



## BASIC PROSPECTRUS FOR THE ISSUE OF SECURITIES

*Pursuant to the Law on the Market of Securities and Other Financial Instruments (Official Gazette of the Republic of Serbia, no. 47/2006),*

**The issuer of securities:**

AKCIONARSKO DRUŠTVO "TIGAR" - PIROT  
(JOINT-STOCK COMPANY TIGAR - PIROT)

hereby issues its

# PROSPECTUS FOR THE ISSUE OF SECURITIES

## A) INTRODUCTION

*The Securities Commission shall not be responsible for the accuracy and completeness of the information stated in the Securities Distribution Prospectus or for the ability of the issuer of the securities to fulfill the obligations arising from the securities it issues.*

### 1. ISSUER OF SHARES

#### 1.1. Name, registered address, corporate ID number, and fiscal ID number:

Akcionarsko društvo "Tigar", Pirot / Joint-Stock Company Tigar, Pirot (Tigar AD)  
Nikole Pašića 213, 18300 Pirot, Serbia  
Corporate ID number: 07187769  
Fiscal ID number: 100358298

#### 1.2. Core activity:

74150 - Holdings

#### 1.3. Subscribed capital as reported in the most recent financial statements:

**2,062,152,000.00 RSD** as of 31 December 2011

### 2. SHARES TO BE ISSUED

#### 2.1. Type, class, issue designation, CFI Code and ISIN Number of security

### 3. TOTAL VOLUME OF THE ISSUE

#### 3.1. Total nominal value of all securities to be issued, in RSD:



#### 4. NUMBER OF SHARES AND THEIR NOMINAL VALUE

4.1. Total number of securities to be issued

4.2. Nominal value per security:

#### 5. ISSUE PRICE OF SHARES

5.1. Offered price of security:

5.2. Method of payment for the securities:

#### 6. RIGHTS AND OBLIGATIONS ATTACHED TO SHARES

6.1. All rights and obligations attached to shares:

6.2. Pre-emptive rights:

*6.2.1. Persons with pre-emptive rights of subscription and payment of shares and grounds for such rights (owners of ordinary shares, holders of warrants, convertible bonds, preferred convertible shares):*

*6.2.2. Total number of securities with respect to which pre-emptive rights of subscription are exercised*

*6.2.3. Number of shares of the new issue with respect to which pre-emptive rights of subscription can be exercised*

6.3. Tax obligations of shareholders

*6.3.1. Property tax, sales tax, profit tax, tax relief, tax incentives:*

6.4. Method for settlement of any dispute between the issuer and a holder of securities, and name of competent court for the settlement of disputes:

#### 7. TIME, PLACE AND TIME PERIOD FOR SUBSCRIPTION OF SHARES

7.1. Registered name, seat, address, and business hours of BDC/bank and time period for subscription of shares (time period for subscription based on pre-emptive rights stated separately):

#### 8. LOCATION AND TERMS OF PAYMENT OF SHARES

8.1. Registered name, seat, address, and time period for payment of shares and business hours of bank at which payment is to be made:

8.2. Method to be applied in the distribution of excess subscribed and paid-up securities to persons who have subscribed and paid for the securities:

8.3. Consequences of non-payment or late payment:

8.4. Number of securities which must be subscribed and paid-up to deem the sale successful (success threshold):

**8.5. Method and deadline for reimbursement of amounts paid if the sale is not successful, including the interest rate and calculation method to be applied to the amounts paid:**

**8.6. Name and seat of the person in charge of keeping records and of clearing and settlement of obligations arising from the securities to be issued (Central Registry):**

## **9. SECURITIES TRADING MARKET**

**9.1. Name and seat of the organized market, date of admission of the same type of shares to the organized market, volume of transactions with this type of security in the organized market during the past six months, and the high and low prices realized:**

## **10. SUMMARY INFORMATION ABOUT THE ISSUER**

**10.1. Name of the issuer's competent body and date of its resolution/decision under which the securities are issued:**

**10.2. Basic facts about the issuer's business operations and development plans:**

## **11. BROKER/DEALER COMPANY AND/OR AUTHORIZED BANK WHICH IS PARTICIPATING IN THE COORDINATION OF THE PUBLIC OFFERING**

**11.1. Registered name and address of the agent or underwriter of the issue, who is participating in the coordination of the issue of securities:**

**11.2. Registered name and address of the global coordinator of the issue, if several parties are involved:**

**11.3. Type of issue coordination agreement and type of responsibility of the agent or underwriter:**

**11.4. Amounts payable to the agent or underwriter for issue coordination services, or margin to be applied when the underwriter re-sells the securities in the distribution process:**

**11.5. Does the obligation of the agent or underwriter relate to all or a specific portion of the securities to be issued?**

## B) BASIC PROSPECTUS

- „This Prospectus for the Issue of Securities, including any appendices hereto, discloses all significant facts which allow investors to objectively assess the financial and legal position of the issuer of securities and to assess the rights and obligation attached to such securities.“
- „This Prospectus for the Issue of Securities does not include any facts which might influence investors to gain a misleading impression of the issuer of securities, the securities to be issued, and the securities which have already been issued.“

### 1. DESCRIPTION OF THE ISSUER

#### 1.1. GENERAL INFORMATION

##### **1.1.1. Name, seat, address, corporate identification number and fiscal identification number:**

Akcionarsko društvo "Tigar" Pirot /Joint-Stock Company Tigar – Pirot (Tigar AD)  
Short name: **Tigar AD Pirot**  
Nikole Pašića 213, Pirot, Serbia  
CID 07187769  
FID 100358298

##### **1.1.2. Date and number of registration entry at the Business Registers Agency:**

BD 6728/2005, 25 March 2005

##### **1.1.3. Date of establishment:**

Originally established in 1935 (as an industrial workshop for the manufacture of rubber products and various types of rubber footwear). In line with changes in the business environment and in the legal framework, the organization underwent several status changes, from a socially-owned enterprise to a joint-stock company.

##### **1.1.4. Position of the issuer within the corporate group:**

Holding company

##### **1.1.4.1. Type of issuer's affiliation with other legal entities:**

Tigar AD Pirot is a holding/parent company. It holds interest in 17 companies, five of which operate abroad. Of the 17 subsidiaries which make up the Tigar Group, Tigar AD controls 16 companies and has a 50% equity stake in one – Tigar Europe. Tigar has a stake in two joint ventures with the local government - Agencija Stara planina d.o.o. Pirot (Mt. Stara Planina Agency Ltd.) and Dom sportova d.o.o. Pirot (Sports Center Ltd.).

Of all the companies within the Tigar Group:

##### **(a) 13 were established and conduct their business in Serbia:**

Tigar AD holds a 100% stake in: Tigar Obuća, Tigar Tehnička guma, Tigar Hemijski proizvodi, Tigar Incon, Tigar Poslovni servis, Tigar Obezbeđenje, Tigar Inter risk, Tigar Zaštitna radionica, and Tigar Tours. Tigar AD holds a 75.06% stake in the Pirot Free Economic Zone, and a 75% stake in the Pi Channel.

**(b) and 5 were established and conduct their business abroad:**

Tigar Europe UK (in which Tigar AD holds a 50% stake), Tigar Americas USA (100%), Tigar Partner Macedonia (70%); Tigar Trade Republika Srpska (70%), and Tigar Montenegro (80%).

1.1.4.2. Type of issuer's affiliation with other legal entities:

1.1.4.3. Grounds for issuer's participation in the management of other legal entities and/or grounds for participation of other legal entities in the management of the issuer's legal entity:

Other legal entities participate in the management of the issuer, depending on the number of shares they hold. The issuer participates in the management of other legal entities based on 100% or partial interest in their capital.

**1.1.5. Issuer's general acts**

1.1.5.1. Time and place where the articles of association or by-laws and other general acts of the issuer (as most recently amended) may be inspected:

General acts may be inspected at the corporate headquarters of the issuer in Pirot, Nikole Pašića 213, on any business day between 09:00 and 14:00 hours.

**1.2. ISSUER'S CAPITAL**
**1.2.1. Capital (in thousands of RSD)**

	<i>Merged</i>	<i>Merged</i>
	<b><u>31 December 2010</u></b>	<b><u>31 December 2011</u></b>
Total capital:	<b>2,800,749</b>	<b>2,884,854</b>
1.2.1.1. Subscribed	<b>2,062,152</b>	<b>2,062,152</b>
1.2.1.2. Other capital:		
1.2.1.3. Subscribed, unpaid capital: N/A		
1.2.1.4. Reserves including premium on issue:		
1.2.1.5. Reserves:	<b>206,215</b>	<b>206,215</b>
1.2.1.6. Retained earnings:	<b>581,885</b>	<b>665,987</b>
1.2.1.7. Accumulated loss:	<b>49,503</b>	<b>49,503</b>
1.2.1.8. Acquired treasury shares:		

**1.2.2. Issued shares**
**1.2.2.1. Number of issued ordinary shares, CFI Code, and ISIN number:**

On 8 June 2006, the General Assembly of Shareholders resolved to distribute shares due to a change in their par value. According to the records of the Central Registry in Belgrade, **1,718,460** Class D ordinary voting shares have been issued.

(a) A stock split was implemented, whereby each previous share was split into 10 shares and its par value was reduced proportionally.

The previous 171,846 shares, whose par value was 12,000.00 RSD, were replaced with 1,718,460 shares whose par value is 1,200.00 RSD.

(b) By force of applicable law:

(1) 429,429 Class D shares are held by the Shareholders' Fund; and

(2) 149,981 Class D shares are held by the Pension and Disability Fund.

CFI Code: ESVUFR

ISIN Number: RSTIGRE55421

1.2.2.2. Number of issued preferred shares by class, CFI Code, and ISIN Number: NIL

1.2.2.3. Rights attached to shares by type and class:

- (1) Participation in the management of the company, proportional to the par value of shares held,
- (2) Participation in profits at a par value of 1,200 RSD (right to dividends),
- (3) All shares rank equally and *per se* regarding pre-emptive rights and rights of first refusal.
- (4) Management rights, proportional to the interest in the subscribed capital;
- (5) Participation in the distribution of profits, proportional to the interest in the capital;
- (6) Right to a portion of the liquidation estate, in the event of liquidation, proportional to the interest in the capital, upon settlement of debts to creditors;
- (7) Pre-emptive right of purchase of shares of subsequent issues, proportional to the nominal value of shares held, in accordance with the respective issue resolution/decision; and
- (8) Disposal of shares pursuant to the law, the company's Articles of Association, and the respective issue resolution/decision;

Non-voting shares:

- (1) Shares held by the Shareholders' Fund participate in the management and in the General Assembly of Shareholders only when specific decisions/resolutions defined by law are passed, primarily dealing with changes in capital and amendments of the Articles of Association of the company;
- (2) No management rights are attached to the shares held by the Pension and Disability Fund.
- (3) No management rights are attached to the treasury shares held by Tigar AD.

1.2.2.4. Method of issue:

Certificate of the Securities Commission no. 4/0-29-2979/4-06, approving the issue of shares (stock split) without a public offering.

**1.2.3. Capital changes**
**1.2.3.1. Provisions from the issuer's general acts which relate to capital changes:**

Resolutions relating to changes in capital are passed by the General Assembly of Shareholders, through amendments of the Articles of Association (based on its Articles 88 (a) (8) and 110).

Description of changes in subscribed capital, revaluation and other reserves, subscribed but unpaid capital, treasury shares, premium on issue, and total capital (over the past three years):

	(in thousands of RSD)	
	2009	2010
<b>Share capital</b>		
<i>Opening balance</i>	2,062,152	2,062,152
Adjustment of opening balance		
Increase/decrease		
Transfers within equity		
Current year gain		
Distribution of profit		
Paid dividends		
Other		
<i>Year ended 31 December</i>	2,062,152	2,062,152
<b>Revaluation and other reserves</b>		
<i>Opening balance</i>	574,953	206,215
Adjustment of opening balance		
Increase/decrease	(368,738)	
Transfers within equity		
Current year gain		
Distribution of profit		
Paid dividends		
Other		
<i>Year ended 31 December</i>	206,215	206,215
<b>Subscribed, unpaid equity</b>		
<b>Acquired treasury shares</b>		
<b>Premium on issue</b>		
<b>Treasury shares</b>		
<i>Opening balance</i>		
Adjustment of opening balance	111,926	543,040
Increase/decrease		
Current year gain	368,738	
Distribution of profit	113,682	54,284
Paid dividends	(56,709)	(37,895)
Other		
<i>Year ended 31 December</i>	5,403	
<i>Opening balance</i>	543,040	559,429
<b>Total</b>		
<i>Opening balance</i>	2,736,793	2,811,407
Adjustment of opening balance		
Increase/decrease		
Current year gain	113,682	54,284
Transfers within equity		
Paid dividends	(56,709)	(37,895)
Other	17,641	
<i>Year ended 31 December</i>	2,811,407	2,827,796

	<b>2010 (merged)</b>	<b>2011 (merged)</b>
<b>Share capital</b>		
<i>Opening balance</i>	2,062,152	2,062,152
Adjustment of opening balance		
Increase/decrease		
Transfers within equity		
Current year gain		
Distribution of profit		
Paid dividends		
Other		
<i>Year ended 31 December</i>	2,062,152	2,062,152
<b>Revaluation and other reserves</b>		
<i>Opening balance</i>	206,215	206,215
Adjustment of opening balance		
Increase/decrease		
Transfers within equity		
Current year gain		
Distribution of profit		
Paid dividends		
Other		
<i>Year ended 31 December</i>	206,215	206,215
<b>Subscribed, unpaid equity</b>		
<b>Acquired treasury shares</b>		
<b>Premium on issue</b>		
<b>Treasury shares</b>		
<b>Undistributed profit</b>		
<i>Opening balance</i>	585,991	581,885
Adjustment of opening balance		
Increase/decrease	48,105	121,996
Current year gain		
Distribution of profit		
Paid dividends	(37,894)	(37,894)
Other	(14,317)	
<i>Year ended 31 December</i>	581,885	665,987
<b>Total</b>		
<i>Opening balance</i>	2,854,358	2,850,252
Adjustment of opening balance		
Increase/decrease		
Current year gain	48,105	121,996
Transfers within equity		
Paid dividends	(37,894)	(37,894)
Other	(63,820)	(49,503)
<i>Year ended 31 December</i>	2,800,749	2,884,851



