

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

Date: 03.07.2017

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

Place: **Large Conference Room of Tigar a.d. Pirot**  
 Date: **03.07.2017**  
 Time: **12 h**  
 Time of completion: **13h 25 min.**

Present representatives of shareholders:

Ord.No.	Shareholder's representative	Number of votes
1.	Stanković Maria	215.487
2.	Jakšić Branko	581.367
3.	Miladinović Siniša	2.304
4.	Milivojević Dragan	25.100
5.	Radenković Milutin	397.490
6.	Stanković Slavoljub	76565
7.	Popović Milan	245.432
8.	Mišljen Nikolina	61.407
9.	Jenačković Dragan	37.879
10.	Popović Zlatomir	1.448.601

Present shareholders:

Ord.No.	Shareholders	Number of votes
1.	Milanković Goran	2.600
2.	Stević Velibor	5.694

Shareholders who voted in absentia:

Ord.No.	Shareholders	Number of votes
1.	BDD M&V INVESTMENTS AD BELGRADE	6.051
2.	SRPSKA BANK AD BELGRADE	2.000

Other present are:

- members of the Executive board: Branislav Čurić (Managing Director), Gorica Stanković, Nataša Pop-Krstić, Biljana Bogdanović, Zoran Mančić;
- candidates for members of the Supervisory Board of Tigar ad: Dragan Todorović, Jelena Bečanović i Dejan Jovešić;
- Slobodan Petrović, President of Independent Trade Union of Tigar ad Pirot ;
- Aleksandra Đorđević, head of the accounting function, rapporteur;
- Zorica Mladenović, member of the Appointing Committee, rapporteur;
- Danijela Cenić, Company Secretary.

**Chairman of the GA, Stanković Slavoljub**, opens the repeated regular session of the General Assembly of the Joint Stock Company Tigar Pirot, welcomes all the attendees and announces the presence of a quorum necessary for the work.

Chairman of the GA gives word to the Managing Director of Tigar ad Pirot, Branislav Čurić.

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**Branislav Čurić, Managing Director:** In his welcome speech, the Managing Director expressed his satisfaction with the presence of a quorum at the repeated session necessary for making decisions of great importance for further functioning of the company in the circumstances of expiration of the first two years of the Prepackaged Plan of Reorganization, change in ownership structure, negotiations with commercial creditors and current insolvency.

In his speech, the Managing Director gave a brief review of the events in the period between two sessions of the General Assembly, primarily of what happened in 2016.

He reminded all the present that because of great obligations from previous periods, which were the primary motive for drafting the PPoR, it was approached to finding ways to relieve the company of debts in order to continue operations and save the company.

One of the measures envisioned by the PPoR – conversion of debts into capital, enabled the Company to relieve itself of a debt of 2,2 billion dinars or 17,8 million euros, primarily thanks to the understanding expressed by the Government of the RS and other state institutions involved in the conversion process based on two Conclusions by the Government of the Republic of Serbia. To a certain extent, the process was supported by commercial creditors, who reassured us that they shall make appropriate decisions which would reduce the burden of the company additionally after state creditors have taken a stand and action.

However, that did not happen in the previous six months of negotiations, despite the active role and support of the Ministry of Economy that Tigar had.

Managing Director informed the present with other measures defined through the business and financial consolidation plan adopted at the General Assembly session in December 2013 and implemented in the PPoR pursuant to which the following was realized:

- continuity in production and deliveries was provided despite periodic insolvency;
- cost rationalization was performed;
- there has been achieved stability in the procurement of raw materials with departures at times;
- there have been carried out status changes in the company;
- there was advertised the sale of property and dependent societies which was not followed by appropriate demand;
- workforce optimization is being implemented.

It has been pointed out that since the implementation of the PPoR has started, Tigar repaid 9 million euros debt from earlier period. Financial statements for 2016, approved by an independent auditor, show that Tigar, for the second year in a row, achieved positive operating financial result in the amount of EBIT RSD 92,9.

There was achieved positive operating result for the year 2016, but it is not sufficient for repaying obligations according to the dynamics and tempo as envisioned by the PPoR. There were not achieved values planned to be the resource for settlement of obligations from earlier period. That refers to the sales volume of products and services conditioned by subjective and objective factors and circumstances, also the sale of property and subsidiaries which are not part of the core business failed to realize within the planned scope.

The sum total of these effects influenced the inability to settle all obligations within the dynamics planned. In 2016 was realized a significant investment in construction of the plant for rubber compounds in the amount of 1,3 billion euros, which was a prerequisite for any future planning. This investment was financed from the company's own funds.

All of the aforesaid indicates that the company has reduced the burden significantly based on obligations from previous years, however commercial creditors did not follow that discharge as they had emphasized in the initial negotiations, until conversion was carried out. Bearing in mind the above said, after the eighth release of bonds based on conversion, Tigar has intensified negotiations with commercial creditors, primarily with banks concerning the change of repayment terms ( write-off, extension of debt maturity and interest rate cut). Until now, there has been no

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willingness nor unique attitude among the creditors concerning further steps, except from German DEG and partly from AIK bank, who are currently in the decision-making phase.

Managing Director informs the attendees with significant activities undertaken with the support of Ministry of Labour, Employment, Veteran and Social Policy and Government of the RS – drafting of the social programme for the employees who are not engaged appropriately. The social programme is on a voluntary basis and it will be soon submitted to the Ministry for final decision. In this way the company will reduce its expenses related to wages of 210-220 employees. The Company will not give up negotiations with commercial creditors in order to find a mutually acceptable solution which should result in existence of the company.

The priority tasks are winning new markets and buyers, product development, additional rationalization of costs on all grounds, cut of unprofitable jobs, operations and companies.

The management has its primary objective: survival of the company and expects support from the new Supervisory Board, shareholders as well as understanding from the creditors at the difficult road to realization of the objectives set.

**Chairman of the GA** thanked the Managing Director for the welcome speech and continued to keep the working part of the session.

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According to the Rules of Procedure of the General Assembly of Tigar a.d. Pirot, the Chairman of the GA appointed recording secretary and voting committee members. For the recording secretary was appointed **Suzana Jocić**, whereas the voting committee shall work in the following structure: **Vesna Stanisavljević** (secretary of the committee), **Marjan Stojanović i Tijana Manojlović**.

**Secretary of the voting committee, Vesna Stanisavljević**, announces the evidenced data on attendance and existence of the quorum at the session today.

It was stated that the quorum for the repeated session makes 1/3 of the total number of voting shares which is **2.361.932 votes**.

At the GA session is present **3.108.131 votes**.

On the basis of the data presented it was found that the Assembly has the required quorum and the right for decision in today's session.

**Chairman of the GA**, stated that there had not been proposals for supplement of the Agenda within the legally envisioned deadlines, announces the **agenda** for the session.

**A g e n d a :**

- 1) Making Decision on adoption of the Financial Statement of Tigar AD for the year 2016 and of Reports related to it: Report of the Executive Board on business operations, the Report of the Supervisory Board and Independent Auditor's Report;
- 2) Making Decision on adoption of the Consolidated Financial Statement of Tigar AD Pirot for the year 2016 and of Reports related to it: Report of the Executive Board on business operations, the Report of the Supervisory Board and Independent Auditor's Report;
- 3) Making Decision on election of the independent auditor for the year 2017;
- 4) Making Decision on amendments and supplements of the Company's By-Laws;
- 5) Relieving members of the Supervisory Board of Tigar AD of their duties;
- 6) Appointing members of the Supervisory Board of Tigar AD.

