

2012 JANUARY-SEPTEMBER INTERIM REPORT

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GENERAL PERFORMANCE ASSESSMENT

In general, during the first nine months of 2012 international demand continued to increase, particularly in the international marketplace. Confirmed customer orders grew, showing that the company enjoys a stable and prospective market position, which it is unable to exploit to the fullest extent due to a lack of permanent working capital.

Monthly production plans were based solely on actual demand. Nothing was manufactured for inventory, only previous inventories were sold. Reduced purchasing caused a lower production output by nearly 700 tons, or 23% relative to the same period a year ago, resulting in a significant decrease in inventories, particularly of finished products. At the consolidated level, inventories decreased by 46 million RSD compared to the end of September 2011, when inventories had grown by 228 million RSD relative to the beginning of that year, so when the end of the reporting period is compared to the end of the 3rd quarter of 2011, the negative impact of inventories amounts to 274 million RSD. During the same period, due to unfavorable sources of financing, the Company incurred finance expenses of 459 million RSD (compared to 304M at the end of September 2011), producing a negative difference of some 150 million. This increase in finance expenses was not a result of a higher level of indebtedness but a considerably larger proportion of costly short-term sources. Decreased inventories and increased finance expenses had an aggregate negative effect of 424 million RSD on our result. Performance was also affected by sales below plan (even though the market was there to meet expectations), such that the lower volume, due to fixed costs, reduced the overall result.

The largest contributors to our consolidated sales income were the factories (56%), followed by the distribution of goods, particularly tires (23%) and external sales of services (21%). Sales during the period largely targeted our existing customers, leaving considerable room for growth, depending on the terms and conditions associated with the procurement of permanent working capital. During the period we recorded a 12% decline in consolidated sales income. Exports contributed 61.5% to the sales of products made by Tigar factories, of which 85% went to EU markets. The greatest impact on reduced sales revenues came from the sales of complementary goods, particularly tires, in the domestic market and via our entities operating abroad, by 20%.

The upward trend of key raw material prices came to a stop; prices of certain groups of raw materials were reduced but still continued to fluctuate. During the period Tigar continued to invest heavily in the development of new groups of products, to maintain a leadership position in the market segments in which we operate, as well as in the development of new and alternative materials, primarily to improve product performance. All together, during the period we worked on the development of 218 new products, as well as 48 new and 99 alternative materials. Income from work performed and capitalized largely traced to the development of new groups of products and new and alternative materials. Number of employees during the reporting period, compared to 2011, declined by 297, which was in accordance with our workforce plan. Downsizing resulted from retirement, voluntary terminations and fewer temporary workers, as required by manufacturing.

Operating expenses were made up of the cost of raw materials, fuel and energy and COGS, and correlated with our income. Employee expenses and other operating expenses were 111 million RSD lower than at the end of the same period a year ago. Depreciation expenses grew as a result of activation of certain investment activities from the previous period, including investments in product development. Other income traced to the sale of real estate which the Company did not need for business purposes.


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At the consolidated level, Tigar earned an operating income of 3.1 billion RSD and a sales income of 2.8 billion RSD, and reported an operating loss of 194 million RSD and a loss after taxes of 255 million RSD.

To address this situation, the Company undertook a series of consolidation activities with the full support of the Ministry of Finance and Economy, the Serbian Development Fund and DEG. Based on a joint assessment that the Company has at its disposal robust capacities; cutting-edge technologies; a strong development potential; a highly trained workforce; and products that belong to the highest market segments, certified per international standards and primarily intended for the global market where the demand exists for Tigar products, as attested to by contracts and confirmed orders, it was concluded that an appropriate modification of our sources of financing, further optimization of the Company's lines of business and cost cuts in certain areas will allow the Company to achieve considerable growth in sales and improve overall performance in the future. Tigar's banks are also actively involved in this process.

The Development Fund of the Republic of Serbia granted Tigar a permanent working capital loan of 300 million RSD, while a standstill agreement with our creditor banks will ensure that the proceeds of the loan are used to finance production and sales through the year end. Additionally, the disbursement of the remaining 4 million € under the EIB Apex IV credit line, now more than a year late, is expected to take place before the end of the year. These two credit lines will allow Tigar to boost its production and sales in the coming months and end the year in the black.

In the longer term, full utilization of Tigar's capacities and further growth, particularly in the global market, depend to a large extent on the implementation of a long-term financial consolidation project, which has already received DEG support. DEG and the Company have jointly selected a consultant for this project – the Economics Institute from Belgrade. The project is already under way, including comprehensive assessments of the final product, service and raw material markets, organizational and business optimization, cost cuts, modification of our sources of financing, and procurement of missing long-term sources. The project will be completed by the end of 2012, but the consultant will continue to monitor its implementation during a period of one year after the project has been approved by Tigar and DEG. The outcomes of the project are expected to include, *inter alia*, the full utilization of Tigar's industrial and market potential and to ensure a much better result in a relatively short period of time. As an extension of the project, Tigar's financial liabilities will be restructured such that short-term loans in the amount of 15 million € will be replaced with long-term loans, plus additional five million € long-term sources will be procured to finance growth in 2013, commensurate with customer contracts and confirmed orders

Dragan Nikolić

Chairman of the Supervisory Board



1. INTRODUCTION

1.1 GENERAL

Registered name: Akcionarsko društvo "Tigar" Pirot
(Joint-Stock Company Tigar Pirot, hereinafter also referred to as Tigar, JSC Tigar, the Company, and the Holding Company)

Corporate ID: 07187769

Web site: www.tigar.com

Core activity: Holdings

Number of shareholders: 4,491 at 30/09/2012

Assets: 8,604,089 (000 RSD) at 30/09/2012

Registered address: Nikole Pašića 213, 18300 Pirot, Serbia

Tax ID: 100358298

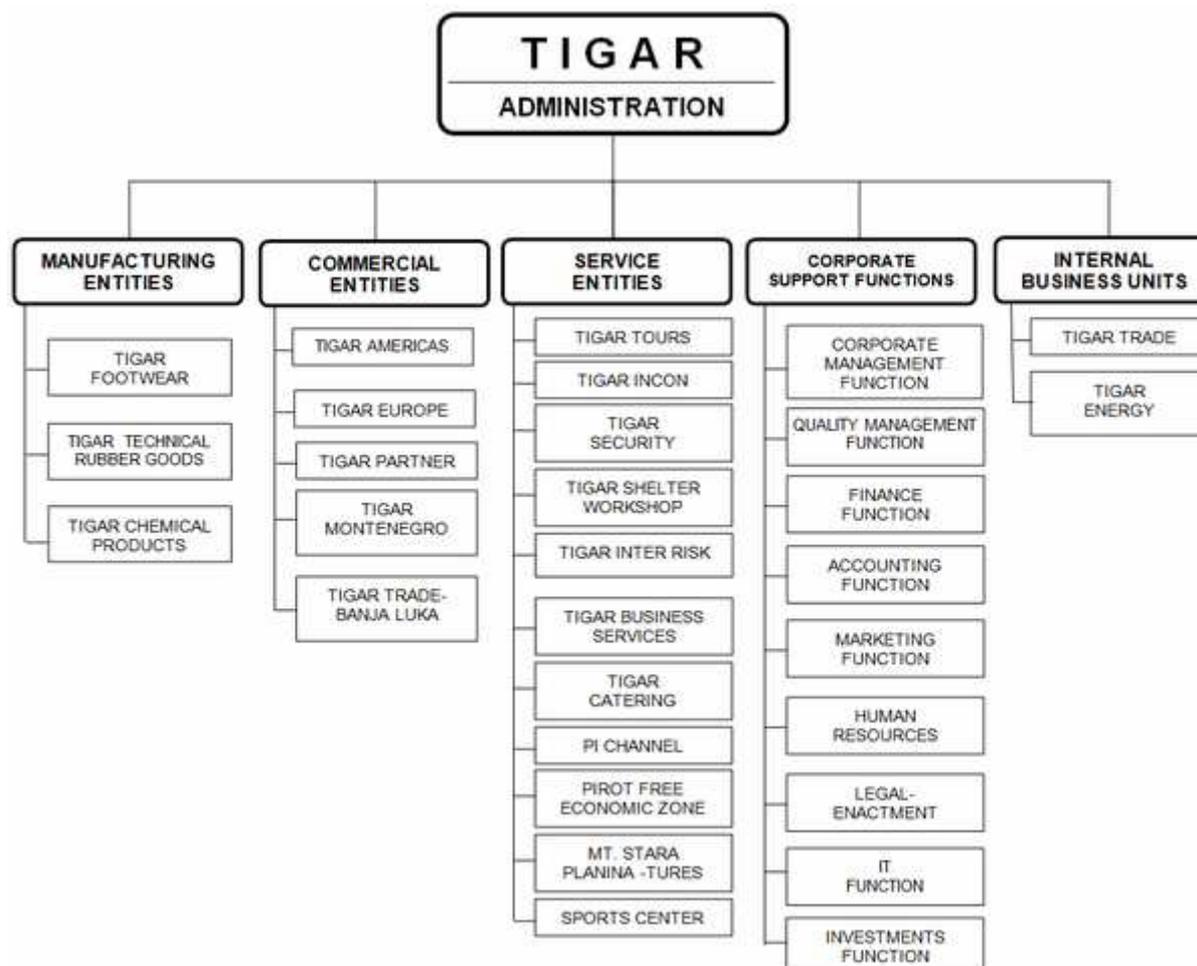
Certificate of incorporation: Registry File 1-1087

Workforce: 1,827 at 30/09/2012

Capital: 2,819,600 (000 RSD) at 30/09/2012

Capitalization: 386,654 (000 RSD) at 30/09/2012

1.2. CORPORATE STRUCTURE



During the reporting period there were no organizational changes relative to the end of 2011. Based on a letter of intent, a joint venture with a foreign partner will be implemented in the molded rubber products segment, which will result in vertical expansion of the Holding Company, through the organization of a JV company of Tigar Technical Rubber Goods (a Tigar AD subsidiary) and the foreign partner.

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1.3 ACHIEVEMENT OF CAPITAL EXPENDITURE PLAN OBJECTIVES

During the reporting period, the Company's capital expenditures were as follows:

In thousands of RSD	Purchases of fixed assets and intangible investments
	January-September 2012
Tigar Technical Rubber Goods	46,732
Tigar Chemical products	10,544
Tigar Footwear	136,954
Service entities	31,781
Holding Company	50,853
Total	276,864

Following a period of high capital spending from 2007 to 2010, capex levels were reduced and largely targeted product development (including new tooling), production process enhancements, updating of several sales outlets, and unavoidable spending on logistics. During the reporting period there were no major investments in market development, resulting in a relatively small market share outside the EU.



2. PRODUCTION LEVELS AND SALES OF GOODS AND SERVICES

2.1. BREAKDOWN OF PRODUCTION AND SALES

Our product range did not change during the reporting period.

Footwear

- *Safety footwear*
- *Work boots*
- *Sports footwear*
- *Fashion footwear*
- *Children's footwear*
- *Low footwear*

Technical rubber goods

- *Molded rubber products.*
- *Rubber profiles.*
- *Compounds and semi-finished rubber products.*
- *Sporting goods.*
- *Recycled-rubber products.*

Chemical products

- *Horizontal road signage materials.*
- *Self-spreading flooring.*
- *Sheet-metal coatings.*
- *Anti-corrosion coatings.*
- *Coatings for the consumer market and the construction industry.*
- *Adhesives* (These products include adhesives for the consumer market, adhesives for the construction industry, various industrial adhesives, and special-purpose adhesives).

Complementary goods

- Tires and other vehicle-related items, including motor oils, batteries, car-care products and similar products from domestic and international sources.
- Leather footwear.

During the reporting period, our **Stop & Drive** chain offered the following types of services:

- Tire repair, including wheel removal and installation, balancing, tire inspection, compliance checks, and filling with liquid nitrogen.
- Auto-mechanic services, including wheel alignment; inspection of brakes, shock absorbers and suspensions; replacement of axels, shock absorbers, and brake discs and plates; disc machining; air conditioning unit cleaning and disinfection; oil, oil filter and fuel filter changes; and replacement of shock absorbers;
- Car wash;
- Tire monitoring and safe-keeping.



Other services

In addition to the above-described manufacturing and complementary segments, Tigar operates a number of domestic service subsidiaries which support Tigar's core businesses and provide high-quality services to both the Company and the local community. These businesses include:

- Construction, including all types of services related to the construction and maintenance of buildings and infrastructure, supported by an engineering group;
- Pirot Free Economic Zone (Free Zone), which is a specially-designated area within Serbia where business may be carried out free from duty or VAT and certain municipal charges. The Free Zone is a joint-stock company whose majority shareholder is JSC Tigar. Among the other shareholders is the Municipality of Pirot. The Free Zone is located within the Industrial Zone of Pirot and covers 7 ha, 65 a, and 45 m² of infrastructure-enabled land.
- Transportation, which provides all types of road transportation services, including domestic and international freight forwarding, contracted and sub-contracted inter-city transportation of goods, and maintenance of vehicles.
- Food production for internal needs of JSC Tigar and Tigar Tyres, but also for the external market, as well as hospitality services offered to tourists, business men and women, delegations, and sports teams
- Shelter workshop, which was set up as a shelter for disabled employees. Its activities include solid waste collection and recycling and several other types of support services.
- Services in the areas of radio and TV broadcasting, telecommunications, market research, public opinion polling, advertising, public relations, and publishing.

2.2. SALES STRATEGY

During the reporting period, Tigar's sales strategy remained the same and focused on:

- Volume growth, through increased sales to both existing and new customers and markets;
- Ongoing product mix changes, focusing on highly sophisticated products;
- Exports, as the main source of revenue;
- Growing proprietary brand sales, particularly to export markets;
- Higher sales to end users of tires, footwear and complementary goods in the Serbian market;
- Maintenance of the sales volume of tires and complementary goods via Tigar's entities operating abroad;
- Increased revenues from Stop & Drive, construction and Free Economic Zone services.


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2.3. SALES OF GOODS AND SERVICES

During the reporting period, consolidated external revenues from sales of goods and services amounted to 2.85 billion RSD.

