LIABILITIES	40,190	55,410	66,302
I SHORT-TERM FINANCIAL LIABILITIES			
II PREPAYMENTS, DEPOSITS AND GUARANTEES	2,210	2,324	1,656
III ACCOUNTS PAYABLE	27,680	41,840	52,523
Suppliers - parent and subsidiaries in the country	2,671	1,429	2,494
Suppliers in the country	14,311	21,648	37,490
Foreign suppliers	10,493	18,618	12,354
Other accounts payable	205	145	185
IV OTHER CURRENT LIABILITIES	7,391	7,476	7,859
V LIABILITIES FOR VALUE ADDED TAX	1	1,421	1,821
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	2,549	1,566	1,955
VII ACCRUALS	359	783	488
D. THE LOSS IN EXCESS OF CAPITAL			
Đ. TOTAL LIABILITIES	241,278	313,920	342,351
G. OFF-BALANCE LIABILITIES	12,500	37,500	37,500

Income statement (in thousands of RSD)	January - December 2015	January - December 2016	January- March 2016	January- March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	375,156	454,444	116,110	131,957
I Sales of goods		1		
II Sales of products and services	375,156	454,443	116,110	131,957
III Revenues from premiums, subsidies, donations, grants etc.				
IV Other operating income				
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	315,767	388,616	97,224	112,200
I Cost of commercial goods sold		1		
V Material consumed	1,563	2,222	308	291
VI Fuel and energy consumed	4,586	5,347	1,700	1,316
VII Staff costs	60,701	67,829	16,058	17,611
VIII Production expenses	231,825	296,190	75,566	89,105
IX Amortization	3,028	3,270	827	877
X Costs of long-term provisions	1,188	760		
XI Intangible costs	12,876	12,997	2,765	3,000
V. PROFIT FROM OPERATIONS	59,389	65,828	18,886	19,757
G. LOSS FROM OPERATIONS				
D. FINANCE INCOME	6,704	2,584	90	372
I Financial income from related persons and other financial income	4,695	1,051		
II Interest income (from third parties)	645	45	26	1
III Gains and positive effects of currency clause	1,364	1,488	64	371
Đ. FINANCE EXPENSES	1,148	734	1,299	202
I Financial expenses related party transactions and other financial expenses	5	41		
II Interest expense (by third parties)	2			
III Foreign exchange gains and negative effects of currency clause	1,141	693	1,299	202
E. PROFIT FROM FINANCING	5,556	1,850		170
Z. LOSS FROM FINANCING			1,209	
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	3,712	1,709		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	16,156	6,629		



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

J. OTHER INCOME	383	4,592	3,481	
K. OTHER EXPENSES	710	168		
L. OPERATING PROFIT BEFORE TAX	52,174	67,182	21,158	19,927
LJ. LOSS FROM OPERATIONS BEFORE TAX				
NJ. PROFIT BEFORE TAXATION	52,174	67,182	21,158	19,927
O. LOSS BEFORE TAXATION				
P. INCOME TAX				
I Current tax expense	9,552	10,294	1,913	2,388
II Deferred income tax expense				
III Deferred income tax benefit	118	114		
R. EARNINGS OF EMPLOYER				
S. NET PROFIT	42,740	57,002	19,245	17,539
T. NET LOSS				

3.14. TIGAR SECURITY

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	30.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	27,832	26,930	26,681
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	27,832	26,930	26,681
Land	1,558	1,558	1,558
Buildings	23,272	22,870	22,770
Plant and equipment	2,742	2,502	2,353
Investment property			
Property, plant and equipment construction			
Investments in others property, plants and equipment	260		
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
Receivables from the parent and subsidiaries			
V. DEFERRED TAX ASSETS	468	430	430
G. CURRENT ASSETS	63,666	68,104	64,295
I. INVENTORIES	413	277	355
Advances paid for supplies and services	413	277	355
II. RECEIVABLES FROM SALE	54,501	63,650	56,610
Customers in the country - the parent and subsidiaries	41,761	50,124	42,931
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	10	45	49
Customers in the country	12,730	13,481	13,630
Customers abroad			
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	3,421	297	48
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT I KROZ BILANS USPEHA			
VI. SHORT-TERM FINANCIAL PLACEMENTS	4,858	3,369	6,919
Short-term loans and investments - parent and subsidiaries	4,858	3,369	6,919
VII. CASH AND CASH EQUIVALENTS	7	34	24
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	466	477	339
D. TOTAL ASSETS = OPERATING ASSETS	91,966	95,464	91,406
Đ. OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	30.03.2017.
A. EQUITY	47,230	48,803	52,058
I. Equity	39,413	39,413	39,413
Share Capital			
Shares of limited liabilities 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 SECURITIES VALUE AND	551	1,132	1,132



