



General Assembly Tigar AD Pirot 2014



June 24, 2014

Dear Shareholders,

Please be advised that the regular session of the General Assembly of the Joint-Stock Company Tigar from Pirot (Tigar AD) will be held on **24 June 2014 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 Chairperson of the General Assembly of Tigar ad Pirot
- 2) Making Decision on adopting the Financial Statement of Tigar ad Pirot for the year 2013 and of reports related to it: Executive Board's Business Report, Independent Auditor's Report and the Report of the Supervisory Board.
- 3) Making Decision on adopting the Consolidated Financial Statement of Tigar ad Pirot for the year 2013 and of reports related to it: Executive Board's Business Report, Independent Auditor's Report and the Report of the Supervisory Board.
- 4) Making Decision on election of independent auditor
- 5) Making Decision on amendments and supplements of Tigar ad By-Laws
- 6) Making Decision on appointing a member of Tigar ad Supervisory Board

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 draft decisions under each item on the Agenda.

Materials for the session 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 12 May 2014 have been invited to this session.

The right to participate in the work of the session have persons who are shareholders of the Company on the tenth day before the date of the meeting, according to the list of shareholders, as determined on the basis of statements of shareholders from the Central Registry - Day Meeting: April 14th 2014.

Sincerely yours,

In Pirot, 23.05.2014.

Managing Director

Nebojša Đenadić



Pursuant to Article 441 paragraph 1 item 15 and in connection to Article 333 of the Company Law (Official Gazette Sl.glasnik of the RS, no. 36/11 and 99/11) and to Article 49 paragraph 1 item 7 and in relation to Article 40 of the By-Laws of the Joint Stock Company Tigar Pirot, Supervisory Board, on its session held on May 22nd 2014 proposes to the General Assembly to make the following Decision on its session scheduled for 2014-06-24

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

1. It is hereby elected **SLAVOLJUB STANKOVIC** 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 o n

The Supervisory Board has proposed to appoint Slavoljub Stankovic for the Chairperson of the General Assembly, being a lawyer from Pirot and a person whom is able with his knowledge and experience to successfully serve as Chairman or to chair the General Assembly sessions and to exercise other rights and duties provided by law and internal regulations of the company within the jurisdiction of the Chairperson of the 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 (Article 40 of 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 Slavoljub Stankovic for the Chairperson of General Assembly.

In accordance with the foregoing, the Assembly adopted the decision as stated above.

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

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Report to Shareholders on the results of operations of Tigar Pirot in the year 2013, presented by the Executive Board

After reduction and a very low volume of operations in the first quarter of this year, Tigar's business since the beginning of the second quarter is characterized by the growth of industrial activity with the continuous increase in monthly realization. In the period January-December 2013, Tigar has achieved the production of 3,148 tonnes, which is 4% higher than within the same period last year but in the second half of the year, the production was for 29% higher than in the same period of 2012. The overall external sales of the company since the beginning of the year was at the level of about RSD 2.8 billion, of which almost half were realized in export .

Starting from the financial statements for the year 2013, the parent company Tigar ad has achieved a total operating income of RSD 2,958 million, operating profit of about RSD 75 million, loss before tax of RSD 862 million and a net loss of RSD 825 million. At the level of the subsidiaries, operating losses have realized Tigar Rubber Footwear Plant – RSD 384 million; Tigar Rubber Technical Goods Plant – RSD 188 million; Tigar Chemical Products Plant – RSD 10 million; service activities – RSD 33 million; Tigra Montenegro – EUR 11 thousand and Tigar Europe - 129 thousand pounds. Operating profit have realized Tigar Business Service, Tigar Free Zone, Tigar Security and Tigar Insurance in the amount of RSD 60 million, Tigar Partner - 62 thousand denars and Tigra Trade - 70 thousand convertible Marks. Loss above equity as of 31.12.2013 have achieved TRTG in the amount of RSD 156 million and Tigar Protective Workshop in the amount of RSD 13 million.

Total revenues from the sales of goods, products and services on a consolidated basis for the period January-December 2013 amounted in '000 RSD - 3,083,210 which is for 21 % lower than within the same period last year.

Tigar ad has generated sales of RSD 3.0 billion. The rubber footwear exports has increased by 1%, while domestic sales on the domestic market fell for 24% when compared to the previous year. In the program of Tigar Technical Rubber Goods was recorded a decrease in sales revenues for 23%, while sales of chemical products decreased by 45%. Tire sales revenues in the domestic market were lower (81%) compared to the previous year due to the problem related to the financing of purchase. Revenue from service of the service network are also reduced. The lack of complementary products, particularly tires, resulted in the decrease of sales through the company abroad. This particularly affected the business of Tigar Europe whose sales income fell from 9.3 million pounds in 2012 to 4.4 million pounds in 2013.

During the reporting period there were no major income in the part of of activating effects. Operating income realized in the period January-December 2013 was lower by 23% compared to the same period last year.

Consolidated operating expenses were lower by 28%. Given the low level of production activity in the first quarter of this year, in the operating expense structure, staff costs represented an important item, which in total costs accounted for about 35%. Employee expenses are lower than in the same period last year by 26%, partly as a consequence of the reduction in the total number of workers, as well as a reduction of monthly earnings. Expenses for the costs of materials and energy in the total costs accounted for 37%. The cost of goods in total expenditure accounted for 7%. Expenses related to depreciation and provisions within the total operating expenses accounted for 7%. Other expenses were lower by 5% and participate in total operating expenses with 14%. Within the structure of these expenditures also belong the so-called 'accompanying' costs of production and sales, such as costs related to transportation, maintenance, PR and marketing, as well as various types of administrative



expenses, audit expenses, tax and other consulting expenses, costs related to the position on the capital market, for the work of management bodies and the like.

The costs of financing on a consolidated basis in the period January-December 2013 amounted to RSD 642 million, while indebtedness had no significant trend of growth, except raising a loan with the Ministry of Finance and Development Fund, in the amount of RSD 500 million.

The largest part of financial expenses is made of interest expenses, which on a consolidated basis amounted to about RSD 511 thousand. Other financial expenses amounted to about RSD 131 thousand. The expressed level of credit indebtedness in dinars was significantly affected by changes in exchange rates, which, on the balance sheet date at the end of the year was higher than at the end of last year, so that on that basis we have foreign exchange losses.

At the consolidated level, the value of total assets amounted to RSD 7.9 billion, of which fixed assets RSD 5.7 billion and current assets RSD 2.2 billion. As for liabilities, the value of capital is RSD 322 million, liabilities based on long-term loans amounted RSD 1.0 billion, liabilities based on short-term loans RSD 3.7 billion and other short-term liabilities amounted to about RSD 2.6 billion. This level of short-term liabilities compared with the available current assets is much higher, so that the current liquidity ratio is below the desirable one. Substituting short-term liabilities by the long-term loans will be provided a better impact on current liquidity of the company.

