



Tigar®

TIGAR AD PIROT

2011 SEMI-ANNUAL INTERIM REPORT

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OVERVIEW OF 2011 SEMI-ANNUAL PERFORMANCE

During the reporting period Tigar continued to record a growth trend, regardless of the impact of seasonality and of the situation in its business environment. Consolidated operating income grew by 14%, while the Holding Company's operating income increased by 31%. Given that the commercial subsidiary Tigar Trade (Serbia) was merged with the Holding Company Tigar AD on 1 May 2011, the latter additionally assumed sales, purchasing and logistical services for Tigar factories, as well as sales of goods via Tigar's sales network. For ease of comparison, the financial statements presented below show aggregate figures for the Holding Company and Tigar Trade for the first six months of 2010 and 2011. Tigar Footwear and Tigar Technical Rubber Goods reported an operating income comparable to the entire year 2009. The highest sales growth was recorded in the EU market, which absorbed 92% of Tigar's exports. Compared to the same period a year ago, exports to this market grew by 80%. No exports were made to the Russian market during the reporting period because scheduled public tenders were not released. During the same period extensive marketing and PR activities were conducted in the US and Canada, aimed at supporting sales of fashion footwear and new models of safety footwear. Although the initial growth of export sales to these two markets was not considerable during the period, it is expected to pick up in the coming months. Sales income growth was largely impacted by liquidity issues, resulting in a 40-50% lower production output compared to notified buyer orders. Tire sales in Serbia declined due to insufficient supply and deferred enforcement of mandatory winter tires. To provide insight into trends through the end of the year and in the coming years, a projection was prepared against the 2011 Business Plan, based on semi-annual performance and forecasts for the second half of the year. Plans were also updated for the next three years. The projection and the updated plans indicate that if Tigar secures permanent working capital and a capital loan of 10 million € with a five-year term, which Tigar expects will be granted by the EIB through its program that targets medium market capitalization companies and large exporters, and/or if it secures funds from alternative sources, the Company will be able to finance its operations without difficulty, while maintaining its current level of indebtedness. If Tigar completes a contemplated transaction relating to the disposal of some of its real estate, which is either not needed or suitable replacements can be found, its financial position will improve. Failure to achieve planned production and sales levels, due to fixed costs, impacted the Company's financial result but performance was still above plan.

In our footwear segment, there were shifts in production dynamics necessitated by buyer demands for new products. Product specifications needed to be reconciled with buyers, international product certifications had to be obtained, and suppliers were unable to deliver a number of components for which Tigar had to find other sources.

Tigar Technical Rubber Goods (TTRG) also reported a sales growth, which it expects to boost in the coming months given its new contracts and the beginning of the season for recycled rubber products.

The business environment was extremely challenging during the first half of the year, primarily as a result of adverse exchange rate fluctuations which reduced Tigar's income from exports and the income of Tigar's subsidiaries operating abroad, when converted into Dinars. Similarly, high inflation substantially increased expenses and the cost of raw materials purchased abroad. Tigar offset these adverse impacts of the business environment by productivity and sales price adjustments.

Tigar Footwear remained the European leader in the manufacture of rubber footwear, with regard to both product assortment and quality. Most of its exports were made up of premium-segment products. Additionally, its client base was made up of leading European distributors and retail chains. Despite a high level of activity associated with new buyers and new markets during the reporting period, Tigar Footwear intensified its development of proprietary brands of safety, sports and fashion footwear. In our recycled rubber products segment, sales largely continued to target buyers of Bilgutex brand products; however, major efforts were made to refine these products, and to certify and promote them in Serbia and other countries in the region, where there has been no substantial demand in the past. For the most part, Tigar Chemical Products focused efforts on its imminent relocation.

Completed development activities and those currently in progress will ensure a larger product offering, especially to the international market. These activities focused on custom-made products under buyers' labels, but also those made under Tigar's proprietary brand names. Our top development priorities include a greater assortment of products for the upper market segment, particularly those made under our proprietary brands, and a larger client base both in the country and abroad.

In the human resources area, we continued to optimize our headcount and offer ongoing training courses, to achieve our targeted productivity growth. We also actively sought to modify loan maturity dates and replace commercial loans with subsidized interest rate loans, to reduce finance expenses.

Most of our investment activities during the reporting period targeted infrastructures at the recently purchased Tigar 3B location, which we intend to sell. The continuation of investment activities will depend solely on our ability to procure international long-term capital loans. No major activity will be undertaken before financing has been secured.

Dragan Nikolić

Chairman of the Board of Directors



1. EXECUTIVE SUMMARY

1.1. BASIC FACTS

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

Corporate ID: 07187769

Web site: www.tigar.com

Core activity: Holdings

Number of shareholders: 4,586 at 30/06/2011

Assets: 6,572,926 (000 RSD) at 30/06/2011

Registered address: Nikole Pašića 213, 18300 Pirot, Serbia

Tax ID: 100358298

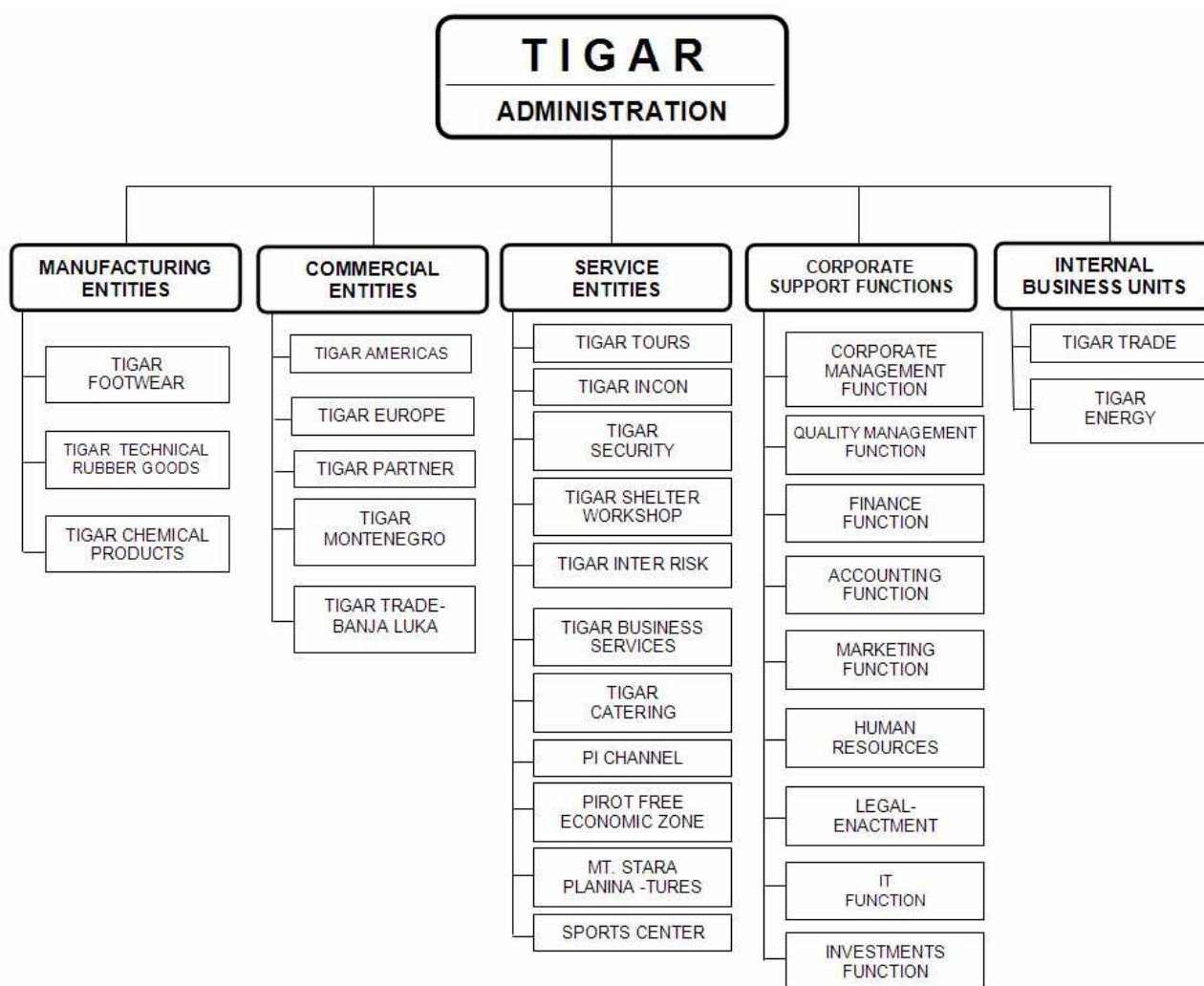
Certificate of Incorporation: Registry File 1-1087

Number of employees: 1,995 at 30/06/2011

Capital: 2,800,191 (000 RSD) at 30/06/2011

Capitalization: 1,340,398.80 (000 RSD) at 30/06/2011

1.2. CORPORATE STRUCTURE





1.3. PRODUCTION AND SALES OVERVIEW

FOOTWEAR

- Safety and work boots
- Fashion and children's footwear
- General purpose footwear
- Hunting and fishing boots

TECHNICAL RUBBER GOODS

- Molded rubber products for diverse industries, including the construction industry and road industries (e.g. speed bumps), vehicles (e.g. floor mats and fuel tanks), and rubber-coated products;
- Rubber profiles for diverse applications, such as those in the construction and automotive industries;
- A wide assortment of rubber hoses and tubing, including fabric-reinforced tubing and steel-spring flexible hoses;
- Rubber-metal products and semi-finished rubber products, including rubber-coated cabling, rubber compounds, vehicle shock absorbers, and shock mounts for rail vehicles;
- Sporting goods;
- Products made from recycled rubber for the road and construction industries, playgrounds, sports facilities, public areas, and the like.

CHEMICAL PRODUCTS

- Conveyor belt splicing kits
- Road paint
- Industrial and general-purpose adhesives
- Coatings, solvents, thinners, and chemicals.

COMPLEMENTARY GOODS

- Tires made by domestic and international manufacturers
- Motor oils, vehicle batteries, car care products, and afterparts
- Imported leather shoes

SERVICES

Tigar's automotive service and sales network STOP&DRIVE offered the following services during the reporting period:

- Tire repair, including wheel removal and installation, balancing, tire inspection, 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 washes;
- Tire monitoring and safe-keeping.

