



# Extraordinary session of General Assembly of Tigar ad in 2013



December 18, 2013

Dear Shareholders,

Before us is the Extraordinary session of the General Assembly and the opportunity to bring a number of important decisions aimed to normalize the functioning of the company. Our legal obligation is to pass a resolution on the election of auditing firm for the year 2013, and on the Agenda is the corrected financial statement, prepared on the basis of the decision of the General Assembly as of June this year. In order to assess the current situation and to implement the measures to normalize business operations, the Company has prepared a program of business and financial consolidation, which among other things includes a number of strategic decisions.

The Extraordinary session of the General Assembly of the Joint-Stock Company Tigar from Pirot (Tigar AD) will be held on 18 December 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 adoption of the Revised Financial Statement of Tigar a.d. Pirot for the year 2012 and on how to cover the loss reported within the Revised Financial Statement for 2012 and of Independent Auditor's Report related to Revised Financial Statement for the year 2012;
- 2) Making Decision on the reduction of Company's basic capital;
- 3) Making Decision on adoption of the Revised Consolidated Financial Statement of Tigar a.d. Pirot for the year 2012 and of the Independent Auditor's Report related to the Revised Consolidated Financial Statement for the year 2012;
- 4) Making Decision on election of independent auditors;
- 5) Adoption of the Program of Business&Financial Consolidation of Tigar a.d. Pirot;
- 6) Making Decision on amendments and supplements of the By-Laws of the Joint Stock Company Tigar, Pirot;
- 7) Adoption of Rules on calculation and payment of remuneration to members of Supervisory Board, members of Supervisory Board's committees and to Chairperson of the General Assembly;

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 Extraordinary 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 decision proposals under all the Agenda items and relative Explanatory notes.

Materials for the session: Corrected Financial Statement 2012, Program of business&financial consolidation, draft resolutions under each item on the Agenda and materials relative to draft resolutions may be downloaded from the Company's website [www.tigar.com](http://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.

***Note:***

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.

Sincerely,

In Pirot, date: 27.11.2013.

**Managing Director  
Nebojša Đenadić**



**EXPLANATORY NOTE  
DECISION CONCERNING THE REVISED FINANCIAL STATEMENT  
FOR THE YEAR 2012.**

It is hereby proposed the making of decisions related to the Revised Financial Statement for the year 2012, as it follows below:

- Decision on adopting the Revised Financial Statement of Tigar a.d. for the year 2012 with the auditor's opinion
- Decision on adopting the Revised Consolidated Financial Statement of Tigar a.d. for the year 2012 with the auditor's opinion

I) When revising the Financial Statement for the year 2012, the auditors gave restrained opinion because certain positions were not corrected in compliance with International Accounting Standards. Remarks were related to the following positions:

- there was not done the impairment or write-off of inventory that did not have movement for at least one year;
- there was not carried out the correction of receivables;
- there was not done the impairment of the parent company's participation in the capital of its dependent entities on the basis of declared losses from previous years;
- there were stated comments related to capitalization of earnings for the year 2012;
- no reservation was made for potential liabilities for customs duties and taxes;
- there wasn't made a correction of credit obligations from the aspect of maturity – from long-term to short-term, due to failure to meet the standards (loan from DEG);
- there has not been carried out the transfer of investment property into revaluation reserves;

**BALANCE SHEET**

<b>POSITION</b>	<b>Before revision</b>	<b>After revision</b>	<b>Difference</b>
<b>ASSETS</b>			
1.Fixed assets	4.499.866	3.002.068	-1.497.798
2.Current assets	3.526.172	3.332.031	-194.141
<b>LIABILITIES</b>			
1.Capital	2.895.521	810.790	-2.084.731
2.Liabilities	5.123.130	5.486.285	363.155



## EXPLANATORY NOTES

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## BALANCE SHEET

POSITION	Before revision	After revision	Difference
<b>INCOME</b>			
1.Operating income	3.814.182	3.797.210	-16.972
2.Finance income	97.084	100.142	3.058
3.Other income	647.855	386.530	-261.325
Total	4.559.121	4.283.882	-275.239
<b>EXPENSES</b>			
1.Operating expenses	3.811.544	4.024.794	213.250
2.Finance expenses	655.101	784.864	129.763
3.Other expenses	42.028	1.634.959	1.592.931
Total	4.508.673	6.444.617	1.935.944
<b>PROFIT/LOSS</b>	<b>50.448</b>	<b>-2.160.735</b>	<b>-2.211.183</b>
Income tax expense	<b>38.928</b>	<b>38.928</b>	<b>0</b>
<b>NET PROFIT/LOSS</b>	<b>11.520</b>	<b>-2.199.663</b>	<b>-2.211.183</b>

On the occasion of the adoption of the financial statement for year 2012, management and corporate bodies - Supervisory Board and General Assembly of Tigar ad made the decision to make corrections of the Financial Statement for year 2012, and accessed to comprehensive activities to complete this procedure.

There was performed the extraordinary inventory as of 30.04.2013 for Tigar ad and its production entities, by which were proposed changes to the inventory in terms of impairment and write-offs for all categories of inventories, where it was determined that there are reasons to do so, on which decisions were made by respective management bodies .

There were also made corrections to claims and liabilities for all categories of claims and liabilities that are subject to the accounting standards update.