The average number of employees in 2013 was 1,812 which represents a decrease of 173 employees compared to 2012, when there was employed an average of 1,985 people.

During the second and the third quarter was made the restated financial statement for the year 2012 based on the decisions of the management, Supervisory Board and the Managing Director, in accordance with the basis for disclaimer of opinion of the external auditor.

Accepting the proposal of the Supervisory Board, the General Assembly has adopted on its session held on 18.12.2013 the restated financial statement for the year 2012 with the auditor's report and made a Decision on reduction of the share capital to cover the losses reported in the restated financial statements for 2012. Reduction of capital was carried out through the reduction of the nominal value of shares from 1,200.00 to 374.00 dinars per share.

In cooperation with the Ministry of Economy and Finance in 2013 begun intensive activities related to the completion of the process of financial consolidation and getting the Conclusion of the Government of the Republic of Serbia to Tigar, implying the granting of the guarantee of the Development Fund, in the amount of 20 million euros, which is of invaluable and crucial importance for the recovery of Tigar AD. This conclusion of the Government of the Republic of Serbia was adopted on June 27 of 2013 and on 2nd July was already signed the Guarantee Agreement with the Fund for the Development of the RS. However, in the meantime, the two banks – Vojvodjanska banka and Unicredit Bank, which participated in this process each with EUR 5 million, decided not to participate in the financial consolidation of Tigar. This has led to new problems, having in mind that by the Resolution of the Government were right listed the banks with appropriate amounts. Tigar has quickly provided a replacement for the banks that have given up, but in order to complete the whole process, there was necessary to amend the Resolution of the Government of the Republic of Serbia. Despite all the positive activities that Tigar has shown with its new management and a change in its business policy, the implementation of the Decision of the Government of the Republic of Serbia did not happen, due to the Government's reconstruction and changes in the Ministry of Economy, where there was no understanding for the production with the market position.

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We tried to get in touch and to arrange a meeting with then appointed Minister of Economy, in order to expedite the completion of the process of financial consolidation. The meeting was held at the end of October 2013 and it is the Minister who has expressed the view that the guarantees will not be granted. At the same meeting, there was agreed to hold a meeting with the major creditors. At such meeting held in early March 2014, the largest creditors, ie. banks, have proposed the launching of the PPOP.

The Supervisory Board of Tigar AD, at its meeting held on 12 March 2014, decided to convene the Extraordinary General Assembly. At the extraordinary session of General Assembly held on April 14, 2014, a decision was taken on the petition for opening the bankruptcy proceedings through reorganization, the pre-prepared plan of reorganization.

Managing Director
Nebojša Đenadić

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Pursuant to Article 442, and in compliance with the application of the Article 399 of the Law on Companies (Official Gazette of the RS, ns. 36/11 and 99/11) and to Article 25 of the Rules of Procedure on the work of the Supervisory Board of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Company submits:

Report of the Supervisory Board of Tigar ad Pirot to shareholders in connection with the business results of Tigar AD in 2013.

The Supervisory Board of the Joint Stock Company Tigar, Pirot, composed of: Valentina Ivaniš, Nebojša Petrović, Gordana Lazarevic, Igor Markičević and Milun Trivunac was elected on the occasion of the General Assembly on 14.06.2013 on a term of 4 years. On the first constitutive session of the Supervisory Board, Valentina Ivanis was elected for the Chairperson of the Supervisory Board.

During the first quarter of 2014, there occurred a change in the composition of the Supervisory Board, through the dismissal at the meeting as of 01.17.2014 on the basis of submitted resignations of Milan Trivunac and Valentina Ivanis. At the same meeting, Branko Drčelic was co-opted in the composition of the Supervisory Board and elected to act as the Chairman of the Supervisory Board.

At the meeting held on 03.21.2014, within the composition of the Supervisory Board was co-opted Mr. Alexander Djurkovic.

Mandates of the co-opted members of the SB (Branko Drčelić and Aleksandar Djurković) were confirmed at the session of the General Assembly held on April 14th 2014. At the meeting of the Supervisory Board as of 04/24/2014, the Chairman of the Supervisory Board, Mr. Branko Drčelić has resigned from membership in the Supervisory Board. At the same meeting, for the new Chairman of the Supervisory Board was elected Mr. Nebojša Petrović.

After the above mentioned changes to the Supervisory Board members, this management body functions in the following composition: Nebojša Petrović-Chairman; Gordana Lazarevic, Igor Markičević and Aleksandar Djurkovic.

Within preparation for the regular annual General Assembly of Tigar ad in 2014, the Supervisory Board has considered the Annual Report for the year 2013, reviewed all the facts relating to the accounting and reporting practices in Tigar and its subsidiaries, the Company's compliance with the law and other regulations.

By the insight into the Financial Statement, there was found that it has been prepared in accordance with the regulations. The financial statement is given an assessment of events in the environment and the status of the most important processes within Tigar that have reflected on the operating result.

In addition to the Financial Statement, the Supervisory Board has reviewed the documentation related to the work of the Executive Board, the Managing Director, the Committees of the Supervisory Board and other governing structures and concluded that all these documents were issued in compliance with applicable regulations and within the defined company policies.

In addition to the financial results of the parent company - Tigar ad Pirot as a legal entity, there was also reported the consolidated result for Tigar and other subsidiaries within the corporation.

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Within individual balances of Tigar ad was achieved an operating profit of EUR 74.8 million, while in the previous year was reported an operating loss in the amount of RSD 227.5 million.

The total loss in 2013 amounted to RSD 824.8 million and the largest share in the reported loss had financial expenditures in the amount of 515.9 million dinars in which the interest-related expense holds the largest share.

The reported operating loss in the consolidated balance sheets amounted to RSD 437.3 million, while in the previous year, the operating loss amounted to RSD 885.3 million. The total reported loss on a consolidated basis amounted to RSD 942.5 million. Within the reported loss, the largest share hold financial expenses in the amount of RSD 642.4 million.

The financial statements are in accordance with the regulations, they were audited by an independent auditor on which will be submitted respective Opinion to the General Assembly. As for the audit in 2013 was engaged a reputable audit firm Ernst & Young Ltd. Belgrade, whose qualifications and independence in relation to the Company were undeniable even on the occasion of their choice.

The Supervisory Board has estimated that the Financial Statement for the year 2013 is fair and comprehensive, with an emphasis on issues that form the core of the business and with the realistic assessment of the situation in the region.