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Chairman of the GA proposes that the first and the second item on the agenda be joined into a single item due to their interrelatedness, and that for each of the items on the agenda it should be voted individually, which was adopted.

**I**

**MAKING DECISION ON ADOPTION OF THE FINANCIAL STATEMENT OF TIGAR AD PIROT FOR THE YEAR 2016 AND OF REPORTS RELATED TO IT: REPORT OF THE EXECUTIVE BOARD ON BUSINESS OPERATIONS, THE REPORT OF THE SUPERVISORY BOARD AND INDEPENDENT AUDITOR'S REPORT**

**AND****II**

**MAKING DECISION ON ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENT OF TIGAR AD PIROT FOR THE YEAR 2016 AND OF REPORTS RELATED TO IT: REPORT OF THE EXECUTIVE BOARD ON BUSINESS OPERATIONS, THE REPORT OF THE SUPERVISORY BOARD AND INDEPENDENT AUDITOR'S REPORT**

Rapporteur: **Aleksandra Đorđević**, Head of accounting function

Chairman of the GA calls for the rapporteur according to the here given items on the agenda.

**Aleksandra Đorđević** first presented the data on financial statements and then on consolidated financial statement.

**Tigar a.d.- Financial Statements**

As of 01.06.2015 the Prepackaged Plan of Reorganization for Tigar AD became valid and activities related to its implementation as well as of the measures envisioned by it started. One of the measures envisioned by the PPoR was merger of the subsidiaries Tigar Footware I.I.c., Tigar Technical Goods I.I.c., Tigar Chemical Products I.I.c. as assigning companies to the Joint Stock Company Tigar, as acquiring company. The date of the status change, that is, merger is on 11.09.2015. Following the merger of production entities to Tigar AD there came about the merger of Tigar Tours I.I.c. Pirot, as assigning company to the Joint Stock Company Tigar Pirot, as acquiring company. The date of the status change of merger is 22.04.2016.

Bearing in mind these two status changes it was noted that the data given as of 31.12.2016 are not comparable with the data given for the period January – December 2015 ( Income Statement), i.e., they are not comparable with the data given as of 31.12.2015 (Balance Sheet).

The parent company Tigar a.d. in the period January – December 2016 recorded total operating income of RSD 2.3 billion. Operating expenses amounted to 2.26 billion.

Operating profit (EBIT) for 2016 amounted to RSD 45 million. Operating profit prior to amortization and long-term services (EBITDA) amounted to RSD 183 million. Net loss amounted to RSD 394 million.

All this is due to great financial expenses, which for 2016 amounted to RSD 375 million the majority of which constitutes interest expenses in the amount of RSD 257 million and negative exchange rate differences in the amount of cc RSD 112 million, which mainly refer to short term and long term loans.

Other income amounted to RSD 26.2 million, whereas other expenses amounted to RSD 152.4 million and for the most part refer to depreciation of property according to MRS 36 in the amount of RSD 88 million, depreciation of non-material assets (Tigar Footware) in the amount of RSD 23

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million, as well as depreciation and writing-off of the goods in accordance with the inventory taken on 31.12. 2016 in the amount of RSD 24.1 million.

Assets of the parent company on 31.12.2016 amounts to RSD 5.5 billion, out of which fixed assets amount to RSD 3.7 billion, whereas the current assets amount to RSD 1.8 billion.

Long term reserves and obligations of the parent company amount to RSD 6.1 billion (of which RSD 1.8 billion for the obligations which were converted into capital in early 2017), short term obligations amount to RSD 1.9 billion. Loss above capital value amounts to RSD 2.4 billion.

In line with the Government of RS Conclusion as of 13.09.2016, where recommendation is given to creditors with state participation in the capital, to convert their claims into permanent stake in the capital of the Company, by the end of 2016 V and VI issue of ordinary shares was released. On this occasion, in total was released and subscribed 1.262.862 ordinary shares whose nominal value is RSD 374 per share, total nominal value of issue of RSD 472.310. Total number of shares as of 31.12.2016 amounted to 2.981.322 ordinary shares.

In the same period, the release of VII and VIII issue of ordinary shares, but the official capital increase in the Serbian Business Registers Agency was recorded in the first quarter of 2017.

Note: There is a certain discrepancy between the Central Securities depository and clearing house and the Serbian Business Registers Agency. Namely, on 30.12.2016 in the Central Securities was also recorded the registration of VII release of ordinary shares ( Postal Savings Bank ad Belgrade - 1.448.601 shares) whereas in the Serbian Business Registers Agency the decision on capital increase was issued as of 12.01.2017.

Pursuant to the above mentioned there has been performed transfer from long-term loans and obligations (VII and VIII release of shares) to obligations that can be converted into capital.

#### Statement of reasons for the independent auditor's opinion

The audit of financial statements for 2016 was performed by audit firm Stanišić Audit I.I.c Belgrade. Independent Auditor's Report was submitted to Tigar a.d. by e-mail on 19.05.2017.

**As for the individual financial statements for 2016** the audit firm gave its **qualified opinion** for Tigar a.d. (The opinion for 2015 was qualified as well)

The basis for such opinion mostly refers to depreciation of various types of assets (inventories, receivables, fixed assets) as follows:

1. Intangible investments of capitalized development costs in the amount of RSD 199 million. These refer to the amounts of capitalized development costs in the Footwear Factory. Our competent authorities have already submitted analyses of these investments in the part of depreciation as well as plans for further exploitation according to the long-term plan. Apart from the fact that the Company has already depreciated a significant amount of non-material investments in the net amount of RSD 208 million ( 2014 – RSD 105 million, 2015 – RSD 79 million, 2016 – RSD 24 million), auditors stated that there is indication that the nonmaterial investments are shown in value higher than their recoverable value, and that these categories do not have economic profitability, therefore the fact that they are shown in the balances is not justified. Since the sums are materially substantial and they would have considerable influence at the company's capital on one hand, and taking into account the fact that those categories are stated in the positions given in the PPoR as well, and since increase in sales is envisioned by the PPoR in the coming years, these positions were left in the balances so that they could to be subjected to analysis by competent authorities, primarily sales and production in 2017 as well.



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2. Receivables from related legal entities, that were not charged within 180 days from the date of maturity in the amount of RSD 184 million.

In accordance with the Company's Accounting Policy, correction of receivables from related legal entities is not done. Since it has accumulated for years, the values were high and in 2015 they amounted to over RSD 2.2 billion. With the PPoR becoming effective, there came about the status change merger of production entities to the parent company, where these values were the highest, so that their mutual relations were set-off and there remained values of earlier receivables in the amount of cc RSD 180 million (mainly from Ti-Car Trgovina). In early 2016 there were made compensations as well as payments in order to reduce the level of earlier receivables, however the level is still high.

3. Stocks with a slow turnover in the amount of at least RSD 277 million. The competent authorities of Tigar ad submitted analyses of stocks, however these were not sufficient when evaluated by the auditor. During annual inventory there was no significant proposal for depreciation of goods by the members of the inventory committee (only 24,1 million dinars worth goods was depreciated), which is not enough according to the auditor, considering the fact that the value of stocks with no fluctuation amounts to RSD 277 million.

**Tigar a.d. – Consolidated financial statement**

Total realized operating income on a consolidated basis for the period January – December 2016 amounts to RSD 2,970,791 thousand, which is by 7% more in comparison with last year, when they amounted to RSD 2,780,175 thousand. In the same period there was recorded operating income in the amount of RSD 2,994,991 thousand, which is by 6% more in relation to the previous year, when they amounted to RSD 2,826,617 thousand.

