



# **General Assembly Tigar a.d. 2011**

**June 24, 2011**

Dear Shareholders,

We would like to notify you that the Annual General Assembly of the Joint Stock Company Tigar Pirot will be held on 24 June 2011 in Pirot at the Large Auditorium of the Serbian Military Club, Trg Pirotskih oslobođilaca bb, starting at 12:00 hours.

## **A g e n d a**

- 1. Election of the General Assembly Chairperson,**
- 2. Approval of financial statements and annual report for Tigar a.d. Pirot for 2010, with relative opinions of auditors and of Supervisory Board,**
- 3. Resolution on approving the Consolidated Financial Statement of Tigar ad for 2010 with relative opinions of auditors and of Supervisory Board,**
- 4. Resolution on profit distribution for the year 2010**
- 5. Resolution regarding the appointment of auditor firm.**
- 6. Resolution on extension of the period of validity of the Board of Directors' authorization to decide on issuing of approved shares**

We invite you to participate in the decision-making process by voting on the above items of the Agenda, either in person or by proxy. More detailed information about exercising proxy voting rights is contained in the Proxy Announcement included with this notice, as well as the Power of Attorney from approved by the Securities Commission.

A completed Power of Attorney, in the spaces provided for shareholder identification (address, identity card number, citizen birth number, securities account number or location where maintained), and proxy identification (full name and other information requested in Power of Attorney form), should be submitted to the Joint Stock Company Tigar no later than five days prior to the session (in person or using the enclosed blue envelope).

Enclosed to this invitation, besides the Proxy Announcement and Power of Attorney shall be submitted decision proposals per each item of the agenda.

### **Note:**

Because of attendance registration, identification verification, and other required preparations for the session, please check-in at the meeting location identified in the notice no later than 10 a.m. in order to ensure that the General Assembly can begin on schedule. Please make sure to bring your identity card as proof of identification.

Based on a resolution by the Tigar a.d. Board of Directors, all shareholders who are shareholders of record as at 16 May 2011 are invited to the General Assembly, and this cutoff date was chosen to ensure that any changes in stock ownership resulting from subsequent stock exchange trading do not affect the composition of the General Assembly.

Yours very truly,

In Pirot, 2011-05 -16

**Company Secretary**

**Slavoljub Stanković**



## GENERAL ASSESSMENT OF 2010 PERFORMANCE

In 2010, growing international demand was indicative of a gradual recovery from the global economic crisis, primarily in developed countries. In Serbia, however, negative developments in real sector and financial markets continued. Domestic demand declined. Banks continued to offer credit facilities, albeit compounded by lengthy and cumbersome loan approval procedures. The national currency weakened during the year, while inflation exceeded projected level, all of which had an adverse impact on business operations.

Tigar exited the tire business in 2009, and in 2010 focused on rubber footwear product and market product development, market repositioning of its rubber technical goods business following commissioning of new industrial facilities at a Tigar IIIA location and market development for finished products made from recycled rubber. During the year was also prepared a comprehensive study which addressed its chemical products segment, with a goal of assessing and defining the product mix and the production output associated with relocation of Tigar Chemical Products.

In March 2010, following the acquisition of the Danish company Bilgutex, Tigar Rubber Technical Goods commissioned a plant for finished recycled rubber products. However, it was unable to physically implement its entire industrial project due to a lack of investment funding. Project activities related to rubber profiles and tubes, have been deferred until 2011. The scrap tire recycling plant project was also postponed until 2011, for the same reason. The Company's 2010 overall policy was not to initiate any investment activity unless long-term sources of funding have been secured. In line with this policy, capital expenditures largely targeted the new recycled-rubber products plant and the fabrication of tools and molds for new products. Investment activities related to the upgrading of Tigar's sales network were largely completed according to the plan and were governed by the ability to obtain adequate locations for sales outlets.

In 2010, Tigar spent some EUR 2,5 million on the development of more than one hundred new groups of products for known buyers and markets, and it expects to recover this investment through increased sales in the coming years. Based on contracts and confirmed orders, Tigar will likely double sales in 2011 at a consolidated level.

The Holding Company, Tigar ad, earned an operating income of 651 million Dinars, business result of 48 million Dinars, a profit before taxation of 78 million Dinars and net profit of 54 million Dinars. In 2010, the parent company – Tigar ad has reported lower finance income because it did not book dividends from some of its subsidiaries and because its other income was lower by 450 million compared to the financial year 2009, in which it completed a major transaction with Michelin, resulting in a lower net profit.

