

Dear Shareholders,

We are informing you that the regular session of the General Assembly of the Joint Stock Company Tigar from Pirot (Tigar AD) will be held on **22 June 2016 in Pirot**, in the Large Conference Room of the Administrative Building at the headquarters of the Company, Nikole Pašića Street no. 213, starting at 12:00 hours.

## **A g e n d a**

- 1) Making Decision on adopting the Financial Statement of the Joint Stock Company Tigar Pirot for the year 2015 and reports related to it: Executive Board's Business Report, Supervisory Board's Report and the Independent Auditor's Report.
- 2) Making Decision on adopting the Consolidated Financial Statement of the Joint Stok Company Tigar Pirot for the year 2015 and reports related to it: Executive Board's Business Report, Supervisory Board's Report and the Independent Auditor's Report.
- 3) Making Decision on election of independent auditor for the year 2016;
- 4) Making Decision on amendments and supplements of the Joint Stock Company Tigar By-Laws;
- 5) Making Decision on appointing a member of the Joint Stock Company Tigar Supervisory Board.

We hereby invite you to participate in decision-making on the items on the agenda, either in person or through a proxy. Detailed information about voting via proxy is contained in the Invitation for a regular session of the General Assembly, which is enclosed with this material, as well as power of attorney for the voting at the General Assembly session.

The power of attorney, to be filled in places marked for identification of the proxy (first an last name with the voting instructions on individual agenda items) should be submitted to the Joint Stock Company Tigar in Pirot not later than 3 days prior to the meeting, or until 20 June 2016 (in person or by mail).

This material contains draft decisions on all items on the agenda with corresponding explanations.

Materials for the session may be downloaded from the Company's website [www.tigar.com](http://www.tigar.com) and will be available for inspection at the Company's headquarters each working day – from Monday to Friday, from 8am to 4pm.

### *N o t e:*

For the record of presence and other preparatory actions, please inform us about your coming not later than 10am at the place of maintaining of the session, stated in the notice, so that the Assembly may begin on time. Please note that you will be required to present an ID card for identification purposes.

At the session of the General Assembly are invited, in accordance with the Decision of the Supervisory Board of the Joint Stock Company Tigar Pirot, owners of shares on 12 May 2016 according to the unique records of shareholders. All the invitations are sent to shareholders' addresses.

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 which is determined on the basis of statements of shareholders from the Central Registry - Day Meeting: 12 June 2016.

Sincerely yours,

In Pirot, 21 May 2016

**Managing Director  
Nebojsa Djenadic**

**(handwritten signature)**

**Report of the Executive Board of the Joint Stock Company Tigar Pirot for the shareholders  
related to the business results of the Joint Stock Company Tigar Pirot in 2015**

	<b>Joint Stock Company TIGAR Pirot EXECUTIVE BOARD</b>	
	<b>MATERIAL FOR THE SESSION OF THE GENERAL ASSEMBLY</b>	<b>2016-05-14</b> List/Lists: 2/6

**Report of the Executive Board of the Joint Stock Company Tigar Pirot for the shareholders related to the business results of the Joint Stock Company Tigar Pirot in 2015**

The business in 2015 was marked by the continuity of industrial activity and stabilization of industrial operations, noting that the Joint Stock Company Tigar continues its operations without any additional borrowing from banks.

The Prepackaged Plan of Reorganization of the JSC Tigar became enforceable on 1 June 2015, with the date of application starting from 16 June 2015. Implementation of measures began on that date, according to the Prepackaged Plan of Reorganization.

As one of the measures of implementation of the Prepackaged Plan of Reorganization of the JSC Tigar, it was conducted the status change of merger of production companies: Tigar Rubber Footwear Ltd. Pirot, Tigar Rubber Technical Goods Ltd. Pirot and Tigar Chemical Products Ltd. Pirot, with the parent company – the JSC Tigar Pirot. The legal consequences of the merger with the parent company, or of the discharge of mentioned business entities from the register, have occurred on the day of registration of the status change at the Agency for Business Registers, on 11 September 2015.

As for the settlement of obligations to the creditors, obligations are settled according to the possibilities and the repayment plans and schedules defined for the JSC Tigar, while for the direct creditors of the Tigar Rubber Footwear obligations are settled according to the repayment plans of the Prepackaged Plan of Reorganization of the Tigar Rubber Footwear.

We are proud to say that the Decision about the initiating of the project for the construction of a factory for the production of rubber compounds, which was adopted in September 2014 due to the expiration of the lease agreement of the White roller, together with Tigar Tyres is realized. During 2015, the JSC Tigar invested EUR 1.2 million in the construction of the new factory for the production of rubber compounds, which is essential for the production of rubber products. Representatives of the JSC Tigar signed a Contract for design and construction with Delta Engineering Company, which was the contractor. The building was made, machines and equipment were set up in less than 9 months. The production area of the new building is 1.780 m<sup>2</sup>. The factory was officially put in the work on 20 April 2016.

The year 2015 is characterized by a significant increase in sales of rubber footwear on the domestic market (10%) compared to 2014, what is a result of changes in sales strategy and the conclusion of annual contracts with major customers with clearly specified terms of payment and delivery (on monthly and quarterly basis). In comparative terms with regard to the same period of 2014, volume growth on the domestic market was recorded, although this period of the previous year was characterized by bad weather conditions and floods, while the year 2015 was marked by an unfavorable weather conditions for this type of product that has seasonal character.

Main characteristic of the export of the rubber footwear in 2015 is continuously fulfillment of demands and needs of existing customers, all requests are fulfilled on time, but due to the fall in aggregate demand on major export markets, it was recorded a sales drop of 4% compared to the previous year. Last year was prepared and implemented a tender for the supply of firefighting units in Hong Kong with the protective rubber boots, after the strict conditions for the certification, the tender and competition. For the customer Ilse Jacobsen Hornabaek (DEN) are successively conquered new models that are delivered in accordance with the submitted plan of delivery, which climax (in terms of delivery) is expected in the first and second quarter of 2016 (in the year 2015 for this customer was made over 70 new models for autumn-winter). In the period January-December 2015, total production

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in the factory amounted to 1,397,908 pairs of shoes, which is for 12% more than in the same period last year when it produced 1,253,246 pairs of rubber footwear.

Tigar Rubber Technical Goods Ltd. Pirot has achieved in 2015 a production of 459 tons that is by 27% lower compared to the same period of the previous year. The main reason for the decrease of production and the sales income, which is lower by 21% speaking of the plant Tigar Rubber Technical Goods is the lack of demand on the domestic market, even though the income level was increased for 2% compared to the last year. Difficulties with which large systems and companies have faced in the field of construction, liquidity problems of domestic economic entities and the absence of public procurement for the needs of the Army of Serbia, significantly affected an increase of income so that increase is not according to planned volume. The dominant factor of the overall decline in export sales, primarily of rubber hoses on the Russian market and reduced volume of demands for products made from recycled rubber, has caused a decrease in export sales by 40% compared to the previous year 2014.

Tigar Chemical Products Ltd has produced 152 tons of products in 2015, which is 12% less than in the same period last year, while the revenues have decreased by 28%. The plant continues to operate in harsh production conditions caused by a decrease in capacity due to the relocation at this new location after the fire, still in the leased facilities. Despite the before mentioned, the factory has succeeded to meet the needs of Tigar Rubber Footwear and of Tigar Tyres for adhesives, so that on the domestic market it has recorded a revenue decline of 17% in comparison to 2014, while on the foreign market decrease was by 38% compared to 2014 because of the change of legislation in South African Republica (where were exported significant amounts of products during the last year). It is important to mention that the Tigar Chemical Products Ltd succeeded in maintaining a customer in Bulgaria which supplies the mining industry and for which tender was achieved for the year 2016 when are expected bigger deliveries in comparison to the year 2015 for this customer.

Total operating profit of product and goods sale and services on a consolidated basis, for the period January- December 2015, amounted RSD 2.78 billion which is 2.51% more in comparison to the same period last year.

Total external sales of the Company in 2015 was at a level of around RSD 1.9 billion, of which 66% was in export (RSD 1.2 billion). The largest share in exports was achieved by Tigar Rubber Footwear Ltd. Pirot in the amount of 92%.

Consolidated operating expenses were lower by 5.91% compared to the same period last year. Lower operating expenses on a consolidated basis in 2015 are the result of the taken measures and controls in part of reduction of expenditures, rationalization of labor, business optimization, as well as external factors – decrease of materials' prices.

Structure of operating expenses in 2015, in total cost by groups is as it follows: Expenditures related to wages, salaries and other personnel expenses account for about 40%; expenses for the costs of materials, energy and the reduction of inventories accounted for 35%; the cost of goods accounts for 2%; expenses, depreciation and provisions accounted for 7% and other expenses accounted for 16%.

Starting with the financial statements for 2015, for the first time after the appointment of the new management, was recorded the operating profit (EBIT) on a consolidated basis amounted to RSD 19.9 million, while the business result was an operating loss in 2014 amounted to RSD 248.5 million, which represents a better result by 268.4 million. Reported operating profit before depreciation and long-term provisions (EBITDA) in 2015 amounted to RSD 213.2 million, while in the same period of previous year operating loss before amortization and long-term provisions (EBITDA) amounted RSD

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32.2 million, which represents an improvement of RSD 245.4 million. According to everything mentioned before, it is clear that the Company managed to stabilize its business on the operating basis.