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VIII. RETAINED EARNINGS	12,883	15,037	18,292
Retained profit from previous years			15,037
Retained profit from financial year	12,883	15,037	3,255
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	4,515	4,515	4,515
Loss from previous years	4,515	4,515	4,515
Loss for the year			
B. LONG-TERM PROVISIONS AND LIABILITIES	2,418	3,225	3,225
I. LONG-TERM PROVISIONS	2,418	3,225	3,225
Provision for retirement and other employee benefits	2,418	3,225	3,225
Provision for lawsuits			
Other long-term provisions			
II. LONG-TERM LIABILITIES			
V. DEFERRED TAX LIABILITIES			
G. CURRENT LIABILITIES	42,318	43,436	36,123
I. SHORT-TERM FINANCIAL LIABILITIES			
Short-term loans from parent companies and subsidiaries			
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	36	15	14
III. ACCOUNTS PAYABLE	6,033	3,564	2,924
Suppliers - parent and subsidiaries in the country	1,840	1,280	630
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country		5	
Suppliers in the country	4,193	2,279	2,294
Foreign suppliers			
Other liabilities			
IV. OTHER CURRENT LIABILITIES	28,482	31,229	25,010
V. LIABILITIES FOR VALUE ADDED TAX	1,982	4,239	4,072
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,184	321	
VII. ACCRUALS	4,601	4,068	4,103
D. THE LOSS IN EXCESS OF CAPITAL			
Đ. TOTAL LIABILITIES	91,966	95,464	91,406
G. OFF BALANCE SHEET LIABILITIES			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	119,795	140,865	33,208	34,149
I. Sales of goods				
II. Sales of products and services	119,795	139,711	33,208	33,859
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income		1,154		290
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	99,200	118,871	27,507	29,724
I. Cost of commercial goods sold				
II. Work performed by the company and capitalized				
V. Material consumed	144	215	83	54
VI. Fuel and energy consumed	1,260	1,120	389	359
VII. Staff costs	85,298	102,801	23,702	25,889
VIII. Production expenses	1,227	858	294	347
IX. Amortization	1,312	1,235	308	249
X. Costs of long-term provisions	136	461		
XI. Intangible costs	9,823	12,181	2,731	2,826
V. PROFIT FROM OPERATIONS	20,595	21,994	5,701	4,425
G. LOSS FROM OPERATIONS				
D. FINANCE INCOME				
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)				
III. Gains and positive effects of currency clause				
Đ. FINANCE EXPENSES	4,008	3,314	135	367
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	4,008	3,314	135	367



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

III. Foreign exchange gains and negative effects of currency clause				
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	4,008	3,314	135	367
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT				
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	192	161		
J. OTHER INCOME	166	158	48	103
K. OTHER EXPENSES	16	31		17
L. OPERATING PROFIT BEFORE TAX	16,545	18,646	5,614	4,144
LJ. LOSS FROM OPERATIONS BEFORE TAX				
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD		18		
NJ. PROFIT BEFORE TAXATION	16,545	18,628	5,614	4,144
O. LOSS BEFORE TAXATION				
P. INCOME TAX				
I. Current tax expense	3,850	3,553	962	889
II. Deferred income tax expense		38		
III. Deferred income tax benefit	188			
R. EARNINGS OF EMPLOYER				
S. NET PROFIT	12,883	15,037	4,652	3,255
T. NET LOSS				

3.15. PI CHANNEL

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	6,013	5,650	5,573
I. INTANGIBLE ASSETS		45	45
Intangible assets under construction		45	45
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	6,013	5,605	5,528
Buildings	67	61	59
Plant and equipment	584	233	188
Property, plant and equipment construction	33	103	103
Investments in others property, plants and equipment	5,329	5,208	5,178
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
Receivables from parent company and its subsidiaries			
V. DEFERRED TAX ASSETS	48	43	43
G. CURRENT ASSETS	2,480	2,539	4,064
I. INVENTORIES	405	84	
Advances paid for supplies and services	405	84	
II. RECEIVABLES FROM SALE	1,105	1,844	2,238
Customers in the country - other related parties	232	607	977
Customers in the country	873	1,237	1,261
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	205	141	172
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS			
Short-term loans and investments - parent and subsidiaries			
Short-term loans and investments - other related parties			
Other short-term financial investments			
VII. CASH AND CASH EQUIVALENTS	642	449	1,596
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	123	21	58
D. TOTAL ASSETS = OPERATING ASSETS	8,541	8,232	9,680