Based on consolidated performance indicators, Tigar earned an income 5,2 billion Dinars, and a sales income of 4,3 billion Dinars and is expected to report a positive operating result of 271 million Dinars. Sales income grew by 28%, or roughly 10 million euros. Tigar exports segment reported the highest growth of 67%, and in 2010 Tigar became a predominantly export-oriented company. Due to significantly lower finance and other income in 2010 compared to 2009, by some 259 million Dinars, Tigar will report a consolidated gross loss of roughly 23 million Dinars. Tigar's consolidated assets amount to 8,2 billion Dinars – fixed assets 4,7 billion Dinars and current assets 3,5 billion Dinars. Consolidated capital assets amount to 3,4 billion Dinars.



**TIGAR a.d. Pirot**

**EXCERPT FROM THE BUSINESS REPORT FOR 2010**

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In summary, international market demand grew in 2010, while domestic market demand stagnated. The sales growth of nearly one-third relative to the previous year shows that a Company has a stable and prospective position in the marketplace. Having invested 30 million Euros over the past three years in infrastructure and international acquisitions, and some 2,5million Euros in product development, the Company is poised by rapid sales growth in 2011. The EU market will be largest contributor to this growth, where only the rubber footwear segment is expected to report a growth of 12 million Euros based on confirmed orders.

Even though the Company failed to meet expectations, its business activities are proceeding according to plan which, following a period of investment in buildings and equipment, and a period of investment in product and market development, calls for full commercialization and production and sales growth, while maintaining same levels of fixed costs. In industry in general, two to four years need to pass between the implementation of projects for new capacities and their full commercialization, and in Tigar's specific case, this process proceeded in the midst of the global economic crisis.

**Chairman of Tigar a.d. Pirot  
Board of Directors**

**Dragan Nikolić, personally**

***This is a translation of the original report issued in the Serbian language***

## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors and Shareholders of TIGAR A.D., Pirot**

We have audited the accompanying financial statements of Tigar A.D., Pirot (the "Company"), which comprise the balance sheet as at December 31, 2010, and the related income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the accounting regulations of the Republic of Serbia, as well as for internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *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.

Belgrade, April 27, 2011

Žarko Mijović  
Certified Auditor

	<b>TIGAR a.d. Pirot SUPERVISORY BOARD</b>
<b>REPORT OF THE SUPERVISORY BOARD</b>	Date: 2011- 05-16 Page: 1/2

**TO THE GENERAL ASSEMBLY OF THE JOINT STOCK COMPANY TIGAR PIROT**

Pursuant to article 332, paragraph 3 of the Law on Public Companies and Article 103, paragraph b, item 1 of the Joint Stock Company Tigar ad articles of association, the Supervisory Board submits the following

**Report to Shareholders  
in relation to operating result of the Joint Stock Company Tigar Pirot in 2010**

The Supervisory Board of the Joint Stock Company Tigar ad Pirot, composed of: Milivoje Cvetanović, Milić Radović and Dragan Milosavljević, was elected on the session of the General Assembly held on June 19<sup>th</sup> 2009, as for the mandatory period of three years. Pursuant to the same decision, as for the Chairman of the Supervisory Board was elected Mr. Milivoje Cvetanović.

Within preparations for the regular annual General Assembly of Tigar ad in 2011, the Supervisory Board has considered the Business Report for the year 2010, analysed all necessary documentation and got acknowledged with all the facts pertaining to accounting and reporting practice in Tigar and its dependent entities, compliance between the business operations and the existing laws and harmony of the organization and Company's performance with the Code of corporate behaviour.

By the insight into the Financial Statement was determined that it was made in compliance with prescribed regulations. Within subject report was given an appraisal of the events from the environment as well as the status of the processes inside Tigar that have mostly affected the business result.

Apart of the insight into the Financial Statement, the Supervisory Board has also reviewed other documentation related to the work of the Board of Directors, Executive Board, Managing Director and other bodies of the company and stated that such acts have been enacted in compliance with existing regulations and are within frames of the prescribed company policy.

Besides the financial result of the parent company - Tigar a.d. as a legal entity, the core activity of which is the managing and financing of its dependent entities, was shown the consolidated result for Tigar and other dependent entities within the holding. The Supervisory Board appraised as a very favorable trend the realized positive business consolidated result, which in past several years was negative and had to be covered by extraordinary incomes, mostly those from the capital profit from the transaction with Michelin in 2008 and that in 2010, the impact of such capital profit was not present at all, which affected the end result.

In compliance with existing regulations, the financial statements were subject to external auditing control, on which was submitted the relative Opinion that will be presented to the General Assembly.