Consolidated operating expenses in the amount of RSD 2,902,117 thousand are by 3,4% higher in relation to the period January – December 2015 when they amounted to RSD 2,806,701 thousand.

Structure of operating expenses in total costs by groups is as follows: expenses of wages, salaries and other personnel expenses account for about 40%, expenses for the cost of material and energy corrected for the changes in inventories and incomes from activating the effect account for 35%, the cost of goods account for 3%, expenses of amortization and reserves costs account for 6%, whereas other expenses account for 16%.

Reported operating income (EBIT) amounted to RSD 92,874 thousand, whereas the operating loss for the previous year amounted to RSD 19,916 thousand, which represents a better result for RSD 72,958 thousand. EBIT growth in 2016 in relation to 2015 is an indicator of good business moves that gave these results.

Reported operating income before depreciation (EBITDA) amounted to RSD 255,982 thousand, whereas in the previous year, the reported operating income before depreciation and reserves amounted to RSD 213,226 thousand, which represents an improvement for RSD 42,756 thousand.

Financial expenses on a consolidated basis in the period January – December 2016 amounted to RSD 386,494 thousand, whereas financial expenses on a consolidated basis in the same period last year amounted to RSD 522,808 thousand. The largest part of financial expenses are the costs of interest on a consolidated basis in the amount of 266,888 thousand, whereas negative exchange differences and other financial expenses are shown in the amount of RSD 133,587 thousand. The effects of decreasing financial expenses result from validity of the Prepackaged Plan of Reorganization and its implementation. It is obvious that the amount of interests is still very high and significant.

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Large burdens on the basis of borrowing from earlier periods, that is, financial expenses still significantly affect net results so that the net loss on a consolidated basis in 2016 amounted to RSD 0.4 billion, while in 2015 it amounted to RSD 0.6 billion, which represents an improvement by 31%.

Viewed individually, the parent company Tigar a.d. achieved a total operating income of RSD 2.3 billion, the operating result (EBIT) of RSD 45 million and a net loss of RSD 394 million.

At the subsidiary level in 2016 there came about a significant shift in all entities in the part of stabilization of operations to the level of operating results (EBIT) in relation to the previous year, while in the part of net results, the situation is as it follows: net operating losses recorded by Ti-Car Trgovine in the amount of RSD 42.7 million, Tigra Montenegro in the amount of EUR 24 thousand, Tigar Partner in the amount of MKD 368 thousand, Tigar Catering in the amount of RSD 0.1 million, Tigar Incon in the amount of RSD 16.4 million and Tigar Tours (until 22.04.2016) in the amount of RSD 0.4 million.

Gains in business were achieved by Tigar Business Service llc in the amount of RSD 15 million, Tigar Free Zone in the amount of RSD 57 million, Tigar Security in the amount of RSD 15 million, Tigar Inter-Risk in the amount of RSD 0.1 million (46 thousand serbian dinars) as well as Tigra Trade in the amount of KM 1 thousand.

In order to resolve the status of the company Tigar Americas we have hired a lawyer to undertake steps to close down this company. Such a decision was made by the decision-making bodies due to lack of communication with the manager of Tigar Americas and unsatisfactory business results even during its work.

At the consolidated level, the value of total assets amounted to RSD 6,3 billion, of which fixed assets in the amount of RSD 4,3 billion, while current assets amounted to RSD 2,0 billion.

At the consolidated level, the loss above capital is RSD 1,9 billion. On the liabilities side the equity value is 0, long-term liabilities and reserves amount to RSD 6,1 billion (of which RSD 1.8 billion are liabilities that were converted into capital in early 2017), short-term financial liabilities amount to RSD 0,8 billion and other operation liabilities amount to RSD 1,3 billion.

#### Statement of reasons for the independent auditor's opinion

For the consolidated financial statement for the year 2016, auditing firm gave **disclaimer of opinion** for Tigar a.d. ( the auditor gave a disclaimer of opinion for the year 2015 as well).

The basis for such opinion mostly refers to depreciation of various types of assets.

1. Intangible investments of capitalized development costs in the amount of cc RSD 199 million. They refer to the amounts of intangible investments of capitalized development costs in Footware Factory. Our competent authorities have already submitted analyses of these investment in the part of depreciation but also plans for further exploitation according to the long-term plan. Although the company has already depreciated a substantial part of intangible investments in the amount of RSD 345 million (2014.- RSD 243 million, 2015 - RSD 79 million, 2016 - RSD 23 million), the auditor stated that there are indications that the intangible investments were shown in a value higher than their recoverable value and that these categories do not have economic profitability, therefore the fact that they are shown in the balances is not justified. Since the amounts are materially substantial they would have a significant impact on the company's capital on one hand, and considering the fact that those categories were shown in the positions given in the PPOr, and

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since sales growth in the coming years is envisioned by the PPoR, these positions were left in balances so as to be subjected to analyses by the competent authorities, primarily sales and production in 2017.

2. Stocks with a slow turnover in the amount of at least RSD 277 million. Competent authorities of Tigar submitted analyses of stocks, however they were not sufficient for the auditor's evaluation. During annual inventory there were no significant proposal for goods depreciation by the members of the inventory committee (only RSD 24,1 million dinars worth goods was depreciated), which is not enough according to the auditor, considering the fact that the value of stocks with no fluctuation amounts to RSD 277 million.

3. Tigar Americas. Since the date of last financial statements for Tigar Americas is 31.12.2012 and due to lack of communication with the company, this dependent entity is not included in the consolidated statements. In that respect auditors were not able to evaluate the impact of including this entity into the consolidation.

Cooperation with auditors was appropriate.

Our goal is fair, objective presentation of all segments of the Financial Statements, at both individual and consolidated level, in accordance with standards.

In addition to the above mentioned, it is a fact that there is a noticeable shift, concerning both business operations and the opinion sent by the auditors (less items for the qualified opinion for individual financial statements and disclaimer of opinion for the consolidated financial statements).

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After the presentation of the Head of the accounting function, the Chairman of the GA opens debate on the first and second item on the agenda, proposing that the debate be limited to 3 - 5 minutes, so as to work more efficiently.

Discussion:

**Dragan Milivojević, shareholder:** When it comes to the company Tigar Americas, USA, one and the same explanation is given in reports year in year out. This dependent entity is not included into consolidated financial statements due to lack of communication with the person in charge, lack of data on business results, etc. However, the company still exists, it is registered in the USA and as such it can generate inestimable costs. Off the record, word has it that the figure is cc EUR 1 million. I kindly ask for more specific information concerning this company abroad.

**Gorica Stanković, ED for finance and accounting,** member of Tigar Americas Board of directors (reply): The company Tigar Americas is in the process of closing down. As for the costs, they stopped increasing since 2012. The company was deleted from the register, accounts were closed down, there are no employees, premises, no tax payment etc. Tigar Americas has a debt towards Tigar ad from earlier periods in the amount of USD 19.000 (after mutual debts and obligations were set-off). The amount of USD 250.000 runs as a debt, but those were assets transferred in respect of recapitalization Tigar Americas that were not refunded.

A lawyer from Belgrade was engaged to accomplish the closing down of the company. Many activities were undertaken pursuant to the USA regulations that later changed and substantially complicated the paperwork of this process.

Therefore, there are no additional costs, except when it comes to hiring a lawyer based in the USA for which a substantial amount of money should be allocated.



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**B.Čurić:** The person responsible for Tigar Americas operation is unavailable. There are some issues concerning the closing down of the firm but what is important is that there are no additional costs for Tigar.