Based on these updates and the changes in the result, there were executed changes in equity of dependent entities, as well as changes in the participation of the parent company in the capital of dependent entities.

Attached hereto is the table from which could be seen the corrections by certain position



TIGAR a.d. Pirot

EXPLANATORY NOTE

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Review of correction by particular positions

O.No.	Position	Amount of correction in RSD
1	Impairment and write-off of inventories	103.969.758
2	Ispravka potraživanja	69.170.200
3	Correction of capitalization of earnings	16.971.800
4	Accrued interest based on tax debt standstill	9.088.973
5	Correction of advanced payments	18.001.079
6	Provisions for contingent liabilities	213.200.803
7	Due but unpaid interest	80.769.144
8	Delimitation of foreign exchange losses on long-term loans	23.916.593
9	Transfer of investment real estate into revaluation reserves	257.163.040
	<b>TOTAL:</b>	<b>808.857.553</b>

Based on corrections that were made within dependent entities which have reflected on the result and loss reported from previous years, there was carried out a correction (revision) of the parent company's stake in the capital of dependent entities. Below follow the values of this correction.

Summary of impairment of the parent company's share in the capital of its dependent entities:

Tigar R.Footwear llc Pirot	RSD	586.437.146,43
Tigar R.Technical Goods llc Pirot	RSD	586.765.055,96
Tigar Chemical Products llc Pirot	RSD	96.073.675,69
Tigar Incon llc Pirot	RSD	34.368.484,09
Tigar Catering llc Pirot	RSD	78.884.469,15
Tigar Protective Workshop llc Pirot	RSD	1.347.657,96
Tigar Business Service llc Pirot	RSD	3.651.358,46
Tigar Trejd d.o.o, Banja Luka	RSD	9.534.046,57
Tigar Partner d.o.o, Skoplje	RSD	4.727.952,04

**TOTAL: 1.401.789.846,35**

Loss per year of dependent entities in which was carried out the revision is as it follows below:

2004.	-	RSD	15.514.444,26
2005.	-	RSD	4.850.796,06
2006.	-	RSD	37.098.269,04
2007.	-	RSD	70.659.153,62
2008.	-	RSD	24.386.950,53
2009.	-	RSD	78.579.095,55
2010.	-	RSD	91.719.967,55
2011.	-	RSD	193.593.543,95
2012.	-	RSD	634.151.712,74



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On the correction of the share capital of the parent company in its dependent entities reflected the following adjustments made in its subsidiaries:

- Impairment and write-off of inventories in the amount of 288,651,905.56 RSD, which date from earlier periods ie . originated mainly from the period 2003-2010.

Other corrections are related to:

- Accrued interest based on idle tax debt in the amount of 29,395,213.53 RSD;
- Accrued unpaid interest 7,728,409.38 RSD;
- Impairment of trade receivables older than 180 days in the amount of 31,902,489.42 RSD;
- Reduction of capitalization in the amount of 29,925,090.68 RSD;
- Impairment of investment property of 164,091,456.97 RSD .

The amount of the correction is decreased for the amount of retained earnings from previous years in the amount of 62,748,673.50 RSD, cover for the losses from previous years of 146,459,405.25 RSD, revaluation reserves of 92,991,550.99 RSD and the correction of the share from previous years at the amount of 818,205.95 RSD. There was also carried out the impairment of the stake for the Protective Workshop up to the amount of capital of 1,347,657.96 RSD.

**BALANCE SHEET**

POSITION	Before revision	After revision	Difference
<b>ASSETS</b>			
1.Fixed assets	6.119.726	5.936.392	-183.334
2.Current assets	3.052.219	2.537.383	-514.836
<b>LIABILITIES</b>			
1.Capital	2.317.098	1.281.373	-1.035.725
2.Liabilities	6.727.031	7.040.487	313.456

**INCOME STATEMENT**

POSITION	Before revision	After revision	Difference
<b>INCOME</b>			
1.Operating income	4.389.593	3.991.439	-398.154
2.Finance income	68.546	68.893	347
3.Other income	161.910	98.275	-63.635
Total	4.620.049	4.158.607	-461.442
<b>EXPENSES</b>			
1.Operating expenses	4.664.792	4.876.813	212.021
2.Finance expenses	867.123	947.186	80.063
3.Other expenses	56.802	568.748	511.946
Total	5.588.717	6.392.747	804.030
<b>PROFIT/LOSS</b>	<b>-968.668</b>	<b>-2.234.140</b>	<b>-1.265.472</b>
Income tax expense	41.184	41.184	0
<b>NET PROFIT/LOSS</b>	<b>-1.009.852</b>	<b>-2.275.324</b>	<b>-1.265.472</b>



**EXPLANATORY NOTE**

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Corrections in the Consolidated balance for the amount of RSD 351,000,000.00 in connection with the auditor's remark on method of bookkeeping were made in 2012, while the year 2011 was not amended in connection with the same position, given that the Annual Financial Statement for the year 2011 was adopted. The restrained auditor's opinion on that basis has also figured last year. Comment regarding the bookkeeping methods is related to increase of the parent company's stake in its dependent entities (transfer of property), i.e., difference between the estimated and the carrying value of property, which, according to the Ministry of Finance's opinion has been booked as income in individual balance sheets, while in the consolidated balance sheets such difference must be reported as revaluation reserve due to a variety of policies to guide property.