Following is a breakdown of consolidated external sales revenues by product line:

<i>Net sales income from goods and products in Serbia in thousands of RSD</i>	<i>January- September 2011</i>	<i>January- September 2012</i>	<i>%</i>
Tires	119,054	106,440	-11%
Footwear	1,295,647	1,150,213	-11%
Technical rubber goods	282,530	328,421	16%
Chemical products	79,147	94,217	19%
Other products	36,191	24,484	-32%
TOTAL SALES WITHIN AND FROM SERBIA	1,812,570	1,703,774	-6%

Geographical diversification of sales

January-September 2012, in thousands of RSD	Footwear	Technical rubber goods	Chemical products	Total	Percentage
European Union	743,683	62,591	12,599	818,873	85%
The Balkans	97,611	9,758	1,340	108,709	11%
Russia and ex-Soviet republics	0	5,623	4,657	10,281	1%
Other countries	9,607	5,002	14,214	28,823	3%
Total	850,901	82,974	32,811	966,686	100%

Western Europe, in thousands of RSD	Footwear	Technical rubber goods	Chemical products	Total	Percentage
Finland	323,391	10	0	323,401	41%
Italy	120,519	17,926	0	138,444	18%
Denmark	166,991	4,204	0	171,196	22%
Sweden	38,410	32,674	0	71,085	9%
UK	37,487	0	0	37,487	5%
France	31,132	3,648	0	34,780	4%
Ireland	8,873	0	0	8,873	1%
Austria	0	3,042	0	3,042	0%
Spain	13	0	0	13	0%
Total	726,817	61,504	0	788,321	82%


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Eastern Europe, in thousands of RSD	Footwear	Technical rubber goods	Chemical products	Total	Percentage
Bosnia and Herzegovina	57,038	456	0	57,495	41%
Macedonia	18,158	6,079	1,340	25,578	18%
Montenegro	10,339	2,428	0	12,767	9%
Kosovo	10,703	631	0	11,334	8%
Bulgaria	1,349	1,054	6,622	9,024	6%
Slovenia	9,001	0	0	9,001	6%
Poland	2,436	33	5,978	8,447	6%
Greece	3,224	0	0	3,224	2%
Croatia	1,372	163	0	1,536	1%
Hungary	856	0	0	856	1%
Total	114,477	10,845	13,939	139,261	14%

Other countries, in thousands of RSD	Footwear	Technical rubber goods	Chemical products	Total	Percentage
South Africa	159	0	14,214	14,373	37%
Russia and ex-Soviet republics	0	5,623	4,657	10,281	26%
Hong Kong	9,130	0	0	9,130	23%
Egypt	0	5,002	0	5,002	13%
Korea	319	0	0	319	1%
Total	9,607	10,625	18,871	39,104	4%

The reported decline in sales was a result of the lack of permanent working capital to support all customer demands, especially in the international market. We were able to meet no more than 50% of the actual demand. The existence of long-term contracts and confirmed orders attests to the fact that, with appropriate financing, we will be able to increase sales revenues by about 50% relative to the 2012 average, and to achieve an even higher level of growth next year.

In 2012, our footwear sales were and continue to be driven by: (1) the development of a group of large customers who outsource production for their supply chains to Tigar Footwear, thus ensuring volume and maintaining their high reputation in the marketplace; (2) increase in sales of products made under our own brand names, including Tigar, Century, Forester, Firefighter, Maniera and Brolly; (3) breakthrough into new markets, focusing on Central Europe, Eastern Europe, the US, Russia and Australia, where Tigar Footwear has already certified its products as required by local legislation; and (4) an increasing number of public procurement contract awards, owing to the product quality and durability being duly evaluated in addition to the price criterion.

The industrial segment of Tigar Technical Rubber Goods (TTRG) reported a 16% growth. Like in the footwear segment, the limiting factor was the lack of the working capital needed to finance volume.

Tigar Chemical Products (TCP) reported a growth in sales. It won a considerable number of road paint tenders in the country, which will boost sales particularly from June to September - the period of high demand for this product. After nearly two years, TCP resumed producing road paint because it was able to achieve a balance between the prevailing market price and the product quality that TCP is required by its certification to produce.

Sales of other goods, particularly complementary footwear and automotive products, fell short of last year's levels, mainly as a result of purchasing priorities given to Tigar's footwear and technical rubber goods businesses. Reduced tire sales did not have a major impact on Stop & Drive revenues because many customers purchased services even when they did not buy tires.



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Tigar's entities operating abroad recorded a decline in sales, especially of tires which continued to contribute 90% to overall sales. Tigar Europe was particularly affected by a lack of supply of tires in the required quantities and product mix from Tigar Tyres. A framework agreement with Michelin, which was signed last year and is valid until the year 2016, will help maintain the tire sales levels of Tigar's entities operating abroad, given that tire sales constitute a significant portion of their business. Contrary to our distribution network in Serbia, which follows a multi-brand sales strategy, the companies operating aboard sell Tigar brand tires. The role of Tigar's international entities, especially Tigar Europe and Tigar Americas, has steadily been expanding based on activities initiated in 2010, including more aggressive marketing, web presentations, participation at international trade shows, opening of show rooms, and rental of warehouses from which products will generally be sold to medium- and small-volume buyers, but a lack of funds has resulted in a considerably reduced scope of these activities.

2.4. PRODUCTION OUTPUT

The tables below show breakdowns by manufacturing segment.

Output (tons)	January-September 2011	January-September 2012	%
Tigar Footwear	1,584	1,166	-26%
Tigar Technical Rubber Goods	1,180	878	-26%
Tigar Chemical Products	195	246	26%
TOTAL	2,959	2,290	-23%

2.5 PRICE FLUCTUATIONS OF KEY RAW MATERIALS

Apart from synthetic rubber, there were no price increases of key raw materials on commodity exchanges. As a matter of fact, prices either fell or stagnated. As in previous years, Tigar largely purchased raw materials from European distributors. In mid-2011, via Tigar Americas, we established a direct working relationship with Far East manufacturers of important raw materials, which allows for considerable savings. In anticipation of long-term sources of financing, utmost efforts were made to expedite accounts receivable and maximize purchasing of raw materials from manufacturers, through direct arrangements with buyers and suppliers.

However, despite our clearly defined and preferred purchasing policy, most raw materials were bought from European dealers. This is expected to change in the coming months.


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3. FINANCIALS

3.1. CONSOLIDATED FINANCIALS

Income statement (in thousands of RSD)	January- December 2010	January- December 2011	January- September 2011	January- September 2012
OPERATING INCOME	5,160,882	5,298,485	3,810,506	3,100,686
Sales of goods, products and services	4,288,191	4,296,923	3,229,019	2,854,824
Work performed by the company and capitalized	743,239	710,666	312,949	255,680
Increase in inventories of finished products and work in progress	89,828	264,350	228,240	
Decrease in inventories of finished products and work in progress				45,636
Other operating income	39,624	26,546	40,298	35,818
OPERATING EXPENSES	4,889,597	5,285,551	3,700,105	3,295,100
Cost of commercial goods sold	902,193	836,916	503,242	581,623
Material, fuel and energy consumed	1,563,187	1,862,687	1,312,267	908,248
Staff costs	1,611,720	1,770,138	1,303,744	1,245,005
Depreciation, amortization and provisions	187,982	177,188	123,072	154,988
Other operating expenses	624,515	638,622	457,780	405,236
PROFIT/LOSS FROM OPERATIONS	271,285	12,934	110,401	-194,414
FINANCE INCOME	72,209	108,672	149,695	231,042
FINANCE EXPENSES	391,035	537,175	304,266	459,447
OTHER INCOME	74,505	237,660	89,136	213,702
OTHER EXPENSES	46,648	57,822	21,714	24,733
PROFIT/LOSS BEFORE TAXATION	-19,684	-235,731	23,252	-233,850
INCOME TAXES				
Current tax expense	31,088	65,456	15,868	21,062
Deferred income tax expense	6,349	7,946		
Deferred income tax benefit			9	
NET PROFIT/LOSS	-57,121	-309,133	7,393	-254,912



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BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
ASSETS			
Non-current assets	4,743,526	5,349,185	5,617,920
Intangible assets	398,125	547,151	734,455
Property, plant and equipment	4,288,114	4,748,495	4,829,918
Property, plant and equipment	4,288,114	4,521,484	4,492,245
Investment property		227,011	337,673
Long-term financial placements	57,287	53,539	53,547
Equity investments	11,819	11,819	11,827
Other long-term financial placements	45,468	41,720	41,720
Current assets	3,455,721	3,532,298	3,823,143
Inventories	1,823,646	2,073,287	2,110,323
Assets held-for-sale	20,039	6,846	6,846
Accounts receivable, placements and cash	1,612,036	1,452,165	1,705,974
Accounts receivable	903,162	892,958	881,402
Receivables from over-paid taxes	7,097	2,171	1,746
Short-term financial placements	4,986	4,765	44
Cash and cash equivalents	369,524	251,093	171,398
Value added tax and prepayments	327,267	301,178	651,384
Deferred tax assets	21,305	22,160	24,176
TOTAL ASSETS	8,220,552	8,903,643	9,465,239
EQUITY AND LIABILITIES			
Equity	3,393,665	3,096,122	2,859,447
Share and other capital	2,144,189	2,179,038	2,238,700
Reserves	941	5,418	5,458
Revaluation reserves	1,051,401	1,079,077	1,041,089
Retained earnings/Loss	197,134	-167,411	-425,800
Shares buyback			
Long-term liabilities and provisions	4,692,191	5,664,555	6,462,826
Long-term provisions	83,087	84,127	81,233
Long-term liabilities	1,729,282	1,270,109	1,715,311
Long-term debt	1,512,668	1,032,473	1,454,193
Other long-term liabilities	216,614	237,636	261,118
Current liabilities	2,879,822	4,310,319	4,666,282
Short-term financial liabilities	1,716,210	2,684,202	2,762,057
Account payable	851,145	1,164,507	1,251,634
Other current liabilities	183,926	296,432	509,293
Value added tax and other taxes payable and accruals	110,455	114,852	104,614
Income taxes payable	18,086	50,326	38,684
Deferred tax liabilities	134,696	142,966	142,966
TOTAL EQUITY AND LIABILITIES	8,220,552	8,903,643	9,465,239



3.2. SUMMARY OF KEY FINANCIAL RESULTS BY ENTITY

TIGAR		
	TIGAR AD	
	Equity: 2,819,600 Total income: 2,931,618 EBITDA: 71,808 <i>(000 RSD)</i>	
PRODUCTION ENTITIES	COMMERCIAL ENTITIES	SERVICE ENTITIES
TIGAR FOOTWEAR	TIGAR MONTENEGRO	PIROT FREE ZONE
Equity: 815,880 Total income: 1,143,724 EBITDA: -54,527 <i>(000 RSD)</i>	Equity: 114 Total income: 372 EBITDA: 2 <i>(000 EUR)</i>	Equity: 158,828 Total income: 214,858 EBITDA: 8,946 <i>(000 RSD)</i>
TIGAR TEHNICAL RUBBER GOODS	TIGAR PARTNER	TIGAR BUSINESS SERVICES
Equity: 298,336 Total income: 319,233 EBITDA: -45,576 <i>(000 RSD)</i>	Equity: 17,759 Total income: 19,521 EBITDA: -507 <i>(000 DEN)</i>	Equity: 29,044 Total income: 83,960 EBITDA: 11,885 <i>(000 RSD)</i>
TIGAR CHEMICAL PRODUCTS	TIGAR TRADE Banja Luka	TIGAR HOSPITALITY
Equity: 111,553 Total income: 87,680 EBITDA: -20,340 <i>(000 RSD)</i>	Equity: 0 Total income: 444 EBITDA: -136 <i>(000 KM)</i>	Equity: 118,561 Total income: 136,613 EBITDA: -8,588 <i>(000 RSD)</i>
	TIGAR EUROPE	TIGAR INCON
	Equity: 2,709 Total income: 7,541 EBITDA: 185 <i>(000 GBP)</i>	Equity: 151,545 Total income: 118,874 EBITDA: -15,002 <i>(000 RSD)</i>
	TIGAR AMERICAS	TIGAR INTER RISK
	Equity: 391 Total income: 355 EBITDA: -45 <i>(000 USD)</i>	Equity: 2,935 Total income: 2,832 EBITDA: 422 <i>(000 RSD)</i>
		TIGAR WORKSHOP
		Equity: 0 Total income: 16,827 EBITDA: -7,476 <i>(000 RSD)</i>
		TIGAR SECURITY
		Equity: 57,137 Total income: 80,557 EBITDA: 18,966 <i>(000 RSD)</i>
		TIGAR TOURS
		Equity: 10,314 Total income: 4,987 EBITDA: 714 <i>(000 RSD)</i>
		PI CHANNEL
		Equity: 8,950 Total income: 15,972 EBITDA: 5,460 <i>(000 RSD)</i>


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3.3. JSC TIGAR (HOLDING COMPANY)

Income statement (in thousands of RSD)	January- December 2010	January- December 2011	January- September 2011	January- September 2012
OPERATING INCOME	3,817,469	4,113,622	3,024,669	2,594,041
Sales of goods, products and services	3,664,473	3,967,657	2,901,723	2,515,085
Work performed by the company and capitalized	118,190	118,160	73,037	38,666
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income	34,806	27,805	49,909	40,290
OPERATING EXPENSES	3,679,302	4,102,655	2,953,734	2,560,028
Cost of commercial goods sold	2,300,257	3,022,823	2,174,942	1,808,518
Material, fuel and energy consumed	281,648	192,715	134,526	119,146
Staff costs	489,045	519,952	384,769	395,838
Depreciation, amortization and provisions	53,764	51,908	37,414	37,795
Other operating expenses	554,588	315,257	222,083	198,731
PROFIT/LOSS FROM OPERATIONS	138,167	10,967	70,935	34,013
FINANCE INCOME	125,476	304,273	158,253	211,270
FINANCE EXPENSES	273,347	439,446	246,064	406,714
OTHER INCOME	239,769	310,830	83,098	126,307
OTHER EXPENSES	156,701	34,361	20,624	19,495
PROFIT/LOSS BEFORE TAXATION	73,364	152,263	45,598	-54,619
INCOME TAXES				
Current tax expense	24,023	29,026	7,514	9,782
Deferred income tax expense	1,236	1,241		
Deferred income tax benefit			10	
NET PROFIT/LOSS	48,105	121,996	38,094	-64,401