The Supervisory Board thinks that the net profit for 2010 is truly expressed and amounts to RSD 54.284.109,39 and is agree with the proposal of Tigar ad Board of Directors to pay as from the total net profit totaling RSD 54.284.109,39, an amount of RSD 37.894,000,00, in the name of dividend, which implies RSD 19,84 of the net dividend per one share.

The remained part of the expressed net profit of RSD 16.390.109,39 shall be directed into the non-distributed profit. In such manner the share owners will have income from invested capital, and by directing the part of the profit into the non-distributed profit, assets are being kept for certain purposes, mostly for investment ones.

	<b>TIGAR a.d. Pirot SUPERVISORY BOARD</b>
<b>REPORT OF THE SUPEVISORY BOARD</b>	Date: 2011-05-16 Page: 2/2

The Supervisory Board has assessed the Financial Statement on business operations in 2010 as correct, with accent on issues representing the essence of the business operations and with realistic contemplation of the situation in the environment. The Financial statement of the Company as recapitulation in figures of the realized result and is expressed in a quite understandable manner and in compliance with accounting regulations and standards, i.e., approved accounting policies.

The Supervisory Board is acknowledged with the preparations for the session of the General Assembly of Tigar ad Pirot and partially is being actively involved into the preparation of the working material.

The Supervisory Board has contemplated not only the accounting statements but also the overall activities of the management in realizing of business results. On that occasion was imposed a conclusion implying the maximum engagement of the management in realization of the set goals related to business policy, organization order and acting of the Company with the Code of busines behaviour.

The Supervisory Board has determined that the organization and the work of the Company were in compliance with the Code of Corporate Governance and that there were not any objections from shareholders, Company bodies and other parties, and therefore there were no related procedures.

Provision of services to dependent entities in Financial, Legal, H&R, Accounting, Marketing, IT technologies and other areas, in compliance with the contracts on provision of services and coordination of management activities through the established mechanisemes on the relation parent company – dependent entities, as well as the orientation toward the product development and markets, before all in rubber footwear and rubber technical goods programs (after the complete leaving of the tire program in 2009) are the basic indicators of the parent company's business activities in 2010.

Apart of the negative impact of the global financial crisis, this year's result ended with profit, the value of the company has been perserved and there was created a quality basis for reaching, after a period of investing, a full comercialization and product growth and positive operating result in forthcoming years.

The Supervisory Board shall deem to have successfully performed the tasks from within its competence if the General Assembly shares its opinion by approving the offered report.

In Pirot, 2011-05-16

**CHAIRMAN OF  
TIGAR AD PIROT SUPERVISORY BOARD**

**Milivoje Cvetanović, personally**



**JOINT-STOCK COMPANY TIGAR a.d. Pirot  
BOARD OF DIRECTORS**

**PROPOSAL FOR DECISION**

**Date: 2011-05-16**

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According to the Article 313, Paragraph 1, Item 6 of Law on Commercial Companies, and Article 88 (a), Item 6 of the Incorporation Act of the Joint-Stock Company Tigar Pirot, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

**DECISION**

**About determination of the proposal for the adoption of the Financial report of  
Joint-Stock Company Tigar Pirot for 2010.**

1. Shareholders' Assembly of Tigar a.d. Pirot is proposed to make a decision about the adoption of the Financial Report of Joint-Stock Company Tigar Pirot for 2010, as well as reports related to the Financial Report as follows:
  - Board of Directors' Business Report of Tigar a.d. for 2010.
  - Report of the Auditor Deloitte d.o.o for 2010.
  - Report of Supervising Board for 2010.
2. In the Profit and Loss Account for the period of January – December, 2010, Joint-Stock Company Tigar Pirot expressed the following results:

	<u>2010.</u>	<u>2009.</u>
<b>BUSINESS REVENUES</b>		
Revenues from sales of products, goods and services	577,430	242,016
Revenues from activating the profit	53,219	9,361
(Reduction)/increase of value of supplies of the profit	21,017	21,834
Other business revenues	<u>651,666</u>	<u>273,211</u>
<b>BUSINESS EXPENDITURES</b>		(38)
Purchasing value of sold goods	(116,930)	(80,494)
Material costs		(245,379)
Costs of earnings, compensations and other personal expenditures	(267,903)	
Costs of depreciation and reservation	(26,513)	(22,235)
Other business expenditures	<u>(191,946)</u>	<u>(187,388)</u>
	<u>(603,292)</u>	<u>(535,534)</u>
	<u>48,374</u>	<u>(262,323)</u>
<b>BUSINESS (LOSS)/PROFIT</b>		
Financial profit	114,725	154,698
Financial expenditures	(160,894)	(140,161)
Other revenues	232,243	688,343
Other expenditures	<u>(156,167)</u>	<u>(295,278)</u>
<b>PROFIT BEFORE TAXATION</b>	<u>78,281</u>	<u>145,279</u>
<b>REVENUE TAX</b>		
- tax expenditure for the period	(23,326)	(30,148)
- postponed tax (expenditure)/revenue for the period	(671)	(1,449)
	<u>(23,997)</u>	<u>(31,597)</u>
<b>NET PROFIT</b>	<u>54,284</u>	113,682