Corrections made in relation to 2012 with those that were made in relation to the year 2011 refer to interest on tax solutions received in 2012 and 2013, and are related to previous years.

All these corrections and updates are recorded in business books, so that balance sheets and income statements fully reflect the status after revision.

II) Revision made to the financial statements of the parent and its dependent entities through consolidation process was reflected in the Consolidated Financial Statement for the year 2012.

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All these changes were adopted by the management bodies and reflected in the official balances of dependent entities and of the parent company.

External auditors UHY Eki Audit Ltd. Belgrade has performed an audit of revised financial statements for the year 2012 (individual and consolidated) and gave a restrained opinion.

Accordingly, it is proposed to make decisions on adoption of the revised financial statements, which are listed at the beginning of the explanatory note. By doing so, this revision-related process would be completed.

**Accounting Function**  
**Tigar a.d.**

1. Đorđe Džunić
2. Aleksandra Lilić



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 1 OF THE AGENDA**

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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 item 5 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 2013-11-25 proposes to General Assembly to make the following Decision on its Extraordinary session convened for 2013-12-18

**DECISION**

**on adopting Tigar AD's 2012 Revised Financial Statement and on how to cover the loss reported in the Revised Financial Statement of the Joint Stock Company Tigar Pirot**

1. It is hereby adopted the Revised Financial Statement of the JSC Tigar, Pirot for the year 2012 and the Independent Auditor's Report - UHY EKI revizija d.o.o. Belgrade associated with the Revised Financial Statement.

2. According to the income statement from the Revised Financial Statement for the January-December 2012 period, the Joint Stock Company Tigar AD reported the following results:

in '000 RSD

	<u>2012.</u>	<u>2011.</u>
<b>OPERATING INCOME</b>		
Sales of goods, products and services	3.745.673	3.967.657
Own work capitalized	21.694	118.160
Other operating income	29.843	56.974
	<u>3.797.210</u>	<u>4.142.791</u>
<b>OPERATING EXPENSES</b>		
Cost of commercial goods sold	2.805.063	3.051.992
Cost of material	160.739	192.715
Staff costs	524.877	519.952
Depreciation, amortization and provisions	270.328	51.908
Other operating expenses	263.787	315.257
	<u>4.024.794</u>	<u>4.131.824</u>
<b>OPERATING LOSS</b>	<u>- 227.584</u>	<u>+ 10.967</u>
Finance income	100.142	304.273
Finance expenses	784.864	446.894
Other income	386.530	310.830
Other expences	1.634.959	34.361
<b>PROFIT BEFORE TAXATION</b>	<u>- 2.160.735</u>	<u>+ 144.815</u>
<b>INCOME TAXES</b>		
- Current income tax expense		
- Deferred income tax expense	36.155	29.026
	<u>2.773</u>	<u>1.241</u>
<b>NET LOSS</b>	<u>- 2.199.663</u>	<u>+114.548</u>
<b>Basic earning per share (in dinars)</b>	<u>- 1.280,02</u>	<u>66,66</u>





**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 1 OF THE AGENDA**

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

	<u>in 000 RSD</u>	
	<u>2012.</u>	<u>2011.</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	40.138	23.913
Property, plant and equipment	1.152.377	1.226.615
Investment property	455.444	227.011
Equity investments	1.315.364	2.348.428
Other long-term financial placements	38.745	41.720
	<u>3.002.068</u>	<u>3.867.687</u>
<b>Current assets</b>		
Inventories	659.332	986.031
Non-current assets held for sales	6.337	6.846
Accounts receivable	2.154.510	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	383.407	244.551
Deffered tax assets	-	-
	<u>3.332.031</u>	<u>3.553.640</u>
<b>Total assets</b>	<u>6.334.099</u>	<u>7.421.327</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	2.062.152	2.062.152
Reserves	206.215	206.215
Non-distributed profit	167.943	-
Loss	623.646	658.539
Minority Interest	2.249.166	49.503
Treasury Shares		
Share Premium		
Translational reserves		
<b>EQUITY AND LIABILITIES</b>	<u>810.790</u>	<u>2.877.403</u>
<b>Long-term provisions and liabilities</b>		
Long-term provisions	224.262	12.577
Long-term liabilities	533.379	754.450
	<u>757.641</u>	<u>767.027</u>
	<u>1.568.431</u>	<u>3.644.430</u>
<b>Current liabilities</b>		
Short-term financial liabilities	2.667.176	2.500.849
Accounts payable	1.539.184	1.025.128
Other current liabilities	362.498	146.045
Value added tax and other public duties payable		
And accruals	119.795	73.989
Income tax payable	39.991	26.272
	<u>4.728.644</u>	<u>3.772.283</u>
<b>Deffered tax liabilities</b>	<u>37.024</u>	<u>4.614</u>
<b>Total equity and liability</b>	<u>6.334.099</u>	<u>7.421.327</u>



4. Ways to cover the loss:

The loss amounting up to RSD 2.199.663.485,71 will be covered in a following manner:

- retained earnings from previous years	574.143.330,33 RSD
- reserves	206.072.195,38 RSD
- reduction of basic capital	1.419.447.960,00 RSD

5. The Revised Financial Statement of Tigar a.d. Pirot for the year 2012, together with the Independent Auditor's Report will be published in its entirety at the website of the Joint Stock Company [www.tigar.com](http://www.tigar.com), in both Serbian and English.