As there were no other disputants within this item on the Agenda, there was approached the secret ballot on the proposal **Making Decision on adoption of the Financial Statement of Tigar AD for the year 2016 and of Reports related to it: Report of the Executive Board on business operations, the Report of the Supervisory Board and Independent Auditor's Report**

Chairman of the GA announces voting results.

Total votes: 3.108.131

Required number of votes for adoption: 1.771.449

Total votes "IN FAVOR": 3.106.881

Total votes "AGAINST": 0

Total votes "ABSTAIN": 1.250

Following the ballot, the Chairman of the General Assembly stated that by the majority of votes, 99,96%, there was made the following:

**DECISION****on adoption of the Financial Statement of the Joint Stock Comany Tigar, Pirot for the year 2016**

1. It is hereby adopted the Financial statement of the Joint Stock Company Tigar, Pirot for the year 2016 as well as reports related to it:

- Executive Board's Report on business of Tigar ad Pirot for 2016
- Report of the Supervisory Board of Tigar ad Pirot
- Auditor's Report Stanistic Audit I.I.c Belgrade

2. Within the Income statement of the Financial Statement for the period January-December 2016, the Joint Stock Company Tigar, Pirot has reported the following positions:

Income statement in thousands of RSD	January – December 2016	January – December 2015
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>2,308,674</b>	<b>2,362,695</b>
I. Sales of goods	20,617	1,374,616
II. Sales of products and services	<b>1,964,789</b>	<b>854,765</b>
III. Revenues from premiums, subsidies, donations, grants etc.		
IV. Other operating income	323,268	133,314
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>2,263,768</b>	<b>2,200,658</b>
I. Cost of commercial goods sold	16,857	1,178,334
II. Work performed by the company and capitalized		
III. Increase in inventories of finished products and work in progress	5,080	40,189
IV. Decrease in inventories of finished products and work in progress		
V. Material consumed	814,558	307,667
VI. Fuel and energy consumed	209,127	121,011
VII. Staff costs	805,445	359,814
VIII. Production expenses	49,191	51,906
IX. Amortization	138,195	77,624
X. Costs of long-term provisions	262	7,102
XI. Intangible costs	235,213	137,389
<b>V. PROFIT FROM OPERATIONS</b>	<b>44,906</b>	<b>162,037</b>
<b>G. LOSS FROM OPERATIONS</b>		



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<b>D. FINANCE INCOME</b>	<b>59,512</b>	<b>115,048</b>
I. Financial income from related persons and other financial income	50,569	95,997
II. Interest income (from third parties)	844	1,118
III. Gains and positive effects of currency clause	8,099	17,933
<b>Đ. FINANCE EXPENSES</b>	<b>374,712</b>	<b>429,085</b>
I. Financial expenses related party transactions and other financial expenses	5,978	10,848
II. Interest expense (by third parties)	256,576	293,980
III. Foreign exchange gains and negative effects of currency clause	112,158	124,257
<b>E. PROFIT FROM FINANCING</b>		
<b>Z. LOSS FROM FINANCING</b>	<b>315,200</b>	<b>314,037</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>3,616</b>	<b>13,838</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>1,941</b>	<b>37,373</b>
<b>J. OTHER INCOME</b>	<b>22,627</b>	<b>72,377</b>
<b>K. OTHER EXPENSES</b>	<b>150,506</b>	<b>152,900</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>		
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>396,498</b>	<b>256,058</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>	<b>401</b>	<b>3,506</b>
<b>NJ. PROFIT BEFORE TAXATION</b>		
<b>O. LOSS BEFORE TAXATION</b>	<b>396,899</b>	<b>259,564</b>
<b>P. INCOME TAX</b>		
I. Current tax expense		4,791
II. Deferred income tax expense		
III. Deferred income tax benefit	3,076	
<b>R. EARNINGS OF EMPLOYER</b>		
<b>S. NET PROFIT</b>		
<b>T. NET LOSS</b>	<b>393,823</b>	<b>264,355</b>

**3. In the Balance Sheet as of 31.12.2016, the Joint Stock Company Tigar Pirot has reported the following positions:**

<b>ASSETS</b>	<b>31.12.2016.</b>	<b>31.12.2015.</b>	<b>31.12.2014.</b>
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>3,659,717</b>	<b>3,894,327</b>	<b>1,983,302</b>
<b>I. INTANGIBLE ASSETS</b>	<b>207,388</b>	<b>279,515</b>	<b>13,758</b>
Investment in development	199,237	268,544	33
Concessions, patents, licenses, trademarks, software and other rights	4,474	7,200	9,823
Intangible assets under construction	3,677	3,771	3,902
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	<b>3,132,586</b>	<b>3,291,008</b>	<b>1,257,829</b>
Land	430,742	454,761	54,376
Buildings	1,749,863	1,713,331	643,255
Plant and equipment	603,253	675,729	231,157
Investment property	266,181	292,513	290,896
Property, plant and equipment under construction	62,289	129,511	28,945
Investments in others property, plants and equipment	318	5,223	9,200
Advances for property, plant and equipment	19,940	19,940	
<b>III. BIOLOGICAL AGENTS</b>	<b>0</b>		
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>	<b>319,743</b>	<b>323,804</b>	<b>504,651</b>
Shares in subsidiaries	311,088	313,298	480,785
Shares in associated companies and joint ventures	491	491	12,018
Equity investments in other companies and other securities held for sale	92	94	94
Other long-term investments	8,072	9,921	11,754
<b>V. LONG-TERM RECEIVABLES</b>	<b>0</b>		<b>207,064</b>
Receivables from the parent company and subsidiaries			207,064
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>1,865,227</b>	<b>1,976,298</b>	<b>2,851,148</b>
<b>I. INVENTORIES</b>	<b>1,315,306</b>	<b>1,399,397</b>	<b>453,874</b>
Material, spare parts, tools and supplies	175,634	151,414	5,574
Unfinished production and unfinished services	134,653	136,514	
Finished Products	392,638	391,998	

