

**Tigar**®

JOINT STOCK COMPANY TIGAR

# BUSINESS REPORT FOR THE PERIOD JANUARY – JUNE 2017

Distribution list:

e: [www.tigar.com](http://www.tigar.com)

p: Supervisory Board members archive

Key words: TIGAR, REPORT, BUSINESS, JUNE 2017		Document Reference
		<b>IZ.P.17/02</b>
Date: 2017-08 -17	Author: Vladimir Ilić	Approved by: Dragan Todorović



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

Document Reference

**IZ.P. 17/02**

## TABLE OF CONTENTS

ASSESSMENT OF PERFORMANCE IN THE PERIOD JANUARY –JUNE 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 .....	11
2.3 EVALUATION OF THE MARKET POSITION OF FOOTWEAR PROGRAM IN THE PERIOD JANUARY – JUNE 2017 .....	12
2.4 EVALUATION OF THE MARKET POSITION OF RUBBER TECHNICAL GOODS PROGRAM IN THE PERIOD JANUARY – JUNE 2017 .....	14
2.5 EVALUATION OF THE MARKET POSITION OF THE CHEMICAL PRODUCTS PROGRAM IN THE PERIOD JANUARY – JUNE 2017 .....	15
2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OF THE SERVICE NETWORK IN THE PERIOD JANUARY – JUNE .....	15
2.8. PRODUCTION OUTPUT.....	16
3. FINANCIALS FOR THE PERIOD JANUARY – JUNE 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 .....	27
3.6. TIGRA MONTENEGRO – MONTENEGRO .....	28
3.7. TIGRA TREJD – REPUBLIC OF SRPSKA .....	28
3.8. TIGAR PARTNER – MACEDONIA .....	29
3.9. TI-CAR TRGOVINE .....	29
3.10. TIGAR BUSINESS SERVICE .....	33
3.11. TIGAR CATERING.....	36
3.12. TIGAR INCON .....	40
3.13. FREE ZONE PIROT .....	43
3.14. TIGAR SECURITY .....	46
3.15. PI CHANNEL .....	49
3.16. TIGAR TOURS.....	52
3.17. TIGAR INTER - RISK.....	55
4. REAL ESTATE AND LEGAL MATTERS .....	59
4.1 REAL ESTATE.....	59
4.2. LEGAL PROCEEDINGS .....	63
5. CAPITAL MARKET POSITION .....	63
6. SUSTAINABLE DEVELOPMENT .....	66
6.1. EMPLOYEES.....	66
6.2. INTEGRATED MANAGEMENT SYSTEMS.....	68
6.3. ENVIRONMENTAL PROTECTION AND EMPLOYEES' OCCUPATIONAL HEALTH AND SAFETY .....	68
6.4. INTELLECTUAL PROPERTY .....	69
6.5. INFORMATION TECHNOLOGY .....	70



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

Document Reference

**IZ.P. 17/02**

6.6. SOCIAL RESPONSIBILITY.....	71
6.7. CORPORATE GOVERNANCE.....	72
7. MAJOR JANUARY – JUNE 2017 TRANSACTIONS WITH RELATED PARTIES.....	73
8. RESEARCH AND DEVELOPMENT .....	73
9. ADVANTAGES AND RISKS .....	74
9.1. ADVANTAGES .....	74
9.2. RISKS.....	75
10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE II QUARTER OF 2017 .....	78



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

Document Reference

**IZ.P. 17/02**

## **ASSESSMENT OF PERFORMANCE IN THE PERIOD JANUARY – JUNE 2017**

Pursuant to the Conclusion of the Government of the Republic of Serbia adopted on 13.09.2016 by which state creditors are given consent and recommendation to convert debts into company capital, in the course of 2016 and in early 2017 there were carried out the following releases of shares:

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

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

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

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

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

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

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

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

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

In February 2017 was carried out another issue of ordinary shares for the purpose of capital increase:

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

**Capital increase registered at SBRA as of 07.03.2017.**

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



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

Document Reference

**IZ.P. 17/02**

Conversion with the Development Fund of the Republic of Serbia for the loan approved from the funds of the Fund and Privredna bank Belgrade in bankruptcy has not been carried out yet. On 01.11.2016 the Development Fund of the Republic of Serbia made a positive decision on converting the debt into capital, but implementation of this decision shall ensue after all creditors from the Government's Conclusion have carried out conversions. Due to its specific situation, Privredna bank in bankruptcy must have the decision by its Supervisory Board which has not yet been made.

After completion of the VIII release of issues there came about significant change in the ownership structure. At the end of the II quarter of 2017, the company's largest shareholder is the Republic of Serbia (as of 10.02.2017 in the CSD&CH was subscribed VIII issue of shares with which the Republic of Serbia acquired 3.234.664 shares). After the subscription of VIII issue of shares 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 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%.

Due to the conversions carried out and registration of the newly-released shares in the Central Securities Depository and Clearing House there came about inconsistencies in the number of registered and released shares. The company has taken steps to engage the said shares, but since on 13.04.2017 the Government of the Republic of Serbia passed a Conclusion on launching the initiative for privatization of Tigar A.D. and dependent entities, this part shall be implemented accordingly.

The first half of 2017 was marked by decrease in sales volume in export by 44% in relation to the same period in 2016, as a consequence of decrease in demand volume by the existing large customers. Production volume lacked due to several objective circumstances with the buyers themselves and because of still small volume of realization with the three new foreign customers. The process of winning and introducing new articles that are demanded by the customers is a complex one and requires a longer time period.

The main factor of decrease in sales volume when it comes to export in this period is the lack of deliveries of special protective boots for the needs of Finnish market 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 third and fourth quarter. When it comes to the second largest customer, there were made some organizational changes in the first half of 2017 which reflected on reduced production volume in this period. Intensified deliveries are expected in mid – July.

Lower demand is also present in traditional market where Tigar places its products due to unfavourable weather conditions for this type of products.

In the first half of 2017 positive turnover growth was achieved by the new customers from Poland and Italy.

The total sale of Tigar program from the year's beginning is at the level of RSD 653,7 million, of which 68% achieved in export and is lower by 34% in relation to the same period in the previous year.



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

Document Reference

**IZ.P. 17/02**

The sale of the Rubber footwear program is by 38% 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 – June 2017 has recorded a decline by 21% in relation to the previous year in the domain of footwear program in tons, i.e. a decrease by 20% when we observe production in pairs.

The sale of the Tigar Technical Goods' program is by 1% lower in relation to the same period in the previous year, whereas the production of the Tigar Technical Goods' program in tons is by 10% greater in relation to the previous year.

When it comes to the Chemical Products program the sale is by 45% lower in relation to the same period last year, whereas production in tons is by 40% lower.

Consolidated operating income recorded a decline by 23% in relation to the previous year. There was stated operating loss (EBIT) in the period January –June in the amount of 98,210 thousand dinars, whereas in the same period the previous year was stated operating profit in the amount of 50,159 thousand dinars. Operating profit prior to amortization and provisions (EBITDA) amounts to 22,687 thousand dinars, whereas in the previous year was recorded operating profit prior to amortization and provisions in the amount of 131,440 thousand dinars.

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 bilateral 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.

Since the Company had not obtained official replies from most creditors, apart from DEG and AIK bank, following the meetings held and upon the request of most creditors in May 2017 was held a joint meeting of all larger creditors which was attended by representatives of the Ministry of Economics. Due to delays in settlement of obligations, and to avoid having the account blocked, the meeting concluded that signing of the Stand still contract is necessary until creditors have made final decisions whether they agree or disagree with corrections of the terms from the PPoR. At the meeting, creditors' proposal was that unless agreement concerning amending the terms is reached by all creditors new PPoR should be drafted. By the reporting date, the company has not yet received replies from all creditors regarding signing of the Stand still contract.

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.



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

Document Reference

**IZ.P. 17/02****1. INTRODUCTION**

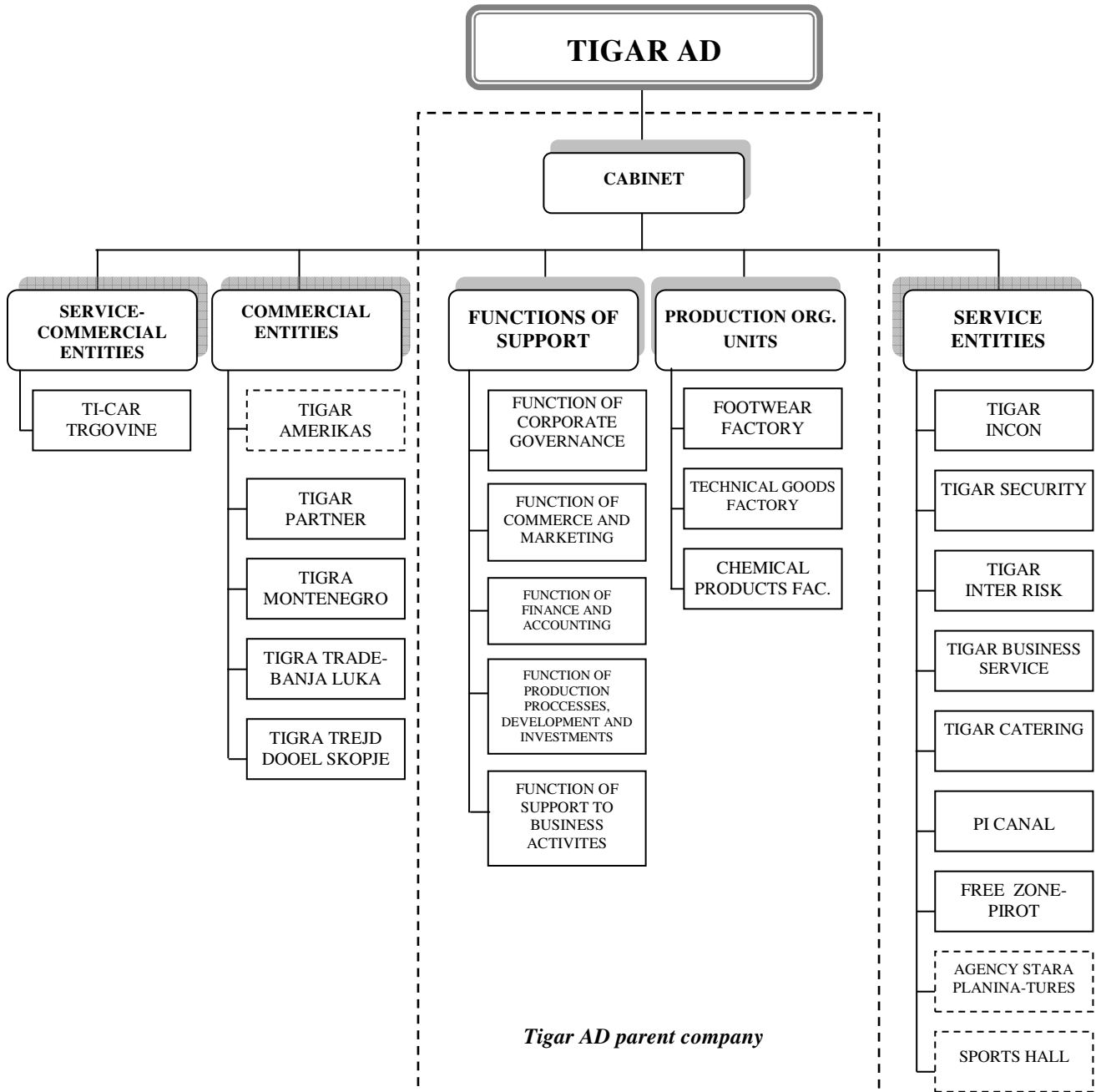
## 1.1. GENERAL

<b>Registered name:</b> Akcionarsko društvo "Tigar" Pirot (Joint-Stock Company Tigar Pirot, hereinafter also referred to as Tigar / the Company / the Holding)	<b>Registered address:</b> 213, Nikole Pašića Street, 18300 Pirot, Serbia
<b>Corporate ID:</b> 07187769	<b>Tax ID:</b> 100358298
<b>Web site:</b> <a href="http://www.tigar.com">www.tigar.com</a>	<b>Certificate of incorporation:</b> Registry File 1-1087
<b>Core activity:</b> 6420- Holdings	<b>Number of employees:</b> 30/06 /2017 1,400
<b>Number of shareholders:</b> 30/06/2017 4,388	<b>Capital:</b> 30/06/2017 (000 rsd) 0
<b>Assets:</b> 30/06/2017 (000 din 5,469,656)	<b>Capitalization:</b> 30/06/2017 (000 rsd) 475,260



**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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

### 1.3.INVESTMENTS

During first two quarters of 2017, the investment status was as follows:

In thousands RSD	Purchase of fixed assets and intangible investments
	January – June 2017
<b>Tigar a.d.</b>	1,627
Tigar Technical Goods	0
Tigar Chemical Products	0
Tigar Footwear	1,196
Tigar a.d.-functions	431
<b>Service entities</b>	<b>10,403</b>
<b>Total</b>	<b>12,030</b>

In thousands RSD	Purchase of fixed assets and intangible investments - service entities
	January – June 2017
Business Service	0
TI-CAR Trgovine	0
Tigar Catering	0
Security	0
Inter Risk	0
Incon	0
Pi canal	0
Free Zone	10,403
<b>Total services</b>	<b>10,403</b>

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.

During the observed period, in Free Zone Pirot was built a new warehouse and there was made extension of additional fields of the two existing warehouses as well as purchase of the necessary 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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

## **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 – June 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 appropriate 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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

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

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

Tigar's business and development strategy for the period 2016 – 2019 implies the following guidelines:

- Volume growth, through increased sales to both existing and new customers and markets and through introduction of new products;
- Ongoing product mix changes, focusing on highly sophisticated products;



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

Document Reference

**IZ.P. 17/02**

- 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 – JUNE 2017

Total sales of finished products and goods in the first half of 2017 is by 33% lower in relation to the same period last year:

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
Tigar Footwear	881,891	550,449	-38%
Rubber Technical Goods	93,835	92,428	-1%
Chemical Products	19,771	10,825	-45%
Tires	15,913	19,165	20%
Other programs	6,194	5,768	-7%
<b>TOTAL</b>	<b>1,017,604</b>	<b>678,636</b>	<b>-33%</b>

Sales of products and goods in Serbia and from Serbia in the period January – June 2017 amounted to approximately RSD 679 million, of which 65% (RSD 444 million) in export. The program of rubber footwear still has the greatest share in export which amounts to 90% (RSD 399 million).