*2008,2009 AND 2010 CAPITAL CHANGES, CONSOLIDATED STATEMENT  
(in thousands of RSD)*

	Share capital	Acquired treasury shares	Contingencies	Revaluation provisions	Retained profit	Minority interest	Translation reserves	Total
1 January 2008	2,062,152		575,611	11,168	13,775	42,816,		2,705,522
Adjustment of opening balance								
Effect of change in scope of consolidation				1,194,324				1,194,324
New stock issue			16,084					16,084
Current year profit (loss) corrected					89,953			89,953
Profit of minority interest					(5,014)	5,014		
Distribution of profit					(104,912)			(104,912)
New investments made during the year (minority interest)								
Provisions								
Paid dividends								
Other		(26,018)	(2,426)	(119,431)		(773)	(7,131)	(155,779)
Year ended 31 December 2008	2,062,152	(26,018)	589,269	1,086,061	(6,198)	47,057	(7,131)	3,745,192
1 January 2009	2,062,152	(26,018)	589,269	1,086,061	(6,198)	47,057	(7,131)	3,745,192
Adjustment of opening balance								
Effect of change in scope of consolidation		26,018	(11,107)					14,911
New stock issue								
Current year profit (loss) corrected					(222,571)			(222,571)
Profit of minority interest						2,673		2,673
Distribution of profit					(56,709)			(56,709)
New investments made during the year (minority interest)								
Provisions			(371,412)		371,412			
Paid dividends								
Other			1,175	(11,846)			41,258	30,587
Year ended 31 December 2009	2,062,152		207,925	1,074,215	85,934	49,730	34,127	3,514,083
1 January 2010	2,062,152		207,925	1,074,215	85,934	49,730	34,127	3,514,083
Adjustment of opening balance								
Effect of change in scope of consolidation								
New stock issue								
Current year profit (loss) corrected					(57,121)			(57,121)
Profit of minority interest						5,439		5,439
Distribution of profit					(37,894)			(37,894)
New investments made during the year (minority interest)								
Provisions			(206,215)		206,215			
Paid dividends								
Other			(770)	(22,814)			(7,258)	(30,842)
Year ended 31 December 2010	2,062,152		940	1,051,401	197,134	55,169	26,869	3,393,665

1.2.3.2. Significant elements of the Issuer's Articles of Association concerning approved capital, date of decision and amount of capital increase

1.2.3.3. Significant elements of the Issuer's Articles of Association – date of decision concerning conditional capital increase, amount of capital increase, number and type of issued shares (including a detailed description of the terms and conditions thereof)

#### **1.2.4. Treasury shares**

1.2.4.1. Number and percentage of treasury shares by class:

During the financial year 2010, the Company has not acquired its own shares.

1.2.4.2. Time of and reason for acquisition: According to the Central Registry, Tigar AD still holds 275 treasury shares, resulting from rounding-off during the privatization process.

### **1.3. BOOK VALUE OF SHARES AND TRADING OF ISSUER'S SECURITIES**

#### **1.3.1. Book value of shares**

1.3.1.1. The most recent book value of shares by class, and date of computation; if the most recent book value was computed in the absence of a certified auditor's report, state the book value of shares based on reviewed data; provide a brief description of the method applied to compute the book value of shares:

The adjusted book value of shares was determined applying the methodology specified in Privatization Stock Trading Regulations enacted by Beogradska berza AD (Belgrade Stock Exchange) and, based on January-December 2011 financial statements, it amounts to **1,678.74 RSD**.

#### **1.3.2. Trading of issuer's securities**

1.3.2.1. Organized market in which issuer's shares are traded:

Beogradska berza AD (Belgrade Stock Exchange), since 31 May 2005

1.3.2.2. Time period set for the trading of such shares:

Issuer's stock is traded on the open stock exchange, prime market, on a continuous basis, every work day from 10 a.m. to 1 p.m.

1.3.2.3. Graphical representation of daily average price and volume fluctuations during the past six months (where the x axis denotes the time and the y axis denotes the price or volume):



## 1.4. SHAREHOLDERS

### 1.4.1.

	Shareholders	Number of shares	% stake
1	SHARE FUND JSC, BELGRADE	429,429	24.98
2	NATIONAL PENSION AND DISABILITY FUND OF SERBIA	149,981	8.72
3	ERSTE BANK AD, custody account	127,999	7.45
4	ERSTE BANK AD, custody account	104,947	6.11
5	UNICREDIT BANK SRBIJA AD, custody account	75,503	4.39
6	RAIFFEISEN BANK AD BEOGRAD, custody account	52,505	3.06
7	RAIFFEISEN BANK AD BEOGRAD, custody account	49,851	2.90
8	KOMERCIJALNA BANKA, custody account	26,062	1.51
9	HERMA INVESTMENTS CO. LTD	20,000	1.16
10	UNICREDIT BANK SRBIJA AD, custody account	18,500	1.077

Data of the Central Securities Depository and Clearing House as of 31 December 2011 are posted on their web site [www.crhov.rs](http://www.crhov.rs).

## 2. ISSUER'S BUSINESS, ASSETS, AND LIABILITIES

### 2.1. ISSUER'S BUSINESS

*If the issuer is a parent company, it should provide information about itself and the corresponding information about its subsidiaries (in which it has a minimum 25% stake in the subscribed capital), including: registered name, seat, corporate identification number of subsidiary(ies), and percent stake in the capital and in decision making, which the parent holds in the subsidiary(ies).*

#### 2.1.1. Core business activity

##### 2.1.1.1. Core activity heading and code:

The Company's business operations are aimed at direct or indirect investment in the business operations of subsidiary, affiliated and other types of related companies; as such, it manages subsidiary and other related companies in which it holds interest in capital.

Core activity: Holdings, 74150

#### 2.1.2. Income from business activity – consolidated report)

##### 2.1.2.1. Revenues from activity which resulted in the highest levels of earnings over the past three years:

Revenues from sales of products and services of the parent company and its subsidiaries relating to the registered area of activity (in thousands of RSD)

<b>2008</b>	<b>3,315,792</b>
<b>2009</b>	<b>3,349,344</b>
<b>2010</b>	<b>4,288,191</b>

Tigar AD consolidates the financial statements of the companies it controls, and partially consolidates the financial statements of Tigar Europe (at 50%).

With regard to the fact that in December 2009 was realized the sale of the remaining 10% owned in the enterprise Tigar Tyres, within the consolidated results for 2009 and 2010 was not included the part of the pertaining result of Tigar Tyres, which was the case in 2008.

#### 2.1.3. Market position

##### 2.1.3.1.

##### Rubber footwear

Tigar Obuća (Tigar Footwear) is a wholly-owned subsidiary of Tigar AD.

Its products include:

- Safety footwear, including products intended for the chemical industry, mining industry, forestry, petroleum industry, and fire fighting;
- Women's fashion footwear and children's footwear;
- Rubber footwear for hunting and fishing;
- General-purpose rubber footwear; and
- Rubber footwear for agricultural uses.

A new footwear factory was put into operation in September 2008 at the new, Tigar 3 location. Its capacity is 4 million pairs. The overall investment was 17.6 million, of which 7 million was invested in equipment. This factory is the European leader in its market segment in terms of capacity and production facilities.

In August 2008, Tigar Footwear acquired the Century Division of the UK company Hunter Boot Limited, which specializes in safety footwear. Under this transaction, Tigar Footwear became the owner of three internationally-recognized safety footwear brands: Century, Forester, and Firefighter. It also acquired the leading-edge dipping technology. Tigar Footwear's market strategy will be to focus on the development of its own brands. In 2011, Tigar Footwear certified, industrialized and made initial deliveries to the UK of general-purpose boots which were manufactured applying the dipping technology acquired along with the Century Division. One of the advantages of this technology, compared to conventional technologies, is that it guarantees a totally waterproof product.

Our exports include safety boots certified by international certification bodies (made from special materials to withstand high temperatures and extreme work environments), as well as leisure footwear (hunting and fishing) and fashion footwear.

In the domestic market we sell general-purpose and farmers' footwear. As of 2010, fashion and children's footwear account for a considerable proportion of sales. Our competition includes rubber footwear imports from China, Italy, Romania and Turkey, as well as locally produced footwear whose quality is far inferior to that offered by Tigar Footwear. According to the National Statistical Office, Tigar Footwear holds an average share of 75% of the Serbian rubber footwear market.

The adopted growth strategy calls for both volume growth and qualitative restructuring of the product mix through re-orientation toward sophisticated products, mostly safety, sports, and general-purpose footwear. With regard to the international market, in addition to off-take manufacturing of products under globally recognized brand names, the BP calls for sales to large distribution chains and independent dealers. Manufacturing under the Century brand name, which includes the dipping technology, positions Tigar among premium brand manufacturers and allows for further development of the Tigar brand in the middle market segment. Projections for the period include a significant increase in sales to the domestic market, not only of farmers' and general-purpose footwear, but also of sports, stylish, children's and safety footwear. In the domestic market, special attention will be devoted to end users, both individuals and fleet buyers (primarily large industrial complexes). A significant growth in retail sales will be achieved through expansion of the special footwear chain within the scope of Tigar Trade.

In addition to off-take exports made under customers' brand names, Tigar will sell products under its proprietary brand names, such as Tigar and Century safety boots, Maniera stylish footwear, Brolly children's footwear, and other types of footwear made under the Tigar brand name. Bottega stores will offer complementary Italian imports.

Exports will target the following markets:

- Europe, particularly the UK and Scandinavian countries;
- Canada and the US; and
- Balkan countries.

The adverse effect of seasonality will be eliminated by boosting production of safety footwear and introducing new groups of products.

Further increase in market share is based on the following assumptions:

- Intensified development of proprietary-brand products, including the Century brand and other private brands;
- Development project with the Canadian company STC;
- Special collections of stylish and children's footwear for each season;
- Redesign of standard footwear styles, especially of sports footwear;
- High product quality at competitive prices;
- Short lead time;
- Servicing of the industrial sector;
- Entry into the medium dealer segment (in addition to the large dealer segment);
- Continued shutting down of European footwear factories.

**Technical rubber goods**

Tigar Tehnička guma (Tigar Technical Rubber Goods, TTRG) is a wholly-owned subsidiary of Tigar AD.

It manufactures:

- Rubber/metal products;
- Molded rubber products for the construction industry;
- Various rubber products for the automotive industry;
- Tire-retreading material;
- Rubber balls and various other types of sporting goods;
- Diverse types of products made from recycled rubber; and
- Fuel tanks for fighter aircraft and rubber parts for tanks.

Following relocation, TTRG resumed normal operation in November 2009, except for its recycled-rubber products plant which began manufacturing for the market at the end of March 2010. Due to Tigar's inability to secure the necessary sources of funding in a timely fashion, the completion of the physical implementation of TTRG's basic product line project was deferred until 30 June 2011. As a result, both factories were commissioned one year later than originally planned and this had a significant impact on performance and operating results.

According to the National Statistical Office, TTRG's share of the Serbian market is as follows: molded rubber items for the construction industry (40%), rubber tubing (30%), and sporting goods (15%).

In previous years, TTRG did not have a significant presence in the international marketplace. However, the situation changed following commissioning of its two new factories, for basic product lines and recycled-rubber products. Negotiations were initiated in 2011 with German partners concerning a joint venture targeting molded rubber products. A letter of intent was signed at the beginning of this year.

Recycled-rubber products, which TTRG began manufacturing in 2010, are sold both locally and abroad (primarily in Scandinavia).

Following the addition of binders and after pressing, recycled rubber (rubber granulates) can be transformed into a large number of low-tech products and can be used for various applications, such as asphalt fillers, elastic overlays for sports courts and playgrounds, underlays for grassed surfaces, and the like. The granulation process is becoming increasingly popular, because it allows the recycling of scrap tires from dumpsites where their non-degradability poses an ongoing problem. Products made from rubber granulates of different sizes (0.5 – 5mm) and binders, finished or unfinished, of different colors and shapes, are used to overlay and protect outdoor and indoor surfaces (squares, sidewalks, promenades, parking lots, school and daycare center yards, corridors in public institutions, sports arenas, areas surrounding swimming pools, and so on.

3000 x 1220 x 60mm rubber mats, which can be split into sheets with a minimum thickness of 3 mm, can be used for soundproofing and insulation by the construction industry, as light and sound barriers along roads, for waterproofing landfills and various types of storage areas, as dock and port shock-absorbing components, for lining factory walls in areas of forklift activity, as mats for production machinery, and wherever there is danger from vibration or impact. Another widespread use is in agriculture, for the production of spring vegetables, where the consumption of water, fertilizers and pesticides is minimal.

These products have many uses and open a wide market due to their ease of installation, excellent proofing properties, and high resistance to atmospheric and virtually all chemical impacts.

Overlays for sports courts include a rubber tile base (the thickness of which varies based on the type of court), covered with a finishing layer. Different sizes of granulates and types of surface finishes are used, depending on the sport. The formula is adjusted to the required properties (elasticity, shock absorption, friction, resistance to weather conditions, etc.) and the intended use (recreational sports, playgrounds, school grounds, professional sports, tennis courts, sports arenas, athletic tracks, etc.).

The list of industrial rubber products based on recycled rubber and made by extruding and pressing is very long. It includes rubber doormats, carpeting, various kinds of bumpers (e.g., for docking facilities), rubber components for the automotive industry, rubber belts, rubber tubing, and many others. This group also includes rubber sheeting for soundproofing in the construction industry, rubber tiles, rubber flooring, roofing sheets, sheeting for landfills, etc.

