

**Tigar**®**TIGAR a.d. Pirot
GENERAL ASSEMBLY****MINUTES****Code:**

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**MINUTES
AS OF THE REGULAR SESSION OF GENERAL ASSEMBLY
OF THE JOINT STOCK COMPANY "TIGAR" - PIROT**

Venue: **Large conference room of Tigar a.d. Pirot**
Date: **24.06.2014.**
Time of commencement: **12h 10 min.**
Time of completion: **13h 10min.**

Present shareholders' representatives:

Ord.no.	Shareholders' Representative	ID No.	Number of votes
1.	Arandžević Nebojša	0801977710068	34.113
2.	Jurišić Vitomir	2408956720032	2.024
3.	Mandić Saša	0708979340004	425.944
4.	Miladinović Siniša	2702933732527	3.250
5.	Milivojević Dragan	3007950773648	25.100
6.	Radaković Miroslav	2110979110011	29.691
7.	Stanković Slavoljub	0205958732520	130.405

Number of votes **650.527**
No. of participants **7**

Members of the Executive Board: Nebojša Đenadić (Managing Director), Zorica Mladenović, Biljana Tošić, Branislav Čurić.

Members of the Supervisory Board: Nebojša Petrović, Gordana Lazarević.

President of the Independent Trade Union of Tigar ad Pirot – Slobodan Petrović


Representatives of the independent audit firm Ernst&Young doo Belgrade.

Company Secretary: Danijela Cenić;

On the occasion of the session of Tigar ad General Assembly were present **7** participants with right to access with the total number of **650,527** votes representing **57.13%** of the total votes of shareholders.

According to the data presented and the By-Laws, the General Assembly has a required quorum and can decide on the today's session.

Daniela Cenić, company secretary, opens the regular session of the General Assembly of Tigar a.d., welcomes all the participants, and based on data presented, confirms that there is provided a quorum for today's session of the General Assembly. She then gives a floor to the Managing Director, Mr. Nebojsa ĐENADIĆ.

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Nebojša Djenadić, Managing director in his own name welcomes everyone and thank them all for their presence at the today's session. He summarizes the activities undertaken since the previous meeting of the General Assembly, and emphasizes that since then, the company had completed the Pre-packaged plan of reorganization for Tigar ad Pirot and Tigar Rubber Footwear Pirot, and that such plans have been submitted to the respective court. The hearings for approval of the proposed plans are scheduled for July 10th 2014 - Tigar ad Pirot and for July 11th 2014 - Tigar Rubber Footwear, with the possibility of extending the deadline by an additional fifteen days to complete the documentation and ensure the consents of creditors, primarily of the tax authorities and business banks. Potential problem in obtaining such consents is the lack of understanding of the concept and of the process of the Pre-packaged plan of reorganization which entails the slow carrying out of its obligations and payments toward suppliers. However and in spite of all, the production processes are functioning and working.

Likewise, between the two convened meeting of shareholders, there was recorded a growth in production and increase in realization. After Tigar got out from the blockade in March, in April this year was achieved the realization of over RSD 210 million, and RSD 261 million in May. It is evident that despite all the problems, whether financial or manufacturing, Tigar Group is still working. There have been realized all the customers' orders, saved all foreign buyers, returned customers from the previous period and brought new ones, and thanks to the rationalization of costs in all areas of business as well as strict control of financial discipline, there has been repaid almost € 6 million of old debt. The Managing Director then briefly presented the proposed agenda and wished a successful General Assembly.

Danijela Cenić, **notes that the Assembly can begin to work** and opens the first item on the agenda

I

ELECTION OF THE CHAIRPERSON OF THE GENERAL ASSEMBLY

Rapporteur: **Zorica Mladenović**, Executive Director for H&R

Zorica Mladenovic explains the proposal of the Supervisory Board of Tigar ad Pirot referring the candidate for the Chairperson of the General Assembly of Tigar ad Pirot. The Supervisory Board has proposed Mr. **Slavoljub Stankovic**, a lawyer from Pirot, to be elected as the Chairperson of the General Assembly, who would perform this function until the election of a new Chairperson.