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>Domestic market</b>	<b>259,061</b>	<b>234,955</b>	<b>-9%</b>
- Tigar Footwear	171,648	151,865	-12%
- Rubber Technical Goods	56,264	51,061	-9%
- Chemical Products	9,042	7,096	-22%
- Tires	15,913	19,165	20%
- Other programs	6,194	5,768	-7%

	<b>BUSINESS REPORT</b>	Document Reference
	<b>FOR THE PERIOD JANUARY- JUNE 2017</b>	<b>IZ.P. 17/02</b>

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>Export</b>	<b>758,543</b>	<b>443,682</b>	<b>-42%</b>
- Tigar Footwear	710,243	398,585	-44%
- Rubber Technical Goods	37,571	41,367	10%
- Chemical Products	10,729	3,730	-65%

Sales of program of rubber footwear in the first half of 2017 is by 38% lower than in the same period in 2016, whereby export is by 44% lower, whereas in the domestic market there was recorded a decline in sales volume by 12% in relation to the same period last year.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>Footwear Tigar</b>	<b>881,891</b>	<b>550,449</b>	<b>-38%</b>
- Domestic market	171,648	151,865	-12%
- Export	710,243	398,585	-44%

The first half of 2017 was marked by decrease in sales volume in export by 44% 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 period 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 third and fourth quarter.

Early this year, the buyer from Denmark with which Tigar has a successful long-term cooperation made organizational changes, which conditioned that they reduce order in the first half of this year in relation to the same period last year.

When it comes to deliveries for the buyer Dechatlon, according to planned and announced scope for the year 2017, a growth is to be expected in relation to 2016, except that deliveries for this customer which were supposed to be realized in June were postponed for July, but their volume was smaller than expected due to problems in organization within Dechatlon group conditioned by the organization of IT support in their company Madirom from Romania where their sales and logistics center had been relocated. More intense deliveries are expected in mid – July.

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

In the first half 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.



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

Document Reference

**IZ.P. 17/02**

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 half of 2017 is still not at the desired level.

There were sent samples of rubber boots for children and women, and in progress is certification of protective boots (firefighters) for new prospective buyers from Turkey and the Netherlands following their visit in May and June.

In the domestic market in the first half of 2017 there was recorded a decline in sales by 12% in relation to the same period 2016 because largest customers paid in advances which were not realized 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 in first half of 2017 and the advance amounts to around RSD 50 million at any given time.

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

The sales of the production program of technical goods in the first half of 2017 is by 1% lower compared to the same period in 2016 and in view of the trend of decline of realization and insufficient capacity utilization 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>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>Rubber Technical Goods</b>	<b>93,835</b>	<b>92,428</b>	<b>-1%</b>
- Domestic market	56,264	51,061	-9%
- Export	37,571	41,367	10%

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 created 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



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

Document Reference

**IZ.P. 17/02**

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 – JUNE 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.

In the first half of 2017 sales volume is by 45% lower compared to the same period in the previous year, as an outcome of undelivered goods by tenders which are uncertain due to complaints to the said, so the 25,5t export of adhesives for the mining industry in the Bulgarian market lacked, and in the domestic market was recorded a decline in sales by 22% because the delivery for TE-KO Kostolac lacked due to failure to resolve tender complaints ever since October 2016.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>Chemical Products</b>	<b>19,771</b>	<b>10,825</b>	<b>-45%</b>
- Domestic market	9,042	7,096	-22%
- Export	10,729	3,730	-65%

## 2.6. DISTRIBUTION OF TIRES, OTHER COMPLEMENTARY PRODUCTS AND SERVICES OF THE SERVICE NETWORK IN THE PERIOD JANUARY – JUNE 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 half of 2017 the service network has recorded an increase in sales volume by 13% in relation to the same period 2016.

<i>Net income from sales of goods and products in Serbia and from Serbia 000 rsd</i>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
- Tires	15,913	19,165	20%
- Other programs	6,194	5,768	-7%
<b>TOTAL</b>	<b>22,107</b>	<b>24,934</b>	<b>13%</b>



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

Document Reference

**IZ.P. 17/02**

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 particularly internal factors.

Prices of natural rubber in the second quarter were higher by 13% on average in comparison with the first quarter in 2017, whereas prices of synthetic rubber were higher by 4% on average. Prices of silicate fillers did not change.

In the second quarter of 2017 prices of EPDM compounds were lower by 1% compared to the prices in the first quarter of 2017.

In the reporting period the price of char did not change, prices of solvents were higher by some 5%, whereas prices of technical textiles observed as a group were higher by 1%.

Average price of oil fuel in the second quarter of 2017 was lower by some 6,3% in relation to the first quarter of 2017.

## 2.8. PRODUCTION OUTPUT

There was realized the following production by programs:

Production (pairs)	January – June 2016	January – June 2017	%
Tigar Footwear	558,718	446,148	-20%

Production (tons )	January – June 2016	January – June 2017	%
Tigar Technical Goods	194	214	10%
Chemical Products	86	52	-40%
<b>TOTAL</b>	<b>280</b>	<b>266</b>	<b>-5%</b>

During the period January – June 2017, total realized production in Footwear factory was 446,148 pairs, which is by 20% less in relation to the same period last year. Total production achieved in tons in the factories Rubber Technical Goods and Chemical Product was 266t, which is by 5% less with respect to the same period last year.





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

Document Reference

**IZ.P. 17/02**

### 3. FINANCIALS FOR THE PERIOD JANUARY – JUNE 2017

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

Tigar AD's unconsolidated financials in thousands of dinars	January – June 2016	January – June 2017	% change
Total assets	5,653,915	5,469,656	-3%
Equity			
Operating income	1,179,964	822,581	-30%
EBIT	26,142	-100,552	-485%
EBITDA	96,060	-36,089	-138%
Financial income	22,625	162,854	620%
Other income	7,691	9,769	27%
Total income	1,210,280	995,204	-18%
Net result	168,052	21,015	-87%
<u>Significant ratios</u>			
Current ratio	1.24	0.99	-20%
Debt-to-assets ratio I	1.43	1.09	-24%
Net result/total income	-13.89%	-2.11%	85%

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 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. The data for Tigar Montenegro included in the consolidation are as of 31.03.2017.

Consolidated financials of Tigar AD in thousands of dinars	January – June 2016	January – June 2017	% change
Total assets	6,469,924	6,199,418	-4%
Sales revenues	1,513,123	1,158,315	-23%
EBIT	50,159	-98,210	-296%
EBITDA	131,440	-22,687	-117%
Financial revenues	10,453	126,934	1114%
Other incomes	18,699	13,286	-29%
Net result	160,529	65,603	-59%



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

Document Reference

**IZ.P. 17/02**

Total revenues from sales of goods, products and services on a consolidated basis, for the period January – June 2017 amounted to 1,144,626 thousand dinars which is by 24% less in relation to the previous year when they amounted to 1,503,017 thousand dinars. Operating income realized in the same period in the amount of 1,158,315 thousand dinars which is by 23% less compared to last year when they amounted to 1,513,123 thousand dinars.

Financial income for the period I-VI 2017 amounted to 126,934 thousand dinars, whereas for the same period in the previous year they amounted to 10,453 thousand dinars. The reasons for such high financial income are foreign exchange gains in the amount of 125,701 thousand dinars as a result of currency fluctuations and high level of obligations with currency clause.

Consolidated operating expenses in the amount of 1,256,525 thousand dinars are lower by 14% in relation to the period January – June 2016 when they amounted to 1,462,964 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 42%; 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 32%; 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 –June 2017 amounted to 95,131 thousand dinars, whereas financing costs at the consolidated level in the previous year amounted to 227,791 thousand dinars. The largest part of financial expenses make up for interest costs, which amounted to 81,389 thousand dinars at the consolidated level whereas foreign exchange losses and other financial expenses amounted to 13,742 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 98,210 thousand dinars, while the operating profit for the previous year amounted to 50,159 thousand dinars, which represents a result worse for 148,369 thousand dinars.

Reported profit before amortization and reserves (EBITDA) amounts to 22,687 thousand dinars while in the previous year there was reported an operating profit before amortization and reserves in the amount of 131,440 thousand dinars, which represents a deterioration for 154,127 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.

A part that relates to receivables in the amount of RSD 276 million includes current receivables of domestic and foreign customers. The receivables of domestic customers amounted to RSD 178 million where RSD 49 million are claimed from 7 largest customers. Foreign customer receivables amounted to RSD 98 million, whereas RSD 30 million are claimed from 7 largest foreign customers.

At the consolidated level, loss above the equity level is RSD 294 million. On the liabilities side, the equity value is 0, liabilities for long term loans and reserves are RSD 4,3 billion,



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

Document Reference

**IZ.P. 17/02**

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.	30.06.2017.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>4,530,441</b>	<b>4,308,171</b>	<b>4,244,404</b>
I. INTANGIBLE ASSETS	279,860	208,762	188,240
Investment in development	268,544	199,364	180,278
Concessions, patents , licenses , trademarks , software and other rights	7,434	5,663	4,228
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	4,047,508
Land	517,802	490,421	490,692
Buildings	2,518,424	2,578,484	2,559,418
Plant and equipment	723,714	640,380	604,980
Investment property	292,513	266,181	266,181
Other property, plants and equipment			
Property, plant and equipment under construction	161,394	94,371	105,748
Investments in others property, plants and equipment	6,288	679	548
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	491
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			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>2,117,297</b>	<b>2,015,966</b>	<b>1,955,014</b>
I. INVENTORIES	1,588,154	1,480,316	1,489,858
Material , spare parts , tools and supplies	129,280	183,353	176,912
Unfinished production and unfinished services	136,514	134,653	182,516
Finished Products	391,998	392,638	393,482
Goods	509,357	362,736	346,851
Fixed assets held for sale	399,680	386,004	384,015
Advances paid to suppliers and for services	21,325	20,932	6,083
II. RECEIVABLES FROM SALE	310,266	341,512	275,842
Customers in the country - the parent and subsidiaries			
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	3,832	2,126	2,775
Customers abroad – other related parties			
Customers in the country	224,271	174,868	175,486



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

Document Reference

**IZ.P. 17/02**

Customers abroad	82,163	164,518	97,582
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS	129		
IV. OTHER RECEIVABLES	70,845	53,208	37,111
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS			
VII. CASH AND CASH EQUIVALENTS	85,481	95,408	89,728
VIII. VALUE ADDED TAX	16,541	10,214	22,499
IX. PREPAYMENTS	45,881	35,308	39,975
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>6,647,738</b>	<b>6,324,137</b>	<b>6,199,418</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>	<b>811,313</b>	<b>661,662</b>	<b>562,225</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>			
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	3,637
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment	1,509,372	1,509,376	1,509,369
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	84,716	101,672	98,813
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	93,015
X. LOSS	4,405,805	4,780,492	4,861,232
Loss of previous years	3,814,093	4,361,843	4,780,492
Loss for the year	591,712	418,649	80,740
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,862,923</b>	<b>6,120,270</b>	<b>4,291,630</b>
I. LONG-TERM PROVISIONS	255,595	252,742	252,240
For expenses in warranty period			
Provision for restoration of natural resources			
Provision for restructuring costs			
Provision for retirement and other employee benefits	42,692	39,898	39,396
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	4,039,390
Liabilities convertible into equity		1,751,876	
Liabilities towards parent and subsidiaries			
Liabilities towards other related legal entities			
Liabilities from securities in period exceeding one year	317,125		
Long-term loans and loans in the country	4,379,536	2,715,403	2,665,411
Long-term loans and loans abroad	950,167	774,834	758,370
Liabilities arising from finance lease	11,425	6,621	6,480
Other long-term liabilities	949,075	618,794	609,129



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

Document Reference

**IZ.P. 17/02**

<b>V. DEFERRED TAX LIABILITIES</b>	<b>107,363</b>	<b>103,786</b>	<b>103,786</b>
<b>G. CURRENT LIABILITIES</b>	<b>1,754,883</b>	<b>2,056,712</b>	<b>2,097,655</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	416,816	848,014	827,872
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	827,872
<b>II. PREPAYMENTS, DEPOSITS AN GUARANTEES</b>	56,025	46,027	55,040
<b>III. ACCOUNTS PAYABLE</b>	768,531	652,289	582,769
Suppliers - parent and subsidiaries in the country			
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country	4,835	2,287	3,019
Suppliers – other related parties abroad			
Suppliers in the country	459,272	413,639	424,814
Foreign suppliers	298,686	230,851	149,414
Other liabilities	5,738	5,512	5,522
<b>IV. OTHER CURRENT LIABILITIES</b>	433,906	436,296	564,454
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>	6,591	11,444	8,547
<b>VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	12,758	5,894	3,596
<b>VII. ACCRUALS</b>	60,256	56,748	55,376
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>2,077,431</b>	<b>1,956,631</b>	<b>293,653</b>
<b>Đ. TOTAL LIABILITIES</b>	<b>6,647,738</b>	<b>6,324,137</b>	<b>6,199,418</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>811,313</b>	<b>661,662</b>	<b>562,225</b>

<b>Income statement (in thousands of RSD)</b>	<b>January – June 2016</b>	<b>January – June 2017</b>	<b>%</b>
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>1,513,123</b>	<b>1,158,315</b>	<b>-23%</b>
I. Sales of goods	29,039	29,541	2%
II. Sales of products and services	1,473,978	1,115,085	-24%
III. Revenues from premiums, subsidies, donations, grants etc.			
IV. Other operating income	10,107	13,689	35%
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>1,462,964</b>	<b>1,256,525</b>	<b>-14%</b>
I. Cost of commercial goods sold	24,112	32,059	33%
II. Work performed by the company and capitalized	11,981	10,670	-11%
III. Increase in inventories of finished products and work in progress		49,035	
IV. Decrease in inventories of finished products and work in progress	883		
V. Material consumed	461,993	333,928	-28%
VI. Fuel and energy consumed	71,683	82,523	15%
VII. Staff costs	589,420	547,959	-7%
VIII. Production expenses	196,103	202,113	3%
IX. Amortization	81,281	75,524	-7%



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

Document Reference

**IZ.P. 17/02**

X. Costs of long-term provisions			
XI. Intangible costs	49,469	42,126	-15%
<b>V. PROFIT FROM OPERATIONS</b>	<b>50,159</b>		
<b>G. LOSS FROM OPERATIONS</b>		<b>98,210</b>	<b>loss vs. profit</b>
<b>D. FINANCE INCOME</b>	<b>10,453</b>	<b>126,934</b>	1114%
I. Financial income from related persons and other financial income		357	
II. Interest income (from third parties)	825	875	6%
III. Gains and positive effects of currency clause	9,628	125,701	
<b>Đ. FINANCE EXPENSES</b>	<b>227,791</b>	<b>95,131</b>	<b>-58%</b>
I. Financial expenses related to party transactions and other financial expenses	4,019	1,927	
II. Interest expense (by third parties)	131,847	81,389	-38%
III. Foreign exchange gains and negative effects of currency clause	91,925	11,815	-87%
<b>E. PROFIT FROM FINANCING</b>		<b>31,803</b>	<b>loss vs. profit</b>
<b>Ž. LOSS FROM FINANCING</b>	<b>217,338</b>		
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>73</b>	<b>3,768</b>	
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>			
<b>J. OTHER INCOME</b>	<b>18,626</b>	<b>9,518</b>	<b>-49%</b>
<b>K. OTHER EXPENSES</b>	<b>1,705</b>	<b>1,351</b>	<b>-21%</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>150,184</b>	<b>54,472</b>	<b>-64%</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		<b>2,614</b>	
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	<b>150,184</b>	<b>57,086</b>	<b>-62%</b>
<b>P. INCOME TAX</b>			
I. Current tax expense	10,318	8,517	-17%
II. Deferred income tax expense	26		
III. Deferred income tax benefit			
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>160,529</b>	<b>65,603</b>	<b>-59%</b>