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BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
ASSETS			
Non-current assets	3,226,938	3,867,687	3,983,854
Intangible assets	24,030	23,913	65,821
Property, plant and equipment	1,042,031	1,453,626	1,527,338
Property, plant and equipment	1,042,031	1,226,615	1,193,166
Investment property		227,011	334,172
Long-term financial placements	2,160,877	2,390,148	2,390,695
Equity investments	2,115,409	2,348,428	2,348,975
Other long-term financial placements	45,468	41,720	41,720
Current assets	2,944,421	3,553,640	4,620,235
Inventories	880,900	986,031	1,078,233
Assets held-for-sale	20,039	6,846	6,846
Accounts receivable, placements and cash	2,043,482	2,560,763	3,535,156
Accounts receivable	1,627,244	2,071,781	2,962,938
Receivables from over-paid taxes	908		122
Short-term financial placements	51,042	89,169	89,547
Cash and cash equivalents	227,195	155,262	33,998
Value added tax and prepayments	137,093	244,551	448,551
Deferred tax assets			
TOTAL ASSETS	6,171,359	7,421,327	8,604,089
EQUITY AND LIABILITIES			
Equity	2,800,750	2,884,851	2,819,600
Share and other capital	2,062,152	2,062,152	2,062,152
Share issuing premiums			
Reserves	206,215	206,215	206,215
Revaluation reserves			
Retained earnings	581,886	665,987	665,137
Loss	49,503	49,503	113,904
Shares buyback			
Long-term liabilities and provisions	3,367,236	4,531,862	5,779,875
Long-term provisions	12,842	12,577	11,317
Long-term liabilities	639,769	754,450	1,101,107
Long-term debt	436,914	152,601	476,212
Other long-term liabilities	202,855	601,849	624,895
Current liabilities	2,714,625	3,764,835	4,667,451
Short-term financial liabilities	1,410,182	2,500,849	2,567,086
Account payable	1,166,539	1,025,128	1,871,717
Other current liabilities	68,116	138,597	156,126
Value added tax and other taxes payable and accruals	57,178	73,989	52,594
Income taxes payable	12,610	26,272	19,928
Deferred tax liabilities	3,373	4,614	4,614
TOTAL EQUITY AND LIABILITIES	6,171,359	7,421,327	8,604,089


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CASH FLOWS (in thousands of RSD)	January-September 2011	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	2,447,715	1,883,824
Cash receipts from customers	2,231,259	1,754,360
Interest received from operating activities	1,504	1,906
Other receipts from operating activities	214,952	127,558
Cash outflow from operating activities	3,175,465	2,121,554
Cash paid to suppliers for raw materials and other expenses	2,566,829	1,428,488
Gross salaries and other personnel costs paid	377,459	340,001
Interest paid	187,827	330,036
Income tax expense	7,926	17,078
Other levies paid	35,424	5,951
Net cash inflow from operating activities		
Net outflow from operating activities	727,750	237,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities	11,935	45,835
Sale shares and stakes (net inflow)		
Sales of fixed assets		306
Other financial placements (net inflow)		
Interest received		
Dividends received	11,935	45,529
Cash outflow from investing activities	21,512	9,019
Purchase of shares		
Purchase of fixed assets	21,512	9,019
Other financial placements (net outflow)		
Net cash inflow from investing activities		36,816
Net cash outflow from investing activities	9,577	
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	789,009	126,964
Increase in capital		
Long-term and short-term borrowings (net inflow)	645,807	
Other long-term and short-term liabilities	143,202	126,964
Cash outflow from financing activities	9,540	51,089
Buyback of own shares and stakes		
Long-term and short-term borrowings (net outflow)		48,034
Financial lease	4,730	3,055
Dividends paid	4,810	
Net cash inflow from financing activities	779,469	75,875
Net cash outflow from financing activities		
Total cash inflow	3,248,659	2,056,623
Total cash outflow	3,206,517	2,181,662
NET CASH INFLOW	42,142	
NET CASH OUTFLOW		125,039
Cash and cash equivalents at beginning of year	227,195	155,262
Foreign exchange gains on translation of cash and cash equivalents		3,775
Foreign exchange losses on translation of cash and cash equivalents	12,018	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	257,319	33,998


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3.4. TIGAR FOOTWEAR

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	1,420,256	1,990,058	2,132,607
Current assets	1,137,422	962,942	1,621,189
Deferred tax assets			
TOTAL ASSETS	2,557,678	2,953,000	3,753,796
Equity	857,475	870,449	815,880
Long-term liabilities and provisions	772,345	673,676	737,291
Current liabilities	920,603	1,397,623	2,189,373
Deferred tax liabilities	7,255	11,252	11,252
TOTAL EQUITY AND LIABILITIES	2,557,678	2,953,000	3,753,796

Income statement (in thousands of RSD)	January-December 2010	January-December 2011	January-September 2011	January-September 2012
OPERATING INCOME	1,508,921	2,008,517	1,524,921	1,035,369
Sales of goods, products and services	1,242,882	1,543,404	1,187,096	938,436
Work performed by the company and capitalized	230,522	270,775	135,172	135,387
Increase in inventories of finished products and work in progress	33,244	192,106	200,987	
Decrease in inventories of finished products and work in progress				38,482
Other operating income	2,273	2,232	1,666	28
OPERATING EXPENSES	1,553,008	2,129,305	1,520,193	1,161,585
Cost of commercial goods sold				
Material, fuel and energy consumed	754,835	1,226,159	849,896	539,619
Staff costs	492,622	621,830	465,119	386,699
Depreciation, amortization and provisions	71,879	56,188	41,055	71,689
Other operating expenses	233,672	225,128	164,123	163,578
PROFIT/LOSS FROM OPERATIONS	-44,087	-120,788	4,728	-126,216
FINANCE INCOME	1,147	12,886	36,915	30,278
FINANCE EXPENSES	67,491	40,788	23,618	32,461
OTHER INCOME	144,231	343,945	969	78,077
OTHER EXPENSES	26,910	21,357	2,896	647
PROFIT/LOSS BEFORE TAXATION	6,890	173,898	16,098	-50,969
INCOME TAXES				
Current tax expense	257	16,926	192	3,601
Deferred income tax expense	2,587	3,997		
Deferred income tax benefit				
NET PROFIT/LOSS	4,046	152,975	15,906	-54,570


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CASH FLOWS (in thousands of RSD)	January-September 2011	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	1,022,333	482,240
Cash outflow from operating activities	804,687	478,174
Net cash inflow from operating activities	217,646	4,066
Net outflow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	12,318	3,955
Net cash inflow from investing activities		
Net cash outflow from investing activities	12,318	3,955
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities		
Cash outflow from financing activities	205,302	
Net cash inflow from financing activities		
Net cash outflow from financing activities	205,302	
NET CASH INFLOW	26	111
NET CASH OUTFLOW		
Cash and cash equivalents at beginning of year	187	138
Foreign exchange gains on translation of cash and cash equivalents	2	3
Foreign exchange losses on translation of cash and cash equivalents	51	94
CASH AND CASH EQUIVALENTS AT END OF PERIOD	164	158


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3.5. TIGAR TECHNICAL RUBBER GOODS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	741,043	1,015,037	1,040,925
Current assets	379,575	292,885	408,769
Deferred tax assets			
TOTAL ASSETS	1,120,618	1,307,922	1,449,694
Equity	296,544	363,891	298,336
Long-term liabilities and provisions	350,698	253,980	277,500
Current liabilities	469,550	683,280	867,087
Deferred tax liabilities	3,826	6,771	6,771
TOTAL EQUITY AND LIABILITIES	1,120,618	1,307,922	1,449,694

Income statement (in thousands of RSD)	January-December 2010	January-December 2011	January-September 2011	January-September 2012
OPERATING INCOME	581,761	424,959	339,821	302,340
Sales of goods, products and services	466,580	339,447	255,680	241,988
Work performed by the company and capitalized	74,810	87,375	68,947	43,680
Increase in inventories of finished products and work in progress	40,340		15,194	16,672
Decrease in inventories of finished products and work in progress		1,863		
Other operating income	31			
OPERATING EXPENSES	617,183	525,974	375,974	368,760
Cost of commercial goods sold				
Material, fuel and energy consumed	296,613	225,491	155,779	138,548
Staff costs	163,599	160,509	118,055	122,911
Depreciation, amortization and provisions	23,180	29,610	19,262	20,844
Other operating expenses	133,791	110,364	82,878	86,457
PROFIT/LOSS FROM OPERATIONS	-35,422	-101,015	-36,153	-66,420
FINANCE INCOME	1,414	2,682	14,393	14,009
FINANCE EXPENSES	35,112	32,279	23,405	11,339
OTHER INCOME	38,801	1,227	749	2,884
OTHER EXPENSES	632	7,685	1,478	4,689
PROFIT/LOSS BEFORE TAXATION	-30,951	-137,070	-45,894	-65,555
INCOME TAXES				
Current tax expense				
Deferred income tax expense	2,920	2,944		
Deferred income tax benefit				
NET PROFIT/LOSS	-33,871	-140,014	-45,894	-65,555


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CASH FLOWS (in thousands of RSD)	January-September 2011	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	336,004	222,377
Cash outflow from operating activities	314,776	183,667
Net cash inflow from operating activities	21,228	38,710
Net outflow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	25,281	2,363
Net cash inflow from investing activities		
Net cash outflow from investing activities	25,281	2,363
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	28,095	
Cash outflow from financing activities	24,062	36,328
Net cash inflow from financing activities	4,033	
Net cash outflow from financing activities		36,328
NET CASH INFLOW		19
NET CASH OUTFLOW	20	
Cash and cash equivalents at beginning of year	230	3
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents	2	20
CASH AND CASH EQUIVALENTS AT END OF PERIOD	208	2


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3.6. TIGAR CHEMICAL PRODUCTS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	124,800	143,443	152,846
Current assets	145,528	129,426	102,593
Deferred tax assets	973	947	947
TOTAL ASSETS	271,301	273,816	256,386
Equity	131,031	131,401	111,553
Long-term liabilities and provisions	2,806	2,039	1,611
Current liabilities	137,464	140,376	143,222
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	271,301	273,816	256,386

Income statement (in thousands of RSD)	January-December 2010	January-December 2011	January-September 2011	January-September 2012
OPERATING INCOME	199,256	163,006	122,728	84,768
Sales of goods, products and services	168,042	134,117	98,937	99,517
Work performed by the company and capitalized	14,969	16,940	11,733	8,470
Increase in inventories of finished products and work in progress	16,245	11,949	12,058	
Decrease in inventories of finished products and work in progress				23,827
Other operating income				608
OPERATING EXPENSES	256,565	162,657	119,328	106,249
Cost of commercial goods sold				
Material, fuel and energy consumed	134,314	75,678	52,583	53,457
Staff costs	61,861	44,279	35,124	26,790
Depreciation, amortization and provisions	4,694	1,950	1,537	1,141
Other operating expenses	55,696	40,750	30,084	24,861
PROFIT/LOSS FROM OPERATIONS	-57,309	349	3,400	-21,481
FINANCE INCOME	2,269	1,958	1,148	2,543
FINANCE EXPENSES	6,258	3,274	3,363	1,182
OTHER INCOME	4,036	4,552	439	369
OTHER EXPENSES	774	3,189	789	97
PROFIT/LOSS BEFORE TAXATION	-58,036	396	835	-19,848
INCOME TAXES				
Current tax expense				
Deferred income tax expense		26		
Deferred income tax benefit	186			
NET PROFIT/LOSS	-57,850	370	835	-19,848


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CASH FLOWS (in thousands of RSD)	January-September 2011	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	115,378	105,155
Cash outflow from operating activities	123,036	81,617
Net cash inflow from operating activities		23,538
Net outflow from operating activities	7,658	
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities		
Cash outflow from investing activities	228	3,854
Net cash inflow from investing activities		
Net cash outflow from investing activities	228	3,854
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities	44,835	5,880
Cash outflow from financing activities	37,788	25,622
Net cash inflow from financing activities	7,047	
Net cash outflow from financing activities		19,742
NET CASH INFLOW		
NET CASH OUTFLOW	839	58
Cash and cash equivalents at beginning of year	1,086	114
Foreign exchange gains on translation of cash and cash equivalents	114	88
Foreign exchange losses on translation of cash and cash equivalents	172	138
CASH AND CASH EQUIVALENTS AT END OF PERIOD	189	6

3.7. TIGAR EUROPE, UK

Balance Sheet (in thousands of GBP)	As of 31 December 2010	As of 31 December 2011 (audited)	As of 30 September 12
Assets			
Non-current assets	5	3	2
Current assets	4,217	4,267	3,676
Deferred tax assets			
Total assets	4,222	4,270	3,678
Equity and liabilities			
Equity	2,668	2,826	2,709
Non-current liabilities			
Current liabilities	1,554	1,444	968
Deferred tax liabilities			
Total equity and liabilities	4,222	4,270	3,678

INCOME STATEMENT (in thousands of GBP)	January-December 2010 (audited)	January-December 2011 (audited)	January-September 2011	January-September 2012
Turnover	14,698	14,607	11,407	7,532
Cost of sales	13,737	13,379	10,464	6,890
Gross Profit	961	1,228	943	642
Administrative expenses	616	628	474	458
Operating Profit	345	600	469	184
Interest receivable	7	6	4	6
Other revenue				2
Profit Before Taxation	352	606	473	192
Profit corporation tax	79	148	115	39
Retained Profit for the Financial Year	273	459	358	153



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3.8. TIGAR AMERICAS

Balance Sheet (in thousands of USD)		As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Assets				
Non-current assets		6	5	5
Current assets		282	475	419
Deferred tax assets		250	250	250
Total assets		538	730	674
Equity and liabilities				
Equity		436	437	391
Long-term liabilities and provisions				
Current liabilities		102	293	283
Deferred tax liabilities				
Total Equity		538	730	674

INCOME STATEMENT (in thousands of USD)	January-December 2010	January-December 2011	January-September 2012
Sales and marketing income	985	1,171	353
Cost of goods sold	808	923	250
Gross profit	178	249	103
Selling, general and administrative expenses	163	243	148
Result from operations	14	5	-45
Other income (expense)	-3	-2	-1
Net result before corporation taxes	11	3	-45
Income tax		2	
Net profit (loss)	11	1	-45

3.9. TIGAR MONTENEGRO, MONTENEGRO

BALANCE SHEET (in thousands of EUR)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	4	4	4
Current assets	271	281	401
Deferred tax assets			
TOTAL ASSETS	275	284	405
Equity	108	112	114
Long-term liabilities and provisions			
Current liabilities	166	172	291
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	275	284	405

Income statement (in thousands of EUR)	January - December 2010	January - December 2011	January- September 2011	January- September 2012
Total income	774	666	377	372
Total expenses	750	650	368	370
PROFIT/LOSS BEFORE TAXATION	24	16	9	2
Income taxes	2	1		
Deferred income tax expense				
Deferred income tax benefit				
NET PROFIT/LOSS	21	14	9	2


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3.10. TIGAR TRADE, REPUBLIKA SRPSKA

BALANCE SHEET (in thousands of KM)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	244	248	237
Current assets	1,446	960	777
Deferred tax assets			
Losses in excess of equity			24
TOTAL ASSETS	1,691	1,209	1,038
Equity	435	145	0
Long-term liabilities and provisions	0	0	
Current liabilities	1,256	1,063	1,038
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	1,691	1,209	1,038