Slavoljub Stankovic was born in 1958. He graduated from the Faculty of Law in Nis and after graduation commenced his employment with Tigar. Since 1994, he worked in advocacy, representing Tigar and its entities, and by June 2013 he served as the Director of the Legal Function and also acted as the Company Secretary of the Joint Stock Company Tigar.

The Supervisory Board has proposed Slavoljub Stankovic in the belief that he is a person whom with his knowledge and experience can successfully perform this function and perform other rights and obligations provided for by law and internal acts within the jurisdiction of the Chairperson of the General Assembly of Tigar.

Within the statutory deadline, there were no new proposals for the Chairperson of the General Assembly, so this was the only proposal.

Company Secretary opens the discussion on this agenda item. As no one called for discussion, there was accessed the voting procedure, noting that for this item on the agenda will be applied the public voting.



After the voting, Company Secretary publishes the results of the voting.

As from the present number of votes

IN FAVOR	487.292 or 74,91%
AGAINST	1.964 or 0,30%
ABSTAIN	161.271 or 24,79%
NOT VOTED	0

By majority of votes, **there was made** the following

DECISION

on election of the Chairperson of the 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.

Slavoljub Stanković, Chairperson of the General Assembly welcomes everyone, thanks for their trust and his election for a Chairperson of the General Assembly and the continues to chair the GA session – he announces the beginning of the GA session in accordance with the established agenda. He appoints a recording secretary and a voting committee.

As for the recording secretary is appointed – **Petković Jelenu**, Bachelor of Laws


As for the members of the voting committee are nominated the following:

- **Suzanu Jocić**, secretary of the committee
- **Vesnu Stanisavljević**, member
- **Nadu Trninić**, representative of the corporate agent, member

After that, the Chairperson of the General Assembly announces

AGENDA

1. **Making Decision on election of the chairperson of the General Assembly of Tigar a.d. Pirot;**

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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. Donošenje Odluke o usvajanju Konsolidovanog Finansijskog izveštaja Tigar a.d. Pirot za 2013.god. kao i izveštaja u vezi sa finansijskim izveštajem: Izveštaj Izvršnog odbora o poslovanju, Izveštaja Nezavisnog revizora i Izveštaj Nadzornog odbora; 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 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

and states that there is a quorum for the work of the GA session, on the basis of the following data:

Total number of votes: 1.138.775

Present number of votes: 650.527

Number of votes required for the quorum: 569.389

so that the General Assembly can fully decide on all agenda items.

The Chairperson of the General Assembly proposes to conduct simultaneous discussions on agenda items under two and three as they are directly related, and as for the decision making on these items, it will proceed separately, which was accepted.

II

MAKING DECISION ON ADOPTION OF THE FINANCIAL STATEMENT OF TIGAR A.D. 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.

and

III

MAKING DECISION ON ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENT OF TIGAR A.D. 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.

Rapporteur: **Đorđe Džunić**, associate for accounting – financials.

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Djordje Dzunic acknowledges all the participants of the General Assembly with the financial statements and their specifics, stating that the financial statement for the year 2013 was prepared and submitted within the statutory time to the Business Registers Agency. During the elaboration of the financial statement report for 2013 were included all positions referring the impairment, write-off and shortages of property, arised out of the inventory from 2013. It is about the following positions:

- goods write off in the amount of RSD 6.840.000,
- impairment of goods in the amount of RSD 6.183.000,
- shortage in the warehouse Šimanovci occurred due to burglary in the amount of RSD 3.885.000,
- write off of adaptations in other people's facilities in the amount of RSD 5.178.000,
- fixed assets expense in the amount of RSD 1.149.000.