### 3.4. TIGAR AD PARENT COMPANY

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

ASSETS	31.12.2015.	31.12.2016.	30.06.2017.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>3,894,327</b>	<b>3,659,717</b>	<b>3,596,881</b>
I. INTANGIBLE ASSETS	279,515	207,388	186,987
Investment in development	268,544	199,237	180,150
Concessions, patents, licenses, trademarks, software and other rights	7,200	4,474	3,160
Goodwill			
Other intangible assets			
Intangible assets under construction	3,771	3,677	3,677



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

Document Reference

**IZ.P. 17/02**

Advances for intangible assets			
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,291,008</b>	<b>3,132,586</b>	<b>3,090,150</b>
Land	454,761	430,742	430,742
Buildings	1,713,331	1,749,863	1,734,530
Plant and equipment	675,729	603,253	574,791
Investment property	292,513	266,181	266,181
Other property, plants and equipment			
Property, plant and equipment under construction	129,511	62,289	63,917
Investments in others property, plants and equipment	5,223	318	49
Advances for property , plant and equipment	19,940	19,940	19,940
<b>III. BIOLOGICAL AGENTS</b>			
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>	<b>323,804</b>	<b>319,743</b>	<b>319,744</b>
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	92
Long term placements to the parent company and other related parties			
Long-term placements with other related parties			
Long-term investments in the country			
Long-term investments abroad			
Securities held to maturity			
Other long-term investments	9,921	8,072	8,072
<b>V. LONG-TERM RECEIVABLES</b>			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>1,976,298</b>	<b>1,865,227</b>	<b>1,872,775</b>
<b>I. INVENTORIES</b>	<b>1,399,397</b>	<b>1,315,306</b>	<b>1,345,539</b>
Material , spare parts , tools and supplies	151,414	175,634	170,722
Unfinished production and unfinished services	136,514	134,653	182,516
Finished Products	391,998	392,638	393,482
Goods	347,474	241,928	238,845
Fixed assets held for sale	362,160	358,234	356,244
Advances paid to suppliers and for services	9,837	12,219	3,729
<b>II. RECEIVABLES FROM SALE</b>	<b>502,322</b>	<b>442,205</b>	<b>397,545</b>
Customers in the country - the parent and subsidiaries	239,730	200,065	211,876
Customers abroad - parent and subsidiaries	125,698	108,458	97,102
Customers in the country - other related parties	1,093	1,283	1,902
Customers abroad – other related parties			
Customers in the country	72,487	52,707	54,922
Customers abroad	63,314	79,692	31,743
Other receivables from sales			
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>			
<b>IV. OTHER RECEIVABLES</b>	<b>26,818</b>	<b>19,351</b>	<b>13,575</b>
<b>V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>VI. SHORT-TERM FINANCIAL PLACEMENTS</b>		<b>56,167</b>	<b>66,928</b>
Short-term loans and investments - parent and subsidiaries		11,509	31,515
Short-term loans and investments – other related legal entities			
Short-term credits and loans in the country			
Short-term credits and loans abroad			
Other short-term financial placements		44,658	35,414
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>1,430</b>	<b>701</b>	<b>952</b>
<b>VIII. VALUE ADDED TAX</b>	<b>12,914</b>	<b>7,225</b>	<b>17,529</b>



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

Document Reference

**IZ.P. 17/02**

IX. PREPAYMENTS	33,417	24,272	30,706
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>5,870,625</b>	<b>5,524,944</b>	<b>5,469,656</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>	<b>798,813</b>	<b>624,162</b>	<b>524,725</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>			
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	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	1,823
Retained profit from financial year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	3,371,206	3,765,742	3,786,757
Loss of previous years	3,106,851	3,371,919	3,765,742
Loss for the year	264,355	393,823	21,015
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,785,725</b>	<b>6,092,419</b>	<b>4,279,689</b>
I. LONG-TERM PROVISIONS	240,390	235,814	235,311
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	24,177
Provision for lawsuits	211,193	211,134	211,134
Other long-term provisions			
II. LONG-TERM LIABILITIES	6,545,335	5,856,605	4,044,378
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	2,665,411
Long-term loans and loans abroad	950,167	774,834	758,370
Liabilities arising from finance lease			
Other long-term liabilities	898,507	614,492	620,597
<b>V. DEFERRED TAX LIABILITIES</b>	<b>3,075</b>		
<b>G. CURRENT LIABILITIES</b>	<b>1,604,594</b>	<b>1,874,365</b>	<b>1,900,946</b>
I. SHORT-TERM FINANCIAL LIABILITIES	418,543	841,975	846,936
Short-term loans from parent companies and subsidiaries	16,086	1,973	21,346
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 funds of discontinued operations held for sale			
Other current financial liabilities	402,457	840,002	825,590
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	44,436	40,054	47,192
III. ACCOUNTS PAYABLE	743,878	588,582	490,888





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

Document Reference

**IZ.P. 17/02**

Suppliers - parent and subsidiaries in the country	83,712	90,129	48,917
Suppliers - parent and subsidiaries abroad	50,507	20,090	18,231
Suppliers - other related parties in the country	2,158	2,159	2,879
Suppliers – other related parties abroad			
Suppliers in the country	321,310	289,905	307,591
Foreign suppliers	283,504	185,260	112,217
Other liabilities	2,687	1,039	1,053
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>347,760</b>	<b>364,384</b>	<b>479,569</b>
<b>V. LIABILITIES BASED ON VALUE ADDED TAX</b>	<b>74</b>		
<b>VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>6,563</b>	<b>1,772</b>	<b>1,772</b>
<b>VII. ACCRUALS</b>	<b>43,340</b>	<b>37,598</b>	<b>34,590</b>
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>2,522,769</b>	<b>2,441,840</b>	<b>710,979</b>
<b>Đ. TOTAL LIABILITIES</b>	<b>5,870,625</b>	<b>5,524,944</b>	<b>5,469,656</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>798,813</b>	<b>624,162</b>	<b>524,725</b>

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>2,362,695</b>	<b>2,308,674</b>	<b>1,179,964</b>	<b>822,581</b>
I. Sales of goods	1,374,616	20,617	4,910	4,337
II. Sales of products and services	<b>854,765</b>	<b>1,964,789</b>	<b>1,013,362</b>	<b>667,330</b>
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income	133,314	323,268	161,692	150,914
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>2,200,658</b>	<b>2,263,768</b>	<b>1,153,822</b>	<b>923,134</b>
I. Cost of commercial goods sold	1,178,334	16,857	4,121	3,411
II. Work performed by the company and capitalized				
III. Increase in inventories of finished products and work in progress	40,189	5,080		49,035
IV. Decrease in inventories of finished products and work in progress			883	
V. Material consumed	307,667	814,558	431,136	309,179
VI. Fuel and energy consumed	121,011	209,127	94,861	113,346
VII. Staff costs	359,814	805,445	405,568	363,426
VIII. Production expenses	51,906	49,191	23,586	15,790
IX. Amortization	77,624	138,195	69,918	64,463
X. Costs of long-term provisions	7,102	262		
XI. Intangible costs	137,389	235,213	123,749	102,555
<b>V. PROFIT FROM OPERATIONS</b>	<b>162,037</b>	<b>44,906</b>	<b>26,142</b>	
<b>G. LOSS FROM OPERATIONS</b>				<b>100,552</b>
<b>D. FINANCE INCOME</b>	<b>115,048</b>	<b>59,512</b>	<b>22,625</b>	<b>162,854</b>
I. Financial income from related persons and other financial income	95,997	50,569	14,067	36,913
1. Financial income from parent and subsidiaries	69,817	32,055		36,856
2. Financial income from other related parties				
3. Income from share in profit of subsidiaries and joint ventures				
4. Other financial income	26,180	18,514	14,067	57
II. Interest income (from third parties)	1,118	844	547	869
III. Foreign exchange gains and negative effects of currency clause	17,933	8,099	8,011	125,072
<b>Đ. FINANCE EXPENSES</b>	<b>429,085</b>	<b>374,712</b>	<b>223,908</b>	<b>90,336</b>
I. Financial expenses related party transactions and other financial expenses	10,848	5,978	4,018	1,925



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

Document Reference

**IZ.P. 17/02**

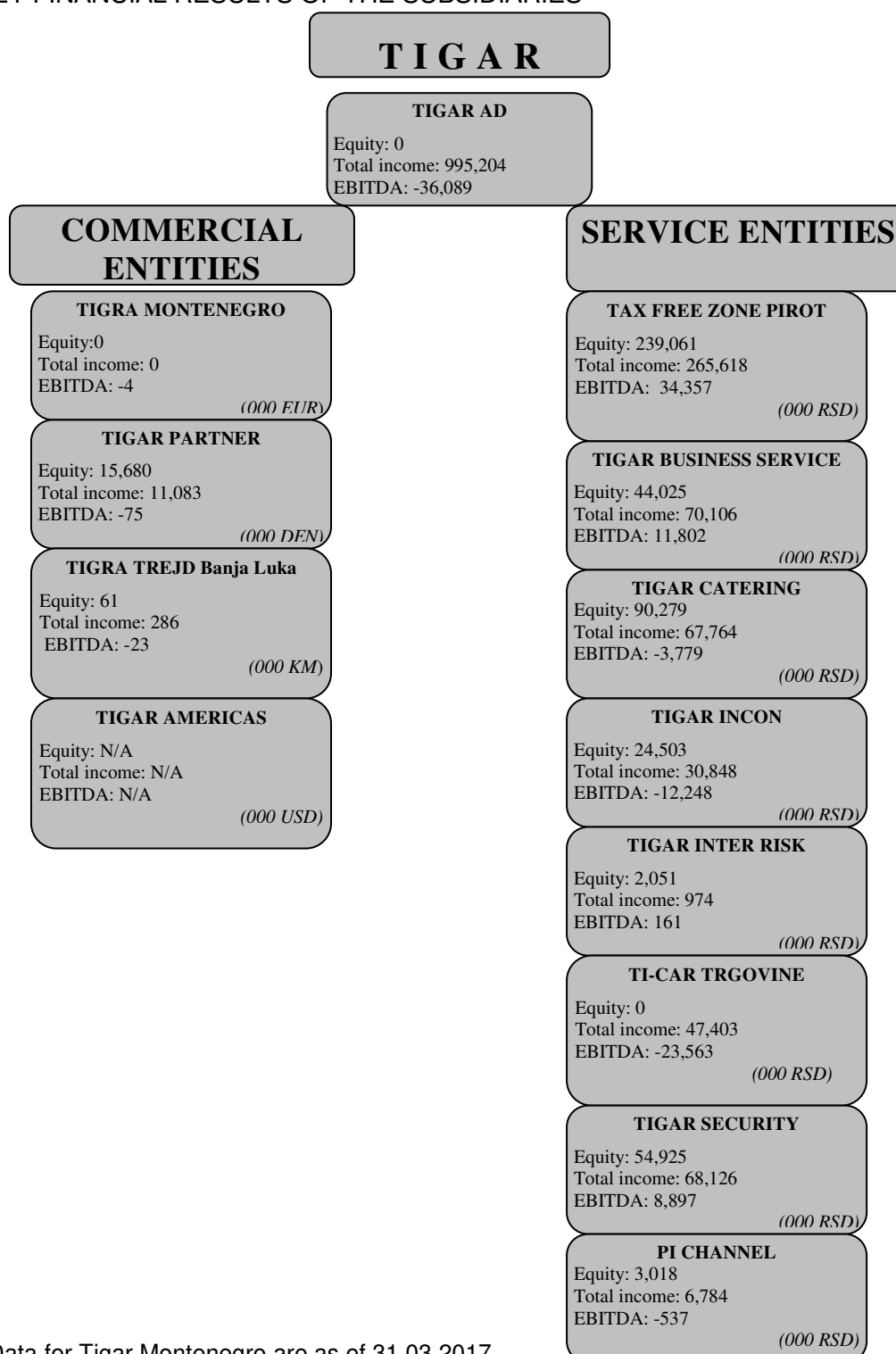
1. Financial expenses from parent and subsidiaries	4,696			
2. Financial expenses from other related parties				
3. Expenses from share in loss of subsidiaries and joint ventures				
4. Other financial expenses	6,152	5,978	4,018	1,925
II. Interest expense (by third parties)	293,980	256,576	129,026	79,533
III. Foreign exchange gains and negative effects of currency clause	124,257	112,158	90,864	8,878
<b>E. PROFIT FROM FINANCING</b>				<b>72,518</b>
<b>Ž. LOSS FROM FINANCING</b>	<b>314,037</b>	<b>315,200</b>	<b>201,283</b>	
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>13,838</b>	<b>3,616</b>		<b>3,003</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>37,373</b>	<b>1,941</b>		
<b>J. OTHER INCOME</b>	<b>72,377</b>	<b>22,627</b>	<b>7,691</b>	<b>6,766</b>
<b>K. OTHER EXPENSES</b>	<b>152,900</b>	<b>150,506</b>	<b>968</b>	<b>145</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>				
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>256,058</b>	<b>396,498</b>	<b>168,418</b>	<b>18,411</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>			<b>366</b>	
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>	<b>3,506</b>	<b>401</b>		<b>2,603</b>
<b>NJ. PROFIT BEFORE TAXATION</b>				
<b>O. LOSS BEFORE TAXATION</b>	<b>259,564</b>	<b>396,899</b>	<b>168,052</b>	<b>21,015</b>
<b>P. INCOME TAX</b>				
I. Current tax expense	4,791			
II. Deferred income tax expense				
III. Deferred income tax benefit		3,076		
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>				
<b>T. NET LOSS</b>	<b>264,355</b>	<b>393,823</b>	<b>168,052</b>	<b>21,015</b>