Income statement (in thousands of KM)	January - December 2010	January - December 2011	January-September 2011	January-September 2012
Total income	2,455	1,362	721	444
Total expenses	2,451	1,651	857	613
PROFIT/LOSS BEFORE TAXATION	4	-290	-136	-169
Current tax expense	1			
Deferred income tax expense				
Deferred income tax benefit				
NET PROFIT/LOSS	3	-290	-136	-169

3.11. TIGAR PARTNER, MACEDONIA

BALANCE SHEET (in thousands of Denars)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	334	50	34
Current assets	23,772	22,862	28,659
Deferred tax assets			
TOTAL ASSETS	24,106	22,912	28,693
Equity	17,722	17,744	17,759
Long-term liabilities and provisions			
Current liabilities	6,384	5,168	10,934
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	24,106	22,912	28,693

Income statement (in thousands of Denars)	January-December 2010	January-December 2011	January-September 2011	January-September 2012
Total income	31,092	28,674	17,903	19,521
Total expenses	30,978	28,639	17,896	19,502
PROFIT/LOSS BEFORE TAXATION	114	35	7	19
Current tax expense	19	12	4	4
Deferred income tax expense				
Deferred income tax benefit				
NET PROFIT/LOSS	95	22	3	15


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3.12. TIGAR BUSINESS SERVICES

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	218,217	50,301	42,821
Current assets	84,664	37,275	24,944
Deferred tax assets	79	546	546
TOTAL ASSETS	302,960	88,122	68,311
Equity	169,308	27,836	29,044
Long-term liabilities and provisions	20,025	6,610	6,698
Current liabilities	113,627	53,676	32,569
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	302,960	88,122	68,311

Income statement (in thousands of RSD)	January-December 2010	January-December 2011	January-September 2011	January-September 2012
OPERATING INCOME	311,757	136,213	103,979	83,267
Sales of goods, products and services	303,590	136,095	103,906	83,267
Work performed by the company and capitalized	8,013	65	65	
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income	154	53	8	
OPERATING EXPENSES	321,654	133,915	101,053	80,460
Cost of commercial goods sold	18,403	1,040	1,040	
Material, fuel and energy consumed	124,452	50,386	38,597	27,215
Staff costs	110,098	41,035	31,363	27,086
Depreciation, amortization and provisions	18,168	13,934	9,313	9,078
Other operating expenses	50,533	27,520	20,740	17,081
PROFIT/LOSS FROM OPERATIONS	-9,897	2,298	2,926	2,807
FINANCE INCOME	82	2,897	1,844	436
FINANCE EXPENSES	4,736	6,873	3,422	1,948
OTHER INCOME	1,732	2,182	1,924	257
OTHER EXPENSES	991	420	220	144
PROFIT/LOSS BEFORE TAXATION	-13,810	84	3,052	1,408
INCOME TAXES				
Current tax expense		267		200
Deferred income tax expense				
Deferred income tax benefit	225	467		
NET PROFIT/LOSS	-13,585	284	3,052	1,208


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3.13. TIGAR HOSPITALITY

BALANCE SHEET (in thousands of RSD)	Opening balance as of 1 February 2011	As of 31 December 2011	As of 30 September 2012
Non-current assets	157,308	153,093	149,402
Current assets	48,822	55,051	55,417
Deferred tax assets			
TOTAL ASSETS	206,130	208,144	204,819
Equity	141,755	132,398	118,561
Long-term liabilities and provisions	5,841	5,470	5,011
Current liabilities	58,534	70,125	81,096
Deferred tax liabilities		151	151
TOTAL EQUITY AND LIABILITIES	206,130	208,144	204,819

Income statement (in thousands of RSD)	February- December 2011	February- September 2011	January- September 2012
OPERATING INCOME	188,658	133,412	136,420
Sales of goods, products and services	188,413	133,325	136,053
Work performed by the company and capitalized	148	87	251
Increase in inventories of finished products and work in progress			
Decrease in inventories of finished products and work in progress			
Other operating income	97		116
OPERATING EXPENSES	197,151	137,618	149,118
Cost of commercial goods sold	11,676	8,250	6,049
Material, fuel and energy consumed	96,097	67,913	72,323
Staff costs	69,401	48,714	55,467
Depreciation, amortization and provisions	6,365	3,754	4,110
Other operating expenses	13,612	8,987	11,169
PROFIT/LOSS FROM OPERATIONS	-8,493	-4,206	-12,698
FINANCE INCOME	135	180	52
FINANCE EXPENSES	1,669	863	1,151
OTHER INCOME	1,122	1,013	141
OTHER EXPENSES	355	87	181
PROFIT/LOSS BEFORE TAXATION	-9,260	-3,963	-13,837
INCOME TAXES			
Current tax expense		56	
Deferred income tax expense	151		
Deferred income tax benefit			
NET PROFIT/LOSS	-9,411	-4,019	-13,837


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CASH FLOWS (in thousands of RSD)	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash inflow from operating activities	115,866
Cash outflow from operating activities	114,529
Net cash inflow from operating activities	1,337
Net outflow from operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash inflow from investing activities	95
Cash outflow from investing activities	475
Net cash inflow from investing activities	
Net cash outflow from investing activities	380
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash inflow from financing activities	
Cash outflow from financing activities	984
Net cash inflow from financing activities	
Net cash outflow from financing activities	984
NET CASH INFLOW	
NET CASH OUTFLOW	27
Cash and cash equivalents at beginning of year	41
Foreign exchange gains on translation of cash and cash equivalents	
Foreign exchange losses on translation of cash and cash equivalents	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14


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3.14 TIGAR INCON

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	161,407	168,571	164,303
Current assets	114,201	56,494	122,431
Deferred tax assets			
TOTAL ASSETS	275,608	225,065	286,734
Equity	169,561	169,796	151,545
Long-term liabilities and provisions	5,860	6,471	6,311
Current liabilities	99,404	47,893	127,973
Deferred tax liabilities	783	905	905
TOTAL EQUITY AND LIABILITIES	275,608	225,065	286,734

Income statement (in thousands of RSD)	January- December 2010	January- December 2011	January- September 2011	January- September 2012
OPERATING INCOME	233,516	269,264	218,196	115,947
Sales of goods, products and services	226,584	255,043	205,086	115,038
Work performed by the company and capitalized	6,932	14,221	13,110	909
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income				
OPERATING EXPENSES	223,194	268,099	214,869	135,591
Cost of commercial goods sold				
Material, fuel and energy consumed	81,372	108,190	91,169	43,960
Staff costs	97,590	109,639	83,597	71,005
Depreciation, amortization and provisions	4,321	7,241	4,590	4,642
Other operating expenses	39,911	43,029	35,513	15,984
PROFIT/LOSS FROM OPERATIONS	10,322	1,165	3,327	-19,644
FINANCE INCOME	870	17	17	2,875
FINANCE EXPENSES	230	403	401	1,420
OTHER INCOME	1,408	126	61	52
OTHER EXPENSES	661	435	34	29
PROFIT/LOSS BEFORE TAXATION	11,709	470	2,970	-18,166
INCOME TAXES				
Current tax expense	614	113	461	85
Deferred income tax expense	165	122		
Deferred income tax benefit				
NET PROFIT/LOSS	10,930	235	2,509	-18,251


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CASH FLOWS (in thousands of RSD)	January-September 2011	January-September 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflow from operating activities	192,663	86,388
Cash outflow from operating activities	196,779	96,416
Net cash inflow from operating activities		
Net outflow from operating activities	4,116	10,028
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflow from investing activities	8,015	16,911
Cash outflow from investing activities	192	61,738
Net cash inflow from investing activities	7,823	
Net cash outflow from investing activities		44,827
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflow from financing activities		57,910
Cash outflow from financing activities	3,538	3,080
Net cash inflow from financing activities		54,830
Net cash outflow from financing activities	3,538	
NET CASH INFLOW	169	
NET CASH OUTFLOW		25
Cash and cash equivalents at beginning of year	266	41
Foreign exchange gains on translation of cash and cash equivalents		
Foreign exchange losses on translation of cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT END OF PERIOD	435	16


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3.15. FREE ECONOMIC ZONE

BALANCE SHEET (in thousands of RSD)	As of 31 December 2010	As of 31 December 2011	As of 30 September 2012
Non-current assets	131,986	66,028	92,999
Current assets	68,879	150,707	124,509
Deferred tax assets	110	129	129
TOTAL ASSETS	200,975	216,864	217,637
Off-balance sheet assets	25,500	28,500	28,500
Equity	140,069	145,104	158,828
Long-term liabilities and provisions	3,555	3,089	3,089
Current liabilities	57,351	68,671	55,720
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	200,975	216,864	217,637
Off-balance sheet liabilities	25,500	28,500	28,500

Income statement (in thousands of RSD)	January- December 2010	January- December 2011	January- September 2011	January- September 2012
OPERATING INCOME	214,364	282,617	212,964	202,355
Sales of goods, products and services	214,364	282,617	212,964	202,355
Work performed by the company and capitalized				
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income				
OPERATING EXPENSES	194,755	262,916	194,621	195,145
Cost of commercial goods sold	197	12	12	16
Material, fuel and energy consumed	2,910	3,728	2,026	2,433
Staff costs	38,515	46,094	33,905	37,933
Depreciation, amortization and provisions	3,865	3,050	2,339	1,736
Other operating expenses	149,268	210,032	156,339	153,027
PROFIT/LOSS FROM OPERATIONS	19,609	19,701	18,343	7,210
FINANCE INCOME	2,358	2,599	1,144	10,889
FINANCE EXPENSES	1,048	2,640	1,728	1,794
OTHER INCOME	740	62,299	793	1,614
OTHER EXPENSES	1,377	3,803	1,272	44
PROFIT/LOSS BEFORE TAXATION	20,282	78,156	17,280	17,875
INCOME TAXES				
Current tax expense	678	9,140	565	4,151
Deferred income tax expense				
Deferred income tax benefit	98	19		
NET PROFIT/LOSS	19,702	69,035	16,715	13,724


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3.16. AGGREGATE FINANCIALS OF OTHER SERVICE SUBSIDIARIES

Income statement (in thousands of RSD)	January- December 2010	January- December 2011	January- September 2011	January- September 2012
OPERATING INCOME	153,123	153,485	120,390	117,197
Sales of goods, products and services	151,339	152,737	119,936	116,504
Work performed by the company and capitalized				
Increase in inventories of finished products and work in progress				
Decrease in inventories of finished products and work in progress				
Other operating income	1,784	748	454	693
OPERATING EXPENSES	143,842	139,739	101,765	102,658
Cost of commercial goods sold	4,500	5,222	3,983	2,321
Material, fuel and energy consumed	4,150	4,644	3,188	2,528
Staff costs	112,928	109,051	81,199	85,181
Depreciation, amortization and provisions	7,104	5,838	2,995	3,547
Other operating expenses	15,160	14,984	10,400	9,081
PROFIT/LOSS FROM OPERATIONS	9,281	13,746	18,625	14,539
FINANCE INCOME	309	304	136	281
FINANCE EXPENSES	207	134	61	531
OTHER INCOME	3,332	735	360	3,697
OTHER EXPENSES	213	191	64	66
PROFIT/LOSS BEFORE TAXATION	12,502	14,460	18,996	17,920
INCOME TAXES				
Current tax expense	488	710	366	539
Deferred income tax expense		1		
Deferred income tax benefit	103	70		
NET PROFIT/LOSS	12,117	13,819	18,630	17,381



4. REAL ESTATE AND LEGAL MATTERS

4.1 REAL ESTATE

All of Tigar's manufacturing facilities are located in Pirot. Tigar Footwear and Tigar Technical Rubber have relocated to the Tigar 3 compound, which was purchased in 2006 and outfitted in 2007 and 2008. Tigar owns a number of buildings in Belgrade and across Serbia (office space, warehouses and retail outlets).

All the real estate owned by the Company has been entered in the land registry.

The ownership of real estate held within the Tigar 2, Tigar 3 and Tigar 3B compounds and the cardboard plant (where Tigar's production facilities and warehouses are located), as well as that of the Vrelo and Planinarski Dom tourist facilities, has been converted and they now constitute private property.

Land

Tigar and its subsidiaries (excluding the Free Economic Zone) own 127 parcels of land as of 30 September 2012. The total surface area of the land is 398,276 m², of which 297,326 m² is undeveloped land. The total carrying value of the land is RSD 51,109,591.

The carrying value of the land of the Free Economic Zone was RSD 38,310,826 on 30 September 2012.

Buildings

Tigar and its main subsidiaries own a total of 192 buildings, whose aggregate surface area is 100,950 m².

As of 30 September 2012, the carrying value of the buildings owned by Tigar and its major subsidiaries was RSD 2,103,133,030.

The table below shows the carrying value of buildings owned by JSC Tigar, our nine largest subsidiaries, and the Free Economic Zone.


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Carrying value of buildings

Book value of buildings (in RSD)		
Entity	30.06.2012.	30.09.2012.
Tigar Company	506,740,793.84	522,692,976.84
Tigar Technical Rubber Goods	430,697,471.45	429,012,852.45
Tigar Chemical Products	38,136.00	37,521.00
Tigar Footwear	770,733,736.83	768,601,654.57
Tigar Workshop	30,411,619.18	30,262,543.18
Tigar Business Services	16,838,347.65	16,773,800.65
Tigar Tours	6,144,290.10	6,114,447.10
Tigar Security	26,207,736.49	26,100,987.49
Tax Free Economic Zone Pirot	23,492,595.06	23,401,955.91
Tigar Incon	142,836,118.26	142,288,866.26
Tigar Hospitality	138,438,147.19	137,845,424.19
Total	2,092,578,992.05	2,103,133,029.64

Real estate transactions

In 2011 JSC Tigar sold to Tigar Tyres a portion of a parcel of land within the Tigar 2 compound (reducing the area between the tire factory and JSC Tigar's administration building), as well as land in Babušnica around Tigar Tyres' factory there and buildings owned by JSC Tigar within the Free Economic Zone in Pirot. Being the majority shareholder of the Free Economic Zone Management Company, JSC Tigar, along with the other shareholders, decided to also sell two parcels of land within the Zone.

In 2011, JSC Tigar transferred a portion of the land and buildings within the Tigar 3B compound to Tigar Technical Rubber Goods (TTRG) for its expansion, particularly in view of the potential joint ventures and the construction of a plant for the fabrication of semi-finished products. JSC Tigar purchased from Tigar Footwear its old locations, which Tigar Footwear has not been using since it relocated in 2008. JSC Tigar intends to change the designated uses of the buildings and to dispose of them. Additional real-estate transactions might take place in 2012, depending on the outcome of negotiations with potential buyers.