**JOINT-STOCK COMPANY TIGAR a.d. Pirot  
BOARD OF DIRECTORS**


**PROPOSAL FOR DECISION**

Date: 2011-05-16

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3. In the Balance Sheet from the Financial Report on 31.12.2010, Joint-Stock Company Tigar Pirot expressed the following results::

	2010.	in 000 RSD 2009.
<b>ASSETS</b>		
<b>Permanent property</b>		
Non-material investments	77,175	20,769
Property, machines and equipment	536,919	612,227
Shares in the capital	2,391,972	2,099,576
Other long-term financial placements	45,468	47,658
	<u>3,051,534</u>	<u>2,780,230</u>
<b>Current property</b>		
Supplies	24,582	26,005
Permanent assets intended to sales	4,367	4,367
Receivables	573,580	142,844
Receivables for over-paid profit tax	60	8,520
Short-term financial placements	356,805	488,501
Cash equivalents and cash	213,404	530,588
Value added tax and active deferred assets	53,865	16,738
Postponed tax assets		
	<u>1,226,663</u>	<u>1,217,563</u>
<b>Total assets</b>	<u><u>4,278,197</u></u>	<u><u>3,997,793</u></u>
<b>LIABILITIES</b>		
<b>Capital</b>		
Share capital	2,062,152	2,062,152
Rezerves	206,215	206,215
Revaluated reserves		
(Loss)/Undistributed profit	559,429	543,040
Minority interest		
Purchased personal shares		
Emission bonus		
Translating reserves		
	<u>2,827,796</u>	<u>2,811,407</u>
<b>Long-term reservations and liabilities</b>		
Long-term reservations	10,212	9,562
Long-term liabilities	440,820	171,009
	<u>451,032</u>	<u>180,571</u>
<b>Short-term liabilities</b>		
Short-term financial liabilities	796,224	862,551
Operating liabilities	91,801	93,932
Other short-term liabilities	44,800	38,603
Liabilities on the basis of value added tax and other public revenues	52,468	400
Liabilities on the basis of revenue tax	12,611	9,536
	<u>997,904</u>	<u>1,005,022</u>
<b>Postponed tax liabilities</b>	<u>1,465</u>	<u>793</u>
<b>Total liabilities</b>	<u><u>4,278,197</u></u>	<u><u>3,997,793</u></u>

	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot</b> <b>BOARD OF DIRECTORS</b>
<b>PROPOSAL FOR DECISION</b>	<b>Date: 2011-05-16</b> Page/pages: 3/3

4. In accordance with Article 215. of the Law on Commercial Companies, after the Financial Report for previous business 2010, profit of that year at the amount of RSD 54.284.109,39 is distributed as follows:

NET PROFIT	RSD 54.284.109,39
DIVIDEND	RSD 37.894.000,00
UNDISTRIBUTED PROFIT	RSD 16.390.109,39

5. Determined gross amount of the dividend of RSD 16.285.232,81, which represents 2/3 of expressed profit for 2010, is distributed as follows:

GROSS DIVIDEND	RSD 37.894.000,00
TAX ON DIVIDEND	RSD 3.789.400,00
NET DIVIDEND	RSD 34.104.600,00
NET DIVIDEND BY SHARE	RSD 19,84

6. Financial Report of Tigar a.d. Pirot for 2010. together with the Business Report of Board of Directors for 2010, Auditor's report and Supervising Board's report shall be published 30 days before the day when regular annual Shareholders Assembly is to be held in its entirety on the web page of Joint-Stock Company [www.tigar.com](http://www.tigar.com) in Serbian and English language and shall be available at the head office of the Joint-Stock Company every working day, in regular working time.

7. After the adoption at the Shareholders assembly, the Financial Report of the Joint-Stock Company, together with Auditor's Report and Decision about the adoption made by regular Shareholders Assembly, shall be sent to the Agency for Commercial Registers and published in accordance with regulations which provide for accounting and auditing issues.