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Goods	241,928	347,474	430,666
Fixed assets held for sale	358,234	362,160	
Advances paid to suppliers and for services	12,219	9,837	17,634
<b>II. RECEIVABLES FROM SALE</b>	<b>442,205</b>	<b>502,322</b>	<b>1,892,079</b>
Customers in the country - the parent and subsidiaries	200,065	239,730	1,648,171
Customers abroad - parent and subsidiaries	108,458	125,698	115,847
Customers in the country - other related parties	1,283	1,093	585
Customers in the country	52,707	72,487	57,380
Customers abroad	79,692	63,314	70,096
<b>III. RECEIVABLES FROM SPECIFIC OPERATIONS</b>			
<b>IV. OTHER RECEIVABLES</b>	<b>19,351</b>	<b>26,818</b>	<b>57,116</b>
<b>V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>			
<b>VI. SHORT-TERM FINANCIAL PLACEMENTS</b>	<b>56,167</b>		<b>239,953</b>
Short-term loans and investments - parent and subsidiaries	11,509		239,480
Short-term loans and investments - other related parties			456
Other short-term investments	44,658		17
<b>VII. CASH AND CASH EQUIVALENTS</b>	<b>701</b>	<b>1,430</b>	<b>109,103</b>
<b>VIII. VALUE ADDED TAX</b>	<b>7,225</b>	<b>12,914</b>	<b>12,297</b>
<b>IX. PREPAYMENTS</b>	<b>24,272</b>	<b>33,417</b>	<b>86,726</b>
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>5,524,944</b>	<b>5,870,625</b>	<b>4,834,450</b>
<b>D. OFF BALANCE SHEET ASSETS</b>	<b>624,162</b>	<b>798,813</b>	
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2016.</b>	<b>31.12.2015.</b>	<b>31.12.2014.</b>
<b>A. EQUITY</b>	<b>0</b>		
<b>I. SHARE AND OTHER CAPITAL</b>	<b>1,115,014</b>	<b>642,704</b>	<b>642,704</b>
Share Capital	1,115,014	642,704	642,704
<b>II. SUBSCRIBED CAPITAL UNPAID</b>			
<b>III. TREASURY SHARES</b>			
<b>IV. RESERVES</b>	<b>143</b>	<b>143</b>	<b>143</b>
V. Revaluation reserves based on the revaluation of intangible assets, property, plant and equipment	205,809	205,809	112,818
<b>VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>	<b>1,113</b>		<b>6</b>
<b>VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS</b>		<b>2,042</b>	
<b>VIII. RETAINED EARNINGS</b>	<b>1,823</b>	<b>1,823</b>	
Retained profit from previous years	1,823	1,823	
Retained profit from financial year			
<b>IX. PARTICIPATION RIGHTS WITHOUT CONTROL</b>			
<b>X. LOSS</b>	<b>3,765,742</b>	<b>3,371,206</b>	<b>1,814,668</b>
Loss of previous years	3,371,919	3,106,851	962,476
Loss for the year	393,823	264,355	852,192
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,092,419</b>	<b>6,785,725</b>	<b>755,963</b>
<b>I. LONG-TERM PROVISIONS</b>	<b>235,814</b>	<b>240,390</b>	<b>220,604</b>
Provision for retirement and other employee benefits	24,680	29,197	5,920
Provision for lawsuits	211,134	211,193	214,684
Other long-term provisions			
<b>II. LONG-TERM LIABILITIES</b>	<b>5,856,605</b>	<b>6,545,335</b>	<b>535,359</b>
Liabilities convertible into equity	1,751,876		
Liabilities from securities in period exceeding one year		317,125	
Long-term loans and loans in the country	2,715,403	4,379,536	535,359
Long-term loans and loans abroad	774,834	950,167	
Other long-term liabilities	614,492	898,507	
<b>V. DEFERRED TAX LIABILITIES</b>		<b>3,075</b>	
<b>G. CURRENT LIABILITIES</b>	<b>1,874,365</b>	<b>1,604,594</b>	<b>5,137,484</b>
<b>I. SHORT-TERM FINANCIAL LIABILITIES</b>	<b>841,975</b>	<b>418,543</b>	<b>3,051,513</b>
Short-term loans from parent companies and subsidiaries	1,973	16,086	119,984
Short-term loans and loans in the country			2,042,117
Other current financial liabilities	840,002	402,457	889,412
<b>II. PREPAYMENTS, DEPOSITS AND GUARANTEES</b>	<b>40,054</b>	<b>44,436</b>	<b>52,541</b>
<b>III. ACCOUNTS PAYABLE</b>	<b>588,582</b>	<b>743,878</b>	<b>990,652</b>
Suppliers - parent and subsidiaries in the country	90,129	83,712	164,010
Suppliers - parent and subsidiaries abroad	20,090	50,507	50,584
Suppliers - other related parties in the country	2,159	2,158	3,972
Suppliers in the country	289,905	321,310	293,792
Foreign suppliers	185,260	283,504	478,113
Other liabilities	1,039	2,687	181
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>364,384</b>	<b>347,760</b>	<b>945,237</b>
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>		<b>74</b>	

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VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES	1,772	6,563	15,364
VII. ACCRUALS	37,598	43,340	82,177
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>2,441,840</b>	<b>2,522,769</b>	<b>1,058,997</b>
<b>Đ. TOTAL LIABILITIES</b>	<b>5,524,944</b>	<b>5,870,625</b>	<b>4,834,450</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>624,162</b>	<b>798,813</b>	

4. Financial statement of Tigar ad Pirot for 2016 together with the Report of the Independent auditor is published on Tigar's website [www.tigar.com](http://www.tigar.com), in both Serbian and English.

5. This Decision shall enter into force upon its adoption

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Chairman of the GA opens discussion for the second item on the Agenda.

Since there was no discussion, there was approached secret ballot on the proposal **Making decision on adopting the Consolidated Financial report of Tigar a.d. Pirot for the year 2016, together with the reports related to the Consolidated Financial report, Executive Board report and reports related to it, Report of the Supervisory Board on business and Auditor's report.**

Chairman of the GA announces voting results.

Total votes: 3.108.131

Required number of votes for adoption: 1.771.449

Total votes "IN FAVOR": 3.107.310

Total votes "AGAINST": 0

Total votes "ABSTAIN": 821

Following the ballot, the Chairman of the General Assembly stated that by the majority of votes, 99,97%, there was made the following:

**DECISION**

**on adopting the Consolidated Financial report of the Joint Stock Company Tigar, Pirot for the year 2016 and of reports related to it**

1. It is hereby adopted the Consolidated financial statement of the Joint Stock Company Tigar, Pirot for the year 2016 as well as of reports related to it:

- Executive Board's Report on business of Tigar ad Pirot in 2016.
- Report of the Supervisory Board of Tigar ad Pirot in relation to business results in 2016
- Auditor's Report by Stanišić Audit I.I.c Belgrade

2. Within the Consolidated Income statement of the Financial Statement for the period January – December 2016, the Joint Stock Company has reported the following results:

Income statement in thousands of RSD	January – December 2016	January – December 2015
<b>INCOME FROM OPERATIONS</b>		
<b>A. OPERATING INCOME</b>	<b>2,994,991</b>	<b>2,826,617</b>
I. Sales of goods	80,718	72,569
II. Sales of products and services	2,890,073	2,707,606
III. Revenues from premiums, subsidies, donations, grants etc.		
IV. Other operating income	24,200	46,442
<b>EXPENSES FROM OPERATIONS</b>		
<b>B. OPERATING EXPENSES</b>	<b>2,902,117</b>	<b>2,806,701</b>



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I. Cost of commercial goods sold	78,120	59,117
II. Work performed by the company and capitalized	23,065	39,637
III. Increase in inventories of finished products and work in progress	5,080	88,420
IV. Decrease in inventories of finished products and work in progress		
V. Material consumed	878,098	926,170
VI. Fuel and energy consumed	155,363	175,642
VII. Staff costs	1,174,909	1,139,438
VIII. Production expenses	385,002	331,925
IX. Amortization	160,737	184,122
X. Costs of long-term provisions	2,371	9,188
XI. Intangible costs	95,663	109,156
<b>V. PROFIT FROM OPERATIONS</b>	<b>92,874</b>	<b>19,916</b>
<b>G. LOSS FROM OPERATIONS</b>		
<b>D. FINANCE INCOME</b>	<b>29,780</b>	<b>32,486</b>
I. Financial income from related persons and other financial income	18,514	295
II. Interest income (from third parties)	1,163	2,679
III. Gains and positive effects of currency clause	10,103	29,512
<b>D. FINANCE EXPENSES</b>	<b>386,494</b>	<b>522,808</b>
I. Financial expenses related party transactions and other financial expenses	6,019	6,246
II. Interest expense (by third parties)	266,888	389,474
III. Foreign exchange gains and negative effects of currency clause	113,587	127,088
<b>E. PROFIT FROM FINANCING</b>		
<b>Z. LOSS FROM FINANCING</b>	<b>356,714</b>	<b>490,322</b>
<b>Z. INCOME FROM VALUATION ADJUSTMENTS OF OTHER ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>10,538</b>	<b>18,608</b>
<b>I. LOSS ADJUSTMENT OTHER PROPERTY CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT</b>	<b>5,588</b>	<b>27,369</b>
<b>J. OTHER INCOME</b>	<b>34,823</b>	<b>84,087</b>
<b>K. OTHER EXPENSES</b>	<b>155,013</b>	<b>161,534</b>
<b>L. OPERATING PROFIT BEFORE TAX</b>		
<b>LJ. LOSS FROM OPERATIONS BEFORE TAX</b>	<b>379,080</b>	<b>556,615</b>
<b>M. NET PROFIT FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>		
<b>N. NET LOSS FROM DISCONTINUED OPERATIONS, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS FROM PREVIOUS PERIOD</b>	<b>5,253</b>	<b>3,506</b>
<b>NJ. PROFIT BEFORE TAXATION</b>		
<b>O. LOSS BEFORE TAXATION</b>	<b>384,333</b>	<b>560,120</b>
<b>P. INCOME TAX</b>		
I. Current tax expense	18,559	23,903
II. Deferred income tax expense	272	14
III. Deferred income tax benefit	3,848	7,430
<b>R. EARNINGS OF EMPLOYER</b>		
<b>S. NET PROFIT</b>		
<b>T. NET LOSS</b>	<b>399,316</b>	<b>576,608</b>