Financing costs on a consolidated basis, in the period January-December 2015 amounted to RSD 522.8 million, while the cost of funding at the consolidated level in the same period last year amounted to RSD 992.8 million. The largest part of financial expenses are made of the interest-related costs, which on a consolidated basis in 2015 amounted to about RSD 389.5 million while in 2014 they were amounted to RSD 583.9 million. The level of debts in dinars was significantly influenced by the negative changes of the dinar exchange rate and other financial expenditures which in 2015 were RSD 133.3 million, in comparison with their level in 2014 when they were RSD 404.8 million. The effects of reduction of financial expenditures are the result of the Prepackaged Plan of Reorganisation and favourably conditions for repaying of debts from the earlier period of time. It is clear that interests amount is still very high and important for the Company.

Large burdens on the basis of borrowing from earlier periods and financial expenses still significantly affects the net results so that the net loss on a consolidated basis in 2015 amounted to RSD 576.6 million, while in 2014 it amounted to RSD 1.4 billion, which represents prosperity by 60%.

At the consolidated level, the value of total assets is RSD 6.6 billion, of which the value of fixed assets RSD 4.5 billion, and the value of current assets RSD 2.1 billion.

A part that relates to claims in the amount of RSD 310 million for the most part include the accounts receivable from domestic and foreign customers. Domestic customers' receivables are amounted to RSD 228 million where from the 8 largest customers is claimed RSD 51.2 million. Foreign customers' receivables are amounted to RSD 82 million, where seven largest foreign customers are claimed RSD 58.8 million. There is also a significant amount of receivables related to the entities from abroad. Tigar Partner Macedonia claims from its customers RSD 23.6 million, Tigra Montenegro RSD 3.4 million and Tigar Trade Banja Luka RSD 28.8 million.

On the consolidated basis, the loss above the capital is RSD 2.1 billion. On the liabilities side, the capital value is 0, long-term liabilities and provisions were RSD 6.9 billion, short-term financial liabilities were RSD 0.4 billion and other liabilities are amounted to about RSD 1.4 billion.

By substitution of short-term liabilities with the long-term loans, through the process of long-term financial stabilization, the better impact on the current liquidity of the Company was provided.

Number of employees on 31 December 2015 was 1.564, which implies the decrease of 52 employees compared to the day of 31 December 2014, when 1.616 people were employed.

Viewed individually, the parent company (The JSC Tigar) has achieved in 2015 an operating income of RSD 2.36 billion, where the total business income in 2014 is amounted to RSD 1.86 billion, what is more for RSD 506.9 million. The operating result (EBIT) in 2015 amounts RSD 162 million, while in the same period last year the operating result (EBIT) amounted to RSD 99.9 million, what is for RSD 62.2 million higher. The operating result before the depreciation and provisions (EBITDA) in 2015 is amounted to RSD 246.7 million, where EBITDA in 2014 was amounted to RSD 148.6 million, what represents better result for RSD 98.2 million. Net loss in 2015 was amounted to RSD 264.4 million where net loss for the same period in the previous year was amounted to RSD 852.2 million what represents the better result for RSD 587.8 million.

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In liabilities, the equity value on 31 December 2015 is 0, liabilities for long term loans are amounted to around RSD 6.5 billion, other long-term liabilities RSD 0.3 billion, liabilities under short-term loans were RSD 0.4 billion and other short-term liabilities amounted to about RSD 1.2 billion, the loss above the capital level is RSD 2.5 billion. By the validity of the Prepackaged Plan of Reorganization of the JSC Tigar, the transfer of short-term liabilities to long-term liabilities have been made and that resulted in the change of the current liquidity ratio from 0.55 (in 2014) to 1.23 at the moment, and the current liquidity of the Company is now in the better position than in 2014.

At the level of subsidiaries in 2015, a significant shift occurred in all parts of the business stabilization to the level of Operating result (EBIT) compred to the previous year, while in the part of net results it is the following situation:

- positive net result was realized by: Tigar Business Service of RSD 19 million, Free Zone Pirot of RSD 42.7 million, Tigar Security in the amount of RSD 12.9 million, Tigar Inter Risk in the amount of RSD 93 thousand, Pi channel in the amount of RSD 266 thousand and Tigra Trejd of 1 thousand convertible marks.

- negative net result was realized by: Tigra Montenegro in the amount of EUR 41 thousand, Tigar Partner in the amount of MKD 468 thousand, Ti Car trade RSD 69.2 million, Tigar Catering in the amount of RSD 1 million, Tigar Incon in the amount of RSD 15.9 million and Tigar Tours in the amount of RSD 296 thousand.

Viewed individually, the loss above the capital level on the day 31 December 2015 was achieved by the JSC Tigar with RSD 2.5 billion (including also losses of the merged entities) and Ti Car Trgovine ltd with RSD 72.3 million.

As for Tigar Americas, based in USA, which is 100% owned by the JSC Tigar, and bearing in mind the difficulty in communication starting from March 2013 with the Director of Tigar Americas, as well as the submission of his resignation in September 2014 through a representative, the JSC Tigar has taken steps to resolve the status of Tigar Americas. Tigar hired a lawyer for the purpose of transfer of duty, as well as taking the documents over but that did not happen. Bearing in mind all of the above mentioned, as well as the lack of economic interest for further work of Tigar Americas, a decision was made for closing of this subsidiary. The procedure of shutting down of this subsidiary is in progress.

Because of the impossibility of solving the accumulated liabilities through the implementation of Resolution of the Government of the Republic of Serbia from 2013, on the initiative of the largest creditors and with the consent of the Assembly of Shareholders of the JSC Tigar, began the drafting of the Prepackaged Plan of Reorganization in the first quarter of 2014. No matter that the plan was submitted to the Commercial Court in Nis in the first half of 2014, the Prepackaged Plan of Reorganization for the Tigar Rubber Footwear became valid at the end of 2014, while the validity of the Prepackaged Plan of Reorganization for the JSC Tigar was achieved in the middle of 2015 because of the complaints of a certain number of creditors. Postponement of starting of plan implementation was the Company's cost of EUR 3 million, at the already too high level of liabilities from the earlier period.

Company's management had continuous communication with the largest owners and representatives of the Government of the Republic of Serbia in the reporting period, as the largest individual shareholder, with the aim of making an agreement on the key decisions for the company.

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Management of the JSC Tigar with employees invested great effort during 2015 to consolidate the system and for the first time since becoming the Head of the Company, to achieve the operating result (EBIT) on a consolidated basis, in the interest of shareholders and employees.

**Managing Director of the  
Joint Stock Company Tigar  
Nebojsa Djenadic, Technology Engineer**

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**Report of the Supervisory Board of the Joint Stock Company Tigar Pirot for the  
shareholders related to the business results of the Joint Stock Company Tigar in 2015**

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Pursuant to Article 442 and in compliance with the application of Article 399 of the Law on Companies (Official Gazette of RS, no. 36/11, 99/11, 83/14 and 5/15) 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 the Joint Stock Company Tigar Pirot for the shareholders related to the business results of the Joint Stock Company Tigar in 2015**

The Supervisory Board of the Joint Stock Company Tigar Pirot was elected on the occasion of the General Assembly as of 14 June 2013 on a term of 4 years and after certain changes in the membership, and it works in the following composition: Nebojsa Petrovic, Chairman; Aleksandar Radojevic, Aleksandar Djurkovic, Bogdan Popara and Nikola Radenkovic.

Within preparation for the regular annual General Assembly of the JSC Tigar in 2016, the Supervisory Board has considered the Annual Business Report for the year 2015, has 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. In the financial statement it 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 also reviewed the documentation related to the work of the Executive Board, the Managing Director, the Committee of the Supervisory Board and other governing structures and concluded that all these governing bodies have carried out their tasks in compliance with applicable regulations and within the defined company policies.

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

Within individual balances of the JSC Tigar was achieved an operating profit (EBIT) of RSD 162 million, while in the previous year was reported an operating profit (EBIT) in the amount of RSD 99.9 million. Business result before depreciation and provisions (EBITDA) in 2015 was amounted to RSD 246.7 million, while EBITDA in 2014 was equal to RSD 148.6 million. Total net loss in 2015 amounted RSD 264.4 million, while the total net loss in 2014 amounted RSD 852.2 million. The largest share in the reported loss in 2015 had financial expenditures in the amount of RSD 429.1 million in which the interest-related expense holds the largest share. Financial expenditures in 2014 amounted RSD 612.3 million.

On the consolidated level in 2015, it was recorded, for the first time since the appointment of the Supervisory Board, the operating profit (EBIT) amounted RSD 19.9 million, while in the previous year the financial result (EBIT) was the operating loss amounted to RSD 248.5 million. Recorded operating profit before the depreciation and provisions (EBITDA) in 2015 is RSD 213.2 million, while in the same period last year recorded operating profit also before the depreciation and reservations (EBITDA) was RSD 32.2 million. Measures that the Supervisory Board defined in order to consolidate the Company at the beginning of its mandate, from year to year, show that the Company with adequate guidance and supervision can achieve positive operating result (EBIT). High debts from the earlier periods continued to significantly burden the Company, financial expenditures in 2015

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amounted to RSD 522.8 million, which resulted in the total net loss on a consolidated basis amounted to RSD 576.6 million, while net loss in 2014 amounted to RSD 1.4 billion.

The financial statements are in accordance with the regulations. They were audited by an independent auditor and about this process will be submitted respective Opinion to the General Assembly of the JSC Tigar. As for the audit in 2015, it was engaged "The auditing company Stanisic audit 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 2015 is correct and comprehensive, with an emphasis on issues that form the basis of the business and with the realistic assessment of the situation in the region.

The financial statement 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 the JSC Tigar Pirot.

The Supervisory Board has not only contemplated the accounting statements but also the overall management activities.