The above services are provided by service centers and mobile units for both cars and trucks.



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Other services supplied by the Tigar Group:

- Diverse services related to the construction and maintenance of buildings and infrastructure, supported by an engineering group;
- Services of the Pirot Free Economic Zone, a specially designated area where businesses are exempted from customs duties, VAT, and a number of municipal levies;
- Overland transportation services, including national and international freight forwarding, contracted or sub-contracted international transport, and vehicle maintenance;
- Tourist services, tracing to Tigar's resources on Mt. Stara Planina and to Pirot as a tourist destination;
- A number of other services largely provided within the Tigar Group.

1.4. INVESTMENT ACTIVITIES

During the reporting period, investments activities at our factories targeted capital maintenance, purchases of new tools and molds, outfitting of sales outlets and warehouses, and development of the Tigar 3B compound in preparation for disposal.

in thousands of RSD	Purchases of fixed assets and intangible investments I-VI 2011
Tigar Technical Rubber Goods	31,207
Tigar Chemical Products	6,646
Tigar Footwear	61,905
Service entities	13,274
Holding company	64,371
Total	177,403

* Within in the holding company is included in the purchases of fixed assets and intangible assets at the level of Trade for I-VI 2011.

1.5. R&D AND CERTIFICATION ACTIVITIES

Tigar Footwear is currently developing 102 new products. To improve the functional and esthetic characteristics of its products and enhance its competitive edge, Tigar Footwear introduced 45 new or alternate raw materials and is currently testing another 26 for both new and upgraded products. During the reporting period, Tigar Footwear industrialized 55% of new products which are now in production. Major inroads were made into the industrialization of Tigar-brand products, applying a special dipping technology, which are expected to significantly improve sales of Tigar-brand safety, farmers' and general-purpose footwear to the international marketplace.

Currently under way are development activities aimed at introducing a large number of new groups of products, largely targeting the construction industry (including public surfaces and roads). In the rubber sheeting segment, activities focus on the development of crumb-rubber cable fillers, in the sporting goods segment on the development of three new types of balls, and in the industrial rubber-coating segment on the development of new types of bladders. However, recycled rubber products remain R&D's top priority.

In the rubber profile segment, product development activities will intensify following the installation of extended EPDM and thermoplastic profile lines. In this segment, if terms and conditions are agreed upon in the interim, TTRG will proceed in collaboration with one of the leading European manufacturers of automotive rubber parts. This project will also prepare Tigar for potential production for Fiat.

Tigar Chemical Products is currently expanding its assortment of water-soluble products, based on existing standards.



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1.6. PRODUCTION OUTPUT

Following is a summary of production levels by segment, expressed in tons.

Production in tons	January-June		% Change relative to 2010
	2010	2011	
Tigar Footwear	1,110	1,102	-1%
Tigar Technical Rubber Goods	1,364	909	-33%
Tigar Chemical Products	460	112	-76%
TOTAL:	2,934	2,123	-28%

During the reporting period, most of Tigar Footwear's production was dedicated to exports. Although performance roughly matched last year's levels, it is extremely important that there was a significant increase in the production of more sophisticated and costlier products relative to a year ago. This has improved Tigar Footwear's product mix and increased the value of products made. Tigar Footwear's output of standard products for the domestic and regional markets was relatively low and mostly aimed at replenishing stocks, but it will increase during the 3rd and 4th quarters.

TTRG's production volume and product mix were negatively impacted by the deferral, until the second half of 2011, of the dual-component and thermoplastic profile lines. Growth across all segments was largely attributed to production for current buyers. Similar to Tigar Footwear, TTRG recorded a considerable increase in buyer orders after the first year of operation on its new premises, such that at the end of the 4th quarter of 2010 a number of projects were launched for buyers from Germany, Italy and several northern European countries, which will improve its performance. In the recycled rubber products segment, production continued to respond to Bilgutex buyer demands. Here TTRG focused on increasing quantity and improving product mix, but was also actively upgrading and certifying these products for the domestic and regional market where past demand for these products has been rather low. The potential production for Fiat is very important to TTRG since it requires a year and a half of extensive preparations (to jointly develop products with a strategic partner), and purchases of additional equipment worth up to 1.5 million €, to support an annual vehicle output of 200,000 units. TTRG's entry into this project will depend on Fiat's selection of potential suppliers. During the 2nd quarter, activities were initiated with the goal of establishing a joint venture with a German partner in TTRG's standard product lines. A contract is expected to be signed by the end of the year. This will considerably increase TTRG's output, improve its product mix, and boost exports.

Tigar Chemical Products (TCP) recorded a positive trend during the reporting period, although its output in tons was lower. Given that production for the road infrastructure had the largest share by weight, it also had the greatest impact on TCP's production output. Orders for road paint placed by Greek buyers were not filled due to the economic situation in that country, and this impacted the overall production volume. However, its output of more-profitable products and costs cuts offset this disadvantage. TCP's product mix was improved by products made for the mining industry, an increase in output of polyurethane flooring, and products made for the metal industry. In the railroad segment, production depended on overhauls by railway companies which were not implemented according to plan, and the consumer product segment suffered from the general retail situation. However, TCP increased production for Tigar Footwear and Tigar Tyres.



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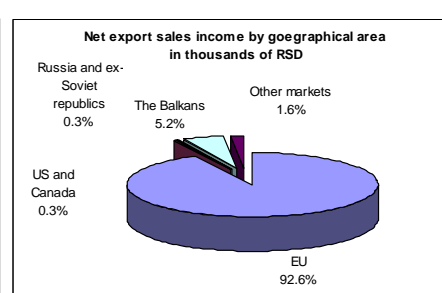
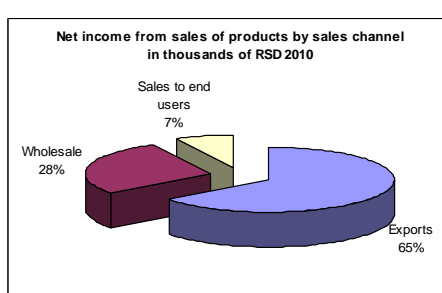
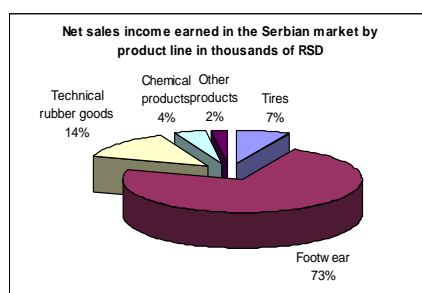
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1.7. SALES OF GOODS AND SERVICES

SERBIA

At the end of the reporting period, Tigar's net income from sales of products, goods and services within and out of Serbia (excluding the companies operating abroad), amounted to 1,164,809 million RSD, or 20% more than at the end of the same period a year ago. Footwear sales contributed 73% to overall sales. Exports contributed 65%, and exports to the EU made up 92.6% of all exports. Tigar Footwear reported the highest growth, which is an expected outcome of past investments in this segment, both in capacity and product and market development, as well as of the fact that Tigar Footwear's new facilities have been operational for more than two years, which was the minimum time required to stabilize this subsidiary's market position. Due to liquidity issues, Tigar Footwear could only confirm about 65% of buyer orders. Liquidity also resulted in reduced sales because the other three factories could not accept more than 60% of buyer orders. A significant decline in tire sales was a result of liquidity issues, as well as the fact that winter tires will become mandatory this year. This affected sales of summer tires, but sales of winter tires are expected to grow considerably. Given that Tigar is the only company in Serbia that operates a national automotive service network which, in addition to tire replacement, offers tire repair and light vehicle servicing, and provided that there is adequate supply of winter tires, Tigar expects to earn a revenue of 3 million € from tire sales. Given the current tire deficit in the market, Tigar has undertaken steps to procure tires from various manufacturers and supply sources.

<i>Net sales income from goods and products in thousands of RSD</i>	Actual 2009	Actual 2010	January-June 2010	January-June 2011
Sales by product lines				
Tires	449,762	322,394	170,840	84,447
Footwear	1,039,679	1,634,536	516,318	843,307
Technical rubber goods	185,073	334,986	144,502	162,976
Chemical products	187,237	192,561	112,145	48,617
Other products	40,591	61,593	24,955	25,463
TOTAL SALES WITHIN AND OUT OF SERBIA	1,902,342	2,546,068	968,760	1,164,809



In general, during the reporting period all corporate resources were focused on the footwear segment, which is currently Tigar's largest business, resulting in the highest contribution of that business to the overall income. During the upcoming season, provided that supply problems are overcome, revenues from tire sales will certainly grow, as will revenues from technical rubber goods given increasing orders, especially from new international buyers.

The highest sales growth was recorded in the EU market, owing to increasing sales to existing buyers and sales to new buyers. Tigar attracted three new customers in 2010 (Barbour, Ilse Jacobsen and Decathlon), who are among the five largest buyers in 2011. Sales to these buyers are expected to grow. The number of buyers in the Balkans also increased, as did sales, particularly of fashion and children's footwear. Three new products from the safety boots range are currently being developed for the US market, and a considerable effort is aimed at fashion footwear sales to Canada and the US, supported by extensive marketing and PR campaigns.



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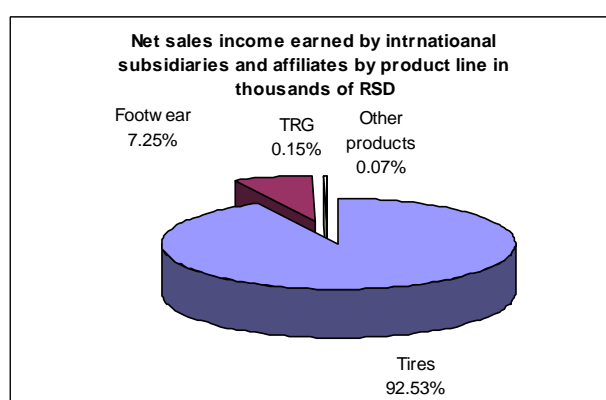
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SUBSIDIARIES AND AFFILIATES OPERATING ABROAD

<i>Net income from sales of products by subsidiaries and affiliates operating abroad, in thousands of RSD</i>	<i>2009</i>	<i>2010</i>	<i>January-June 2010</i>	<i>January-June 2011</i>
Sales by product lines				
Tires	809,410	1,000,748	486,571	513,406
Footwear	128,419	157,287	62,182	40,243
TRG	5,937	3,424	1,631	855
Other products	10,579	2,340	2,354	365
TOTAL SALES ABROAD	954,346	1,163,799	552,738	554,869

* Tigar Europe at 50%.