Following the acquisition of the Danish company Bilgutex, TTRG will be manufacturing the following groups of products at its new plant:

- Bilgusafe – playground tiles
- Bilgusand – sandbox edging
- Bilgusign – traffic sign bases
- Bilgubollards - bollards
- Bilgulane – rubber mats
- Bilguwell – products for other uses

Recycled rubber is used as a raw material for a wide range of final products with excellent technical characteristics and for a variety of useful purposes. The most frequently produced granulate size is 1 to 4 mm. Particles smaller than these are, in effect, rubber powder, and are produced when required by the market. 6 mm granulates (the so-called rubber chips) are also produced frequently. They are virtually a semi-finished product in the granulation process. Granulates come in various shapes and uniformities. Their metal content is not higher than 0.1% and their moisture content is up to 1%.

The following features of products made out of recycled rubber can be provided:

- permeability,
- imperviousness,
- high elasticity,
- resistance to wear,
- resistance to elongation, twisting and tearing,
- smooth surface finish,
- coarse surface finish,
- color scheme as required by customer,
- open pore surface, and
- many others.

### **Chemical products**

Tigar Hemijski proizvodi (Tigar Chemical Products, TCP) is a wholly-owned subsidiary of Tigar AD.

TCP produces:

- Special conveyor belt adhesives;
- Various types of adhesives for furniture, footwear and other industries;
- Road paint;
- Special dyes for the food industry;
- Paint for the construction industry;
- Anti-corrosion coatings;
- Special self-spreading polyurethane flooring for industrial plants, sports courts and large enclosures; and
- Diverse products for the consumer market.

TCP's products generally target the domestic market. Major domestic competitors include: Duga from Belgrade, Zvezda Helios from Gornji Milanovac, Zorka Boje from Šabac, Prvi Maj from Čačak, and Grmeč from Belgrade.

According to the National Statistical Office, TCP has the following market share: 40% for conveyor belt adhesives in mining operations and roughly 50% of the road paint segment.

TCP's major export markets are South Africa (adhesives for conveyor belts) and Greece (road paint).

Because of the reported high level of loss in 2010, a special study is being prepared for this segment, to show the optimum output and product mix following relocation to Tigar 3A scheduled for June 2012.

**2.1.4. Operations away from corporate seat**

2.1.4.1. Locations, other than the issuer's corporate seat, where the issuer conducts business (organizational/business units and branch offices):

**Sales in Serbia**

Tigar Trade is Tigar's domestic sales network and a wholly-owned subsidiary of Tigar AD.

Tigar's domestic sales network is comprised of:

- **AUTOMOTIVE SERVICE NETWORK „STOP & DRIVE“**, which offers a wide range of tires and automotive accessories following a multi-brand/multi-product strategy, as well all automotive services such as light vehicle servicing, tire replacement, tire balancing, wheel alignment, tire repair, oil change, and car wash. In August 2009 this network began to conduct mandatory vehicle inspections. It also operates a number of mobile units which offer on-the-spot tire removal, installation and balancing services. Stop & Drive is comprised of 21 service centers (1 for trucks and the remainder for cars and light utility vehicles) and 4 mobile units (3 for trucks and 1 for cars).
- **RETAIL NETWORK**, comprised of 23 retail outlets which offer rubber footwear, technical rubber goods and chemical products made by Tigar. Some of these outlets also sell tires and automotive afterparts and car care products.
- Specialized BOTTEGA footwear chain, currently comprised of six outlets (in Belgrade, Niš, Novi Sad and Pirot), which offers men's women's and children's leather footwear throughout the year. During the October-March period, a significant portion of the product offering is made up Tigar Footwear's new collection of fashion footwear. Development plans call for the opening of 10 new outlets of this type. Plans call for the opening of the first four retail outlets of our new sporting goods chain.
- **3 REGIONAL BRANCH OFFICES**, in Belgrade, Novi Sad and Niš
- **3 WAREHOUSES**, in Pirot, Belgrade and Novi Sad
- Company's headquarters in Pirot.

Tigar Trade handles purchasing, logistics and sales for Tigar Footwear, TTRG and TCP, both domestically and abroad. In addition, its Stop&Drive network sells tires and automotive afterparts.

**Sales to international markets****Tigar Europe, United Kingdom**

Tigar has been very active in the UK market for more than 15 years via Tigar Europe, in which it holds a 50% interest. Tigar Europe has an excellent knowledge of the UK market and a well-established client base, and it provides superior services. Tigar Europe, a wholesale company, also has the know-how, capability and business connections to act as a supplier of equipment, materials, spare parts, and other goods to Tigar and its subsidiaries. In addition to tire and footwear sales to the UK market, Tigar Europe will in the future intensify purchasing activities and support a number of corporate projects.



### Tigar Americas

Tigar Americas covers US and Canadian markets. Tigar Americas was the first commercial company which Tigar set up abroad and, prior to the trade embargo, had annual revenues of \$20 million. Following the lifting of the trade embargo, Tigar decided to renew its business operations in North America and to focus on sales of rubber footwear. Its plans also call for a significant increase in purchasing of equipment, materials and spare parts from the US dollar market for Tigar Trade and the manufacturing subsidiaries controlled by Tigar. Apart from safety footwear, Tigar Americas initiated a campaign to promote sales of Maniera fashion footwear. Initial deliveries have already been made. In view of the size of the market and its very favorable response, Tigar expects to considerably increase sales.

### The Balkans

Tigar AD's subsidiaries in the Balkans are co-owned by Tigar AD and its local partners, with Tigar AD holding the controlling interest in each of these companies. Prior to the 1990's, these companies were Tigar's branch offices in the various republics of the former Yugoslavia and, consequently, Tigar's tradition in these markets is well established.

## **2.1.5. Special circumstances**

### 2.1.5.1. Other significant facts and circumstances which might affect the issuer's business operations and performance

In 2011, the Company applied to the European Investment Bank for 6.7 million € out of a credit line dedicated to medium market capitalization companies/exporters, to finance permanent working capital. This will allow the Company (which in the previous year invested 32 million € in the outfitting of the Tigar 3 industrial compound and commissioning of its new factories for footwear, technical rubber goods and finished products made from recycled rubber; undertook two international acquisitions through which it became the owner of new technologies and highly-visible European brands in the footwear and recycled-rubber products segments, and gained a stable position primarily in the EU market) to respond to customer demands during the current year and double its sales. A delay in the disbursement of these funds, which was originally scheduled for 2011, considerably affected the level of available working capital in 2011 and is the main reason for the Company not meeting its sales expectations, particularly in the export market, and the projected result and general liquidity. In 2012, business priorities will include production and sales growth, particularly with regard to the EU market, re-structuring of the Company's sources of financing through repayment of short-term loans from cash flow and long-term sources, and joint ventures at product line level.

On 30 April 2011, Tigar Trade Serbia ceased its operations and was merged with the Holding Company – Tigar AD. Following this merger, the Holding Company has additionally assumed purchasing and sales for Tigar's factories and organizes sales of products made by other manufacturers via Tigar's sales network in Serbia.

To facilitate comparison, tables which contain Tigar AD's financial information show its January-December 2011 results including Tigar Trade's income and expenses for the January-April 2011 period since they are included in consolidated financial statements. For this reason, the income statement for the same period of the previous year is presented in the same way.

## **2.1.6. Discontinuities of business operations**

### 2.1.6.1. Any discontinuities of the issuer's business operations during the past three years, and reasons for such discontinuities:

There were no discontinuities of operations.

**2.2. ISSUER'S ASSETS AS OF 31 DECEMBER 2011**

If the issuer is a parent company, information should be provided about all subsidiaries along with their names:

<b>NON-CURRENT ASSETS (in thousands of RSD)</b>	
- Land, buildings, and equipment	1,148,992
- Intangible expenditures	101,536
- Long-term investments	2,390,148
<b>TOTAL, FIXED ASSETS:</b>	<b>3,640,676</b>
<b>CURRENT ASSETS (in thousands of RSD)</b>	
<b>- Inventories</b>	986,031
<b>- Fixed assets intended for sale</b>	233,857
- Accounts receivable	2,316,332
- Short-term investments	89,169
<b>Cash and cash equivalents</b>	155,262
<b>Deferred tax</b>	
<b>TOTAL, CURRENT ASSETS:</b>	<b>3,780,651</b>
<b>TOTAL, ASSETS (in thousands of RSD):</b>	<b>7,421,327</b>

Note: On 30 April 2011, Tigar Trade Serbia was merged with Tigar AD.

**2.2.1. Real property, plants, and equipment**

<i>TYPE OF PROPERTY</i>	<i>SURFACE AREA IN M<sup>2</sup></i>	<i>BOOK VALUE IN THOUSANDS OF RSD (31 December 2011)</i>
<b>LAND</b>		
Tigar II	127,643	42,073
Tigar III	121,543	9,037
Tigar Workshop	1,702	692
Tigar Incon	1,857	586
<i>Total, land:</i>	252,745	52,388
<b>BUILDINGS, TIGAR AD.</b>		
Tigar AD Pirot		58,651
Sales outlet, Tigar IV	263	4,850
Belgrade, Resavska St.	201	4,622
Tigar III	18,452	166,838
Buildings in progress		234,553
<b>Branch offices incl. warehouses</b>		
Niš	248	63,540
Beograd (Šimanovci)	1,706	22,340
Novi Sad and Temerin	1,601	24,406
<b>Retail outlets</b>		
Pirot II	76	6,072
Pirot V	121	7,201
Pirot I	506	36,293
Pirot	33	980
Vlasotince	70	2,540
Sokobanja		
Knjaževac	59	2,081
Bor	133	5,939
Svilajnac	70	4,557
Kruševac	119	17,926
Trstenik	41	2,094
Užice	100	11,086
Beograd III	79	13,872
Beograd IV	121	10,854
Zrenjanin	76	6,355
Subotica	63	9,903
Bačka Palanka	184	10,138
Čačak	71	15,440
<i>Total, Tigar AD buildings:</i>	24,393	743,131
<b>MANUFACTURING SUBSIDIARIES</b>		
Tigar Chemical Products		39
Buildings in progress Tigar Chemical Products		108,255
Tigar Technical Rubber Goods	7,650	640,459
Tigar Footwear	6,884	774,913
<i>Total, buildings of manufacturing subsidiaries:</i>	14,534	1,523,666
<b>SERVICE SUBSIDIARIES</b>		
Tigar Business Services	828	16,138
Tigar Hospitality	4,248	139,654
Tigar Security	762	26,421
Tigar Workshop	1,202	30,710
Tigar Tours	54	6,204
Tigar Incon	6,699	143,931
<i>Total, buildings of service subsidiaries:</i>	13,793	363,058
<b>GRAND TOTAL:</b>	52,720	2,629,855

**2.2.1.1. Real property abroad**

- Warehouses in Banja Luka, Republika Srpska, used by Tigar Trade Banja Luka, 800 m<sup>2</sup>.
- Office space in Skopje, Macedonia, used by Tigar Partner, 72 m<sup>2</sup>.
- Office space in Goražde, Bosnia and Herzegovina, used by third party, 56m<sup>2</sup>.
- Office space in Zagreb, Croatia (161 m<sup>2</sup>) and building land in Sesvete, Municipality of Zagreb (13,424 m<sup>2</sup>), user unknown.

These real properties have been excluded from the issuer's business books, since settlement is pending among the former Yugoslav republics.

**REAL PROPERTY UNDER LEASE**

Tigar AD leases 28 stores and two warehouses in Serbia.

**2.2.1.2. Value of plants and equipment**

	<i>Book value in thousands of RSD (31 December 2011)</i>
<b>Tigar AD</b>	<b>322,450</b>
<b>Tigar Footwear</b>	<b>331,086</b>
<b>Tigar Chemical Products</b>	<b>3,126</b>
<b>Tigar Technical Rubber Goods</b>	<b>273,582</b>
<b>Tigar Business Services</b>	<b>32,463</b>
<b>Tigar Hospitality</b>	<b>12,115</b>
<b>Tigar Tours</b>	<b>183</b>
<b>Tigar Incon</b>	<b>22,241</b>
<b>Tigar Inter Risk</b>	<b>47</b>
<b>Tigar Workshop</b>	<b>1,865</b>
<b>Tigar Security</b>	<b>6,055</b>

**2.2.2. Interest in other legal entities**
**2.2.2.1.**



	<i>Name and seat</i>	<i>Capital contribution to issuer's assets (000 RSD)</i>	<i>Issuer's stake in the capital (%)</i>	<i>Issuer's voting rights (%)</i>
1.	TIGAR Obuća d.o.o. Pirot / Tigar Footwear		100	100
2.	TIGAR Tehnička guma d.o.o. Pirot / Tigar Technical Rubber Goods		100	100
3.	TIGAR Hemijski proizvodi d.o.o. Pirot / Tigar Chemical Products		100	100
4.	Tigar Montenegro d.o.o. Podgorica (Montenegro)		80	80
5.	Tigar Partner d.o.o. Skopje (Macedonia)		70	70
6.	Tigar Trade d.o.o. Banja Luka (Rep. Srpska)		70	70
7.	Tigar Europe, London (UK)		50	50
8.	Tigar Americas (USA)		100	100
9.	Tigar Poslovni servis d.o.o. Pirot / Tigar Business Services		100	100
10.	Tigar Tours d.o.o. Pirot		100	100
11.	Hotel StarA d.o.o. Pirot		100	100
12.	Tigar Obezbeđenje d.o.o. Pirot / Tigar Security		100	100
13.	Tigar Zaštitna radionica d.o.o. Pirot / Tigar Shelter Workshop		100	100
14.	Tigar Inter Risk d.o.o. Pirot		100	100
15.	Tigar Incon d.o.o. Pirot		100	100
16.	Tigar Ugostiteljstvo d.o.o. Pirot		100	100
17.	Slobodna zona a.d. Pirot		75.06	75.06
18.	Pi Kanal d.o.o. Pirot / Pi Chanel		75	75
19.	Dom Sportova / Sports Center		50	50
20.	Agencija Stara planina Tures d.o.o. Pirot / Mt. Stara Planina Agency		40	40

The above table should include issuer's investments which have resulted in a stake in the capital of other legal entities of 10% or more.

