



I. GENERAL INFORMATION

Registered name: Akcionarsko društvo „Tigar“ Pirot (Joint-Stock Company Tigar, Pirot, abbr. Tigar AD), 213 Nikola Pašić Street, 18300 Pirot; corporate ID number: 07187769; fiscal ID number: 100358298; incorporation certificate no. 1-1087; registered business activity: holdings; web site address: www.tigar.com; type of organization: holding company with 22 subsidiaries, 19 of which are controlled by Tigar AD; subsidiary businesses: manufacture of rubber and chemical products, commercial activities in the country and abroad, services such as logistics, transportation, design, construction and supervision, activities within the scope of the Pirot Free Zone where Tigar AD is the majority shareholder, recycling of various types of materials, tourism, etc. The holding company finances and manages its subsidiary businesses and defines their development direction. It participates, through its representatives, in the management of the companies in which it holds an equal or minority stake. Based on a resolution of the General Assembly of Shareholders (GAS) adopted in February 2008 (an event which immediately followed the submission of the FY balance sheet), Tigar AD will sell its 30% interest in Tigar Tyres to the Michelin Group in three equal installments between July 2008 and February 2010, and will also sell land and accompanying infrastructures at the Tigar 2 location. The total value of this transaction is 32 million euros. Between September 2008 and December 2009, Tigar AD will relocate all the manufacturing businesses under its control to a new industrial site (Tigar 3), purchased in 2006. At this new location, a new power station with required infrastructure has been constructed and industrial buildings for the manufacture of footwear, technical rubber goods and chemical products have either been completed or are currently under construction, all in compliance with the highest industrial standards. In addition to the GAS (where one share is entitled to one vote), Tigar AD has a Board of Directors (9 members, of whom 2 are independent and 3 are non-executive), a Supervisory Board, an Executive Board (8 members, 4 of whom are also executive members of the Board of Directors), an internal auditor, and an independent auditor (Deloitte d.o.o, with its registered office at 16 Kralj Milan Street, Belgrade).

Key consolidated financials as of 31 December 2007 in thousands of RSD (financial statements of the tire manufacturing joint venture Tigar Tyres were not consolidated in 2007):

- Total assets 5,484,129, of which current assets are 3,018,232 and non-current assets are 2,465,897;
- Total current liabilities 2,464,923, total non-current liabilities 313,684;
- Investment in fixed assets 327,465;
- Consolidated total income 4,657,298;
- Consolidated sales income 3,714,897;
- Consolidated sales income earned in foreign currencies: 1,797,761 (94% from EU countries);

- Consolidated profit before taxation 216,756;
- Unconsolidated net profit of the Holding Company: 48,734;
- Total gain per share to be paid to shareholders as of 4 July 2008: 61.05 RSD (comprised of a dividend based on the 2007 unconsolidated result plus an interim dividend based on the first portion of the extraordinary income earned during the 1st quarter of 2008 from the transaction within the Michelin Group);

Dividends will be distributed within 30 days of the effective date of the respective GAS resolution (i.e., not later than 4 July 2008).

Under a GAS resolution dated 8 June 2006, regarding the distribution of shares due to a change in their par value, **1,718,460** Class D ordinary voting shares were issued and registered with the Central Registry of Securities in Belgrade. The original 171,846 shares at a par value of 12,000.00 RSD were exchanged for 1,718,460 shares at a par value of 1,200.00 RSD. By the force of law: (1) 429,429 Class D shares are held by the national Equity Fund; (2) 149,981 Class D shares are held by the Pension and Disability Fund, and (3) 1,139,050 Class D shares are held by shareholders. The CFI code is ESVUFRČ, and the ISIN number is RSTIGRE55421. The shares were issued based on the Securities Commission Decision no. 4/0–29-2979/4-06, approving the issue of shares without a public offering (stock-split). Tigar AD's shares have been listed for trading on the Belgrade Stock Exchange since 31 May 2005.

II. CORPORATE GOVERNING BODIES

Board of Directors

Full name	Place of residence	Education	Current employer and position	Service on boards of directors or supervisory boards of other companies	Net remuneration received	Number of Tigar AD share held	% of Tigar AD shares held
Dragan Nikolić	Pirot	Electrical engineer	Tigar AD, CEO			880	0.005
Jelena Petković	Belgrade	Master of laws	Tigar AD, Executive Director			275	0.0017
Slobodan	Pirot	Chemical engineer	Tigar AD, Executive			539	0.003

Sotirov			Director		
Milivoje Nikolić	Pirot	Professor	Tigar AD, Executive Director	462	0.0024
Vladimir Nikolić	Pirot	Chemical engineer	Tigar Tyres, CEO	803	0.005
Ljubiša Nikolovski	Pirot	Electrical engineer	Tigar Tyres, HR Director	396	0.0026
J. F. da Costa		Lawyer	Counsel to Tigar AD CEO		
Živko Mitrović	Belgrade	Doctor of science	Full university professor		
Tihomir Nenadić	Belgrade	Electrical engineer	Mayfield Management d.o.o. Director		

In 2007, members of the Board of Directors received remuneration in their capacity as Board members, in the gross aggregate amount of RSD 8,880,988.00.