## EXPLANATION

Within preparation for the regular annual Shareholders Assembly of the Joint-Stock Company Tigar Pirot, Board of Directors reconsidered Business Report of Tigar Company for 2010, within which it specifically analysed the Financial Report and proposed to the Assembly its adoption together with Reports of Auditor and Supervising Board. It is stated that the Financial Report is made in accordance with provisions which regulate accounting and auditing issues, which is confirmed by opinions of auditors and supervising board.

Since in the Balance Sheet of Tigar a.d. with the state as on 31.12.2010. the expressed profit is at the net amount of RSD 54.284.109,39, Board of Directors within its competences proposed the manner of profit distribution, so that in the name of the dividend is paid 2/3 of the profit at the amount of RSD 37.894.000,00 and the

remaining part of RSD 16.390.109,39 is to be directed into undistributed profit. That kind of distribution gives the total amount of net dividend per share of RSD 19,84. This distribution is in accordance with determined policy of dividends, and is in compliance with financial possibilities of the Company in the situation in the surrounding area which highly influences business operations of commercial companies.

This Decision in its entirety contains proposals for Company's assembly, in accordance with legal provisions and regulations of the Incorporation Act related to authorizations of the body of Joint-Stock Company.

**CHAIRMAN OF TIGAR A.D. PIROT**  
**BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**

***This is a translation of the original report issued in the Serbian language***

## **INDEPENDENT AUDITORS' REPORT**

### **To the Board of Directors and Shareholders of TIGAR A.D., Pirot**

We have audited the accompanying consolidated financial statements of "Tigar" A.D., Pirot and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as at December 31, 2010, and the related consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting regulations of the Republic of Serbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

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

#### *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.

Belgrade, May 3, 2011

Žarko Mijović  
Certified Auditor



**PROPOSAL OF DECISION**

**Date: 2011-05-16**

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According to the Article 313, Paragraph 1, Item 6 of Law on Commercial Companies, and Article 88 (a), Item 6 of the Incorporation Act of the Joint-Stock Company Tigar Pirot, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

**DECISION**

**About determination of the proposal for the adoption of the Consolidated  
Financial report of Joint-Stock Company Tigar Pirot for 2010.**

1. Shareholders' Assembly of Tigar a.d. Pirot is proposed to make a decision about the adoption of the Consolidated Financial Report of Joint-Stock Company Tigar Pirot for 2010, as well as reports related to the Financial Report as follows:
  - Board of Directors' Business Report of Tigar a.d. for 2010.
  - Report of the Auditor Deloitte d.o.o for 2010.
  - Report of Supervising Board for 2010.

2. In the Profit and Loss Account of Consolidated Financial Report for the period of January – December, 2010, Joint-Stock Company Tigar Pirot expressed the following results:

	<u>2010.</u>	<u>2009.</u>
<b>BUSINESS REVENUES</b>		
Revenues from sales of products, goods and services	4,288,191	3,349,344
Revenues from activating the profit	743,239	441,254
(Reduction)/increase of value of supplies of the profit	89,828	57,464
Other business revenues	39,624	32,683
	<u>5,160,882</u>	<u>3,880,745</u>
<b>BUSINESS EXPENDITURES</b>		
Purchasing value of sold goods	(902,193)	(914,975)
Material costs	(1,563,187)	(1,174,529)
Costs of earnings, compensations and other personal expenditures	(1,611,720)	(1,500,700)
Costs of depreciation and reservation	(187,982)	(148,471)
Other business expenditures	(624,515)	(424,798)
	<u>(4,889,597)</u>	<u>(4,163,473)</u>
<b>BUSINESS (LOSS)/PROFIT</b>	<u>271,285</u>	<u>(282,729)</u>
Financial profit	72,209	74,609
Financial expenditures	(391,035)	(262,493)
Other revenues	74,505	327,820
Other expenditures	(46,648)	(29,528)
<b>PROFIT/ (LOSS) BEFORE TAXATION</b>	<u>(19,684)</u>	<u>(172,320)</u>
Tax on profit:		
- tax expenditure of the period	(31,088)	(41,236)
- postponed tax expenditure of the period	(6,349)	(6,342)
<b>NET PROFIT / (LOSS) OF THE CURRENT YEAR</b>	<u>(57,121)</u>	<u>68,483</u>
<b>NET PROFIT / (LOSS) OF PREVIOUS YEARS</b>	<u>(288,381)</u>	<u>(288,381)</u>



**JOINT-STOCK COMPANY TIGAR a.d. Pirot  
BOARD OF DIRECTORS**


**PROPOSAL OF DECISION**

Date: 2011-05-16

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3. In the Balance Sheet from Consolidated Financial Report on 31.12.2010, Joint-Stock Company Tigar Pirot expressed the following positions:

	<u>2010.</u>	<u>2009.</u>
<b>ASSETS</b>		
<b>Permanent property</b>		
Non-material investments	398,125	111,442
Property, machines and equipment	4,288,114	3,939,938
Shares in the capital	11,819	11,670
Other long-term financial placements	45,468	47,658
	<u>4,743,526</u>	<u>4,110,708</u>
<b>Current property</b>		
Supplies	1,823,646	1,442,628
Permanent assets intended to sales	20,039	19,884
Receivables	903,162	727,066
Receivables for over-paid profit tax	7,097	14,303
Short-term financial placements	4,986	5,736
Cash equivalents and cash	369,524	702,009
Value added tax and active deferred assets	327,267	114,839
Postponed tax assets	21,305	18,036
	<u>3,455,721</u>	<u>3,026,465</u>
<b>Total assets</b>	<u><u>8,220,552</u></u>	<u><u>7,155,209</u></u>
<b>LIABILITIES</b>		
<b>Capital</b>		
Share capital	2,062,152	2,062,152
Rezerves	940	207,925
Revaluated reserves	1,051,401	1,074,215
(Loss)/Undistributed profit	197,134	85,934
Minority interest	55,169	49,730
Purchased personal shares		
Emission bonus		
Translating reserves	26,869	34,127
	<u>3,393,665</u>	<u>3,514,083</u>
<b>Long-term reservations and liabilities</b>		
Long-term reservations		
Long-term liabilities	83,087	79,861
	<u>1,729,282</u>	<u>1,149,078</u>
<b>Short-term liabilities</b>		
Short-term financial liabilities		
Operating liabilities	1,716,210	1,432,181
Other short-term liabilities	851,145	615,132
Liabilities on the basis of value added tax and other public revenues	183,926	151,136
Liabilities on the basis of revenue tax	110,455	67,113
	18,086	18,663
	<u>2,879,822</u>	<u>2,284,224</u>
<b>Postponed tax liabilities</b>	<u>134,696</u>	<u>127,963</u>
<b>Total liabilities</b>	<u>8,220,552</u>	<u>7,155,209</u>

	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot</b> <b>BOARD OF DIRECTORS</b>
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4. Consolidated Financial Report of Tigar a.d. Pirot for 2010. together with the Business Report of Board of Directors for 2010, which includes results on the basis of consolidated Report, Auditor's report and Supervising Board's report shall be published 30 days before the day when regular annual Shareholders Assembly is to be held in its entirety on the web page of Joint-Stock Company [www.tigar.com](http://www.tigar.com) in Serbian and English language and shall be available at the head office of the Joint-Stock Company every working day, in regular working time.

5. After the adoption at the Shareholders assembly, the Financial Report of the Joint-Stock Company, together with Auditor's Report and Decision about the adoption made by regular Shareholders Assembly, shall be sent to the Agency for Commercial Registers and published in accordance with regulations which provide for accounting and auditing issues.

### EXPLANATION

Consolidated Financial Report of Joint-Stock Company Tigar for 2010, is prepared in accordance with provisions which regulate accounting and auditing issues.


Board of Directors of the Joint-Stock Company adopted within the Business Report of the Company for 2010. a Consolidated result for 2010.

Auditor of the Joint-Stock Company Tigar Deloitte Ltd. has made an audit of consolidated financial reports and gave auditing report which contains auditor's opinion. Through this opinion, the auditor confirmed that financial reports in their entirety and objectively represent consolidated financial results realized in 2010.

Supervising Board also reconsidered consolidated financial reports for 2010. and gave a positive opinion about objectivity and trustworthiness of accounting records of consolidated financial results for 2010.

Board of Directors has made the following estimation: that in 2010, there was a significant increase of revenues from sales which improved the market position and increased market share of the program on world and domestic market; that the negative result of Tigar Technical Goods Ltd. Pirot is a consequence of delayed realization of investments and with construction of the factory for the main program and factory for production of recycled rubber products, because of which it is real to expect that planned revenue from sales for 2010 realizes in 2011 with further trend of continual increase; that a negative result of Tigar Chemical Products Ltd. Pirot is a consequence of disturbance on the market of surrounding countries, firstly in Greece, because of which planned export and planned revenue from sales was not realized and which caused a negative financial result because of inability to decrease unplanned costs; that a shortage of tyres for sale of all producers, as a consequence of general situation on the market, influenced decreased revenue from sales of tyres; that postponing of application of mandatory use of winter tyres in Serbia from 2010 to 2011, influenced smaller revenues from tyre sales on Serbian market.