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

D. OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2016.
A. EQUITY	3,000	3,805	3,607
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 SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VIII. RETAINED EARNINGS	266	1,071	1,071
Retained profit from previous years		266	1,071
Retained profit from financial year	266	805	
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	547	547	745
Loss of previous years		547	547
Loss for the year	547		198
B. LONG-TERM PROVISIONS AND LIABILITIES			
I. LONG-TERM PROVISIONS			
Provision for retirement and other employee benefits			
Provision for lawsuits			
Other long-term provisions			
II. LONG-TERM LIABILITIES			
Long-term loans and loans in the country			
Liabilities arising from finance lease			
V. DEFERRED TAX LIABILITIES			
G. CURRENT LIABILITIES	5,541	4,427	6,073
I. SHORT-TERM FINANCIAL LIABILITIES			
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	376	55	
III. ACCOUNTS PAYABLE	3,604	3,190	3,193
Suppliers - other related parties in the country	1,615	1,788	1,897
Suppliers in the country	1,989	1,402	1,296
IV. OTHER SHORT-TERM LIABILITIES	1,307	835	1,078
V. LIABILITIES FOR VALUE ADDED TAX	78	306	252
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	176	41	1,550
D. THE LOSS IN EXCESS OF CAPITAL			
D. TOTAL LIABILITIES	8,541	8,232	9,680
G. OFF BALANCE SHEET LIABILITIES			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	14,871	15,641	3,256	3,282
I. Sales of goods				
II. Sales of products and services	4,626	8,215	1,656	1,667
III. Revenues from premiums, subsidies, donations, grants etc				
IV. Other operating income	10,245	7,426	1,600	1,615
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	15,055	14,306	3,291	3,452
I. Cost of commercial goods sold				
II. Work performed by the company and capitalized				
III. Increase in inventories of finished products and work in progress				
IV. Decrease in inventories of finished products and work in progress				
V. Material consumed	220	96	33	27
VI. Fuel and energy consumed	1,102	760	199	40
VII. Staff costs	9,893	10,788	2,452	2,839
VIII. Production expenses	1,222	1,203	114	262
IX. Amortization	755	474	220	59



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

X. Costs of long-term provisions				
XI. Intangible costs	1,863	985	273	225
V. PROFIT FROM OPERATIONS		1,335		
G. LOSS FROM OPERATIONS	184		35	170
D. FINANCE INCOME	11			
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)	11			
III. Gains and positive effects of currency clause				
D. FINANCE EXPENSES	127	16	3	2
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	126	16	3	2
III. Foreign exchange gains and negative effects of currency clause	1			
E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	116	16	3	2
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	38			
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT		133		
J. OTHER INCOME	4	61	18	5
K. OTHER EXPENSES	40	382	47	18
L. OPERATING PROFIT BEFORE TAX		865		
LJ. LOSS FROM OPERATIONS BEFORE TAX	298		67	185
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
NJ. PROFIT BEFORE TAXATION		865		
O. LOSS BEFORE TAXATION	298		67	185
P. INCOME TAX				
I. Current tax expense	14	55		14
II. Deferred income tax expense		5		
III. Deferred income tax benefit	31			
R. EARNINGS OF EMPLOYER				
S. NET PROFIT		805		
T. NET LOSS	281		67	199

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	31.12.2015.	22.04.2016.
A. SUBSCRIBED CAPITAL UNPAID		
B. NON-CURRENT ASSETS	26	21
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	26	21
Land		
Buildings		
Plant and equipment	26	21
Investment property		
Property, plant and equipment construction		
Investments in others property, plants and equipment		



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

III. BIOLOGICAL AGENTS		
IV. LONG-TERM FINANCIAL PLACEMENTS		
V. LONG-TERM RECEIVABLES		
Receivables from the parent company and other related parties		
V. DEFERRED TAX ASSETS		
G. CURRENT ASSETS	3,787	3,062
I. INVENTORIES	360	
Supplies , spare parts , tools and supplies		
Unfinished production and unfinished services		
Goods		
Fixed assets held for sale		
Advances paid for supplies and services	360	
II. RECEIVABLES FROM SALE	3,289	2,950
Customers in the country - the parent and subsidiaries	3,046	2,802
Customers abroad - parent and subsidiaries		
Customers in the country - other related parties		
Customers in the country	243	148
Customers abroad		
Other receivables from sales		
III. RECEIVABLES FROM SPECIFIC OPERATIONS		
IV. OTHER RECEIVABLES	44	60
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT		
VI. SHORT-TERM FINANCIAL PLACEMENTS	47	47
Short-term loans and investments - parent and subsidiaries	47	47
Short-term loans and investments - other related parties		
Other short-term financial placements		
VII. CASH AND CASH EQUIVALENTS	45	5
VIII. VALUE ADDED TAX		
IX. PREPAYMENTS	2	
D. TOTAL ASSETS = OPERATING ASSETS	3,813	3,083
D. OFF BALANCE SHEET ASSETS		
EQUITY AND LIABILITIES	31.12.2015.	22.04.2016.
A. EQUITY	1,853	1,464
I. SHARE AND OTHER CAPITAL	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 COMPONENTS OF OTHER COMPREHENSIVE RESULTS		
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	34	34
VIII. RETAINED EARNINGS		
Retained profit from previous years		
IX. PARTICIPATION RIGHTS WITHOUT CONTROL		
X. LOSS	1,297	1,686
Loss of previous years	1,001	1,297
Loss for the year	296	389
B. LONG-TERM PROVISIONS AND LIABILITIES	158	158
I. LONG-TERM PROVISIONS	158	158
Provision for retirement and other employee benefits	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		
V. DEFERRED TAX LIABILITIES		
G. CURRENT LIABILITIES	1,802	1,460
I. SHORT-TERM FINANCIAL LIABILITIES	365	365
Short-term loans from parent companies and subsidiaries	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		