<b>CASH FLOWS</b> <b>(in thousands of RSD)</b>	<b>January – June</b> <b>2016</b>	<b>January – June</b> <b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	1,107,269	707,733
Cash outflow from operating activities	1,050,813	728,577
Net cash inflow from operating activities	56,456	
Net outflow from operating activities		20,844
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities	10,047	7,380
Cash outflow from investing activities	41,145	1,687
Net cash inflow from investing activities		5,693
Net cash outflow from investing activities	31,098	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	2,303	15,796
Cash outflow from financing activities	27,405	
Net cash inflow from financing activities		15,796
Net cash outflow from financing activities	25,102	
<b>TOTAL CASH INFLOW</b>	<b>1,119,619</b>	<b>730,909</b>
<b>TOTAL CASH OUTFLOW</b>	<b>1,119,363</b>	<b>730,264</b>
<b>NET CASH INFLOW</b>	<b>256</b>	<b>645</b>

	<b>BUSINESS REPORT</b>	Document Reference
	<b>FOR THE PERIOD JANUARY- JUNE 2017</b>	<b>IZ.P. 17/02</b>

<b>NET CASH OUTFLOW</b>		
<b>Cash and cash equivalents at beginning of year</b>	<b>1,430</b>	<b>701</b>
<b>Foreign exchange gains on translation of cash and cash equivalents</b>		
<b>Foreign exchange losses on translation of cash and cash equivalents</b>	<b>469</b>	<b>394</b>
<b>CASH AT THE END OF ACCOUNTING PERIOD</b>	<b>1,217</b>	<b>952</b>

## 3.5. KEY FINANCIAL RESULTS OF THE SUBSIDIARIES



Note: Data for Tigar Montenegro are as of 31.03.2017



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

Document Reference

**IZ.P. 17/02**

## 3.6. TIGRA MONTENEGRO – MONTENEGRO

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

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

## 3.7. TIGRA TREJD – REPUBLIC OF SRPSKA

<b>BALANCE SHEET (in thousands of KM)</b>	<b>as of 31.12.2015</b>	<b>as of 31.12.2016</b>	<b>as of 30.06.2017</b>
Fixed Assets	258	246	240
Current assets	954	979	943
Deferred tax assets			
Loss above equity value			
<b>TOTAL ASSETS</b>	<b>1,212</b>	<b>1,224</b>	<b>1,184</b>
Equity	89	90	61
Long-term reserves and liabilities			
Short-term liabilities	1,122	1,134	1,123
Deferred tax liabilities			
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,212</b>	<b>1,224</b>	<b>1,184</b>

<b>Income statement (in thousands of KM)</b>	<b>January – December 2015</b>	<b>January – December 2016</b>	<b>January – June 2016</b>	<b>January – June 2017</b>
<b>Total income</b>	<b>1,182</b>	<b>880</b>	<b>214</b>	<b>286</b>
<b>Total expenses</b>	<b>1,181</b>	<b>879</b>	<b>245</b>	<b>315</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>1</b>	<b>1</b>	<b>-31</b>	<b>-30</b>
Income taxes	0	0		



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

Document Reference

**IZ.P. 17/02**

Deferred Income Tax expense				
Deferred Income Tax benefit				
<b>NET PROFIT/LOSS</b>	<b>1</b>	<b>1</b>	<b>-31</b>	<b>-30</b>

## 3.8. TIGAR PARTNER – MACEDONIA

<b>BALANCE SHEET (in thousands of Denars)</b>	<b>as of 31.12.2015</b>	<b>as of 31.12.2016</b>	<b>as of 30.06.2017</b>
Fixed Assets	2	0	0
Current assets	20,249	22,708	19,540
Deferred tax assets	0	0	0
<b>TOTAL ASSETS</b>	<b>20,251</b>	<b>22,708</b>	<b>19,540</b>
Equity	15,989	15,622	15,680
Non-current liabilities	0	0	0
Short-term liabilities	4,262	7,086	3,859
Deferred tax liabilities	0	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,251</b>	<b>22,708</b>	<b>19,540</b>

<b>Income statement (in thousands of Denars)</b>	<b>January – December 2015</b>	<b>January – December 2016</b>	<b>January – June 2016</b>	<b>January – June 2017</b>
<b>Total income</b>	<b>20,590</b>	<b>19,544</b>	<b>6,973</b>	<b>11,083</b>
<b>Total expenses</b>	<b>21,052</b>	<b>19,909</b>	<b>7,454</b>	<b>11,024</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>-462</b>	<b>-365</b>	<b>-480</b>	<b>59</b>
Income taxes	6	3	1	3
Deferred Income Tax expense	0	0	0	0
Deferred Income Tax benefit	0	0	0	0
<b>NET PROFIT/LOSS</b>	<b>-468</b>	<b>-368</b>	<b>-481</b>	<b>56</b>

## 3.9. TI-CAR TRGOVINE

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>1,558</b>	<b>1,400</b>	<b>1,372</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	1,558	1,400	1,372
Land			
Buildings	1,355	1,326	1,311
Plant and equipment	104	74	61
Property, plant and equipment construction	99		
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			



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

Document Reference

**IZ.P. 17/02**

<b>V. DEFERRED TAX ASSETS</b>	<b>132</b>	<b>107</b>	<b>107</b>
<b>G. CURRENT ASSETS</b>	<b>248,520</b>	<b>162,312</b>	<b>140,433</b>
I. INVENTORIES	125,062	109,613	92,635
Goods	85,482	71,813	63,966
Fixed assets held for sale	28,068	27,770	27,770
Advances paid for supplies and services	11,512	10,030	899
II. RECEIVABLES FROM SALE	87,855	27,323	25,052
Customers in the country - the parent and subsidiaries	66,217	7,014	8,635
Customers abroad - parent and subsidiaries	1,123	1,110	1,093
Customers in the country - other related parties	68	28	41
Customers abroad - other related parties			
Customers in the country	20,439	19,171	15,283
Customers abroad	8		
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	12,622	13,742	10,333
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	1,610
VIII. VALUE ADDED TAX	29		
IX. PREPAYMENTS	3,308	3,222	2,740
<b>D. TOTAL ASSETS –OPERATING PROPERTY</b>	<b>250,210</b>	<b>163,819</b>	<b>141,912</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>			
I. SHARE AND OTHER CAPITAL	1,348	1,348	1,348
Share Capital			
Shares of limited liability companies	1,348	1,348	1,348
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER			
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	364	471	471
VIII. RETAINED EARNINGS			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	73,316	115,992	140,693
Loss of previous years	4,099	73,315	115,992



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

Document Reference

**IZ.P. 17/02**

Loss for the year	69,217	42,677	24,701
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>507</b>	<b>518</b>	<b>518</b>
I. LONG-TERM PROVISIONS	507	518	518
Provision for retirement and other employee benefits	507	518	518
II. LONG-TERM LIABILITIES			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>322,035</b>	<b>278,416</b>	<b>281,210</b>
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	3,698
III. ACCOUNTS PAYABLE	271,236	225,606	225,698
Suppliers - parent and subsidiaries in the country	238,201	191,257	192,808
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country	48	106	134
Suppliers - other related legal entities abroad			
Suppliers in the country	25,730	25,705	24,283
Foreign suppliers	4,433	4,248	4,158
Other liabilities	2,824	4,290	4,315
IV. OTHER CURRENT LIABILITIES	26,523	12,785	16,625
V. LIABILITIES FOR VALUE ADDED TAX	2,416	1,553	256
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	155	1,097	722
VII. ACCRUALS	3,748	3,369	4,205
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>72,332</b>	<b>115,115</b>	<b>139,816</b>
<b>Đ. TOTAL LIABILITIES</b>	<b>250,210</b>	<b>163,819</b>	<b>141,912</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>425,010</b>	<b>127,476</b>	<b>51,126</b>	<b>47,211</b>
I. Sales of goods	415,589	124,126	49,489	44,839
II. Sales of products and services	<b>7,846</b>	<b>3,084</b>	<b>1,493</b>	<b>1,312</b>
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income	1,575	266	144	1,060
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>483,929</b>	<b>172,421</b>	<b>76,344</b>	<b>70,802</b>
I. Cost of commercial goods sold	362,512	94,374	37,781	33,990
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	1,354	758	282	285



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

Document Reference

**IZ.P. 17/02**

VI. Fuel and energy consumed	8,855	4,325	2,016	1,850
VII. Staff costs	60,787	45,127	22,478	22,809
VIII. Production expenses	14,181	9,954	4,279	3,795
IX. Amortization	459	58	29	28
X. Costs of long-term provisions	91	116		
XI. Intangible costs	35,690	17,709	9,479	8,045
<b>V. PROFIT FROM OPERATIONS</b>				
<b>G. LOSS FROM OPERATIONS</b>	<b>58,919</b>	<b>44,945</b>	<b>25,218</b>	<b>23,591</b>
<b>D. FINANCE INCOME</b>	<b>789</b>	<b>191</b>	<b>131</b>	<b>167</b>
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)				
III. Foreign exchange gains and negative effects of currency clause	789	191	131	167
<b>D. FINANCE EXPENSES</b>	<b>1,110</b>	<b>564</b>	<b>332</b>	<b>262</b>
I. Financial expenses related party transactions and other financial expenses		1		
II. Interest expense (by third parties)	279	260	104	83
III. Foreign exchange gains and negative effects of currency clause	831	303	228	179
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>321</b>	<b>373</b>	<b>201</b>	<b>95</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>		<b>4,750</b>		
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>7,660</b>			
<b>J. OTHER INCOME</b>	<b>298</b>	<b>7,929</b>	<b>6,320</b>	<b>25</b>
<b>K. OTHER EXPENSES</b>	<b>2,603</b>	<b>4,524</b>	<b>92</b>	<b>1,040</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>				
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>69,205</b>	<b>37,163</b>	<b>19,191</b>	<b>24,701</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		<b>4,547</b>		
<b>NJ. PROFIT BEFORE TAXATION</b>				
<b>O. LOSS BEFORE TAXATION</b>	<b>69,205</b>	<b>41,710</b>	<b>19,191</b>	<b>24,701</b>
<b>P. INCOME TAX</b>				
I. Current tax expense		942		
II. Deferred income tax expense	12	25		
III. Deferred income tax benefit				
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>				
<b>T. NET LOSS</b>	<b>69,217</b>	<b>42,677</b>	<b>19,191</b>	<b>24,701</b>





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

Document Reference

**IZ.P. 17/02**

<b>CASH FLOWS (in thousands of RSD)</b>	<b>January – June 2016</b>	<b>January – June 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	114,609	58,975
Cash outflow from operating activities	139,799	57,714
Net cash inflow from operating activities		1,261
Net cash outflow from operating activities	25,190	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities	6,578	
Cash outflow from investing activities		
Net cash inflow from investing activities	6,578	
Net cash outflow from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	29,585	
Cash outflow from financing activities	9,289	
Net cash inflow from financing activities	20,296	
Net cash outflow from financing activities		
<b>TOTAL CASH INFLOW</b>	<b>150,772</b>	<b>58,975</b>
<b>TOTAL CASH OUTFLOW</b>	<b>149,088</b>	<b>57,714</b>
<b>NET CASH INFLOW</b>	<b>1,684</b>	<b>1,261</b>
<b>NET CASH OUTFLOW</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>329</b>	<b>349</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	3	
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,010</b>	<b>1,610</b>

### 3.10. TIGAR BUSINESS SERVICE

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>38,790</b>	<b>31,077</b>	<b>27,009</b>
I. INTANGIBLE ASSETS	1		
II. PROPERTY, PLANT AND EQUIPMENT	38,789	31,077	27,009
Land	2,765	2,765	2,765
Buildings	13,374	13,158	13,049
Plant and equipment	22,510	15,128	11,195
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			
<b>V. DEFERRED TAX ASSETS</b>	<b>2,549</b>	<b>3,208</b>	<b>3,208</b>
<b>G. CURRENT ASSETS</b>	<b>48,948</b>	<b>58,633</b>	<b>63,084</b>
I. INVENTORIES	4,241	804	1,446
Supplies, spare parts, tools and supplies	1,018	418	833
Goods			
Advances paid for supplies and services	3,223	386	613
II. RECEIVABLES FROM SALE	27,171	24,933	22,758
Customers in the country - the parent and subsidiaries	299	230	220



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

Document Reference

**IZ.P. 17/02**

Customers abroad - the parent and subsidiaries			
Customers in the country - other related parties			
Customers in the country	26,373	24,471	22,538
Customers abroad	499	232	
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	107	2,163	2,281
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS	16,879	30,369	36,459
Short-term loans and investments - parent and subsidiaries	16,879	30,369	36,459
VII. CASH AND CASH EQUIVALENTS	32	85	3
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	518	279	137
<b>D. TOTAL ASSETS =OPERATION PROPERTY</b>	<b>90,287</b>	<b>92,918</b>	<b>93,301</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	<b>40,609</b>	<b>36,386</b>	<b>44,025</b>
I. SHARE AND OTHER CAPITAL	23,104	23,104	23,104
Share Capital			
Shares of limited liability companies	23,104	23,104	23,104
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES			
V. Revaluation reserves based on the revaluation of intangible 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	22,611
Retained profit from previous years			14,972
Retained profit from financial year	19,079	14,972	7,639
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>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>12,844</b>	<b>8,163</b>	<b>8,022</b>
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	6,480
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>36,834</b>	<b>48,369</b>	<b>41,254</b>
I. SHORT-TERM FINANCIAL LIABILITIES	7,996	9,522	4,515
Short-term loans from parent companies and subsidiaries	3,089	4,147	1,226
Other current financial liabilities	4,907	5,375	3,289
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	4,319	3,766	3,531
III. ACCOUNTS PAYABLE	12,516	20,406	21,227
Suppliers - parent and subsidiaries in the country	2,130	3,937	4,331
Suppliers – other related parties in the country			
Suppliers in the country	10,131	16,299	16,709
Foreign suppliers	255	155	187



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

Document Reference

**IZ.P. 17/02**

Other liabilities		15	
<b>IV. OTHER CURRENT LIABILITIES</b>	7,441	10,905	9,286
V. LIABILITIES FOR VALUE ADDED TAX	551	740	672
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,920	940	
VII. ACCRUALS	2,091	2,090	2,023
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>90,287</b>	<b>92,918</b>	<b>93,301</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>148,941</b>	<b>140,599</b>	<b>71,463</b>	<b>67,727</b>
I. Sales of goods	5	19	6	
II. Sales of products and services	148,936	140,580	71,457	67,727
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income				
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>124,302</b>	<b>120,865</b>	<b>59,390</b>	<b>59,992</b>
I. Cost of commercial goods sold				
V. Material consumed	4,189	4,528	1,816	2,117
VI. Fuel and energy consumed	32,940	28,850	14,096	15,851
VII. Staff costs	35,055	34,030	17,171	17,020
VIII. Production expenses	23,874	25,467	12,556	11,234
IX. Amortization	8,969	8,271	4,210	4,067
X. Costs of long-term provisions	44	49		
XI. Intangible costs	19,231	19,670	9,541	9,703
<b>V. PROFIT FROM OPERATIONS</b>	<b>24,639</b>	<b>19,734</b>	<b>12,073</b>	<b>7,735</b>
<b>G. LOSS FROM OPERATION</b>				
<b>D. FINANCE INCOME</b>	<b>104</b>	<b>46</b>	<b>46</b>	<b>216</b>
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	46	216
<b>Đ. FINANCE EXPENSES</b>	<b>3,217</b>	<b>2,152</b>	<b>996</b>	<b>622</b>
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	3,004	1,760	669	596
III. Foreign exchange gains and negative effects of currency clause	213	392	327	26
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>3,113</b>	<b>2,106</b>	<b>950</b>	<b>406</b>



