

**Tigar**®**TIGAR AD  
BOARD OF DIRECTORS****PROPOSED RESOLUTION****Date: 2012-05-16**

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Pursuant to Article 592 (7) of the Companies Law (Official Gazette of the RoS, nos. 36/11 and 99/11) and pursuant to Article 88 (a), (1) and (6) of the Articles of Association of the Joint-Stock Company Tigar Piro (Tigar AD), the Board of Directors of Tigar AD, being the competent body up to the time of alignment with the Companies Law, proposes to the Shareholders' Assembly to pass the following

**RESOLUTION****adopting Tigar AD's 2011 Financial Report and other reports in connection with the Financial Report**

1. The Financial Report of Tigar AD for the year 2011, and the reports in connection with the Financial Report, including:
  - Tigar AD's 2011 Annual Report presented by the Board of Directors,
  - The 2011 report presented by the auditor firm Deloitte d.o.o., and
  - The 2011 report presented by the Supervisory Board
  -
 are hereby adopted in their entirety.
2. According to the income statement for the January-December 2011 period, Tigar AD reported the following results:

	<u>In thousands of RSD</u>	
	<u>2011.</u>	<u>2010.</u>
<b>OPERATING INCOME</b>		
Sales of goods, products and services	3,967,657	3,664,473
Own work capitalized	118,160	118,190
Other operating income	27,805	34,806
	<u>4,113,622</u>	<u>3,817,469</u>
<b>OPERATING EXPENSES</b>		
Cost of commercial goods sold	(3,022,823)	(2,300,257)
Cost of material	(192,715)	(281,648)
Staff costs	(519,952)	(489,045)
Depreciation, amortization and provisions	(51,908)	(53,764)
Other operating expenses	(315,257)	(554,588)
	<u>(4,102,655)</u>	<u>(3,679,302)</u>
<b>OPERATING PROFIT /(LOSS )</b>	<u>10,967</u>	<u>138,167</u>
Finance income	304,273	125,476
Finance expenses	(439,446)	(273,347)
Other income	310,830	239,769
Other expences	(34,361)	(156,701)
	<u>152,263</u>	<u>73,364</u>
<b>PROFIT BEFORE TAXATION</b>		
<b>INCOME TAXES</b>		
- Current income tax expense	(29,026)	(24,023)
- Deferred income tax expense	(1,241)	(1,236)
	<u>(30,267)</u>	<u>(25,259)</u>
<b>NET PROFIT</b>	<u><u>121,996</u></u>	<u>48,105</u>



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3. According to the balance sheet as of 31 December 2011, Tigar AD reported the following items:

	<u>In thousands of RSD</u>	
	<u>2011.</u>	<u>2010.</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	23,913	24,030
Property, plant and equipment	1,226,615	1,042,031
Investment property	227,011	
Equity investments	2,348,428	2,115,409
Other long –term financial placements	41,720	45,468
	<u>3,867,687</u>	<u>3,226,938</u>
<b>Current assets</b>		
Inventories	986,031	880,900
Non-current assets held for sales	6,846	20,039
Accounts receivable	2,071,781	1,627,244
Receivables for prepaid income taxes		908
Short-term financial placements	89,169	51,042
Cash and cash equivalents	155,262	227,195
Value added tax and prepayments	244,551	137,093
Deffered tax assets		
	<u>3,553,640</u>	<u>2,944,421</u>
<b>Total assets</b>	<u><u>7,421,327</u></u>	<u><u>6,171,359</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	2,062,152	2,062,152
Reserves	206,215	206,215
Revaluation reserves		
(Accumulated Loss)/Retained earnings	616,484	532,383
Non-controlling interest		
Translation reserves		
	<u>2,884,851</u>	<u>2,800,750</u>
<b>Long-term provisions and liabilities</b>		
Long-term provisions	12,577	12,842
Long-term liabilities	754,450	639,769
	<u>767,027</u>	<u>652,611</u>
<b>Current liabilities</b>		
Short-term financial liabilities	2,500,849	1,410,182
Accounts payable	1,025,128	1,166,539
Other current liabilities	138,597	68,116
Value added tax and other public duties payable	73,989	57,178
And accruals		
Income tax payable	26,272	12,610
	<u>3,764,835</u>	<u>2,714,625</u>
<b>Deffered tax liabilities</b>	4,614	3,373
<b>Total equity and liability</b>	<u><u>7,421,327</u></u>	<u><u>6,171,359</u></u>



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1. The reported net profit of 121,996 (000) RSD shall be allocated to retained earnings.
5. The Board of Directors believes that the procurement of long-term sources of financing up to 10,000,000 € will allow for a favorable modification of the structure of the sources of financing, thereby creating conditions for the distribution of dividends.  
  
Following alignment of the governing bodies with one of the models stipulated in applicable legislation and if long-term sources of financing are increased to a level of 10,000,000 €, the competent body of the Company is hereby authorized to issue a decision on the distribution of dividends based on FY2011 final accounts, up to 30% of the reported profit.
6. Tigar AD's 2011 Financial Report, along with the 2011 Annual Report presented by the Board of Directors, the report of the independent auditor and the report of the Supervisory Board, shall be posted in their entirety on the Company's website [www.tigar.com](http://www.tigar.com) in both Serbian and English, 30 days prior to the date of the ordinary session of the Shareholders' Assembly, and shall also be available for inspection at the Company's headquarters on any business day during normal business hours.
7. Following adoption by the Shareholders' Assembly, Tigar AD's Financial Report, along with the auditors' report and the respective Resolution passed at the ordinary session of the Shareholders' Assembly, shall be submitted to the Business Registers Agency and publicly disclosed pursuant to applicable accounting and auditing regulations.

### **Explanatory Notes**

As part of preparations for Tigar AD's ordinary annual session of the Shareholders' Assembly, the Board of Directors reviewed Tigar AD's 2009 Annual Report, and particularly the financial statements contained in this Report, and recommended to the General Assembly to adopt this Report, along with the auditors' report and the report of the Supervisory Board. The Financial Report was found to have been prepared in accordance with accounting and auditing regulations, as attested to by the opinions of the auditor and the supervisory body.

In view of the fact that Tigar AD's income statement as of 31 December 2011 reports a net profit of RSD 121,996 (000) RSD, the Board of Directors, acting within the scope of its powers, proposed the allocation of the entire net profit to retained earnings. Such allocation is consistent with the Company's financial capabilities and needs, and the retained earnings will be kept for specific purposes, primarily investments as needed by the Company. However, if long-term sources of financing are increased and conditions are created for the distribution of dividends, the competent body of the Company may issue a decision on the distribution of dividends in the aggregate amount of 30% of the profit reported in the final accounts for FY 2011.

Approving the proposal of the Board of Directors, the Shareholders' Assembly passed the Resolution as stated above.

**TIGAR AD Board of Directors**

**s. Dragan Nikolić  
Chairman**