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

III. ACCOUNTS PAYABLE	564	343
Suppliers - parent and subsidiaries in the country	214	267
Suppliers - parent and subsidiaries abroad		
Suppliers - other related parties in the country		
Suppliers in the country	349	76
Foreign suppliers		
Other liabilities	1	
IV. OTHER CURRENT LIABILITIES	772	670
V. LIABILITIES FOR VALUE ADDED TAX	12	2
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES		
VII. ACCRUALS	89	80
D. THE LOSS IN EXCESS OF CAPITAL		
Đ. TOTAL LIABILITIES	3,813	3,083
G. OFF BALANCE SHEET LIABILITIES		

Income statement (in thousands of RSD)	January-December 2015	January - March 2016	January – 22 nd April 2016
INCOME FROM OPERATIONS			
A. OPERATING INCOME	2,286	363	371
I. Sales of goods			
II. Sales of products and services	2,286	363	371
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income			
EXPENSES FROM OPERATIONS			
B. OPERATING EXPENSES	2,768	580	728
I. Cost of commercial goods sold			
V. Material consumed	33	1	1
VI. Fuel and energy consumed	69	3	3
VII. Staff costs	1,955	492	607
VIII. Production expenses	172	19	21
IX. Amortization	70	4	5
X. Costs of long-term provisions	10	0	
XI. Intangible costs	459	62	91
V. PROFIT FROM OPERATIONS			
G. LOSS FROM OPERATIONS	482	217	357
D. FINANCE INCOME	162	2	2
I. Financial income from related persons and other financial income			
II. Interest income (from third parties)	4		
III. Gains and positive effects of currency clause	158	2	2
Đ. FINANCE EXPENSES	76	3	4
I. Financial expenses related party transactions and other financial expenses			
II. Interest expense (by third parties)	2		1
III. Foreign exchange gains and negative effects of currency clause	74	3	3
E. PROFIT FROM FINANCING	86		
Ž. LOSS FROM FINANCING			2
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	41		
J. OTHER INCOME	95	1	135
K. OTHER EXPENSES			165
L. OPERATING PROFIT BEFORE TAX			
LJ. LOSS FROM OPERATIONS BEFORE TAX	342	218	389
NJ. PROFIT BEFORE TAXATION			
O. LOSS BEFORE TAXATION	342	218	389
P. INCOME TAX			
I. Current tax expense			
II. Deferred income tax expense			
III. Deferred income tax benefit	46		
R. EARNINGS OF EMPLOYER			
S. NET PROFIT			
T. NET LOSS	296	218	389



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

3.17. TIGAR INTER - RISK

BALANCE SHEET (in thousands of RSD)

ASSETS	31.12.2015.	31.12.2016.	31.03.2017.
A. SUBSCRIBED CAPITAL UNPAID			
B. NON-CURRENT ASSETS	21	12	10
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	21	12	10
Land			
Buildings			
Plant and equipment	21	12	10
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			
Receivables from the parent company and other related parties			
V. DEFERRED TAX ASSETS			
G. CURRENT ASSETS	2,958	2,958	3,021
I. INVENTORIES	1		
Supplies , spare parts , tools and supplies			
Unfinished production and unfinished services			
Goods			
Fixed assets held for sale			
Advances paid for supplies and services	1		
II. RECEIVABLES FROM SALE	513	841	861
Customers in the country - the parent and subsidiaries	188	246	352
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties			
Customers in the country	325	595	509
Customers abroad			
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	197	102	99
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	2,132	1,973	1,973
Short-term loans and investments - parent and subsidiaries	2,132	1,973	1,973
Short-term loans and investments - other related parties			
Other short-term financial placements			
VII. CASH AND CASH EQUIVALENTS	75	3	59
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	40	39	29
D. TOTAL ASSETS = OPERATING ASSETS	2,979	2,970	3,031
Đ. OFF BALANCE SHEET ASSETS			
EQUITY AND LIABILITIES	31.12.2015.	31.12.2016.	31.03.2017.
A. EQUITY	1,992	1,930	2,033
I. SHARE AND OTHER CAPITAL	1,973	1,973	1,973
Share Capital			
Shares of limited liability companies	1,973	1,973	1,973
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	19	35	35
VIII. RETAINED EARNINGS	93	47	150