During the year 2015, the Supervisory Board held a total of 25 sessions in which were 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 the Supervisory Board  
of the Joint Stock Company Tigar Pirot  
Nebojsa Petrovic**

**JOINT STOCK COMPANY „TIGAR“**

**PIROT**

**REPORT**

**ON THE CONDUCTED AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR 2015**

**Belgrade, May 20<sup>th</sup>, 2016**

**JOINT STOCK COMPANY „TIGAR“**

**PIROT**

**REPORT**

**ON THE CONDUCTED AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR 2015**

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Annual Report

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**

**32 Danijelova St, Phone: (011) 3093211; 3093212, 3093-213; FAX: 3093-214**

## INDEPENDENT AUDITOR'S REPORT (follow-up)

TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

We have audited the accompanying financial statements of the joint stock company "TIGAR" Pirot (further referred to as: the Company) which comprise the balance sheet as of December 31, 2015, the income statement, cash flow statement and statement of changes in owners' equity for the year then ended, as well as the summary of the significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

Management of the Company is responsible for preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, as well as for such internal control that management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and Law of Accounting and Auditing of the Republic of Serbia. These standards require that we comply with ethical requirements and plan and perform the audit in such a way as to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
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INDEPENDENT AUDITOR'S REPORT (follow-up)

TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

*Basis for Qualified Opinion*

The financial statements of the Company for the financial year ended on December 31, 2014 were examined by another auditor who has issued his qualified opinion for the given financial statements, on June 12, 2015, in terms of impairment of receivables from related parties, value of equity of subsidiary entities, impairment of inventories and disclosed effects of impairment of investments. Due to significant limitations in terms of opening balance sheets for the financial year ended on December 31, 2015, we were not able to identify the potential effects on comparative financial information and the suitable effects on Income Statement, Statement of Changes in Equity, and Cash Flows Statement for the financial year ended on December 31, 2015.

*Basis for Qualified Audit Opinion (continuation)*

- The Company has stated intangible assets in the amount of 268,544 thousand RSD on December 31, 2015. Within intangible assets, the Company has also stated capitalized costs of development. Based on the disclosed documentation, we were not able to determine whether the criterion for capitalization of development costs was met at the moment of initial recognition, either using audit or alternative methods. We were not provided with the analysis on how and when these intangible assets would generate future economic benefits.

Even though the Company has performed impairments in the net amount of 184.973 thousand RSD (on December 31, 2014 in the net amount of 105.250 thousand RSD, on December 31, 2015 in the net amount of 79.723 thousand RSD) there is an indication that intangible assets were stated in the amount exceeding the recoverable amount, which is contrary to the IAS 36- Impairment of Assets.

Considering that the Company has significant current and accumulated losses, it is necessary to perform the analysis for further impairment of intangible assets.

- Total receivables arising from transactions with related parties amounted to 366.521 thousand RSD, i.e. 72, 96% of sales receivables, on December 31, 2015. Receivables from related parties that were not collected within 180 days of the due date amounted to 169.659 thousand RSD. The Company did not estimate collectability of these account receivables nor entered impairment of receivables on the balance sheet date, despite the fact that related parties have significant liquidity issues and accumulated business losses. Considering the lack of recoverability analysis, we were not able to determine whether the receivables from related parties on December 31, 2015, were disclosed fairly and objectively, as well as whether it is necessary to include impairments in the Income Statement for the year 2015.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

### *Basis for Qualified Audit Opinion (continuation)*

- The Company stated total inventories in the amount of 1.027.400 thousand RSD as of December 31, 2015. The given amount includes inventories with slow turnover - inventories without fluctuations during the period exceeding a year, in the amount of 237.210 thousand RSD, for which the Company provided no appropriate impairment analysis. Because of that, we were not able to determine potential effects on non-deductible impairments of inventories, on December 31, 2015, on income statement and accumulated losses.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion*, financial statements present fairly give a true and fair view of all significant material aspects of the financial position of the joint stock company "TIGAR" ,Pirót on December 31, 2015, as well as its financial performance and cash flows for the year ended on that day in accordance with the International Financial Reporting Standards of the Republic of Serbia.

### *We draw attention to the following matters:*

As stated within Note 5 to the financial statements, as of September 11, 2015, production entities "Tigar Footwear Ltd", "Tigar Technical goods Ltd" and "Tigar Chemical Products Ltd" merged with the parent entity, joint stock company "Tigar". The data stated as of December 31<sup>st</sup> 2015 are not comparable to the data stated for the period January-December 2014 (balance sheet), i.e. are not comparable to the data stated for the period January-December 2014 (income statement).

### *Going Concern Principle*

As stated within Note 2.2 to the financial statements, the Company has a net loss of 264.355 thousand RSD for the year which ended on December 31<sup>st</sup> 2015. Short-term liabilities of the company are less than its current assets, stated on December 31, 2015, for 371.704 thousand RSD. The company has a problem with the solvency (net cash outflow). The ratio of total debt to equity is negative. The loss over the equity value is 2.522.769 thousand RSD.

This situation implies that there is a materially significant uncertainty which may cause a consistent doubt over the Company's potential to keep on operating.

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## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

### *Going Concern Principle*

On June 1, 2015, PPRP of the joint stock company "Tigar", Pirot became effective and the company initiated with the conduction of activities related to the pre-pack reorganization plan. On August 06, 2015, the Company decided to enact the Law on the acquisition of dependent equities - "TigarFootwear Ltd", "TigarTechnical goods Ltd" and "TigarChemical Products Ltd(transferees), to the parent company (acquirer) "Tigar" Pirot. September 11, 2015 is taken as the date of status change.

Pursuant to the adopted PPRP of the joint stock company "Tigar", Pirot, all the liabilities were harmonized up to June 16<sup>th</sup> 2015. Short-term loans and accompanying interest rates have been converted into long-term loans in which the new principal of the loan is expressed in Euros i.e. EUR currency clause.

In 2015, The Company continuously worked on the implementation of measures envisaged by the business and financial consolidation plan., enacted in December 2013 as a measure envisaged by PPRP. The aim was to stabilize the business operation of the company, to provide continuous growth of production and sales along with the maximum reduction of costs and their rationalization.

The Company worked intensively on restructuring Tigar Group with the aim of creating a more efficient business system.

The Company has officially entered into the debt restructuring process pursuant to the plans enacted by the creditors. The consolidation of the Company's business operations is ongoing. Financial reports were composed in accordance with the going concern principle.

### *Mortgages and pledges*

As disclosed in Note 37 to financial statements and Note 4.2 of the Annual report, mortgage in a form of loans for construction buildings and Company lien on the goods was determined as collateral.

As disclosed in Note 37 to financial statements, lien on goods was established as collateral for loans and liabilities from operations in the amount of 798.813.219,45 RSD.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
**32 Danijelova St, Phone: (011) 3093211; 3093212, 3093-213; FAX: 3093-214**

## INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE JOINT STOCK COMPANY "TIGAR", PIROT

### *Legal disputes*

As disclosed in Note 38 to financial statements, the Company is involved in several disputes regarding commercial and labour matter, as a defendant, whose value amounts to about 20.000 thousand RSD, and the outcome of those disputes is uncertain.

Besides that, the Company is involved in labour disputes, as a defendant, whose value can not be determined.

On December 31, 2015, the Company did not make provisions for litigations. The management of the Company believes that the outcome of such litigations would be favourable and that the Company will not face any materially significant consequences.

Also, the Company is involved in several disputes, as a prosecutor, and the estimated value of such disputes is 27.678 thousand RSD.

There are effective court rulings for such disputes, but the collection has not been made.

Our opinion is not qualified in respect of this matter.

### *Other issues*

The Company is responsible for the composition of the Annual Report, pursuant to the requirement of Law on Accounting of the RS (the Official Gazette of the Republic of Serbia No 61/2013). It is our responsibility to express opinion on adjustment of the annual report on business operations with financial statements for the year 2015. With reference to that, we act in full accordance with the International Standard on Auditing (ISA) 720, "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements", and we are limited to the assessment of financial statements compliance with the annual report on business operations.

In our opinion, the annual report is compliant with the audited financial statements.

In Belgrade,  
May 20, 2016.

Certified auditor

**JOINT STOCK COMPANY „TIGAR“  
PIROT**

**REPORT  
ON THE CONDUCTED AUDIT OF 2015 CONSOLIDATED  
FINANCIAL STATEMENTS**

**Belgrade, May 20th 2016**

**JOINT STOCK COMPANY "TIGAR" PIROT ,  
PIROT**

**REPORT  
ON THE CONDUCTED AUDIT OF 2015 CONSOLIDATED  
FINANCIAL STATEMENTS**

**CONTENT**

Independent Auditor's Report

Consolidated financial statements:

- Consolidated balance sheet
- Consolidated income statement
- Consolidated statement of other comprehensive income
- Consolidated cash flow statement
- Consolidated statement of changes in equity
- Notes to consolidated financial statements
- Consolidated Annual Report

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
**32 Danijelova St, Phone: (011) 3093211; 3093212, 3093-213; FAX: 3093-214**

## **INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF JOINT STOCK COMPANY "TIGAR", PIROT

We have been engaged to audit the accompanying consolidated financial statements of the joint stock company "TIGAR" Pirot (further referred to as: the Group) which comprise the consolidated balance sheet as of December 31, 2015, the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in owners' equity for the year then ended, as well as the summary of the significant accounting policies and other explanatory notes.