The above categories have effectively reflected in the increase in costs in the amount of RSD **23,235,000.00**. During the audit and according to auditor's findings were made the following corrections:

- Allowance for unpaid claims for shortages of 7.081.951,42
- Allowance for uncollectible accounts receivable in the country in the amount of 40,345,995.30
- Accrued expenses of public revenues of local governments with interest in the amount of 21,149,660.78
- Accrued interest and exchange rate differences in the amount of 37,206,625.94
- There was carried out a reservation of contingent liability based on litigation in the amount of 17,073,356.77

In addition to the aforementioned, there has been done the impairment of Tigar ad share in the capital of dependent entities because of their reported losses, in the following amounts:

Tigar R. Footwear I.l.c. Pirot	RSD	361.666.895,94
Tigar R. Technical Goods I.l.c. Pirot	RSD	39.283.040,17
Tigar Chemical Products I.l.c. Pirot	RSD	10.455.124,18
Tigar Incon I.l.c. Pirot	RSD	22.756.050,18
Tigar Catering I.l.c. Pirot	RSD	12.320.086,33
Tigar Tours I.l.c. Pirot	RSD	663.195,74

Total amount of impairment loss is 447,144,000 RSD and for such amount has occurred an increase in expenses of the parent company.

Reported losses of the dependent entities in 2013 are as it follows:

	in '000 RSD
-Tigar R. Footwear I.l.c. Pirot	361.366
-Tigar R. Technical Goods I.l.c. Pirot	187.816
-Tigar Chemical Products I.l.c. Pirot	10.455
-Tigar Incon doo Pirot	22.756
-Tigar Catering Ilc Pirot	12.320
-Tigar Protective Workshop Ilc Pirot	976
-Tigar Tours Ilc Pirot	663

	596.352

Profit was reported in the following dependent entities:

-Tigar Security Ilc	28.789
-Tigar Business Service Ilc Pirot	12.115
-Tigar Inter Risk	818

	41.722

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There was made the write-off of the interest on the tax debt rescheduling of Tigar ad in the amount of 35,549,000 RSD, as well as the write-off of health insurance on the same basis in the amount of 19,772,000 RSD, which effectively increased the income for 55,321,000 RSD.

There was performed a valuation of the tax debt at a standstill in the amount of 5,593,000 RSD, for as long as there was an increase in operating expenses in this regard.

The final result of Tigar's performance is a loss in the amount of 672,981,000 RSD.

All these changes are reflected in the financial statements, so that the result of Tigar AD is as follows:

- Total income of RSD 3.067.000.000.
- Total expenditure of RSD 3.929.000.000.
- loss of RSD 824.810.000.

If the loss is considered in conjunction with the cumulative losses from previous years, the total accumulated loss in 2013 are higher than the amount of capital for 69.145 million dinars.

The Rapporteur then introduces participants with individual items in the balance sheet in order to complete the whole picture of the financial statements and the amounts stated within them. It is noted that the capital of Tigar ad Pirot is equal to zero, but on the basis of positive legislation, Tigar ad has no obligation to cover these losses, and causes capital to the level stipulated in the Law on Companies. However, under such conditions, Tigar ad was obliged to make decisions on the session of the General Assembly that would lead to stabilization of business, or was accessed the pre-prepackaged reorganization plan procedure. During the period of implementation of the Pre-packaged reorganization plan, in the next few years, Tigar ad is required to bring equity to the extent provided for by the Law on Companies.

Financial Statements for the year 2013 was audited by the external auditor, Ernst & Young llc Belgrade. Auditing firm Ernst & Young gave a disclaimer opinion, and one of the main reasons for the disclaimer of opinion is related to the position of the fixed assets, which was not appraised for the year 2013 and therefore, there were done the expected corrections that could possibly be in compliance with the assessment. Such assessments have not been done even during earlier years. Assessment of the entire property was first developed for the purpose of the Pre-packaged reorganization plan, but at the time of preparation of the financial statement, it was not yet completed. The plan is to present it to the auditor when preparing the financial statement for the year 2014 in order to determine whether it is acceptable in terms of auditing standards, being that it was done for the purpose of the Pre-packaged reorganization plan. Other grounds for disclaimer of audit opinion are relating to the impairment of losses of inventories, impairment losses of unfinished production, the provision of tax liabilities arising from tax audits, provisions for receivables from related parties. Allowance for receivables from related parties had no effect on the consolidated financial statements because the plan is to merge dependent entities with the parent company, which would eliminate this effect.