As an extremely positive trend, the Board of Directors estimated realized business consolidated result which was negative for the last three years and was compensated by extra revenues, firstly on the basis of capital revenue from the transaction with Michelin from 2008. and that in 2010, that effect of capital gain is not present, which influenced the final result.


	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot BOARD OF DIRECTORS</b>
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Board of Directors took into consideration total situation in the area, movement of prices of raw materials as well as costs of product development, especially in the footwear program, the full effect of which is expected from 2011, when a three-figure increase of sales revenue is expected in this program.

Bearing in mind realized consolidated result for 2010, review of conditions and consolidated business results in 2010. which are given within the Business Report, Auditor's and Supervising Board's Report and opinion for 2010, Board of Directors made a Decision as it is stated here.

**CHAIRMAN OF TIGAR A.D. PIROT  
BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**

	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot</b> <b>BOARD OF DIRECTORS</b>
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According to the Article 313, Paragraph 1, Item 6 of Law on Commercial Companies, and Article 88 (a), Item 6 of the Incorporation Act of the Joint-Stock Company Tigar Pirot, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

### **DECISION**

#### **About definition of the proposal for payment of dividends on the basis of expressed Financial result of Joint-Stock Company Tigar Pirot for 2010.**

1. Shareholders Assembly of Joint-Stock Company Tigar Pirot is proposed to, on the basis of expressed financial result of Joint-Stock Company Tigar Pirot for 2010, grant a payment of dividends from the realized profit of RSD 54.284.109,39 to the shareholders, at the total amount of RSD 37.894,000,00, which is a gross amount of dividend per share of RSD 22.05, i.e. net dividend per share of RSD 19,84.

2. Decision made by the Board of Directors of Tigar a.d, defines the day of the dividend to be the day of making decision at the Shareholders' Assembly, which is to be on 2011-06-24.

3. Dividend shall be paid to the shareholders in money by the end of 2011, when financial conditions are made.

4. After the Decision about the payment of dividend is made, a shareholder who is to be paid a dividend, becomes a creditor of the company for the amount of belonging dividend.

In case a shareholder, after the day of dividend and before the day of payment of dividend transfers his shares, on the basis of which he has a right to dividends, retains the right to be paid for the dividend in accordance with the Article 219. of the Law on Commercial Companies.


### **Explanation**

Considering the fact that the Balance Sheet of Tigar a.d. with the state as on 31.12.2010. expresses a profit in the net amount of RSD 54.284.109,39, Board of Directors, within its competences, proposed the manner of profit distribution, so that in the name of dividend, about 2/3 of the profit is to be paid which amounts to RSD 37.894.000,00 and the remaining part of RSD 16.390.109,39 is to be directed to undistributed profit. That kind of distribution gives the final amount of net dividend per share of RSD 19,84. this distribution is in accordance with defined policy of dividends and it is in compliance with available financial abilities of the Company and situation in the area, which highly influences business operations of commercial companies.

**CHAIRMAN OF TIGAR A.D. PIROT**  
**BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**



	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot</b> <b>BOARD OF DIRECTORS</b>
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According to the Article 309, Paragraph 2. of Law on Commercial Companies, and Article 84, Paragraph 4. of the Incorporation Act of the Joint-Stock Company Tigar Pirot, and at the proposal of Appointment Commission, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

### **DECISION**

#### **about definition of the proposal for candidates to be members of the Board of Directors and Chairman of the assembly of Joint-Stock Company Tigar Pirot**

The proposal for candidates for the election of members of the Board of Directors of Joint-Stock Company Tigar Pirot is defined for the term of office of 2011-2012, as follows:

Independent members:

1. **ALEKSEJ MISAILOVIĆ**
2. **TIHOMIR NENADIĆ**

Non-executive members:

3. **VLADIMIR NIKOLIĆ**
4. **GORDANA LAZAREVIĆ**
5. **JOSE ALEXANDRE F. da COSTA**

Executive members:

6. **DRAGAN NIKOLIĆ**
7. **JELENA PETKOVIĆ**
8. **SLOBODAN SOTIROV**
9. **MIODRAG TANČIĆ**

2. For the Chairman of the Assembly of Tigar a.d. which is convened for 2011-06-24.

- **VLADIMIR ĐERIĆ** is proposed.

3. Defined proposals, in the sense of this Decision, are to be sent to the Assembly of Tigar a.d. for further competence.


