General Assembly
Tigar a.d. 2013.

June 14, 2013.

Dear Shareholders,

Please be advised that the annual session of the General Assembly of the Joint-Stock Company Tigar from Pirot (Tigar AD) will be held on **14 June 2013 in Pirot, in the Large Conference Room of the Administrative Building at the seat of the Company, 213, Nikole Pasica Str., starting at 12:00 hours.**

A g e n d a

1. **Making Decision on election of the General Assembly's Chairperson**
2. **Making decision on adoption of the Financial Report of Tigar AD for the financial year 2012, along with reports associated with the Financial Report: report of the Executive Board of Directors, report of the independent auditor, and report of the Supervisory Board;**
3. **Making decision on adoption of the 2012 Consolidated Financial Report of Tigar AD, along with reports associated with the Consolidated Financial Report: report of the Executive Board of Directors, report of the independent auditor, and report of the Supervisory Board;**
4. **Making decisions on the appointment and dismissal of members of the Supervisory Board of Tigar a.d. Pirot;**
5. **Making decision on appointment of independent auditors;**

You are kindly invited to take part in the decision-making under the above items on the Agenda, either in person or by proxy. Detailed information about voting by proxy is contained in the Notice of the Ordinary Session of the General Assembly which is appended hereto. Also appended is a Power of Attorney Form for the proxy.

If you decide not to participate in person but by proxy, kindly complete the Power of Attorney Form, identifying yourself (address, ID card number or citizen's number/corporate ID number) and your proxy (full name and voting instructions under each item on the Agenda), and submit the Power of Attorney to Tigar AD not later than 3 days before the session (either in person or by mail in a blue envelope).

This booklet contains the following materials for the session: extract from the 2013 Business Report, Executive Board's Report and draft resolutions under each item on the agenda, along with explanatory notes.

Materials for the session: Business Report for 2012 and draft resolutions under each item on the Agenda may be downloaded from the Company's website **www.tigar.com** and will be available for inspection at the Company's headquarters each working day – from Monday to Friday, from 8am to 4pm.

N o t e:

Kindly arrive at the venue of the session not later than 10 a.m. for registration of attendance and other formalities, so that the session of the General Assembly may begin on time. Please note that you will be required to present an ID card for identification purposes.

Based on a decision of Tigar AD's Supervisory Board, shareholders of record at the unified registry as of 26 April 2013 have been invited to this session.

Sincerely yours,

In Pirot, 15.05.2013.

Slavoljub Stanković
Company Secretary

	TIGAR a.d. Pirot SUPERVISORY BOARD	
DECISION PROPOSAL		Date: 2013-05-13
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Pursuant to Article 333 of Company Law (Official Gazette Sl.glasnik of the RS, no. 36/11 and 99/11) and to Article 40 paragraph 2 of the By-Laws of the Joint Stock Company Tigar Pirot, Supervisory Board of the company proposes to the General Assembly to make the following Decision on its session scheduled for 2013-06-14

DECISION
on election of the Chairperson of General Assembly of the Joint Stock Company Tigar Pirot

1. It is hereby elected **DANIJELA MIRKOV** BSC in Ecconomy for Chairperson of the General Assembly, whom will perform this function at all subsequent sessions until the election of new Chairperson.
2. The rights and obligations of the Chairperson of the General Assembly are provided for in the Company Law and internal acts of Tigar Pirot – By-Laws and Rules of Procedure on the work of General Assembly.
3. This Decision shall enter into force upon its adoption.

E x p l a n a t i on

The Supervisory Board has proposed **Danijela Mirkov** BSC in Ecconomy. The proposed candidate is an individual whose knowledge and experience can successfully perform the function of chairperson, i.e., chair meetings of the General Assembly and exercise other rights and obligations under the law and internal acts of the Company within the jurisdiction of the Chairperson of General Assembly.

Legal provisions (Article 333 of the Company Law, Official Gazette of RS, no. 36/11 and 99/11) and the internal acts of the Company (the By-Laws) provide for the possibility that the elected chairperson of General Assembly performs such office at all subsequent meetings of the General Assembly until the election of a new chairperson, and thus reads the Decision on election of Danijela Mirkov for the Chairperson of General Assembly.

Chairman of Supervisory Board

of Tigar a.d.

Gordana Lazarević

Tigar®	**TIGAR a.d. Pirot** **SUPERVISORY BOARD**
SUPERVISORY BOARD REPORT	Date 2013-04-29 Page: 1/2

Pursuant to Article 442 and in compliance with the application of the Article 399 of the Law on Companies (Official Gazette of the RS, no. 36/11 and 99/11) and Article 25 of the Rules of Procedure on the work of the Supervisory Board of the Joint Stock Company Tigar Pirot, the Supervisory Board submits:

I Report to Shareholders on the results of operations of Tigar Pirot, in the year 2012

The Supervisory Board of the Joint Stock Company Tigar Pirot composed of Dragan Nikolic, Vladimir Nikolic, Gordana Lazarevic, Tihomir Nenadic and Jose Alexandre F.da Costa was elected on the occasion of the General Assembly as of 20.06.2012 for a term of 4 years. On the first constitutive meeting of the Supervisory Board, **Dragan Nikolic** was appointed as the Chairman of the Supervisory Board.

Within the preparations for the regular annual General Assembly of Tigar in 2013, the Supervisory Board has considered the Annual Business Report for the year 2012, reviewed the required documentation and got familiarized with all the facts relating to the accounting and reporting practices in Tigar and its dependent entities, business compliance with the law and harmonization and actions of the organization with the Code of Corporate Governance.

By the insight into the Financial Statement was found that it has been prepared in accordance with the regulations. The business report provides an assessment of events in the environment and the status of key processes within Tigar that have reflected in operating result.

In addition to the insight in the Financial statement, the Supervisory Board reviewed the documentation related to the work of the Executive Board, Managing Director, Committees of the Supervisory Board and other governance structures and therefore stated that these documents were issued in compliance with applicable regulations and the Company's adopted policies.

In addition to financial results of the parent company - Tigar ad Pirot, as a legal entity, there is also reported the consolidated result for Tigar and its dependent entities. Operating income in 2012, despite the problems with working capital is slightly below the achievements of the previous year, which was positively judged by the Supervisory Board, regardless of the fact that the current financial performance is dependent on many internal and external factors in a given period. On the negative consolidated result, among other things, contributed the reduction in inventories as a result of selling goods from stocks, given the slowdown in manufacturing activity.