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

**Explanatory Note**

Financial Statement of the Joint Stock Company Tigar for the year 2012, together with the opinion of the independent auditor – UHY EKI Audit Ltd. Belgrade, was adopted at the General Assembly session of Tigar ad Pirot as of 14 06 2013.

In accordance with the decisions of the management and of corporate bodies - Supervisory Board and General Assembly of Tigar ad Pirot, there was approved the revision of financial statements in compliance with the auditor's opinion, there has been approached the revision of the Financial Statement of Tigar ad for the year 2012. In this sense was executed an extraordinary inventory as of 30.04.2013; there was adopted the report of the Central Census Commission with proposals for impairment and write-off of property; there were made corrections on assets and liabilities and changes in equity, which is based on the revision of Tigar ad Financial Statement Tigar ad for the year 2012. All these adjustments are reflected in changes in the result, assets and equity within the balance sheet and income statement as shown in this Decision. Specification of corrections is given within the Explanatory Notes to the Revised Financial Statement for the year 2012.

The engaged auditing firm has conducted an audit of the revised Financial Statement for the year 2012 and has confirmed in its restrained opinion the correctness of the decision made by management and governing bodies on corrections contained in the Revised Financial Statement for the year 2012.

For the reported loss in the income statement in the amount of RSD 2,199,663,485.71, it is proposed to cover it at the expense of certain items that are designed for such purpose, in accordance with the Law.

At the proposal of the Supervisory Board, the General Assembly has considered all the above-mentioned reports and proposals and has adopted the same and made the Decision as stated above."

**Chairman of Supervisory Board  
of Tigar a.d.  
Valentina Ivanis**



Pursuant to Article 441 paragraph 1 item 15 of the Law on Companies and in relation to Article 49 paragraph 1 item 7 of the By-Laws of the Joint Stock Company Tigar Pirot (hereinafter referred to as 'Company'), the Supervisory Board of the Joint Stock Company Tigar Pirot on its session held on 2013-11-25 proposes to General Assembly to make the following Decision on its Extraordinary session convened for 2013-12-18

### **DECISION**

**on reduction of basic capital of the Company with the goal to cover the loss reported within the Revised Financial Statement of Tigar a.d. for the year 2012.**

#### **Article 1.**

The value of Company's basic capital as of 31.12. 2012 amounts to RSD 2.062.152.000,00 and is distributed to 1.718.460 of ordinary shares, the nominal value of which is RSD 1.200,00.

Shares are inscribed at the Central Securities Depository and Clearing House with the CFI code: ESVUFR and ISIN number RSTIGRE55421.

#### **Article 2.**

By the means of this Decision will be executed the reduction of the Company's share capital by the amount of RSD 1,419,447,960.00, in accordance with Article 321 of the Companies Law (hereinafter the Law), and with the aim to cover the loss reported in the Revised Financial Statements Tigar ad Pirot for the year 2012, amounting to RSD 2,199,663,485.71, by covering the reported loss from the retained earnings in the amount of RSD 574,143,330.33, legal reserves in the amount of RSD 206,072,195.38 and share capital in the amount of RSD 1,419.447,960.00.

#### **Article 3.**

After the capital reduction, the basic capital of the Company amounts to RSD 642.704.040,00.

#### **Article 4.**

Reduction of the capital shall be carried out by reducing the nominal value of shares held by shareholders in the manner provided in this Article.

Company's share capital is divided into 1,718,460 of issued and registered common shares, Class D.

All shares are of the same class. The Company's shares are ordinary, registered shares and are transferable in accordance with applicable regulations.

There has been reduced the value of all ordinary shares with a nominal value of RSD 1,200.00 to the amount of RSD 374.00 per share, thereby reducing the value of the share capital for RSD 1,419,447,960.00.



**PROPOSED RESOLUTION UNDER ITEM 2 OF THE AGENDA**

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In the process of implementing the capital reduction, the shareholders of the same class will have the same treatment, which shall be provided in a form of proportional reduction in the value of their shares.

**Article 5.**

For the purposes of implementing this decision, the shareholders are considered to be persons who at the date of the decision were recorded in the Central Registry as shareholders of the Company, which shall be determined on the basis of excerpts from the Shareholders Book of the Central Registry.

Shareholders of the Company will not be paid out on the basis of reduction in the value of shares.

**Article 6.**

This decision will be implemented by the legal representative of the Company by enrolling the change within the Central Depository and Clearing House and the Business Registers Agency. This decision must be registered in compliance with the law on registration at the latest within three months from the date of issuance.

**Article 7.**

In accordance with this decision shall be amended and aligned the Company's By-Laws and other general acts.

**Article 8.**

In this particular case, reducing the Company's share capital does not result in a change in net assets of the Company, and therefore to this reduction of capital shall not be applied the provisions of Article 319 of the Companies Law regarding the protection of creditors.

**Article 9.**

This Decision shall enter into force upon its adoption.

**Explanatory Note**

Financial Statement of Tigar AD Pirot for the year 2012, together with the opinion of the independent auditor – UHY EKI Audit Ltd. Belgrade was adopted at the sessions of General Assembly of Tigar ad Pirot on 14.06.2013.