Material encumbrances

The Company's material encumbrances at the end of the reporting period were as follows:

Municipal Court of Pirot ruling I 1562/04 dated 21 December 2004

Places a mutually agreed lien in favor of Jubanka Belgrade on immovable property (cardboard and footwear facilities) as collateral under the following agreements between Jubanka and Tigar:

- Agreement 3617/04 dated 6 October 2004; total amount EUR 704,494.39; outstanding amount EUR 126,932.82.
- Agreement 3618/04 dated 6 October 2004; total amount EUR 2,439,711.58; outstanding amount EUR 436,903.48.
- Agreement 3619/04 dated 6 October 2004; total amount USD 2,362,641.42; outstanding amount USD 425,690.74.


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Collateral agreement I 622/09 dated 25 June 2009 places a lien on the Occupational Health Building in favor of Hypo Alpe Adria Banka a.d., Belgrade.

Mortgage statements 93/2009, 94/2009, 95/2009 and 96/2009 dated 15 October 2009 place liens on business premises in Zrenjanin, Bačka Palanka, Užice and Kruševac in favor of Privredna Banka a.d., Belgrade.

Mortgage statement 1587/2010 dated 13 April 2010 places liens on immovable property in Kruševac and Užice in favor of Privredna Banka a.d. Belgrade.

Mortgage statement 2351/10 dated 26 May 2010 places liens on immovable property in Niš and business premises of Tigar Tours and Tigar Incon in favor of Societe Generale Bank a.d., Belgrade.

Mortgage statement 548/2011 dated 3 March 2011 places a lien on immovable property in Belgrade (Cara Nikolaja 37) in favor of UniCredit Bank a.d., Belgrade.

Mortgage statement II 37/2011 dated 11 March 2011 places liens on immovable property in Novi Sad in favor of AIK Bank a.d., Niš.

Mortgage statements I 1091/2011, 1092/2011, 1090/2011, 1089/2011, 1088/2011, 1086/2011 and 1085/2011 dated 19 April 2011 place liens on immovable property in Bačka Palanka, Subotica, Knjaževac, Svilajnac, Užice and Zrenjanin in favor of Privredna Banka a.d., Belgrade.

Mortgage statements I 1809/2011 and 1810/2011 dated 28 June 2011 place liens on real estate in Pirot in favor of Hypo Alpe Adria Bank a.d., Belgrade.

Mortgage statements I 2899/10, 2898/10 and 2900/10 dated 2 July 2010 place liens on business premises in Knjaževac, Svilajnac and Novi Grad in favor of Privredna Banka a.d., Belgrade.

Belgrade First Basic Court ruling 8-I-55362/2010 dated 27 August 2010 places a lien on a 5-bedroom apartment in Belgrade in favor of Hypo Alpe Adria Banka a.d., Belgrade.

Mortgage statements I 4400/2010 and 4401/2010 dated 23 November 2010 place liens on real estate in Niš and business premises of Tigar Tours in favor of Societe Generale Banka a.d., Belgrade.

Mortgage Statement I 1863/2011 dated 1 July 2011 places a lien on real estate in Pirot in favor of Banca Intesa a.d., Belgrade.

Mortgage Statement I 1838/2011 dated 29 June 2011 places a lien on real estate in Vračar in favor of UniCredit Bank Serbia a.d., Belgrade.

Mortgage Statement I 1774/2011 dated 24 June 2011 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

Mortgage Statement I 2987/2011 dated 19 October 2011 places a lien on real estate in Pirot (Administration Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 3179/2011 dated 8 November 2011 places a lien on real estate in Pirot in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 3280/2011 dated 21 November 2011 places a lien on real estate in Pirot (Tigar Tours) in favor of Societe Generale Bank a.d., Belgrade.

Mortgage Statement I 3670/2011 dated 27 December 2011 places a lien on real estate in Pirot in favor of AIK Bank a.d., Niš.

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Mortgage Statement I 3659/2011 dated 27 December 2011 places a lien on real estate in Pirot (Administration Building) in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 428/2012 dated 14 February 2012 places a lien on real estate in Pirot, Novi Sad and Čačak in favor of AIK Bank a.d., Niš.

Mortgage Statement I 472/12 dated 22 February 2012 places a lean on real estate in Pirot in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 734/12 dated 12 March 2012 places a lien on real estate in Pirot, in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 1849/2012 dated 21 May 2012 places a lien on real estate in Pirot, in favor of AIK Bank a.d., Niš.

Mortgage Statement I 1920/2012 dated 25 May 2012 places a lien on real estate in Pirot, in favor of Banka Poštanska štedionica a.d., Belgrade.

Mortgage Statement I 2381/2012 dated 26 June 2012 places a lien on real estate in Pirot, in favor of Srpska Banka a.d., Belgrade.

Mortgage Statement I 2612/2012 dated 10 July 2012 places a lien on real estate in Pirot in favor of AIK Bank, Niš.

Mortgage Statement I 3165/2012 dated 30 August 2012 places a lien on real estate in Pirot in favor of Erste Bank, Novi Sad.

Mortgage Statement I 3512/2012 dated 26 September 2012 places a lien on real estate in Pirot in favor of AIK Bank, Niš.

Mortgage Statement I 3510/2012 dated 26 September 2012 places a lien on real estate in Pirot in favor of Hypo Alpe Adria Bank, Belgrade.



4.2 LEGAL PROCEEDINGS

Tigar is party to a number of legal disputes that have arisen in the course of our business, including: commercial litigation; administrative proceedings; employee litigation; liquidation, bankruptcy and mandatory settlement proceedings; and participation in criminal proceedings against individuals who had victimized Tigar, usually by thefts or bad checks. These proceedings are not unusual and are not expected to have a significant impact on Tigar's financial position.

The largest disputes at the corporate level occurred prior to 2000. They include the following (excluding interest): Trepca-Zvecan 9,637,376; Union Banka 6,194,000; Lola Corporation 8,210,350; and Tigar Prom Nova Varos 3,636,676; totaling 27,678,402.

For all of these disputes, effective court rulings exist, but payout has not been realized due to political problems (e.g. Trepca), multiple-year liquidation proceedings which for unexplainable reasons have not been completed, and long-term restructuring processes (e.g. Lola Corporation).

Regardless of the delay in the execution of the court decisions, it is realistic to expect their partial or complete payout in the coming years. Since the value of the claims has already been booked against expenses, the payout of the court decisions will represent considerable extraordinary income for the Company.



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5. CAPITAL MARKET POSITION AND DIVIDEND POLICY

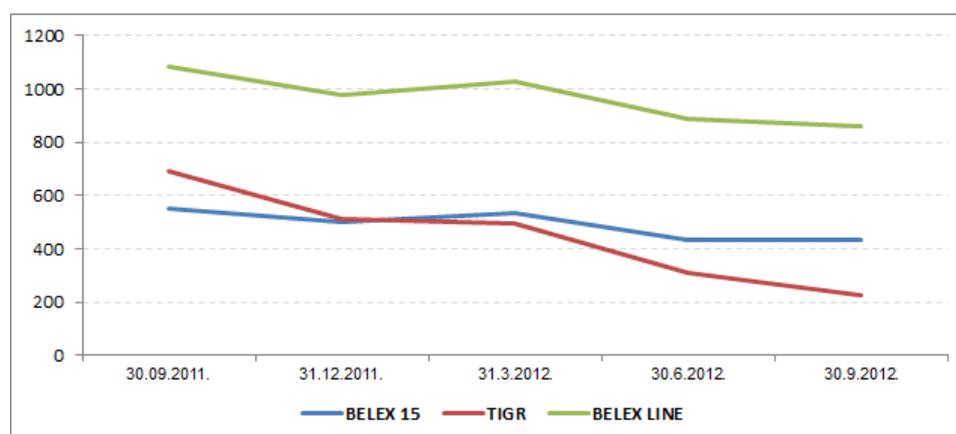
The 3rd quarter at the Belgrade Stock Exchange was again characterized by low investment activity and extremely low liquidity. Both indexes slumped. The interest of foreign investors, some of whom are Tigar's largest shareholders, continued to be lackluster and contributed to low trading levels and adverse index movements. Relative to the end of 2011, Belex 15 ended the 3rd quarter at -13.64%, Belexline at -12.16% and market capitalization at -8.7%.

Tigar's shares are traded on the Prime Market of the Belgrade Stock Exchange and included in both indices: Belexline, the general index, and Belex 15, the most liquid securities. Trading during the period was largely affected by general BSE trends and continued to be rather low. Stock prices reached their historic minimum.

The table below contains a summary of Tigar stock trading during the third quarter.

	30 JUNE	30 SEPTEMBER	% CHANGE
Number of shareholders	4,497	4,491	-0.2 %
Total number of shares	1,718,460	1,718,460	
Book value of shares	1,678.74	1,678.74	
Market price of shares	310.00	225.00	-27.4 %
Lowest price during the period	205,00 - 17.9.2012		
Highest price during the period	314,00 - 19.7.2012		
Average price in Q3	268.46		
Market capitalization in RSD	532,722,600	386,653,500	-27.4 %
P/ BV *	0.31		

The graph below shows Tigar stock price and index movements during the past 12 months.



Tigar's stock followed general trends. The business environment was rather challenging during the period, resulting in either stock price stagnation or decline.

The Company reported to our shareholders and the investment community on a regular basis during the period. Our Semi-Annual Report was released by the closing date for listed companies. We made several IR presentations and held meetings with shareholders and potential investors. In addition to our regular communications with the investment community during the period, the Company was present in the capital market through the issuance of short-term bonds, preceded by several meetings with domestic professional investors.


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Changes in shareholder structure during the reporting period

Shareholders	30 June 2012	30 September 2012	Change (%)
Legal entities	43,50	43,2	- 0, 3
Individuals	26,55	27,23	0,68
Custody accounts	29,95	29,61	- 0, 3

Tigar's ownership structure is characterized by stable stakes of three groups of shareholders: the Serbian government (via two national funds); domestic and international institutional investors; and retail investors.

Top ten shareholders as of 30 September 2012

During the period our top ten shareholders continued to concentrate their holdings.

	Shareholder	Number of shares	% Stake
1	EQUITY FUND, BELGRADE	429,429	24.99
2	UNICREDIT BANK SRBIJA AD, Custody account	147,321	8.57
3	NATIONAL PENSION AND DISABILITY FUND OF THE REPUBLIC OF SERBIA	149,981	8.72
4	ERSTE BANK AD, Custody account	136,548	7.94
5	ERSTE BANK AD, Custody account	92,897	5.4
6	RAIFFEISEN BANK AD BEOGRAD, Custody account	55,907	3.25
7	KOMERCIJALNA BANKA, Custody account	26,062	1.52
8	HERMA INVESTMENTS CO. LTD.	20,000	1.16
9	UNICREDIT BANK SRBIJA AD, Custody account	18,500	1.07
10	DUNAV OSIGURANJE A.D.O.	17,120	0.99

Source: Central Registry of Securities, Depository and Clearing House, 30 September 2012, www.crhov.rs. Also available on Tigar's website www.tigar.com.

Following the annual session of the Shareholders' Assembly held on 20 June, at which, in addition to annual financial statements, the Assembly adopted the Company's new Bylaws and Articles of Associated, Tigar implemented the bicameral management model. After the Supervisory Board and Executive Committee were elected and the chief executive officer appointed, Tigar completed its alignment with the new Companies Law.

According to the new corporate legislation, Tigar's shareholders elected professionals to serve on the Supervisory Board, such that the shareholders are not directly represented on the Board.

The table below shows that the number of shares held by members of the Supervisory Board as of 30 September 2012 was less than 1%.

Name	Shares held as of 31 May 2005	Shares held as of 30 September 2012	% of existing shares
Dragan Nikolić	880	898	0,052
Vladimir Nikolić	803	803	0,050
Gordana Lazarević	Nil	Nil	Nil
Tihomir Nenadić	Nil	Nil	Nil
Jose Alexandre F. da Costa	Nil	Nil	Nil



6. SUSTAINABLE DEVELOPMENT

6.1. EMPLOYEES

Headcount and structure

At the end of the reporting period Tigar had 1,827 employees. In addition, Tigar's entities in the United States, United Kingdom, Macedonia, Montenegro, and Bosnia and Herzegovina employed a total of 18 local employees.

At the end of the reporting period the employee structure was as follows:

Workforce as of 30 September 2012	
Company	Number of employees
JSC Tigar	468
Tigar Footwear	661
Tigar Technical Goods	209
Tigar Chemical Products	35
Other	454
Total	1,827

All employees sign standard employment contracts with the Company's top executives, stipulating the basic conditions of employment, from working hours to grounds for termination of contract. Full-time employment entails 40 working hours per week. Employment contracts are confidential.

Upon retirement, all employees are entitled to three monthly salaries in accordance with Art. 119 (1) (1) of the Labor Law, while those who opt to retire as soon as they fulfill one of the two criteria for retirement receive two additional monthly salaries as an incentive. Tigar's retired employees generally continue to maintain contact with Tigar. For example, in case of death of its retired employee, Tigar pays to the family one monthly salary. Currently, 34 employees and retirees are repaying housing loans obtained from Tigar. Apart from statutory requirements, Tigar has no special programs or funds for employees' health insurance, retirement or other social security matters.

Employee expenses

Total employee expenses incurred by JSC Tigar and its subsidiaries during the period, including net earnings, taxes, pension fund and health insurance contributions, in-house meals, and local transportation subsidies amounted to 1,169,087,000 RSD. The table below shows paid salaries and wages as a percentage of sales income.

January-September 2012 employee expenses			
	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD	% of sales income
JSC Tigar	221,407	374,834	14.85%
Tigar Footwear	221,866	379,965	40.49%
Tigar Technical Goods	70,886	121,543	50.23%
Tigar Chemical Products	15,774	26,962	27.09%
Others	155,322	265,783	40.69%
Total	685,256	1,169,087	26.23%


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Optimization of human resources

During the reporting period, 45 employees left Tigar on the following grounds:

	Retirement	Redundancy	Other*	TOTAL
JSC Tigar	2	2	3	7
Tigar Footwear	10	2	4	16
Tigar Technical Goods	4	1	1	6
Tigar Chemical Products			2	2
Others	6	2	6	14
Total	22	7	16	45

*Of these 16 employees, 4 left the Company of their own volition, 2 were terminated after a leave without pay, 6 were dismissed as a result of disciplinary action, and 4 passed away.

The numbers do not show large shifts in the number of employees. The primary reasons for termination of full-time employment are retirement and redundancy (referral of full-time employees to the Labor Market).