The financial statements of the Company, as the figure recap of realized results, is presented in a clear manner and in accordance with the accounting regulations and standards, and adopted accounting policies.

In accordance with applicable regulations, the Supervisory Board has participated in the preparation of the sessions of the General Assembly of Tigar ad Pirot.

The Supervisory Board has not only contemplated the accounting statements but also the overall management activities. Management and financing of its subsidiaries, as the main activity, complemented by activities of supporting services (human resources, legal, accounting, finance and other fields), as well as sales, purchasing, logistics and trade in the country and abroad, were the main features of business activity and sources of income in 2013.

During its term of office, the Supervisory Board held a total of 24 sessions in which it made decisions that fell under its jurisdiction, in the exercise of the supervisory function of the Company.

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

**Chairman of Tiogar ad
Supervisory Board**

Nebojša Petrović



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 2014-05-22, proposes to General Assembly convened for June 24th 2014 to make the following

DECISION

adopting Tigar AD's 2013 Financial Statement of the Joint Stock Company Tigar Pirot

1. The Financial Statement of Tigar AD Joint Stock Company for the year 2013, and the reports in connection with the Financial Statement, including:

- Tigar AD's 2013 Annual Report presented by the Executive Board,
 - The 2013 report presented by the auditor firm Ernst & Young doo Belgrade, and
 - The 2013 report presented by the Supervisory Board
- are hereby adopted in their entirety.

2. According to the income statement for the January-December 2013 period, the Joint Stock Company Tigar AD reported the following results:

	<u>2013</u>	<u>2012</u>
OPERATING INCOME		
Sales of goods, products and services	2.942.551	3.745.673
Own work capitalized		21.694
Other operating income	15.630	29.843
	<u>2.958.181</u>	<u>3.797.210</u>
OPERATING EXPENSES		
Cost of commercial goods sold	2.205.412	2.805.063
Cost of material	100.951	160.739
Staff costs	295.592	524.877
Depreciation, amortization and provisions	56.084	270.328
Other operating expenses	225.308	263.787
	<u>2.883.347</u>	<u>4.024.794</u>
OPERATING PROFIT /(LOSS)	<u>74.834</u>	<u>-227.584</u>
FINANCE INCOME	18.446	100.142
FINANCE EXPENSES	515.955	784.864
OTHER INCOME	90.791	386.530
OTHER EXPENCES	529.826	1.634.959
	<u>-861.710</u>	<u>-2.160.735</u>
PROFIT BEFORE TAXATION		
INCOME TAXES		
Current income tax expense	124	36.155
Deferred income tax expense	37.024	2.773
	<u>-824.810</u>	<u>-2.199.663</u>
NET LOSS		
Loss per share (in dinars)	-479,97	-1.280,02



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3. According to the balance sheet as of 31 December 2013, Tigar AD reported the following items

	2013	2012
ASSETS		
Non-current assets		
Intangible assets	27.817	40.138
Property, plant and equipment	1.113.858	1.152.377
Investment property	395.695	455.444
Equity investments	868.220	1.315.364
Other long-term financial placements	12.070	38.745
	2.417.660	3.002.068
Current assets		
Inventories	621.303	659.332
Non-current assets held for sales		6.337
Accounts receivable	2.016.860	2.154.510
Receivables for prepaid income taxes		122
Short-term financial placements	276.539	120.752
Cash and cash equivalents	2.088	7.571
Value added tax and prepayments	16.773	383.407
	2.933.563	3.332.031
Deferred tax assets		
Operating assets	5.351.223	6.334.099
Loss in excess of capital	69.145	
TOTAL ASSETS	5.420.368	6.334.099
LIABILITIES		
EQUITY		
Share capital	642.704	2.062.152
Reserves	143	206.215
Revaluation reserves	112.817	167.943
Non-distributed profit		623.646
Loss	755.664	2.249.166
Minority Interest		
Treasury Shares		
Share Premium		
Translational reserves		810.790
Long-term provisions and liabilities		
Long-term provisions	237.704	224.262
Long-term liabilities	671.875	533.379
	909.579	757.641
Current liabilities		
Short-term financial liabilities	2.781.875	2.667.176
Accounts payable	1.099.362	1.539.184
Other current liabilities	555.005	362.498
Value added tax and other public duties payable	57.769	119.795
And accruals		
Income tax payable	16.778	39.991
	4.510.789	4.728.644
Deffered tax liabilities		37.024
TOTAL LIABILITIES	5.420.368	6.334.099



4. Decision on covering the loss expressed within the Financial Statement for the year 2013 will be made later on.
5. Financial Statement of Tigar ad Pirot for the year 2013 together with the Independent Auditor's Report will be published in its entirety on the web page of the joint stock company www.tigar.com, in both serbian and english language.
6. This Decision shall come into effect by the date of its adoption.

E x p l a n a t i o n

Within preparation for the regular annual session of the General Assembly of Tigar Pirot, the Supervisory Board has considered the Annual Business Report of Tigar in 2013, especially the Financial Statement and has recommended its adoption to the General Assembly, together with the report of the independent auditors.

The financial statement has been prepared in accordance with the Accounting Act and in accordance with international accounting standards and reflect the real situation of the results of operations and Company's assets. Business Report contains a detailed view of operations and events affecting the Company's operations in 2013, and it was made in accordance with the law governing the capital market.

At the proposal of the Supervisory Board of Tigar ad Pirot, the General Assembly of the Company adopted the Financial Statement for the year 2013 together with reports relating to it and made the decision as stated above.

Submitted to:
- Director of Accounting Function
- Company Secretary
- a/a

**Chairman of Tigar ad
Supervisory Board**

Nebojša Petrović



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 on its session as of May 22nd 2014 proposes to the General Assembly to pass on its session scheduled for 2013-06-14 the following

DECISION
adopting Tigar AD's 2013 Consolidated Financial Statement
and other reports related to it

1. The Consolidated Financial Statement of Tigar AD for the year 2013, and the reports in connection with the Consolidated Financial Statement, including:

- Tigar AD's 2013 Annual Report presented by the Executive Board,
- The 2013 report presented by the auditor firm Ernst & Young doo Belgrade, and
- The 2013 report presented by the Supervisory Board

2. According to the income statement from the Consolidated Financial Statement for the January-December 2013 period, the Joint Stock Company Tigar Pirot expressed the following results:

	<u>in 000 RSD</u>	
	2013	2012
OPERATING INCOME		
Sales of goods, products and services	3.083.210	3.911.854
Own work capitalized	26.124	237.940
Increase/Decrease in the value of inventories	64.583	181.271
Other operating income	17.214	22.916
	3.061.964	3.991.439
OPERATING EXPENSES		
Cost of commercial goods sold	252.072	834.745
Cost of material	1.284.949	1.406.630
Staff costs	1.230.177	1.664.505
Depreciation, amortization and provisions	226.174	439.707
Other operating expenses	505.863	531.226
	3.499.236	4.876.813
OPERATING LOSS	-437.272	-885.374
FINANCE INCOME	26.162	68.893
FINANCE EXPENSES	642.430	947.186
OTHER INCOME	170.044	98.275
OTHER EXPENCES	112.284	568.748
LOSS BEFORE TAXATION	-995.779	-2.234.140
INCOME TAXES		
income tax expense	6.519	42.009
Current income tax expense	863	
Deferred income tax expense	60.682	825
NET LOSS	-942.479	-2.275.324
Net loss (profit) pertaining to majority owners	947.092	2.285.001
Minority interest	4.612	9.677
Loss per share in dinars	-548,44	-1.324,05



3. According to the balance sheet in the Consolidated Financial Statement as of 31 December 2013, Tigar AD reported the following balance sheet items:

in 000 RSD

	2013	2012
ASSETS		
Non-current assets		
Intangible assets	621.615	686.978
Property, plant and equipment	4.319.233	4.383.580
Investment property	755.514	815.262
Equity investments	11.827	11.827
Other long –term financial placements	12.070	38.745
	5.720.259	5.936.392
Current assets		
Inventories	1.217.035	1.282.573
Non-current assets held for sale and assets of discontinued operations		6.337
Accounts receivable	577.801	732.244
Receivables for prepaid income taxes	4.506	4.552
Short-term financial placements	472	5.223
Cash and cash equivalents	220.447	198.767
Value added tax and prepayments	206.194	307.687
	2.226.456	2.537.383
Deferred tax assets	1.875	23.924
TOTAL ASSETS	7.948.589	8.497.699
LIABILITIES		
Equity		
Share capital	831.559	2.200.119
Reserves	5.599	5.453
Revaluation reserves	1.506.746	1.569.704
Non-distributed profit		
Loss	2.021.546	2.493.903
Minority Interest		
Treasury Shares		
Share Premium		
Translational reserves		
	322.359	1.281.373
Long-term provisions and liabilities		
Long-term provisions	291.854	293.185
Long-term liabilities	1.029.357	1.254.999
	1.321.211	1.548.184
Current liabilities		
Short-term financial liabilities	3.709.619	3.272.753
Accounts payable	1.114.130	1.063.560
Other current liabilities	1.207.924	905.067
Value added tax and other public duties payable and accruals	121.947	196.217
Income taxes payable	33.767	54.706
	6.187.388	5.492.303
Deffered tax liabilities	117.632	175.839
TOTAL LIABILITY	7.948.589	8.497.699



4. Consolidated Financial Statement of Tigar ad Pirot for the year 2013 together with the Independent Auditor's Report is available in its entirety at the website of the Joint Stock Company www.tigar.com, on both Serbian and English language.

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

E x p l a n a t i o n

In accordance with Article 27 of the Accounting Law (Official Gazette of RS, no. 62/13) Tigar ad Pirot, as a form of associated companies, in which the controlling Company and its subsidiaries form a group of companies, has a legal obligation of presenting consolidated financial result for the period January - December 2013, which was the subject of discussion at the meeting of the Supervisory Board of Tigar ad Pirot, as part of the preparations for the regular annual General Assembly of Tigar ad Pirot.

The Supervisory Board has reviewed the consolidated financial statement of Tigar AD for the period January-December 2013. The report was prepared in accordance with the law governing the capital market and also includes, in addition to accounting statements, the most important business data and events in the environment that have affected the operating result.

At the proposal of the Supervisory Board of Tigar ad Pirot, the General Assembly of the Company has adopted the consolidated financial statement for the year 2013, together with other reports related to it (Annual Report and Auditor's Report) and made the decision as stated above.

Submitted to:
- Director of Accounting Function
- Company Secretary
- a/a

**Chairman of Tigar ad
Supervisory Board**

Nebojša Petrović

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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, on its session held on May 22nd 2014 proposes to General Assembly to make, on its session scheduled for 2014-06-24, 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 Ernst & Young doo Belgrade to be appointed as independent auditor of the Joint Stock Company Tigar Pirot and of its dependent entities in 2014.
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 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 of certain subsidiaries are subject to mandatory audit. Auditors are elected by the General Assembly, and its status, rights and obligations are governed by the regulations in the field of auditing.

Ernst & Young 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 doo Belgrade is one of the leading firms to provide audit services in Serbia, where there is not only about 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 global EY network.

Just as well as that, the audit firm Ernst & Young doo Belgrade belongs to the group of the "big four".

Bearing in mind the above, when proposing the independant auditors that will conduct the revision of individual and consolidated financial statements for the year 2014 as well as of individual financial statements of certain subsidiaries, the Supervisory Board decided to elect the audit firm Ernst & Young doo Belgrade, after the analysis of bids for the provision of this service and after obtaining the opinion of the Audit Committee, which gave its respective recommendations.

Accepting the proposal of the Supervisory Board, the General Assembly adopted a decision on the selection of independent auditors Tigar AD and its subsidiaries for the year 2014.

Chairman of Supervisory Board

Nebojša Petrović



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, on its session held on May 22nd 2014 proposes to General Assembly to make, on its session scheduled for 2014-06-24, the following

DECISION

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

1. It is hereby determined the proposal of Amendments and supplements of the By-Laws of the Joint Stock Company Tigar Pirot as of 20.06.2012 having the following content:
- 2.

Article 1.

Article 17 paragraph 1 of the By-Laws gets amended and now reads as follows:

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

Article 2.

Article 20 paragraph 2 of the By-Laws amends and now reads:

'All issued shares of the Company are ordinary shares and they identify the holder; the number of votes per share is one; the nominal value per share is 374.00 RSD (three hundred and seventy-four dinars) and the designation of the shares is: CFI Code ESVUFR, and ISIN number RSTIGRE55421.

Article 3.

Article 26 paragraph 3 of the By-Laws amends and now reads:

'Any decision to issue convertible bonds, warrants or other securities, as well as the determination of the number, time, price of acquisition, and other terms of the issue, shall be made by the General Assembly.'

Article 4.

Article 34 paragraph 1 item 2 of the By-Laws amends and now reads:

'2. Basic capital increases and decreases, and every issue of shares, except in the case of authorized capital'.

Article 5.

Article 42, after paragraph 2 will be added a new paragraph 3, reading as it follows:

'Signatures of shareholders – individuals on the prescribed Proxy form published on the Company's website, must not be verified in accordance with the applicable law governing the verification of signatures.'