3. In the Consolidated Balance Sheet as of 31.12.2016, the Joint Stock Company Tigar, Pirot has reported the following positions:

ASSETS	31.12.2016.	31.12.2015.	31.12.2014.
<b>A. SUBSCRIBED CAPITAL UNPAID</b>			
<b>B. NON-CURRENT ASSETS</b>	<b>4,308,171</b>	<b>4,530,441</b>	<b>5,113,669</b>
<b>I. INTANGIBLE ASSETS</b>	<b>208,762</b>	<b>279,860</b>	<b>415,482</b>
Investment in development	199,364	268,544	368,482
Concessions, patents, licenses, trademarks, software and other rights	5,663	7,434	16,243
Other intangible assets		3	
Intangible assets under construction	3,735	3,879	30,757
Advances for intangible assets			
<b>II. PROPERTY, PLANT AND EQUIPMENT</b>	<b>4,090,752</b>	<b>4,240,075</b>	<b>4,674,321</b>
Land	490,421	517,802	525,279
Buildings	2,578,484	2,518,424	2,678,462
Plant and equipment	640,380	723,714	800,631
Investment property	266,181	292,513	582,070
Property, plant and equipment under construction	94,371	161,394	57,190
Investments in others property, plants and equipment	679	6,288	10,749
Advances for property, plant and equipment	20,236	19,940	19,940
<b>III. BIOLOGICAL AGENTS</b>			
<b>IV. LONG-TERM FINANCIAL PLACEMENTS</b>	<b>8,657</b>	<b>10,506</b>	<b>23,866</b>



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Shares in associated companies and joint ventures	491	491	12,018
Equity investments in other companies and other securities held for sale	94	94	94
Other long-term investments	8,072	9,921	11,754
V. LONG-TERM RECEIVABLES			
<b>V. DEFERRED TAX ASSETS</b>			
<b>G. CURRENT ASSETS</b>	<b>2,015,966</b>	<b>2,117,297</b>	<b>1,884,157</b>
I. INVENTORIES	1,480,316	1,588,154	1,174,846
Material , spare parts , tools and supplies	183,353	129,280	97,547
Unfinished production and unfinished services	134,653	136,514	166,214
Finished Products	392,638	391,998	252,125
Goods	362,736	509,357	595,272
Fixed assets held for sale	386,004	399,680	27,162
Advances paid to suppliers and for services	20,932	21,325	36,526
II. RECEIVABLES FROM SALE	341,512	310,266	393,108
Customers in the country - other related parties	2,126	3,832	3,402
Customers in the country	174,868	224,271	282,629
Customers abroad	164,518	82,163	107,077
III. RECEIVABLES FROM SPECIFIC OPERATIONS		129	1,384
IV. OTHER RECEIVABLES	53,208	70,845	52,005
V. FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT			
VI. SHORT-TERM FINANCIAL PLACEMENTS			472
Short-term loans and investments - other related parties			472
VII. CASH AND CASH EQUIVALENTS	95,408	85,481	194,656
VIII. VALUE ADDED TAX	10,214	16,541	22,943
IX. PREPAYMENTS	35,308	45,881	44,743
<b>D. TOTAL ASSETS = OPERATING ASSETS</b>	<b>6,324,137</b>	<b>6,647,738</b>	<b>6,997,826</b>
<b>D. OFF BALANCE SHEET ASSETS</b>	<b>661,662</b>	<b>811,313</b>	
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2016.</b>	<b>31.12.2015.</b>	<b>31.12.2014.</b>
<b>A. EQUITY</b>			
I. SHARE AND OTHER CAPITAL	1,115,014	642,704	642,704
Share Capital	1,115,014	642,704	642,704
II. SUBSCRIBED CAPITAL UNPAID			
III. TREASURY SHARES			
IV. RESERVES	3,642	5,411	5,409
V. Revaluation reserves based on the revaluation of intangible assets, property , plant and equipment	1,509,376	1,509,372	1,509,155
VI. UNREALIZED GAINS ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	101,672	84,716	77,139
VII. UNREALIZED LOSSES ON SECURITIES VALUE AND OTHER COMPONENTS OF OTHER COMPREHENSIVE RESULTS	4,146	4,976	3,593
VIII. RETAINED EARNINGS			
Retained profit from previous years			
Retained profit from financial year			
IX. PARTICIPATION RIGHTS WITHOUT CONTROL	98,303	91,147	87,802
X. LOSS	4,780,492	4,405,805	3,814,092
Loss of previous years	4,361,843	3,814,093	2,369,755
Loss for the year	418,649	591,712	1,444,337
<b>B. LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>6,120,270</b>	<b>6,862,923</b>	<b>2,024,795</b>
I. LONG-TERM PROVISIONS	252,742	255,595	254,496
Provision for retirement and other employee benefits	39,898	42,692	36,736
Provision for lawsuits	212,844	211,193	217,760
Other long-term provisions		1,710	
II. LONG-TERM LIABILITIES	5,867,528	6,607,328	1,770,299
Liabilities convertible into equity	1,751,876		
Liabilities from securities in period exceeding one year		317,125	
Long-term loans and loans in the country	2,715,403	4,379,536	535,359
Long-term loans and loans abroad	774,834	950,167	944,950
Long-term liabilities based on financial leasing	6,621	11,425	15,881
Other long-term liabilities	618,794	949,075	274,109
<b>V. DEFERRED TAX LIABILITIES</b>	<b>103,786</b>	<b>107,363</b>	<b>114,777</b>
<b>G. CURRENT LIABILITIES</b>	<b>2,056,712</b>	<b>1,754,883</b>	<b>6,353,730</b>
I. SHORT-TERM FINANCIAL LIABILITIES	848,014	416,816	3,555,912
Short-term loans and loans in the country			2,042,605
Current liabilities based on current assets from discontinued operations held for sale		9,452	27,162
Other current financial liabilities	848,014	407,364	1,486,145
II. PREPAYMENTS, DEPOSITS AND GUARANTEES	46,027	56,025	100,564
III. ACCOUNTS PAYABLE	652,289	768,531	1,050,547