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

Document Reference

**IZ.P. 17/02**

Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT	114	29		
I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT		862		
J. OTHER INCOME	3,105	1,839	672	2,163
K. OTHER EXPENSES	159	537	31	
L. OPERATING PROFIT BEFORE TAX	24,586	18,097	11,764	9,492
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	11,764	9,492
O. LOSS BEFORE TAXATION				
P. INCOME TAX				
I. Current tax expense	5,638	3,706	2,819	1,853
II. Deferred income tax expense				
III. Deferred income tax benefit	131	658		
R. EARNINGS OF EMPLOYER				
S. NET PROFIT	19,079	14,972	8,945	7,639
T. NET LOSS				

## 3.11. TIGAR CATERING

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

ASSETS	31.12.2015.	31.12.2016.	30.06.2017.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. STALNA IMOVINA</b>	<b>163,808</b>	<b>159,478</b>	<b>157,344</b>
I. INTANGIBLE ASSETS	110	236	225
Investments in development		128	128
Concessions, patents , licenses , trademarks , software and other rights	2	108	97
Intangible assets under construction	108		
II. PROPERTY, PLANT AND EQUIPMENT	163,698	159,242	157,119
Land	27,190	27,090	27,090
Buildings	127,234	126,367	125,182
Plant and equipment	7,691	5,785	4,847
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			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>62,502</b>	<b>36,790</b>	<b>18,150</b>
I. INVENTORIES	6,096	5,039	3,033
Supplies , spare parts , tools and supplies	4,018	3,345	2,235



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

Document Reference

**IZ.P. 17/02**

Goods	1,128	852	798
Advances paid for supplies and services	950	842	
<b>II. DUE ON SALE</b>	<b>11,536</b>	<b>7,130</b>	<b>3,509</b>
Customers in the country - the parent and subsidiaries	2,757	492	174
Customers in the country - other related parties	25	13	13
Customers in the country	8,754	6,625	3,322
<b>III. RECEIVABLES FROM SPECIFIC</b>			
<b>IV. OTHER RECEIVABLES</b>	<b>35,826</b>	<b>20,983</b>	<b>10,410</b>
<b>V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>VI. SHORT-TERM FINANCIAL PLACEMENTS</b>	<b>8,362</b>	<b>3,133</b>	
Short-term loans and placements – parent and subsidiaries	8,362	3,133	
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>67</b>	<b>22</b>	<b>4</b>
<b>VIII. VALUE ADDED TAX</b>			
<b>IX. PREPAYMENTS</b>	<b>615</b>	<b>483</b>	<b>1,194</b>
<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>226,310</b>	<b>196,268</b>	<b>175,494</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	<b>97,875</b>	<b>98,094</b>	<b>90,279</b>
<b>I. SHARE AND OTHER CAPITAL</b>	<b>204,108</b>	<b>204,108</b>	<b>204,108</b>
Shares of limited liability companies	204,108	204,108	204,108
<b>II. SUBSCRIBED CAPITAL UNPAID</b>			
<b>III. TREASURY SHARES</b>			
<b>IV. RESERVES</b>			
<b>V. REVALUATION RESERVES BASED ON REVALUATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT</b>			
<b>VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>			
<b>VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	<b>749</b>	<b>431</b>	<b>431</b>
<b>VIII. RETAINED EARNINGS</b>			
Retained earnings for the year			
<b>IX. PARTICIPATION RIGHTS WITHOUT CONTROL</b>			
<b>X. LOSS</b>	<b>105,484</b>	<b>105,583</b>	<b>113,398</b>
Loss of previous years	104,454	105,484	105,583
Loss for the year	1,030	99	7,815
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>13,421</b>	<b>3,434</b>	<b>3,434</b>
<b>I. LONG-TERM PROVISIONS</b>	<b>3,371</b>	<b>2,689</b>	<b>2,689</b>
Provision for retirement and other employee benefits	3,371	2,689	2,689
<b>II. LONG-TERM LIABILITIES</b>	<b>10,050</b>	<b>745</b>	<b>745</b>
<b>V. DEFERRED TAX LIABILITIES</b>	<b>228</b>	<b>332</b>	<b>332</b>
<b>G. CURRENT LIABILITIES</b>	<b>114,786</b>	<b>94,408</b>	<b>81,449</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	<b>2,754</b>	<b>22,747</b>	<b>12,439</b>
Short-term loans from parent companies and subsidiaries	2,754	13,000	11,936
Other short-term financial liabilities		9,747	503
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	<b>794</b>	<b>551</b>	<b>255</b>
<b>III. ACCOUNTS PAYABLE</b>	<b>93,837</b>	<b>51,470</b>	<b>49,048</b>
Suppliers - parent and subsidiaries in the country	56,900	6,065	7,455
Suppliers – subsidiaries in the country	12		
Suppliers in the country	36,758	45,382	41,575
Foreign suppliers	149		



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

Document Reference

**IZ.P. 17/02**

Other liabilities	18	23	18
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>11,788</b>	<b>12,165</b>	<b>14,215</b>
V. LIABILITIES FOR VALUE ADDED TAX	1,556	3,372	1,184
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	4,057	4,103	4,308
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>226,310</b>	<b>196,268</b>	<b>175,494</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>205,323</b>	<b>191,518</b>	<b>99,701</b>	<b>67,501</b>
I. Sales of goods	11,198	7,888	4,669	2,913
II. Sales of products and services	194,125	183,630	95,032	64,588
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income				
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>203,801</b>	<b>187,436</b>	<b>96,816</b>	<b>73,414</b>
I. Cost of commercial goods sold	5,863	4,237	2,322	1,555
II. Work performed by the company and capitalized	331	211	93	241
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	101,935	92,475	47,904	31,680
VI. Fuel and energy consumed	8,181	7,362	3,773	3,435
VII. Staff costs	64,305	61,225	31,353	26,790
VIII. Production expenses	4,337	3,415	1,841	1,724
IX. Amortization	4,288	4,310	2,192	2,134
X. Costs of long-term provisions	454	162		
XI. Intangible costs	14,769	14,461	7,524	6,337
<b>V. PROFIT FROM OPERATIONS</b>	<b>1,522</b>	<b>4,082</b>	<b>2,885</b>	
<b>G. LOSS FROM OPERATIONS</b>				<b>5,913</b>
<b>D. FINANCE INCOME</b>	<b>4</b>	<b>20</b>		<b>6</b>
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)	3	20		6
III. Gains and positive effects of currency clause	1			
<b>Đ. FINANCE EXPENSES</b>	<b>2,919</b>	<b>4,152</b>	<b>714</b>	<b>2,037</b>



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

Document Reference

**IZ.P. 17/02**

I. Financial expenses related party transactions and other financial expenses		1,051		1,741
II. Interest expense (by third parties)	2,910	3,101	714	296
III. Foreign exchange gains and negative effects of currency clause	9			
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>2,915</b>	<b>4,132</b>	<b>714</b>	<b>2,031</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>				
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>386</b>	<b>76</b>		
<b>J. OTHER INCOME</b>	<b>839</b>	<b>762</b>	<b>137</b>	<b>257</b>
<b>K. OTHER EXPENSES</b>	<b>493</b>	<b>630</b>	<b>194</b>	<b>128</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>		<b>6</b>	<b>2,114</b>	
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>1,433</b>			<b>7,815</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>NJ. PROFIT BEFORE TAXATION</b>		<b>6</b>	<b>2,114</b>	
<b>O. LOSS BEFORE TAXATION</b>	<b>1,433</b>			<b>7,815</b>
<b>P. INCOME TAX</b>				
I. Current tax expense				
II. Deferred income tax expense		104		
III. Deferred income tax benefit	403			
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>			<b>2,114</b>	
<b>T. NET LOSS</b>	<b>1,030</b>	<b>99</b>		<b>7,815</b>

<b>CASH FLOWS (in thousands of RSD)</b>	<b>January – June 2016</b>	<b>January – June 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	134,516	83,981
Cash outflow from operating activities	139,708	81,797
Net cash inflow from operating activities		2,184
Net outflow from operating activities	5,192	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Cash outflow from investing activities	1,187	
Net cash inflow from investing activities		
Net cash outflow from investing activities	1,187	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		



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

Document Reference

**IZ.P. 17/02**

Cash inflow from financing activities	6,396	
Cash outflow from financing activities		2,202
Net cash inflow from financing activities	6,396	
Net cash outflow from financing activities		2,202
<b>TOTAL CASH INFLOW</b>	<b>140,912</b>	<b>83,981</b>
<b>TOTAL CASH OUTFLOW</b>	<b>140,895</b>	<b>83,999</b>
<b>NET CASH INFLOW</b>	17	
<b>NET CASH OUTFLOW</b>		<b>18</b>
<b>GOTOVINA NA POČETKU OBRAČUNSKOG PERIODA</b>	<b>67</b>	<b>22</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>84</b>	<b>4</b>

## 3.12. TIGAR INCON

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>146,443</b>	<b>142,002</b>	<b>139,826</b>
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	139,768
Land	7,727	7,727	7,727
Buildings	130,335	128,225	127,169
Plant and equipment	8,050	5,663	4,543
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			
<b>V DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>30,408</b>	<b>18,047</b>	<b>9,984</b>
I INVENTORIES	7,065	5,006	3,121
Supplies , spare parts , tools and supplies	6,325	3,956	3,121
Advances paid for supplies and services	740	1,050	
II DUE ON SALE	15,929	11,544	4,821
Customers in the country - the parent and subsidiaries	8,375	1,749	2,935
Customers abroad - the parent and subsidiaries			
Customers in the country - other related parties	758	758	761
Customers in the country	6,796	9,037	1,125
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		12
Short-term loans and placements – parent and subsidiaries	2,118		12
Other short-term financial placements			
VII CASH AND CASH EQUIVALENTS	7	13	7
VIII VALUE ADDED TAX	1,254	1,442	1,904
IX PREPAYMENTS	3,975		72





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

Document Reference

**IZ.P. 17/02**

<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>176,851</b>	<b>160,049</b>	<b>149,810</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	56,208	39,153	24,503
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	136,624
Loss of previous years	89,329	105,578	121,974
Loss for the year	16,248	16,396	14,650
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>43,127</b>	<b>7,079</b>	<b>7,080</b>
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
<b>V. DEFERRED TAX LIABILITIES</b>	<b>382</b>	<b>488</b>	<b>488</b>
<b>G. CURRENT LIABILITIES</b>	<b>77,134</b>	<b>113,329</b>	<b>117,739</b>
I SHORT-TERM FINANCIAL LIABILITIES	22,629	59,837	67,945
Short-term loans from parent companies and subsidiaries	22,629	22,289	30,397
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	5,436
III ACCOUNTS PAYABLE	24,201	20,610	24,025
Suppliers - parent and subsidiaries in the country	13,085	8,111	12,357
Suppliers – other related legal parties in the country			17
Suppliers in the country	11,116	12,499	11,641
Other liabilities			10
IV OTHER CURRENT LIABILITIES	13,202	13,794	15,707
V LIABILITIES FOR VALUE ADDED TAX			
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII ACCRUALS	2,064	4,371	4,626
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>176,851</b>	<b>160,049</b>	<b>149,810</b>



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

Document Reference

**IZ.P. 17/02**

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>95,661</b>	<b>84,764</b>	<b>40,433</b>	<b>30,839</b>
I Sales of goods				
II Sales of products and services	94,361	80,913	38,605	29,280
III Revenues from premiums, subsidies, donations, grants etc.				
IV Other operating income	1,300	3,851	1,828	1,559
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>107,478</b>	<b>99,592</b>	<b>48,887</b>	<b>45,262</b>
II Work performed by the company and capitalized				
V Material consumed	34,436	27,556	13,094	9,169
VI Fuel and energy consumed	2,360	2,048	1,088	1,244
VII Staff costs	50,071	46,211	23,186	23,622
VIII Production expenses	3,727	8,456	3,481	4,675
IX Amortization	5,279	4,571	2,323	2,175
X Costs of long-term provisions	160	561		
XI Intangible costs	11,445	10,189	5,715	4,377
<b>V. PROFIT FROM OPERATIONS</b>				
<b>G. LOSS FROM OPERATIONS</b>	<b>11,817</b>	<b>14,828</b>	<b>8,454</b>	<b>14,423</b>
<b>D. FINANCE INCOME</b>	<b>716</b>			
I Financial income from related persons and other financial income				
II Interest income (from third parties)	716			
III Gains and positive effects of currency clause				
<b>D. FINANCE EXPENSES</b>	<b>6,665</b>	<b>1,421</b>	<b>653</b>	<b>225</b>
I Financial expenses related party transactions and other financial expenses				
II Interest expense (by third parties)	6,665	1,421	653	225
III Foreign exchange gains and negative effects of currency clause				
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>5,949</b>	<b>1,421</b>	<b>653</b>	<b>225</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>441</b>	<b>434</b>		
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>				
<b>J. OTHER INCOME</b>	<b>200</b>	<b>116</b>	<b>92</b>	<b>9</b>
<b>K. OTHER EXPENSES</b>	<b>110</b>	<b>382</b>	<b>227</b>	
<b>L. OPERATING PROFIT BEFORE TAX</b>				
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>17,235</b>	<b>16,081</b>	<b>9,242</b>	<b>14,639</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		209		11
<b>NJ. PROFIT BEFORE TAXATION</b>				
<b>O. LOSS BEFORE TAXATION</b>	<b>17,235</b>	<b>16,290</b>	<b>9,242</b>	<b>14,650</b>
<b>P. INCOME TAX</b>				
I Current tax expense				
II Deferred income tax expense		106		
III Deferred income tax benefit	987			



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

Document Reference

**I.Z.P. 17/02**

<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>				
<b>T. NET LOSS</b>	<b>16,248</b>	<b>16,396</b>	<b>9,242</b>	<b>14,650</b>