Tigar Americas is a wholly-owned Tigar subsidiary based in the US. Tigar AD is the majority shareholder of all Tigar companies operating in the Balkans, while Tigar Europe is a joint venture, in which Tigar AD holds a 50% stake. Apart from Tigar Americas which focuses on footwear sales, the other companies from this group largely sell Tigar-brand tires. Tigar Americas is the only company operating abroad that also purchases raw materials for the Tigar Group. In view of the corporate policy which calls for all sales outside of the EU and Russia to be channeled through Tigar Americas, and given that raw material purchases via this company will likely increase, Tigar Americas is expected to report the highest growth. In addition to North America, Tigar Americas is focusing on the Australian market, where a branch office will be opened shortly.

In the tire sales segment, Tigar Europe reported the highest sales among this group of companies. It continues to be the exclusive distributor of Tigar-brand tires in the UK and Ireland. Sales in the upcoming period will largely depend on Michelin Group's policy with regard to this market. Tigar's current focus is on increasing sales of footwear and other products made by the Tigar Group and this will be a key driver of Tigar's corporate policy associated with its international subsidiaries. Its policy toward Tigar Europe, in view of its large tire sales volume, will be governed by tire sales developments.



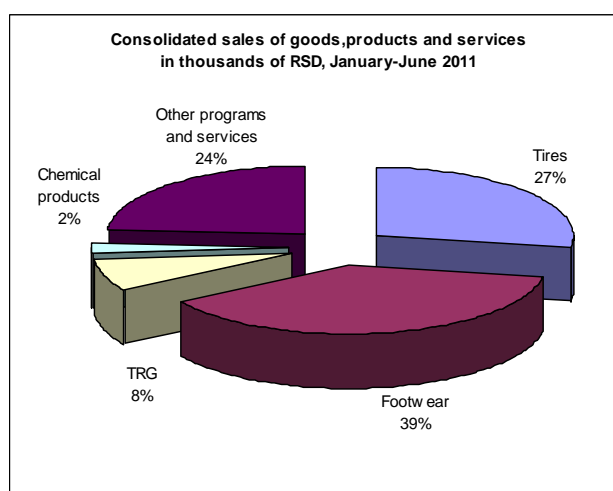
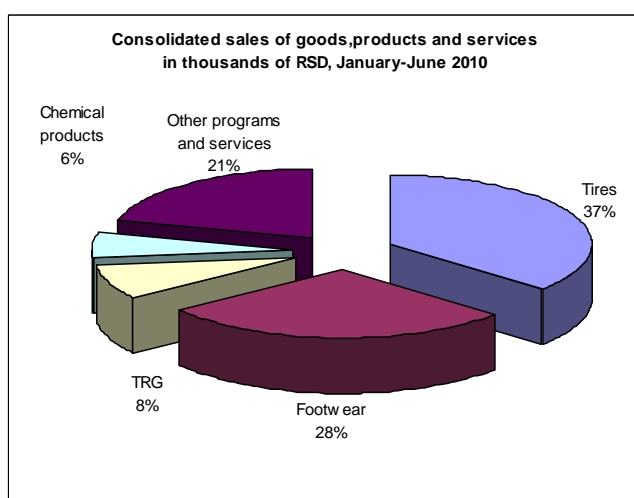
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TOTAL EXTERNAL REVENUES, INCLUDING REVENUES FROM SALES OF GOODS VIA COMPANIES OPERATING ABROAD AND REVENUES FROM EXTERNAL SERVICES

<i>In thousands of RSD</i>	<i>2009.</i>	<i>2010.</i>	<i>january-june 2010.</i>	<i>january-june 2011.</i>
Consolidated sales of goods, products and services	3,349,344	4,288,191	1,800,013	2,167,281





2. KEY 2011 SEMI-ANNUAL FINANCIAL INDICATORS

At the end of the reporting period, the Company's consolidated operating income recorded a 14% growth, while total income grew by 19%. Consolidated expenses were 16% higher. The largest contributor to expenses was the cost of raw materials, with a 36% share. The increase in raw material costs was largely a result of increased consumption (in physical units) and a general increase in raw material prices, particularly of natural rubber (where prices doubled) and fabric (where the price of cotton increased on global commodity exchanges). To offset this raw material price increase, in February we increased our final-product prices by 10% on average. The second largest expense item was employee expenses, with a 35% share. They were 14% higher than a year ago. The cost of goods sold contributed 13% to overall expenses. Write-offs, depreciation and provisions grew by 8%, as a result of activation of fixed assets, particularly at the recycled-rubber products plant, and had a 3% share in overall expenses. Other expenses recorded a 18% increase and had a 12% share in total operating expenses. This expense item includes production- and sales-related costs (such as transportation, maintenance, PR and marketing), various administrative expenses, audit fees, tax and other consulting fees, capital market expenses (the largest items being corporate agent and Stock Exchange fees), expenses attributed to the activities of Tigar's governing bodies, and the like. Most of our finance expenses were made up of interest and currency translations associated with short-term loans. Other expenses were not materially significant. Exchange rate fluctuations considerably impacted our loan debt expressed in Dinars, particularly with regard to long-term loans, such that the effects of shrinkage in original currencies are not recognizable. This is a result of the fact that all long-term loans and most short-term loans are denominated in Euros. The increase in loan debt due to exchange rates also had a major impact on reported ratios, particularly with regard to equity and assets employed, since these are denominated in Dinars and do not change. Short-term liabilities include long-term loan repayments which mature within the next twelve months.

Receivables are collectable from both domestic and international markets, such that there are no bad debts. At the end of the reporting period, accounts receivable were 9% higher than a year ago. This increase was tied to sales growth. Inventories were 12% higher, as an expected consequence of production and sales growth. This increase was not due to a higher number of physical units, but the fact that inventories carried costlier products than at the end of last year. Inventories of raw materials, unfinished and finished products all grew.

The main challenge was financing of the high production and sales growth, which increased the need for working capital. At the same time, during the reporting period, a semi-annual installment of a Paris Club loan, a quarterly installment of a TTRG capital loan, and a semi-annual installment of a Tigar Footwear capital loan were paid. This permanent outflow reduced our potential for financing business operations. Consequently, an agreement was reached with Hypo Alpe Adria Bank to extend the grace period granted to TTRG (following payment of the first installment) and to Tigar AD. The maintenance or reduction of our overall loan debt, on the one hand, and a double- or triple-digit production and sales growth, on the other hand, are irreconcilable trends and the Company is, therefore, actively seeking non-credit funds which will be used to both increase working capital and finance investments (in infrastructure, equipment, and market and product development). Market and product development in both 2010 and the first half of 2011 incurred considerable expenses, but they were necessitated by the projected level of growth. Since our market position has never been better and will likely continue to improve across all our businesses, and given that both our manufacturing segments and sales network are capable of responding to market demands, the main task is to ensure financing of growth through a long-term permanent working capital loan and modification of maturity dates with re-orientation toward long-term sources, in view of the fact that our growth will ensure a much better financial position in the upcoming period. The implementation of a contemplated transaction involving the disposal of real estate which is either not currently used or suitable replacements can be found, is expected to significantly stabilize our cash flow situation and contribute to the achievement of planned growth levels.

From an analytical perspective, the ratio of our financial results to assets employed is not high, but this is primarily a result of the fact that the Company changed its core activity two years ago, that it commissioned three new plants within a period of two years, and that a certain time is required following investments in buildings and equipment, as well as in product development, to start producing concrete commercial and financial benefits, leading to a significant improvement of this ratio. The loan debt, relative to assets, is not high, but the ratio of total debt to total income is unfavorable because one half of the debt is attributed to long-term loans which will mature in the coming years. These loans were taken out to finance the development of new capacities and products. It is more realistic to view current liabilities relative to annual income, because future long-term loan repayments will be made along with a considerable increase in sales revenues.



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TIGAR

TIGAR AD

Equity: 2,800,191
Total income: 2,155,026
EBITDA: 59,315

(000 RSD)

PRODUCTION ENTITIES

TIGAR FOOTWEAR

Equity: 879,565
Total income: 1,051,798
EBITDA: 44,887

(000 RSD)

TIGAR TEHNICAL RUBBER GOODS

Equity: 263,490
Total income: 233,697
EBITDA: -31,642

(000 RSD)

TIGAR CHEMICAL PRODUCTS

Equity: 132,676
Total income: 83,507
EBITDA: 3,972

(000 RSD)

COMMERCIAL ENTITIES

TIGAR MONTENEGRO

Equity: 114
Total income: 226
EBITDA: 6

(000 EUR)

TIGAR PARTNER

Equity: 17,637
Total income: 11,045
EBITDA: 69

(000 DEN)

TIGAR TRADE Banja Luka

Equity: 359
Total income: 477
EBITDA: -49

(000 KM)

TIGAR EUROPE

Equity: 2,946
Total income: 8,336
EBITDA: 381

(000 GBP)

SERVICE ENTITIES

PIROT FREE ZONE

Equity: 150,921
Total income: 144,801
EBITDA: 13,727

(000 RSD)

TIGAR BUSINESS SERVICES

Equity: 28,934
Total income: 78,359
EBITDA: 7,249

(000 RSD)

TIGAR CATERING

Equity: 139,022
Total income: 82,065
EBITDA: -872

(000 RSD)

TIGAR INCON

Equity: 169,755
Total income: 156,680
EBITDA: 3,618

(000 RSD)

TIGAR INTER RISK

Equity: 2,115
Total income: 2,151
EBITDA: 402

(000 RSD)

TIGAR WORKSHOP

Equity: 485
Total income: 17,899
EBITDA: 806

(000 RSD)

TIGAR SECURITY

Equity: 21,706
Total income: 49,646
EBITDA: 10,578

(000 RSD)