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Suppliers - other related parties in the country	2,287	4,835	4,259
Suppliers in the country	413,639	459,272	502,240
Foreign suppliers	230,851	298,686	532,398
Other liabilities	5,512	5,738	11,650
<b>IV. OTHER CURRENT LIABILITIES</b>	<b>436,296</b>	<b>433,906</b>	<b>1,419,881</b>
<b>V. LIABILITIES FOR VALUE ADDED TAX</b>	<b>11,444</b>	<b>6,591</b>	<b>32,172</b>
<b>VI. OTHER TAXES, CONTRIBUTIONS AND OTHER FEES</b>	<b>5,894</b>	<b>12,758</b>	<b>28,787</b>
<b>VII. ACCRUALS</b>	<b>56,748</b>	<b>60,256</b>	<b>165,867</b>
<b>D. THE LOSS IN EXCESS OF CAPITAL</b>	<b>1,956,631</b>	<b>2,077,431</b>	<b>1,495,476</b>
<b>D. TOTAL LIABILITIES</b>	<b>6,324,137</b>	<b>6,647,738</b>	<b>6,997,826</b>
<b>G. OFF BALANCE SHEET LIABILITIES</b>	<b>661,662</b>	<b>811,313</b>	

4. Consolidated Financial statement of Tigar ad Pirot for 2016 together with the Report of the Independent auditor is published on Tigar's website [www.tigar.com](http://www.tigar.com), in both Serbian and English.

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

**III****MAKING DECISION ON THE ELECTION OF THE INDEPENDENT AUDITOR FOR THE YEAR 2017**

Rapporteur: **Aleksandra Đorđević**, head of the accounting function

Chairman of the GA calls for Aleksandra Đorđević, head of the accounting function, as a rapporteur for this item on the agenda.

At the beginning of her presentation, Aleksandra Đorđević explained that, pursuant to the Law on companies (Article 453) and the Law on Audit (Article 21), annual financial statements of joint stock companies such as Tigar ad Pirot, along with dependent entities that have the status of big and middle enterprises, are obliged to be subjected to an audit, by the audit firm to be elected by the GA.

Request for an offer for Annual audit of individual and consolidated financial statements with the pre-audit for 2017 was sent to individual audit firms (12 audit firms).

On the request sent there have responded and sent their bids two audit firms, whose offers were acceptable.

Bids were sent by:

- audit firm Moore Stephens at price EUR 11.000 (net price), EUR 13.000 (gross price)
- audit firm Stanišić Audit I.I.c. at price EUR 9.400 (net price), EUR 11.280 (gross price)

Bearing in mind the overall financial situation in which the Company is right now and taking into account the fact that the Annual Financial statements audit for 2015 and 2016 was done by auditing firm Stanišić Audit, the Audit Committee following a review of all outstanding bids made a recommendation to the Supervisory Board to propose to the GA the audit firm:

- Company for audit and consulting Stanišić Audit I.I.c. Belgrade  
for an independent auditor for Tigar Joint Stock Company Pirot and its subsidiaries for 2017.

Company for audit and consulting Stanišić Audit I.I.c. is an audit firm that has been engaged in these tasks in the past two years. Stanišić Audit I.I.c provided their services in accordance with the contracted obligations, within the given terms and in a high-quality manner. Bearing in mind the fact that the company is familiar with the state of affairs concerning assets and obligations, that it has gained insight into our present business operation we deem the audit procedure itself will be easier and more efficient to that extent.

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Taking into consideration all advantages and disadvantages it is our opinion that this audit firm is able to provide its service in a cost-effective way.

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Chairman of the GA opens discussion on this item on the agenda.

Since there was no discussion, there was approached the secret ballot for the third item on the agenda: **Making Decision on the election of the independent auditor for the year 2017.**

Chairman of the GA announced voting results.

Total votes: 3.108.131

Required number of votes for adoption: 1.771.449

Total votes "FOR": 3.106.668

Total votes "AGAINST": 262

Total votes "ABSTAIN": 1.201

Following the voting, Chairman of the GA states that by the majority of votes 99,95%, there was made the following:

**DECISION****on election of independent auditor of the Joint Stock Company Tigar Pirot for 2017**

1. As for the independent auditor of the Joint Stock Company Tigar Pirot for the year 2017 is hereby elected '**Audit and Consulting Company - Stanišić Audit I.l.c. Belgrade**
2. Mutual rights and responsibilities are regulated by the Contract on audit.
3. This decision shall come into force upon its adoption.

**IV****MAKING DECISION ON AMENDMENTS AND SUPPLEMENTS OF TIGAR AD BY-LAWS**

Chairman of the GA states that for making decision on amendments and supplements of the Company's By-Laws is necessary qualified majority, i.e. majority of votes of all voting shareholders or the minimum 3.542.899 votes. The decision-making majority also determines the quorum necessary for work, which does not exist, considering the number of votes present at the session today (3.108.131).

**Chairman of the GA states that in the session today there has not been reached the quorum necessary for work on item four on the agenda: Making Decesion on amendments and supplements of Tigar AD By-Laws.**

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**V****MAKING DECISION ON RELIEVING MEMBERS OF THE SUPERVISORY BOARD OF TIGAR  
AD OF THEIR DUTIES**

**Slavoljub Stanković, Chairman of GA:** The four-year term of office of the Supervisory Board, elected at the GA session on June 14<sup>th</sup>, 2013. Decision on relieving members of their duties is of declarative character, considering the fact that their membership in the Supervisory Board stops once their term of office expires, but the decision is necessary because of registration of changes with the Serbian Business Registers Agency.

Discussion:

**Milan Popović, Municipality of Pirot proxy:** I propose that voting on this item on the agenda be postponed until the state, as a shareholder with major percentage of participation in the Company's capital, submits a new proposal with candidates who would represent several different ministries: Ministry of Finance, Ministry of Economy, Ministry of Labour, Employment, Veteran and Social Policy. It is unacceptable that at this moment were proposed candidates from the Ministry of Labour, Employment, Veteran and Social Policy only. That is why I suggest this item on the agenda be postponed.

**Slavoljub Stanković, Chairman of the GA:** Members of the Supervisory Board were nominated within the legal procedure. The state, as a major shareholder proposed three candidates, and one candidate was proposed by the shareholders which hold a sufficient number of shares for nominating members of the Supervisory Board. The Nominating Committee considered these proposals and in the final it stipulated the proposal for candidates which had been included in the material for the session and sent to all shareholders.

**Branislav Čurić, Managing Director:** These proposals came from the largest shareholder. I see no reason to postpone this item. We shall encounter difficulties if new Supervisory Board is not appointed because ahead of us are decisions that should be made quickly and efficiently.

**Goran Milanković, shareholder:** The state, as the major shareholder may convene Extraordinary GA at which members of Supervisory Board will be elected. That is the legal procedure which is to be followed if we do not vote on the decisions proposed today.

**Dragan Miliivojević, shareholder:** We should not act rash. I think that it is most expedient to keep the present Supervisory Board until new members are appointed or to choose an internal Supervisory Board.

**Branislav Čurić, Managing Director:** Once again, I remind you that the Company has timely sent the material along with decisions proposals. In the meantime, there were no other proposals, except that the Ministry of Economy submitted their proposal for member of the Supervisory Board, two days prior to the General Assembly, on 21<sup>th</sup> June, 2017, but it could not be enlisted on the Agenda, since the time limit was exceeded. Not electing the Supervisory Board will provoke damage to Tigar.

**Zlatomir Popović, Postal Savings Bank Proxy:** The Supervisory Board members' term of office expired as of 14th June, 2017 and now there is no one to perform the function of Supervisory Board. That is why I propose that we vote on the decisions in connection with the changes in the Supervisory Board's composition.