If the issuer is a parent company, the table should also include the following information about subsidiaries:

- Line of business,
- Management,
- Development policy and strategy,
- Total profit/loss for past three years,
- Total capital for past three years,
- Total assets for past three years.

**NAME, SEAT, LINE(S) OF BUSINESS, DEVELOPMENT POLICY AND STRATEGY**

NAME AND SEAT	TIGAR OBUČA d.o.o. Pirot / TIGAR FOOTWEAR	
<b>LINE(S) OF BUSINESS</b>	19303 Manufacture of rubber footwear 51420 Wholesale, clothing and footwear 52430 Retail, footwear and leather goods 52630 Retail, other, away from outlet	
<b>MANAGEMENT</b>	SUPERVISORY BOARD  Miodrag Tančić, Chairman Jelena Petković, Member Goran Jovanović, Member  EXECUTIVE OFFICER Ivan Mijalković	
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>Development strategy includes both production growth and changes in the product mix through a re-orientation toward sophisticated products, primarily in the areas of safety, sports, and general-purpose rubber footwear. It also focuses on the introduction and manufacturing of products made under globally-recognized brand names, with parallel development of Tigar-brand products for the domestic and international markets.</p> <p>In the international market, the focus is on off-take manufacture of globally-recognized brands and sales to large distribution chains and independent dealers, to whom Tigar-brand and private-brand products introduced in the meantime will be offered. In addition to European markets, plans call for expansion in the US and Canada.</p> <p>Plans call for a significant growth in sales to the domestic market, not only of products for agricultural and general-purpose uses, but of safety, fashion, and children's footwear as well. Domestic market sales will focus on end users which, in addition to natural persons, include fleet buyers, primarily large industrial complexes.</p> <p>In 2008, Tigar Footwear moved to the new, Tigar 3 industrial location, where a full upgrade of manufacturing processes was implemented with the goal of a significant increase in productivity and reduction in production costs, primarily through reductions in scraps and waste, and employee expenses. Lower costs should allow for a full valorization of the introduction of new, more sophisticated products manufactured for international markets in the past.</p> <p>Exports target the following markets:            - Europe, particularly the UK and Scandinavian countries;            - Canada and the US; and            - The Balkans.</p> <p>Elimination of negative seasonal impact through higher output of safety footwear and the introduction of new groups of products, such as:            - Rubber/fabric;            - Rubber/PVC; and            - Rubber/leather,            should significantly improve the bottom line.</p> <p>The investment program was financed by Tigar AD, in the form of a Tigar Footwear capital increase, and from a long-term capital loan granted by DEG.</p>	
NAME AND SEAT	TIGAR TEHNIČKA GUMA d.o.o. Pirot / TIGAR TECHNICAL RUBBER GOODS	
<b>LINE(S) OF BUSINESS</b>	25130 Manufacture of other rubber products 36400 Manufacture of sporting goods 29560 Manufacture of other machinery	
<b>MANAGEMENT</b>	SUPERVISORY BOARD Goran Jovanovic, Chairman Miodrag Tančić, Member Slobodan Sotirov, Member  EXECUTIVE OFFICER Saša Živić	
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>In 2008, the old plants were shut down at the Tigar 2 location. They are being relocated and upgraded with the goal of increasing productivity and cutting production costs. The new plants, which were put into operation in November 2009, manufacture:</p> <ul style="list-style-type: none"> <li>- Rubber profiles for the construction industry;</li> <li>- Rubber/metal products;</li> <li>- Tubing and other rubber products for the automotive industry;</li> <li>- Products for military use.</li> </ul> <p>In December 2009, TTRG acquired the Danish company Bilgutex. This acquisition included equipment, technology, brand, certified products, and goodwill in the Scandinavian market. The equipment was relocated to Pirot and will be used to manufacture the following recycled-rubber products:</p> <p>Bilgusafe – playground tiles</p>	


Bilgusand – sandbox edging  
 Bilgusign – traffic sign bases  
 Bilgubollards - bollards  
 Bilgulane – rubber mats  
 Bilguwell – products for other uses

TTRG'S new plant for the manufacture of final products from recycled rubber for both international and domestic markets was commissioned in March 2010.

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<b>NAME AND SEAT</b>	<b>TIGAR HEMIJSKI PROIZVODI d.o.o. Pirot / TIGAR CHEMICAL PRODUCTS</b>
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<b>LINE(S) OF BUSINESS</b>	24300 Manufacture of paints, varnishes and similar products; printing inks and kits 24620 Manufacture of gelatin and adhesives 24660 Manufacture of other chemical products, not mentioned elsewhere
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<b>MANAGEMENT</b>	SUPERVISORY BOARD Miodrag Tančić, Chairman Jasna Pančić, Member Djordje Džunić, Member  EXECUTIVE OFFICER Bojan Živković	
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<b>DEVELOPMENT POLICY AND STRATEGY</b>	Increase in output of the following product lines: - Adhesives for industrial conveyor belts; - High-quality self-spreading flooring for factory floors and other large indoor surfaces; - Road paint; - Anti-corrosion coatings; - Coatings for the metal industry and household appliances; and - Adhesives for the wood and footwear industries.  The factory will operate at the Tigar 2 location until 31 December 2012. It will begin moving to the Tigar 3 compound in the latter half of the year. Plans call for the factory to continue manufacturing its current products at the new location, and to develop new products.
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<b>NAME AND SEAT</b>	<b>Tigar Europe, London (UK)</b>
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<b>LINE(S) OF BUSINESS</b>	Registered abroad for mediation, representation, sales, purchasing, and logistics in the UK.
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<b>MANAGEMENT</b>	BOARD OF DIRECTORS Dragan Nikolić Jelena Petković Živan Garčev George Edwards  MANAGING DIRECTOR Živan Garčev
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<b>DEVELOPMENT POLICY AND STRATEGY</b>	The core activity in the mid-term will continue to be tire sales to the UK market on an ongoing basis and without regard to growing competition, particularly from the Far East.  Characteristic of Tigar Europe's business is continuous improvement in the product mix offered to this market, which allows for higher margins both for the company and its suppliers.  Plans as of 2010 call for an increase in sales of footwear to small and medium buyers in the UK and the EU, out of a warehouse located in Dumfries. This will contribute to the positioning of Tigar brands in these markets.  Increase in footwear sales levels and generating business for Tigar Technical Rubber Goods in the UK market are among Tigar Europe's important mid-term objectives.  Plans also call for an increase in material and equipment purchases and the implementation of various corporate projects via Tigar Europe.
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## BASIC PROSPECTRUS FOR THE ISSUE OF SECURITIES

<b>NAME AND SEAT</b>	<b>Tigar Americas (USA)</b>
<b>LINE(S) OF BUSINESS</b>	Registered abroad for mediation, representation, sales, purchasing, and logistics in the US market.
<b>MANAGEMENT</b>	GENERAL MEETING Dragan Nikolić Gorica Stanković Jelena Petkovic  MANAGING DIRECTOR Milan Nikolić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	Main mid-term goals include market research in the US and Canada on behalf of Tigar's entities, and an increase in sales (especially of rubber footwear). Tigar Americas will continue to be the focal point for supplies of raw materials and goods to the Tigar Group from the dollar market. Plans call for the development of sales in all markets (except Europe and Russia), including Australia in particular.
<b>NAME AND SEAT</b>	<b>Tigar Partner d.o.o. Skopje, Macedonia</b>
<b>LINE(S) OF BUSINESS</b>	Registered in Macedonia for mediation, representation, sales, purchasing, and logistics in the Macedonian market.
<b>MANAGEMENT</b>	GENERAL MEETING Marjan Avzner, Chairman Dušan Jankuloski Đorđe Džunić  MANAGING DIRECTOR Ljube Cvetanoski
<b>DEVELOPMENT POLICY AND STRATEGY</b>	All Balkan counties in which Tigar AD has subsidiaries are expected to become members of a tax and customs union with a potential of more than 50 million inhabitants.  The development strategy for this market is based on the setting up of a distribution center, with Tigar Trade being the owner of the goods and the local company providing distribution services and continuing to conduct direct sales.
<b>NAME AND SEAT</b>	<b>Tigar Trade d.o.o. Banja Luka, Rep. Srpska</b>
<b>LINE(S) OF BUSINESS</b>	Registered abroad for mediation, representation, sales, purchasing, and logistics in the markets of Republika Srpska and the Federation of Bosnia and Herzegovina.
<b>MANAGEMENT</b>	GENERAL MEETING Marjan Avzner, Chairman Djordje Džunić Vera Zarić  MANAGING DIRECTOR Milorad Manić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	The strategy is the same as for the other Balkan subsidiaries, and includes upgrading of sales processes and increase in sales to the markets of Republika Srpska and the Federation of Bosnia and Herzegovina.  The development strategy for this market is based on the setting up of a distribution center, with Tigar Trade being the owner of the goods and the local company providing distribution services and continuing to conduct direct sales.
<b>NAME AND SEAT</b>	<b>Tigar Montenegro d.o.o. Podgorica, Montenegro</b>
<b>LINE(S) OF BUSINESS</b>	Registered abroad for mediation, representation, sales, purchasing and logistics in the Montenegrin market.
<b>MANAGEMENT</b>	BOARD OF DIRECTORS Marjan Avzner, Chairman Djordje Džunić Dušan Krstajić  MANAGING DIRECTOR Dušan Krstajić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	The strategy is the same as for the other Balkan subsidiaries, and includes upgrading of sales processes and increase in sales to the Montenegrin market.  Special attention will also be devoted to cooperation with mining companies and industrial facilities.



## BASIC PROSPECTRUS FOR THE ISSUE OF SECURITIES

<b>NAME AND SEAT</b>	<b>Tigar Poslovni servis d.o.o. Pirot / Tigar Business Services</b>
<b>LINE(S) OF BUSINESS</b>	60250 Overland freight carriage
<b>MANAGEMENT</b>	MANAGING DIRECTOR Predrag Pančić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>This subsidiary was re-organized on 1 January 2011; its food production unit and the StarA Hotel were transferred to the newly-incorporated subsidiary Tigar Hospitality.</p> <p>Plans call for business expansion in the transportation segment, by updating the current fleet of vehicles and increasing the range and improving the quality of transportation services, particularly targeting external users including Tigar Tyres.</p>
<b>NAME AND SEAT</b>	<b>Tigar Ugostiteljstvo d.o.o. Pirot / Tigar Hospitality</b>
<b>LINE(S) OF BUSINESS</b>	55300 Restaurants
<b>MANAGEMENT</b>	SUPERVISORY BOARD Đorđe Džunić Slobodan Sotirov Milivoje Nikolić  MANAGING DIRECTOR Radiško Cvetković
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>On 1 January 2010, StarA Hotel was merged with Tigar Business Services. However, on 1 January 2011, a division was spun off from Tigar Business Services and merged with Tigar Hospitality, a newly-incorporated subsidiary. Tigar Hospitality produces food for in-house needs of the Tigar Group and Tigar Tyres, as well as caters to external customers and manages the StarA Hotel. Since 2008, technical assistance from the TAM BAS organization has been used to upgrade hotel performance and catering activities. This subsidiary plans to expand and include catering to other non-Tigar clients. Additionally, it intends to develop its hotel capacities on Mt. Stara Planina within the National Park Development Project, in two stages. Stage 1 will include reconstruction and updating of existing facilities.</p> <p>This subsidiary's development strategy calls for association with companies engaged in catering, tourism and hotel services.</p> <p>In cooperation with consultants from Switzerland and Slovenia, a modernization study has been prepared. Following appropriate modifications, the outlined program will be included in the post-2012 business plan.</p>
<b>NAME AND SEAT</b>	<b>Tigar Tours d.o.o. Pirot</b>
<b>LINE(S) OF BUSINESS</b>	63300 Travel agencies, tour operators, and tourist assistance, not mentioned elsewhere
<b>MANAGEMENT</b>	MANAGING DIRECTOR Živko Čurić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	Tigar Tours development strategy is two-fold: (1) Promotion and development of tourism within the scope of the Mt. Stara Planina National Park, including Tigar's hotel on Mt. Stara Planina; and (2) Increase in package tour sales activities within the Pirot District. It will also continue to provide standard services to the Tigar Group. Tigar Tours's development strategy calls for eventual merging with Tigar's food production, tourism and hotel businesses.
<b>NAME AND SEAT</b>	<b>Hotel StarA d.o.o. Pirot – merged with Tigar Business Services</b>
<b>NAME AND SEAT</b>	<b>Tigar Obezbeđenje d.o.o. Pirot / Tigar Security</b>
<b>LINE(S) OF BUSINESS</b>	74600 Protection, security, and search for missing persons 75250 Fire fighting
<b>MANAGEMENT</b>	MANAGING DIRECTOR Dragan Tošić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	Since this is a purely budget-based unit, whose core activity is the provision of security services relating to the property and workforce of Tigar, Tigar's subsidiaries and Tigar Tyres, the goal is to continue upgrading equipment and security systems in order to ensure an adequate level of security.