In accordance with the regulations, the financial statements were subject to revision by an independent auditor, whose opinion will be presented to General Assembly. The Supervisory Board agrees that financial statements for 2012 should be corrected in accordance with the auditor's opinion. As for the audit, there were engaged two reputable audit firms - Deloitte Ltd. Belgrade and EKI Revizija Ltd. Belgrade, whose qualifications and independence in relation to the company was undisputable on the occasion of their appointing, which supports the reliability of the audit opinion on the financial statements of the Company for the year 2012.

The Supervisory Board believes that there was credibly reported the net profit in the Financial Statement for 2012, amounting to RSD 11,520.000 and agrees with the recommendation to allocate to retained earnings the total net profit.

Such directing of profit is appropriate to available financial capabilities and needs, while the remainder retained earnings are used for specific purposes, in accordance with the needs of the Company.

The Supervisory Board has appraised that the Business Report for 2012 was correct and comprehensive, with a focus on issues which are central to business and with realistic analysis of the situation in the environment.

Financial Statement of the Company, as recap of realized results in figures, is presented in a clear manner and in accordance with accounting standards and regulations and adopted accounting policies.

The Supervisory Board was informed about the preparations for the meeting of the General Assembly of Tigar Pirot, and partially is actively involved in the preparation of the session material.

The Supervisory Board has not only considered the accounting statements but also the overall management activities. Management and financing of dependent entities, as the main activity, complemented by activities of supporting services (in human resources, legal, accounting, finance and other fields), as well as sales, purchasing and trade logistics in the country and abroad were the main features of business activity and source of income for the parent company in the 2012.

Despite the negative impact of the global financial crisis that affected the cash flow of the Company, which can be rectified through financial consolidation, and this year was reported a profit and was created a foundation to achieve production growth and full commercialization.

The Supervisory Board during his tenure held a total of 22 sessions in which were made decisions within its jurisdiction, especially decisions that addressed the problem of working capital, as well as other issues that imposed a difficult financial situation of Tigar and its subsidiaries.

The Supervisory Board will consider that it has successfully completed the tasks within the scope of its work if the General Assembly shares its opinion and accepts the offered report.

CHAIRMAN OF

SUPERVISORY BOARD of TIGAR a.d. Pirot

Gordana Lazarevic

	TIGAR a.d. Pirot **EXECUTIVE BOARD**
EXECUTIVE BOARD REPORT	Date: 2013-04-29 Page: 1/2

ASSESSMENT OF BUSINESS PERFORMANCES IN 2012

The overall macroeconomic environment has greatly affected the business operations in 2012, primarily due to the nature of production and export orientation. Serbian economy had an adverse trend in 2012, which started in the second half of 2011 with the second wave of the global economic crisis, and continued in 2012. Taking into account the strong commercial ties of Serbia with the European Union and with CEFTA countries, and the majority ownership of the euro-zone banks in the domestic banking market, the recession in the EU, as well as the slowing and reduction of economic growth in neighboring countries, currently represent the main risk. The economic environment in the country affected not only the market-related risk, but also to other types of risks, including exchange rate risk and financial risk, or the possibility of quality borrowing.

The sales realized at the consolidated level was RSD 3.9 billion, while Tigar ad has achieved the sales revenue totaling RSD 3.7 billion. Footwear exports declined by 16%, while domestic sales were higher by 36% in relation to previous financial year. Tigar Rubber Technical Goods achieved the sales growth of 24%, while sales of chemical products was at the level from 2011. Tires sales revenues in the domestic market are lower when compared to previous year due to financial problems related to their procurement; but despite the drop in tire sales, revenues from service network had an upward trend. The lack of complementary products, particularly of tires due to reduced supply, contributed to the decrease in sales in companies abroad, especially through Tigar Europe, whose sales revenues dropped from 14.6 million pounds in 2011 to 9.3 million pounds in 2012.

Sales plan for 2012 was mainly based on the existing base of customers. Due to problems with liquidity and expressed demand on the international market, product sales (calculated without taking into account the sales revenues of the company abroad) was on the level of the last year. On the other hand, there was realized only the half of confirmed orders from abroad, due to which were canceled orders worth around € 6 million, of which about 1.8 million were transferred to 2013.

The trend of growth in demand on the international market has continued, especially in EU countries, which is visible in deliveries made in 2012. Of the overall actual exports of Tigar AD, 81% was realized in the EU. Global evaluation of the sales-related status in 2012 is the continuation of the growth in demand on market abroad. Ratio between large orders from customers and generated sales revenues show that the company has a promising market position and the potential for significant growth with a secured production.

Total capacities were used by an average of 30%. Total production in tons was lower by about 600 tons in relation to the previous year, and nearly two times lower than in 2010. Law level of production caused not only the inability to realize deliveries in compliance with the customers' orders but also led to the sale of stock which had a great impact on the overall result. In 2011, based on increased inventory was realized the revenue of RSD 264 million, while their reduction in 2012 decreased such score to RSD 181 million.

The average number of employees in 2012 totaled 1,984, which shows a decrease of 300 employees compared to 2011, when there was employed in the average 2,294 people.

Financing costs on a consolidated basis in 2012 amounted to RSD 867 million, while indebtedness did not have a significant upward trend when compared to previous financial year.

Starting from financial statements, the parent company Tigar ad has achieved in 2012, an operating income of RSD 3,814 million, business result of about RSD 3 million, profit before taxation of RSD 50 million and a net profit of 11.5 million dinars. At the level of dependent entities, the following showed the operating loss – rubber footwear plant RSD 342 million, rubber technical goods plant RSD 194 million, service entities RSD 85 million, Tigar Trade Banja Luka KM 186 thousand and Tigar Americas $ 109 thousand.

At the consolidated level, there was recorded total operating revenue of RSD 4.4 billion, sales income of 3.9 billion and a negative operating result of RSD 275 million. It was achieved a total gross loss at the end of the year up to RSD 790 million. On the consolidated level, total assets value amounted to RSD 9.1 billion, of which fixed assets RSD 6.1 billion and current assets about RSD 3 billion.