The Chairperson of the General Assembly opens discussion on this agenda and proposes, for the purpose of efficiency, the maximum time for discussion 3-5 minutes.

Dragan Milivojević Dragan Milivojevic asks what does comprise the act of the Tax Administration?

Đorđe Džunić notes that the main item - exemption from customs supervision. Tigar ad Pirot has paid its obligations in that respect for the year 2014, but there has remained an unpaid interest amount of around 12 million dinars for listed debt.

Also, tax authorities have treated as the wages of employees and the costs of trade union activities (costs of medical treatment of employees, the cost of trade union association employees, sports equipment used in the workers' sports games which belonged to the employees after the end of games..), so it has calculated taxes and contributions on them as well. Tigar ad will on this basis



enter into the appeal before the appellate tax authority, and if necessary, in an administrative proceedings.

After voting on the agenda item '**Making Decision on adoption of the Financial Statement of Tigar ad Pirot for the year 2013 and reports related to it: Annual Report of the Executive Board, Independent Auditors' Report and the Report of the Supervisory Board**', which is carried out in a form of the secret ballot, the results are as follows

IN FAVOR	467.638 or 71,89%
AGAINST	495 or 0,08%
SUBSTAINED	182.394 or 28,04%
NOT VOTED	0

The Chairperson of the General Assembly states that by the majority of votes **was made** the following

DECISION

on adopting the 2013 Financial Statement of the Joint Stock Company Tigar Pirot and of reports related to it

1. It is hereby adopted 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
- The 2013 report presented by the Supervisory Board

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

	2013	2012
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
	2.958.181	3.797.210
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
	2.883.347	4.024.794
OPERATING PROFIT	74.834	-227.584
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
PROFIT BEFORE TAXATION	-861.710	-2.160.735
INCOME TAXES		
Current income tax expense	124	36.155
Deferred income tax expense	37.024	2.773



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NET LOSS

-824.810

-2.199.663

Loss per share (in Dinars)

-479,97

-1.280,02

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

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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.

After voting on the agenda item '**Making Decision on adoption of the Consolidated Financial Statement of Tigar ad Pirot for the year 2013 and reports related to it: Annual Report of the Executive Board, Independent Auditors' Report and the Report of the Supervisory Board**', which is carried out in a form of the secret ballot, the results are as follows

IN FAVOR	467.484	or 71,86%
AGAINST	495	or 0,08%
SUBSTAINED	182.548	or 28,06%
NOT VOTED	0	

The Chairperson of the General Assembly states that by the majority of votes **was made** the following

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

1. It is hereby adopted 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:

in '000 RSD

	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



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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

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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
Deferred 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.

IV**MAKING DECISION ON ELECTION OF THE INDEPENDENT AUDITOR**

Rapporteur: **Aleksandra Lilić**, financial analyst.

The rapporteur notes that the Audit Committee of the Joint Stock Company Tigar Pirot, in composition as follows:

- **Igor Markičević**, President of the Audit Committee
- **Aleksandra Lilić**, member of the Audit Committee
- **Gordana Lazarević**, member of the Audit Committee

has reviewed the bids submitted by three audit firms referring to the provision of the audit-related services in 2014. Engagement of Independent Auditor refers to the audit of individual financial statements for the year 2014 prepared in accordance with the requirements of the Accounting and Audit Law – for parent company - Tigar ad Pirot and its subsidiaries: Tigar Rubber Footwear llc. Pirot, Tigar Rubber Technical Goods llc. Pirot, as well as the audit of the consolidated financial statement, which include statements of all subsidiaries (production, trade and services in the country and abroad) within the corporation. Offers include information about the contents of audit services, quality guarantee for rendered services, professional staff for the provision of audit services and other references, including the amount of compensation for the performance of the audit.

These are: Audit firm KPMG llc. Belgrade (30,000 EUR); Audit firm ERNST & YOUNG Belgrade (42,000 EUR), audit firm MOORE STEPHENS Auditing and Accounting llc Belgrade (17.500 EUR).