In accordance with the decisions of management and corporate bodies - Supervisory Board and General Assembly of Tigar ad Pirot, by which was approved the revision of financial statements in compliance with the auditor's opinion; there was approached the revision of Tigar ad's Financial Statements for the year 2012. In this sense was executed an extraordinary inventory as of 30.04.2013 and was approved the Report of the Central Census Commission with proposals for impairment and write-off of property; there were made corrections on assets and liabilities and changes in equity, which basicallz represent the revision of the Financial Statement of Tigar ad for the year 2012.



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 2 OF THE AGENDA**

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All these adjustments are reflected in changes in the result, assets and equity on the balance sheet and income statement. In the Income Statement, there was reported a negative financial result of RSD 2,199,663,485.71.

By the Decision on the adoption of the Revised Financial Statement of Tigar ad Pirot for the year 2012 directed by the Supervisory Board to the General Assembly, there was provided a manner to cover the loss reported in the income statement in the amount of RSD 2,199,663,485.71, according to which the part of the loss in the amount of RSD 1,419,447,960.00 is to be covered at the expense of the share capital.

This Decision regulates the covering of the part of the loss reported in the revised financial statement of Tigar ad Pirot for the year 2012, in the amount of RSD 1,419,447,960.00. On the part of the loss that falls at the expense of basic capital will be applicable legal provisions on reduction of share capital by reducing the par value of shares. Given that reduction of share capital does not result in a change in net assets of the Company, the share capital reduction will be carried out in accordance with Article 321 of the Companies Law.

Accepting the proposal of the Supervisory Board, the General Assembly made the decision within its competences as stated above."

**Chairman of Supervisory Board  
of Tigar a.d.  
Valentina Ivanis**



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 3 OF THE AGENDA**

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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 item 5 of the By-Laws of the Joint-Stock Company Tigar Pirot (Tigar AD), the Supervisory Board of Tigar AD on its session held on 2013-11-25 has proposed to General Assembly to make the following decision on its extraordinary session convened for 2013-12-18

**R E S O L U T I O N**

**on adopting the Revised Consolidated Financial Statement  
of the Joint Stock Company for the year 2012**

1. It is hereby adopted the Revised Financial Statement of the Joint Stock Company Tigar Pirot for the year 2012 and the Independent Auditor's Report - UHY EKI audit I.I.c. Belgrade associated to the Revised Financial Statement.

2. Within the Income Statement from the Revised Consolidated Financial Statement for the period January – December 2012, the Joint Stock Company Tigar Pirot reported the following results:

	in '000 RSD	
	<u>2012.</u>	<u>2011.</u>
<b>OPERATING INCOME</b>		
Sales of goods, products and services	3.911.854	4.296.923
Own work capitalized	237.940	710.666
Increase/Decrease in the value of inventories	- 181.271	+ 264.350
Other operating income	22.916	26.546
	<u>3.991.439</u>	<u>5.298.485</u>
<b>OPERATING EXPENSES</b>		
Cost of commercial goods sold	834.745	836.916
Cost of material	1.406.630	1.862.687
Staff costs	1.664.505	1.770.138
Depreciation, amortization and provisions	439.707	177.188
Other operating expenses	531.226	638.622
	<u>4.876.813</u>	<u>5.285.551</u>
<b>OPERATING LOSS</b>	<u>- 885.374</u>	<u>+ 12.934</u>
Finance income	68.893	108.672
Finance expenses	947.186	544.623
Other income	98.275	237.660
Other expenses	568.748	57.822
	<u>- 2.234.140</u>	<u>- 243.179</u>
<b>PROFIT/ (LOSS) BEFORE TAXATION</b>		
<b>INCOME TAXES</b>		
- income tax expense	42.009	65.456
- Current income tax expense	12.281	7.946
- Deferred income tax expense	13.106	-
	<u>- 2.275.324</u>	<u>- 316.581</u>
<b>NET LOSS FROM CURRENT YEAR</b>		
<b>Net profit/(loss) pertaining to:</b>		
Majority shareholders	2.285.001	326.651
Minority interest	9.677	17.519
Earning per share in dinars	<u>- 1,324,05</u>	<u>- 190,08</u>



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3. Within the Balance Sheet from the Revised Consolidated Financial Statement as of 31.12.2012, the Joint Stock Company Tigar Pirot expressed the following results:

	2012.	2011.
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	686.978	547.151
Property, plant and equipment	4.383.580	4.521.484
Investment property	815.262	227.011
Equity investments	11.827	11.819
Other long –term financial placements	38.745	41.720
	5.936.392	5.349.185
<b>Current assets</b>		
Inventories	1.282.573	2.073.287
Non-current assets held for sales	6.337	6.846
Accounts receivable	732.244	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	307.687	301.178
Deffered tax assets	23.924	22.160
	2.561.307	3.554.458
<b>Total assets</b>	<b>8.497.699</b>	<b>8.903.643</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	2.200.119	2.179.038
Reserves	5.453	5.418
Non-distributed profit	1.569.704	1.079.077
Loss	- 2.493.903	- 174.859
Minority Interest		
Treasury Shares		
Share Premium		
Translational reserves		
	1.281.373	3.088.674
<b>Long-term provisions and liabilities</b>		
Long-term provisions	293.185	84.127
Long-term liabilities	1.254.999	1.270.109
	1.548.184	1.354.236
<b>Current liabilities</b>		
Short-term financial liabilities	3.272.753	2.684.202
Accounts payable	1.063.560	1.164.507
Other current liabilities	905.067	303.880
Value added tax and other public duties payable		
And accruals	196.217	114.852
Income taxes payable	54.706	50.326
	5.492.303	4.317.769
<b>Deffered tax liabilities</b>	175.839	142.966
<b>Total equity and liability</b>	<b>8.497.699</b>	<b>8.903.643</b>