On the basis of growing illiquidity in the second half of 2012, the company with the help of the Ministry of Economy and Finance and the largest creditor – DEG entered into the process of financial consolidation.

On the basis of the so far implemented activities, which were initiated in the second half of 2012 and continued in 2013, it is expected the issuance of a guarantee by the Development Fund in favor of Tigar AD of EUR 20 million on a period of 5 years with a grace period of 24 months, in accordance with the Conclusion og the Serbian Government. Based on the placed demand, 6 banks have submitted their offer for long-term financing at EUR 20.8 million.

In this way, the Government of the Republic of Serbia, on the basis of the fact that the state, i.e., its respective institutions are in aggregate the largest shareholder of Tigar ad - expressed a clear intention to directly participate in the process of financial consolidation.

In September 2012, DEG - Deutsche Investitions - und Entwicklungsgesellschaftmbh, which is the largest single creditor at the corporate level, financed the elaboration of the study by the Economics Institute. The document is titled "Project of long-term financial stabilization." The entire project consists of three parts: Strategic development plan, Implementation plan and Implementation support. Among other things, market analysis and internal analysis, in addition to reviewing the strategy and defining the measures of business and financial consolidation, show that observed at the level of the world market, Tigar's products have the ability to further increase their market share - as demand grows, while capacities, especially in Europe are for the time being reduced. A good indicator is the fact that the group of products with the highest margins have the best market prospects.

Managing Director

Nebojsa Djenadic

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of TIGAR A.D., Pirot

We have been engaged to perform audit of the accompanying financial statements of Tigar A.D., Pirot (the "Company"), which comprise the balance sheet as of December 31, 2012, and the related income statement, statement of changes in equity and cash flow statement for the year than ended, and a summary of 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 the internal control the management deems 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. Due to the significance of matters described in the paragraphs - Basis for Disclaimer of Opinion, we have been unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Basis for Disclaimer of Opinion

As disclosed in Note 19 to the financial statements, equity investments in subsidiaries and related parties as of December 31, 2012 totaled RSD 2,714,335 thousand. The Company failed to impair the aforesaid equity investments in accordance with the requirements of IAS 36 "Impairment of Assets," based on the existing evidence of the carrying values thereof exceeding the value of the net assets of the Company's subsidiaries and related parties. Accordingly, we were unable to estimate potential effects the aforesaid departures could have on the accompanying financial statements.

As disclosed in Notes 23 and 24 to the financial statements, accounts receivable and short-term financial investments, stated as of December 31, 2012 as totaling RSD 2,223,332 thousand and RSD 120,752 thousand, respectively, included the receivables and short-term financial investments of at least RSD 97,946 thousand that remained uncollected for over a year from their maturity dates, i.e. receivables and investments due from subsidiaries which experienced significant financial difficulties in operations, for which the Company did not make impairment allowance in the accompanying financial statements in accordance with the requirements of IAS 39 "Financial instruments, recognition and measurement". Based on the documentation made available to us, aging analyses of the receivables and short-term financial investments as well as on the analysis of collection after the reporting date, we were unable to determine the additional impairment allowance necessary to reduce the receivables and short-term financial investments to their recoverable amounts.

As disclosed in Notes 17 and 18 to the financial statements, intangible assets and property, plant and equipment stated as of December 31, 2012 as totaling RSD 75,111 thousand and RSD 1,152,377 thousand respectively, include capitalized and directly attributable staff costs incurred based on the engagements on a number of projects commenced in prior years and in 2012. The Company failed to perform testing of intangible assets and property, plant and equipment in the aforesaid respective amounts, i.e. it failed to check whether these assets had suffered impairment in accordance with IAS 36 "Impairment of Assets," in other words, to check whether the recoverable amounts of these assets were lower than the carrying amounts thereof as presented in the accompanying financial statements. In addition to the aforesaid, based on the documentation available and performed audit procedures, we were unable to satisfy ourselves as to the complete fulfillment of the criteria for recognition of intangible assets under construction in accordance with IAS 38 "Intangible Assets" in the amount of RSD 16,973 thousand as of December 31, 2012.

Accordingly, we could not assess the potential effects the aforesaid departures could have on the accompanying financial statements.

Basis for Disclaimer of Opinion

As disclosed in Note 21 to the financial statements, inventories of goods sated as of December 31, 2012 as totaling RSD 671,935 thousand include certain slow-moving inventories which, due to the nature of accounting records, we were unable to quantify. The Company did not make allowance for impairment of the inventories given that it believes that they will be realized in the ensuing periods with regard to specific market characteristics, features of the inventories and their long useful lives. Based on the documentation made available to us, we could not satisfy ourselves as to whether additional allowance for impairment of inventories was necessary, i.e. reduction of inventories to their net realizable value in accordance with requirements of IAS 2 "Inventories."

As disclosed in Note 12 to the financial statements, interest expenses incurred in the year ended December 31, 2012 stated as totaling RSD 418,408 thousand do not include matured and unsettled interest liabilities and penalties on short-term borrowings approved by commercial banks in the amount of RSD 80,769 thousand. The aforedescribed accounting treatment is not in accordance with the requirements of IAS 23 "Borrowing Costs" and the accounting policies disclosed in Note 3.2 to the accompanying financial statements, which require recognition of the aforesaid borrowing costs as expenses of the respective period. Hence, as of and for the year ended December 31, 2012, the Company understated interest expenses and other short-term liabilities by the aforesaid amount.

As disclosed in Note 13 to the financial statements, income from the valuation effects of investment property for the year ended December 31, 2012 in the amount of 271,444 thousand include the amount of RSD 257,163 thousand, which refers to the difference between the carrying amount of the property used by the owner and fair value of the investment property arising upon the transfer of the aforesaid property to investment property. The aforedescribed treatment is not in accordance with the requirements of IAS 40 "Investment Property," which stipulates that the difference between the carrying value of property and its fair value as at the transfer date be credited to revaluation reserves and not to the income of the period. Accordingly, other income for the year ended December 31, 2012 and the net profit ought to have been decreased and revaluation reserves increased by RSD 257,163 thousand as of the said date. In addition, based on the documentation available and analysis of the investment property appraisals performed, we were unable to satisfy ourselves as to whether these appraisals were performed in full compliance with the requirements of IAS 40 "Investment Property."