### *Management's responsibility*

Management of the Group is responsible for preparation and fair presentation of these consolidated financial statements in accordance with the Law on accounting and other accounting regulations applicable in the Republic of Serbia, as well as for such internal control that management determines as necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the submitted consolidated financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and RS Law on Accounting. Due to the significant issues presented within the below given paragraph *Basis for Disclaimer of Opinion*, we could not collect enough suitable audit evidence that provide the grounds for the expression of auditor's report.

### *Basis for Disclaimer of Opinion*

Group's consolidated financial statement for the year ended on December 31st 2014, were audited by another auditor who issued a Disclaimer of Opinion for financial statements as of June 12th 2015 with respect to the impairment of non-material investments, adequacy of assessment methodology and stated effects of investment properties, devaluation of inventories, on-consolidation of all subsidiaries and calculation of cumulated reserves by turning assets and liabilities into the reporting currency, and minority interest. Due to the significant limitations with reference to the opening balance sheet, which are taken into account for the calculation of results for the year ended on December 2015, we could not make sure whether there is a potential influence on the comparative financial information and the adequate effect on the consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on December 2015.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
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## **INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF JOINT STOCK COMPANY "TIGAR", PIROT

### *Basis for Disclaimer of Opinion*

On December 31st 2015, the Group stated non-material investments in the amount of 268.544 thousand RSD. Within the position »non-material investments«, the Group also stated capitalized development costs. Based on the submitted documentation, we could not ensure, by audit or any other alternative methods, whether the criteria for the capitalization of development costs was fulfilled at the moment of the initial recognition. We were not provided with any analysis on how and in what time period these non-material investments would generate possible future economic benefits.

Although the Group has conducted impairment in the total net amount of 322.675 thousand RSD ( as of December 31st 1024 in the net amount of 242.952 thousand RSD, as of December 31st 2015 in the net amount of 79.723 thousand RSD), there is an indication that non-material investments were stated in the amount higher than their recoverable value, which would be against the requirements of IAS 36 – Impairment of Assets.

As the Group has significant current and accumulated losses, it is necessary to perform an analysis for the further impairment of non-material investments.

As of December 31st 2015, total inventories of the Group were stated in the amount of 1.167.149 thousand RSD. Inventories on which there was no movement for a period longer than one year, and on which there was no correction of value, amount at least 237.210 thousand at that date. Because of the lack of suitable analysis of these inventories, we could not make sure that there was no unacknowledged recognition of inventories value as of December 31<sup>st</sup> 2015 and no effects on the consolidated income statement and consolidated cumulated losses.

Due to the lack of communication and lack of financial information from the dependant entity, the Group did not consolidate the data of the subsidiary „Tigar Americas“, Florida, USA, owned by joint stock company “Tigar” in 100%, as of December 31<sup>st</sup> 2015. During 2015, the Managing Authority brought a Decision of the closure of the subsidiary and the Group took the measures pursuant to the Decision.

We were not able to assess what is the impact of these facts on the consolidated financial statements.

Pursuant to the data from the Companies register, filed within Serbian Business Registers Agency, we have determined that there is a discrepancy in the amount of Group's founding capital and the amount stated in the business books. Discrepancies were determined in „Tigar

Incon“ LLC, “Tigar Inter Risk“ LLC, “Ti-Car” LLC, “Tigar Security “ LLC and “Tigar Tours” LLC.

We were not able to assess what is the impact of these facts on the consolidated financial statements.

Pursuant to the Law on Companies, Article 589, the Group is obliged to perform the harmonization of capital in the business books with the capital registered within Serbian Business Registers Agency.

The auditor was not presented with the adequate calculation of cumulated reserve from turning assets and liabilities into the reporting currency, stated in the amount of 84.716 thousand RSD, and minority interest stated in the amount of 91.147 thousand RSD, which were presented within the capital. We could not be sure about the fairness and objectivity of these amounts and their effects on consolidated accumulated losses as of December 31<sup>st</sup> 2015 and 2014.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
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## **INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF JOINT STOCK COMPANY "TIGAR", PIROT

### **Disclaimer of Opinion**

Due to the relevance of issues disclosed in the paragraph entitled Basis for Disclaimer of Opinion, we were not able to obtain sufficient appropriate audit evidence to draw reasonable conclusions on which to base the audit opinion. Therefore, we do not express our opinion on consolidated financial statements of the joint stock company "Tigar", Pirot, as of December 31, 2015.

*We draw attention to the following matters:*

As stated in Note 2.3 to consolidated financial statements, the Group has disclosed net loss in the amount of 576.608 thousand RSD for the year ended on December 31, 2015. Short-term liabilities of the Group are lower than the current assets stated as of December 31, 2015 for 362.414 thousand RSD. The Group has certain liquidity issues (net cash outflow). Total debt-to-equity ratio is negative. Loss above the equity value is stated in the amount of 2.077.431 thousand RSD.

Such situation indicates the existence of materially significant uncertainty that can cause considerable doubt as to the ability of the Group to further its business operations.

The Group has officially entered the debt restructuring process in accordance with the plans enacted by the creditors. The consolidation of the Company's business operations is ongoing.

At the extraordinary session of the Shareholders Assembly held on April 14, 2014, the decision was made on submitting the proposal for initiating the bankruptcy proceedings via reorganisation, with the pre-pack reorganisation plan (PPRP). Pre-pack reorganisation plans for the joint stock company "Tigar" and "Tigar Footwear" Ltd. have been submitted to the Commercial Court in Niš on May 29, 2014.

Voting after which the plan was adopted by major creditors was held on September 18, 2014 for the joint stock company "Tigar", and on September 23, 2014 for "Tigar Footwear" Ltd. No appeals were made against the plan of "Tigar Footwear" Ltd., thus making it fully effective on November 26, 2014, and the starting date for the plan implementation is December 11, 2014. Repayment to direct creditors of the company "Tigar Footwear" Ltd. started as of January 11, 2015. Commercial Bank a.d Belgrade in bankruptcy submitted an appeal against the adopted plan for the joint stock company "Tigar" ad Pirot. According to the decision of the Commercial Court of Appeal in Belgrade as of December 31, 2014, the corrections of the plan were deemed necessary.

Corrections of the plan were done and the modified text of the Pre-pack Reorganisation Plan (PRP) was submitted to Court on February 20, 2015. At the hearings held at the Commercial Court in Niš on April 07, 2015, the majority of creditors adopted the Pre-Pack Reorganisation Plan (PRP) for the joint stock company "Tigar" Pirot.

On June 01, 2015, the Pre-pack Reorganisation Plan (PRP) of the joint stock company "Tigar" Pirot became fully valid and effective. As of June 16, 2015, all activities regarding the implementation of the plan were initiated. Accordingly, the decisions on adopting the Contract on acquisition of subsidiary companies "Tigar Footwear" Ltd., "Tigar Technical Goods" Ltd, and "Tigar Chemical Products" Ltd., as transferors, to the parent joint stock company "Tigar", as acquirer, were made on August 06, 2015. The date of the status change of acquisition is September 11, 2015.

Besides the aforementioned, the management of the Group was actively involved in restructuring of Tigar Group, as well as drafting and adoption of plans and strategies of financial and business consolidation in order to overcome the financial and business difficulties and create a more efficient business system. Accordingly, the Group has prepared the enclosed financial statements following the going concern principle.

**Audit and Consulting company STANIŠIĆ AUDIT, LLC**  
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## **INDEPENDENT AUDITOR'S REPORT**

TO THE SHAREHOLDERS OF JOINT STOCK COMPANY "TIGAR", PIROT

### *Other issues*

The Group is responsible for preparing the Annual Report, in accordance with the principles of the Law on Accounting of the Republic of Serbia (" Official Gazette of the RS" No. 61/2013). Our responsibility is to express an opinion on compliance of the annual report with financial statements for the year 2015. Therefore, our activities are carried out in accordance with the *International Standard on Auditing (ISA) 720 (Revised)- The auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*, and we are limited to the compliance assessment of annual business reports with financial reports.

In our opinion, the annual report is in compliance with the audited consolidated financial statements of the Group.

In Belgrade,  
May 20, 2016

Certified auditor

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Zorica Dimitrijević Digitally signed by Zorica  
Dimitrijević  
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57715019 Date: 2016.05.25 11:10:12  
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Joint Stock Company TIGAR Pirot  
SUPERVISORY BOARD

MATERIAL FOR THE SESSION OF THE GENERAL ASSEMBLY

2016-05-17

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**PROPOSAL FOR THE DECISION ACCORDING TO THE ITEM NO. 1 OF THE AGENDA**

Pursuant to the Article 441 paragraph 1 item 5 of the Companies Law (Official Gazette of the RS, nos. 36/11, 99/11, 83/14 and 5/15) and to the Article 49 paragraph 1 items 5 and 7 of the By-Law of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, on its session held on 17 May 2016, proposes to the General Assembly convened for 22 June 2016 to make the following:

**“DECISION  
on adopting the Financial Statement of the Joint Stock Company Tigar Pirot  
for the year 2015**

1. The Financial Statement of the Joint Stock Company Tigar Pirot for the year 2015, and the reports related to the Financial Statement, including:

- The Joint Stock Company Tigar's Report for the year 2015 presented by the Executive Board,
- The report of the Joint Stock Company Tigar Pirot presented by the Supervisory Board
- The report presented by the "Audit and Consulting Company-Stanisic Ltd. Belgrade"

2. According to the Income Statement in the Financial Statement for the period January-December 2015, the Joint Stock Company Tigar Pirot reported the following results:

Income statement (in thousands of RSD)	January-December 2015	January-December 2014
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>2,362,695</b>	<b>1,855,835</b>
I Sales of goods	1,374,616	1,446,938
1. Sales of goods parent companies and subsidiaries in the domestic market	344,206	437,797
2. Sales of goods parent companies and subsidiaries in foreign markets	43,426	74,158
3. Sales of goods other related parties in the domestic market		
4. Sales of goods other related parties in the international market		
5. Sales of goods on the domestic market	228,906	69,306
6. Revenues from sales of goods on foreign markets	758,078	865,677
II Sales of products and services	<b>854,765</b>	<b>392,320</b>
1. Revenues from sales of goods and services home and subsidiaries in the domestic market	219,535	351,812
2. Revenues from sales of goods and services home and subsidiaries in foreign markets	47,089	
3. Revenues from sales of products and services to other related parties in the domestic market	261	171
4. Revenues from sales of products and services to other related parties in the international market		
5. Revenues from sales of products and services on domestic market	261,002	39,060
6. Sales of finished products and services on foreign market	326,878	1,277
III Revenues from premiums, subsidies, donations, grants etc.		
IV Other operating income	133,314	16,577
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>2,200,658</b>	<b>1,755,978</b>
I Cost of commercial goods sold	1,178,334	1,261,701
II Work performed by the company and capitalized		
III Increase in inventories of finished products and work in progress	40,189	
IV Decrease in inventories of finished products and work in progress		
V Material consumed	307,667	4,648
VI Fuel and energy consumed	121,011	85,143
VII Staff costs	359,814	196,104
VIII Production expenses	51,906	58,742
IX Amortization	77,624	48,456



Joint Stock Company TIGAR Pirot  
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X Costs of long-term provisions	7,102	302
XI Intangible costs	137,389	100,882
<b>C. PROFIT FROM OPERATIONS</b>	<b>162,037</b>	<b>99,857</b>
<b>D. LOSS FROM OPERATIONS</b>		
<b>I. FINANCE INCOME</b>	<b>115,048</b>	<b>49,695</b>
I Financial income from related persons and other financial income	95,997	25,950
1. Financial income from parent companies and subsidiaries	69,817	
2. Financial income from other related parties		
3. Income from participation in profit of associated legal entities and joint ventures		
4. Other finance income	26,180	25,950
II Interest income (from third parties)	1,118	2,135
III Gains and positive effects of currency clause	17,933	21,610
<b>F. FINANCE EXPENSES</b>	<b>429,085</b>	<b>612,261</b>
I Financial expenses related party transactions and other financial expenses	10,848	14,276
1. Finance expenses from relations with parent companies and subsidiaries	4,696	10,245
2. Finance expenses from relations with other related parties		
3. Expenses from participation in the loss of associated companies and joint ventures		
4. Other financial expenses	6,152	4,031
II Interest expense (by third parties)	293,980	415,261
III Foreign exchange gains and negative effects of currency clause	124,257	182,724
<b>G. PROFIT FROM FINANCING</b>		
<b>H. LOSS FROM FINANCING</b>	<b>314,037</b>	<b>562,566</b>
<b>I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>13,838</b>	<b>1,832</b>
<b>J. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE TROUGH INCOME STATEMENT</b>	<b>37,373</b>	<b>385,418</b>
<b>K. OTHER INCOME</b>	<b>72,377</b>	<b>18,963</b>
<b>L. OTHER EXPENSES</b>	<b>152,900</b>	<b>24,861</b>
<b>M. OPERATING PROFIT BEFORE TAX</b>		
<b>N. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>256,058</b>	<b>852,193</b>
<b>M. NET INCOME FROM DISCONTINUED OPERATIONS , THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD</b>		
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS , EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD</b>	<b>3,506</b>	
<b>Q. PROFIT BEFORE TAXATION</b>		
<b>P. LOSS BEFORE TAXATION</b>	<b>259,564</b>	<b>852,193</b>
<b>R. INCOME TAX</b>		
I Current tax expense	4,791	
II Deferred income tax expense		
III Deferred income tax benefit		
<b>T. EARNINGS OF EMPLOYER</b>		
<b>U. NET PROFIT</b>		
<b>V. NET LOSS</b>	<b>264,355</b>	<b>852,193</b>

3. According to the balance sheet in the Financial Statement as of 31 December 2015, the Joint Stock Company Tigar Pirot reported the following items:

BALANCE SHEET (in thousands of RSD)	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
<b>ASSETS</b>			
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>3,894,327</b>	<b>1,983,302</b>	<b>2,308,016</b>
I INTANGIBLE ASSETS	279,515	13,758	16,381
Investment in development	268,544	33	71
Concessions, patents, licenses, trademarks, software and other rights	7,200	9,823	12,157
Goodwill			
Other intangible assets			
Intangible assets under construction	3,771	3,902	4,153
Advances for intangible assets			
II PROPERTY, PLANT AND EQUIPMENT	3,291,008	1,257,829	1,410,676
Land	454,761	54,376	54,156
Buildings	1,713,331	643,255	655,518
Plant and equipment	675,729	231,157	260,838
Investment property	292,513	290,896	395,695
Other property, plant and equipment			



Joint Stock Company TIGAR Piro  
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Property, plant and equipment construction	129,511	28,945	37,706
Investments in property, plants and equipment	5,223	9,200	6,763
Advances for property, plant and equipment	19,940		
III BIOLOGICAL AGENTS			
1. Woods and plants			
2. Basic herd			
3. Biological agents in the preparation			
4. Advances for biological agents			
IV LONG-TERM FINANCIAL PLACEMENTS	323,804	504,651	880,959
Shares in subsidiaries	313,298	480,785	856,716
Shares in associated companies and joint ventures	491	12,018	12,020
Equity investments in other companies and other securities	94	94	153
Securities available for sale			
Long-term placements with other related parties			
Long-term investments in the country			
Long-term investments abroad			
Securities held to maturity			
Other long-term investments	9,921	11,754	12,070
V LONG-TERM RECEIVABLES		207,064	
Receivables from parent company and its subsidiaries		207,064	
Receivables from other related parties			
Receivables from sales on trade credit			
Receivables for sale under the agreement on financial leasing			
Receivables in respect of sureties			
Disputed and doubtful receivables			
Other long-term receivables			
<b>C. DEFERRED TAX ASSETS</b>			
<b>D. CURRENT ASSETS</b>	<b>1,976,298</b>	<b>2,851,148</b>	<b>2,936,294</b>
I INVENTORIES	1,399,397	453,874	621,303
Material, spare parts, tools and supplies	151,414	5,574	6,531
Unfinished production and unfinished services	136,514		67,895
Finished Products	391,998		
Goods	347,474	430,666	532,532
Fixed assets held for sale	362,160		
Advances paid to suppliers	9,837	17,634	14,345
II RECEIVABLES FROM SALE	502,322	1,892,079	1,811,666
Customers in the country - the parent and subsidiaries	239,730	1,648,171	1,419,098
Customers abroad - parent and subsidiaries	125,698	115,847	127,897
Customers in the country - other related parties	1,093	585	978
Customers abroad - other related parties			
Customers in the country	72,487	57,380	172,988
Customers abroad	63,314	70,096	90,705
Other receivables from sales			
III RECEIVABLES FROM SPECIFIC OPERATIONS			
IV OTHER RECEIVABLES	26,818	57,116	206,744
V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI SHORT-TERM FINANCIAL PLACEMENTS		239,953	276,539
Short-term loans and investments - parent and subsidiaries		239,480	276,539
Short-term loans and investments - other related parties		456	
Short-term loans and loans in the country			
Short-term loans and loans abroad			
Other short-term financial investments		17	
VII CASH AND CASH EQUIVALENTS	1,430	109,103	2,088
VIII VALUE ADDED TAX	12,914	12,297	
IX PREPAYMENTS	33,417	86,726	17,954
<b>I. TOTAL ASSETS</b>	<b>5,870,625</b>	<b>4,834,450</b>	<b>5,244,310</b>
<b>F. OFF BALANCE SHEET ASSETS</b>	<b>798,813</b>		
<b>EQUITY AND LIABILITIES</b>	<b>As of 31 December 2015</b>	<b>As of 31 December 2014</b>	<b>As of 31 December 2013</b>
<b>A. EQUITY</b>			
I SHARE AND OTHER CAPITAL	642,704	642,704	642,704
Share Capital	642,704	642,704	642,704
Shares of limited liability companies			
Stakes			
State capital			
Social capital			