After analysis of the submitted bids, the members of the Audit Committee agreed on the following:

Analyzing the submitted bids on multiple criteria - price, terms, payment schedule, offered services, as well as experience in audits of companies of similar structure and size, the Committee said that the auditing firm Ernst & Young Ltd. Belgrade, as a reputable auditing firm that is among the leading firms providing audit services in Serbia and belongs to the "big four" has the most quality offer. In addition to the choice of this audit firm is the fact that in the performance of audit services it has experience both in Serbia and in the region. The main clients are: Hemofarm, Telenor, Intermol Apatinsko brewery and soft drinks Trebjesa ad Niksic, VALY doo Valjevo, Ringier Group, Europlakat Group, Veolia Transport, Fiat Serbia, Jura Corporation, Wurth Group, Holcim Serbia, Siemens Belgrade, Alumil Group etc.

In favor of the choice of the audit firm Ernst & Young Ltd. Belgrade is the fact that they have already been engaged on the regular audit of the financial statements for the year 2013 as well as on the extraordinary audit as of 31.03.2014 and in connection with the Pre-packaged reorganization plan. Therefore they are already familiar with the company's business.

ERNST & Young is a global leader in audit, tax, transaction and advisory services. They are characterized by the uncompromising commitment to quality and assistance to clients to achieve their potential. Globally, Ernst & Young operates under common professional, ethical standards and independence standards.

International reputation of the audit firm is significant for Tigar as a participant in international transactions, as a company whose shares are traded on a regulated market, as well as for the confidence of business partners, banks, government and shareholders that is essential for the successful operation of Tigar in the future.

The Chairperson of the General Assembly opens discussion on this agenda item:


Dragan Milivojević asked why was selected the audit firm with the most expensive offer which is more than twice higher than the lowest one?

Aleksandra Lilić finds that it is about a reputable audit firm that belongs to the group of the "big four" and has the most quality offer.

Gordana Lazarevic added that the audit firm ERNST & YOUNG was the best offer for the reason that a team of four experts (other houses have teams made of two experts), which contributes to the timeliness of the report and essentially affects the quality of the entire collaboration. Within the services they provide, to Tigar will also be available the tax advisor whom would be usefull due to problems with taxes that have plagued Tigar. Also, ERNST & YOUNG is a house that has strong opinions when correcting statements within the meaning that reports show the real situation. In the process of making the Pre-packaged plan of reorganization was shown that this audit firm has the knowledge and resources that accompanied the entire process, and considering all the above, the price of their services is acceptable.

Nebojsa Đenadić recalls that the price of the previously engaged auditors was above 100,000 euros and that compared to the previous audit firms and their results, all parameters are in favor of the firm ERNST & YOUNG.

After voting on the agenda item '**Making Decision on the election of independent auditor**', which is carried out in a form of the secret ballot, the results are as follows

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IN FAVOR	461.371 or 70,92%
AGAINST	26.153 or 4,02%
SUBSTAINED	163.003 or 25,06%
NOT VOTED	0

Based on these results and by majority of votes, the Chairperson of the General Assembly concludes that **there was made** the following

DECISION
on 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.

V

MAKING D E C I S I O N ON AMENDMENTS AND SUPPLEMENTS OF TIGAR AD BY-LAWS


Rapporteur: **Danijela Cenić**, Company Secretary

At the session of the extraordinary General Assembly of Tigar ad Pirot held on 18.12.2013 was made a decision on capital reduction with the goal to cover losses reported in the revised financial statement of Tigar ad Pirot. By the means of such decision was carried out the reduction of the basic capital in accordance with the Companies Law, and therefore there has occurred a reduction in the nominal value of shares. Given that the provision concerning the amount of basic capital is contained within the By-Laws of Tigar ad Pirot, it is necessary to amend the By-Laws in order to reconcile the the capital amounts, which is the legal obligation of Tigar ad Pirot. Another amendment concerns the reduction in the number of executive directors. Under the current By-Laws, Tigar ad Pirot has eight executive directors, while the amendment of the By-Laws reduces this number to five in order to rationalize the costs, implying that each of the executive directors shall submit a report on his/her work to the Supervisory Board.