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Retained profit from previous years			47
Retained profit for the year	93	47	103
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	55	55	55
Loss of previous years	55	55	55
Loss for the year			
B. LONG-TERM PROVISIONS AND LIABILITIES	89	74	74
I. LONG-TERM PROVISIONS	89	74	74
Provision for retirement and other employee benefits	89	74	74
Provision for lawsuits			
Other long-term provisions			
II. LONG-TERM LIABILITIES			
Long-term loans and loans in the country			
Liabilities arising from finance lease			
V. DEFERRED TAX LIABILITIES	2	2	2
G. CURRENT LIABILITIES	896	964	922
I. SHORT-TERM FINANCIAL LIABILITIES	48		
Short-term loans from parent companies and subsidiaries	48		
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	73	238	150
Suppliers - parent and subsidiaries in the country	57	178	130
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country			
Suppliers in the country	16	60	20
Foreign suppliers			
Other liabilities			
IV. OTHER CURRENT LIABILITIES	680	650	697
V. LIABILITIES FOR VALUE ADDED TAX			
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	95	76	75
D. THE LOSS IN EXCESS OF CAPITAL			
D. TOTAL LIABILITIES	2,979	2,970	3,031
G. G. OFF BALANCE SHEET LIABILITIES			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January - March 2016	January – March 2017
INCOME FROM OPERATIONS				
A. OPERATING INCOME	2,382	2,023	525	507
I. Sales of goods				
II. Sales of products and services	2,382	2,023	525	507
III. Revenues from premiums, subsidies, donations, grants etc				
IV. Other operating income				
EXPENSES FROM OPERATIONS				
B. OPERATING EXPENSES	2,375	1,948	625	390
I. Cost of commercial goods sold				
V. Material consumed	7	15	3	
VI. Fuel and energy consumed	92	40	23	
VII. Staff costs	1,899	1,531	482	320
VIII. Production expenses	29	10	1	3
IX. Amortization	8	9	2	2
X. Costs of long-term provisions	2			
XI. Intangible costs	338	343	114	65
V. PROFIT FROM OPERATIONS	7	75		117
G. LOSS FROM OPERATIONS			100	
D. FINANCE INCOME	1	0		0
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)	1	0		0
III. Gains and positive effects of currency clause				
D. FINANCE EXPENSES	5	9	3	2
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	5	9	3	2
III. Foreign exchange gains and negative effects of currency clause				

	BUSINESS REPORT	Document Reference
	FOR THE PERIOD JANUARY- MARCH 2017	IZ.P. 17/01a

E. PROFIT FROM FINANCING				
Z. LOSS FROM FINANCING	4	9	3	2
Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT	134			
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT				
J. OTHER INCOME	11	32		
K. OTHER EXPENSES		3	3	
L. OPERATING PROFIT BEFORE TAX	148	95		115
LJ. LOSS FROM OPERATIONS BEFORE TAX			106	
M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD				
NJ. PROFIT BEFORE TAXATION	148	95		115
O. LOSS BEFORE TAXATION			106	
P. INCOME TAX				
I. Current tax expense	53	49	13	12
II. Deferred income tax expense	2			
III. Deferred income tax benefit				
R. EARNINGS OF EMPLOYER				
S. NET PROFIT	93	46		103
T. NET LOSS			119	

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 31.03.2017 is 183, of which 319,381 m², is undeveloped land, while the useful area is 97,044 m². The total carrying value of Tigar a.d. and its dependent entities land as of 31.03.2017 is RSD 469,881,831.19.

The carrying value of the land of the Free Zone as of 31.03.2017 is RSD 15,420,685.98.

Buildings

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

The aggregate useful surface area owned by Tigar and its main subsidiaries is 97,044 m². As of 31.03.2017, the carrying value of the buildings owned by Tigar and its major subsidiaries is RSD 2,108,347,080.22

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



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Entity	Value in RSD as of 31.03.2017
Tigar AD	266,181,099.77
Total:	266,181,099.77

Book value of buildings

Book value of buildings (in RSD)			
Entity	30.09.2016.	31.12.2016.	31.03.2017.
Tigar AD	1,685,430,372.46	1,749,863,282.62	1,742,491,799.62
Ti-car Trgovine	1,333,033.62	1,325,660.62	1,318,287.62
Tigar Business Service	13,211,955.46	13,157,778.46	13,103,599.46
Tigar Security	22,970,878.07	22,870,352.07	22,769,826.07
Free Zone	74,826,556.31	75,552,904.48	75,192,117.58
Tigar Incon	128,751,772.57	128,224,315.57	127,696,857.57
Tigar Catering	125,454,034.06	126,367,357.03	125,774,592.30
Total	2,051,978,602.55	2,117,361,650.85	2,108,347,080.22

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

Entity	Value in RSD on 31.03.2017.
Tigar AD	358,233,805.44
Ti car trgovine	27,770,247.11
Total:	386,004,052.55

Real estate transactions

Pursuant to the adopted Prepackaged Plan of Reorganization, in the period January - March 2017 were carried out the following real estate transactions of the Company:

- At a public auction held on 01.03.2017 was sold real estate – separate part of a residential building, a three-room apartment in Pirot, at 19 Vuka Pantelica Street, IV floor, apartment no. 17, on the cadastral plot 2217/1 from immovable property list 3606 KO Pirot Grad, area 72 m², property of Tigar a.d. Pirot.

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 Tax Administration and Deposit Insurance Agency on immovables listed below.

At the end of I quarter of 2017, 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.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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.

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 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.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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.

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.

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



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

3620/1 in favor of Societe Generale bank a.d. Belgrade and Postal Savings bank a.d. Belgrade. Certificates of removal from Postal Savings Bank are expected.