<b>CASH FLOWS (in thousands of RSD)</b>	<b>January – June 2016</b>	<b>January – June 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash inflow from operating activities	56,812	29,174
Cash outflow from operating activities	50,463	37,271
Net cash inflow from operating activities	6,349	
Net outflow from operating activities		8,097
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash inflow from investing activities		
Cash outflow from investing activities		
Net cash inflow from investing activities		
Net cash outflow from investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflow from financing activities	14,349	8,103
Cash outflow from financing activities	20,695	12
Net cash inflow from financing activities		8,091
Net cash outflow from financing activities	6,346	
<b>TOTAL CASH INFLOW</b>	<b>71,161</b>	<b>37,277</b>
<b>TOTAL CASH OUTFLOW</b>	<b>71,158</b>	<b>37,283</b>
<b>NET CASH INFLOW</b>	<b>3</b>	
<b>NET CASH OUTFLOW</b>		<b>6</b>
<b>CASH AT THE BEGINNING OF ACCOUNTING PERIOD</b>	<b>7</b>	<b>13</b>
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>10</b>	<b>7</b>

## 3.13. FREE ZONE PIROT

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>116,615</b>	<b>143,463</b>	<b>143,084</b>
I INTANGIBLE ASSETS	232	1,080	970
Concessions, patents , licenses , trademarks , software and other rights	232	1,080	970
II PROPERTY, PLANT AND EQUIPMENT	116,383	142,383	142,114
Land	18,412	15,150	15,421
Buildings	48,166	75,553	74,831
Plant and equipment	3,294	4,724	4,302
Property, plant and equipment construction	29,733	31,727	41,503
Investments in others property, plants and equipment	512	361	210
Advances for property , plant and equipment	16,266	14,868	5,847
III BIOLOGICAL AGENTS			
IV LONG-TERM FINANCIAL PLACEMENTS			



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

Document Reference

**IZ.P. 17/02**

Other long-term financial placements			
V LONG-TERM RECEIVABLES			
Receivables from parent company and subsidiaries			
<b>V DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>124,663</b>	<b>170,457</b>	<b>155,085</b>
I INVENTORIES	651	2,032	1,795
Goods	541	540	540
Advances paid to suppliers and for services	110	1,492	1,255
II DUE ON SALE	40,497	58,260	59,576
Customers in the country - the parent and subsidiaries	1,104	4,772	1,788
Customers in the country	35,105	48,781	52,681
Customers abroad	4,288	4,707	5,107
III RECEIVABLES FROM SPECIFIC			
IV OTHER RECEIVABLES	142	924	233
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS		13,000	10,000
Short-term loans and placements – parent and subsidiaries		13,000	10,000
VII CASH AND CASH EQUIVALENTS	79,413	92,357	81,233
VIII VALUE ADDED TAX	2,092		
IX PREPAYMENTS	1,868	3,884	2,248
<b>D. TOTAL ASSETS = OPERATION ASSETS</b>	<b>241,278</b>	<b>313,920</b>	<b>298,169</b>
<b>D. OFF-BALANCE SHEET ASSETS</b>	<b>12,500</b>	<b>37,500</b>	<b>37,500</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	<b>196,161</b>	<b>252,973</b>	<b>239,061</b>
I SHARE AND OTHER CAPITAL	<b>118,439</b>	<b>118,439</b>	<b>118,439</b>
Share capital	118,439	118,439	118,439
II SUBSCRIBED CAPITAL UNPAID			
III TREASURY SHARES	34,854	34,854	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	150,751
Retained earnings from previous years	64,921	107,661	107,661
Retained earnings for the year	42,740	57,002	43,090
IX PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS			
Loss from previous years			
Loss for the year			
<b>B. LONG TERM PROVISIONS AND LIABILITIES</b>	<b>4,635</b>	<b>5,359</b>	<b>5,359</b>
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			
<b>V. DEFERRED TAX LIABILITIES</b>	<b>292</b>	<b>178</b>	<b>178</b>
<b>G. CURRENT LIABILITIES</b>	<b>40,190</b>	<b>55,410</b>	<b>53,571</b>
I SHORT-TERM FINANCIAL LIABILITIES			
II PREPAYMENTS, DEPOSITS AND GUARANTEES	2,210	2,324	4,402



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

Document Reference

**IZ.P. 17/02**

III ACCOUNTS PAYABLE	27,680	41,840	36,859
Suppliers - parent and subsidiaries in the country	2,671	1,429	2,637
Suppliers in the country	14,311	21,648	19,708
Foreign suppliers	10,493	18,618	14,388
Other accounts payable	205	145	126
IV OTHER CURRENT LIABILITIES	7,391	7,476	9,501
V LIABILITIES FOR VALUE ADDED TAX	1	1,421	1,767
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	2,549	1,566	4
VII ACCRUALS	359	783	1,038
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>D. TOTAL LIABILITIES</b>	<b>241,278</b>	<b>313,920</b>	<b>298,169</b>
<b>G. OFF-BALANCE LIABILITIES</b>	<b>12,500</b>	<b>37,500</b>	<b>37,500</b>

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>375,156</b>	<b>454,444</b>	<b>232,298</b>	<b>247,570</b>
I Sales of goods		1	1	
II Sales of products and services	375,156	454,443	232,297	247,570
III Revenues from premiums, subsidies, donations, grants etc.				
IV Other operating income				
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>315,767</b>	<b>388,616</b>	<b>196,162</b>	<b>214,975</b>
I Cost of commercial goods sold		1	1	
V Material consumed	1,563	2,222	828	664
VI Fuel and energy consumed	4,586	5,347	2,781	2,477
VII Staff costs	60,701	67,829	33,365	37,489
VIII Production expenses	231,825	296,190	151,634	165,593
IX Amortization	3,028	3,270	1,580	1,762
X Costs of long-term provisions	1,188	760		
XI Intangible costs	12,876	12,997	5,973	6,990
<b>V. PROFIT FROM OPERATIONS</b>	<b>59,389</b>	<b>65,828</b>	<b>36,136</b>	<b>32,595</b>
<b>G. LOSS FROM OPERATIONS</b>				
<b>D. FINANCE INCOME</b>	<b>6,704</b>	<b>2,584</b>	<b>1,216</b>	<b>750</b>
I Financial income from related persons and other financial income	4,695	1,051		504
II Interest income (from third parties)	645	45	27	1
III Gains and positive effects of currency clause	1,364	1,488	1,189	245
<b>Đ. FINANCE EXPENSES</b>	<b>1,148</b>	<b>734</b>	<b>494</b>	<b>2,696</b>
I Financial expenses related party transactions and other financial expenses	5	41	1	2
II Interest expense (by third parties)	2			
III Foreign exchange gains and negative effects of currency clause	1,141	693	493	2,694
<b>E. PROFIT FROM FINANCING</b>	<b>5,556</b>	<b>1,850</b>	<b>722</b>	
<b>Ž. LOSS FROM FINANCING</b>				<b>1,946</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	3,712	1,709	73	17,157
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	16,156	6,629		
<b>J. OTHER INCOME</b>	383	4,592	3,481	141



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

Document Reference

**IZ.P. 17/02**

<b>K. OTHER EXPENSES</b>	710	168		1
<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>52,174</b>	<b>67,182</b>	<b>40,412</b>	<b>47,946</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>				
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>52,174</b>	<b>67,182</b>	<b>40,412</b>	<b>47,946</b>
<b>O. LOSS BEFORE TAXATION</b>				
<b>P. INCOME TAX</b>				
I Current tax expense	9,552	10,294	5,572	4,856
II Deferred income tax expense				
III Deferred income tax benefit	118	114		
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>	<b>42,740</b>	<b>57,002</b>	<b>34,840</b>	<b>43,090</b>
<b>T. NET LOSS</b>				

### 3.14. TIGAR SECURITY

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>27,832</b>	<b>26,930</b>	<b>26,432</b>
I. INTANGIBLE ASSETS			
II. PROPERTY, PLANT AND EQUIPMENT	<b>27,832</b>	<b>26,930</b>	<b>26,432</b>
Land	1,558	1,558	1,558
Buildings	23,272	22,870	22,669
Plant and equipment	2,742	2,502	2,205
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			
<b>V. DEFERRED TAX ASSETS</b>	<b>468</b>	<b>430</b>	<b>430</b>
<b>G. CURRENT ASSETS</b>	<b>63,666</b>	<b>68,104</b>	<b>76,490</b>
I. INVENTORIES	413	277	226
Advances paid for supplies and services	413	277	226
II. RECEIVABLES FROM SALE	54,501	63,650	64,273
Customers in the country - the parent and subsidiaries	41,761	50,124	50,603
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	10	45	58
Customers in the country	12,730	13,481	13,612
Customers abroad			
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	3,421	297	142
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT I KROZ BILANS USPEHA			



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

Document Reference

**IZ.P. 17/02**

VI. SHORT-TERM FINANCIAL PLACEMENTS	4,858	3,369	6,889
Short-term loans and investments - parent and subsidiaries	4,858	3,369	6,889
VII. CASH AND CASH EQUIVALENTS	7	34	4,771
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	466	477	189
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>91,966</b>	<b>95,464</b>	<b>103,352</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	47,230	48,803	54,925
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 SECURITIESVALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	551	1,132	1,132
VIII. RETAINED EARNINGS	12,883	15,037	21,159
Retained profit from previous years			15,037
Retained profit from financial year	12,883	15,037	6,122
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>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>2,418</b>	<b>3,225</b>	<b>3,225</b>
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			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>42,318</b>	<b>43,436</b>	<b>45,202</b>
I. SHORT-TERM FINANCIAL LIABILITIES			
Short-term loans from parent companies and subsidiaries			
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	36	15	
III. ACCOUNTS PAYABLE	6,033	3,564	4,883
Suppliers - parent and subsidiaries in the country	1,840	1,280	2,483
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country		5	6
Suppliers in the country	4,193	2,279	2,394



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

Document Reference

**IZ.P. 17/02**

Foreign suppliers			
Other liabilities			
<b>IV. OTHER CURRENT LIABILITIES</b>	28,482	31,229	32,111
V. LIABILITIES FOR VALUE ADDED TAX	1,982	4,239	3,824
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,184	321	296
VII. ACCRUALS	4,601	4,068	4,088
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>91,966</b>	<b>95,464</b>	<b>103,352</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>119,795</b>	<b>140,865</b>	<b>69,234</b>	<b>67,969</b>
I. Sales of goods				
II. Sales of products and services	119,795	139,711	68,657	67,393
III. Revenues from premiums, subsidies, donations, grants etc				
IV. Other operating income		1,154	577	576
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>99,200</b>	<b>118,871</b>	<b>57,324</b>	<b>59,570</b>
I. Cost of commercial goods sold				
II. Work performed by the company and capitalized				
V. Material consumed	144	215	131	126
VI. Fuel and energy consumed	1,260	1,120	584	725
VII. Staff costs	85,298	102,801	49,868	51,391
VIII. Production expenses	1,227	858	440	1,209
IX. Amortization	1,312	1,235	616	498
X. Costs of long-term provisions	136	461		
XI. Intangible costs	9,823	12,181	5,685	5,621
<b>V. PROFIT FROM OPERATIONS</b>	<b>20,595</b>	<b>21,994</b>	<b>11,910</b>	<b>8,399</b>
<b>G. LOSS FROM OPERATIONS</b>				
<b>D. FINANCE INCOME</b>				
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)				
III. Gains and positive effects of currency clause				
<b>Đ. FINANCE EXPENSES</b>	<b>4,008</b>	<b>3,314</b>	<b>439</b>	<b>640</b>
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	4,008	3,314	439	640
III. Foreign exchange gains and negative effects of currency clause				
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>4,008</b>	<b>3,314</b>	<b>439</b>	<b>640</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>				
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	192	161		
<b>J. OTHER INCOME</b>	166	158	98	157
<b>K. OTHER EXPENSES</b>	16	31	25	17





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

Document Reference

**IZ.P. 17/02**

<b>L. OPERATING PROFIT BEFORE TAX</b>	<b>16,545</b>	<b>18,646</b>	<b>11,544</b>	<b>7,899</b>
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>				
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		18		
<b>NJ. PROFIT BEFORE TAXATION</b>	<b>16,545</b>	<b>18,628</b>	<b>11,544</b>	<b>7,899</b>
<b>O. LOSS BEFORE TAXATION</b>				
<b>P. INCOME TAX</b>				
I. Current tax expense	3,850	3,553	1,924	1,777
II. Deferred income tax expense		38		
III. Deferred income tax benefit	188			
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>	<b>12,883</b>	<b>15,037</b>	<b>9,620</b>	<b>6,122</b>
<b>T. NET LOSS</b>				

## 3.15. PI CHANNEL

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>6,013</b>	<b>5,650</b>	<b>5,514</b>
I. INTANGIBLE ASSETS		45	45
Intangible assets under construction		45	45
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	6,013	5,605	5,469
Buildings	67	61	58
Plant and equipment	584	233	161
Property, plant and equipment construction	33	103	103
Investments in others property, plants and equipment	5,329	5,208	5,148
III. BIOLOGICAL AGENTS			
IV. LONG-TERM FINANCIAL PLACEMENTS			
V. LONG-TERM RECEIVABLES			
Receivables from parent company and its subsidiaries			
<b>V. DEFERRED TAX ASSETS</b>	<b>48</b>	<b>43</b>	<b>43</b>
<b>G. CURRENT ASSETS</b>	<b>2,480</b>	<b>2,539</b>	<b>3,126</b>
I. INVENTORIES	405	84	
Advances paid for supplies and services	405	84	
II. RECEIVABLES FROM SALE	1,105	1,844	2,671
Customers in the country - other related parties	232	607	1,357
Customers in the country	873	1,237	1,314
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	205	141	169
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	195



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

Document Reference

**IZ.P. 17/02**

VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	123	21	92
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>8,541</b>	<b>8,232</b>	<b>8,683</b>
<b>Đ. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	<b>3,000</b>	<b>3,805</b>	<b>3,018</b>
I. Share Capital	3,166	3,166	3,166
Shares of limited liability companies	3,166	3,166	3,166
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES	115	115	115
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment			
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VII. UNREALIZED LOSSES ON SECURITIESVALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS			
VIII. RETAINED EARNINGS	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	1,334
Loss of previous years		547	547
Loss for the year	547		787
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>			
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			
<b>V. DEFERRED TAX LIABILITIES</b>			
<b>G. CURRENT LIABILITIES</b>	<b>5,541</b>	<b>4,427</b>	<b>5,665</b>
I. SHORT-TERM FINANCIAL LIABILITIES			
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	376	55	
III. ACCOUNTS PAYABLE	3,604	3,190	3,813
Suppliers - other related parties in the country	1,615	1,788	2,408
Suppliers in the country	1,989	1,402	1,406
IV. OTHER SHORT-TERM LIABILITIES	1,307	835	1,080
V. LIABILITIES FOR VALUE ADDED TAX	78	306	280
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	176	41	492
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>8,541</b>	<b>8,232</b>	<b>8,683</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			