## BASIC PROSPECTRUS FOR THE ISSUE OF SECURITIES

<b>NAME AND SEAT</b>	<b>Tigar Zaštitna Radionica d.o.o. Pirot / Tigar Workshop</b>
<b>LINE(S) OF BUSINESS</b>	20300 Fabrication of wooden components for the construction industry 20400 Fabrication of crates 93010 Washing and dry cleaning
<b>MANAGEMENT</b>	MANAGING DIRECTOR Miodrag Petrović
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>A new downtown location was purchased to support the development of this subsidiary, while one of its segments was moved to the Tigar 3 location.</p> <p>The core activity continues to be the disposal and selling of secondary raw materials, but plans also call for the introduction of manufacture of new products from used materials.</p> <p>Plans call for significant growth in profitable activities, particularly recycling of diverse types of materials. This subsidiary demonstrates Tigar's social responsibility and commitment.</p>
<b>NAME AND SEAT</b>	<b>Tigar Incon d.o.o. Pirot</b>
<b>LINE(S) OF BUSINESS</b>	74203 Engineering
<b>MANAGEMENT</b>	<p>SUPERVISORY BOARD Branislav Mitrović, Chairman Gorica Stanković Zoran Mančić</p> <p>EXECUTIVE OFFICER Sonja Kostić</p>
<b>DEVELOPMENT POLICY AND STRATEGY</b>	<p>Until 2007, major activities of this subsidiary included:</p> <ul style="list-style-type: none"> <li>- Engineering and consulting services;</li> <li>- Design and supervision of construction projects, and technical acceptance of construction projects; and</li> <li>- All other activities associated with the acquisition and disposal of real estate at the Tigar Group level and for third parties.</li> </ul> <p>With the goal of a comprehensive offering and the ability to undertake turnkey construction and reconstruction projects, the construction unit was moved to this subsidiary on 1 January 2007.</p> <p>Due to Tigar's extensive investment activities during the 2008-2010 period, this subsidiary will continue to largely provide services to the Tigar Group.</p> <p>This integration is expected to ensure better utilization of resources for municipal construction projects, and specifically projects relating to the imminent construction of the highway from Niš to the Bulgarian border.</p>
<b>NAME AND SEAT</b>	<b>Tigar Inter Risk d.o.o. Pirot</b>
<b>LINE(S) OF BUSINESS</b>	67200 Ancillary activities relating to insurance and pension funds
<b>MANAGEMENT</b>	MANAGING DIRECTOR Dragan Pejčić
<b>DEVELOPMENT POLICY AND STRATEGY</b>	Plans call for further development in the area of insurance services, primarily oriented toward the needs of the Tigar Group and its employees.
<b>NAME AND SEAT</b>	<b>PI kanal d.o.o. Pirot / PI Channel</b>
<b>LINE(S) OF BUSINESS</b>	22000 Radio and television 54200 Telecommunications 74130 Market research and public surveys 74402 Other advertising services
<b>MANAGEMENT</b>	<p>GENERAL MEETING Milivoje Nikolić, Chairman Srđan Stojanović, Member Dragan Denčić</p> <p>MANAGING DIRECTOR Boban Mitić</p>
<b>DEVELOPMENT POLICY AND STRATEGY</b>	Seeking suitable partners for media-related activities with the goal of increasing the scope and type of projects, increasing production, and introducing a radio program and a separate sports channel.

<b>NAME AND SEAT</b>		<b>Slobodna Zona a.d. Pirot / Free Economic Zone</b>
<b>LINE(S) OF BUSINESS</b>		Organizes construction and identifies construction criteria based on the law, secures space and technical conditions for unimpeded business flow within the Zone, and undertakes environmental protection measures.
<b>MANAGEMENT</b>		<p>SUPERVISORY BOARD            Dragan Kostić, Chairman            Branislav Mitrović, Member            Aleksandra Lilić, Member            Zoran Krstić, Member            Dragan Penezić, Member</p> <p>EXECUTIVE OFFICER            Dragan Kostić</p>
<b>DEVELOPMENT POLICY AND STRATEGY</b>		<p>In addition to support provided in relation to the manufacture of semi-finished products for Tigar Tyres, and organization of warehousing, transportation, and freight forwarding, plans call for the introduction of new manufacturing activities and increase in business for non-Tigar Group clients.</p> <p>Since the accession of Romania and Bulgaria to the EU, potential investors have shown greater interest in conducting manufacturing and other activities within the Pirot Free Economic Zone.</p> <p>Expansion of Free Economic Zone infrastructures has a Priority 2 designation under the Mid-Term Investment Plan.</p> <p>Further development also requires investments by the local community, either self-funded or through the use of Development Program funds.</p>
<b>NAME AND SEAT</b>		<b>Dom sportova a.d. Pirot / Sports Center</b>
<b>LINE(S) OF BUSINESS</b>		Coordination and proposing of measures and activities aimed at completing the sports center project, and at obtaining the needed funding
<b>MANAGEMENT</b>		<p>GENERAL MEETING            Vladan Vasić, Chairman            Milorad Spasić            Zoran Krstić            Dejan Živković            Miodrag Đorđević            Branislav Mitrović            Đorđe Džunić            Slavoljub Stanković</p> <p>MANAGING DIRECTOR            Aleksandar Manojlović</p>
<b>DEVELOPMENT POLICY AND STRATEGY</b>		This is a joint project with the local government, aimed at improving the quality of life in the local community.
<b>NAME AND SEAT</b>		<b>Agencija Stara planina Tures d.o.o. Pirot / Mt. Stara Planina Agency</b>
<b>LINE(S) OF BUSINESS</b>		75130 Development and contributions to the successful functioning of the economy
<b>MANAGEMENT</b>		<p>GENERAL MEETING            Đorđe Džunić, Chairman            Aleksandar Manojlović            Milan Popović            Ljubiša Jonić            Miroljub Kostić</p> <p>MANAGING DIRECTOR            Zoran Lazarević</p>
<b>DEVELOPMENT POLICY AND STRATEGY</b>		<p>Mediation in the creation of conditions for the utilization of Mt. Stara Planina National Park resources through the development of:</p> <ul style="list-style-type: none"> <li>- Hotel capacity including a full-service tourist offering;</li> <li>- Collection and processing of medicinal plants; and</li> <li>- Utilization of water resources for drinking water supply and renewable sources of energy.</li> </ul>

**KEY FINANCIAL INDICATORS OF RELATED ENTITIES (in thousands of RSD )**
**Manufacturing entities**

	<i>Name and seat</i>	<i>Year</i>	<i>Total profit (loss) in past three years</i>	<i>Total capital in past three years</i>	<i>Total assets in past three years</i>
1.	TIGAR Footwear (in thousands of RSD)	2009	35,818	853,427	2,044,401
		2010	4,046	857,475	2,557,678
		2011	152,975	870,449	2,953,000
2.	TIGAR Technical Rubber Goods (in thousands of RSD)	2009	-78,579	330,415	871,259
		2010	-33,871	296,544	1,120,618
		2011	-140,014	363,891	1,307,922
3.	TIGAR Chemical Products (in thousands of RSD), 2008 capital gain from sale of building	2009	10,105	97,650	193,805
		2010	-57,850	131,031	271,301
		2011	370	131,401	273,816

**Commercial entities**

	<i>Name and seat</i>	<i>Year</i>	<i>Total profit (loss) in past three years</i>	<i>Total capital in past three years</i>	<i>Total assets in past three years</i>
1.	TIGAR Trade (Serbia) (in thousands of RSD) Incorporated on 1 January 2009 and merged with the Holding Company on 30 April 2011	2009	28,635	209,850	1,728,231
		2010	8,138	249,516	2,511,259
2.	TIGAR Montenegro (EUR)	2009	20,522	92,994	221,862
		2010	21,480	108,318	274,790
		2011	14,430	112,008	284,363
3.	TIGAR Partner (EUR)	2009	-18,346	284,295	446,384
		2010	1,540	285,835	388,801
		2011	362	286,197	369,556
4.	TIGAR Trade (KM)	2009	19,871	485,432	1,497,713
		2010	3,285	434,777	1,690,499
		2011	-289,573	145,205	1,208,578
5.		2009	257,452	2,581,588	3,927,569
		2010	272,766	2,667,895	4,222,016
		2011	451,215	2,818,843	4,269,943
6.	TIGAR Europe (GBP)	2009	-37,365	429,178	516,904
		2010	10,593	435,954	537,746
		2011	896	436,737	729,961

**Service entities**

	<i>Name and seat</i>	<i>Year</i>	<i>Total profit (loss) in past three years</i>	<i>Total capital in past three years</i>	<i>Total assets in past three years</i>
1.	<b>TIGAR Business Services</b> (in thousands of RSD) A division was spun off on 1 February 2011 and merged with Tigar Hospitality.	2009	323	96,228	200,939
		2010	-13,585	169,308	302,960
		2011	284	27,836	88,122
	<b>TIGAR Hospitality</b> (in thousands of RSD) Incorporated on 5 January 2011. A division of Tigar Business Services was spun off and merged with Tigar Hospitality on 1 February 2011.	2011	-9,411	132,398	208,144
2.	<b>TIGAR Tours</b> (in thousands of RSD)	2009	591	9,518	10,630
		2010	423	9,646	12,481
		2011	320	9,754	11,853
3.	<b>Hotel StarA</b> (in thousands of RSD) Since 01.01.2010, Hotel StarA was integrated to Tigar Business Service.	2009	591	9,518	10,630
4.	<b>TIGAR Security</b> (in thousands of RSD)	2009	1,794	13,764	44,115
		2010	4,262	14,068	45,713
		2011	15,373	40,099	77,319
5.	<b>TIGAR Workshop</b> (in thousands of RSD)		11,411	8,567	35,519
		2010	6,805	3,678	47,204
		2011	-2,793	885	39,841
6.	<b>Tigar Inter Risk</b> (in thousands of RSD)	2009	81	1,639	2,869
		2010	261	1,859	2,913
		2011	831	2,560	3,315
7.	<b>Tigar Incon</b> (in thousands of RSD)	2009	20,619	50,080	101,033
		2010	10,930	169,561	275,608
		2011	235	169,796	225,065
8.	<b>Free Economic Zone</b> (in thousands of RSD)	2009	8,169	138,156	157,245
		2010	10,937	146,369	178,403
		2011	69,035	145,104	216,864
9.	<b>PI Channel</b> (in thousands of RSD)	2009	925	4,514	12,768
		2010	366	4,086	12,687
		2011	88	4,175	13,625
10.	<b>Sports Center</b> (in thousands of RSD)	2009	/	14,802	15,684
		2010	/	15,931	16,304
		2011			

**2.2.3. Patents, concessions, special permits**

2.2.3.1. Brief description of the conditions and expected durations of granted concessions, patents, major commercial contracts, franchise agreements, special import/export permits and/or business activity permits, and the like:

**2.2.4. Major capital investments**

2.2.4.1. Description of major investments and withdrawals of funds invested in above assets during the past three years, and description of the financing method for each investment; description of other significant investments and withdrawals of investment funds, and of respective financing methods:

Tigar's largest investment was made in its new industrial compound – Tigar 3, which was purchased in 2006. The surface area of this location is 138,362m<sup>2</sup> and it holds two industrial buildings of 18,452m<sup>2</sup>. Following the purchase, Tigar implemented an extensive construction, reconstruction and refurbishment project. Current occupants of the location are: a central

power station, the footwear factory, the technical rubber goods factory, the recycled-rubber products plant, construction unit plants, and transportation unit facilities.

Additional space was purchased in December 2009, adding 6.8 ha of land and some 20,000 m<sup>2</sup> of industrial and warehouse premises to the Tigar 3 location.

The second largest investment was made in the restructuring and expansion of Tigar's sales network. Plans call for the number of Stop&Drive centers to be increased from the current 22 to 30 by the end of 2012. The Bottega Chain, which is currently comprised of three specialty stores, will operate 15 in three years. The number of general retail outlets will be reduced to 15.

A large number of service businesses, especially those whose activities are not directly related to Tigar's industrial and commercial businesses (considered to be its core businesses), render corporate operations widely diversified. On the one hand, this diversification disperses the risk and has a positive effect on overall business operations. However, on the other hand, it has an adverse impact on coordination efficiency in view of a high level of internal sales which opens the issue of transfer pricing. The current business plan calls for consolidation of these companies through separations and mergers, aimed at creating companies which conduct one or more related activities and are more powerful in business and financial terms. Special studies by line of business will be prepared to ensure that changes are based on solid arguments and financial projections.

The separation of the construction unit of Tigar Business Services and its merging with Tigar Incon, whose main activities include design, engineering and supervision, has created a substantially stronger subsidiary which is able to offer both design and contractor services. As in 2008, Tigar Incon will focus on services for the Tigar Corporation in 2009. However, as of 2010, it will start seeking non-Tigar customers and become involved in imminent Corridor X and gas pipeline projects. Its ability to procure major contracts depends on the machinery at its disposal and a special development study will be prepared to show whether Tigar Incon should become a strong construction contractor or retain its current level of business. Tigar Incon's present business plan is based on its available resources.

At the beginning of 2011, Tigar Business Services was basically divided into two entities: Tigar Business Services (transportation) and Tigar Hospitality (catering, restaurant and hotel services), to consolidate related businesses.

In March 2011, Tigar AD notified the potential merging of Tigar Trade Serbia with the Holding Company, as required by law. The goal of this merger is to strengthen Tigar AD, increase its income and improve its balance sheet.

Pirot Free Economic Zone's business plan is based on its current capability, including available infrastructure. A special study will have to address the development potential and propose a development concept, which will have to be approved by Tigar's partner in this company.

Business plans for Tigar's other service subsidiaries are based on their current performance and projected growth using available resources. In view of all the activities that have to be completed and the projects that have to be prepared in 2009, the restructuring of Tigar's other subsidiaries has been deferred until the 2010-2012 period.

## 2.2.5. Liens

### 2.2.5.1. Basic facts about pledged assets: type, amount and term of pledge and name of creditor

#### **Municipal Court of Pirot ruling I 1562/04 dated 21 December 2004**

places a mutually agreed lien in favor of Jubanka Belgrade on immovable property (cardboard and footwear facilities) as collateral under the following agreements between Jubanka and Tigar:

- Agreement 3617/04 dated 6 October 2004; total amount EUR 704,494.39; outstanding amount EUR 126,932.82
- Agreement 3618/04 dated 6 October 2004; total amount EUR 2,439,711.58; outstanding amount EUR 438,903.48
- Agreement 3619/04 dated 6 October 2004; total amount USD 2,362,641.42; outstanding amount USD 425,690.74.

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

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

Mortgage statement 1587/2010 dated 13 April 2010 places liens on immovable property in Kruševac and Užice in favor of Privredna Banka a.d. Belgrade.

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

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

Mortgage statements I 309/2011 dated 8 February 2011 and I 562/2011 dated 4 March 2011 place liens on the Administration Building in Pirot in favor of Srpska Banka a.d., Belgrade.

Mortgage statement 548/2011 dated 3 March 2011 places a lien on immovable property in Belgrade (Cara Nikolaja 37) in favor of UniCredit Bank a.d., Belgrade.