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.952-02-12-48/2016 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. The first half of 2016 is the second year in a row that records a decline of BSE indices, when belex 15 recorded a decline by 5,54%, and belexline by 3,59%. In the third and fourth quarter of 2016 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 in the first quarter of 2017 as well when there was recorded growth in Belex 15 by 1,02% and belexline by 2,19%, which partly represents the response of the owners of capital surplus at the currently relatively limited offer of investment products and opportunities in Serbia. Successful revision of the program



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a

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.

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.

During 2016 the price of Tigar a.d. shares ranged between RSD 60-150, which represents a great price fluctuation. 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 as well as 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.

In the first quarter of 2017 is observed a greater price fluctuation. The price ranged between RSD 130 and 60, which represents a decline in price by 53,85%. On the last day of March was traded at the price of RSD 78, which represents a growth in price by 30% in relation to the lowest price at which was traded in mid March. It was traded with 10.310 shares only, which represents 0,13% of the total number of the Company's shares and it did not influence the change of ownership structure in relation to the end of 2016.

The following table contains a summary of key data from trading of Company's shares during the first quarter of 2017.

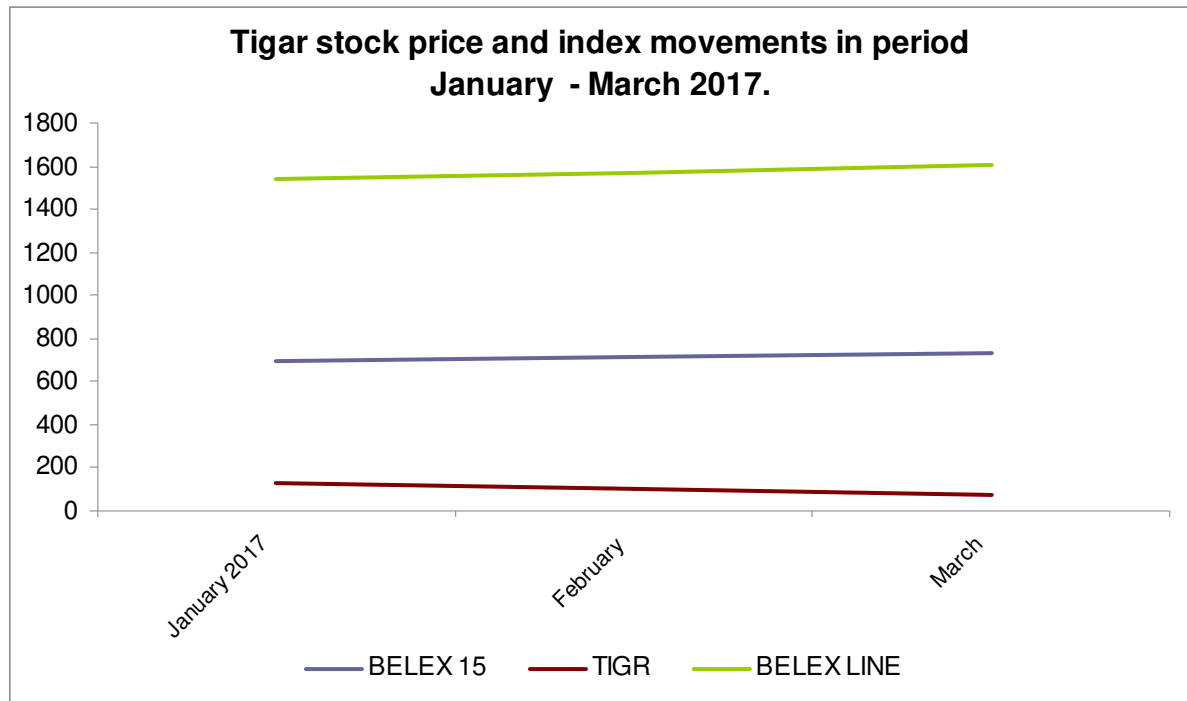
	31 DECEMBER 2016	31 MARCH 2017	% CHANGE
Number of shareholders	4,389	4,390	0,02
Total number of issued shares	4,429,923	7,665,481	
Book value of shares	-531,76	-98,35	
Market price of shares	130,00	78,00	-40,00
Lowest price during the period (in RSD)	60.00 – 24.03.2017.		
Highest price during the period (in RSD)	130.00 –04.01.2017.		
Average price I - III 2017	102,56		
Market capitalization in RSD	575,889,990	597,907,518	

The graph below shows the parallel representation of stock price and index movements during the period January – March 2017.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a

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.

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.

During I quarter of 2017, on 10.02.2017 in the CSD&CH was registered VIII issue of shares with which the Republic of Serbia obtained 3.234.664 shares. Subsequently, the total number of Tigar's shares amounts to 7.665.481 and the state participates with 42,2% in the Company's capital.

Ownership structure at the end of I quarter 2017

Shareholders	31.03.2017.
Legal entities	91.17
Individuals	7.62
Custody accounts	1.21

Tigar's ownership structure at the of I quarter 2017, after the subscription of VIII issue of shares changed significantly in relation to the end of 2016. 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.