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Cooperative shares			
Share premium			
Other capital			
II SUBSCRIBED CAPITAL UNPAID			
III TREASURY SHARES			
IV RESERVES	143	143	143
V Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment	205,809	112,818	112,818
VI UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS		6	
VII UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	2,042		
VIII RETAINED EARNINGS	1,823		
Retained profit from previous years	1,823		
Retained profit from financial year			
IX PARTICIPATION RIGHTS WITHOUT CONTROL			
X LOSS	3,371,206	1,814,668	962,476
Loss of previous years	3,106,851	962,476	143,183
Loss for the year	264,355	852,192	819,293
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,785,725</b>	<b>755,963</b>	<b>893,579</b>
I LONG-TERM PROVISIONS	240,390	220,604	221,704
For expenses in warranty period			
For restoration of natural resources			
Provisions for restructuring costs			
Provision for retirement and other employee benefits	29,197	5,920	7,429
Provision for lawsuits	211,193	214,684	214,275
Other long-term provisions			
II LONG-TERM LIABILITIES	6,545,335	535,359	671,875
The obligations that are convertible into equity			
Liabilities to parent companies and subsidiaries			
Due to other related parties			
Liabilities from securities in period longer than one year	317,125		
Long-term loans and loans in the country	4,379,536	535,359	671,875
Long-term loans and loans abroad	950,167		
Liabilities arising from finance lease			
Other long-term liabilities	898,507		
<b>C. DEFERRED TAX LIABILITIES</b>	<b>3,075</b>		
<b>D. CURRENT LIABILITIES</b>	<b>1,604,594</b>	<b>5,137,484</b>	<b>4,557,542</b>
I SHORT-TERM FINANCIAL LIABILITIES	418,543	3,051,513	2,781,875
Short-term loans from parent companies and subsidiaries	16,086	119,984	66,187
Short-term loans from other related parties			
Short-term loans and loans in the country		2,042,117	1,992,538
Short-term loans and loans abroad			
Liabilities in respect of fixed assets and resources discontinued operations held for sale			
Other current financial liabilities	402,457	889,412	723,150
II PREPAYMENTS, DEPOSITS AND GUARANTEES	44,436	52,541	52,114
III ACCOUNTS PAYABLE	743,878	990,652	1,048,472
Suppliers - parent and subsidiaries in the country	83,712	164,010	212,622
Suppliers - parent and subsidiaries abroad	50,507	50,584	41,642
Suppliers - other related parties in the country	2,158	3,972	4,949
Suppliers - Other related legal entities abroad			
Suppliers in the country	321,310	293,792	396,512
Foreign suppliers	283,504	478,113	391,121
Other liabilities	2,687	181	1,626
IV OTHER CURRENT LIABILITIES	347,760	945,237	591,121
V LIABILITIES FOR VALUE ADDED TAX	74		4,905
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	6,563	15,364	18,550
VII ACCRUALS	43,340	82,177	60,505
<b>I. THE LOSS IN EXCESS OF CAPITAL</b>	<b>2,522,769</b>	<b>1,058,997</b>	<b>206,811</b>
<b>F. TOTAL LIABILITIES</b>	<b>5,870,625</b>	<b>4,834,450</b>	<b>5,244,310</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>798,813</b>		

4. Financial Statement of the Joint Stock Company Tigar Pirot for the year 2015, together with the Independent Auditor's Report is published on the web page of the Joint Stock Company [www.tigar.com](http://www.tigar.com), in both Serbian and English language.

 <b>Tigar</b> ®	<b>Joint Stock Company TIGAR Pirot SUPERVISORY BOARD</b>
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5. This Decision shall come into force by the date of its adoption.

#### E x p l a n a t i o n

Within preparation for the regular session of the General Assembly of the Joint Stock Company Tigar Pirot, the Supervisory Board has considered the Business Report of the JSC Tigar for the year 2015, 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. In the income statement for the year 2015 is presented a positive operating result (EBIT) of RSD 162 million. The positive operating result before depreciation and provisions (EBITDA) is amounted to RSD 246.8 million. Net loss for the period January-December 2015 is amounted to RSD 264.3 million. The main reason for the negative net result is the high level of financial costs, in other words costs of interests and negative currency value differences, what is presented in the positions of the income statement.

The Decision on covering the loss reported in the Financial Statement for 2015 has not been made, given that the company operates with a loss which is above the level of capital. In this regard, measures were taken and the Company has entered the process of reorganization in accordance with the Prepackaged Plan of Reorganization.

Business Report contains a detailed view of operations and events affecting the Company's operations in 2015, and it was made in accordance with the law governing the capital market.

Supervisory Board's report on the company's business operations and the realized supervision over the work of the Executive Board has also been submitted to the General Assembly in accordance with the reporting obligations prescribed by the Companies Law.

At the proposal of the Supervisory Board of the Joint Stock Company Tigar Pirot, the General Assembly of the Company adopted the Financial Statement for the year 2015 together with reports relating to it and made the Decision as stated above."

**Chairman of the Supervisory Board  
of the Joint Stock Company Tigar Pirot**

**Nebojsa Petrovic**



Joint Stock Company TIGAR Pirot  
SUPERVISORY BOARD

MATERIAL FOR THE SESSION OF THE GENERAL ASSEMBLY

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**PROPOSAL FOR THE DECISION ACCORDING TO THE ITEM NO.2 OF THE AGENDA**

Pursuant to the Article 441 paragraph 1 item 5 of the Companies Law (Official Gazette of the RS, nos. 36/11, 99/11, 83/14 and 5/15) and pursuant to the Article 49 paragraph 1 items 5 and 7 of the By-Law of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot on its session held on 17 May 2016 proposes to the General Assembly to make, on its session scheduled for 22 June 2016 the following:

**“DECISION**

**on adopting the Consolidated Financial Statement of the Joint Stock Company Tigar Pirot and other reports related to it for the year 2015**

1. It is hereby adopted the Consolidated Financial Statement of the JSC Tigar for the year 2015, and the reports related to the Consolidated Financial Statement, including:

- The Joint Stock Company Tigar's Report for the year 2015 presented by the Executive Board,
- The report of the Joint Stock Company Tigar Pirot presented by the Supervisory Board
- The report presented by the "Audit and Consulting Company-Stanisic Ltd. Belgrade"

2. According to the Consolidated Income Statement from the Consolidated Financial Statement for the period of January-December 2015, the Joint Stock Company Tigar Pirot expressed the following results:

Income statement (in thousands of RSD)	January-December 2015	January-December 2014
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>2,826,617</b>	<b>2,734,471</b>
I Sales of goods	72,569	145,519
1. Sales of goods parent companies and subsidiaries in the domestic market		
2. Sales of goods parent companies and subsidiaries in foreign markets		
3. Sales of goods other related parties in the domestic market		
4. Sales of goods other related parties in the international market		
5. Sales of goods on the domestic market	60,879	114,208
6. Revenues from sales of goods on foreign markets	11,690	31,311
II Sales of products and services	2,707,606	2,566,507
1. Revenues from sales of goods and services home and subsidiaries in the domestic market		
2. Revenues from sales of goods and services home and subsidiaries in foreign markets		
3. Revenues from sales of products and services to other related parties in the domestic market	290	218
4. Revenues from sales of products and services to other related parties in the international market		
5. Revenues from sales of products and services on domestic market	1,462,497	1,198,403
6. Sales of finished products and services on foreign market	1,244,819	1,367,886
III Revenues from premiums, subsidies, donations, grants etc.		
IV Other operating income	46,442	22,445
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>2,806,701</b>	<b>2,982,972</b>
I Cost of commercial goods sold	59,117	63,057
II Work performed by the company and capitalized	39,637	270
III Increase in inventories of finished products and work in progress	88,420	
IV Decrease in inventories of finished products and work in progress		15,425
V Material consumed	926,170	941,854
VI Fuel and energy consumed	175,642	185,212
VII Staff costs	1,139,438	1,153,955
VIII Production expenses	331,925	261,439
IX Amortization	184,122	213,002
X Costs of long-term provisions	9,188	3,302



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XI Intangible costs	109,156	145,996
<b>C. PROFIT FROM OPERATIONS</b>	<b>19,916</b>	
<b>D. LOSS FROM OPERATIONS</b>		<b>248,501</b>
<b>I. FINANCE INCOME</b>	<b>32,486</b>	<b>33,875</b>
I Financial income from related persons and other financial income	295	973
1. Financial income from parent companies and subsidiaries		
2. Financial income from other related parties		
3. Income from participation in profit of associated legal entities and joint ventures		
4. Other finance income	295	973
II Interest income (from third parties)	2,679	2,344
III Gains and positive effects of currency clause	29,512	30,558
<b>F. FINANCE EXPENSES</b>	<b>522,808</b>	<b>992,800</b>
I Financial expenses related party transactions and other financial expenses	6,246	4,031
1. Finance expenses from relations with parent companies and subsidiaries		
2. Finance expenses from relations with other related parties		
3. Expenses from participation in the loss of associated companies and joint ventures		
4. Other financial expenses	6,246	4,031
II Interest expense (by third parties)	389,474	583,930
III Foreign exchange gains and negative effects of currency clause	127,088	404,839
<b>G. PROFIT FROM FINANCING</b>		
<b>H. LOSS FROM FINANCING</b>	<b>490,322</b>	<b>958,925</b>
<b>I. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>18,608</b>	<b>14,044</b>
<b>J. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>27,369</b>	<b>158,210</b>
<b>K. OTHER INCOME</b>	<b>84,087</b>	<b>50,077</b>
<b>L. OTHER EXPENSES</b>	<b>161,534</b>	<b>124,017</b>
<b>M. OPERATING PROFIT BEFORE TAX</b>		
<b>N. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>556,614</b>	<b>1,425,532</b>
<b>M. NET INCOME FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD</b>		
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, EXPENSES CHANGE IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS PERIOD</b>	<b>3,506</b>	
<b>Q. PROFIT BEFORE TAXATION</b>		
<b>P. LOSS BEFORE TAXATION</b>	<b>560,120</b>	<b>1,425,532</b>
<b>R. INCOME TAX</b>		
I Current tax expense	23,903	16,893
II Deferred income tax expense	15	735
III Deferred income tax benefit	7,430	4,354
<b>T. EARNINGS OF EMPLOYER</b>		
<b>U. NET PROFIT</b>		
<b>V. NET LOSS</b>	<b>576,608</b>	<b>1,438,806</b>
<b>I NET PROFIT OF MINORITY SHAREHOLDERS</b>	<b>15,104</b>	<b>5,531</b>
<b>II NET PROFIT DUE TO MAJORITY OWNER</b>		
<b>I NET LOSS OF MINORITY SHAREHOLDERS</b>		
<b>II NET LOSS DUE TO MAJORITY OWNER</b>	<b>591,712</b>	<b>1,444,337</b>