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

Mortgage statements I 1091/2011, 1092/2011, 1090/2011, 1089/2011, 1088/2011, 1086/2011 and 1085/2011 dated 19 April 2011 place liens on immovable property in Bačka Palanka, Pirot, Subotica, Knjaževac, Svilajnac, Užice and Zrenjanin in favor of Privredna Banka a.d., Belgrade.

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

Mortgage statements I 2899/10, 2898/10 and 2900/10 dated 2 July 2010 place liens on business premises in Knjaževac, Pirot and Subotica in favor of Privredna Banka a.d., Belgrade.

Belgrade First Basic Court ruling 8-I-55362/2010 dated 27 August 2010 places a lien on a 5-bedroom apartment in Belgrade in favor of Hypo Alpe Adria Banka a.d., Belgrade.

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

Mortgage Statement I 1863/2011 dated 1 July 2011 places a lien on real estate in Pirot in favor of Banca Intesa a.d., Belgrade.

Mortgage Statement I 1838/2011 dated 29 June 2011 places a lien on real estate in Vračar in favor of UniCredit Bank Serbia a.d., Belgrade.

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

Mortgage Statement I 2636/2011 dated 9 September 2011 places a lien on real estate in Pirot in favor of Srpska Banka a.d., Belgrade.

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

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

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

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

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

## **2.2.6. Litigation and other proceedings**

2.2.6.1. Significant litigation and proceedings: number of cases in which the issuer is the defendant and aggregate amount of claims; and number of cases in which the issuer is the plaintiff and aggregate amount of claims (industrial property and abuse of monopoly proceedings stated separately)

The aggregate amount of all claims of the Issuer against its debtors is 51,213,000 RSD, while the aggregate amount of all claims against the Issuer is 13,717,000 RSD.

The issuer is currently not involved in any industrial property litigation or proceedings.

## **2.2.7. Total non-due accounts payable at the time of submission of application**

2.2.7.1. Total liabilities based on bank credit facilities,

	<i>In 000 RSD</i>
Long term	<b>772,780</b>
Short term	<b>2,655,578</b>
<b>Total:</b>	<b>3,428,358</b>

#### 2.2.7.2. Total liabilities arising from issued debentures:

The Company issued its first series of long-term corporate bonds on 13 August 2010 as follows: aggregate amount EUR 1,595,433, interest rate 7.75%, term 5 years, quarterly payments, closed issue for Komercijalna Banka a.d. Belgrade, Weiner Stadtische, and Takovo Insurance. As of 13 August 2011, payments of the principal and interest have been made in the aggregate amount of EUR 387,936.

The Company issued its second series of long-term corporate bonds on 26 October 2010 as follows: aggregate amount EUR 781,231, interest rate 7.75%, term 5 years, quarterly payments, closed issue for KBC Bank a.d. Belgrade, Weiner RE, Takovo Insurance and DDOR. As of 23 July 2011, payments of the principal and interest have been made in the aggregate amount of EUR 142,468.

The Company issued its second series of long-term corporate bonds on 17 July 2011 as follows: aggregate amount EUR 874,150, interest rate 9.00%, term 5 years, quarterly payments, one-year grace period, closed issue for KBC Bank a.d. Belgrade, Weiner RE, Takovo Insurance, YUBMES and DDOR.

In 2011, the Company issued short-term corporate bonds on several occasions; the total amount owed under such bonds was 134.991 (in 000 RSD) on 31 December 2011.

#### 2.2.8. Total past-due accounts payable at the time of submission of application

2.2.8.1. Total liabilities arising from bank loans: NIL

2.2.8.2. Total liabilities arising from issued debentures: NIL

2.2.8.3. Other liabilities of the issuer: NIL

#### 2.2.9. Employees (Note: figures do not include Tigar Tyres)

2.2.9.1. Total number of employees employed by the issuer, breakdown by qualifications, and average number of employees for past three years:

	2009	2010	2011
University degree	363	380	387
Junior college degree	101	126	116
Highly skilled	5	11	10
Secondary education	638	659	551
Skilled	847	743	541
Semi-skilled	3	15	13
Unskilled	94	318	286
TOTAL:	2,051	2,252	1,904

The average number of employees over the past three years was 2,069.

2.2.9.2. Aggregate amount owed to employees:



**2.3. FINANCIAL INFORMATION**
**2.3.1. Summary of unconsolidated financial statements of the issuer for the past three years**

## 2.3.1.1. Balance sheet:

\*IAS/IFRS-adjusted key balance-sheet indicators (in thousands of RSD)

<b>B. Assets and liabilities</b>	<i>As of 31 December 2009</i>	<i>As of 30 December 2010 (audited)</i>
<b>TOTAL ASSETS:</b>	<b>3,997,793</b>	<b>4,278,197</b>
Non-current assets	2,780,230	3,051,534
Subscribed, unpaid equity		
Goodwill		
Intangible assets	20,769	23,956
<b>Property, plants, and equipment</b>	612,227	590,138
Long-term investments	2,147,234	2,437,440
Equity investments	2,099,576	2,391,972
Other long-term investments	47,658	45,468
Current assets	1,217,563	1,226,663
- Inventories	26,005	24,582
- Non-current assets classified as held for sale	4,367	4,367
- Short-term accounts receivable, placements and cash	1,187,191	1,197,714
- Deferred tax assets		
Assets	<b>3,997,793</b>	<b>4,278,197</b>
Accumulated losses in excess of net assets		
Off-balance sheet assets		
<b>TOTAL LIABILITIES:</b>	<b>3,997,793</b>	<b>4,278,197</b>
Equity	2,811,407	2,827,796
- Share and other capital	2,062,152	2,062,152
- Subscribed, unpaid equity		
- Provisions	206,215	206,215
- Revaluation provisions		
- Retained earnings	543,040	559,429
- Loss		
- Acquisition of treasury shares	26,019	
Non-current liabilities	1,185,593	1,448,936
- Long-term provisions	9,562	10,212
- Long-term liabilities	171,009	440,820
- Long-term borrowings	171,009	239,258
- Other long-term liabilities		201,562
- Short-term liabilities	1,005,022	997,904
- Short-term borrowings and other financial liabilities	862,551	796,224
- Liabilities directly associated with non-current assets classified as held		
- Accounts payable	93,932	91,801
- Value added tax and other taxes Payable and accruals	3,868	52,468
- Other current liabilities	35,135	44,800
- Income tax payable	9,536	12,611
- Deferred tax liabilities	793	1,465
Off-balance sheet liabilities		

<b>B. Assets and liabilities</b>	<b>31.12.2010 (merged)</b>	<b>31.12.2011 (merged)</b>
<b>TOTAL ASSETS:</b>	<b>6,171,359</b>	<b>7,421,327</b>
Non-current assets	3,226,938	<b>3,640,676</b>
Subscribed, unpaid equity		
Goodwill		
Intangible assets	95,264	101,536
<b>Property, plants, and equipment</b>	970,797	1,148,992
Long-term investments	2,160,877	2,390,148
Equity investments	2,115,409	2,348,428
Other long-term investments	45,468	41,720
Current assets	2,944,421	3,780,651
- Inventories	880,900	986,031
- Non-current assets classified as held for sale	20,039	233,857
- Short-term accounts receivable, placements and cash	2,043,482	2,560,763
- Deferred tax assets		
<b>Assets</b>	<b>6,171,359</b>	<b>7,421,327</b>
Accumulated losses in excess of net assets		
Off-balance sheet assets		
<b>TOTAL LIABILITIES:</b>	<b>6,171,359</b>	<b>7,421,327</b>
Equity	2,800,749	2,884,851
- Share and other capital	2,062,152	2,062,152
- Subscribed, unpaid equity		
- Provisions	206,215	206,215
- Revaluation provisions		
- Retained earnings	581,885	665,987
- Loss	49,503	49,503
- Acquisition of treasury shares		
Non-current liabilities	3,367,237	4,531,862
- Long-term provisions	12,842	12,577
- Long-term liabilities	639,769	754,450
- Long-term borrowings	436,914	152,601
- Other long-term liabilities	202,855	601,849
- Short-term liabilities	2,714,626	3,764,835
- Short-term borrowings and other financial liabilities	1,410,182	2,500,849
- Liabilities directly associated with non-current assets classified as held		
- Accounts payable	1,166,539	1,025,128
- Value added tax and other taxes Payable and accruals	68,116	138,597
- Other current liabilities	57,178	73,989
- Income tax payable	12,611	26,272
- Deferred tax liabilities	3,373	4,614
Off-balance sheet liabilities		

Note: On 30 April 2011, Tigar Trade LLC (Serbia) was merged with the holding company Tigar AD. The figures shown above include both Tigar AD and Tigar Trade.

## 2.3.1.2. Income statement

**\*IAS-adjusted key income-statement indicators (in thousands of RSD)**

<b>A. Income and expenses</b>	<b>2009</b>	<b>2010 (audited)</b>
<b>TOTAL INCOME:</b>	<b>1,116,252</b>	<b>998,634</b>
Operating income	273,211	651,666
- Sales	242,016	577,430
- Work performed by the company and capitalized	9,361	53,219
- Increase in inventories of finished products and work in progress		
- Decrease in inventories of finished products and work in progress		
- Other operating income	21,834	21,017
Finance income	154,698	114,725
Other income	688,343	232,243
Extraordinary income		
<b>TOTAL EXPENSES:</b>	<b>970,973</b>	<b>920,353</b>
Operating expenses	535,534	603,292
- Cost of commercial goods sold	38	
- Other materials, fuel and energy	80,494	116,930
- Staff costs	245,379	267,903
- Depreciation, amortization and provisions	22,235	26,513
- Other operating expenses	187,388	191,946
Finance expenses	140,161	160,894
Other expenses	295,278	156,167
PROFIT (LOSS) FROM OPERATIONS BEFORE TAXATION	145,279	78,281
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
PROFIT (LOSS) BEFORE TAXATION	145,279	78,281
INCOME TAX	31,597	23,997
Tax expenses of the period	30,148	23,326
Deferred income tax expense	1,449	671
Deferred income tax benefit		
Owners account		
<b>NET PROFIT (LOSS)</b>	<b>113,682</b>	<b>54,284</b>
MINORITY INTEREST		
EQUITY HOLDERS OF THE PARENT		
EARNINGS PER SHARE (RSD))	66.44	31.59

<b>A. Income and expenses</b>	<b>2010 (merged)</b>	<b>2011 (merged)</b>
<b>TOTAL INCOME:</b>	<b>4,192,154</b>	<b>4,757,894</b>
Operating income	3,826,909	4,142,791
- Sales	3,664,471	3,967,657
- Work performed by the company and capitalized	118,190	118,160
- Increase in inventories of finished products and work in progress		
- Decrease in inventories of finished products and work in progress		
- Other operating income	44,248	56,974
Finance income	125,476	304,273
Other income	239,769	310,830
Extraordinary income		
<b>TOTAL EXPENSES:</b>	<b>4,118,790</b>	<b>4,605,631</b>
Operating expenses	3,688,742	4,131,824
- Cost of commercial goods sold	2,309,697	3,051,992
- Other materials, fuel and energy	281,648	192,715
- Staff costs	489,045	519,952
- Depreciation, amortization and provisions	53,764	51,908
- Other operating expenses	554,588	315,257
Finance expenses	273,347	439,446
Other expenses	156,701	34,361
<b>PROFIT (LOSS) FROM OPERATIONS BEFORE TAXATION</b>	<b>73,364</b>	<b>152,263</b>
<b>PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>		
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>73,364</b>	<b>152,263</b>
<b>INCOME TAX</b>	<b>25,259</b>	<b>30,267</b>
Tax expenses of the period	24,023	29,026
Deferred income tax expense	1,236	1,241
Deferred income tax benefit		
Owners account		
<b>NET PROFIT (LOSS)</b>	<b>48,105</b>	<b>121,996</b>
<b>MINORITY INTEREST</b>		
<b>EQUITY HOLDERS OF THE PARENT</b>		
<b>EARNINGS PER SHARE (RSD))</b>	<b>27.99</b>	<b>70.99</b>

Note: On 30 April 2011, Tigar Trade LLC (Serbia) was merged with the holding company Tigar AD. Tigar AD's January-December 2011 income statement includes Tigar Trade's January-April income and expenses, for reasons of consistency with consolidated statements. For ease of comparison, the income statement for the same period of the previous year is presented in the same way.

## 2.3.1.3. Cash flow statements (in thousands of RSD)

	<b>2009</b>	<b>2010 (audited)</b>
<i>Cash flows from operations</i>		
Cash inflows from operations	223,943	350,788
Cash outflows from operations	767,235	785,124
Net cash used in operations	(543,292)	(434,336)
<i>Cash flows from investment activities</i>		
Cash inflows from investment activities	1,519,336	37,630
Cash outflows from investment activities	360,214	26,071
Net cash used in investment activities	1,159,122	11,559
<i>Cash flows from financing activities</i>		
Cash inflows from financing activities	17,641	131,688
Cash outflows from financing activities	156,727	57,993
Net cash provided from financing activities	(139,086)	73,695
<i>Net increase in cash and cash equivalents</i>	476,744	(349,082)
Cash and cash equivalents at the beginning of the year	52,935	530,588
Foreign exchange gains	909	31,898
Foreign exchange loss		
Cash and cash equivalents at year end	530,588	213,404

	<b>2010 (merged)</b>	<b>2011 (merged)</b>
<i>Cash flows from operations</i>		
Cash inflows from operations	3,542,677	3,145,640
Cash outflows from operations	4,258,999	3,928,919
Net cash used in operations	(716,322)	(783,279)
<i>Cash flows from investment activities</i>		
Cash inflows from investment activities	34,773	183,178
Cash outflows from investment activities	36,716	24,985
Net cash used in investment activities	(1,943)	158,193
<i>Cash flows from financing activities</i>		
Cash inflows from financing activities	395,839	567,622
Cash outflows from financing activities	39,048	6,133
Net cash provided from financing activities	356,791	561,489
<i>Net increase in cash and cash equivalents</i>	(361,474)	(63,597)
Cash and cash equivalents at the beginning of the year	559,376	227,195
Foreign exchange gains	29,293	
Foreign exchange loss		8,336
Cash and cash equivalents at year end	227,195	155,262

Note: Tigar Trade LLC (Serbia) was merged with the Holding Company (Tigar AD) on 30 April 2011. To provide full insight into performance at the end of the period, Tigar AD's cash flow statement for the January-December 2011 period includes Tigar Trade's January-April income and expenses, as presented in consolidated financial statements. For ease of comparison, the cash flow statement for the same period of the previous year is presented in the same way.