As disclosed in Note 30 to the financial statements, two contractually defined terms on put option clause from contracts executed with investors upon issue of long-term bonds were not fulfilled as of December 31, 2012, which allows investors, to demand and exercise put option, i.e. demand purchase of the long-term bonds in the total amount outstanding. In accordance with the aforesaid, long-term liabilities per long-term bonds issued stated as of December 31, 2012 as totaling RSD 164,234 thousand ought to have been presented within short-term financial liabilities. The Company's management holds that the Company will suffer no adverse effects thereof, given the fact that, during 2012, the Company received notifications from several investors announcing exercise of put option due to default of over 30 days, after which notifications the Company settled the liabilities and put options were not exercised.

As disclosed in Note 36 to the financial statements, as of September 28, 2012, the Tax Administration of the Republic of Serbia enacted a decision whereby it assigned the Company and ordered payment of the unreported liabilities for employee payroll taxes and contributions for the mandatory employee social security and other taxes and contributions for the period from January 1, 2007 through December 31, 2011 in the amount of RSD 15,878 thousand, as well as interest accrued of RSD 26,500 thousand up to August 22, 2012. Following the appeal filed by the Company, the aforesaid decision was nullified and the case was referred to the first-instance authority for redeliberation. In addition, the Company made deliveries of raw materials exempt from the customs supervision to the subsidiaries totaling at least EUR 1,543,530 prior to the payment of customs and other duties payable upon imports, which, pursuant to the effective customs regulations, constitutes customs offence, punishable by a fine of one to four times the amount of the value of goods subject to the offence. The accompanying financial statements do not include provisions against potential losses that may arise from the resolutions and decisions enacted by the tax and customs authorities in respect thereof, as required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."

Disclaimer of Opinion

Due to the significance of the matters described in paragraphs - Basis for Disclaimer of Opinion, we do not express an opinion on the accompanying financial statements of Tigar A.D., Pirot as of December 31, 2012 and for the year then ended.

Emphasis of Matter

Without expressing an opinion, we draw attention to the following matters:

a) As disclosed in Note 2.4 to the financial statements, as of December 31, 2012, the Company's current liabilities exceeded its current assets by RSD 888,283 thousand, whereas as of the aforesaid date, as disclosed in Note 35 to the financial statements, the debt to equity ratio equaled 1.10. In addition, the Company faced liquidity problems (net cash decrease) in the year ended December 31, 2012, whereas the Company's transaction bank account was blocked by the creditors and suppliers for total duration of 46 days during 2012 and up to the financial statements submission date. The aforesaid, together with matters explained in paragraphs - Basis for Disclaimer of Opinion, suggest significant uncertainty as to the Company's ability to continue as a going concern. As of January 8, 2013, the Company and its commercial banks as creditors that had extended borrowings to the Company executed Annex to the Agreement on Debt Suspension, whereby the commercial banks undertook not to demand debt settlement or declare debt matured or undertake forced collection measures and enforcement procedures until March 31, 2013. As of March 28, 2013, at the proposal of the Ministry of Finance and Economy, the Republic of Serbia Government enacted a conclusion to confirm its consent to the Republic of Serbia Development Fund issuing a guarantee in favor of the Company in the amount of EUR 20,000,000, whereof EUR 15,000,000 is intended to refinance the existing borrowings obtained for funding permanent working assets, and up to EUR 5,000,000 is intended for obtaining new loans for the same purpose, where the collateral would comprise pledge lien over movable and immovable assets of the Company and its subsidiaries.
   As of March 29, 2013, a new Debt Suspension Agreement was entered into with commercial banks and other legal entities as creditors in respect of borrowings and issued long-term bonds,stipulating debt suspension until May 31, 2013. As of this report issuance date, the aforesaid Agreement is pending signing by the contractual parties. The Company's management has been working intensively on preparation and adoption of the financial and business consolidation plans and strategies and holds that, together with the measures previously undertaken, these plans and strategies will result in overcoming the aforesaid uncertainties. Accordingly, the Company has prepared the accompanying financial statements on a going concern assumption.

b) As disclosed in Note 39 to the financial statements, the Republic of Serbia tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not concur with the views of the Company's management. Consequently, the relevant tax authorities may challenge transactions and the Company could be assessed additional taxes, penalties and interest. The fiscal periods remain open for review by the tax and customs' authorities with regard to the tax-paying entity's tax liabilities for a period of five years. This practically means that tax authorities can demand payment of outstanding liabilities in the period of five years from the origination of the liability. The management believes that the Company will suffer no adverse consequences thereof.

Other Matter

The Company's financial statements for the year 2011 were audited by another auditor, whose report dated April 27, 2012 expressed a qualified opinion thereof.

Belgrade, April 22, 2013

Jovan Papic,
Certified Auditor

Translation of the auditors' report originally issued in the Serbian language

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of TIGAR A.D., Pirot

We have been engaged to perform audit of the accompanying consolidated financial statements of Tigar A.D., Pirot (the "Company" or "Parent Company") and its subsidiaries (collectively: the "Group"), which comprise the consolidated balance sheet as of December 31, 2012, and the related consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year than ended, and a summary of 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, as well as for the internal control the management deems relevant to 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. Due to the significance of matters described in the paragraphs - Basis for Disclaimer of Opinion, we have been unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Basis for Disclaimer of Opinion

As disclosed in Notes 19 and 20 to the consolidated financial statements, intangible assets and property, plant and equipment stated as of December 31, 2012 as totaling RSD 751,876 thousand and RSD 4,383,580 thousand respectively, include capitalized and directly attributable staff costs incurred based on the engagements on a number of projects commenced in prior years and in 2012. The Group failed to perform testing of intangible assets and property, plant and equipment in the aforesaid respective amounts, i.e. it failed to check whether these assets had suffered impairment in accordance with IAS 36 "Impairment of Assets," in other words, to check whether the recoverable amounts of these assets were lower than the carrying amounts thereof as presented in the accompanying consolidated financial statements. In addition to the aforesaid, based on the documentation available and performed audit procedures, we were unable to satisfy ourselves as to the complete fulfillment of the criteria for recognition of intangible assets of RSD 46,898 thousand based on capitalized cost of materials and staff costs within income of the period in accordance with IAS 38 "Intangible Assets." Accordingly, we were unable to assess the potential effects the aforesaid departures could have on the accompanying consolidated financial statements.