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**Slavoljub Stanković, Chairman of the GA:** In accordance with the law, Tigar has convened regular annual session of the General Assembly, prepared and sent the material to all shareholders. There were no proposals for the agenda to be amended and supplements within the statutory time. The proposal by the Ministry of Economy was late and it could not be acted according to it. Besides, it is the holders that decide on everything. If the proposed composition of the Supervisory Board is not voted, it is possible to schedule Extraordinary session of the GA and propose new members of the Supervisory Board.

**Branislav Čurić Managing Director:** If we do not make a Decision on the appointment of members of the Supervisory Board, we send negative signal to the creditors.

Discussion ended. It was approached to secret ballot on the proposal of the **Decision on relieving members of the Supervisory Board of their duties.**

Chairman of the GA announces voting results.

Total votes: 3.108.131

Required number of votes for adoption: 1.771.449

Total votes "IN FAVOR": 2.861.824

Total votes "AGAINST": 245.432

Total votes "ABSTAIN": 875

Following the voting, Chairman of GA states that by the majority of votes, 92,08% , **there was made** the following

**DECISION**  
**on relieving members of the Supervisory Board of JSC Tigar Pirot**

1. Members of the Supervisory Board of JSC Tigar Pirot to be relieved of their duties due to expiry of their term of office are:

- Aleksandar Radojević
- Aleksandar Đurković
- Nebojša Petrović
- Bogdan Popara

2. The above mentioned persons' rights and duties as members of the Supervisory Board cease as of 03.07.2017

3. This decision shall come into force upon its adoption.



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**VI****MAKING DECISION ON APPOINTING MEMBERS OF THE SUPERVISORY BOARD OF JSC  
TIGAR PIROT****Rapporteur: Zorica Mladenović, member of the Nominating Committee**

The proposal of candidates for members of the Supervisory Board was given by the Nominating Committee in the following composition: Nebojša Petrović, Chairman, Aleksandar Đurković and Zorica Mladenović, members.

When preparing the proposal the Committee took into account legal conditions and limitations that refer to membership in the Supervisory Board, especially the changes that occurred in the ownership structure of Tigar which have influence on the composition of the Supervisory Board.

The proposal of candidates submitted by the Republic of Serbia, that is the Ministry of Labour, Employment, Veteran and Social Policy was considered as well as the proposal by shareholders who have more than 5% voting shares in their ownership – Nikomms I.I.c. Belgrade and Nikola Radenković, as well as the possibility that after their term of office has expired the member of the Supervisory Board may be elected again. Concerning the proposal of candidate for member of the Supervisory Board submitted by Municipality Pirot, it was stated that the said cannot be taken into consideration, due to legal limitation since the shareholder has less than 5% voting shares.

The Supervisory Board is familiar with the proposal of candidates and within its jurisdiction it proposes to the GA to make a decision on appointment of the following members of the Supervisory Board

Candidates proposed by the state are:

1. **Dragan Todorović**, State Secretary in the Ministry of Labour, Employment, Veteran and Social Policy.

Dragan Todorović, from Pirot, graduated from the Faculty of Law and he is a graduate of law. Since 1996 he worked in the Republic Health Insurance Fund, from 1999 to 2001 in the steering board of the Socialist Party of Serbia. In the period between 2001 and 2016, he was elected member of the National Assembly of the Republic of Serbia in four assemblies. He has been appointed State Secretary in the Ministry of Labour, Employment, Veteran and Social Policy in 2016.

2. **Dejan Jovešić**, Special Advisor in the Ministry of Labour, Employment, Veteran and Social Policy.

Dejan Jovešić, from Novi Sad, graduated from the Faculty of Technical Sciences in Novi Sad and acquired the title of Master engineer of industrial engineering and management. In the period between 2008 and 2014 he has been engaged at commercial and marketing jobs. Since 2014 he has been engaged at the post of Special Advisor in the Ministry of Labour, Employment, Veteran and Social Policy.

3. **Jelena Bečanović**, Deputy Head of the Cabinet of Serbian Minister of Labour, Employment, Veteran and Social Policy.

Jelena Bečanović from Belgrade finished Belgrade Business School and acquired the title of economist. After graduation she has continued her further education so she underwent professional trainings in various fields concerning the work of state authorities such as anti-corruption, project management etc. In the period from 2002 to 2013 she has been engaged at administrative and marketing tasks. From 2013 to 2014 she has worked in the Office for Kosovo and Metohija Government of the RS, as an assistant in the Office of the Director. Since 2014 she

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has been employed in the Ministry of Labour, Employment, Veteran and Social Policy, first as an Associate in the Cabinet, and now as Deputy Head of the Cabinet.

**4. Nebojša Petrović**, Professor at the Faculty of mechanical engineering in Belgrade. Nebojša Petrović, from Belgrade who graduated from the Faculty of Mechanical engineering in Belgrade in 1986 and in the following years he received his PhD degree at the said faculty. He has been working at the Faculty of Mechanical engineering ever since 1989, first as a teaching assistant until he acquired the academic title of university professor. In the period from 1999 to 2001 he was engaged at the post of Assistant to the Minister of Air Traffic.

The candidate proposed by minority shareholders that own more than 5% of shares in Tigar a.d.: Nikomms I.I.c. Belgrade and Nikola Radenković:

**1. Milutin Radenković**, owner and director of the company Nikomms I.I.c. Belgrade. Milutin Radenković, from Belgrade, graduated from Belgrade Business School and acquired the title of economist. He is the owner and director of Nikomms I.I.c. Belgrade since 1990, and he is general representative for the English factories Lanes LTD and Depilex LTD for Belgrade. 1993 he became the owner and director of Dunic LTD Cyprus and general representative for Biopton apparatus at Cyprus.

The candidates proposed meet all conditions for Supervisory Board membership, stipulated by the provisions of the Law on Companies ( article 432 and appropriate application of articles 382 and 391), as determined by an insight into documets submitted.

The Board of Creditors agreed to the proposal of candidates for members of the Supervisory Board.

Since there was no discussion within this item on the agenda, it was approached to secret ballot on the proposal of **Decision on appointing members of the Supervisory Board**.

Chairman of the GA announces voting results.  
Total votes: 3.108.131  
Required number of votes for adoption: 1.771.449

Total votes "IN FAVOR": 2.855.761  
Total votes "AGAINST": 245.673  
Total votes "ABSTAIN": 6.697

Following the voting, Chairman of GA states that by the majority of votes 91,88%, there was made the following

**DECISION**  
**on appointing members of the Supervisory Board of the JSC Tigar Pirot**

1. As for members of the Supervisory Board of Joint Stock Company Tigar Pirot are appointed:

- Dragan Todorović
- Nebojša Petrović
- Dejan Jovešić
- Jelena Bečanović
- Milutin Radenković

2. The term of office of members of the Supervisory Board lasts four years.

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3. Members of the Supervisory Board shall exercise their 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.

4. This decision shall come into force upon its adoption.

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Chairman of the GA states that the work of the GA session held today has been completed and that all decisions were made by the required majority of votes.

The session was adjourned at 13h 25 min.

**RECORDING SECRETARY:****Suzana Jocić**  
\_\_\_\_\_**SECRETARY:****Danijela Cenić**  
\_\_\_\_\_**CHAIRMAN OF GA:****Slavoljub Stanković**  
\_\_\_\_\_**MEMBERS OF THE VOTING COMMITTEE:**

1. **Vesna Stanisavljević**, secretary
2. **Tijana Manojlović**, member  
\_\_\_\_\_
3. **Marjan Stojanović**, member  
\_\_\_\_\_