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4. The Revised Consolidated Financial Statement of Tigar a.d. Pirot for the year 2012, together with the Independent Auditor's Report, is published in its entirety on the Company's website [www.tigar.com](http://www.tigar.com), in both Serbian and English language

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

**Explanatory Note**

The Consolidated Financial Statement of Tigar AD for the year 2012, together with the opinion of the independent auditor - EKI UHY Audit Ltd. Belgrade was adopted at the session of General Assembly of Tigar ad Pirot on 14.06.2013. In accordance with the decisions of management and corporate bodies - Supervisory Board and General Assembly of Tigar ad Pirot, by which was approved the revision of financial statements in accordance with the auditor's opinion, therefore was approached the revision of the Consolidated Financial Statement of Tigar ad for the year 2012.

Revision of the Consolidated Financial Statements for the year 2012 are the result of the revision of financial statements of the parent company and its subsidiaries for the year 2012 and they basically reflect changes in the results, assets and equity of Tigar Group.

Prior to revision were implemented the comprehensive actions related to extraordinary inventories as of 30 04 2013; adoption of the Report of the Census Committee with proposals for write off and impairment of inventories; corrections related to assets and liabilities and changes in equity, which has represented the basis for the revision of 2012 financial statements for all affiliates within the Tigar Group. Specification of made corrections is given within the Explanatory notes to the Revised Consolidated Financial Statement for the year 2012.

The engaged auditing firm conducted an audit of the revised Consolidated Financial Statement and has confirmed in its Restrained opinion the correctness of the decision of the management and governing bodies in relation to corrections contained in the Revised Consolidated Financial Statement for the year 2012.

At the proposal of the Supervisory Board, the General Assembly has considered the above-mentioned reports, adopted them and made the decision as stated above."

**Chairman of Supervisory Board  
of Tigar a.d.  
Valentina Ivanis**





**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 4 OF THE AGENDA**

**Date: 2013-11-25**

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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 to Article 49 paragraph 1 item 5 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 2013-11-25 proposed to General Assembly to make, on its extraordinary session scheduled for 2013-06-14, the following

**DECISION  
on election of independent auditor  
of the Joint Stock Company Tigar Pirot**

1. It is hereby elected Ernst&Young I.l.c. 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.

**Explanatory Note**

In accordance with the Companies Law (Article 453) and the Law on Audit (Article 21) the financial statements of public joint stock companies, such as Tigar ad Pirot and certain dependent entities are subject to mandatory audit. Auditors are appointed by the General Assembly, and its status, rights and obligations are governed by the regulations in the field of auditing.

Ernst&Young Ltd. Belgrade is a global leader and one of the leading companies in the provision of professional services, including audit services, whose offices around the world use the same audit methodology.

Ernst & Young Ltd. Belgrade is one of the leading firms to provide audit services in Serbia, where they do not have only the experience of audit work carried out in the region, but also in large multinational corporations, as well as the knowledge that comes from the active use of the EY global network.

Also, the audit firm Ernst & Young Ltd. Belgrade belongs to the group of the so-called "big four". Bearing in mind the above, the Supervisory Board has opted - when proposing the persons who will carry out the audit of individual and consolidated financial statements of the Company for the year 2013 and the audit of individual financial statements of certain dependent entities - for the auditing firm Ernst&Young Ltd. Belgrade, following analysis of the bids for the provision of this service and after obtaining the opinion of the Audit Committee, which gave its recommendations . By accepting the proposal of the Supervisory Board, the General Assembly has passed a resolution on election of independent auditors of Tigar ad Joint Stock Company and its dependent entities.

Submitted to:  
- Company Secretary  
- a/a

**Chairman of Supervisory Board of Tigar a.d.  
Valentina Ivanis**



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 4 OF THE AGENDA**

**Date: 2013-11-25**

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Pursuant to article 441 paragraph 1 item 7 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 on its session held on 2013-11-25 proposed to General Assembly to make, on its extraordinary session scheduled for 2013-06-14, the following

**DECISION**

**on adopting the Program of business and financial consolidation of Tigar a.d. Pirot**

1. It is hereby adopted the Program of business and financial consolidation of Tigar a.d. Pirot.
2. Document from the item 1 represents the integral part of this Decision.
3. This Decision shall enter into force upon its adoption.

**Explanatory Note**

The Supervisory Board of Tigar ad was submitted to review the draft program of business and financial consolidation. The Supervisory Board has analyzed the draft program stated in all matters and believes that it comprehensively addresses the issue of stabilization of Tigar's business system, and provides reasonable and necessary measures and solutions to stabilize its business system. Therefore, the Supervisory Board submits the same to consideration of the Assembly of Tigar and proposes that the Assembly adopt a decision on the adoption of the program of business and financial consolidation of Tigar ad.