As disclosed in Note 25 to the consolidated financial statements, accounts receivable were stated as of December 31, 2012 as totaling RSD 815,562 thousand (less impairment allowance of RSD 43,306 thousand). The foresaid amount of accounts receivable includes both domestic and foreign accounts receivable that remained uncollected for over a year from their maturity dates of RSD 70,809 thousand, for which the Group did not make impairment allowance in the accompanying consolidated financial statements in accordance with requirements of IAS 39 "Financial instruments, recognition and measurement". Based on the documentation made available to us, we were unable to satisfy ourselves as to the adequacy of the impairment allowance of accounts receivable formed as of December 31, 2012, or to the potential effects of the additional impairment allowance of receivables for the year then ended.

Basis for Disclaimer of Opinion

As disclosed in Note 23 to the consolidated financial statements, inventories of finished products and goods stated as of December 31, 2012 in the respective amounts of RSD 1,015,684 thousand and RSD 132,031 thousand include certain slow-moving inventories which, due to the nature of accounting records, we were unable to quantify. The Group's management did not make allowance for impairment of the inventories given that it believes that they will be realized in the ensuing periods with regard to specific market characteristics, features of the inventories and their long useful lives.

Based on the documentation made available to us, we could not satisfy ourselves as to whether additional allowance for impairment of inventories was necessary, i.e. reduction of inventories to their net realizable value in accordance with requirements of IAS 2 "Inventories."

As disclosed in Note 7 to the consolidated financial statements, income from own work capitalized for the year ended December 31, 2012 includes property valuation effects in the amount of RSD 351,258 thousand, which the Parent Company transferred to the subsidiaries as capital contribution increase. The Group recorded the aforesaid valuation effects in belief that the RS Ministry of Finance Opinion (Note 2.2.) is applied to the consolidated financial statements as well, which stipulates that the transfer of disposal rights over property from a parent company to its subsidiaries within capital increase procedure represents transfer, i.e. disposal in character. The aforedescribed treatment departs from the Group's accounting policy and requirements of IAS 16 "Property, Plant and Equipment," whereby the effects of value increase in property based on appraisal should be credited to revaluation reserves and deferred tax liabilities in respective amounts of RSD 298,569 thousand and RSD 52,689 thousand.

As disclosed in Notes 15 and 20 to the consolidated financial statements, the Group performed valuation of investment property and credited the difference between the carrying amount of the property used by the owner and fair value of the investment property arising upon the transfer of the aforesaid property to investment property, i.e. effects of the investment property appraisal, to revaluation reserves in the amount of RSD 178,505 thousand and to income of the period in the amount of RSD 106,246 thousand. Based on the documentation available and analysis of the investment property appraisals performed, we were unable to satisfy ourselves as to whether these appraisals were performed in full compliance with the requirements of IAS 40 "Investment Property." In accordance with the aforesaid, we were unable to assess the potential effects the aforesaid departures might have on the accompanying consolidated financial statements.

As disclosed in Note 31 to the consolidated financial statements, certain contractually defined terms on put option clause from contracts executed with investors upon issue of long-term bonds, as well as certain financial indicator covenants stipulated by the long-term loan agreement, were not fulfilled as of December 31, 2012. The aforesaid facts allow investors and the creditor to demand purchase of the long-term bonds in the total amount outstanding and early loan repayment. Accordingly, long-term liabilities arising from long-term bonds issued and a long-term loan obtained as of December 31, 2012 as totaling RSD 164,234 thousand and RSD 497,518 thousand respectively ought to have been presented within short-term financial liabilities. The Group's management holds that the Group will suffer no adverse effects thereof, given the fact that, during 2012, the Company received notifications from several investors announcing exercise of put option due to default of over 30 days, after which notifications the Group settled the liabilities and put options were not exercised, i.e., the creditor did not deliver reminders or demand early loan repayment from the Group from the loan approval date up to the date of this report issuance.
As disclosed in Note 38 to the consolidated financial statements, as of September 28, 2012, the Tax Administration of the Republic of Serbia enacted a decision whereby it assigned the Group and ordered payment of the unreported liabilities for employee payroll taxes and contributions for the mandatory employee social security and other taxes and contributions for the period from January 1, 2007 through December 31, 2011 in the amount of RSD 15,878 thousand, as well as interest accrued of RSD 26,500 thousand up to August 22, 2012. Following the appeal filed by the Group, the aforesaid decision was nullified and the case was referred to the first-instance authority for redeliberation. In addition, the Parent Company made deliveries of raw materials exempt from the customs supervision to the subsidiaries totaling at least EUR 1,543,530 prior to the payment of customs and other duties payable upon imports, which, pursuant to the effective customs regulations, constitutes customs offence, punishable by a fine of one to four times the amount of the value of goods subject to the offence. The accompanying consolidated financial statements do not include provisions against potential losses that may arise from the resolutions and decisions enacted by the tax and customs authorities in respect thereof, as required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."

Disclaimer of Opinion

Due to the significance of the matters described in paragraphs - Basis for Disclaimer of Opinion, we do not express an opinion on the accompanying consolidated financial statements of Tigar A.D., Pirot and its subsidiaries as of December 31, 2012 and for the year then ended.