## 2.3.1.4. Statements of changes in equity (in thousands of RSD):

	<b>2009</b>	<b>2010 (audited)</b>
Opening balance	2,736,793	2,811,407
IFRS adjustments		
New investments made during the year		
Profit for the year	113,682	54,284
Dividends distributed to shareholders	(56,709)	(37,895)
Other changes	17,641	
Balance at year end	2,811,407	2,827,796

	<b>2010 (merged)</b>	<b>2011 (merged)</b>
Opening balance	2,854,358	2,850,252
IFRS adjustments		
New investments made during the year		
Profit for the year	48,105	121,996
Dividends distributed to shareholders	(37,894)	(37,894)
Other changes	(63,820)	(49,503)
Balance at year end	2,800,749	2,884,851

**LONG-TERM INVESTMENTS** (in thousands of RSD)

	<b>2009</b>	<b>2010 (merged)</b>	<b>2011 (merged)</b>
Interest in the capital of related legal entities	2,114,040	2,129,873	2,362,892
Interest in the capital of banks	89	89	89
Interest in the capital of other legal entities	19	19	19
Adjustment	14,572	14,572	14,572
<b>TOTAL:</b>	<b>2,099,576</b>	<b>2,115,409</b>	<b>2,348,428</b>

## 2.3.1.5. Important notes to financial statements as shown in the financial statements

## 2.3.1.6. Auditor's summary opinion:

Extract from 2010 auditor's opinion:

In our opinion, the financial statements of "Tigar" A.D., Pirot for the year ended December 31, 2010 have been prepared, in all material respects, in accordance with the accounting regulations of the Republic of Serbia.

## Emphasis of Matter

We draw attention to Note 2.1 to the financial statements disclosing that the accompanying financial statements include only the receivables, payables, results of operation, changes in equity and cash flows of the Company, without those of its subsidiaries. Investments in subsidiaries are included in these financial statements at cost. More detailed information about the Company's financial position is provided in the Company's consolidated financial statements which the Company is under obligation to prepare as in accordance with the Law on Accounting and Auditing (Official Gazette of RS, number 46, June 2, 2006) and submit them to the Serbian Business Registers Agency by the end of April 2011. Our opinion is not modified in respect of this matter.

**2.3.2. Summary of consolidated financial statements of the issuer for the past three years**
**2.3.2.1. Legal entities included in consolidated financial statements:**

Tigar Footwear, Tigar Technical Rubber Goods, Tigar Chemical Products, Tigar Trade Pirot, Tigar Incon, Tigar Business Services, Tigar Tours, Hotel StarA, Tigar Security, Tigar Workshop, Tigar Inter Risk, Pirot Free Economic Zone, Tigar Montenegro, Tigar Trade (Republika Srpska), Tigar Partner (Macedonia), Tigar Americas and Tigar Europe – UK (Tigar Europe consolidated at 50%, commensurate with the interest held).

**2.3.2.2. Consolidated balance sheet**
**\*IAS-adjusted key balance-sheet indicators (in thousands of RSD)**

<b>B. Assets and Liabilities</b>	<b>As of 31 December 2008</b>	<b>As of 31 December 2009</b>
<b>TOTAL ASSETS:</b>	<b>6,967,130</b>	<b>7,155,209</b>
Non-current assets	3,462,719	4,110,708
Subscribed, unpaid equity		
Intangible assets	74,702	111,442
Property, plants, and equipment	3,323,718	3,939,938
Long-term investments	64,299	59,328
Equity investments	12,498	11,670
Other long-term investments	51,801	47,658
Current assets	3,504,411	3,026,465
- Inventories	1,289,581	1,442,628
- Non-current assets classified as held for sale	948,689	19,884
- Short-term accounts receivable, placements and cash	1,248,126	1,563,953
- Deferred tax assets	18,015	18,036
Assets	<b>6,967,130</b>	<b>7,155,209</b>
Accumulated losses in excess of net assets		
Off-balance sheet assets		
<b>TOTAL LIABILITIES:</b>	<b>6,967,130</b>	<b>7,155,209</b>
Equity	3,745,192	3,514,083
- Share and other capital	2,062,152	2,096,279
- Subscribed, unpaid equity		
- Provisions	582,138	207,925
- Revaluation provisions	1,086,061	1,074,215
- Retained earnings	(6,198)	85,934
- Minority interest	47,057	49,730
- Acquisition of treasury shares	26,018	
Non-current liabilities	3,099,366	3,513,163
- Long-term provisions	81,891	79,861
- Long-term liabilities	679,018	1,149,078
- Long-term borrowings	652,805	1,132,408
- Other long-term liabilities	26,213	16,670
- Short-term liabilities	2,338,457	2,284,224
- Short-term borrowings and other financial liabilities	1,184,001	1,432,181
- Accounts payable	879,547	639,111
- Value added tax and other taxes payable	50,178	43,134
- Other current liabilities and accruals	139,819	151,136
- Income tax payable	84,912	18,662
- Deferred tax liabilities	122,572	127,963
Off-balance sheet liabilities		

<b>B. Assets and Liabilities</b>	<b>As of 31 December 2009</b>	<b>As of 31 December 2010 (audited)</b>
<b>TOTAL ASSETS:</b>	<b>7,155,209</b>	<b>8,220,552</b>
Non-current assets	4,110,708	4,743,526
Subscribed, unpaid equity		
Intangible assets	111,442	398,125
Property, plants, and equipment	3,939,938	4,288,114
Long-term investments	59,328	57,287
Equity investments	11,670	11,819
Other long-term investments	47,658	45,468
Current assets	3,026,465	3,455,721
- Inventories	1,442,628	1,823,646
- Non-current assets classified as held for sale	19,884	20,039
- Short-term accounts receivable, placements and cash	1,563,953	1,612,036
- Deferred tax assets	18,036	21,305
Assets	<b>7,155,209</b>	<b>8,220,552</b>
Accumulated losses in excess of net assets		
Off-balance sheet assets		
<b>TOTAL LIABILITIES:</b>	<b>7,155,209</b>	<b>8,220,552</b>
Equity	3,514,083	3,393,665
- Share and other capital	2,096,279	2,089,020
- Short-term accounts receivable, placements and cash		
- Deferred tax assets	207,925	941
- Revaluation provisions	1,074,215	1,051,401
- Retained earnings	85,934	197,134
- Minority interest	49,730	55,169
- Acquisition of treasury shares		
Non-current liabilities	3,513,163	4,692,191
- Long-term provisions	79,861	83,087
- Long-term liabilities	1,149,078	1,729,282
- Long-term borrowings	1,132,408	1,512,668
- Other long-term liabilities	16,670	216,614
- Short-term liabilities	2,284,224	2,879,822
- Short-term borrowings and other financial liabilities	1,432,181	1,716,210
- Accounts payable	639,111	851,145
- Value added tax and other taxes payable	43,134	110,455
- Other current liabilities and accruals	151,136	183,926
- Income tax payable	18,662	18,086
- Deferred tax liabilities	127,963	134,696
Off-balance sheet liabilities		



## 2.3.2.3. Consolidated income statement

**\*IAS/IFRS-adjusted key income-statement indicators (in thousands of RSD)**

<b>A. Income and expenses</b>	<b>2008</b>	<b>2009</b>
<b>TOTAL INCOME:</b>	<b>5,050,798</b>	<b>4,283,174</b>
Operating income	3,751,613	3,880,745
- Sales	3,315,792	3,349,344
- Work performed by the company and capitalized	392,524	441,254
<b>- Increase in inventories of finished products and work in progress</b>		57,463
- Decrease in inventories of finished products and work in progress	26,402	
- Other operating income	69,699	32,684
Finance income	202,587	74,609
Other income	1,096,598	327,820
Extraordinary income		
<b>TOTAL EXPENSES:</b>	<b>4,855,478</b>	<b>4,455,495</b>
Operating expenses	4,466,831	4,163,474
- Cost of commercial goods sold	1,177,607	914,976
- Other materials, fuel and energy	1,245,092	1,174,529
- Staff costs	1,501,211	1,500,700
- Depreciation, amortization and provisions	88,801	148,471
- Other operating expenses	454,120	424,798
Finance expenses	353,424	262,493
Other expenses	35,223	29,528
PROFIT (LOSS) FROM OPERATIONS BEFORE TAXATION	<b>195,320</b>	<b>(172,320)</b>
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
PROFIT (LOSS) BEFORE TAXATION	<b>195,320</b>	<b>(172,320)</b>
INCOME TAX		
Tax expenses of the period	99,318	41,236
Deferred income tax expense	6,049	6,342
Deferred income tax benefit		
Owners account		
NET PROFIT (LOSS)	<b>89,953</b>	<b>(219,898)</b>
MINORITY INTEREST	5,014	2,673
EQUITY HOLDERS OF THE PARENT	84,939	(222,571)
EARNINGS PER SHARE		
1. Base earnings		
2. Reduced earnings per share		

<b>A. Income and expenses</b>	<b>2009</b>	<b>2010 (audited)</b>
<b>TOTAL INCOME:</b>	<b>4,283,174</b>	<b>5,307,596</b>
Operating income	3,880,745	5,160,882
- Sales	3,349,344	4,288,191
- Work performed by the company and capitalized	441,254	743,239
- Increase in inventories of finished products and work in progress	57,463	89,828
- Decrease in inventories of finished products and work in progress		
- Other operating income	32,684	39,624
Finance income	74,609	72,209
Other income	327,820	74,505
Extraordinary income		
<b>TOTAL EXPENSES:</b>	<b>4,455,495</b>	<b>5,327,280</b>
Operating expenses	4,163,474	4,889,597
- Cost of commercial goods sold	914,976	902,193
- Other materials, fuel and energy	1,174,529	1,563,187
- Staff costs	1,500,700	1,611,720
- Depreciation, amortization and provisions	148,471	187,982
- Other operating expenses	424,798	624,515
Finance expenses	262,493	391,035
Other expenses	29,528	46,648
<b>PROFIT (LOSS) FROM OPERATIONS BEFORE TAXATION</b>	<b>(172,320)</b>	<b>(19,684)</b>
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS		
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>(172,320)</b>	<b>(19,684)</b>
INCOME TAX		
Tax expenses of the period	41,236	31,088
Deferred income tax expense	6,342	6,349
Deferred income tax benefit		
Owners account		
<b>NET PROFIT (LOSS)</b>	<b>(219,898)</b>	<b>(57,121)</b>
MINORITY INTEREST	2,673	5,439
EQUITY HOLDERS OF THE PARENT	(222,571)	(62,560)
EARNINGS PER SHARE		
1. Base earnings		
2. Reduced earnings per share		

**Note:**

In accordance with International Accounting Standards, Tigar AD's stake in Tigar Tyres was recognized in the consolidated balance sheet at 31 December 2008 applying the equity method, whereas in Tigar AD's individual balance sheet it was recognized at cost. Upon disposal in 2009, the stake was removed at cost (the amount reported by the Holding Company), resulting in a loss of -288,381,000 RSD. This loss was included in the 2009 consolidated balance sheet, given that it was reported as income in consolidated income statements for previous fiscal years.

In the consolidated balance sheet as at 31 December 2009, the loss was covered by retained earnings from previous fiscal years. As such, the current year gain in the consolidated income statement in fact amounts to 68,483,000 RSD.

## 2.3.2.4. Consolidated cash flow statements in thousands of RSD

	<b>2008</b>	<b>2009</b>
<i>Cash flows from operations</i>		
Cash inflows from operations	3,451,783	3,633,428
Cash outflows from operations	4,458,380	4,716,426
Net cash used in operations	(1,006,597)	(1,082,998)
<i>Cash flows from investment activities</i>		
Cash inflows from investment activities	1,321,485	1,251,781
Cash outflows from investment activities	1,038,647	349,565
Net cash used in investment activities	282,838	902,216
<i>Cash flows from financing activities</i>		
Cash inflows from financing activities	784,946	711,052
Cash outflows from financing activities	118,514	70,537
Net cash provided from financing activities	666,432	640,515
<i>Net increase in cash and cash equivalents</i>	(57,327)	459,733
Cash and cash equivalents at the beginning of the year	325,936	242,410
Foreign exchange gains		
Foreign exchange loss	26,199	134
Cash and cash equivalents at year end	242,410	702,009

	<b>2009</b>	<b>2010 (audited)</b>
<i>Cash flows from operations</i>		
Cash inflows from operations	3,633,428	4,281,553
Cash outflows from operations	4,716,426	5,154,231
Net cash used in operations	(1,082,998)	(872,678)
<i>Cash flows from investment activities</i>		
Cash inflows from investment activities	1,251,781	26,565
Cash outflows from investment activities	349,565	177,269
Net cash used in investment activities	902,216	(150,704)
<i>Cash flows from financing activities</i>		
Cash inflows from financing activities	711,052	709,803
Cash outflows from financing activities	70,537	49,212
Net cash provided from financing activities	640,515	660,591
<i>Net increase in cash and cash equivalents</i>	459,733	(362,791)
Cash and cash equivalents at the beginning of the year	242,410	702,009
Foreign exchange gains		30,306
Foreign exchange loss	134	
Cash and cash equivalents at year end	702,009	369,524

## 2.3.2.5. Statements of changes in equity, in thousands of RSD

	<b>2008</b>	<b>2009</b>
Opening balance	2,705,522	3,745,191
IFRS adjustments		
Revaluation	1,074,893	
New investments made during the year		
Effect of change in consolidation scope		
New issue of shares		
Profit (loss) for the year	89,953	(219,898)
Dividends distributed to shareholders	(104,911)	(56,709)
Other changes	(20,266)	45,499
Balance at year end	3,745,191	3,514,083

	<b>2009</b>	<b>2010 (audited)</b>
Opening balance	3,745,191	3,514,083
IFRS adjustments		
Revaluation		
New investments made during the year		
Effect of change in consolidation scope		
New issue of shares		
Profit (loss) for the year	(219,898)	(57,121)
Dividends distributed to shareholders	(56,709)	(37,894)
Other changes	45,499	(25,403)
Balance at year end	3,514,083	3,393,665

## 2.3.2.6. Major notes to financial statements, as shown in the financial statements:

In accordance with international principles of consolidated, financial investments of the parent company and the capital of the companies whose financial statements are consolidated, were eliminated upon consolidation.