### **Explanation**

Tigar a.d. Pirot as open joint-stock company, has Board of Directors, whose members are elected and released by the Assembly, at the proposal of Appointment Commission, as associating body of the Board of Directors. This Decision defines the proposal for candidates to be members of the Board of Directors, whose structure guarantees continuity in realization of business policy which yields good results.

This Decision also defines the proposal for a candidate for chairman of the Assembly, as it will be the first item of the Agenda of regular assembly session in 2011.

**CHAIRMAN OF TIGAR A.D. PIROT**  
**BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**

	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot BOARD OF DIRECTORS</b>
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According to the Article 313, Paragraph 1, Item 6 of Law on Commercial Companies, and Article 88 (a), Item 6 of the Incorporation Act of the Joint-Stock Company Tigar Pirot, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

**DECISION**  
**about defining the proposal for election of independent auditor**  
**of Joint-Stock Company Tigar Pirot**

1. DELOITTE ltd. Belgrade is proposed to be independent auditor of Joint-Stock Company Tigar Pirot in 2011.
2. Position and authorizations of the auditor from the Item 1. of this Decision are determined by law which provides for the accounting and auditing.
3. This Decision is to be sent to the Assembly of Tigar a.d. for further competences.

E x p l a n a t i o n


In accordance with the Law on Commercial Companies, Joint-Stock Company has an auditor appointed by the Assembly.

Position and authorizations of the auditor and his rights and obligations are determined by regulations which provide for the accounting and auditing.

Auditing Company Deloitte ltd. Belgrade is a renowned auditing company, which Tigar a.d. Pirot elected as a person to perform the audit of financial reports in 2010, after the analyses of received offers for rendering of this kind of service was made.

**CHAIRMAN OF TIGAR A.D. PIROT  
BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**

	<b>JOINT-STOCK COMPANY TIGAR a.d. Pirot BOARD OF DIRECTORS</b>
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According to the Article 313, Paragraph 1, Item 6 of Law on Commercial Companies, and Article 88 (a), Item 6 of the Incorporation Act of the Joint-Stock Company Tigar Pirot, the Board of Directors of the Company, at the Meeting held on 2011-05-16, made the following Decision:

**DECISION**  
**ABOUT PROPOSAL FOR EXTENSION OF THE PERIOD OF VALIDITY OF BOARD OF DIRECTORS AUTHORIZATIONS TO MAKE DECISIONS ABOUT THE ISSUE OF APPROVED ORDINARY SHARES**

1. The proposal for the extension of the period of validity of Board of Directors' authorizations to make decisions related to the issue of approved ordinary shares is suggested, which is defined by Decision about changes and modifications, Article 23. of the Incorporation Act of Joint-Stock Company Tigar Pirot number 01-18/06 as of 08. June, 2006. for one year period.

This Decision is to be sent to the Assembly for final adoption.

**Explanation**

Shareholders' Assembly has by its Decision about changes and modifications, Article 23. of the Incorporation Act of Joint-Stock Company Tigar Pirot number 01-18/06 as of 08. June, 2006. defined the total number of approved ordinary shares and transferred the authorizations to the Board of Directors to, within the five-year period, decide upon the number, time and other terms of issue of approved shares, depending on financial needs and strategic and investment policy of the Company. That way, the flexibility in business operations would be ensured, as well as the possibility of the Board of Directors to effectively and quickly increase the fixed capital, depending on business and development needs of the Company.

Inadequate regulations is a basic reason why none of the companies in the period so far has not realized new emission of shares on domestic market. Besides this, almost a year after the Decision of the Assembly from 2006. had been made, market price of shares on the stock exchange decreased below the nominal value and during the whole period it moved in the range from 0,3 – 0,7 of the nominal value, which is legally defined minimal price during new share emission.

Recently adopted Law on capital market, increase of activities on the stock exchange from the beginning of the year and significant upgrading of business performances of the Company, initiated much bigger interest of potential investors for new share emissions.

Because of that it is necessary to expand the period in which the Board of Directors shall have the authorization to issue approved shares, as a five-year period which started from determination of number of approved shares is to expire. That period is to expire in June, 2011. as the Decision about changes and modifications of the Article 23 of the Incorporation Act was made in June 2006, and which gave the authorizations to Board of Directors to decide upon the number, time and other terms of approved shares issue.

In compliance with the aforementioned, Board of Directors proposed to the Assembly to make a Decision by which it shall expand the validity of period of authorizations of the Board of Directors for a year, which was mentioned in the text, since making of such a decision is under the competences of the Shareholders' Assembly.

**CHAIRMAN OF TIGAR A.D. PIROT  
BOARD OF DIRECTORS**

**Dragan Nikolic, BSc.Eng, personally**