The size and importance of the problems that Tigar ad and Tigar Goup are facing with calls for a range of quality and emergency measures aimed at the business and financial consolidation, especially starting from the very high level of debt, continuing long-term unprofitability, as well as outstanding organizational complexity.

In the last period of its existence, Tigar has faced one of the largest and most important business and financial crises in its history, which lasts the last several years. In addition to external causes that have contributed to the current situation, especially the economic crisis In Serbia, the liquidity of the sector and the sudden opening of the market as the major causes of the crisis in the company, the crisis is characterized by continuous low profits in the long- term period, highly negative cash flow from operating activities, constantly growing indebtedness of Tigar Group, low usage of capacities and a low level of sales of products and services that do not meet basic needs of Tigar Group, which all led to a distortion of the concept of well-designed development. All these factors together have led to a serious crisis in operations, occurrence of extremely high level of outstanding commitments, blockade of accounts by creditors, interruption of production and the impossibility of further continuing operations, without serious and consistent measures to address the backlog problem.

After several months of analysis, there was approached the preparation of the program of business and financial consolidation, which primarily involves the concentration on core businesses, significantly lowering of operating costs, stabilization of production and sales and its further growth on the basis of clear market analysis, loan repayment under the amended repayment plans in consultation with creditors, lowering interest costs, resolving the backlog of inventory, cost reduction at all levels of business and other.

Bearing in mind the above-stated, by accepting the proposal of the Supervisory Board, the General Assembly has adopted the decision as stated above."

**Chairman of Supervisory Board of Tigar a.d.**

**Valentina Ivanis**



Pursuant to Article 49 paragraph 1 item 7 and to Article 79 of the By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board of Tigar a.d. Pirot, on its session held on 2013-11-25, made the following

**DECISION**

**on determining the proposal of amendments and supplements of Tigar ad By-Laws**

- 1. It is hereby determined the proposal of amendments and supplements of By-Laws of the Joint Stock Company Tigar Pirot as of 20.06.2012 in a following manner:**

**Article 1.**

Article 17 paragraph 1 of By-Laws is amended and reads as following:

„Total share capital of the Company amounts up to RSD 642.704.040,00.“

**Article 2.**

Article 20 paragraph 2 of the By-Laws is amended and now reads as it follows:

'All issued shares of the Company are ordinary, registered shares, the number of votes per share is one, the nominal value of each share is RSD 374.00 (three hundred and seventy four dinars) and bears the CFI ESVUFR, ISIN number RSTIGRE55421.'

**Article 3.**

Article 26 Paragraph 3 of the By-Laws is amended and reads as follows:

"The decision on issuance of convertible bonds, warrants and other securities, with the determination of the number, time, cost of acquisition and other conditions of issue, is to be made by General Assembly".

**Article 4.**

Article 34 Paragraph 1 item 2 of the By-Laws amends and now reads as it follows:

"2. increase and reduction of share capital, as well as any issue of securities, unless in case of authorized capital";

**Article 5.**

Article 42 after paragraph 2 is inserted new paragraph 3 which reads as it follows:

"Signatures of shareholders - natural persons in the power of attorney do not have to be certified in accordance with the applicable law governing the certification of signatures."

**Article 6.**

In Article 49 paragraph 1 item 9 of By-Laws reading as given below:

„9. issues bonds and other securities, in accordance with the Law and these By-Laws“. – *is deleted*



**Article 7.**

In Article 49 Paragraph 1 item 10 of the By-Laws exists item 9, it is amended and reads as follows:

"9. determines the issue price of shares and other securities, in accordance with Article 260 Paragraph 3 of the Companies Law and Article 263 Paragraph 2 of the Companies Law."

**Article 8.**

Article 50 Paragraph 5 of the By-Laws, which reads:

"Chairman of the Supervisory Board represents the Company in respect of executive directors (members of the Executive Board) and has other powers given to him/her under the law, these By-Laws and other acts of the Company" - *is deleted.*

**Article 9.**

Subtitle and Article 60 Paragraphs 1 and 2 of the By-Laws are amended and read as it follows:

**Number of executive directors, appointing and dismissal**

**Article 60.**

The Company has 5 (five) executive directors whom make the Executive Board, as it follows:

- ED for corporate management
- ED for finances and accounting
- ED for business system development
- ED for commerce and marketing
- ED for support to business activities

Executive directors are appointed by the Supervisory Board, at the proposal of the Nomination Committee, if any.

The executive directors are appointed for a period of 4 years, with the possibility of reappointment. "

**Article 10.**

Article 62, Paragraph 4 of the By-Laws is amended nad reads as follows:

"Executives in certain fields are required, in accordance with the Companies Law (Article 431 and in relative application of Article 416) to report to the Supervisory Board and follow its instructions."

**Article 11.**

In Article 65, paragraph 1, item 5 of the By-Laws is amended as follows:

"5. Appoints and dismisses members of management bodies in all of its dependent entities (performing tasks under the authority of the General Assembly of such dependent entity), and representatives of the Company's bodies and institutions on various grounds, in accordance with this By-Laws and their Incorporation Acts."