3. According to the Consolidated balance sheet in the Consolidated Financial Statement as of 31 December 2015, the Joint Stock Company Tigar Pirot reported the following balance sheet items:

BALANCE SHEET (in thousands of RSD)	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
<b>ASSETS</b>			
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>4,530,441</b>	<b>5,113,669</b>	<b>5,477,305</b>
I INTANGIBLE ASSETS	279,860	415,482	487,546
Investment in development	268,544	368,482	434,142
Concessions, patents, licenses, trademarks, software and other rights	7,434	16,243	17,450
Goodwill	3		100
Other intangible assets	3,879	30,757	35,854
Intangible assets under construction			
Advances for intangible assets			
II PROPERTY, PLANT AND EQUIPMENT	4,240,075	4,674,321	4,965,518
Land	517,802	525,279	444,382
Buildings	2,518,424	2,678,462	2,787,681
Plant and equipment	723,714	800,631	877,165



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Investment property	292,513	582,070	755,514
Other property, plant and equipment	161,394	57,190	72,020
Property, plant and equipment construction	6,288	10,749	8,816
Investments in property, plants and equipment			
Advances for property, plant and equipment	19,940	19,940	19,940
<b>III BIOLOGICAL AGENTS</b>			
<b>IV LONG-TERM FINANCIAL PLACEMENTS</b>	10,506	23,866	24,241
Shares in subsidiaries			
Shares in associated companies and joint ventures	491	12,018	12,171
Equity investments in other companies and other securities	94	94	
Securities available for sale			
Long-term placements with other related parties			
Long-term investments in the country			
Long-term investments abroad			
Securities held to maturity			
Other long-term investments	9,921	11,754	12,070
<b>V LONG-TERM RECEIVABLES</b>			
Receivables from parent company and its subsidiaries			
Receivables from other related parties			
Receivables from sales on trade credit			
Receivables for sale under the agreement on financial leasing			
Receivables in respect of sureties			
Disputed and doubtful receivables			
Other long-term receivables			
<b>C. DEFERRED TAX ASSETS</b>			<b>1,875</b>
<b>D. CURRENT ASSETS</b>	<b>2,117,297</b>	<b>1,884,157</b>	<b>2,164,386</b>
<b>I INVENTORIES</b>	1,588,154	1,174,846	1,147,985
Material, spare parts, tools and supplies	129,280	97,547	99,618
Unfinished production and unfinished services	136,514	166,214	234,208
Finished Products	391,998	252,125	116,740
Goods	509,357	595,272	670,223
Fixed assets held for sale	399,680	27,162	
Advances paid to suppliers	21,325	36,526	27,196
<b>II RECEIVABLES FROM SALE</b>	310,266	393,108	520,025
Customers in the country - the parent and subsidiaries			
Customers abroad - parent and subsidiaries			
Customers in the country - other related parties	3,832	3,402	29,457
Customers abroad - other related parties			
Customers in the country	224,271	282,629	361,661
Customers abroad	82,163	107,077	128,907
Other receivables from sales			
<b>III RECEIVABLES FROM SPECIFIC OPERATIONS</b>	129	1,384	4,761
<b>IV OTHER RECEIVABLES</b>	70,845	52,005	63,176
<b>V FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>VI SHORT-TERM FINANCIAL PLACEMENTS</b>		472	472
Short-term loans and investments - parent and subsidiaries			
Short-term loans and investments - other related parties		472	472
Short-term loans and loans in the country			
Short-term loans and loans abroad			
Other short-term financial investments			
<b>VII CASH AND CASH EQUIVALENTS</b>	85,481	194,656	220,447
<b>VIII VALUE ADDED TAX</b>	16,541	22,943	19,634
<b>IX PREPAYMENTS</b>	45,881	44,743	187,886
<b>I. TOTAL ASSETS</b>	<b>6,647,738</b>	<b>6,997,826</b>	<b>7,643,566</b>
<b>F. OFF BALANCE SHEET ASSETS</b>	<b>811,313</b>		
<b>EQUITY AND LIABILITIES</b>			
<b>A. EQUITY</b>	<b>As of 31 December 2015</b>	<b>As of 31 December 2014</b>	<b>As of 31 December 2013</b>
<b>I SHARE AND OTHER CAPITAL</b>	642,704	642,704	642,704
Share Capital	642,704	642,704	642,704
Shares of limited liability companies			
Stakes			
State capital			
Social capital			
Cooperative shares			
Share premium			
Other capital			
<b>II SUBSCRIBED CAPITAL UNPAID</b>			

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III TREASURY SHARES			
IV RESERVES	5,411	5,409	5,396
V Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment	1,509,372	1,509,155	1,506,949
VI UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	84,716	77,139	87,216
VII UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	4,976	3,593	
VIII RETAINED EARNINGS			
Retained profit from previous years			
Retained profit from financial year			
IX PARTICIPATION RIGHTS WITHOUT CONTROL	91,147	87,802	88,216
X LOSS	4,405,805	3,814,092	2,413,007
Loss of previous years	3,814,093	2,369,755	1,374,171
Loss for the year	591,712	1,444,337	1,038,836
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,862,923</b>	<b>2,024,795</b>	<b>1,321,211</b>
I LONG-TERM PROVISIONS	255,595	254,496	291,854
For expenses in warranty period			
For restoration of natural resources			
Provisions for restructuring costs			
Provision for retirement and other employee benefits	42,692	36,736	78,654
Provision for lawsuits	211,193	217,760	213,200
Other long-term provisions	1,710		
II LONG-TERM LIABILITIES	6,607,328	1,770,299	1,029,357
The obligations that are convertible into equity			
Liabilities to parent companies and subsidiaries			
Due to other related parties			
Liabilities from securities in period longer than one year	317,125		
Long-term loans and loans in the country	4,379,536	535,359	724,075
Long-term loans and loans abroad	950,167	944,950	301,462
Liabilities arising from finance lease	11,425	15,881	3,820
Other long-term liabilities	949,075	274,109	
<b>C. DEFERRED TAX LIABILITIES</b>	<b>107,363</b>	<b>114,777</b>	<b>117,631</b>
<b>D. CURRENT LIABILITIES</b>	<b>1,754,883</b>	<b>6,353,730</b>	<b>6,287,250</b>
I SHORT-TERM FINANCIAL LIABILITIES	416,816	3,555,912	3,709,620
Short-term loans from parent companies and subsidiaries			
Short-term loans from other related parties			
Short-term loans and loans in the country		2,042,605	2,211,127
Short-term loans and loans abroad			
Liabilities in respect of fixed assets and resources discontinued operations held for sale	9,452	27,162	
Other current financial liabilities	407,364	1,486,145	1,498,493
II PREPAYMENTS, DEPOSITS AND GUARANTEES	56,025	100,564	78,241
III ACCOUNTS PAYABLE	768,531	1,050,547	1,037,057
Suppliers - parent and subsidiaries in the country			
Suppliers - parent and subsidiaries abroad			
Suppliers - other related parties in the country	4,835	4,259	18,099
Suppliers - Other related legal entities abroad			
Suppliers in the country	459,272	502,240	544,868
Foreign suppliers	298,686	532,398	448,955
Other liabilities	5,738	11,650	25,135
IV OTHER CURRENT LIABILITIES	433,906	1,419,881	1,296,447
V LIABILITIES FOR VALUE ADDED TAX	6,591	32,172	32,691
VI OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	12,758	28,787	43,954
VII ACCRUALS	60,256	165,867	89,240
<b>I. THE LOSS IN EXCESS OF CAPITAL</b>	<b>2,077,431</b>	<b>1,495,476</b>	<b>82,526</b>
<b>F. TOTAL LIABILITIES</b>	<b>6,647,738</b>	<b>6,997,826</b>	<b>7,643,566</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>811,313</b>		

4. Consolidated Financial Statement of the JSC Tigar Pirot for the year 2015, together with the Independent Auditor's Report is available at the website of the Joint Stock Company Tigar [www.tigar.com](http://www.tigar.com), in both Serbian and English language.

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

	<b>Joint Stock Company TIGAR Pirot SUPERVISORY BOARD</b>	
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### Explanation

In accordance with Article 27 of the Accounting Law (Official Gazette of RS, no. 62/13) the Joint Stock Company Tigar 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 the Consolidated financial result for the period January - December 2015, which was the subject of discussion at the meeting of the Supervisory Board of the JSC Tigar Pirot, as part of the preparations for the regular General Assembly of the JSC Tigar Pirot.

The Supervisory Board has reviewed the Consolidated Financial Statement of the JSC Tigar Pirot for the period January-December 2015. In the consolidated income statement for the year 2015 was reported positive operating result of RSD 19.9 million, compared to the year 2014 when a negative operating result was reported and amounted to RSD 248.5 million. The reported operating profit before the depreciation (EBITDA) in the year 2015 amounted to RSD 213.2 million, while in the same period of the last year there was recorded the operating loss before the depreciation amounted RSD 32.2 million. Net loss for the period January-December 2015 amounted to RSD 576.6 million, while the net loss in the same period in 2014 amounted to RSD 1.4 billion. The main reason for the reported net loss are significant financial expenses based on interest and foreign exchange differences, which for the period January-December 2015 amounted to RSD 522.8 million, while in the same period last year they have amounted to RSD 992.8 million.

The Decision on covering the loss reported in the Financial Statement for 2015 has not been made, given that the company operates with a loss which is above the level of capital. In this regard, measures were taken and the Company has entered the process of reorganization in accordance with the Prepackaged Plan of Reorganization.