Emphasis of Matter

Without expressing an opinion, we draw attention to the following matters:

a) As disclosed in Note 2.5 to the consolidated financial statements, the Group incurred net loss of RSD 1,009,852 thousand in the year ended December 31, 2012, whereas as of the said date, the Group's current liabilities exceeded its current assets by RSD 2,175,594 thousand. In addition, the Group faced liquidity problems (net cash decrease) in the year ended December 31, 2012, whereas the Parent Company's transaction bank account and accounts of certain of its subsidiaries were blocked for a number of days by the creditors and suppliers several times during 2012 and up to the financial statements submission date. Furthermore, the debt to equity ratio equaled 1.87. The aforesaid, together with matters explained in paragraphs - Basis for Disclaimer of Opinion, suggest significant uncertainty as to the Group's ability to continue as a going concern. As of January 8, 2013, the Group and its commercial banks as creditors that had extended borrowings to the Group executed Annex to the Agreement on Debt Suspension, whereby the commercial banks undertook not to demand debt settlement or declare debt matured or undertake forced collection measures and enforcement procedures until March 31, 2013. As of March 28, 2013, at the proposal of the Ministry of Finance and Economy, the Republic of Serbia Government enacted a conclusion to confirm its consent to the Republic of Serbia Development Fund issuing a guarantee in favor of the Group in the amount of EUR 20,000,000, whereof EUR 15,000,000 is intended to refinance the existing borrowings obtained for funding permanent working assets, and up to EUR 5,000,000 is intended for obtaining new loans for the same purpose, where the collateral would comprise pledge lien over movable and immovable assets of the Group. As of March 29, 2013, a new Debt Suspension Agreement was entered into with commercial banks and other legal entities as creditors in respect of borrowings and issued long-term bonds, stipulating debt suspension until May 31, 2013. As of this report issuance date, the aforesaid Agreement is pending signing by the contractual parties. The Group's management has been working intensively on preparation and adoption of the financial and business consolidation plans and strategies and holds that, together with the measures previously undertaken, these plans and strategies will result in overcoming the aforesaid uncertainties.
Accordingly, the Group has prepared the accompanying consolidated financial statements on a going concern assumption.

b) As disclosed in Note 40 to the consolidated financial statements, the Republic of Serbia tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Group may not concur with the views of the Group's management. Consequently, the relevant tax authorities may challenge transactions and the Group could be assessed additional taxes, penalties and interest. The fiscal periods remain open for review by the tax and customs' authorities with regard to the tax-paying entity's tax liabilities for a period of five years. This practically means that tax authorities can demand payment of outstanding liabilities in the period of five years from the origination of the liability. The management believes that the Group will suffer no adverse consequences thereof.

Other Matter

The Company's consolidated financial statements for the year 2011 were audited by another auditor, whose report dated May 18, 2012 expressed a qualified opinion thereof.

Belgrade,
April 30, 2013

Jovan Papic
Certified Auditor

	TIGAR a.d. Pirot **SUPERVISORY BOARD**
PROPOSED RESOLUTION	Date: 2013-04-29 Page: 1/3

Pursuant to Article 441 paragraph 1 item 5 of the Law on Companies (Official Gazette of the RS, no. 36/11 and 99/11) and Article 49 paragraph 1 items 5 and 7 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, on its session held on 2013-06-14, made the following

D E C I S I O N
adopting Tigar AD's 2012 Financial Statement and other reports in connection with the Financial Statement

1. The Financial Statement of Tigar AD for the year 2012, and the reports in connection with the Financial Statement, including:
   - Tigar AD's 2012 Annual Report presented by the Executive Board,
   - The 2012 report presented by the auditor firm EKI Revizija Belgrade, and
   - The 2012 report presented by the Supervisory Board

   are hereby adopted in their entirety.
2. According to the income statement for the January-December 2012 period, the Joint Stock Company Tigar AD reported the following results:

in '000 RSD

	2012.	2011.
OPERATING INCOME		
Sales of goods, products and services	3.745.673	3.967.657
Own work capitalized	38.666	118.160
Other operating income	29.843	56.974
	3.814.182	4.142.791
OPERATING EXPENSES		
Cost of commercial goods sold	2.805.063	3.051.992
Cost of material	160.739	192.715
		519.952
Staff costs	524.868	
Depreciation,amortization and provisions	57.127	51.908
Other operating expenses	263.747	315.257
	3.811.544	4.131.824
OPERATING PROFIT /(LOSS)	2.638	10.967
Finance income	97.084	304.273
Finance expenses	655.101	439.446
Other income	647.855	310.830
Other expences	42.028	34.361
PROFIT BEFORE TAXATION	50.448	152.263
INCOME TAXES		
- Current income tax expense	36.155	29.026
- Deferred income tax expense	2.773	1.241
NET PROFIT	11.520	121.996
Basic earning per share (in dinars)	6,70	70,99

3. According to the balance sheet as of 31 December 2012, Tigar AD reported the following items:

	in '000 RSD 2012.	2011.
ASSETS		
Non-current assets		
Intangible assets	75.111	23.913
Property, plant and equipment	1.152.377	1.226.615
Investment property	519.190	227.011
Equity investments	2.714.443	2.348.428
Other long–term financial placements	38.745	41.720
	4.499.866	3.867.687
Current assets		
Inventories	762.234	986.031
Non-current assets held for sales	6.337	6.846
Accounts receivable	2.223.332	2.071.781
Receivables for prepaid income taxes	122	
Short-term financial placements	120.752	89.169
Cash and cash equivalents	7.571	155.262
Value added tax and prepayments	405.824	244.551
Deffered tax assets		
	3.526.172	3.553.640
Total assets	8.026.038	7.421.327
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2.062.152	2.062.152
Reserves	206.215	206.215
Non-distributed profit	676.657	665.987
Loss	49.503	49.503
Minority Interest		
Treasury Shares		
Share Premium		
Translational reserves		
	2.895.521	2.884.851
Long-term provisions and liabilities		
Long-term provisions	11.062	12.577
Long-term liabilities	697.613	754.450
	708.675	767.027
Current liabilities		
Short-term financial liabilities	2.502.941	2.500.849
Accounts payable	1.537.718	1.025.128
Other current liabilities	214.325	138.597
Value added tax and other public duties payable And accruals	119.795	73.989
Income tax payable	39.676	26.272
Deffered tax liabilities	7.387	4.614
Total equity and liability		
	8.026.038	7.421.327

4. Reported net profit amounting (000) 11,250 RSD will be allocated in its entirety to retained earnings and together with retained earnings from previous years, it will be kept for specific purposes as needed by the Company, namely, in this specific circumstances – for covering losses from previous period amounting up to (000) 49.503 RSD.

5. Supervisory Board agrees to perform the corrections of the financial statement for the year 2012 in compliance with auditors' opinion.

6. Tigar AD's 2012 Financial Statement, together with the Executive's Board 2012 Business Report which includes results based on consolidated financial statements), the auditors' report, and the Supervisory Board's report, shall be posted in their entirety, in both Serbian and English, on the Company's web site www.tigar.com 30 days prior to the ordinary session of the General Assembly and will also be available for inspection at the Company's headquarters on any business day during normal business hours.