Article 6.

Article 49 paragraph 1 item 9 of the By-Laws reading:

'9. Issuing of bonds and other securities as provided for under the Law and these Bylaws' – *to be deleted*



Article 7.

In Article 49 paragraph 1 item 10 of the By-Laws becomes the item 9, amends and now reads:
'9. Determining the issue price of shares as provided for under Article 260, Paragraph 3 of the Law on Companies and Article 263 paragraph 2 of the Law on Companies'.

Article 8.

Article 50 paragraph 5 of the By-Laws reading as it follows

'The Chairperson of the Supervisory Board shall represent the Company vis-a-vis the executive directors (members of the Executive Committee) and shall have other powers as provided for under the law, these Bylaws and other documents of the Company' – *to be deleted*.

Article 9.

Subtitle and Article 60 paragraphs 1 and 2 of the By-Laws amend and now read as it follows:

„Number of executive directors, their appointing and dismissal

Article 60.

The Company has 5 (five) executive directors forming the Executive Board:

- ED for corporate management
- ED for finances and accounting
- ED for the business system development
- ED for commercial activities and marketing
- ED for support of business activities

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

Executive directors are appointed on a 4 year period, with the possibility of their re-appointment.“

Article 10.

Article 62 paragraph 4 of the By-Laws amends and now reads

„Executive directors for certain areas shall report to the Supervisory Board and follow its instructions, in accordance with the Law on Companies (Article 431 and relative application of the Article 416).“

Article 11.

Article 65 paragraph 1 item 5 of the By-Laws amends and now reads

'5. Appoint and dismiss members of governing bodies of all subsidiaries (performing the duties which fall within the competence of the General Assembly of the respective subsidiary), or representatives of the Company in bodies and institutions on different grounds, in compliance with these By-Laws and their Incorporation Acts'

Article 12.

Article 73 of the By-Laws is amended and now reads:



„Internal supervision

Article 73.

Through its internal documents, the Company shall stipulate the mode of implementation and organization of internal supervision of its business 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 the accounting and auditing procedures; must be employed by the Company and perform only internal control and can not be a director or member of the Supervisory Board.

The individual of the preceding paragraph shall be appointed by the Supervisory Board on 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 him/her eligible for this function, which are provided by the special act of the Company.

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

Other individuals engaged to perform internal supervision duties do not need to fulfill the criteria prescribed for the internal auditor pursuant to the law which regulates accounting and auditing. Such individuals are engaged in compliance with the conditions provided by the act on organization and systematization of jobs in the Company.”

Article 13.

Article 76 paragraph 2 of the By-Laws is amended and now reads:

„The acquisition or disposal as contemplated in this article means the acquisition or disposal of assets in any manner in accordance with the Article 470 of the Law on Companies.”

2. This Decision shall be directed to General assembly for consideration and adoption.

Explanation

The By-Laws of Tigar AD was adopted at the session as of 20.06.2012 and was aimed at harmonizing with the Company Law with the provisions of the Companies Law (Official Gazette of RS, no. 36/11 and 99/11). Through the proposed amendments to the By-Laws on some issues: the competence to decide on the issuance of other securities - bonds, exclusion of the obligation to verify the signatures on powers of attorney for voting, the organization of internal control, and the like, shall be further executed the harmonization with the Company Law by regulating the above issues in accordance with the legal provisions in this field.

Amendments and supplements to the provision on the number of executive directors, this area, in accordance with the needs of the Company gets regulated in a different way compared to the existing regulations in the By-Laws (there is reduced the number of executive directors in certain areas that make up the Executive Board).



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Amendments and supplements to the provision on the provisions on the value of share capital and the nominal value of shares, there are adjusted the provisions of the By-Laws 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 was adopted by the Supervisory Board in its entirety and submitted to the General Assembly for approval.

Chairman of Supervisory Board
Nebojša Petrović



**EXPLANATION OF PROPOSED AMENDMENTS AND SUPPLEMENTS OF THE BY-LAWS OF
THE JOINT STOCK COMPANY TIGAR PIROT**

Article 17 (provision on Capital and Ordinary Voting Shares)

Valid text

Capital and Ordinary Voting Shares

Article 17

The total issued capital of the Company amounts to 2,062,152,000.00 RSD.

The capital of the Company is divided into 1,718,460 of issued and subscribed ordinary shares of Class D.

All shares are of the same class. The shares of the Company are ordinary, they identify the holder, and they are transferrable as provided for in applicable legislation.

The nominal value of each ordinary voting share of one class in the capital of the Company is RSD 1,200 (one thousand two hundred Serbian Dinars).

Proposed amendments and supplements:

'Total basic capital of the Company amounts up to 642.704.040,00 RSD.'

Explanation: *By the decision of the General Assembly on how to cover the loss, reported in the restated financial statements of Tigar AD for the year 2012, a part of the loss was covered by the reduction of the core capital, which has reduced the core capital after the loss of coverage, from 2,062,152,000.00 RSD to the amount of 642 704 .040,00 dinars. Given that the provision concerning the amount of capital is contained in the By-Laws, this amendment to the By-Laws reconciles with the variations of the value of capital'*

Article 20 (provision on Preferred Non-voting Shares)

Valid text

Preferred Non-voting Shares

Article 21

The Company has issued a total of 1,718,460 which have been registered with the CRS.

All issued shares of the Company are ordinary shares and they identify the holder. The number of votes per share is one. The nominal value per share is 1,200 RSD (one thousand two hundred Serbian Dinars) and the designation of the shares is: CFI Code ESVUFR, and ISIN number RSTIGRE55421.

Proposed amendments and supplements:

Article 20 paragraph 2 of the By-Laws gets amended and now reads:

'All issued shares of the Company are ordinary shares and they identify the holder; the number of votes per share is one; the nominal value per share is 374,00 RSD (three hundred and seventy-four dinars) and the designation of the shares is: CFI Code ESVUFR, and ISIN number RSTIGRE55421'



Explanation: The new nominal value of the shares was determined by decision of the General Assembly of making cuts of core capital by reducing the par value of shares in accordance with the legal provisions on reduction of capital in the event of loss. Reduction of capital to cover part of the loss reported in the restated financial statements for the year 2012, there has occurred a decrease in the value of all ordinary shares (a total of 1,718,460 ordinary shares of class D), with a nominal value of 1200,00 dinars per share, amounting to 374, 00 dinars per share. Accordingly, the new nominal value of the shares are included in the provisions of the By-Laws.

Article 26 (Provision on Issuance of Other Securities)

Valid text

Issuance of Other Securities

Article 26

In addition to shares, the Company is entitled to issue other securities, including convertible bonds and warrants.