TIGAR TOURS

Equity: 9,855
Total income: 3,169
EBITDA: 502

(000 RSD)

PI CHANNEL

Equity: 4,615
Total income: 7,777
EBITDA: 1,014

(000 RSD)



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CONSOLIDATED INDICATORS

Tigar AD's consolidated financials in thousands of Dinars	Actual January-June 2010	Actual January-June 2011	% change
Assets	7,753,135	8,555,745	10%
Equity	3,519,870	3,387,545	-4%
Operating income	2,199,353	2,515,480	14%
EBIT	77,533	44,000	-43%
EBITDA	153,265	125,951	-18%
Total income	2,304,483	2,748,700	19%
Net income	38,827	59,774	54%
<u>Significant ratios</u>			
Return on equity (ROE)	1.10%	1.76%	60%
Return on total assets (ROA)	0.50%	0.70%	40%
Current Ratio	1.50	1.19	-21%
Debt-to-assets ratio	0.52	0.58	11%
Debt / Equity	1.15	1.46	27%
Net profit/total income	1.68%	2.17%	29%

TIGAR AD: UNCONSOLIDATED FINANCIALS

Tigar AD's unconsolidated financials in thousands of Dinars	Actual January-June 2010	Actual January-June 2011	% change
Assets	5,295,893	6,572,926	24%
Equity	2,808,254	2,800,191	0%
Operating income	1,514,286	1,986,463	31%
EBIT	70,297	34,422	-51%
EBITDA	95,134	59,315	-38%
Total income	1,592,796	2,155,026	35%
Net income	55,611	37,336	-33%
<u>Significant ratios</u>			
Return on equity (ROE)	1.98%	1.33%	-33%
Return on total assets (ROA)	1.05%	0.57%	-46%
Current Ratio	1.28	1.11	-14%
Debt-to-assets ratio	0.47	0.57	22%
Debt / Equity	0.88	1.34	52%
Net profit/total income	3.49%	1.73%	-50%



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3. CAPITAL MARKET POSITION

Tigar's stock is traded on the Prime Market of the Belgrade Stock Exchange and included in both its indices: the Belex Line (general) and Belex 15 (top performers). The table below summarizes Tigar stock trading during the reporting period.

	AT 31 MARCH 2011	AT 30 JUNE 2011	% CHANGE
Number of shareholders	4,720	4,586	-2.84%
Total number of shares	1,718,460	1,718,460	-
Book value of shares	1,636	1,636	-
Market price of shares	704.00	780.00	10.8%
Low	700.00 (01.04.2011)		
High	829.00 (19.05.2011)		
6M 2011 average*	778.00		
Market capitalization in RSD	1,209,795,840.00	1,340,398,800.00	10.8%
P/BV**	0.48		
P/E***	35.9		
EPS****	21.7		

* The average price is based on closing prices and the number of trading days during the period.

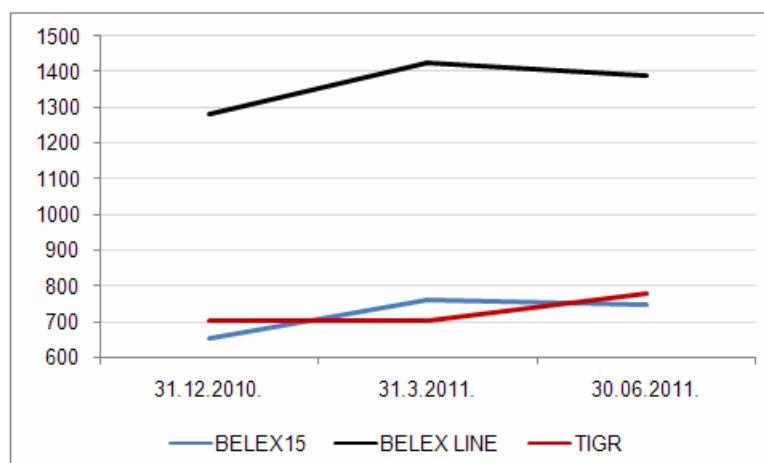
** Average market price to book value ratio.

*** Price-to-earnings ratio.

**** Earnings per share during the period.

During the reporting period, the price of Tigar stock recorded a positive trend even though both indexes have been declining since the beginning of the 2nd quarter.

The graphic below is a parallel representation of TIGR, Belex 15 and Belex Line movements since the beginning of the year.



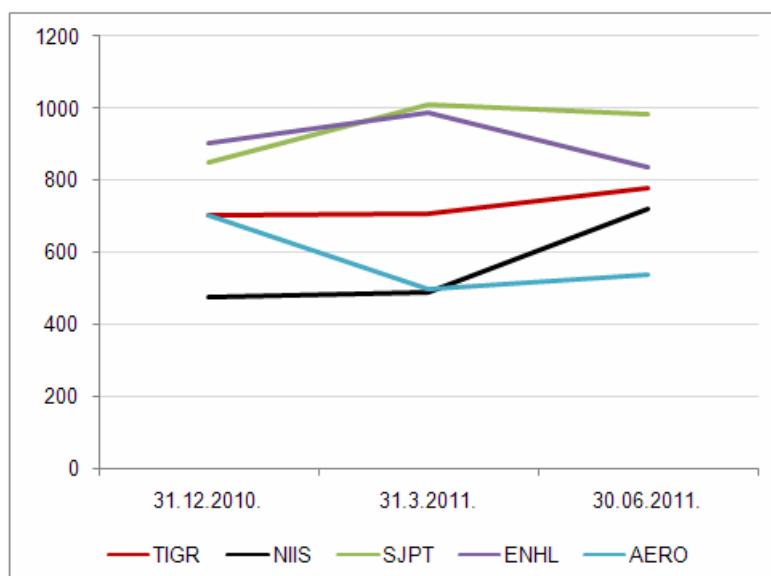


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This trend is confirmed by the following parallel representation of Prime Market stock price movements.

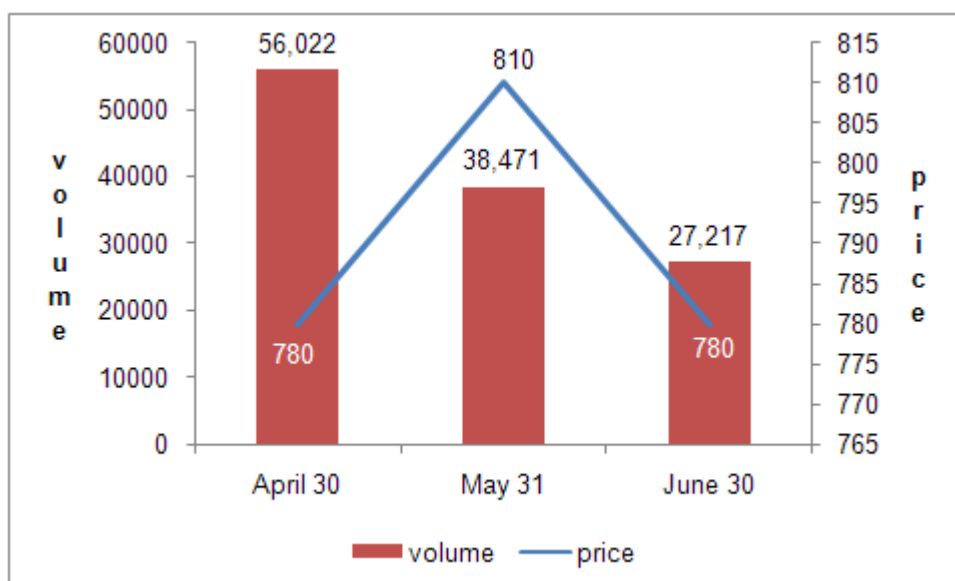


Changes in shareholder structure during the reporting period

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

Shareholders	31 March 2011	30 June 2011	% Change
Legal entities	47.76%	44.64%	-3.13
Individuals	28.80%	26.77%	-2.03
Custody accounts	23.44%	28.60%	5.16

During the reporting period the trading volume was 121,710 shares or 7% of Tigar's equity capital. Some of our existing shareholders increased their stakes on account of stakes previously held by individuals.





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Top ten shareholders as of 30 June 2011

	Shareholder	Number of shares	% Stake
1	SERBIAN NATIONAL EQUITY FUND	429,429	24.98
2	SERBIAN NATIONAL PENSION AND DISABILITY FUND	149,981	8.72
3	ERSTE BANK CUSTODY 00001	118,935	6.92
4	ERSTE BANK CUSTODY	104,947	6.10
5	UNICREDIT BANK AUSTRIA AG	67,782	3.94
6	RAIFFEISEN BANK INTERNATIONAL	52,505	3.05
7	SWEDBANK AS	49,851	2.90
8	KOMERCIJALNA BANKA-KASTODI	26,062	1.51
9	SG SRBIJA KASTODI RACUN	21,763	1.26
10	HERMA INVESTMENTS CO. LTD	20,000	1.16

Members of Tigar's Board of Directors hold less than 1% of Tigar stock on aggregate. The following table shows the number of shares held by members of the Board of Directors as of 30 June 2011.

Name	Number of shares held on 31 May 2005	Number of shares held on 30 June 2010	% Stake
Dragan Nikolić	880	898	0.052
Jelena Petković	275	281	0.016
Slobodan Sotirov	539	550	0.032
Miodrag Tančić	460	460	0.027
Vladimir Nikolić	803	803	0.050
Jose Alexandre F. da Costa	-	-	-
Tihomir Nenadić	-	-	-
Gordana Lazarević	-	-	-
Aleksej Misailović	-	-	-

Some Board members increased their stake as a result of participation in a pro-rated sale of treasury shares by Tigar in 2009. Members of the Supervisory Board hold no Tigar stock.

Investor Relations

During the reporting period, the Company reported to its shareholders and the capital market on a regular basis. Its 2010 Annual Report was published as required by stock exchange regulations. The Company made several IR presentations and held a number of meetings with current shareholders and potential investors.

Tigar's annual General Assembly of Shareholders was held at the end of June. The General Assembly adopted Tigar AD's 2010 Annual Report and separate and consolidated financial statements. It also resolved to distribute dividends at 19.84 RSD per share, to all shareholders of record as of the date of the session. The session was attended by shareholder proxies and representatives of the largest shareholders who all approved the presented reports and plans of the Company.