**Article 12.**

Article 73 of the By-Laws amends and reads as it follows:

**Internal audit**

**Article 73.**

By its acts, the Company governs the manner of implementation and organization of the internal control operations.

At least one person responsible for internal monitoring of operations must meet the requirements for an internal auditor, in accordance with the law governing accounting and auditing procedures, such person must be employed by the Company and perform only internal control-related work and can not be appointed as director or member of the Supervisory Board.

The person from the preceding paragraph shall be appointed by the Supervisory Board, at the proposal of the Audit Committee.

The person who manages the affairs of internal control must meet the requirements in terms of professional and technical knowledge and experience that make it eligible for this function, which provides the Company by separate document.

The person who manages the affairs of internal control is appointed by the Supervisory Board on the proposal of the Audit Committee.

Other persons engaged in the business of internal control do not have to meet the requirements prescribed for an internal auditor in accordance with the law governing accounting and auditing. These individuals are hired in accordance with the conditions prescribed in the act on organization and work in the company.

**Article 13.**

Article 76 paragraph 2 of the By-Laws amends and now reads as following:

„Acquiring or disposal in terms of this Article shall mean the acquiring, or disposition of the property in any manner, in accordance with Article 470 Of the Companies Law.”

2. This Decision shall be submitted to the General Assembly for further consideration and adoption.

**Explanatory Note**

The By-Laws of the Joint Stock Company Tigar Pirot was adopted on a session of General Assembly as of 20.06.2012, and its purpose was to harmonize the Company with the provisions of the Companies Act (Official Gazette of RS, No. 36/11 i 99/11). The proposed amendments and supplements of the By-Laws per certain issues – competence concerning the decision making on issuing other securities – bonds, exclusion of liability to verify the signature on the Proxy for the purpose of voting, the organization of internal control, etc., shall be further executed in compliance with the Company Law so that the above issues will be regulated in accordance with the legal provisions from this field.



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 6 OF THE AGENDA**

**Date: 2013-11- 25**

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By amendments and supplements to the provisions related to the number of executive directors, this area shall be regulated in a different manner – in accordance with the needs of the company – when compared to the existing regulations in the By-Laws (reducing the number of executive directors in certain areas that make up the Executive Board).

By amendments and supplements to the provisions on the value of share capital and the nominal value of shares shall be harmonized the By-Law provisions with the new values after the reduction of capital in accordance with the law.

This is the essence of the proposed amendments and supplements to the By-Laws which were adopted in their entirety by the Supervisory Board and sent to the General Assembly for approval.

**Chairman of Supervisory Board  
of Tigar a.d.  
Valentina Ivanis**



**TIGAR a.d. Pirot  
SUPERVISORY BOARD**

**PROPOSED RESOLUTION UNDER ITEM 7 OF THE AGENDA**

**Datem: 2013-11- 25**

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Pursuant to Article 49 paragraph 1 item 7 and in relation to Article 34 paragraph 10 of By-Laws of the Joint Stock Company Tigar Pirot, the Supervisory Board on its session held on 2013-11-25 proposed to General Assembly to make the following decision on its session convened for 2013-12-18

**DECISION**

**on adoption of the Rules on calculation and payment of remunerations to members of Supervisory Board, members of Audit Committee and to Chairperson of General Assembly**

1. It is hereby adopted the Rules on calculation and payment of remuneration to members of Supervisory Board, members of Audit Committee and to Chairperson of General Assembly, in text representing the integral part to this Decision.

2. This Decision shall come into force on the date of its adoption.

**Explanatory Note**

Members of the Supervisory Board shall be entitled to compensation for their work (Article 438 of the Company Law), and the method of its determination is regulated by these Rules.

The Rules provide continuous system of remuneration in Tigar ad Pirot and are adapted to the new management organization - bicameral governance model for which Tigar opted for in the process of compliance with the Companies Law.

The Rules are based on legislation and are meant to motivate the members of governing bodies of Tigar ad for their active and responsible exercise of functions, for the work of the management could be successful.

By these Rules shall first of all be defined the method of calculating remunerations to the Chairman and members of the Supervisory Board.

In addition to members of the Supervisory Board, these Rules apply to members of the Audit Committee, as obligatory committee of the Supervisory Board, taking into consideration the significance which the Companies Act and Tigar's By-Laws give to Audit Committee as additional body of the Supervisory Board in the preparation and supervision of the implementation of decisions of the Supervisory Board on the exercise of significant supervisory functions of the Company.

These Rules also apply to the Chairperson of the General Assembly, bearing in mind the importance of its function in the preparation and conduct of GA sessions at which are made important strategic decisions for Tigar ad as a public limited company.

For the effective implementation of this rules, the Rules principally also regulate the method of calculation, leaving the possibility of regulating the procedural details.

In relation to remuneration policy that was adopted at the General Assembly as of 20.06.2012, this Rules more clearly regulate the issue of fees, which will greatly facilitate the implementation of the Rules.

The General Assembly has reviewed the text of the Law and the By-Laws Rules submitted by the Supervisory Board and adopted the same, in accordance with the Law and the By-Laws, being that it's under the General assembly's competence to decide on the remuneration for the members of the Supervisory Board.

**Chairman of Supervisory Board  
of Tigar a.d.  
Valentina Ivanis**