No convertible bonds or warrants which grant the right of acquisition of ordinary shares may be issued if the number of such ordinary shares, together with the total number of ordinary shares to which already issued convertible bonds and warrants grant the right of acquisition of ordinary shares, exceeds the total number of authorized ordinary shares.

Any decision to issue convertible bonds, warrants or other securities, as well as the determination of the number, time, price of acquisition, and other terms of the issue, shall be made by the Supervisory Board.

Convertible bonds and warrants may be subscribed solely by means of a cash contribution.

Holders of convertible bonds and warrants shall have the same rights as shareholders to be informed and to inspect business records and documents of the Company, unless the decision on the issuance of such securities stipulates otherwise or if agreed otherwise with such holders.

Proposed amendments and supplements:

Article 26 paragraph 3 of the By-Laws gets amended and now reads:

'Any decision to issue convertible bonds, warrants or other securities, as well as the determination of the number, time, price of acquisition, and other terms of the issue, shall be made by the General Assembly'

Explanation: This amendment aligns the provision of the By-Laws with the provision of the Companies Law (Article 262, paragraph 6) according to which the decision to issue convertible bonds and warrants shall be made by the General Assembly and not by the Supervisory Board as provided for in the applicable By-Laws.



Article 34. (Provision on Authority and Competence of the General Assembly)

Valid text

Authority and Competence of the General Assembly

Article 34.

The following matters shall be within the competence of the Shareholders' Assembly:

1. Amendments of these Bylaws;
2. Capital increases and decreases, and every issue of shares, except in the case of authorized capital;
3. Number of authorized shares;
4. Modification of any rights or privileges granted to any class of shares;
5. Status changes, change of the Company's legal form to another company form;
6. Acquisition and disposal of major assets;
7. Distribution of profits and covering of losses;
8. Approval of financial statements and auditors' reports if financial statements have been audited;
9. Adoption of reports of the Supervisory Board;
10. Remuneration of the Supervisory Board;
11. Appointment and dismissal of Supervisory Board members;
12. Initiation of liquidation of the Company, or proposal of bankruptcy proceedings;
13. Appointment of auditors and auditor fees;
14. Other matters on the agenda of the Shareholders' Assembly pursuant to the Law;
15. Other matters consistent with the Law and these Bylaws.

The Shareholders' Assembly shall adopt its Rules of Procedure.

Proposed amendments and supplements:

Article 34 paragraph 1 item 2 of the By-Laws is amended and now reads as it follows:

The following matters shall be within the competence of the Shareholders' Assembly:

'2. capital increases and decreases, and every issue of securities, except in the case of authorized capital'

Explanation: By amending this article (provision under item 2) in the jurisdiction of the General Assembly, in accordance with Article 329 paragraph 1 item 2 of the Company Law, puts the decision on every issue related to securities (shares, convertible bonds, warrants) and not only on the issue of shares as provided in the applicable provision of the By-Laws.



Article 49. (Provision on Authority and Competence of the Supervisory Board)

Valid text

Authority and Competence of the Supervisory Board

Article 49.

The following matters shall be within the competence of the Supervisory Board:

1. Determining the business strategy and business objectives of the Company, and monitoring of their implementation and achievement;
2. Overseeing the performance of executive directors;
3. Internal supervision of the Company's operations;
4. Establishing the Company's accounting and risk management policies;
5. Determining the Company's financial statements and submitting them to the Shareholders' Assembly for adoption;
6. Granting and revoking of legal representation instruments;
7. Convening of sessions of the Shareholders' Assembly and proposing the respective agenda;
8. Issuing of authorized shares;
9. Issuing of bonds and other securities as provided for under the Law and these Bylaws;
10. Determining the issue price of shares as provided for under Article 260, Paragraph 3 of the Law;
11. Determining the market value of shares as provided for under Article 259 of the Law;
12. Deciding on any acquisition of treasury shares as provided for under Article 282 of the Law;
13. Deciding on the distribution of interim dividends to shareholders in the case set forth in Article 273, Paragraph 2 of the Law;
14. Deciding on the granting of loans, mortgages, pledges and guarantees;
15. Determining the executive directors remuneration policy and approving employment contracts or engagement of executive directors;
16. Giving consent to executive directors to undertake transactions and actions beyond their job descriptions, as provided for under the Law, these Bylaws or decisions of governing bodies;
17. Adopting the global internal organization of the Company;
18. Performing other duties and deciding on other matters as provided for under the Law, these Bylaws and resolutions of the Shareholders Assembly.

Matters within the competence of the Supervisory Board may only be transferred to the competence of the Shareholders' Assembly by a decision of the Supervisory Board.

Proposed amendments and supplements:

Article 49 paragraph 1 item 9 of the By-Laws reading:



'9. Issuing of bonds and other securities as provided for under the Law and these Bylaws' – to be deleted.

Explanation: *Within the competence of the Supervisory Board shall be deleted the authority to decide on the issuance of bonds and other securities, because this is the decision from the General Assembly's competence, according to the above explanation.*

Article 49 paragraph 1 item 10 of the By-Laws amends and now reads:

'9. Determining the issue price of shares and other securities as provided for under Article 260, Paragraph 3 of the Company Law and Article 263 paragraph 2 of the Company Law'

Explanation: *By the proposed amendment, the By-Laws gets harmonized with the Companies Law (Article 263, paragraph 2) by which the General Assembly can, by a Decision on the issuance of bonds and warrants, to authorize the Supervisory Board to determine within a certain range the issue price of bonds and other securities.*

Article 42. (Provision on Personal Voting or Voting by Proxy)

Valid text

Personal Voting or Voting by Proxy

Article 42.

Any shareholder entitled to take part in the proceedings of the Shareholders' Assembly pursuant to these Bylaws (who holds the stipulated number of shares), may vote in person or by means of a proxy.

A voting power of attorney, in writing, shall be presented using the prescribed form appended to the notice of the session and posted on the Company's website; such form shall allow for the issuance of a power of attorney with instructions for each item of the agenda.

The power of attorney may also be given by electronic means, provided that its authenticity has been ensured pursuant to the law which regulates electronic signatures. The voting power of attorney by electronic means shall also be given using the prescribed form posted on the Company's website.

In the notice to shareholders of the session of the Shareholders' Assembly, the Company shall state the e-mail address to which powers of attorney in electronic format, including a qualified electronic signature, shall be sent.

The shareholder or proxy is required to submit a copy of the power of attorney not later than three business days prior to the date of the session.