All-inclusive expenses associated with the optimization of human resources and percentages relative to gross salaries are shown below:

Workforce downsizing costs and percentage of gross salaries January-September 2012		
	In thousands of RSD	%
JSC Tigar	1,096	0.29
Tigar Footwear	2,543	0.66
Tigar Technical Goods	916	0.75
Tigar Chemical Products		
Others	1,868	0.70
Total	6,423	0.55

Professional education

Tigar's policy of ensuring the availability of professional employees through the offering of scholarships to Pirot secondary school students was continued in 2012.

Scholarships were paid for students at the following colleges/universities during the period:

Professional education				
	Technical sciences	Manufacturing process engineering	Economics and business administration	Other
TOTAL	22	6	3	7

Tuition and scholarship expenses paid during the reporting period amounted to 1,416,000 RSD, or 0.12% of gross salaries.



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Employee training

The following numbers of employees were trained through internal and external training programs during the reporting period:

Employee training			
	Internal	External	Total
JSC Tigar	14	55	69
Tigar Footwear	337	25	362
Tigar Technical Goods	242	40	282
Tigar Chemical Products	5		5
Others	599	22	621
Total	1,197	142	1,339

Employee training expenses during the reporting period amounted to 1,859,820 RSD, or 0.16% of gross salaries.

6.2. QUALITY ASSURANCE

Tigar's quality management system (ISO 9001) was initially certified in 1995 by the then Federal Standardization Bureau. Tigar was the third company in the country to obtain certification of our quality management system. Following the introduction of environmental management standards (ISO 14001), and occupational health and safety standards (OHSAS 18001), Tigar's system was upgraded accordingly so that today Tigar has a well-established integrated management system which ensures that all risks associated with quality, the environment, and employee health and safety are monitored and addressed.

Annual inspections and audits corroborate Tigar's compliance with certification attest to the Company's ongoing commitment to customer and stakeholder satisfaction. These inspections and audits are conducted by YUQS, a leading national certification body and a member of IQNet, which has been accredited by both national bodies and the French COFRAC. Additionally, this year the Company started working with the certification firm Kvalitet AD from Niš; they certified the integrated management system at Tigar Incon LLC.

Based on guidelines laid down by Tigar's Quality Assurance Function, the IT Function developed new software for electronic document management. After months of testing, RDP software was installed at all user locations. It allows access to a DocIMS application on the main server, based on pre-assigned privileges.

At the end of May, Tigar Incon obtained initial certification of its integrated management system and joined Tigar's other entities who are already certified per ISO 9001, ISO 14001 and OHSAS 18001.

Annual IMS reviews were undertaken at all entities, focusing on:

- The outcomes of internal and external audits;
- User and stakeholder feedback;
- Performance reports;
- Product quality reports;
- Reports on the status of corrective and preventative measures;
- Progress reports on general and specific objectives;
- Reports on measures resulting from previous reviews;



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- Changes in circumstances which might affect the IMS, including developments in environmental and occupational health and safety legislation and requirements;
- Reports on environmental and OH&S performance;
- Evaluation of compliance with legislation and other requirements;
- Outcomes of participation, consultation, etc.;

and recommendations were made for further refinement accordingly.

The second ordinary audit of the integrated management system was conducted in July and the system found to be fully compliant with applicable standards.

Pirot Free Economic Zone, which is controlled by Tigar, is currently implementing an IMS per ISO 9001, ISO 14001 and OHSAS 18001. Certification is scheduled for end of 2012.

6.3. ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY

Tigar's manufacturing facilities are located within the industrial zone of Pirot, at the end of the Pirot Gorge. The condition of the natural environment and the unaltered ecosystem here attest to the Company's good environmental practices. Tigar has been committed to sustainable development and occupational health and safety even prior to the introduction of standards.

At Tigar, environmental management and occupational health and safety management are incorporated with quality management. At the corporate level, the overall responsibility for environmental protection resides with the Executive Director for Quality Management and all environment-related tasks and responsibilities are coordinated by Tigar's Quality Management Function. At the subsidiary level, respective environmental concerns are addressed by individual Quality Management Departments.

Tigar received its initial environmental management (ISO 14001) certification in 2003. Since then, the system has been upgraded on an ongoing basis and improvements are evident. The initial certification of the occupational health and safety management system per OHSAS 18001 standards was completed in 2010.

The Environmental Ministry has classified Tigar as a company whose activities involve a low level of environmental risk. Tigar's subsidiaries do not operate IPPC or Seveso facilities, and have been categorized as such.

In general, any environmental impacts which result from activities in the rubber industry primarily originate from:

- Generation of solid waste;
- Utilization of natural resources;
- Emissions into the atmosphere; and
- Wastewater discharges.

Some occupational health and safety risks exist in areas where natural rubber is mixed and rubber sheeting produced, due to rotating equipment components which are common in rubber industry machinery.

Potential occupational health and safety risks and environmental impacts trace to the use of raw materials classified as hazardous substances. These substances are purchased, stored, and used in accordance with applicable regulations aimed at preventing accidents. All raw materials are visibly marked, warning signs are posted as appropriate, and an internal safety data sheet is provided for each raw material. Each safety data sheet is comprised of 16 sections which clearly describe the


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nature of the substance, its possible affect on health and the environment, procedures to be implemented in the event of an accident, procedures to be undertaken related to packaging, waste, etc. Accordingly, all employees who come in contact with the substance receive regular training and re-training. All corporate documents are consistent with the new Chemicals Law (Official Gazette of the Republic of Serbia 36/2009) and related implementing legislation. In accordance with recent legislation, 43 chemicals imported by Tigar Trade were registered with the Chemicals Agency (Ministry of Environment, Mining and Spatial Planning) in March 2011. Tigar Chemical Products, which both imports and produces chemicals, registered 89 substances. Chemical files and material safety data sheets were submitted to the Agency and relevant fees were paid, as stipulated by applicable legislation.

Pursuant to applicable legislation, which requires Tigar to entrust a specialist with supplemental management of chemical substances no later than March 2013, a raw materials engineer from the Quality Assurance Function attended training courses in April and May at the University of Belgrade/School of Pharmacology, and passed a professional exam granting the title of Chemical Substances Consultant.

Tigar is continually working on the introduction of new or alternative raw materials to improve environmental, health and safety performance of our products and production processes.

Multi-disciplinary teams, including occupational medicine specialists in the capacity as independent consultants, have prepared risk assessments for all workplaces and work environments within the Company based on in-depth analyses. These documents identify workplaces at potential risk and stipulate measures which must be undertaken to prevent hazards. All requirements per OHSAS 18001 and all provisions of the Occupational Safety Law (Official Gazette of the Republic of Serbia 101/2005) and related secondary legislation have been satisfied. At Tigar manufacturing subsidiaries, 14 work assignments, with a total of 139 employees, were identified as being at elevated risk. These employees are kept under special scrutiny.

During the period, the Company recorded three minor and one major injury at work (bone fracture as a result of a fall). There were no accidents.

At locations containing raw materials, in addition to preventative measures being carried out, emergency response plans are in place in the event of accidental spills of raw materials, to ensure that the health of employees is maintained and the environment protected. Tigar's industrial facilities are not classified as Seveso facilities (i.e. facilities in which hazardous substances are produced, stored, or used in quantities which may result in chemical accidents). The quantities of hazardous substances stored at Tigar facilities are significantly below specified potentially-critical levels. None of Tigar's subsidiaries store or use radioactive substances.

Tigar waste is classified based on the Waste Categorization, Testing and Classification Handbook (Official Gazette 56/10). Lab analyses of all kinds of waste have been conducted (i.e. characterization and classification of waste) and a waste management plan consistent with the Waste Management Law (Official Gazette of the Republic of Serbia 135/09) prepared. The plan is being implemented by Tigar Shelter Workshop, which holds a special permit for waste collection, transportation, and storage, issued by the Ministry of Environment and Spatial Planning.

Recyclable waste is kept onsite for only a short period of time, in a special warehouse intended for secondary raw materials, and is sold or given away to certified recyclers. A portion of rubber waste is processed within Tigar Technical Rubber Goods. Waste which has no useful value (i.e. cannot be recycled) is stored and disposed of at the municipal landfill. All waste disposals at Tigar are handled under contract with the local utility. Waste management at the Company is based on specified internal criteria and rules, which control all waste flows.


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In March 2012, Annual Waste Management Reports were submitted to the Environmental Protection Agency (Ministry of Environment, Mining and Spatial Planning) for Tigar Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products, as required by applicable legislation (Official Gazette of the RoS 96/2010). An annual report on special waste and packaging waste flows was also presented.

Packaging waste management has been delegated to operators certified by the Ministry of Environment and Spatial Planning. This was one of the options offered by the Law on Packaging and Packaging Waste (Official Gazette of the Republic of Serbia 135/09), which has been adopted by Tigar. Such arrangements allow Tigar to use the Green Dot on our packaging. Tigar Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products have delegated their obligations to Sekopak, while JSC Tigar/Tigar Trade has a contract with Ekostarpak, with whom Tigar Shelter Workshop has a contract as a collector of packaging waste. In March 2012, 2011 Annual Reports on Packaging Material Management were submitted to the Environmental Protection Agency (Ministry of Environment, Mining and Spatial Planning) for Tigar Footwear, Tigar Technical Rubber Goods, Tigar Chemical Products and Tigar Trade in accordance with applicable legislation. On behalf of Tigar, our waste management operators met national objectives and ensured recycling of Tigar's packaging waste. As a result, the Environmental Protection Fund issued certificates to Tigar's subsidiaries which exempt them from packaging waste fees.

Tigar's subsidiaries use both water from the public water supply system and industrial water. Water is used for sanitary needs, as a source of energy (steam), and as a cooling fluid. None of Tigar's subsidiaries use water as part of their manufacturing processes and, as such, do not produce any industrial wastewater.

Tigar's liquid effluents, generally standard urban wastewaters, are discharged into the public sewage system based on stipulations set out in Tigar's Water Permit. Wastewater quality is routinely monitored by certified laboratories, based on the law, on a quarterly basis, and has to date always been found to be compliant. The monitoring encompasses a number of parameters which may have significant impact on the recipient – the Nišava River. All indicators to date have shown that the impact of Tigar's wastewater is equal to that of wastewater discharged from residential areas (urban wastewater). Consistent with the use of water by the Company, no exceedance of permissible levels of pollutants has been recorded and Tigar's discharges, therefore, are not seen to present a threat to the environment.

Tigar operates a cutting-edge automated power station designed to fire either oil or gas. It is currently using fuel oil. Gas emissions are checked on a regular basis at source but a certified institution (Institut 1. maj from Niš). Additionally, air quality within the industrial zone is continually monitored by Pirot's Public Health Institute.

Fire risk is inherent in the production processes of all manufacturing entities. As such, all required permits, preventative measures, and Fire Response Plans are in place for assets exposed to fire risk. All buildings are covered by a video surveillance system. Tigar Security, which manages this system, is well-equipped and adequately staffed to provide fire protection, fire fighting, and physical security services.

There are no pending proceedings against Tigar or our subsidiaries with respect to environmental issues and no proceedings initiated by employees involving occupational health and safety matters. There are no litigation proceedings involving Tigar arising out of environmental or social concerns.

Tigar marked the World Environmental Protection Day by partnering with the Mt. Stara Planina NGO to open the first ecological classroom at the Little Red Riding Hood Kindergarten of the Čika Jova Zmaj Preschool. All the materials used to build the classroom traced to recycling, as a practical example and first lecture in recycling. On the same occasion, Tigar supported Mt. Stara Planina NGO's electronic waste collection campaign.

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The following environmental and occupational health and safety legislation applies to the Company:

- The Occupational Health and Safety Law,
- The Environmental Protection Law,
- The Air Protection Law,
- The Waste Management Law,
- The Law on Packaging Materials and Waste,
- The Environmental Noise Protection Law,
- The Chemicals Law,
- The Biocides Law,
- The Water Law,
- The Fire Protection Law, and
- The Law on Explosive Substances and Flammable Liquids and Gases.

Tigar regularly monitors its legal environment to ensure that all regulations are observed. An adjustment period for new requirements is generally defined and an action plan prepared to make sure that activities are carried out, resources procured and responsibilities assigned, as required.

All audits performed by national environmental and occupational health and safety inspectors confirm the Company's full compliance with legislation.

JSC Tigar and Tigar Footwear underwent an evaluation of compliance with EU and national environmental and health and safety legislation, including the use of the CE mark, within the framework of an international PACE (Partners for Acquis Compliance and Energy Efficiency) project. The Company received a project participation certificate and a compliance report which states that the Company shows superior knowledge in the implementation of applicable national and EU legislation.


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6.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Piro*t in English, and *Akcionarsko društvo Tigar – Piro*t, in Serbian. Our short name is Tigar AD in Serbian and JSC Tigar in English. The registered name and its use are governed by Articles 10 and 14 of our Bylaws. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.