## 2.3.2.7. Auditor's summary opinion (2010):

Extract from 2010 auditors' opinion:

In our opinion, the consolidated financial statements of "Tigar" A.D., Pirot for the year ended December 31, 2010 have been prepared, in all material respects, in accordance with the accounting regulations of the Republic of Serbia.

**2.3.3. Major performance and success indicators: Tigar AD's unconsolidated January-December 2011 statements – Tigar AD and Tigar Trade merged**

2.3.3.1. Major performance indicators such as liquidity, solvency, net working fund ratio, profitability, etc. relevant to the core activity of the issuer. Issuers from the financial sector, for whom special regulations define the types, accounting methods and levels of various indicators, should state achieved and prescribed levels:

**CURRENT RATIO**
$$155,262 / 3,764,835 = 0.04$$
**QUICK RATIO**
$$2,794,620 / 3,764,835 = 0.74$$
**NET WORKING FUND RATIOS:**

Current assets – current liabilities / working capital

$$15,816 / 3,780,651 = 0.004$$

Current assets – current liabilities / operating assets

$$15,816 / 7,421,327 = 0.002$$
**FINANCIAL STABILITY**

Equity / operating liabilities

$$2,884,851 / 7,421,327 = 0.40$$
**DEBT-TO-ASSETS RATIO**
$$4,519,285 / 7,421,327 = 0.61$$
**RETURN ON ASSETS**
$$121,996 / 7,421,327 = 1.64\%$$
**RETURN ON EQUITY**
$$121,996 / 2,884,851 = 4.23\%$$
**2.3.4. Employee expenses**

2.3.4.1. Gross and net employee expenses for the past three months:

<b>GROSS SALARIES (000 RSD)</b>	
October 2011	126,873
November 2011	119,173
December 2011	130,030
<b>NET SALARIES (000 RSD)</b>	
October 2011	74,242
November 2011	69,729
December 2011	75,904

**2.3.5. Profit/loss per share**

- 2.3.5.1. Net profit or loss per share for the past three fiscal years, based on unconsolidated financial statements (if the number of shares has changed during the past three years, figures should reflect these changes; describe the method applied to determine the value of exchanged shares):

	<b>Net profit</b>	<b>Number of shares</b>	<b>Profit per share</b>
2009	113,682,000	1,718,460	66.44
2010 (merged)	48,105,000	1,718,460	27.99
2011 (merged)	121,996,000	1,718,460	70.99

Based on the resolution regarding the distribution of retained profits from prior fiscal years, the resolution on the distribution of securities without a public offering passed at the extraordinary session of the General Assembly of Shareholders held on 27 October 2005, and the decision of the Securities Commission granting approval for the issue of securities without a public offering no. 4/0-24-3252/7-05 of 29 December 2005, a portion of retained profits from previous fiscal years in the total amount of 481,508,000.00 RSD was allocated as follows:

- A total of 294,044,000.00 RSD was used for provisions and contingencies, and
- A total of 187,464,000.00 RSD was used to increase capital assets of the Company.

Total subscribed capital amounted to RSD 2,062,152,000.00 (171,846 shares, par value RSD 12,000.00).

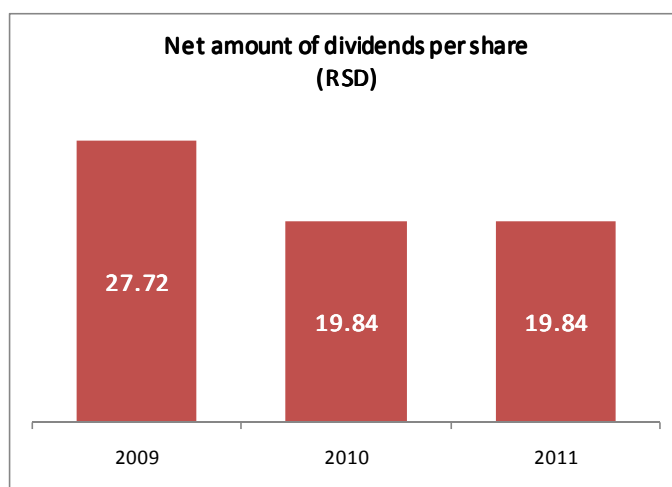
Based on the resolution regarding the distribution of shares due to a stock split, passed at the annual session of the General Assembly of Shareholders held on 8 June 2006, each ordinary share of stock was divided into 10 shares, while their nominal value was simultaneously lowered by a factor of 10.

Total capital assets remain unchanged at RSD 2,062,152.00 (1,718,460 shares, nominal value of RSD 1,200.00).

**2.3.6. Paid dividends**

- 2.3.6.1. State the following:

- FY2010 dividends were not distributed in the calendar year 2011.
- FY2009 dividends were paid on 26 December 2010.
- FY2008 dividends were paid on 22 July 2009.



Net dividends per share over the past three years

- Paid dividend per share by class:

Ex-dividend day – a specific date prior to the dividend payout date on which registered shareholders become entitled to dividends, even though a different person may hold the shares at the time of actual payout.

At its session held on 24 June 2011, Tigar AD's General Assembly of Shareholders resolved to distribute 19.84 RSD per share based on the 2010 financial report. The date of the session was set as the ex-dividend day. The dividends were not distributed in 2011 and were carried forward to 2012. Shareholders have duly been notified.

- 24 June 2011
- 19 June 2010
- 19 June 2009

### **2.3.7. Off-balance sheet items**

2.3.7.1. Description of significant off-balance sheet items:

## **2.4. OTHER SIGNIFICANT FACTS**

**2.4.1. Other significant facts which might be relevant to decision making by investors with regard to the issuer's business, activities, and financial position: NIL**

### 3. ISSUER'S DEVELOPMENT POLICY

#### 3.1. PLANNED DEVELOPMENT ACTIVITIES

##### 3.1.1. *Planned capital increase*

3.1.1.1. Describe capital increase plans and methods, and the projected timeline:

##### 3.1.2. *Planned expansion of business activities*

3.1.2.1. Introduction of new lines of business and increase in scope of current lines of business:

The Issuer's plans call for the development of brands owned by Tigar, including Tigar, Century, Forester, Firefighter, Maniera, Brolly, Bilgusafe (playground tiles), Bilgusand (sandboxes), Bilgusign bases (traffic sign bases), Bilgubollards (bollards), Bilgulane (rubber matting), and Bilguwell goods (general-purpose products).

##### 3.1.3. *Planned investments*

3.1.3.1. In order to achieve the objectives set for the period 2011-2013, investments in the following areas are required:

- Industrial facilities controlled by the corporation;
- Relocation and updating of the chemical products factory;
- Development and elimination of bottlenecks in production, process modernization and re-engineering of all segments,
- Introduction of new products, development and promotion of brand and acquisition of internationally recognizable brands,
- Maintenance and improvement of the integrated quality management and environmental management systems,
- Energy efficiency improvements across all segments through energy saving processes,
- Development of the commercial network,
- Refinement of the corporation's management system, and
- Investments in education and employee training programs.

Plans call for Tigar Trade's investments to be financed from cash flow and credit facilities.

Other planned investments are not major; they are included in subsidiary financial plans and will be funded from cash flow.

##### 3.1.4. *Business trends*

3.1.4.1. Issuer's business development expectations; price trends of services rendered and/or goods sold:

In 2012, the largest growth is expected in the footwear export segment, particularly in the EU market owing to increasing sales to existing customers as well as new large-volume buyers.

The technical rubber goods segment is also expected to report growth, given its relatively low production and sales levels in the previous year. A portion of this growth is expected to come from a joint venture with a foreign partner in the molded rubber products segment.

Sales prices will be continuously adjusted to reflect raw material price fluctuations in the global market, especially those of rubber and fabric. However, a portion of raw material cost increases must be offset by higher productivity.



**3.1.5. Position in the relevant sector**

Following the implementation of Tigar Footwear's updating project, this subsidiary is expected to deliver a European market share of up to 15%. Among European manufacturers, Tigar Footwear's factory features the largest capacity and the most modern equipment.

The updated factory of Tigar Technical Rubber Goods, which includes a plant for the manufacture of products made from recycled rubber, is expected to join leading producers in its market segment, especially following the further updating of its rubber profile and rubber tubing lines and a joint venture in the model rubber products segment.

The implementation of Tigar's sales network development program is expected to deliver a leading position in the tire, afterparts and rubber footwear market segments in Serbia.

Further development of other businesses is expected to classify them among respective market leaders in Serbia.

**3.1.5.1. Issuer's assessment with regard to its position within the sector in which it operates:**

Ongoing successful development is dependent on the following conditions:

- Political stabilization;
- Changes in legislation, particularly relating to corporate law, taxation and protection from unfair competition;
- Creation of a favorable environment for foreign investors, in order to stabilize market conditions and neutralize non-economic influences on corporate performance;
- Jumpstarting of domestic industries and increase in the purchasing power of the domestic market; and
- Favorable loan terms supportable by performing businesses.

#### 4. MANAGEMENT AND SUPERVISORY BOARD

##### 4.1. MANAGEMENT AND SUPERVISORY BOARD MEMBERS

###### 4.1.1. *State the following:*

- Name of chief executive officer: Dragan Nikolić
- Names and positions of Board of Directors members:
  - Independent directors:**  
Aleksej Misailović,  
Tihomir Nenadić
  - Non-executive directors:**  
Vladimir Nikolić,  
Gordana Lazarević,  
Jose Alexandre F. Da Costa.
  - Executive directors:**  
Dragan Nikolić,  
Jelena Petković,  
Slobodan Sotirov,  
Miodrag Tančić
- Names and positions of Supervisory Board members:  
Milivoje Cvetanović, Chairman  
Milić Radović  
Dragan Milosavljević
- Names and positions of Executive Board members:  
Dragan Nikolić, Chief Executive Officer  
Jelena Petković, ED for Corporate Management Support  
Đorđe Džunić, ED for Financial Affairs  
Miodrag Tančić, ED for Manufacturing  
Slobodan Sotirov, ED for Quality Assurance  
Branislav Mitrović, ED for IT and Investments  
Milivoje Nikolić, ED for Human Resources

##### 4.2. REMUNERATION AND OTHER PROCEEDS PAID BY THE ISSUER

###### 4.2.1. *Remuneration paid to management (over past three years, individually, in net amounts, to the Director General and Board of Directors members):*

- Aggregate of salaries and other types of management remuneration:

2009	Net	11,943,139.00 RSD
	Gross	17,986,655.00 RSD
2010	Net	4,855,888.00 RSD
	Gross	7,316,084.00 RSD
2011	Net	4,957,107.00 RSD
	Gross	7,872,148.00 RSD

- Aggregate amounts of loans approved for management: NIL
- Aggregate of other benefits for management: NIL

**4.2.2. Remuneration paid to Supervisory Board members (over the past three years, individually, in net amounts):**

- **Aggregate remuneration of Supervisory Board members:**

2009	Net:	1,428,012.00 RSD
	Gross:	2,150,620.00 RSD
2010	Net:	623,952.00 RSD
	Gross:	1,563,638.00 RSD
2011	Net:	388,825.00 RSD
	Gross:	585,577.00 RSD

- **Aggregate of other proceeds to Supervisory Board members:** NIL

**4.2.3. Special rights and benefits of management and Supervisory Board members:**

Other cash earnings, other benefits or other rights granted by the issuer to management and Supervisory Board members: NIL

**4.2.4. Business transactions between the issuer and management/Supervisory Board members:**

Significant business transactions between the issuer and management/Supervisory Board members, or between the issuer and persons connected with management/Supervisory Board members, during the past year: NIL

**4.3. MANAGEMENT AND EMPLOYEE INTEREST IN ISSUER'S CAPITAL****4.3.1. Interest of management/Supervisory Board members in issuer's capital**

3,355 shares, or 0.19% of the share capital

**4.3.2. Interest of issuer's other employees in issuer's equity:**

Prior to stock exchange listing and secondary trading, the aggregate employee interest was 64.96%. The percentage now varies constantly due to daily trading.

**4.3.3. Issuer's policy with regard to employee interest in issuer's equity:**

The policy is the same as for all other shareholders.



5. OFFICERS

5.1. Full name(s) of individual(s) responsible for the contents of this Prospectus

Dragan Nikolić  
Jelena Petković  
Aleksandra Lilić

5.2. Individual(s) responsible for the contents of this Prospectus hereby sign(s) the following affidavit:

*„I hereby attest that this Prospectus contains a true, correct, and full disclosure of all significant facts relating to the issuer of the security, which are relevant to decision making by investors!“*

Executed in Pirot on 30 March 2012

**Signature(s) of individual(s) duly authorized to represent the issuer:**

\_\_\_\_\_  
Dragan Nikolić, CEO

\_\_\_\_\_  
Jelena Petković

\_\_\_\_\_  
Aleksandra Lilić

This Prospectus is signed and certified by individual(s) authorized to represent the issuer.  
This Prospectus may additionally be signed by individuals who participated in its preparation.

**Signature(s) of individual(s) duly authorized to represent the issuer:**

\_\_\_\_\_  
Dragoslav Veličković, Broker-Dealer Department Manager  
Societe Generale



**6. COMMISSION'S CERTIFICATE OF APPROVAL**

**6.1. Number and date of the Commission's Certificate of Approval of this Prospectus for the Issue of Securities**

**Number:**

**Date:**