The Chief Executive Officer, members of the Supervisory Board, members of the Executive Committee, employees of the Company, the Company's Auditor or employees of the entity providing auditing services to the Company, and the controlling shareholder, as well as persons related to them and persons who have the above capacity in any other company controlled by the controlling shareholder of the Company, may not act as shareholder proxies.

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Proposed amendments and supplements:

Article 42 after the paragraph 2 – there will be added a new paragraph reading as it follows:
'Signatires of shareholders – natural persons on Power of Attorneys vor voting must not be verified in compliance with applicable laws governing verification of signatures.'

Explanation: *In order to reconcile the By-Laws with the Article 344, paragraph 7 of the Companies Law, implying that the natural person's power of attorney for voting at the session of General Assembly must be verified, unless that obligation is excluded by the By-Laws, it is therefore suggested a supplement to Article 42 of the By-Laws, in a form of the new paragraph which excludes the obligation related to the verification of signatures, which will greatly facilitate the preparation and maintenance of the General Assembly.*

Article 60. (Provision on Executive Board)

Valid text

EXECUTIVE BOARD

Election and composition

Article 60.

The Company has 8 (eight) executive directors forming the Executive Board:

- ED for finances
- ED for quality management
- ED for human resources
- ED for complementary programs
- ED for production processes and programs
- ED for investment and informational technologies
- ED for commercial operations and marketing
- ED for corporate governance and business system development

Executive Directors are appointed by the Supervisory Board of the Company.

Executive directors are elected for a period of 4 years, with the possibility of reappointment. Any executive director may be removed by the Supervisory Board at any time, with or without a special reason, whenever the Supervisory Board deems this to be in the best interests of the Company, provided that such removal shall not violate the contractual rights of the dismissed individual.



Proposed amendments and supplements:

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

„Number of executive directors, appointing and dismissal

Article 60.

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

- ED for corporate governance
- ED for finances and accounting
- ED for the business system development
- ED for commerce and marketing
- ED for the business activities support

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

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

Explanation: *By the proposed amendments will be changed the number of executive directors for certain areas in accordance with Article 419 of the Companies Law*

Article 73. (Provision on organization of internal supervision)

Valid text

IX SUPERVISION

Internal supervision

Article 73.

Through its internal documents, the Company shall stipulate the mode of implementation and organization of internal supervision of its business operations.

The Supervisory Board, on recommendation of the Audit Committee, shall appoint one individual, employed by the Company, to manage internal supervision affairs. This individual must fulfill the criteria prescribed for an internal auditor, in accordance with the law which regulates accounting and auditing, and shall not at the same time be a director or a member of Supervisory Board.

The individual who will manage internal supervision affairs must fulfill the professional knowledge and experience criteria stipulated by the Company in a special document.

The Supervisory Board may decide to appoint more than one individual to perform internal supervision duties, but such other individuals need not fulfill the criteria prescribed for the internal auditor pursuant to the law which regulates accounting and auditing.

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Proposed amendments and supplements:

Article 73 of the By-Laws is amended and now reads:

Internal supervision

Article 73.

Through its internal documents, the Company shall stipulate the mode of implementation and organization of internal supervision of its business 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 the accounting and auditing procedures; must be employed by the Company and perform only internal control and can not be a director or member of the Supervisory Board.

The individual of the preceding paragraph shall be appointed by the Supervisory Board on 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 him/her eligible for this function, which are provided by the special act of the Company.

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

Other individuals engaged to perform internal supervision duties do not need to fulfill the criteria prescribed for the internal auditor pursuant to the law which regulates accounting and auditing. Such individuals are engaged in compliance with the conditions provided by the act on organization and systematization of jobs in the Company."

Explanation: *By the means of the proposed amendments and supplements is governed the organization of internal control of the Company and enables the Company to further define through its acts the way of implementation and organization of internal control operations.*

Small corrections in Article 73 of the By-Laws - the position of internal auditor and the person managing the affairs of internal control shall be regulated in the manner as provided for in Article 451 of the Companies Law.

Article 50. (Provision on the Chairperson of the Supervisory Board)

Valid text

Chairperson of the Supervisory Board

Article 50.

The Chairperson of the Supervisory Board shall be elected by the Supervisory Board from among its members, by a simple majority of the total number of votes.

The Chairperson of the Supervisory Board shall convene and preside at meetings, propose the agenda, and be responsible for the keeping of minutes of Supervisory Board meetings.

The Supervisory Board may dismiss the current and elect a new Chairperson of the Supervisory Board at any time, without standing the reasons therefore.



In the event of absence of the Chairperson of the Supervisory Board, any member may convene a meeting of the Supervisory Board and one of its members shall be appointed by a majority vote, at the beginning of the meeting, to preside at that meeting.

The Chairperson of the Supervisory Board shall represent the Company vis-à-vis the executive directors (members of the Executive Board) and shall have other powers as provided for under the law, these By-Laws and other documents of the Company.

Proposed amendments and supplements:

Article 50 paragraph 5 of the By-Laws which reads:

„The Chairperson of the Supervisory Board shall represent the Company vis-à-vis the executive directors (members of the Executive Board) and shall have other powers as provided for under the law, these By-Laws and other documents of the Company“ - *to be deleted*.

Explanation: *This amendment is proposed because the Article 68 of the By-Laws provides the Managing Director to be the only legislative representative of the Company, and therefore is eliminated the collision of statutory provisions.*

Article 62. (Provision on Authority and Competence of the Executive Board)

Valid text

Authority and Competence of the Executive Board

Article 62.

The authority and competence of the Executive Board shall include the implementation of decisions of the Supervisory Board and all other matters associated with the management and day-to-day operations of the Company, except matters which fall within the competence of the Supervisory Board or the General Assembly.

The Executive Board shall:

- direct the business of the Company and determine its internal organization;
- be accountable for the accuracy of the Company's business records;
- be accountable for the accuracy of the Company's financial statements;
- prepare sessions of the Shareholders' Assembly and propose the respective agenda to the Supervisory Board;
- calculate dividends and specify the date and method of distribution within its competence;
- implement resolutions of the Shareholders' Assembly;
- perform other duties and take decisions consistent with the Law, these Bylaws and the decisions of the Company's bodies.

The Executive Committee shall comply with any and all restrictions of its powers as stipulated by the Law, these Bylaws, resolutions of the Shareholders' Assembly, and decisions of the Supervisory Board.

The executive directors shall report to the Supervisory Board on a regular basis and follow its instructions.



Proposed amendments and supplements:

Article 62 paragraph 4 of the By-Laws amends and now reads:

- (2) 'The executive directors for certain areas shall report to the Supervisory Board on a regular basis and follow its instructions in accordance with the Company Law (Articles 431 and 416).'