Registered trademarks:

Appl. No.	Appl. date	Reg. No.	Trademark	Valid until	Holder
Ž-247/80	30.04.80.	31499	Tigar	21.12.17.	Tigar AD
Ž-2606/06	14.11.06.	54763	Tigar	14.11.16.	Tigar AD
Ž-84/385	17.01.84.	29947	Tigar Tg 615	25.05.17.	Tigar AD
Ž-947/07	30.04.07.	55640	Tigar Planinarski Dom	30.04.17.	Tigar AD
Ž-918/07	27.04.07.	55822	Tigar Tours	27.04.17.	Tigar AD
Ž-842/07	18.04.07.	55612	Markol	18.04.17.	Tigar AD
Ž-1129/07	17.05.07.	55735	Tigar Incon	17.05.17.	Tigar AD
Ž-890/80	11.07.03.	49590	Tigar Sportski Program	11.07.13.	Tigar AD
Ž-152/07	29.01.07.	56018	Tigar	29.01.07.	Tigar AD
Ž-1703/07	26.07.07.	56315	Tigar Footwear	26.07.17.	Tigar AD
Ž-1704/07	26.07.07.	56315	Tigar Obuća	26.07.17.	Tigar AD
Z-2440/07	17.10.07.	56731	Tigar Hemijski Proizvodi	17.10.17.	Tigar AD
Ž-212/08	05.02.08.	57737	Tigrostik	05.02.18.	Tigar AD
Ž-211/08	05.02.08.	57738	Tigrolux	05.02.18.	Tigar AD
Ž-214/08	05.02.08.	57650	Tigropren	05.02.18.	Tigar AD
Ž-213/08	05.02.08.	57649	Tigrokol	05.02.18.	Tigar AD
Ž-768/08	31.03.08.	57538	Hotel Stara Planina	31.03.18.	Tigar AD
Ž-1433/08	06.06.08.	58815	Overload	06.06.18.	Tigar AD
Ž-1475/08	11.06.08.	58462	Waterpolo Senior	11.06.18.	Tigar AD
Ž-1473/08	11.06.08.	58427	Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1431/08	06.06.08.	58813	Waterpolo Junior	06.06.18.	Tigar AD
Ž-1472/08	11.06.08.	58428	Specijal	11.06.18.	Tigar AD
Ž-1432/08	06.06.08.	59305	Basketball Tg21 Official	06.06.18.	Tigar AD
Ž-1474/08	11.06.08.	58424	Neos	06.06.18.	Tigar AD
Ž-1469/08	11.06.08.	58426	Tricker Ball Basket Ball	11.06.18.	Tigar AD
Ž-1471/08	11.06.08.	59401	Bistro	11.06.18.	Tigar AD
Ž-1468/08	11.06.08.	58423	Overload Handball	11.06.18.	Tigar AD
Ž-1470/08	11.06.08.	58425	Dynamic Overload	11.06.18.	Tigar AD
Ž-1429/08	06.06.08.	58464	Overload Waterpolo Junior	06.06.18.	Tigar AD
Ž-1467/08	11.06.08.	58430	Overload Waterpolo Mini Mini	11.06.18.	Tigar AD
Ž-1476/08	11.06.08.	58463	Overload Waterpolo Senior	11.06.18.	Tigar AD
Ž-1430/08	06.06.08.	59304	Basketball TG21 Overload	06.06.18.	Tigar AD
Z-2441/07	17.10.07.	56730	Tigar Tehnička Guma	17.10.17.	Tigar AD
Ž-2681/08	03.11.08.	59486	Trapper	03.11.18.	Tigar AD
Ž-2682/08	03.11.08.	59485	Pesca	03.11.18.	Tigar AD
Ž-2679/08	03.11.08.	59327	Rainydays	03.11.18.	Tigar AD
Ž-2680/08	03.11.08.	59334	Nency	03.11.18.	Tigar AD
Ž-2678/08	03.11.08.	59333	Ladybird	03.11.18.	Tigar AD
Ž-2677/08	03.11.08.	59336	Ratar	03.11.18.	Tigar AD
Ž-2676/08	03.11.08.	59451	Balerina	03.11.18.	Tigar AD
Ž-2675/08	03.11.08.	59335	Work	03.11.18.	Tigar AD
Ž-2904/08	02.12.08.	59458	Polar	03.11.18.	Tigar AD
Ž-2674/08	03.11.08.	59337	Protecta	03.11.18.	Tigar AD
Ž-2673/08	03.11.08.	59390	Forestry Line	03.11.18.	Tigar AD
Ž-2672/08	03.11.08.	60043	Fireproof	03.11.18.	Tigar AD
Ž-2671/08	03.11.08.	59326	Cryo	03.11.18.	Tigar AD
Ž-2670/08	03.11.08.	59387	Sparclesafety	03.11.18.	Tigar AD
Ž-2661/08	31.10.08.	59341	Firefighter Super Safety	31.10.18.	Tigar AD
Ž-2662/08	31.10.08.	59452	Century Super Safety	31.10.18.	Tigar AD
Ž-2659/08	31.10.08.	59334	Century 4000 Safety	31.10.18.	Tigar AD
Ž-2660/08	31.10.08.	59345	Forester 3000	31.10.18.	Tigar AD


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	Ž-2903/08	02.12.08.	60464	Trendy	02.12.18.	Tigar AD
	Ž-247R/80	30.04.80.	49044	Tigar	30.09.15.	Tigar Tyres
	Ž-1369/05	17.10.05.	49768	Tigar Tyres	17.10.15.	Tigar Tyres
	Ž-1373/05	17.10.05.	49792	Hitris Logo	17.10.15.	Tigar Tyres
	Ž-1371/05	17.10.05.	49819	Cargo Speed Logo	17.10.15.	Tigar Tyres
	Ž-1372/05	17.10.05.	49912	Wintera Logo	17.10.15.	Tigar Tyres
	Ž-1468/05	31.10.05.	53797	Tigar Trgovine	31.10.15.	Tigar AD
	Ž-551/09	27.03.09.	60789	Bottega	27.03.19.	Tigar AD
	Ž-639/09	13.04.09.	59942	Hotel StarA	13.04.19.	Tigar AD
	Ž-1011/09	30.06.09.	59367	Brolly	30.06.19.	Tigar AD
	Ž-1012/09	30.06.09.	59366	Maniera	30.06.19.	Tigar AD
	Ž-1685/09	03.11.09.	60513	Stop&Drive	03.11.19.	Tigar AD
	Ž-1686/09	03.11.09.	60514	S&D	03.11.19.	Tigar AD
	Ž-795/11	30.05.11	-	Srbija na dlanu	-	Tigar AD
	Internacional. USA	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
		24.10.78.	675 773A	Tigar	20.05.17.	Tigar Tyres
	USA	02.11.07.	1174089	Tigar Logo	15.08.12.	Tigar Americas Corp.
			77320619	Tigar	-	Tigar Americas Corp.
	International 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
	International 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
	USA 79075140	07.09.09.	3870299	Maniera	07.09.19.	Tigar AD
	USA 79075638	07.09.09.	3906894	Brolly	07.09.19.	Tigar AD
	Canada	25.05.90.	368832	Forester	25.05.15.	Tigar Obuća
	Finland	20.11.85.	94345	Forester	20.11.15.	Tigar Obuća
	Norway	14.11.85.	123042	Forester	14.11.15.	Tigar Obuća
	Sweden	26.07.85.	0197287	Forester	26.07.15.	Tigar Obuća
	UK	23.06.95.	2025055	Century	23.06.15.	Tigar Obuća
	UK	31.05.84.	1219898	Forester	31.05.15.	Tigar Obuća
	UK	23.06.95.	2025057	Forester	23.06.15.	Tigar Obuća

The flagship trademark is “a stylization of a tiger's head with the logo 'Tigar' inscribed in the Cyrillic or Latin alphabet” (Article 13 of the Bylaws). The design and contents of the flagship trademark fall within the jurisdiction of the Supervisory Board. Affiliated companies, which are controlled by JSC Tigar, may use the flagship trademark.

In 2006, the flagship trademark was protected as a registered trademark within the territory of the Republic of Serbia for goods in international Classes 1, 7, 17, 20, 25 and 28, as a separate trademark only for tires in Class 12, and as an international trademark in 43 countries for the same classes previously listed and for Class 12 (vehicle tires); all are in the name of JSC Tigar. A variation of the flagship trademark, “Tigar MH”, is protected in Serbia for tires and processing of materials (Classes 12 and 40) in the name of Tigar Tyres. Under a Trademark Assignment Agreement, signed by JSC Tigar and MHPB in 2002, JSC Tigar is obligated to assign its flagship trademark for tires and inner tubes (Class 12) only to Tigar Tyres. The proceedings for recording of the assignment have been completed for Serbia and the member states of the Madrid Agreement. Transfer to the US is pending.

In 2007, JSC Tigar applied for registration of 9 new trademarks in Serbia and for territorial expansion of trademark 675773 to include eight additional member states of the Madrid Agreement (application EX-I/397708101/CB). Also in 2007, Tigar applied for registration of the Tigar trademark in the name of the Tigar Americas Corporation in the USA, for Classes 7, 17, 25 and 35 (application 77320619).

In 2008, Tigar initiated the registration of marks with which our products and product lines are identified.

In 2011, JSC Tigar initiated the registration of a domestic trademark “Serbia on the Palm of Your Hand” at the Serbian Intellectual Property Office (application Ž-795/11 dated 30 May 2011).



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Tigar Technical Rubber Goods was granted patent rights by the Serbian Intellectual Property Office for an invention entitled *Flexible Hose Production Technology* (certificate P-2006/0071 dated 12 April 2011). The patent rights were filed under number 51610.

JSC Tigar holds two internet domain names: www.tigar.com and www.tigar.co.rs.

Tigar Footwear holds five domain names: www.century-safety.com, www.century-safety.de, www.century-safety.fr, www.century-safety.es and www.century-safety.co.uk.

Tigar holds no software copyrights or neighboring rights. Tigar uses standard software under licenses duly acquired from software manufacturers or distributors.

Article 12 (3) of the Particular Collective Contract stipulates that employees have a right to be remunerated for copyrights, technical innovations, and improvements in production processes. The level of remuneration is regulated by a separate contract between the employee and JSC Tigar, in the form of an increase of the employee's salary. This contract represents an annex to the individual employment contract; its contents are confidential and it is valid for one year.

Tigar has not been notified of any complaints, objections or claims and Tigar has not filed any complaints, objections or claims with respect to any infringement of intellectual property rights.

6.5. INFORMATION TECHNOLOGY

The IT Function is a part of JSC Tigar. It provides integrated data management services to Tigar and its key activities include:

- Development of application software
- Installation of software
- Software and hardware user training
- Logistic support to users
- Database maintenance
- Data security
- Installation and maintenance of hardware and software
- Administration and user access management
- Local area network management and anti-virus protection
- Maintenance of internet and internet access
- Standardization of corporate hardware and software

Main features of Tigar's Information System:

- **Comprehensive support:** The system supports all corporate activities, including manufacturing, design, purchasing, warehousing, sales, HR, finance, and accounting.
- **One-time data entry:** Documents are entered solely at the point of generation. Data redundancy has been minimized. Once entered, information can be used by all parts of the system.



- **Highest level of security:** System security is under the full control of the administrator; there is a three-tiered data security feature which ensures:
 - Protection from unauthorized access,
 - Protection from unauthorized use of system functions,
 - Protection from unauthorized retrieval of data,
 - The user has access to data only if such access is allowed by the administrator,
 - Query, modification, deletion, and addition rights are defined at document level,
 - User registration and allocation of user privileges is centralized,
 - Switching to other modules or programs does not require logging off and on.

6.6. CORPORATE SOCIAL RESPONSIBILITY

In keeping with our corporate policy of social responsibility, Tigar is committed to a high level of corporate responsibility toward our employees and the community in which we earn our profits. All stakeholders are treated in a responsible and ethical manner.

Corporate social responsibility (CSR) is ensured by Tigar's strategic corporate documents and our Corporate Governance Code, which constitute an integral part of Tigar's overall business policy. Tigar's vision and mission clearly define our relationships with employees, shareholders, customers, the local community and society, and our attitude toward the environment, which are consistent with a balanced CSR approach.

Our ongoing CSR enhancement activities have resulting in Tigar being among the five companies that are participating in the first **National CSR Certification Program**. Certification is a step further in CSR advancement, with the goal of establishing CSR standards in Serbia, recognizing and promoting best practices, and prompting companies to follow CSR guidelines. The issued certificate attests that the company addresses occupational, social and environmental concerns, and that its business operations and conduct aim to achieve a positive impact in the long-term interests of the natural environment, the wider community and sustainable development goals.

As part of this Program, the Company adopted **Philanthropic Guidelines**, which further define our CSR approach and priority areas in which our Company will play a more active role in the future. This document sets forth straightforward criteria for the selection of relevant projects and initiatives, the decision-making procedure, and how individual project proposals will be reviewed and implemented, and the outcomes evaluated. It also addresses reporting on philanthropic activities and CSR in general. One of the key principles of our philanthropic policy is that our projects and campaigns need to contribute to the general progress and well-being of a large number of people. Tigar's principal areas of activity in this regard are the promotion of an inclusive society, progress of our community, environmental protection and awareness raising, including projects that promote recycling and the use of products made from recycled materials. The Company remains committed to fostering voluntary activities of employees, which support learning, develop talent, and promote resourcefulness and leadership skills.

During the reporting period **Tigar amended its Code of Ethics and Business Conduct** adopted in 2005, with the goal of updating the definitions of business conduct objectives and setting forth preferred approaches to resolving important ethical issues. The updated Code establishes regulatory mechanisms for relationships among employees and with key interested publics.

During the reporting period we generally focused our philanthropic activities on local community projects and partnering with the civil society.

Partnering with the Mt. Stara Planina NGO and other organizations and institutions, we helped open the first ecological classroom at the Little Red Riding Hood Kindergarten of the Čika Jova Zmaj Preschool in Pirot, where products made from recycled rubber were put to use. The Company



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donated another 85m² playground to the Neven daycare center, decorated with attractive tiles made from recycled rubber, which will ensure safe play. Tigar is also partnering with the Mt. Stara Planina NGO on a project called ***Play, Recycle and Remember***, which is part of a larger program on the Green List and a Green Initiative. The goal of the project is to instill love for the environment in children, so that they will influence their parents and siblings to be more responsible towards waste management and the environment in general.

Our company also supported the rehabilitation of the White Water Spring within the project “Belgrade’s Urban Pockets”, by donating recycled rubber tiles for a 90m² playground. We supported the Belgrade International Games (BIG) again this year, with products from our sporting goods range.

Maintaining our reputation in the corporate community of working not only on specific projects but urging others to adopt CSR and better understand the needs of their communities, particularly disabled children, during the period we initiated and sponsored a TV documentary series “Living With Us, Not Next To Us” on the Pi TV Channel, dedicated to children with special needs who attend the Sunce Daycare Center and the Mladost School. Our employees also volunteered to work with children and students of other elementary schools on a project titled “Inclusive Art Workshop”, to mark the 40th anniversary of the Mladost School.

During the reporting period, Tigar continued to actively participate in the work of the CSR Council of the Serbian Chamber of Commerce, which aims to promote and develop CSR through the implementation of ISO 26000 standards and to familiarize both corporations and the Serbian public with this concept.

6.7 CORPORATE MANAGEMENT

The first quarter witnessed significant changes in this area, given that a set of new laws that affect the Company were passed, including the Companies Law, the Capital Market Law and the Takeover Law, as well as a series of implementing legislation. At its annual session this year, Tigar’s Shareholders’ Assembly adopted the Company’s Bylaws, which are now the primary constitutional document, and amended the Articles of Association. Following the adoption of these documents, the Company became aligned with the new Companies Law. Accordingly, the Shareholders’ Assembly also elected the Supervisory Board composed of five members who are not employed by Tigar. In June, following the session of the Shareholders’ Assembly, the Supervisory Board held its first meeting, elected the SB Chairperson and the Company Secretary, set up committees of the Supervisory Board, and elected the Executive Committee composed of executive directors. The Supervisory Board also appointed the CEO from among the Executive Committee members.



7. CORPORATE BODIES

At its annual session held on 20 June 2012, the Shareholders' Assembly of JSC Tigar appointed the following individuals to serve on the Supervisory Board: Dragan Nikolic, Gordana Lazarevic, Tihomir Nenadic, Vladimir Nikolic and Jose Alexandre F. da Costa.

The new Supervisory Board held its first meeting on 29 June and elected Dragan Nikolic as Chairman and Slavoljub Stankovic as Company Secretary.