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4. SUSTAINABLE DEVELOPMENT

4.1. EMPLOYEES

Headcount and Structure

At the end of the reporting period, Tigar had 1,995 employees in Serbia. In addition, Tigar's entities in the United States, United Kingdom, Macedonia, Montenegro, and Bosnia and Herzegovina employed a total of 24 local employees. On 30 June 2011, the employee structure was as follows:

Workforce as of 30 june	
Company	2011
Tigar a.d.	476
Tigar Rubber Footwear	779
Tigar Technical Rubber Goods	221
Tigar Chemical Products	48
Others	471
Total	1,995

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, 38 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

January-June 2011 employee expenses incurred by Tigar AD and its subsidiaries, including net earnings, taxes, pension fund and health insurance contributions, in-house meals, and local transportation subsidies, are shown in the table below, along with percentages of sales income.

January-June 2011 Employee expenses			
	Net salaries and wages in 000 RSD	Gross salaries and wages in 000 RSD	% of sales income
Tigar AD.	138,046	234,000	12.10%
Tigar Footwear	178,297	305,840	37.53%
Tigar Technical Rubber Goods	43,282	74,363	45.09%
Tigar Chemical Products	15,009	25,725	42.48%
Others	90,957	156,264	30.13%
Total	465,591	796,192	22.80%

During the reporting period, taxes and health insurance and pension fund contributions amounted to 330,601,000 RSD.



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Optimization of Human Resources

During the reporting period, 14 employees left Tigar on the following grounds:

	Retirement	Redundancy	Other*	TOTAL
Tigar AD		1	2	3
Tigar Footwear	2		4	6
Tigar Technical Rubber Goods				
Tigar Chemical Products	1			1
Others	1		3	4
Total	4	1	9	14

* Of these 9 employees, 3 voluntarily left the Company, 5 were dismissed and 1 passed away.

The numbers do not show large shifts in the number of employees.

Retrenchment is inherent in the restructuring process. This process will continue during 2011. Solving the problem of employee redundancy on a voluntary basis was a major component of Tigar's contribution to social stability.

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		
	In thousands of RSD	%
Tigar AD		
Tigar Trade		
Tigar Footwear	314	0,10
Tigar Technical Rubber Goods		
Tigar Chemical Products	236	0,91
Others	247	0,16
Total	797	0,10

Professional Education

Tigar's policy of ensuring the availability of professionals through the offering of scholarships to Pirot secondary school students was continued in 2011.

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

Professional education (2011)				
	Technical sciences	Manufacturing process engineering	Economics and business administration	Other
Total	24	8	7	12

Tuition and scholarship expenses paid during the reporting period amounted to 1,456,000 RSD, or 0.22% 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 and external (2011)			
	Internal	External	Total
Tigar a.d.	16	66	82
Tigar Footwear	760	39	799
Tigar Technical Rubber	164	21	185
Tigar Chemical Products		3	3
Other	377	24	401
Total	1,317	153	1,470

Employee training expenses during the reporting period amounted to 3,850,700 RSD, or 0.48% of gross salaries.

4.2. 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 its 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.

Regular annual maintenance and improvement audits per ISO 9001, ISO 14001 and OHSAS 18001 certifications, conducted by YUQS, attested to Tigar's long-term commitment to customer and stakeholder satisfaction. IQNet is a leading national certification body and member of IQNet, an international association of certification bodies, which in addition to domestic accreditations holds an accreditation of the French body COFRAC.

In July 2010, Tigar Footwear underwent an audit and certification check of its integrated management system, at which time occupational health and safety management per OHSAS 18001 was added to the existing quality and environmental management components of the integrated management system at this company. A regular annual inspection of its integrated management system will be conducted in July 2011.

The Tigar Technical Rubber Goods integrated management system was audited at the end of December 2010, per ISO 9001, ISO 14001, and OHSAS 18001, with all three management component being re-certified. A regular annual inspection of its integrated management system will be conducted in December 2011.

In 2010, Tigar Incon initiated an action plan aimed at certifying an integrated management systems per ISO 9001, ISO 14001 and OHSAS 18001 requirements at this company. By the end of 2011, Tigar Incon, which provides design and engineering services, will be certified as well.

Tigar Footwear and Tigar Technical Rubber Goods underwent a number of third-party audits which were carried out by buyers or independent experts on their behalf.

Tigar Hospitality, which provides lodging and catering services, is currently conducting preparations for the implementation of the HACCP (food safety) management system.



4.3. 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 continues to be committed to sustainable development and employee well-being.

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 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 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 and packaging waste, etc. 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 secondary legislation. Pursuant to recent legislation, in March Tigar Trade registered 128 imported chemicals with the Chemicals Agency (under the Ministry of Environment, Mining and Spatial Planning), and Tigar Chemical Products, which both imports and manufactures chemicals, registered 165 chemical substances. Appropriate files and material safety data sheets have been submitted to the Agency and all applicable fees paid as required by law.

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's 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.

At locations containing raw materials, in addition to preventative measures being carried out, action 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 Handbook of Rules and Regulations on the Classification, Packing, and Storing of Secondary Raw Materials (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



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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 is 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.

In March, annual waste management reports were submitted to the Environmental Agency (under the Ministry of Environment, Mining and Spatial Planning), addressing: Tigar Footwear, Tigar Technical Rubber Goods, and Tigar Chemical Products, as required by applicable legislation (Official Gazette of the RoS, no. 96/2010).

Packaging waste management has been delegated to operators certified by the Ministry of Environment and Spatial Planning. This is 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. These arrangements allow Tigar to use the Green Dot on its packaging. Tigar Footwear, Tigar Technical Rubber Goods and Tigar Chemical Products have delegated their obligations to Sekopak, while Tigar Trade entered into an agreement with Ekostarpak. Tigar Shelter Workshop, which collects packaging paste, also has a contract with the latter operator. Payments are made and reports submitted on a monthly basis. Pursuant to applicable legislation, 2010 Annual Packaging Material Disposal Reports were submitted to the Environmental Agency in March for Tigar Footwear, Tigar Technical Rubber Goods, Tigar Chemical Products, and Tigar Trade. The certified waste management operators used by Tigar have met national objectives and ensured recycling of Tigar's packaging materials, such that Tigar's subsidiaries are among the 9% of Serbian companies who have fully complied with the law in this regard.

Tigar operates a leading-edge automated power station designed to fire either oil or natural gas. Gas emissions at the emitter are checked once a year by a certified institution. Air quality within the industrial zone is monitored by the Public Health Institute of Pirot on an ongoing basis.

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, 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.

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 its subsidiaries regarding environmental or occupational health and safety issues. There are no litigation proceedings involving Tigar arising out of environmental or social concerns.

Tigar Footwear, Tigar Technical Rubber Goods, and Tigar Chemical Products regularly submit information to the local administration, as required for the Register of Polluters pursuant to applicable legislation (Official Gazette no. 91/2010). This obligation also includes reporting on the monitoring of environmental parameters (wastewater quality, gas emissions, types and quantities of generated waste, types and quantities of hazardous waste), and submission of information about major raw materials, manufactured products, and the like. All such information is available to the public.

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The following environmental and occupational health and safety laws apply 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 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.

4.4. INTELLECTUAL PROPERTY

Tigar's full registered name is *Joint-Stock Company Tigar – Pirot* in English, and *Akcionarsko društvo Tigar – Pirot*, in Serbian. Its short name is Tigar AD – Pirot, in both languages. The registered name and its use are regulated by the provisions of Article 14 of the Articles of Association. The above name fulfills all legal requirements. Tigar is registered under the said name with the Serbian Business Registers Agency.



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Registered trademarks as of 30 June 2011:

Br. Zahteva	Datum Zah.	Br. Reg.	Zaštitni Znak	Važi Do	Vlasnik
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	Tigrostick	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
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.	-	Bottega	-	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
Med. Zaštitni Zn. SAD	03.07.97.	675 773	Tigar	20.05.17.	Tigar AD
		675 773A	Tigar	20.05.17.	Tigar Tyres
SAD	24.10.78.	1174089	Tigar Logo	15.08.12.	Tigar Americas Corp.
	02.11.07.	77320619	Tigar	-	Tigar Americas Corp.
Med. Zaštitn. Zn. 237003/1	07.09.09.	1020263	Brolly	07.09.19.	Tigar AD
Med. Zaštitn. Zn. 235877/1	07.09.09.	1019318	Maniera	07.09.19.	Tigar AD
SAD 79075140	07.09.09.	3870299	Maniera	07.09.19.	Tigar AD
SAD 79075638	07.09.09.	3906894	Brolly	07.09.19.	Tigar AD
Kanada	25.05.90.	368832	Forester	25.05.15.	Tigar Obuća
Finska	20.11.85.	94345	Forester	20.11.15.	Tigar Obuća
Norveška	14.11.85.	123042	Forester	14.11.15.	Tigar Obuća
Švedska	26.07.85.	0197287	Forester	26.07.15.	Tigar Obuća
Velika Britanija	23.06.95.	2025055	Century	23.06.15.	Tigar Obuća
Velika Britanija	31.05.84.	1219898	Forester	31.05.15.	Tigar Obuća
Velika Britanija	23.06.95.	2025057	Forester	23.06.15.	Tigar Obuća



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The flagship trademark is “a stylization of a tiger's head with the logo 'Tigar' inscribed in the Cyrillic or Latin alphabet” (Article 17 of the Articles of Association). The design and contents of the flagship trademark fall within the jurisdiction of the Board of Directors. Affiliated companies, which are controlled by Tigar AD, 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 Tigar AD. 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 Tigar AD and MHPB in 2002, Tigar AD 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, Tigar AD 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-1/397708101/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 its products and product lines are identified.

In 2009, Tigar initiated national and international registration of its Maniera and Brolly trademarks.

In 2011, Tigar initiated national registration of the trademark “Srbija na dlanu” (Serbia on the Palm of your Hand”) (application Ž-795/11 dated 30 May 2011).

On 12 April 2011, the patent application submitted by Tigar Technical Rubber Goods to the Serbian Intellectual Property Office, for its invention entitled “*Tigar Flex*” *Flexible Hose Production Technology*, was approved under reference P-2006/0071.