	BUSINESS REPORT FOR THE PERIOD JANUARY- MARCH 2017	Document Reference
		IZ.P. 17/01a

Top ten shareholders as of 31.03.2017

In comparison with the same period in 2016 when there were traded only 5.526 shares, in the first quarter of 2017 was traded with 10.310 shares which represents a greater nominal trading volume with the Company's shares by 86,57% which along with the new issue of shares led to significant changes 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	REPUBLIKA SRBIJA	3,234,664	42,20
2	POŠTANSKA ŠTEDIONICA BANKA AD	1,448,601	18,90
3	REPUBLIČKI FOND ZA PENZIJSKO I INVAL. OSIG.	581,367	7,58
4	AKCIONARSKI FOND AD BEOGRAD	429,429	5,60
5	NIKOMMS DOO BEOGRAD	380,579	4,96
6	OPŠTINA PIROT	245,432	3,20
7	KOMPANIJA DUNAV OSIGURANJE A.D.O.	215,487	2,81
8	PIO FOND RS	149,981	1,96
9	REPUBLIČKI ZAVOD ZA ZDRAVSTVENO OSIGUR.	122,184	1,59
10	JUBMES BANKA A.D. BEOGRAD	61,407	0,80

Data from the Central Registry of Securities and the Depository and Clearing House as of 31.03.2017 were published at www.crhov.rs

6. SUSTAINABLE DEVELOPMENT

6.1. EMPLOYEES

Headcount and structure

On 31.03.2017 the number of people employed in Tigar Group was the following:

Workforce on 31.03.2017	
Company	Number of employees
Tigar a.d. collectively	1,007
Tigar a.d.	238
Footwear Plant	638
Technical Rubber Goods plant	110
Chemical Products plant	21
Other	435
Total	1,442

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.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

Employee expenses

Total employee expenses in the period I-III 2017 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-III 2017

	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD
TIGAR AD collectively	109.606	185.700
– <i>Tigar a.d.</i>	28.862	48.349
– Tigar Rubber Footwear	66.617	113.318
– Tigar Technical Rubber Goods	11.672	19.696
– Tigar Chemical Products	2.454	4.337
Other	41.975	70.600
Total	151.580	256.300

Optimization of human resources

During the period I-III 2017, 17 of permanently employed people have left Tigar a.d. and its dependent entities on various basis.

Organizational unit	No. of employees/ RSD	Retirement	Redundancy	Other*	TOTAL
Tigar AD collectively	No. of employees	2		6	8
	Amount in RSD	261,744.00			261,744.00
<i>*Tigar a.d.</i>	No. of employees				
	Amount in RSD				
<i>* Tigar Rubber Footwear</i>	broj zaposlenih	2		6	8
	Amount in RSD	261,744.00			261,744.00
<i>* Tigar Technical Rubber Goods</i>	No. of employees				
	Amount in RSD				
<i>* Tigar Chemical products</i>	No. of employees				
	Amount in RSD				
Other	No. of employees	1		8	9
	Amount in RSD	126,122.00			126,122.00
Total	No. of employees	3		14	17
	Amount in RSD	387,866.00			387,866.00

*As of these 13 full-time employees who terminated their employment on other grounds, 12 employees resigned of their own volition, fatal case – 1 employee, 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 2017 also.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

I.Z.P. 17/01a

Employee training

The following number of employees was trained in the period I – III 2017 through internal and external training programs:

Employee training – internal and external			
	INTERNAL TRAININGS	EXTERNAL TRAININGS	TOTAL
Tigar AD collectively	81	13	94
– <i>Tigar a.d.</i>	6	13	19
– Footwear	73	0	73
– Technical Rubber Goods	2	0	2
– Chemical Products	0	0	0
Others	102	0	102
Total	183	13	196

Employee training expenses in the period I – III 2017 amounted to RSD 123,000.00 or 0.05 % of paid gross salaries.

In the period January – March 2017, internship (professional practice) was completed by 60 students from Pirot secondary schools and 3 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.

In February was carried out supervision by the buyer Decathlon during February.

In February in Tigar Incon was carried out supervisory check of integrated management systems (IMS) by " Kvalitet a.d. Niš ", company for certification and supervision of quality systems. 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



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

chemicals is carried out in accordance with regulations and internally defined procedures. About the generated waste takes care the company Ti-car Trade I.l.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 March was done reporting towards:

1. Statistical Office of the Republic of Serbia:

- For Tigar a.d. – WU Energetics (questionnaire WAT1:Water Use and Protection against Pollution for the year 2016; questionnaire CHE1: Consumption of hazardous chemicals in 2016),
- For Tigar a.d. (questionnaire OT-S: on waste generated for the year 2016)

2. National Register of Pollution Sources – annual report and data entry in the NRPS portal (air emissions, special waste flows, packaging waste, waste management) for 2016.

3. Local Register of Pollution Sources – reporting for Tigar a.d. for the year 2016.

In the period January – March 2017 was carried out sampling and testing of wastewater quality. Testing results of wastewater 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.