Other proposed amendment and supplements to the By-Laws figure as a formal compliance with the Law and do not have any influence to the rights of shareholders.

The Chairperson of the General Assembly opens the discussion, and since nobody asks for the floor, he added an explanation on this item of the agenda:

Slavoljub Stanković: The main reason for the amendment to the By-Laws is a discrepancy between the official capital registered in the Central Registry and entered in the Business Registers Agency and the capital value which is stated in the By-Laws. Without such a decision of the General

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Assembly, we cannot coordinate the provision on basic capital with the real value of the capital, nor to register this amendment of the By-Laws in accordance with the Law. Other proposed amendments to the By-Laws are of formal-legal nature and are aimed at better work functionality and efficiency.

After the completion of the discussion, there was approached the voting on this agenda item. After the completion of the voting, the results are as follows:

IN FAVOR	459.387	or	40,34%
AGAINST	801	or	0,07%
SUBSTAINED	190.339	or	16,71%
NOT VOTED	0		

Based on these results, the Chairperson of the General Assembly states that there is no necessary majority of votes for the adoption of the **Decision on amendments to the By-Laws of Tigar ad Pirot**, as suggested, and therefore, the aforementioned decision **was not made**

VI

MAKING D E C I S I O N ON APPOINTING A MEMBER OF THE SUPERVISORY BOARD OF THE JOINT STOCK COMPANY TIGAR PIROT

Rapporteur: **Zorica Mladenović**, Executive H&R Director

Rapporteur notes that the Nominating Committee, established in compliance with the Decision of the Supervisory Board as of 2013-08-12, consisting of:

- **Nebojša Petrović, Chairman of the Nominating Committee,**
- **Igor Markičević, member of the Nominating Committee,**
- **Zorica Mladenović, member of the Nominating Committee**

After consultations and access into the CV of the candidate, legislation, statements and other documents, the Nominating Committee has determined the following:

According to the adopted bicameral governance model, the Joint Stock Company Tigar AD has a Supervisory Board consisting of five members. Most of the members of the Supervisory Board in the present composition has been appointed for a term of four years, at the session of the General Assembly as of 2013-06-14, while two members (due to resignations submitted by their predecessors) have been appointed on the occasion of the extraordinary session of the General Assembly as of 14/04/2014. In the meantime, one of them has resigned due to violations related to the conflict of

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interest. Therefore and in accordance with the By-Laws, the missing member of the Supervisory Board will be replaced by appointing the new one.

The proposed candidate **Aleksandar Radojevic** from Preljine, near Cacak, born in 1965, meets the requirements for the membership in the Supervisory Board, provided by the provisions of the Companies Law (Article 423 and the adequate application of Article 382 and 391 of the Company Law), which is determined by examining the obtained evidence.

Educated as a medical doctor, a specialist in pulmonary diseases. In his career he has also successfully managed private firms for domestic and foreign trade (1990-1999) and since 1994 he has been employed at the hospital of the health center Čačak - Department of Pulmonary Diseases and Tuberculosis.

In addition to work engagement, the proposed candidate is active in professional associations and is a deputy in the Parliament in two sessions.

On the basis of data on education, experience and the so-far career, the Committee assumes that the proposed candidate can contribute to the successful performance of jobs that fall within the competence of the Supervisory Board of the Joint Stock Company Tigar Pirot.

The Chairperson of the General Assembly opens the discussion, and since nobody asked for the floor, there was approached the voting on this Agenda item. After the completion of the voting, results are as follows:

IN FAVOR	462.683 or 71,12%
AGAINST	24.616 or 3,78%
SUBSTAINED	163.228 or 25,09%
NOT VOTED	0

Based on the above stated results, the Chairperson of the General Assembly declares that **there was made** the following

**DECISION
ON APPOINTING A 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.



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Following the making of the decision by the last, sixth item on the Agenda, the Chairperson of the General Assembly notes that the Regular session of the General Assembly of Tigar ad Pirot is hereby adjourned.

Recording Secretary

Voting Committee

Chairperson of GA

Jelena Petković

Suzana Jocić

Slavoljub Stanković

Vesna Stanisavljević

Nada Trninić