7. Following adoption by the General Assembly at its ordinary session, the Financial Statement of the Joint Stock Company, along with the auditors' report and the General Assembly's Resolution, shall be submitted to the Business Registers Agency and publicly disclosed pursuant to applicable accounting and auditing regulations.

Explanation

As part of preparations for the ordinary annual session of the General Assembly of the Joint Stock Company Tigar Pirot, the Supervisory Board reviewed Tigar AD's 2012 Business 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. Supervisory Board agrees to perform the corrections of the financial statement for the year 2012 in compliance with auditors' opinion.

In view of the fact that Tigar AD's income statement for the period January-December 2012 reports a net profit of RSD 11,520 (000) RSD, the Supervisory Board, 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, as needed by the Company, namely, in this specific circumstances – for covering losses from previous period.

General Assembly approved these reports in their entirety, on recommendation of the Supervisory Board, and passed the Resolution as set out above.

CHAIRMAN OF
SUPERVISORY BOARD
TIGAR A.D. PIROT

Gordana Lazarevic

	TIGAR a.d. Pirot SUPERVISORY BOARD
PROPOSED RESOLUTION	Date: 2013-04-29 Page: *1/3*

Pursuant to Article 441 paragraph 1 item 5 of the Companies Law (Official Gazette of the RoS, nos. 36/11 and 99/11) and pursuant to Article 49 paragraph 1 items 5 and 7 of the By-Laws of the Joint-Stock Company Tigar Pirot (Tigar AD), the Supervisory Board of Tigar AD, being the competent body up to the time of alignment with the Companies Law, proposes to the Shareholders' Assembly to pass on its session scheduled for 2013-06-14 the following

R E S O L U T I O N
adopting Tigar AD's 2012 Consolidated Financial Statement and other reports related to it

1. The Consolidated Financial Report of Tigar AD for the year 2011, and the reports in connection with the Consolidated Financial Report, including:
    - Tigar AD's 2012 Annual Report presented by the Executive Board,
    - The 2012 report presented by the auditor firm EKI Revizija d.o.o. Belgrade, and
    - The 2012 report presented by the Supervisory Board

   are hereby adopted in their entirety.
2. According to the income statement from the Consolidated Financial Report for the January-December 2012 period, the Joint Stock Company Tigar Pirot the following results:

in '000 RSD

	2012.	2011.
OPERATING INCOME		
Sales of goods, products and services	3.911.854	4.296.923
Own work capitalized	636.094	710.666
Increase/Decrease in the value of inventories	(181.271)	264.350
Other operating income	22.916	26.546
	4.389.593	5.298.485
OPERATING EXPENSES		
Cost of commercial goods sold	835.974	836.916
Cost of material	1.406.630	1.862.687
Staff costs	1.664.497	1.770.138
Depreciation,amortization and provisions	226.506	177.188
Other operating expenses	531.185	638.622
	4.664.792	5.285.551
OPERATING PROFIT /(LOSS)	(275.199)	12.934
Finance income	68.546	108.672
Finance expenses	867.123	537.175
Other income	161.910	237.660
Other expences	56.802	57.822
PROFIT/ (LOSS) BEFORE TAXATION	(968.668)	(235.731)
INCOME TAXES		
- income taxe expense	42.009	65.456
- Current income tax expense		7.946
- Deferred income tax expense	825	
NET PROFIT / (LOSS) FROM CURRENT YEAR	(1.009.852)	(309.133)
Net profit/(loss) pertaining to:		
Majority shareholders	(841.024)	(326.652)
Minority interest	9.677	17.519
Earning per share in dinars	(483,77)	(179,89)

Tigar ®	**TIGAR a.d. Pirot** **SUPERVISORY BOARD**
PROPOSED RESOLUTION	Date: 2013-04-29 Page: *2/3*

3. According to the balance sheet in the Consolidated Financial Statement as of 31 December 2012, Tigar AD reported the following balance sheet items:

ASSETS		
Non-current assets		
Intangible assets	751.876	547.151
Property, plant and equipment	5.317.278	4..748.495
Investment property	933.698	227.011
Equity investments	11.827	11.819
Other long –term financial placements	38.745	41.720
	6.119.726	5.349.185
Current assets		
Inventories	1.691.675	2.073.287
Non-current assets held for sales	6.337	6.846
Accounts receivable	815.562	892.958
Receivables for prepaid income taxes	4.552	2.171
Short-term financial placements	5.223	4.765
Cash and cash equivalents	198.767	251.093
Value added tax and prepayments	330.103	301.178
Deffered tax assets	25.425	22.160
	3.052.219	3.532.298
Total assets	9.197.370	8.903.643
EQUITY AND LIABILITIES		
Equity and reserves		
Share capital	2.062.152	2.062.152
Reserves	5.453	5.418
Non-distributed profit	1.298.466	1.079.077
Loss	(1.186.940)	(167.411)
Minority Interest	83.604	72.688
Treasury Shares		
Share Premium		
Translational reserves	54.363	44.198
	2.317.098	3.096.122
Long-term provisions and liabilities		
Long-term provisions	79.984	84.127
Long-term liabilities	1.419.234	1.270.109
	1.499.218	1.354.236
Current liabilities		
Short-term financial liabilities	3.108.518	2.684.202
Accounts payable	1.062.094	1.164.507
Other current liabilities	806.593	296.432
Value added tax and other public duties payable And accruals	196.217	114.852
Income taxes payable	54.391	50.326
Deffered tax liabilities	153.241	142.966
Total equity and liability	9.197.370	8.903.643

4. Supervisory Board agrees to perform the corrections of the financial statement for the year 2012 in compliance with auditors' opinion.

5. Tigar AD's 2012 Consolidated Financial Statement, together with the Executive's Board 2012 Business Report which includes results based on consolidated financial statements), the auditors' report, and the Supervisory Board's report, shall be posted in their entirety, in both Serbian and English, on the Company's web site www.tigar.com 30 days prior to the ordinary session of the General Assembly and will also be available for inspection at the Company's headquarters on any business day during normal business hours.