6.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Pirot* in English, and *Akcionarsko društvo Tigar – Pirot*, in Serbian. Its short name is Tigar AD – Pirot in 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 March 2017:

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	29.01.27.	Tigar AD



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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
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. Zaštin. Zn. 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Med. Zaštin. 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

	BUSINESS REPORT	Document Reference
	FOR THE PERIOD JANUARY- MARCH 2017	IZ.P. 17/01a

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, www.tigar.co.rs and 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

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



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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.

During 2017 it will be continued with more active donor activities in the part of support to inclusive society, humanitarian activities as well as with support to the local community.

In early 2017, according to the good commercial practice, marketing and promotion activities, we sponsored part of the gift during the traditional manifestation 'Wolf Quest' organized by Blace Hunters Association

There was provided help in goods (rubber boots) for the needs of the Home Care and Treatment Service, since health workers are in the field all the time, and they visit patients in remote places in extremely unfavourable weather conditions.

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 31.03.2017 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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

7. MAJOR JANUARY – MARCH 2017 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.

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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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...



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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 20 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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

Risks conditioned by the macroeconomic environment and general business conditions

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

Market-and Industry-related risks

- Tigar Marketing Strategy is defined in terms of opportunities and threats of the market and business environment and is consistent with the fundamental competitive advantages of Tigar in the production of rubber footwear.

Its main elements are: 1) the differentiation of production based on the high quality of production and products, continued development of programs and products and high-quality service related to product development for the off-take production, 2) off-take production as the main form of the market expansion, and 3) development and profiling of own brand.

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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

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

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 - March 2017 it was traded with a total of 10.310 shares, meaning that 0,13% of the total number of issued shares at the end of I quarter 2017 changed their owner and along with the newly issued shares of VIII issue (3.234.664 ordinary voting shares) led to significant changes in the Company's ownership structure.

At the end of I quarter 2017 the Company's largest shareholder is the Republic of Serbia (as of 10.02.2017 there was registered VIII release of shares in the CSD and Clearing House with which the Republic of Serbia acquired 3.234.664 shares). After the VIII release was registered the total number of Tigar shares amounts to 7.665.481 shares and the state participates with 42,2%, whereas together with the Equity Fund of RS 5,60%, Pension and Disability Insurance Fund 9,54%, Republic Health Insurance Fund 1,59% and the National Employment Service 0,49% it has a total of 59,43%.

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.



BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017

Document Reference

IZ.P. 17/01a

10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE I QUARTER OF 2017

Changes in the business of the entities Tigar Americas and Tigr Montenegro:

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 Tigr Montenegro has shown negative business result in the previous period, the parent company Tigar a.d. has undertaken activities in order to solve the status of this entity through the sale of Tigar a.d. share in Tigr Montenegro I.l.c. Podgorica or by initiating the bankruptcy proceedings before the competent authorities.

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 Tigar a.d. capital. 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 Government's recommendation and in the last quarter of 2016 there were realized three releases of shares (V, VI, VII) whose total value amounted to RSD 1.014.087.162. In January 2017 was carried out VIII release of shares, in the amount of RSD 1.210.098.692. Following the releases of shares through conversion of debts into permanent stake in the JSC Tigar Pirot capital there came about an increase in Company's capital so that the Company's capital now amounts to RSD 2,866,890,000.00.

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%.

Corporate Governance Code:

The Company adopted Corporate Governance Code on 08.09.2005 when its implementation began. In early 2017 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, as well as on the respective Internet pages of Belgrade Stock Exchange and Central Securities Depository and Clearing House.



**BUSINESS REPORT
FOR THE PERIOD JANUARY- MARCH 2017**

Document Reference

IZ.P. 17/01a

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

On 04.04.2017 Velibor Stević resigned from his position of a member of the Tigar a.d. Pirot Supervisory Board, which the Supervisory Board adopted at the session held on 24.04.2017 when Milutin Radenković was coopted as a member of the Supervisory Board, until the first regular session of the General Assembly.

Board of Creditors:

On 07.04.2017 there was held electronic session of the Board of Creditors. On that occasion the Board of Creditors accepted Milutin Radenković as a new member of the Supervisory Board at the proposal of shareholders Nikomms I.I.c. Belgrade and Nikola Radenković.

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.

**DIRECTOR OF ACCOUNTING FUNCTION
TIGAR AD**

Aleksandra Đorđević

MANAGING DIRECTOR OF TIGAR AD

Branislav Čurić

**CHAIRMAN OF TIGAR AD
SUPERVISORY BOARD**

Nebojša Petrović

	BUSINESS REPORT	Document Reference
	FOR THE PERIOD JANUARY- MARCH 2017	IZ.P. 17/01a

DECLARATION

Pursuant to article 50 (3) of the Capital Market Law, as individuals responsible for the preparation of quarter 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 the corrected quarter report at its session held on July 14th, 2017.

**DIRECTOR OF ACCOUNTING FUNCTION
TIGAR AD**

Aleksandra Đorđević

MANAGING DIRECTOR OF TIGAR AD

Branislav Čurić

**CHAIRMAN OF TIGAR AD
SUPERVISORY BOARD**

Nebojša Petrović