Tigar AD holds internet domain names: www.tigar.com, www.tigar.co.rs, www.tigar.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 Tigar AD, 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.



4.5. INFORMATION TECHNOLOGY

The IT Function is a part of Tigar AD. 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 include:

- **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.
- **Multi-company system:** The system allows for instantaneous monitoring of multiple companies within the same database and for consolidation at Company level.
- **Multi-currency system:** Business transactions can be entered and monitored in both the national currency and in foreign currencies.
- **Centralized coding system:** Product, customer and supplier codes can be entered by several users, but only authorized users can approve or modify codes.
- **Integrated approach:** All business functions of the Company have been integrated by means of a single database. The system automatically generates a large number of different documents, such as bookkeeping/accounting entries, warehouse receipts, delivery notes, and the like. Any document can be cancelled regardless of its level, along with any other documents which might have been created on the basis of such document.
- **Openness:** The system is readily expandable and can be interfaced with other information systems and the Windows environment.
- **Flexibility:** The system can be adapted to any specific needs of the Company, based on a large number of parameters which were set at the time of implementation.
- **Modular approach:** Individual modules can be operated independently or as part of the integrated system.
- **Simple and consistent user interface:** Requires little training and is easy to operate. Flexible menus, graphic user interface, and online context-sensitive help.
- **Large processing and storage capacity:** For example, the system supports a payroll of 4,000.
- **Multiple-user support:** The system supports several hundred interactive users.
- **Three-layer architecture:** The use of leading-edge internet technologies facilitates administration and access from several locations.



4.6. REAL ESTATE AND LEGAL SECURITY

All of Tigar's manufacturing facilities are located in Pirot. Four manufacturing plants operated at two separate locations in 2009, 2010, and the first six months of 2011. The larger location holds tire and chemical products manufacturing facilities. Tigar Footwear and Tigar Technical Rubber Goods have been relocated to another site. The new Tigar 3 location purchased in 2006 was refurbished and prepared for re-location in 2008. It was booked as „construction in progress“. Tigar owns several buildings in Belgrade, and Tigar Trade owns buildings across Serbia (office buildings, warehouses, and retail outlets).

Per Serbian laws, urban land zoned for construction is owned by the state, and Tigar has acquired the permanent right to use such land. Land away from urban construction zones is owned by Tigar.

Land

The total number of parcels of land owned by Tigar and its subsidiaries (excluding the Free Economic Zone) was 124 as of 30 June 2011. Their total surface area is 408,371 m², of which 303,958 m² constitutes undeveloped land.

Buildings

Tigar and its main subsidiaries own a total of 175 buildings, with a surface area of 104,413 m².

Legal Proceedings

Tigar is party to a number of legal disputes that have arisen in the course of its 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.

Major proceedings date back to before the year 2000; they are shown in the following table (excluding interest):

DEFENDANT	CLAIM
TREPČA-Zvečan	9,637,376
UNION BANKA	6,194,000
LOLA KORPORACIJA	7,159,000
2M-Pirot	2,247,300
TIGAR PROM-Nova Varoš	3,636,000
TOTAL:	28,873,676

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., the 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.



4.7. CORPORATE SOCIAL RESPONSIBILITY

In keeping with its corporate policy of social responsibility, Tigar is committed to a high level of corporate responsibility toward its employees and the community in which it earns its profits. All stakeholders are treated in a responsible and ethical manner. Corporate social responsibility (CSR) is ensured by Tigar's strategic corporate documents and the Codex, which constitute an integral part of Tigar's overall business policy. Tigar's vision and mission clearly define its relationships with employees, shareholders, customers, the local community and society, and its attitude toward the environment, which are consistent with CSR strategies that are well-established today. Tigar, which was elected the most socially-responsible company in Serbia in 2008, continued to be a CSR leader in 2011. At a national competition for CSR advancement sponsored by the Serbian Chamber of Commerce, Tigar was ranked among the top five companies in Serbia in 2010.

At Tigar, the synergy of business ethics and environmental protection, with a clear policy focused on employees, the local community and society in general, along with a high respect for shareholders, consumers and stakeholders, was demonstrated during the reporting period across all corporate segments.

Respect for its employees is one of the most important aspects of Tigar's CSR policy. In line with the principle that employee health and safety are Tigar's number one priority, Tigar conducts training courses for all new employees to acquaint them with potential risks inherent in their workplace. The Company also provides regular medical examinations of employees working in special environments and ensures training is provided for all employees operating newly-acquired equipment.

Demonstrating its commitment to occupational health and safety, the Company partnered with the Serbian Chamber of Commerce to organize a conference entitled "**Occupational Health and Safety: An Investment in the Future**", to mark the 28th of April, the World Health and Safety Day.

During the reporting period, the Company continued to support employee participation in sports competitions. At the 10th HEMINS competition for workers in the chemical and non-metal industries of Serbia which was held in Kladovo, there were 56 Tigar employees among 500 participants from 25 companies.

Tigar has been a reliable partner to its local and wider community for decades. The Company is committed to securing knowledge and developing talent; during the reporting period, it continued to support schools in Pirot and work with them to advance learning. An example of good practice was the *Ship of Friendship* project. The key objectives and outcomes of this project included learning of foreign languages, an exchange of ideas and experiences, familiarization with different cultures, and a show of respect for diversity and tolerance.

It is a tradition at Tigar to sponsor an award ceremony at the end of each school year at the Pirot High School. This year the Company awarded golden pens and presented other attractive recognitions to its best students. Additionally, each top graduating student is offered a scholarship by Tigar if their future course of study is pertinent to Tigar's line of business and development plans.

Another aspect of Tigar's CSR has to do with **supporting disabled and handicapped individuals**. In 2011, Tigar initiated a local radio show called "Seeking the Right to Rights". The goal of this project was to contribute to a quicker and easier social inclusion of disabled and handicapped individuals.

During the period, the Company also sponsored the participation of disabled student athletes from the Mladost School at the Special Summer Olympics in Athens. These students made the best use of this opportunity to showcase their abilities by winning five gold medals in basketball, soccer and swimming.

In an endeavor to motivate young professional architects to produce environmentally friendly and sustainable designs of houses, apartment buildings, business premises and public areas, the Company sponsored a competition for young architects called "**Environmentally Friendly Design**". Young architects were invited to produce conceptual architectural designs featuring Tigar's environmentally-friendly products made from recycled rubber. The objectives of this campaign were to showcase the creativity of young professionals, to raise awareness of products tracing to recycling (which can themselves be recycled), and to help conserve the environment for future generations.



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Tigar supported local environmental efforts within the scope of the **Clean Serbia campaign**, organized to mark the World Environment Day on 5 June. At twenty locations in Pirot some 3000 volunteers collected 2.5 tons of paper, plastic (PET) containers and 300 cubic meters of large pieces of solid waste.

Aiming to **support healthy lifestyles and sports**, the Company helped build a ski facility on Mt. Stara Planina, in the immediate vicinity of the StarA Hotel, to contribute to the advancements of sports tourism in this part of Serbia. The Company also supported or organized summer camps, one of which was "Open Fun Football" which attracted 200 children from the Pirot District between the ages of 7 and 11.

In addition to **sponsoring a Book Fair** in Pirot, through its branch office in Niš, Tigar helped organize a New Year's Symphonic Concert there. To help promote CSR, Tigar invited and showcased its CSR approach and demonstrated good CSR practices to non-governmental organizations from Bulgaria and Pirot and to students of the American College at Blagoevgrad.

Being one of the CSR leaders in Serbia, Tigar continued to be committed to the overall advancement of CSR and played an active role in the **institutional aspect of CSR** through the CSR Council of the Serbian Chamber of Commerce, whose mission is to promote and advance CSR, support the implementation of the ISO 26000 standard, and raise awareness of this concept in both corporate circles and the wider Serbian community.

4.8. MANAGEMENT

The management system remained unchanged: Tigar's Shareholders' Assembly elects the Board of Directors, and the Board of Directors elects the Executive Board. Day-to-day management is within the scope of the Executive Board. There is also a Supervisory Board comprised of three members, who monitor Tigar's assets and corporate documents, and report to shareholders on these and other matters. At its ordinary session held in June 2011, Tigar's Shareholders' Assembly re-elected the Board of Directors.

At the end of the reporting period, Tigar's management bodies included:

The Board of Directors

Name	Responsibility at Tigar/Position outside Tigar
<i>Executive members:</i>	
Dragan Nikolić	Management Body Chairman and Chief Executive Officer
Jelena Petković	Executive Director for Corporate Management Support
Slobodan Sotirov	Executive Director for Quality Management
Miodrag Tancic	Executive Director for Manufacturing Processes
<i>Non-executive members:</i>	
Vladimir Nikolić	Chief Executive Officer of Tigar Tyres
Gordana Lazarevic	Officer of the Ministry of Finance
Jose Alexandre F. da Costa	Legal Counsel to Tigar AD's CEO
<i>Independent members:</i>	
Aleksej Misailović	Chief Executive Officer of Adventis
Tihomir Nenadić	Director of Mayfield Management d.o.o., a member of the Fordgate Group, UK

Members of the Board of Directors can be reached at Tigar's business address: Nikole Pašića 213 18300 Pirot, Republic of Serbia. During the reporting period, members of the Board of Directors received remuneration in the gross aggregate amount of RSD 4,095,710. The Board of Directors held five meetings.



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The Executive Board

There have been no changes in the composition of the Executive Board since the last published report.

Name	Position at Tigar
Dragan Nikolić	Chief Executive Officer
Jelena Petković	Executive Director (ED) for Corporate Management Support
Đorđe Džunić	ED for Financial Affairs
Miodrag Tančić	ED for Manufacturing
Slobodan Sotirov	ED for Quality Management
Branislav Mitrović	ED for IT and Investments
Milivoje Nikolić	ED for Human Resources

Members of the Executive Board can be reached at Tigar's business address: Nikole Pašića 213, 18300 Pirot, Republic of Serbia.

During the reporting period, the Executive Board held eight meetings at which monthly performance against Business Plan objectives and other issues relevant to operations were reviewed.

Members of the Executive Board receive no special compensation for their services as members of the Executive Board.

There are no service contracts between Tigar and/or its subsidiaries and Executive Board members providing for benefits upon termination of Executive Board membership.