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

Document Reference

**IZ.P. 17/02**

Income statement (in thousands of RSD)	January – December 2015	January – December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	<b>14,871</b>	<b>15,641</b>	<b>7,284</b>	<b>6,772</b>
I. Sales of goods				
II. Sales of products and services	4,626	8,215	4,084	3,467
III. Revenues from premiums, subsidies, donations, grants etc				
IV. Other operating income	10,245	7,426	3,200	3,305
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	<b>15,055</b>	<b>14,306</b>	<b>6,757</b>	<b>7,427</b>
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	51	43
VI. Fuel and energy consumed	1,102	760	442	444
VII. Staff costs	9,893	10,788	5,127	5,827
VIII. Production expenses	1,222	1,203	328	529
IX. Amortization	755	474	294	118
X. Costs of long-term provisions				
XI. Intangible costs	1,863	985	515	466
<b>V. PROFIT FROM OPERATIONS</b>		<b>1,335</b>	<b>527</b>	
<b>G. LOSS FROM OPERATIONS</b>	<b>184</b>			<b>655</b>
<b>D. FINANCE INCOME</b>	<b>11</b>			
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				
<b>Đ. FINANCE EXPENSES</b>	<b>127</b>	<b>16</b>	<b>8</b>	<b>2</b>
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	126	16	8	2
III. Foreign exchange gains and negative effects of currency clause	1			
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	<b>116</b>	<b>16</b>	<b>8</b>	<b>2</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>38</b>			
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>		<b>133</b>		
<b>J. OTHER INCOME</b>	<b>4</b>	<b>61</b>	<b>26</b>	<b>12</b>
<b>K. OTHER EXPENSES</b>	<b>40</b>	<b>382</b>	<b>47</b>	<b>114</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>		<b>865</b>	<b>498</b>	
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>298</b>			<b>760</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND</b>				



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

Document Reference

**IZ.P. 17/02**

<b>CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>NJ. PROFIT BEFORE TAXATION</b>		<b>865</b>	<b>498</b>	
<b>O. LOSS BEFORE TAXATION</b>	<b>298</b>			<b>760</b>
<b>P. INCOME TAX</b>				
I. Current tax expense	14	55	7	27
II. Deferred income tax expense		5		
III. Deferred income tax benefit	31			
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>		<b>805</b>	<b>490</b>	
<b>T. NET LOSS</b>	<b>281</b>			<b>787</b>

## 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)**

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>22.04.2016.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>		
<b>B. NON-CURRENT ASSETS</b>	<b>26</b>	<b>21</b>
<b>I. INTANGIBLE ASSETS</b>		
Investment in development		
Concessions, patents, licenses, trademarks, software and other rights		
Intangible assets under construction		
Advances for intangible assets		
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	<b>26</b>	<b>21</b>
Land		
Buildings		
Plant and equipment	26	21
Investment property		
Property, plant and equipment construction		
Investments in others property, plants and equipment		
<b>III. BIOLOGICAL AGENTS</b>		
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>		
<b>V. LONG-TERM RECEIVABLES</b>		
Receivables from the parent company and other related parties		
<b>V. DEFERRED TAX ASSETS</b>		
<b>G. CURRENT ASSETS</b>	<b>3,787</b>	<b>3,062</b>
<b>I. INVENTORIES</b>	<b>360</b>	
Supplies, spare parts, tools and supplies		
Unfinished production and unfinished services		
Goods		
Fixed assets held for sale		
Advances paid for supplies and services	360	
<b>II. RECEIVABLES FROM SALE</b>	<b>3,289</b>	<b>2,950</b>
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		



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

Document Reference

**IZ.P. 17/02**

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	
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>3,813</b>	<b>3,083</b>
<b>D. OFF BALANCE SHEET ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>22.04.2016.</b>
<b>A. EQUITY</b>	<b>1,853</b>	<b>1,464</b>
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>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>158</b>	<b>158</b>
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		
<b>V. DEFERRED TAX LIABILITIES</b>		
<b>G. CURRENT LIABILITIES</b>	<b>1,802</b>	<b>1,460</b>
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		
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		



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

Document Reference

**IZ.P. 17/02**

VII. ACCRUALS	89	80
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>		
<b>D. TOTAL LIABILITIES</b>	<b>3,813</b>	<b>3,083</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>		

Income statement (in thousands of RSD)	January- December 2015	January - March 2016	January – 22 <sup>nd</sup> April 2016
<b>INCOME FROM OPERATIONS</b>			
<b>A. OPERATING INCOME</b>	<b>2,286</b>	<b>363</b>	<b>371</b>
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			
<b>EXPENSES FROM OPERATIONS</b>			
<b>B. OPERATING EXPENSES</b>	<b>2,768</b>	<b>580</b>	<b>728</b>
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
<b>V. PROFIT FROM OPERATIONS</b>			
<b>G. LOSS FROM OPERATIONS</b>	<b>482</b>	<b>217</b>	<b>357</b>
<b>D. FINANCE INCOME</b>	<b>162</b>	<b>2</b>	<b>2</b>
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
<b>D. FINANCE EXPENSES</b>	<b>76</b>	<b>3</b>	<b>4</b>
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
<b>E. PROFIT FROM FINANCING</b>	<b>86</b>		
<b>Z. LOSS FROM FINANCING</b>			<b>2</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>41</b>		
<b>J. OTHER INCOME</b>	<b>95</b>	<b>1</b>	<b>135</b>
<b>K. OTHER EXPENSES</b>			165
<b>L. OPERATING PROFIT BEFORE TAX</b>			
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>342</b>	<b>218</b>	<b>389</b>
<b>NJ. PROFIT BEFORE TAXATION</b>			
<b>O. LOSS BEFORE TAXATION</b>	<b>342</b>	<b>218</b>	<b>389</b>
<b>P. INCOME TAX</b>			
I. Current tax expense			
II. Deferred income tax expense			
III. Deferred income tax benefit	46		
<b>R. EARNINGS OF EMPLOYER</b>			
<b>S. NET PROFIT</b>			
<b>T. NET LOSS</b>	<b>296</b>	<b>218</b>	<b>389</b>



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

Document Reference

**IZ.P. 17/02**

## 3.17. TIGAR INTER - RISK

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

<b>ASSETS</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>21</b>	<b>12</b>	<b>9</b>
I. INTANGIBLE ASSETS			
Investment in development			
Concessions, patents , licenses , trademarks , software and other rights			
Intangible assets under construction			
Advances for intangible assets			
II. PROPERTY, PLANT AND EQUIPMENT	21	12	9
Land			
Buildings			
Plant and equipment	21	12	9
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			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>2,958</b>	<b>2,958</b>	<b>2,937</b>
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	826
Customers in the country - the parent and subsidiaries	188	246	399
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties			



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

Document Reference

**IZ.P. 17/02**

Customers in the country	325	595	427
Customers abroad			
Other receivables from sales			
III. RECEIVABLES FROM SPECIFIC OPERATIONS			
IV. OTHER RECEIVABLES	197	102	101
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	20
VIII. VALUE ADDED TAX			
IX. PREPAYMENTS	40	39	17
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>2,979</b>	<b>2,970</b>	<b>2,946</b>
<b>D. OFF BALANCE SHEET ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2015.</b>	<b>31.12.2016.</b>	<b>30.06.2017.</b>
<b>A. EQUITY</b>	<b>1,992</b>	<b>1,930</b>	<b>2,051</b>
I. SHARE AND OTHER CAPITAL	1,973	1,973	1,973
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	19	35	35
VIII. RETAINED EARNINGS	93	47	168
Retained profit from previous years			47
Retained profit for the year	93	47	121
IX. PARTICIPATION RIGHTS WITHOUT CONTROL			
X. LOSS	55	55	55
Loss of previous years	55	55	55





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

Document Reference

**IZ.P. 17/02**

Loss for the year			
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>89</b>	<b>74</b>	<b>74</b>
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			
<b>V. DEFERRED TAX LIABILITIES</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>G. CURRENT LIABILITIES</b>	<b>896</b>	<b>964</b>	<b>819</b>
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	74
Suppliers - parent and subsidiaries in the country	57	178	56
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country			
Suppliers in the country	16	60	<b>18</b>
Foreign suppliers			
Other liabilities			
IV. OTHER CURRENT LIABILITIES	680	650	701
V. LIABILITIES FOR VALUE ADDED TAX			
VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES			
VII. ACCRUALS	95	76	44
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>			
<b>Đ. TOTAL LIABILITIES</b>	<b>2,979</b>	<b>2,970</b>	<b>2,946</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>			



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

Document Reference

**IZ.P. 17/02**

Income statement (in thousands of RSD)	January – December 2015	January- December 2016	January – June 2016	January – June 2017
<b>INCOME FROM OPERATIONS</b>				
<b>A. OPERATING INCOME</b>	2,382	2,023	1,041	974
I. Sales of goods				
II. Sales of products and services	2,382	2,023	1,041	974
III. Revenues from premiums, subsidies, donations, grants etc.				
IV. Other operating income				
<b>EXPENSES FROM OPERATIONS</b>				
<b>B. OPERATING EXPENSES</b>	2,375	1,948	1,156	817
I. Cost of commercial goods sold				
V. Material consumed	7	15	8	3
VI. Fuel and energy consumed	92	40	33	8
VII. Staff costs	1,899	1,531	910	641
VIII. Production expenses	29	10	3	6
IX. Amortization	8	9	4	3
X. Costs of long-term provisions	2			
XI. Intangible costs	338	343	198	156
<b>V. PROFIT FROM OPERATIONS</b>	7	75		157
<b>G. LOSS FROM OPERATIONS</b>			115	
<b>D. FINANCE INCOME</b>	1	0		
I. Financial income from related persons and other financial income				
II. Interest income (from third parties)	1	0		
III. Gains and positive effects of currency clause				
<b>Đ. FINANCE EXPENSES</b>	5	9	6	13
I. Financial expenses related party transactions and other financial expenses				
II. Interest expense (by third parties)	5	9	6	13
III. Foreign exchange gains and negative effects of currency clause				
<b>E. PROFIT FROM FINANCING</b>				
<b>Ž. LOSS FROM FINANCING</b>	4	9	6	13
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	134			
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>				
<b>J. OTHER INCOME</b>	11	32		
<b>K. OTHER EXPENSES</b>		3	3	
<b>L. OPERATING PROFIT BEFORE TAX</b>	148	95		144
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>			124	
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>				
<b>NJ. PROFIT BEFORE TAXATION</b>	148	95		144
<b>O. LOSS BEFORE TAXATION</b>			124	
<b>P. INCOME TAX</b>				



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

Document Reference

**IZ.P. 17/02**

I. Current tax expense	53	49	26	24
II. Deferred income tax expense	2			
III. Deferred income tax benefit				
<b>R. EARNINGS OF EMPLOYER</b>				
<b>S. NET PROFIT</b>	<b>93</b>	<b>46</b>		<b>120</b>
<b>T. NET LOSS</b>			<b>150</b>	

## 4. REAL ESTATE AND LEGAL MATTERS

### 4.1 REAL ESTATE

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

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

#### Land

The total number of cadastral lots owned by Tigar and its dependent entities, without Free Zone, as of 30.06.2017 is 183, of which 319,381 m<sup>2</sup>, is undeveloped land, while the useful area is 97,044 m<sup>2</sup>. The total carrying value of Tigar a.d. and its dependent entities land as of 30.06.2017 is RSD 469,881,831.19.

The carrying value of the land of the Free Zone as of 30.06.2017 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 m<sup>2</sup>. As of 30.06.2017, the carrying value of the buildings owned by Tigar and its major subsidiaries is RSD 2,098,742,253.90

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

Entity	Value in RSD as of 30.06.2017
Tigar AD	266,181,099.77
<b>Total:</b>	<b>266,181,099.77</b>



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

Document Reference

**IZ.P. 17/02****Book value of buildings**

<b>Book value of buildings (in RSD)</b>			
<b>Entity</b>	<b>31.12.2016.</b>	<b>31.03.2017.</b>	<b>30.06.2017.</b>
Tigar AD	1,749,863,282.62	1,742,491,799.62	1,734,530,061.20
Ti-car Trgovine	1,325,660.62	1,318,287.62	1,310,914.62
Tigar Business Service	13,157,778.46	13,103,599.46	13,049,422.46
Tigar Security	22,870,352.07	22,769,826.07	22,669,300.07
Free Zone	75,552,904.48	75,192,117.58	74,831,330.68
Tigar Incon	128,224,315.57	127,696,857.57	127,169,397.57
Tigar Catering	126,367,357.03	125,774,592.30	125,181,827.30
<b>Total:</b>	<b>2,117,361,650.85</b>	<b>2,108,347,080.22</b>	<b>2,098,742,253.90</b>

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

<b>Entity</b>	<b>Value in RSD on 30.06.2017.</b>
<b>Tigar AD</b>	<b>356,244,405.61</b>
<b>Ti car trgovine</b>	<b>27,770,247.11</b>
<b>Total:</b>	<b>384,014,652.72</b>

**Real estate transactions**

Pursuant to the adopted Prepackaged Plan of Reorganization, in the period January - June 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 m<sup>2</sup>, 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. Deleted mortgages are no longer at the list of liens placed on immovable properties within this chapter, whereas next to certain liens it is marked the status of activity regarding their deletion.

At the end of II 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.

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.



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

Document Reference

**IZ.P. 17/02**

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. I 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. I 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. II 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. I 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. I 2900/2010 dated 02.07.2010 places lien on business premises in Knjaževac in favor of Privredna banka a.d. Belgrade.

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

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



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

Document Reference

**IZ.P. 17/02**

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. I 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. I 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. I 428/2012 dated 14.02.2012 and mortgage statement I 1849/2012 dated 21.05.2012 and mortgage statement I 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. I 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. I 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 bank a.d. Belgrade.

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



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

Document Reference

**IZ.P. 17/02**

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.

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 Resulution 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 2017 is still characterized by a low level of investment activity and low liquidity. After a decline in stock exchange indices in the first half of 2016, 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. The first half of 2017 is the second year in a row that records a decline of BSE indices, when belex 15 recorded a decline by 0,84%, and belexline by 1,72%.

The decline in stock exchange indices in the first half of 2017 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 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



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

Document Reference

**IZ.P. 17/02**

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.