The Supervisory Board also set up the following committees attached to the Supervisory Board:

- Audit Committee composed of Gordana Lazarevic (Chairwoman) and Jose Alexandre F. da Costa and Nada Tosic (members);
- Nomination Committee composed of Milivoje Nikolic (Chairman) and Dragan Nikolic and Vladimir Nikolic (members); and
- Remuneration and Evaluation Committee, composed of Tihomir Nenadic (Chairman) and Gordana Lazarevic and Jelena Petkovic (members).

The Supervisory Board appointed the following executive directors:

- Djordje Dzunic, ED for Finance
- Slobodan Sotirov, ED for Quality Assurance
- Milivije Nikolic, ED for Human Resources
- Djordje Dzunic, ED for Complementary Programs
- Miodrag Tancic, ED for Production Processes and Programs
- Branislav Mitrovic, ED for Investment Activities and IT
- Goran Jovanovic, ED for Commercial Operations and Marketing
- Jelena Petkovic, ED for Corporate Management and Business Development

Jelena Petkovic was appointed Chief Executive Officer.



8. MAJOR TRANSACTIONS WITH RELATED PARTIES

There were no changes in relationships with Tigar's subsidiaries during the reporting period. After Tigar Trade was merged with JSC Tigar, JSC Tigar assumed the supply of international and domestic purchasing, sales, logistical and marketing services to its subsidiaries. The margins applied by JSC Tigar were equivalent to standard wholesale margins, a fact which was particularly important from a transfer price perspective. JSC Tigar also supplied accounting, financial, business plan development, budgeting, legal, human resources and other administrative services to its subsidiaries, based on annual contracts. As an exclusive supplier, JSC Tigar purchased and supplied raw and intermediate materials. It took out loans from banks and borrowed from the financial market to finance working capital. Given that the centralized energy supply facilities within the Tigar 3 compound are owned by JSC Tigar, it supplied energy to its subsidiaries. In 2011, Tigar Footwear's old location within a residential area of Pirot was transferred to JSC Tigar, given that Tigar Footwear has had no use for it since it relocated to new premises within the Tigar 3 compound. As this location is not suitable for production or logistical purposes, JSC Tigar intends to dispose of it.



9. RESEARCH AND DEVELOPMENT

Considering the importance of increasing the production and sales volumes in the footwear segment, product development plans give priority to off-take customers, both existing and new. During the period this segment actively developed proprietary brands of firefighting and other safety footwear, farmers' footwear and general-purpose footwear, applying a special dipping technology. A new brand of sports footwear - Caccia, new Maniera Sports styles and new children's footwear styles were also developed. In parallel, a large number of alternative materials were introduced.

The technical rubber goods segment continued to develop new products, largely custom-made. It also continued preparations for the introduction of new products to be made on the newly-acquired or reconstructed dual-component and thermoplastic profiles lines, which have created industrial conditions for TTRG to respond to large international and domestic orders, particularly from the automotive and construction industries.

Tigar's chemical products segment defined its product development processes based on market information, contacts with raw material manufacturers and applicable legislation, particularly the REACH Regulation 2006/1907 and Directives 1999/13/EC and 2004/42/EC, as well as forthcoming legislation. In view of these regulations, as well as general trends in the coatings and adhesives market segments, during the period TCP continued to develop alternatives to its major products.



10. COMPETITIVE STRENGTHS AND RISKS

10.1 STRENGTHS

Leading producer of rubber products in the region

Tigar is the leading producer of rubber products (excluding tires) in the region of the former Yugoslavia. Tigar's product portfolio includes rubber footwear, technical rubber goods and chemical products. Our manufacturing facilities producing rubber products are located within a single industrial compound, ensuring their synergy. For example, certain groups of products made by one segment constitute semi-finished products for another segment. In addition to our industrial capacities, Tigar operates a national sales network which offers both Tigar-made products and complementary products made by other manufacturers, including tires and car parts.

Convenient location

Tigar's production facilities are located in Pirot, Southeast Serbia. This geographical location offers strategic advantages and a number of product distribution options. An additional benefit is the proximity to the state border and other countries in the region. Tigar is located at a distance of 600 km from the Port of Bar in Montenegro, 380 km from the Port of Thessaloniki in Greece and 480 km from the Port of Varna in Bulgaria, allowing it to combine different modes of transportation, including shipping via the Adriatic, Mediterranean and Black Sea. Tigar's strategic location will become increasingly important as countries in the region form alliances, including the lifting of customs barriers and creating a common market of 55 million consumers.

Brands

The Tigar brand holds a dominant position in both domestic and regional markets. Through international acquisitions, Tigar became the owner of the Century (safety footwear) and Bilgutex (recycled-rubber products) brands. In 2009 and 2010, Tigar developed two new product brands: Maniera (fashion footwear) and Brolly (children's footwear). It is currently developing new private brands in the sports footwear segment. TCP holds several private brand names, which are owned by Tigar and include the Tigar name. Two new retail chains have been established in the domestic market: Stop & Drive and Bottega, which have become highly-visible brands and have contributed to Tigar's recognition in the domestic market. Over the next five years Tigar will follow a strategy of continually strengthening our own brands in both domestic and international markets, aiming to earn equal shares of revenues from sales under our own brand names and sales under customer brand names.

Geographical diversification of sales

While retaining our leadership position in the domestic market, Tigar exports were for the most part comprised of footwear, generally sold to the EU markets.

A combination of low-cost and high-performance production

Serbia, including Pirot where Tigar's manufacturing facilities are located, offers a highly attractive business environment.

In addition to acceptable costs afforded by the environment in which Tigar operates, our highly educated human resources, specialized in both industrial and other areas, allow Tigar to maintain and



strengthen its market positioning and remain attractive for different types of strategic alliances with internationally visible companies. Tigar is continually investing in training and specialization of its nearly two thousand employees. With the goal of increasing our production efficiency, as well as capacities, the Company has invested and plans to continue to invest in upgrading of our production facilities. All of Tigar's factories hold quality certification. Tigar owns a number of cutting-edge technologies, including a dipping technology applied in the manufacture of safety and other rubber footwear, which ensures top quality.

Leading national automotive service network

Tigar began developing its sales network in the 1970s. As a result of previous investments in this area, Tigar now operates the largest national vehicle tire and afterpart chain. In 2004, the Company initiated a complete reconstruction and updating of this chain, by shutting down unprofitable facilities and developing new, highly-profitable service centers. Prior to this project, the Company operated 80 retail outlets, while today the chain is comprised of 17 service centers which sell vehicle tires and afterparts, and offer light vehicle servicing; 4 mobile service units; and 24 sales outlets. It also operates a chain of specialty footwear stores - Bottega. The Company uses these chains to sell its own products, as well as products made by other manufacturers, following a multi-product/multi-brand strategy.

Long-term experience in international strategic alliances

Tigar had partnered with BF Goodrich for more than 30 years. After Michelin acquired this company, Tigar became and remained its strategic partner in the tire segment for nearly twenty years, from the early 1990's to the year 2010. Given that Tigar is the European leader in the footwear market, it does not seek strategic alliances in this segment as there are opportunities for Tigar to acquire one or more of the remaining European manufacturers independently, or to partner with others and organize production outside Serbia. However, there are opportunities for strategic alliances in the technical rubber goods segment, especially in the automotive rubber parts area.

10.2. RISKS

Tigar is exposed to a number of risks which have the potential to adversely affect our business, results of operations, financial condition, and prospects. Factors beyond Tigar's control, such as potential political or economic instabilities, or adverse economic conditions in Serbia, high inflation, ease of procuring capital, and changes in interest rates or currency fluctuations, have the potential to affect Tigar's ability to achieve its strategic objectives. Tigar operates in competitive markets, may lose market share and, like all competitors, may suffer losses if it is unable to meet the needs of its customers or to compete effectively.

Tigar is also exposed to risks relating to the legal and regulatory environment in which it operates, especially due to major changes being implemented as part of harmonization with EU legislation.

Being a joint-stock company, Tigar is affected by capital market developments. Additionally, major shareholders may be willing to modify corporate policies and strategies.

Currency fluctuation risks

Tigar's reporting currency is the Dinar (RSD). However, a significant portion of Tigar's business is related to foreign currencies, including sales, purchasing, and assets held in companies operating abroad, and loans indexed in foreign currencies, such that many of the items shown in Tigar's financial statements are in fact Dinar equivalents of assets, revenues, expenses and liabilities denominated in currencies other than the Dinar.



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Non-Dinar income and expense items are translated into Dinars, using the exchange rate on the date of the respective transaction, such that they are to a large extent affected by exchange rate movements. At the end of the year, all accounts payable and receivable indexed in foreign currencies are reported in Dinars applying the year-end exchange rate, and this has a considerable impact on the balance sheet. Tigar has no practical means of hedging against foreign currency risks.

Risks related to inflation, capital procurement, and capital cost

The National Bank of Serbia (NBS) chose to target low inflation and governing exchange rates. The projected inflation rate was largely threatened by excessive public and private spending and sudden and uncontrolled price increases. Serbia follows a policy of managing exchange rates, which is a trade-off between fixed and flexible exchange rates. The monetary authority influences the Dinar exchange rate by intervening and establishes the margins of possible fluctuations based on foreign currency supply and demand, the status of the balance of payments, and the difference between domestic and foreign exchange rates. The NBS has not declared the exchange rate level it is prepared to defend (or the "projected" exchange rate), but has stated that it only prevents daily fluctuations (2-3% during a day). The basic question is what is gained when the NBS intervenes? Foreign currency reserves are still relatively high, but one must keep in mind the liabilities stemming from pre-Balkan conflict foreign currency savings, international obligations, and the like.

Tigar will continue to replace short-term sources with long-term sources of financing because of more favorable repayment terms, but it will also need short-term sources. High production and sales growth increases the need for permanent working capital considerably, as it cannot be financed from cash flow and requires additional loans.

Business risks inherent in the rubber industry

In order to cope with key risks from this group, production is oriented towards the premium- and higher-medium segment, where competition is less intense. To reduce the risk of increasing raw-material prices, technologies are being modified but only where such modifications will not reduce finished product quality.

Risks related to capacity utilization

Current footwear factory capacities are sufficient for the planned level of growth. Therefore, further large investments in Tigar Footwear's capacity will not be required in the subsequent five-year period. However, some investment in equipment reconstruction may be needed to increase productivity and quality, and in the fabrication of tools and lasts for new footwear models. With regard to technical rubber goods, two production lines for EPDM and thermoplastic profiles has been deferred to 2012, while planned production levels do not require any major investment. If Tigar, through its venture with a German partner, obtains the status of a rubber parts suppliers for the automotive industry, additional investments in the amount of 1.5 million € will be needed. At present, the plant which produces finished products from recycled rubber has capacities which exceed by far its planned level of production. To fully utilize these capacities, Tigar needs to build its own supply of recycled rubber.

The energy supply capacities within the Tigar 3 compound are sufficient to support the factories operating at full capacity. A small boiler will need to be purchased to allow for significant savings during the summer months, when energy consumption is much lower. This boiler will also serve as a backup unit in the event of failure of the main boiler.

In 2012, Tigar plans to invest in facilities for the production of semi-finished products, in the event Tigar Tyres is unable to provide black rubber compound mixing services if its own production grows appreciably. These new facilities will be built within the Tigar 3 compound and will be used to produce


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both black and color rubber compounds, to respond to both the needs of Tigar's factories operating at full capacity and some non-Tigar buyers.

Investments in TCP's reconstruction and updating will depend on decisions made regarding its product mix and output volume, after it relocates to Tigar 3. While relocation activities are in progress, TCP will manufacture its product on premises leased from the former Suko Factory.

In summary, the capacities of Tigar's factories are sufficient for the projected level of growth, with some investment required in facilities for the fabrication of semi-finished products and the energy supply plant. A scrap tire recycling plant is needed to substantially increase the current output of final products made from recycled rubber, commensurate with existing capacities.

Risks related to shareholder and corporate structure

In 2012, there were no major changes in shareholding concentration and no takeover announcements, which might affect corporate business and development policies. Overall developments do not suggest that the Company might be facing this type of risk in the near future. Since the position of the government related to its stake in the capital is that it will not take any action that might lead to unexpected or uncontrolled ownership changes, which could negatively influence business operations, it is reasonable to expect that no such moves will be made given that the Company is among the largest employers, exporters and taxpayers.

Based on recently amended legislation, there is no deadline for the sale of state-held stock. Tigar's management is of the opinion that such sale of stock should take place after the overall investment program has been completed and the Tigar Group has fully stabilized, which would be after the year 2012.



11. MAJOR EVENTS AFTER THE REPORTING PERIOD

After the end of the 3rd quarter, the Company intensified its activities in connection with financing, focusing on the modification of maturities, procurement of missing capital and increasing business efficiency. The president and co-president of DEG/EU-Europe, Middle East and Central Asia, visited Tigar in mid-July. As a creditor of Tigar Footwear since 2007, DEG have been monitoring Tigar's performance on a quarterly basis. During the visit, the gentlemen from DEG and Tigar representatives a meeting with the Ministry of Economy, the Development Fund of the Republic of Serbia and SIEPA, where it was stated that DEG is prepared not only to become involved in the procurement of permanent working capital for Tigar, but also to participate in Tigar's full consolidation process, which will also involve in certain stages and as appropriate, the Ministry, the Fund and other institutions able to contribute to the overall process.

Tigar and DEG have selected the Economics Institute as our consultant tasked with the development of a financial consolidation program by 20 December, and with the monitoring of its implementation during a period of one year thereafter. Because of the importance of our long-term/short-term loan ratio, Tigar additionally selected BCG from Belgrade to act as a financial advisor in a joint effort to restructure Tigar's debt, replace 15 million € short-term sources with long-term sources, and procure an additional amount of 5 million € to finance growth. The banks prepared to take part in this process will pool together. After a report was produced, the Development Fund of the Republic of Serbia granted Tigar a 300M RSD permanent working capital loan. It will be disbursed as soon as a standstill agreement is executed with the banks, so that the proceeds of the loan can be used to finance production and growth.

DECLARATION BY THE INDIVIDUALS RESPONSIBLE FOR THE PREPARATION OF QUARTERLY REPORTS

Pursuant to Article 50 (3) of the Capital Market Law, we, the individuals responsible for the preparation of quarterly reports, do hereby declare that to the best of our knowledge this 2012 January-September Interim Report has been prepared applying applicable international financial reporting standards and contains a true and objective disclosure of the assets, liabilities, financial position, business operations, profits, losses, cash flows and changes in capital of this public company, including its subsidiaries whose financial statements are consolidated.

JSC TIGAR

Jelena Petković
Chief Executive Officer

JSC TIGAR

Dragan Nikolić
Supervisory Board Chairman