The Supervisory Board

Full name	SB position	Principal activities outside Tigar
Milivoje Cvetanović	Chairman	Independent Accounting Consultant
Dr. Milić Radović	Member	Full Professor, Belgrade University School of Business Administration
Dragan Milosavljević	Member	Ministry of Finance, Treasury Administration, Belgrade

Members of the Supervisory Board can be reached at Tigar's business address: Nikole Pašića 213, 18300 Pirot, Republic of Serbia.

Members of the Supervisory Board received an aggregate gross compensation of 144,322 RSD during the reporting period.



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5. SUMMARY OF FINANCIAL PERFORMANCE

5.1. TIGAR AD (THE HOLDING COMPANY)

Aggregate financials of Tigar AD and Tigar Trade:

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	2,900,089	3,226,938	3,266,416
Current assets	2,131,950	2,944,421	3,306,510
Deferred tax assets	0	0	0
TOTAL ASSETS	5,032,039	6,171,359	6,572,926
Equity	2,790,539	2,800,749	2,800,191
Long-term liabilities and provisions	209,074	652,611	786,059
Current liabilities	2,030,290	2,714,626	2,983,313
Deferred tax liabilities	2,136	3,373	3,363
TOTAL EQUITY AND LIABILITIES	5,032,039	6,171,359	6,572,926

INCOME STATEMENT(in thousands of RSD)	Actual 2009	Actual 2010	Actual January - June 2010	Actual January - June 2011
Operating income	2,490,945	3,826,909	1,514,286	1,986,463
Operating expenses	2,742,644	3,688,742	1,443,989	1,952,041
PROFIT/LOSS FROM OPERATIONS	-251,699	138,167	70,297	34,422
Finance income	162,358	125,476	68,880	159,456
Finance expenses	192,140	273,347	80,171	143,426
Other income	698,824	249,369	9,630	9,107
Other expenses	245,030	166,301	2,377	16,007
PROFIT/LOSS BEFORE TAXATION	172,313	73,364	66,259	43,552
INCOME TAXES				
Current tax expense	31,217	24,023	10,648	6,226
Deferred income tax expense	1,961	1,236	0	0
Deferred income tax benefit	0	0	0	10
NET PROFIT/LOSS	139,135	48,105	55,611	37,336



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5.2. TIGAR FOOTWEAR

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	1,229,437	1,420,256	1,454,975
Current assets	814,964	1,137,422	1,200,799
Deferred tax assets	0	0	0
TOTAL ASSETS	2,044,401	2,557,678	2,655,774
Equity	853,427	857,475	879,565
Long-term liabilities and provisions	701,950	772,345	751,100
Current liabilities	484,356	920,603	1,017,854
Deferred tax liabilities	4,668	7,255	7,255
TOTAL EQUITY AND LIABILITIES	2,044,401	2,557,678	2,655,774

INCOME STATEMENT(in thousands of RSD)	Actual 2009	Actual 2010	Actual January - June 2010	Actual January - June 2011
Operating income	1,094,733	1,508,921	693,766	1,024,279
Operating expenses	1,207,366	1,553,008	672,678	1,006,580
PROFIT/LOSS FROM OPERATIONS	-112,633	-44,087	21,088	17,699
Finance income	11,141	1,147	911	27,411
Finance expenses	26,216	67,491	27,381	22,701
Other income	171,518	144,231	10,696	108
Other expenses	2,921	26,910	96	298
PROFIT/LOSS BEFORE TAXATION	40,889	6,890	5,218	22,219
INCOME TAXES				
Current tax expense	1,853	257	772	128
Deferred income tax expense	3,218	2,587		
Deferred income tax benefit				
NET PROFIT/LOSS	35,818	4,046	4,446	22,091



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5.3. TIGAR TECHNICAL RUBBER GOODS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2010
Non-current assets	636,132	741,043	759,464
Current assets	235,127	379,575	314,993
Deferred tax assets			
TOTAL ASSETS	871,259	1,120,618	1,074,457
Equity	330,415	296,544	263,490
Long-term liabilities and provisions	270,367	350,698	340,027
Current liabilities	269,570	469,550	467,114
Deferred tax liabilities	907	3,826	3,826
TOTAL EQUITY AND LIABILITIES	871,259	1,120,618	1,074,457

INCOME STATEMENT (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
Operating income	212,354	581,761	276,802	205,258
Operating expenses	309,092	617,183	288,983	249,793
PROFIT/LOSS FROM OPERATIONS	-96,738	-35,422	-12,181	-44,535
Finance income	2,764	1,414	1,205	27,869
Finance expenses	14,376	35,112	11,677	15,480
Other income	37,195	38,801	10,194	570
Other expenses	5,962	632	39	1,478
PROFIT/LOSS BEFORE TAXATION	-77,117	-30,951	-12,498	-33,054
INCOME TAXES				
Current tax expense				
Deferred income tax expense	1,462	2,920		
Deferred income tax benefit				
NET PROFIT/LOSS	-78,579	-33,871	-12,498	-33,054



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5.4. TIGAR CHEMICAL PRODUCTS

BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	9,446	124,800	130,342
Current assets	183,572	145,528	136,037
Deferred tax assets	787	973	973
TOTAL ASSETS	193,805	271,301	267,352
Equity	91,112	131,031	132,676
Long-term liabilities and provisions	3,043	2,806	2,656
Current liabilities	99,650	137,464	132,020
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	193,805	271,301	267,352

INCOME STATEMENT (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
Operating income	252,603	199,256	85,988	82,241
Operating expenses	247,080	256,565	117,283	79,374
PROFIT/LOSS FROM OPERATIONS	5,523	-57,309	-31,295	2,867
Finance income	2,170	2,269	2,012	1,014
Finance expenses	20,394	6,258	2,135	2,335
Other income	24,203	4,036	1,012	252
Other expenses	6,533	774	93	153
PROFIT/LOSS BEFORE TAXATION	4,969	-58,036	-30,499	1,645
INCOME TAXES				
Current tax expense	1,594		867	
Deferred income tax expense				
Deferred income tax benefit	192	186		
NET PROFIT/LOSS	3,567	-57,850	-31,366	1,645



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5.5. TIGAR EUROPE (UK)

Balance Sheet in thousands of GBP		As of 31 December 2009	As of 31 December 2010	As of 31 June 2011
Assets				
	Non-current assets	7	5	4
	Current assets	3,921	4,217	4,962
	Deferred tax assets			
	Total assets	3,928	4,222	4,966
Equity and liabilities				
	Equity	2,582	2,668	2,946
	Non-current liabilities	0		
	Current liabilities	1,346	1,554	2,020
	Total equity and liabilities	3,928	4,222	4,966

INCOME STATEMENT (in thousands of GBP)	Actual 2009	Actual 2010	Actual january-june 2010	Actual january-june 2011
Turnover	12,993	14,698	7,979	8,333
Cost of sales	12,137	13,737	7,467	7,629
Gross Profit	856	961	511	704
Administrative expenses	569	616	308	324
Operating Profit	287	345	203	379
Interest receivable	10	7	2	3
Profit on Ordinary Activities Before Taxation	330	352	206	382
Tax on profit on ordinary activities	72	79	44	104
Retained Profit for the Financial Year	257	273	162	278



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5.6. TIGAR MONTENEGRO

Balance Sheet (in thousands of EUR)		As of 31. December 2009.	As of 31. December 2010.	As of 30. June 2011.
Assets				
	Non-current assets	4	4	4
	Current assets	218	271	269
	Deferred tax assets			
	Total assets	222	275	273
Equity and liabilities				
	Equity	93	108	114
	Non-current liabilities			
	Current liabilities	129	166	158
	Deferred tax liabilities			
	Total equity and liabilities	222	275	273

INCOME STATEMENT (in thousands of EUR)	Actual 2009.	Actual 2010.	Actual January - June 2010	Actual January - June 2011
Total income	718	774	291	226
Total expenses	696	750	283	219
Profit/Loss from operations	23	24	8	6
Curent tax expense	2	2	0	0
Deferred Income tax expense	0	0	0	0
Deferred Income tax benefit	0	0	0	0
Net profit/Loss	21	21	8	6



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5.7. TIGAR TRADE (REPUBLIKA SRPSKA)

Balance Sheet (in thousands of KM)		As of 31. December 2009.	As of 31. December 2010.	As of 30. June 2011.
Assets				
	Non-current assets	243	244	231
	Current assets	1,254	1,446	1,227
	Deferred tax assets	0	0	0
	Total assets	1,498	1,691	1,458
Equity and liabilities				
	Equity	485	435	359
	Non-current liabilities	0	0	0
	Current liabilities	1,012	1,256	1,099
	Deferred tax liabilities	0	0	0
	Total equity and liabilities	1,498	1,691	1,458

INCOME STATEMENT (in thousands of KM)	Actual 2009	Actual 2010	Actual January - June 2010	Actual January - June 2011
Total income	2,603	2,455	561	477
Total expenses	2,580	2,451	681	554
Profit/Loss from operations	22	4	-120	-76
Curent tax expence	2	1	0	0
Deferred Income tax expense	0	0	0	0
Deferred Income tax benefit	0	0	0	0
Net profit/Loss	20	3	-120	-76



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5.8. TIGAR PARTNER (MACEDONIA)

Balance Sheet (in thousands of DENARS)		As of 31. December 2009.	As of 31. December 2010.	As of 30. June 2011.
Assets				
	Non-current assets	615	334	201
	Current assets	27,061	23,772	22,043
	Deferred tax assets	0	0	0
	Total assets	27,676	24,106	22,244
Equity and liabilities				
	Equity	17,626	17,722	17,637
	Non-current liabilities	0	0	0
	Current liabilities	10,050	6,384	4,607
	Deferred tax liabilities	0	0	0
	Total equity and liabilities	27,676	24,106	22,244

INCOME STATEMENT (in thousands of DENARS)	Actual 2009	Actual 2010	Actual January - June 2010	Actual January - June 2011
Total income	45,032	31,092	7,981	11,045
Total expenses	46,116	30,978	10,344	11,130
Profit/Loss from operations	-1,084	114	-2,363	-84
Curent tax expense	54	19	8	0
Deferred Income tax expense	0	0	0	0
Deferred Income tax benefit	0	0	0	0
Net profit/Loss	-1,137	95	-2,371	-84



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5.9. TIGAR BUSINESS SERVICES

Business Service BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	130,543	218,217	54,897
Current assets	70,396	84,664	10,052
Deferred tax assets		79	79
TOTAL ASSETS	200,939	302,960	65,028
Equity	96,228	169,308	28,934
Long-term liabilities and provisions	30,313	20,025	12,431
Current liabilities	74,223	113,627	23,663
Deferred tax liabilities	175		
TOTAL EQUITY AND LIABILITIES	200,939	302,960	65,028

Note: On 1 February 2011, a business unit was spun-off from Tigar Business Services and merged with Tigar Hospitality Ltd.