6. Following adoption by the General Assembly at its ordinary session, the Consolidated Financial Statement of the Joint Stock Company, along with the auditors' report and the General Assembly's Resolution, shall be submitted to the Business Registers Agency and publicly disclosed pursuant to applicable accounting and auditing regulations.

Explanation

The Consolidated Financial Statement of the Joint Stock Company Tigar for the year 2012 has been prepared in accordance with applicable accounting and auditing regulations.

The Supervisory Board of the Joint Stock Company Tigar adopted within the Business Report for the year 2012, the consolidated financial statement for 2012 together with the auditor's opinion and referred it to General Assembly for final approval.

By adopting in its entirety the proposal of the Supervisory Board, the General Assembly has approved the consolidated financial statements of Tigar Pirot for 2012 as well as reports relating to the consolidated financial statements (Business Report, Auditor's Report and the Report of the Supervisory Board). Accepting the restrained auditor's opinion is given the opportunity to make corrections in the financial statement of Tigar Pirot for the year 2012.

Based on the 2012 consolidated result, the 2012 consolidated performance and conditions reported in the Business Report, the auditors' report and opinion, and the Supervisory Board's 2012 report, the General Assembly approved these reports in their entirety, on recommendation of the Supervisory Board, and passed the Resolution as set out above.

CHAIRMAN OF SUPERVISORY BOARD TIGAR A.D. PIROT

Gordana Lazarevic

Pursuant to Article 439 and with relative application of Article 395 of the Companies Law, the General Assembly of the company, on its session held on 14.06.2013, made the following

DECISION
on dismissal of the members of Supervisory Board
of the Joint Stock Company Tigar Pirot

1. Hereby are dismissed of duties related to their membership in the Supervisory Board of the Joint Stock Company Tigar Pirot, individuals whom were appointed to that position by the Decision of General Assembly as of 20.06.2012:

    - Jose Alexandre F. da Costa
    - Gordana Lazarević
    - Tihomir Nenadić
    - Dragan Nikolić
    - Vladimir Nikolić

2. Hereby cease the rights and liabilities to aforementioned individuals related to their status of members of Supervisory Board as of 14.06.2013. godine.

3. This Decision shall enter into force upon its adoption.

GENERAL ASSEMBLY OF TIGAR AD

Tigar®	TIGAR a.d. Pirot SUPERVISORY BOARD

PROPOSED RESOLUTION	Date: 2013-04-23
	Page: 1/1

Pursuant to article 441 paragraph 1 item 15 and in relation to Article 434 paragraph 2 items 1 and 2 of the Law on Companies (Official Gazette of the RS, no. 36/11 and 99/11) and Article 48 paragraph 4 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot proposes to General Assembly to make, on its session scheduled for 2013-06-14, the following

D E C I S I O N
on election of members of the Supervisory Board
of the Joint Stock Company Tigar Pirot

1. As for the members of the Supervisory Board of the Joint Stock Company Tigar Pirot are hereby elected the following individuals:
   1. **Gordana Lazarević**
   2. **Nebojša Petrović**
   3. **Valentina Ivaniš**
   4. **Igor Markićević**
   5. **Milun Trivunac**

2. The term of office of this Supervisory Board shall be four years.

3. The Supervisory Board members shall exercise their rights and perform their duties in accordance with applicable legislation and internal documents of the Company which regulate the status, function, scope, competences, proceedings and decision-making of the Supervisory Board.

4. This Resolution enters into force on the date it is passed.

E x p l a n a t i o n

Tigar ad Pirot is a public limited company, which by its internal document – By-Laws has opted for a bicameral governance model, which implies the existence of the Supervisory Board, as governing body. Following the dismissal of members of the Supervisory Board (whom were elected on the occasion of the last year's General Assembly) before the expiry of the four-year tenure, there were appointed new members to the Supervisory Board in the manner and procedure provided by law and internal regulations of Tigar Pirot.

The nomination of candidates for the members of Supervisory Board was given by the Nominating Committee, primarily taking into account the statutory rules as well as the fact that the proposed candidates with their respective knowledge and experience can successfully perform the responsibilities from the scope of the Supervisory Board's competencies.

General Assembly accepted the proposed candidates and appointed them for the members of the Supervisory Board for a term of four years and made the decision as stated above. "

CHAIRMAN OF TIGAR AD

SUPERVISORY BOARD

Gordana Lazarevic

Tigar®	**TIGAR a.d. Pirot** **SUPERVISORY BOARD**
PROPOSED RESOLUTION	Date: 2013-05-13 Page: 1/1

Pursuant to article 441 paragraph 1 item 15 of the Law on Companies (Official Gazette of the RS, no. 36/11 and 99/11) and to Article 49 paragraph 1 item 7 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot proposes to General Assembly to make, on its session scheduled for 2013-06-14, the following

D E C I S I O N

on determining the proposal for the election of independent auditor

of the Joint Stock Company Tigar Pirot

1. It is hereby elected KMPG d.o.o. Belgrade to be appointed as independent auditor of the Joint Stock Company Tigar Pirot and of its dependent entities in 2013.

2. The position and authorization of auditors from the item 1 to this Decision, are regulated by the law governing accounting and audit.

3. This Decision shall enter into force upon its adoption.

E x p l a n a t i o n

In accordance with the Law on Companies, the General Assembly elects the auditing firm for the Joint Stock Company. The position of the independent auditor, its rights and obligations are governed by the regulations on accounting and auditing.

The auditing firm KPMG doo Belgrade is a reputable audit firm that belongs to the internationally recognized group of four auditing firms, for which the Supervisory Board opted when proposing, i.e., nominating the firm to perform the audit of financial statements in 2013, after analyzing the bids for the provision of this service and after obtaining the opinion of the Audit Committee which gave its recommendation. In addition to the selection of this audit firm is the fact that in the performance of audit services, this firm has not only the experience in conducting revisions in the region, but also the knowledge that comes from the active use of the global KPMG network it belongs to. The international reputation of this auditors' firm is important for Tigar as a participant in international transactions and as a company whose shares are listed on the Belgrade Stock Exchange.

By accepting the proposal of the Supervisory Board, the General Assembly has passed a resolution on election of independent auditors.

CHAIRMAN OF TIGAR AD

SUPERVISORY BOARD

Gordana Lazarevic

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