Financial Statement is made in accordance with the law governing the capital market and includes accounting statements, and the most important operating data and events from the environment that have affected the operating result.

Supervisory Board's report on the results of business operations of the Joint Stock Company Tigar in 2015 has also been submitted to the General Assembly in accordance with the reporting obligations prescribed by the Companies Law.

At the proposal of the Supervisory Board of Joint Stock Company Tigar Pirot, the General Assembly of the Company has adopted the Consolidated Financial Statement for the year 2015, together with other reports related to it (The Joint Stock Company Tigar's Report presented by the Executive Board, the report of the Joint Stock Company Tigar Pirot presented by the Supervisory Board and the Independent Auditor's Report) and made the decision as stated above."

**Chairman of the Supervisory Board  
of the Joint Stock Company Tigar Pirot**

**Nebojsa Petrovic**

 <b>Tigar</b> ®	<b>Joint Stock Company TIGAR Pirot SUPERVISORY BOARD</b>
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## PROPOSAL FOR THE DECISION ACCORDING TO ITEM 3 OF THE AGENDA

Pursuant to Article 441 paragraph 1 item 15 of the Companies Law (Official Gazette of the RS, nos. 36/11, 99/11, 83/14 and 5/15) and to Article 49 paragraph 1 item 7 of the By-Law of the Joint Stock Company Tigar Pirot, the Supervisory Board of the Joint Stock Company Tigar Pirot, on the session held on 17 May 2016, proposes to the General Assembly, on its session scheduled for 22 June 2016 to make the following

### “DECISION on election of an independent auditor of the Joint Stock Company Tigar Pirot for 2016

1. As for the independent auditor of the Joint Stock Company Tigar Pirot for the year 2015 is hereby elected **“Audit and Consulting Company - Stanisic Audit ltd. Belgrade“**
2. By Agreement on the conduct of the audit, mutual rights and obligations will be closely regulated.
3. This decision shall come 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 Audit Act (Article 21), the annual financial statements of public joint stock companies such as the Joint Stock Company Tigar Pirot and the consolidated financial statements are the subjects of mandatory audit. An auditor elected by the General Assembly, his status, rights and obligations are governed by the regulations in the field of auditing.

The **“Audit and Consulting Company - Stanisic Audit ltd. Belgrade“** is among the leading domestic companies for audit and consulting, with a team of professionals who can realize top quality services in a manner that through auditing and consulting services they provide, could be improved the quality of business operations of companies using their services. This company has a long business tradition and has carried out successful audits in legal entities from different fields (including those related to production, trading and service industries). The **“Audit and Consulting Company- Stanisic Audit ltd. Belgrade“** is the auditing company which was last year engaged in these activities. This company provided its services in accordance with contractual obligations, according to the schedule and in a quality manner. Bearing in mind that this company is familiar with the condition of assets and liabilities and that the same company has an insight into Tigar’s current operations, Tigar considers that the audit procedure itself will be simpler and more efficient.

Bearing in mind all mentioned above and in proposing the independent auditor to carry out the audit of individual and consolidated financial statements of the Company for the year 2016, the Supervisory Board has opted for **“Audit and Consulting Company - Stanisic Audit ltd. Belgrade“**, after the analysis of submitted bids for the provision of such type of services and after obtaining the opinion of the Audit Commission, which gave its recommendation.

Accepting the proposal of the Supervisory Board, the General Assembly has passed a decision on the election of an independent auditor of the Joint Stock Company Tigar Pirot and its subsidiaries for the year 2016."

**Chairman of the Supervisory Board  
Nebojsa Petrovic**

 	<b>Joint Stock Company TIGAR Pirot SUPERVISORY BOARD</b>	
	<b>MATERIAL FOR THE SESSION OF THE GENERAL ASSEMBLY</b>	<b>2016-05-17</b> List/Lists: 1/4

## PROPOSAL FOR THE DECISION ACCORDING TO ITEM 4 OF THE AGENDA

Pursuant to Article 441 paragraph 1 item 15 of the Companies Law (Official Gazette of the RS, nos. 36/11, 99/11, 83/14 and 5/15) 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 17 May 2016 proposes to General Assembly to make, on its session scheduled for 22 June 2016, the following:

### DECISION

#### on amendments and supplements of the Joint Stock Company Tigar 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:

#### Article 1

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

“Total basic capital of the Company amounts to RSD 642,704,040.00.“

Total basic capital of the Company is divided to 1,718,460 issued and registered ordinary shares of class D.

All shares are shares of the same class. Shares of the Company are ordinary, issued to bearer (holder) and they are transferable due to the positive regulations.

Nominal value of the every ordinary voting share of one class in the capital of the Company is amounted to RSD 374.00.

#### 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 are issued to bearer (holder); the number of votes per share is one; the nominal value per share is RSD 374.00 (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 for issuing 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:

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

#### **Article 5**

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

“Signatures of shareholders – individuals on the prescribed Proxy form must not be verified in accordance with the applicable law governing the verification of signatures.”

Current paragraphs 3, 4, 5 and 6 are becoming paragraphs 4, 5, 6 and 7.

#### **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 and other securities as provided under the Article 260, paragraph 2 of the Companies Law and under the Article 263 paragraph 2 of the Companies Law.”

Current paragraphs 11, 12, 13, 14, 15, 16, 17 and 18 are becoming paragraphs 10, 11, 12, 13, 14, 15, 16 and 17.

#### **Article 8**

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

“The Chairman of the Supervisory Board shall represent the Company in the relation with the executive directors (members of the Executive Board) and shall have other powers as provided with 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:

- Executive Director for corporate management
- Executive Director for finances and accounting

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- Executive Director for production processes, development and investment
- Executive Director for commercial activities and marketing
- Executive Director for support of business activities

Executive directors are appointed by the Supervisory Board of the Company at the proposal of the Nominating Committee. “

#### **Article 10**

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

“Executive directors shall give a report in writing to the Supervisory Board in accordance with the Law on Companies (Article 431 and relative application of Article 416).“

#### **Article 11**

Article 65 paragraph 1 item 3 of the By-Laws amends and now reads:

“3. Representing the Company. “

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.“- to be deleted

Current paragraphs 6, 7, 8, 9 ,10 and 11 are becoming paragraphs 5, 6, 7, 8, 9 i 10.

#### **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.

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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 includes the acquisition or disposal of assets in any manner in accordance with Article 470 of the Companies Law.”

2. This Decision must be directed to the General Assembly for consideration and adoption.

### E x p l a n a t i o n

By-Laws of the Joint Stock Company Tigar was adopted at the session of the General Assembly as of 20 June 2012 and aimed for the harmonization of the Company with the provisions of the Companies Law (Official Gazette of RS, nos. 36/11, 99/11, 83/14 and 5/15).

The proposed amendments and supplements to the By-Laws on some issues: competence to decide on issuance of other securities - debentures, exclusions of obligation of signatures verification of the shareholders on the proxy for the voting, organization of internal control, etc., shall be further harmonized with the Companies Law, such as listed issues are dealt with in accordance with the legal provisions in this field.

By amendments and supplements to the provisions about the number of executive directors and in accordance with the needs of the Company that is in the reorganization process in accordance with the Prepackaged Plan of reorganization, this area shall be governed in a different way compared to existing regulations in the By-Laws (the number of executive directors will be reduced for certain areas that form the Executive Board).

By amendments and supplements to the provisions about the value of the share capital and the nominal value of shares, the provisions of the By-Laws are adjusted with the new values after the reduction of share capital in accordance with the law.

This is the essence of amends and supplements of the By-Law, which was fully adopted by the Supervisory Board and directed to the General Assembly for consideration.

**Chairman of the Supervisory Board  
Nebojsa Petrovic**

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## PROPOSAL FOR THE DECISION ACCORDING TO ITEM 5 OF THE AGENDA

Pursuant to Article 441 paragraph 1 item 15 and in relation to Article 434 paragraph 2 items 1 and 2 of the Companies Law (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 17 May 2016 proposed the making of the following Decision on the General Assembly appointed for 22 June 2016:

### »D E C I S I O N 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 **Nikola Radenkovic, personal number 1811982710008** 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 the Joint Stock Company Tigar Pirot on 14 June 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 the status issues, scope, operations and decision-making of the Supervisory Board.
3. This Decision shall come into force upon its adoption.

### E x p l a n a t i o n

The Joint Stock Company Tigar Pirot as a public joint stock company, with a bicameral governance model provided by the By-Laws of the Company, on its session of the General Assembly held on 14 June 2013, elected a Supervisory Board of five members, for a term of four years.

Meanwhile, the number of the Supervisory Board members was reduced below the number predicted by the By-Laws of the Company and in accordance with the legal obligation, Tigar first joined the cooptation and then the appointing 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, Nikola Radenkovic from Belgrade, director of the Nikomms Ltd. Company in Belgrade, meets the legal requirements for membership in the Supervisory Board according to the provisions of the Companies Law (Article 423 and corresponding application of Article 382 and 391 of the Companies Law).

Accepting the recommendation of the Nomination Committee, the Supervisory Board, made a cooptation of the member of the Supervisory Board at the meeting of the Supervisory Board as of 26 August 2015 and then, in accordance with the legal procedure, directed the proposal to the General Assembly, to elect the proposed candidate, Nikola Radenkovic as member of the Supervisory Board.

Bearing in mind the above, the General Assembly approved the proposal of the Supervisory Board and passed the Decision as stated above. «

**Chairman of the Joint Stock Company Tigar  
Supervisory Board  
Nebojsa Petrovic**