Explanation: This amendment is proposed in order to specify and compliance with Article 416 of the Companies Law, according to which the Executive Directors and not the Executive Board - as stated in the applicable provisions of the By-Laws are obliged to report to the Supervisory Board.

Article 65. (Provision on Competences and Limited Powers of the Managing Director)

Valid text

Competences and Limited Powers of the Managing Director

Article 65.

Within the powers consistent with the Law and these Bylaws, the Managing Director of the Company is authorized to:

- 1) Organize and manage the work processes of the Company;
- 2) Ensure the implementation of the Company's work program, the resolutions and conclusions of the Shareholders' Assembly, and the decisions and conclusions of the Executive Committee and the Supervisory Board;
- 3) Represent the Company and act on its behalf, including entry into contracts and other legal transactions on behalf of and for the account of the Company;
- 4) Represent the Company before courts and other authorities;
- 5) Appoint governing bodies of all subsidiaries (performing the duties which fall within the competence of the General Meeting of the respective subsidiary), and/or representatives of the Company in bodies and institutions on different grounds;
- 6) Grant a written power of attorney to another individual to represent the Company, enter into certain contracts and undertake certain legal action;
- 7) Propose the global internal organization of the Company;
- 8) Determine the internal micro-organization and job classification of the Company;
- 9) Appoint and remove employees with special powers and responsibilities;
- 10) Decide on the hiring, assignment and other rights of employees in connection with their work;
- 11) Perform other duties consistent with the Law and these Bylaws.

The Managing Director shall request written approval of the Supervisory Board in the following cases:

- 1) Acquisition, disposal or encumbrance of interests or shares held by the Company in other legal entities;
- 2) Acquisition, disposal or encumbrance of real estate;
- 3) Taking out of loans, granting of loans, pledging of the Company's assets, and providing guarantees for third-party obligations;
- 4) Entry into contracts and undertaking of legal transactions in excess of the Dinar equivalent of 100,000 €;

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- 5) Capital project expenditure in excess of the Dinar equivalent of 100,000 €;
- 6) Other transactions which pursuant to the law and/or these Bylaws fall within the competence of the Supervisory Board.

Notwithstanding the previous paragraph of this article, the Chief Executive Officer need not seek approval to independently decide on the taking out of loans, including short-term financial loans and borrowings in the country or aboard, provided that the amount of each such debt at the time of establishment shall be less than the Dinar equivalent of 100,000 € and provided that their annual aggregate amount shall not be greater than the Dinar equivalent of 1,000,000 €.

The Chief Executive Officer shall be accountable to the Company under the law if he or she acts contrary to paragraphs 2 and 3 of this Article.

Proposed amendments and supplements:

Article 65 paragraph 1 item 5 of the By-Laws amends and reads as it follows:

'Managing Director of the Company is authorized on behalf of the Company and within the limits of authority, in accordance with the Law and these By-Laws

5. appoint and dismiss governing bodies of all subsidiaries (performing the duties which fall within the competence of the General Meeting of the respective subsidiary), or representatives of the Company in bodies and institutions on different grounds, in compliance with these By-Laws and their respective Incorporation Acts.'

Explanation: *By the proposed amendment are precised the competencies and limitations of the Managing Director authorizations, when speaking of appointment and dismissal of members from management bodies (performing the duties which fall within the competence of the General Meeting of the respective subsidiary), or representatives of Tigar in other bodies and institutions. This provision has a wide application in the exercise of management rights of the parent company toward subsidiaries, or, Tigar ad toward companies over which it has the rights of the owner on the basis of participation in the capital assets.*

Član 76. (Provision on Acquisition and disposal of major assets)

Valid text

Definition

Article 76.

The acquisition or disposal of major assets is any transfer or a series of related transfers which results in the acquisition or disposal by the Company of assets whose market value, at the time of the relevant decision, is at least 30% (thirty percent) of the book value of such assets reported in the most recent annual balance sheet.

The acquisition or disposal as contemplated in this article means the acquisition or disposal of assets.

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Assets, as contemplated in Paragraphs 1 and 2 of this article, include but are not limited to real estate, movables, property and other rights including industrial property rights or contract rights, shares, as well as other interests in other companies, or money.

Proposed amendments and supplements:

Article 76 of the By-Laws is amended and now reads:

'The acquisition or disposal as contemplated in this article means the acquisition or disposal of assets in any manner in compliance with the Article 470 of the Company Law.'

Explanation: *This amendment extends the term acquisition or disposal of major assets and includes not only the sale of the property, as required by the applicable By-Laws, but also to acquire and dispose of property in any way, including in particular the purchase, sale, lease, exchange, establishing a lien mortgages, the conclusion of agreements on credit and loans, giving guarantees and warranties and to take any other action which created obligations for the Company. In this way the provision was adjusted to Art. 470 Paragraph 2 of the Company Law.*

Company Secretary



Pursuant to article 441 paragraph 1 item 15 and in connection to Article 434 paragraph 2 items 1 and 2 of the Law on Companies (Official Gazette of the RS, ns. 36/11 and 99/11) and to 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 on its session held on 2014-05-22, proposes to General Assembly to make on its session convened for 2014-06-24, the following

**»DECISION
on appointinga member of the Supervisory Board
of the Joint Stock Company Tigar Pirot**

1. As for the member of the Supervisory Board of the Joint Stock Company Tigar Pirot is hereby appointed **Dr. Aleksandar Radojević** on a mandate period that coincides with the duration of the four-year term of office of the Supervisory Board members, elected by the General Assembly of Tigar ad Pirot on 14.06.2013.
2. The appointed member of the Supervisory Board shall exercise his rights and duties in accordance with legal regulations and internal regulations of the company, governing status issues, scope, operation and decision-making of the Supervisory Board.
3. This decision shall come into force upon its adoption.

Explanation

Tigar ad Pirot as a public joint stock company, with a bicameral governance model provided by the By-Laws, on its session of the General Assembly held on 14.06.2013, elected a Supervisory Board of five members, for a term of four years.

Meanwhile, the number of the Supervisory Board members falls below the number predicted by the By-Laws of the Company and therefore and in accordance with the legal obligation, there was approached the appointing of a new member of the Supervisory Board.

The proposal of candidate for the member of Supervisory Board was submitted by the Nominating Committee on the basis that the proposed candidate, Dr Aleksandar Radojevic, a pneumophtisiologist by profession, with years of experience in the areas of commercial operations, with his knowledge and experience can successfully perform the duties from the scope of the Supervisory Board of Tigar AD.

Accepting the recommendation of the Nomination Committee, the Supervisory Board has submitted a proposal to the General Assembly on the basis of which the decision was made as stated above."

Chairman of Supervisory Board

Nebojša Petrović



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