Business Service INCOME STATEMENT (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
Operating income	286,700	311,757	148,360	74,905
Operating expenses	290,230	321,654	154,698	74,023
PROFIT/LOSS FROM OPERATIONS	-3,530	-9,897	-6,338	882
Finance income	982	82	34	1,624
Finance expenses	6,910	4,736	1,205	2,734
Other income	11,179	1,732	1,126	1,830
Other expenses	1,252	991	76	220
PROFIT/LOSS BEFORE TAXATION	469	-13,810	-6,459	1,382
INCOME TAXES				
Current tax expense	340		170	
Deferred income tax expense				
Deferred income tax benefit	194	225		
NET PROFIT/LOSS	323	-13,585	-6,629	1,382

Note: On 1 February 2011, a business unit was spun-off from Tigar Business Services and merged with Tigar Hospitality Ltd.



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5.10. TIGAR HOSPITALITY

BALANCE SHEET (in thousands of RSD)	Opening balance as of 01 February 2011	As of 30 June 2011
Non-current assets	157,308	155,856
Current assets	48,822	64,676
Deferred tax assets		
TOTAL ASSETS	206,130	220,532
Equity	141,755	139,022
Long-term liabilities and provisions	5,841	5,709
Current liabilities	58,534	75,801
Deferred tax liabilities		
TOTAL EQUITY AND LIABILITIES	206,130	220,532

Hospitality INCOME STATEMENT (in thousands of RSD)	Actual February-June 2011
Operating income	80,950
Operating expenses	84,160
PROFIT/LOSS FROM OPERATIONS	-3,210
Finance income	130
Finance expenses	626
Other income	985
Other expenses	24
PROFIT/LOSS BEFORE TAXATION	-2,745
INCOME TAXES	
Current tax expense	42
Deferred income tax expense	
Deferred income tax benefit	
NET PROFIT/LOSS	-2,787



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5.11. TIGAR INCON

Tigar Incon BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	26,351	161,407	166,713
Current assets	74,682	114,201	51,667
Deferred tax assets			
TOTAL ASSETS	101,033	275,608	218,380
Equity	50,080	169,561	169,755
Long-term liabilities and provisions	5,883	5,860	5,860
Current liabilities	44,451	99,404	41,982
Deferred tax liabilities	619	783	783
TOTAL EQUITY AND LIABILITIES	101,033	275,608	218,380

Tigar Incon INCOME STATEMENT (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
Operating income	300,236	233,516	92,207	156,614
Operating expenses	277,173	223,194	83,702	156,067
PROFIT/LOSS FROM OPERATIONS	23,063	10,322	8,505	547
Finance income	95	870	134	16
Finance expenses	795	230	213	2
Other income	37	1,408	395	50
Other expenses	434	661	225	110
PROFIT/LOSS BEFORE TAXATION	21,966	11,709	8,596	501
INCOME TAXES				
Current tax expense	1,197	614	599	307
Deferred income tax expense	150	165		
Deferred income tax benefit				
NET PROFIT/LOSS	20,619	10,930	7,997	194



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5.12. PIROT FREE ECONOMIC ZONE

Pirot Free Economic Zone BALANCE SHEET (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
Non-current assets	125,799	131,986	130,922
Current assets	31,434	68,879	81,203
Deferred tax assets	12	110	110
TOTAL ASSETS	157,245	200,975	212,235
Off balance sheet assets	25,500	25,500	25,500
Equity	138,156	140,069	150,921
Long-term liabilities and provisions	2,634	3,555	3,574
Current liabilities	16,455	57,351	57,740
Deferred tax liabilities			
TOTAL EQUITY AND LIABILITIES	157,245	200,975	212,235
Off balance sheet liabilities	25,500	25,500	25,500

Pirot Free Economic Zone INCOME STATEMENT (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
Operating income	58,078	214,364	97,460	142,544
Operating expenses	51,980	194,755	86,407	130,382
PROFIT/LOSS FROM OPERATIONS	6,098	19,609	11,053	12,162
Finance income	2,286	2,358	292	1,578
Finance expenses	434	1,048	491	2,012
Other income	1,821	740	84	679
Other expenses	1,330	1,377	1	1,272
PROFIT/LOSS BEFORE TAXATION	8,441	20,282	10,937	11,135
INCOME TAXES				
Current tax expense	261	678		283
Deferred income tax expense	11			
Deferred income tax benefit		98		
NET PROFIT/LOSS	8,169	19,702	10,937	10,852



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5.13. OTHER SERVICE ENTITIES: AGGREGATE FINANCIALS

INCOME STATEMENT (in thousands of RSD)	Actual 2009.	Actual 2010.	Actual January - June 2010.	Actual January - June 2011.
Operating income	165,115	153,123	81,528	80,272
Operating expenses	162,329	143,842	69,443	68,978
PROFIT/LOSS FROM OPERATIONS	2,786	9,281	12,085	11,294
Finance income	754	309	227	96
Finance expenses	192	207	142	42
Other income	11,549	3,332	286	274
Other expenses	1,502	213		64
PROFIT/LOSS BEFORE TAXATION	13,395	12,502	12,456	11,558
INCOME TAXES				
Current tax expense	597	488	359	244
Deferred income tax expense	28			
Deferred income tax benefit	106	103		
NET PROFIT/LOSS	12,876	12,117	12,097	11,314



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5.14. CONSOLIDATED FINANCIALS

Tigar ad Consolidated Balance Sheet (in thousands of RSD)	As of 31 December 2009	As of 31 December 2010	As of 30 June 2011
ASSETS			
Non-current assets	4,110,708	4,743,526	4,830,761
Intangible assets	111,442	398,125	539,295
Property, plant and equipment	3,939,938	4,288,114	4,234,179
Property, plant and equipment	3,939,938	4,288,114	4,234,179
Long-term financial placements	59,328	57,287	57,287
Equity investments	11,670	11,819	11,819
Other long-term financial placements	47,658	45,468	45,468
Current assets	3,026,465	3,455,721	3,705,195
Inventories	1,442,628	1,823,646	2,044,159
Assets held-for-sale	19,884	20,039	20,039
Accounts receivable, placements and cash	1,563,953	1,612,036	1,640,997
Accounts receivable	727,066	903,162	862,718
Receivables from over-paid taxes	14,303	7,097	5,884
Short-term financial placements	5,736	4,986	7,170
Cash and cash equivalents	702,009	369,524	275,129
Value added tax and prepayments	114,839	327,267	490,097
Deferred tax assets	18,036	21,305	19,788
TOTAL ASSETS	7,155,209	8,220,552	8,555,745
EQUITY AND LIABILITIES			
Equity	3,514,083	3,393,665	3,387,545
Share and other capital	2,146,009	2,144,189	2,125,292
Share issuing premiums			
Reserves	207,925	941	592
Revaluation reserves	1,074,215	1,051,401	1,045,479
Retained earnings	85,934	197,134	216,182
Loss			
Shares buyback			
Long-term liabilities and provisions	3,513,163	4,692,191	5,033,515
Long-term provisions	79,861	83,087	78,997
Long-term liabilities	1,149,078	1,729,282	1,831,957
Long-term debt	1,132,408	1,512,668	1,618,012
Other long-term liabilities	16,670	216,614	213,945
Current liabilities	2,284,224	2,879,822	3,122,561
Short-term financial liabilities	1,432,181	1,716,210	1,840,882
Account payable	639,111	851,145	946,882
Other current liabilities	151,136	183,926	214,702
Value added tax and other taxes payable and accruals	43,134	110,455	94,878
Income taxes payable	18,662	18,086	25,217
Deferred tax liabilities	127,963	134,696	134,685
TOTAL EQUITY AND LIABILITIES	7,155,209	8,220,552	8,555,745



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Tigar ad Consolidated Income statement (in thousands of RSD)	Actual 2009	Actual 2010	Actual January-June 2010	Actual January-June 2011
OPERATING INCOME	3,880,745	5,160,882	2,199,353	2,515,480
Sales of goods, products and services	3,349,344	4,288,191	1,800,013	2,167,281
Work performed by the company and capitalized	441,254	743,239	172,194	158,147
Increase in inventories of finished products and work in progress	57,463	89,828	198,205	180,674
Decrease in inventories of finished products and work in progress				
Other operating income	32,684	39,624	28,942	9,378
OPERATING EXPENSES	4,163,474	4,889,597	2,121,820	2,471,481
Cost of commercial goods sold	914,976	902,193	388,854	329,004
Material, fuel and energy consumed	1,174,529	1,563,187	630,694	879,678
Staff costs	1,500,700	1,611,720	765,400	872,110
Depreciation, amortization and provisions	148,471	187,982	75,732	81,951
Other operating expenses	424,798	624,515	261,140	308,738
PROFIT/LOSS FROM OPERATIONS	-282,729	271,285	77,533	44,000
FINANCE INCOME	74,609	72,209	51,461	219,466
FINANCE EXPENSES	262,493	391,035	124,605	190,363
OTHER INCOME	327,820	74,505	53,669	13,754
OTHER EXPENSES	29,528	46,648	3,362	13,766
PROFIT/LOSS BEFORE TAXATION	-172,320	-19,684	54,696	73,090
INCOME TAXES				
Current tax expense	41,236	31,088	15,869	13,326
Deferred income tax expense	6,831	6,907		
Deferred income tax benefit	489	558		9
NET PROFIT/LOSS	-219,898	-57,121	38,827	59,774

Jelena Petković
Executive Director for Corporate
Management Support

Dragan Nikolić
Board of Directors Chairman