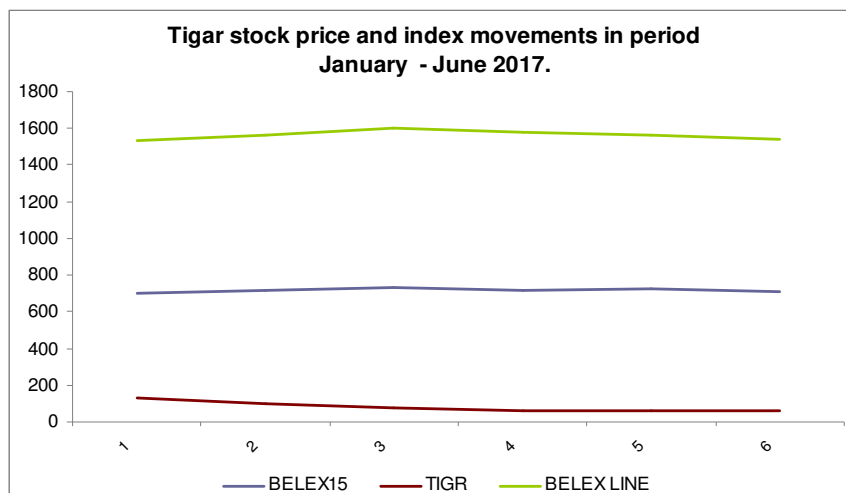
During 2016 the price of Tigar a.d. shares ranged between RSD 60-150, which represents a great price fluctuation. By mid-June and in early July there was recorded a significant growth in price of the Company's shares to RSD 120, which represents a growth in price by 17.65% in relation to the price at 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, During fourth quarter was reached the highest price of RSD 150 per share, 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 50, which represents a decline in price by 61,54%. On the last day of June was traded at the price of RSD 62, which represents a growth in price by 20% in relation to the lowest price of RSD 50 at which was traded in the second quarter. In the second quarter of 2017 was traded with 14.664 shares only, which represents 0,19% of the total number of the Company's shares and it did not greatly influence the change of ownership structure in relation to the end of first quarter of 2017.

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

	31 MARCH 2017	30 JUNE 2017	% CHANGE
<b>Number of shareholders</b>	4,390	4,388	0,04
<b>Total number of issued shares</b>	7,665,481	7,665,481	
<b>Book value of shares</b>	-98,35	-92,75	
<b>Market price of shares</b>	78,00	62,00	-20,51
<b>Lowest price during the period (in RSD)</b>	50.00 – 26.06.2017.		
<b>Highest price during the period (in RSD)</b>	130.00 –04.01.2017.		
<b>Average price I - VI 2017</b>	82,99		
<b>Market capitalization in RSD</b>	597,907,518	475,259,822	

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







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

Document Reference

**IZ.P. 17/02**

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 II quarter 2017

Shareholders	30.06.2017.
Legal entities	91.17
Individuals	7.62
Custody accounts	1.21

Tigar's ownership structure at the of II 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.

**Top ten shareholders as of 31.06.2017**

In comparison with the same period in 2016 when there were traded 123.583 shares, in the first quarter of 2017 was traded with 24.974 shares only which represents significantly smaller trading volume with the Company's shares but along with the new issue of shares it 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	BANKA POŠTANSKA ŠTEDIONICA 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 30.06.2017 were published at [www.crhov.rs](http://www.crhov.rs)



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

Document Reference

**IZ.P. 17/02**

## 6. SUSTAINABLE DEVELOPMENT

### 6.1. EMPLOYEES

#### Headcount and structure

On 30.06.2017 the number of people employed in Tigar Group was the following:

Workforce on 30.06.2017	
Company	Number of employees
<b>Tigar a.d. collectively</b>	<b>982</b>
Tigar a.d.	236
Footwear Plant	617
Technical Rubber Goods plant	108
Chemical Products plant	21
<b>Other</b>	<b>418</b>
<b>Total</b>	<b>1,400</b>

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

#### Employee expenses

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

	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD
<b>TIGAR AD collectively</b>	210,493	355,909
– <i>Tigar a.d.</i>	57,114	95,593
– Tigar Rubber Footwear	125,514	212,919
– Tigar Technical Rubber Goods	23,023	38,849
– Tigar Chemical Products	4,842	8,548
<b>Other</b>	<b>81,895</b>	<b>137,604</b>
<b>Total</b>	<b>292,389</b>	<b>493,513</b>

	<b>BUSINESS REPORT</b>	Document Reference
	<b>FOR THE PERIOD JANUARY- JUNE 2017</b>	<b>IZ.P. 17/02</b>

### Optimization of human resources

During the period I – VI 2017, 48 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
<b>Tigar AD collectively</b>	<b>No. of employees</b>	<b>8</b>		<b>16</b>	<b>24</b>
	<b>Amount in RSD</b>	<b>1,067,010.00</b>			<b>1,067,010.00</b>
<i>*Tigar a.d.</i>	No. of employees	2		3	5
	Amount in RSD	263,860.00			
<i>* Tigar Rubber Footwear</i>	No. of employees	5		11	16
	Amount in RSD	671,220.00			671,220.00
<i>* Tigar Technical Rubber Goods</i>	No. of employees	1		2	3
	Amount in RSD	131,930.00			131,930.00
<i>* Tigar Chemical products</i>	No. of employees				
	Amount in RSD				
<b>Other</b>	<b>No. of employees</b>	<b>1</b>		<b>23</b>	<b>24</b>
	<b>Amount in RSD</b>	<b>126,122.00</b>			<b>126,122.00</b>
<b>Total</b>	<b>No. of employees</b>	<b>9</b>		<b>39</b>	<b>48</b>
	<b>Amount in RSD</b>	<b>1,193,132.00</b>			<b>1,193,132.00</b>

\*As of these 39 full-time employees who terminated their employment on other grounds, 34 employees resigned of their own volition, 1 amicable termination of employment, 3 notices of termination by the employer, fatal case – 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.

### Employee training

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

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



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

Document Reference

**IZ.P. 17/02**

Employee training expenses in the period I –VI 2017 amounted to RSD 361.795,00 or 0,07 % of paid gross salaries.

In the period January – June 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 the Footwear factory was carried out supervision by the buyer Decathlon in February.

In February there was carried out supervisory check of integrated management systems (IMS) in Tigar Incon 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 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 the period January – June 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.



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

Document Reference

**IZ.P. 17/02**

#### 6.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Piro*t in English, and *Akcionarsko društvo Tigar – Piro*t, in Serbian. Its short name is Tigar AD – Pirot in Serbian, and JSC Tigar in English. The registered name and its use are regulated by the provisions of Articles 10 and 14 of the By-Laws of the Joint Stock Company Tigar. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.

#### Registered trademarks as of 30 June 2017:

Request no.	Request date:	Reg.no.	Trademark:	Valid until:	Owner:
Ž-247/80	30.04.80.	31499	Tigar	21.12.17.	Tigar AD
Ž-2606/06	14.11.06.	54763	Tigar	14.11.26.	Tigar AD
Ž-842/07	18.04.07.	55612	Markol	18.04.17.	Tigar AD
Ž-1129/07	17.05.07.	55735	Tigar Incon	17.05.27.	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
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	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



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

Document Reference

**IZ.P. 17/02**

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
Međ.Zaštitni Zn.	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
Međ. Zaštitn. Zn. 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Međ. Zaštitn. Zn. 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
SAD	07.09.09.	3870299	Maniera	07.09.19.	Tigar AD
79075140					
SAD	07.09.09.	3906894	Brolly	07.09.19.	Tigar AD
79075638					
Kanada	25.05.90.	368832	Forester	25.05.20.	Tigar Obuća

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

Tigar AD holds three internet domain names: [www.tigar.com](http://www.tigar.com), [www.tigar.co.rs](http://www.tigar.co.rs) and [www.tigar.rs](http://www.tigar.rs).

Tigar holds no software copyrights or broadcasting rights. Tigar uses standard software under licenses duly acquired from software manufacturers or distributors. Pursuant to Article 55 paragraph 2 of the Particular Collective Contract, employees are entitled to compensation on the basis of innovation (outstanding contribution to increasing productivity, improving quality, new technical solutions and improvements in production processes).

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

## 6.5. INFORMATION TECHNOLOGY

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

- Development of application software
- Installation of software
- Software and hardware user training
- Logistic support to users for data processing
- Database maintenance
- Data security
- Installation and maintenance of hardware and software
- Administration and user access management
- Local area network management and anti-virus protection
- Maintenance of Internet and Intranet access
- Standardization of corporate hardware and software within the corporation



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

Document Reference

**IZ.P. 17/02**

## 6.6. SOCIAL RESPONSIBILITY

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

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

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

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

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

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.

In order to organize trainings more efficiently and promote sports activities among young people, it was supported handball club 'Jastrebac' Blace with a certain amount of balls.

With a certain amount of balls there was also supported MINIBASKET FESTIVAL, for boys and girls of age up to 13. The said manifestation is realized at the territory of East Serbia (Kladovo, Negotin, Bor, Svrljig, Boljevac, Bela Palanka, Pirot) and gathers around 400 children per tournament, and it is organized by RKS of East Serbia.

By donating a certain amount of goods to the Chess club Progress, in order to help in the organization of memorial chess tournament Obrad Pešić Šmeha 2017 we contibuted to the image and reputation of our company in the sports field at the local level.



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

Document Reference

**IZ.P. 17/02**

The company supported sport and education by donating a certain amount of balls as help and support to the manifestation „Street ball“, Mladenovac. Balls were donated, as a gift, to the schools pertaining to the territory of the city municipality Mladenovac for the duration of the tournament, and they were also awarded as gift to the winners.

Within the World Breastfeeding Week was donated a certain quantity of goods to the Citizens Associations Roditelj – Pirot, so as to support the manifestation Wholesome food from the first day and baby crawling contest.

Traditionally we helped the branch of Tigar AD seniors in organizing an outing to Babin zub for the company's former employees .

## 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, predsednik
- Aleksandar Đurković
- Aleksandar Radojević
- Bogdan Popara
- Milutin Radenković

\*\*\*On 30.06.2017 member of the Supervisory Board Milutin Radenković (i.e. Nikomms d.o.o. Beograd whose owner and legal representative he is, holds 380.579 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- JUNE 2017**

Document Reference

I.Z.P. 17/02

## **7. MAJOR JANUARY – JUNE 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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

## **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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

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.

### **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



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

Document Reference

**IZ.P. 17/02**

revenue, or on the markets of procurement of the key raw materials - natural and synthetic rubber. In the domestic market are analyzed factors that influence the demand, the company's business, legislation.

### **Market-and Industry-related risks**

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

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

The market is characterized by:

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

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

The market is characterized by:

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

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

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

The market is characterized by:

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



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

Document Reference

**IZ.P. 17/02**

### **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.

By neglecting this group of risks in the previous period the corporation has come to the position of pre-bankruptcy state. 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- JUNE 2017**

Document Reference

**IZ.P. 17/02**

## **10. SIGNIFICANT BUSINESS EVENTS THAT HAVE OCCURRED DURING AND AFTER THE II QUARTER OF 2017**

### **Changes in the business of the entities Tigar Americas and Tigra 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 lawyer from Serbia engaged by the company in the process of shutdown still works on it. Bearing in mind the lack of communication with the director and that it is outside our jurisdiction it takes more time to terminate the process itself. What is important to emphasize is that there are no additional costs related to this company's operation, as it does not operate since 2013 (accounts are closed, there is neither business premises, nor employees).

Bearing in mind the fact that Tigra Montenegro has shown negative business result in the previous period, the parent company Tigar a.d. has undertaken activities in order to solve the status of this entity through the sale of Tigar a.d. share in Tigra Montenegro I.l.c. Podgorica or by initiating the bankruptcy proceedings before the competent authorities. A public call for the sale of Tigar a.d. share was made but there were no interested purchasers.

### **Changes in the composition of the managing body of Tigar a.d.:**

Supervisory Board:

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.

At the repeated annual session of the General Assembly, held on 03.07.2017, due to expiration of terms of office of Supervisory Board members (2013-2017), there was elected Supervisory Board in the following composition:

- Dragan Todorović
- Nebojša Petrović
- Jelena Bečanović
- Dejan Jovešić
- Milutin Radenković

The newly-elected Supervisory Board members' mandate lasts for four years.

Executive Board:

At the session of Supervisory Board held on 08.08.2017 Branislav Čurić was relieved off the function of ED for commerce and marketing as well as of function of the Managing Director. At the same session was appointed new ED for commerce and marketing who was also appointed for the Managing Director of Tigar a.d. Pirot - Vladimir Ilić, Bachelor with Honours of Laws from Lazarevac.

Company Secretary was also appointed for a four-year term.



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

Document Reference

**IZ.P. 17/02**

Board of Creditors:

IX electronic session of the Board of Creditors was held in the period from 07.04.2017 to 13.04.2017, upon closing the session, the Board of Creditors agreed to the election of new member of the Supervisory Board, Milutin Radenković, at the proposal of shareholders Nikomms I.I.c. Belgrade and Nikola Radenković.

Bearing in mind that since the conversion was carried out obligations were settled towards the following members of the Board of Creditors: Posal Savings Bank AD Belgrade, Tax Administration and Serbian Deposit Insurance Agency, thus reducing the number of members of the Board of Creditors to an even number, so one member of the Board of Creditors had to be co-opted. Taking into account the amount of outstanding claims, for the new member of the Board of Creditors was proposed Srpska bank AD Belgrade.

At the X electronic session of the Board of Creditors was co-opted the new member of the Board of Creditors – Srpska bank AD Belgrade. Since the four-year term of office of the Supervisory Board members expired it was necessary to appoint members of the Supervisory Board. Pursuant to the adopted PPoR, at the same session, members of the Board of Creditors gave their consent to the appointment of nominated Supervisory Board members.

XI electronic session of the Board of Creditors had one item on the Agenda – giving consent to the appointment of the new Managing Director, Vladimir Ilić. Until the date of this report the majority of members of the Board of Creditors

**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.

In accordance with the adopted Conclusion, all pursuant to the Privatisation Law and the request of the competent ministry, the Company has taken all necessary measures.

**DIRECTOR OF ACCOUNTING FUNCTION  
TIGAR AD**

**Aleksandra Đorđević**

**MANAGING DIRECTOR OF TIGAR AD**

**Vladimir Ilić**

**CHAIRMAN OF TIGAR AD  
SUPERVISORY BOARD**

**Dragan Todorović**

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

Document Reference

**IZ.P. 17/02****DECLARATION**

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

The Supervisory Board of the Company has reviewed and adopted the semi-annual report at its session held on August 30<sup>th</sup>, 2017.

**DIRECTOR OF ACCOUNTING FUNCTION  
TIGAR AD****Aleksandra Đorđević****MANAGING DIRECTOR OF TIGAR AD****Vladimir Ilić****CHAIRMAN OF TIGAR AD  
SUPERVISORY BOARD****Dragan Todorović**





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

Document Reference

**IZ.P. 17/02**

## **DECLARATION**

In accordance with the Law on the capital market (Official Gazette RS no. 31/2011) we hereby declare that audit of semi-annual financial reports, both individual and consolidated has not been conducted.

In Pirot, August 31<sup>st</sup>, 2017