Supervisory Board

Full name	SB position	Principal activity outside Tigar	Appointment expires on
Marko Steljić	Chairman	CEO emeritus, Jugobanka Belgrade (now Alpha Bank)	27 October 2008
Dr. Milić Radović	Member	Full professor at Belgrade University School of Business Administration	27 October 2008
Dragan Milosavljević	Member	Public Revenues Department, Serbian Ministry of Finance	27 October 2008

In 2007, members of the Supervisory Board received an aggregate compensation of RSD 2,612,044.00

Corporate Governance Code

Tigar AD's corporate governance principles (the "Code") have been adopted by the Board of Directors and are available on Tigar AD's website in both Serbian and English. The Code complies with corporate governance provisions set forth under the Law on Business Companies and the Corporate Governance Code approved by the Serbian Chamber of Economy. In 2007, Tigar AD complied with all the provisions of its Code.

III. 2007 PERFORMANCE

Segmented result

Tigar AD has 18 subsidiaries which it controls, 3 joint ventures, and a stake in one agency. Of the 22 companies, 17 are incorporated and operate in Serbia and 5 are incorporated and operate abroad.

Manufacturing companies: Tigar Tyres d.o.o, Pirot; Tigar Obuća d.o.o, Pirot (*Tigar Footwear*); Tigar Tehnička guma d.o.o., Pirot (*Tigar Technical Rubber Goods*); and Tigar Hemijski proizvodi d.o.o., Pirot (*Tigar Chemical Products*);

Commercial companies in the country: Tigar Trgovine d.o.o., Pirot (*Tigar Trade – Domestic Sales Network*); and Tigar Export-Import d.o.o., Pirot;

Commercial companies abroad: Tigar Europe, Tigar Americas, Tigar Trade (Banja Luka), Tigar Partner, and Tigar Montenegro;

Service companies: Tigar Zaštitna radionica d.o.o., Pirot (*Tigar Workshop*); Tigar Planinarski dom d.o.o., Pirot (Hotel); Tigar Poslovni servis d.o.o., Pirot (*Tigar Business Services*); Tigar Obezbedjenje d.o.o., Pirot (*Tigar Security*); Tigar Inter Risk d.o.o., Pirot; Tigar Icon d.o.o., Pirot; Tigar Tours d.o.o. Pirot; Slobodna zona d.o.o., Pirot (*Pirot Free Zone*); PI kanal (*PI Channel*); Dom sportova (*Sports Center*); and Agencija "Stara planina" (the *Mt. Stara Planina Agency*).

Results by segment

In thousands of RSD	2007 External sales	2007 Inter-company sales	2007 Profit before tax	Assets as of 31 Dec. 2007	Liabilities as of 31 Dec. 2007
Manufacturing	1,205,332	344,599	75,501	1,613,483	1,458,674
Commerce	1,930,413	472,497	-17,865	1,512,005	1,204,544
Services	479,081	236,734	52,152	468,244	263,707

Holding company	100,071	76,656	49,727	3,592,024	906,185
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In 2007, Tigar AD was the leading Balkan manufacturer in the “other rubber products” segment.

Tigar AD – Holding Company

Unconsolidated financials in thousands of RSD	FY 2007
Total assets	3,592,025
Capital	2,685,839
Total income	711,898
Operating income	236,690
Income from services	176,857
Income from commercial goods sold	8,871
Other operating income	50,963
Total expenses	411,153
Other expenses	406,916
Cost of commercial goods sold	4,237
EBIT	67,729
EBITDA	85,463
Net financial result	239,476
Extraordinary result	-15,285
Net profit	48,734

Significant ratios and performance indicators	FY 2007
Return on equity	1.81%
Return on shareholders equity	2.36%
Result from operation	-174,463
Debt-to-assets ratio	0.250
Debt/equity ratio	0.334
Current ratio	1.80
Quick ratio	1.76
Net working capital (000 RSD)	560,469
Share price (RSD/share)	
Low	1,703
High	2,240
Market capitalization as of 31 Dec. 2007	2.97 bn RSD
Gain per share	28.36 RSD
Proposed dividend per share	28.36 RSD

Tigar AD (the Holding Company) earns income from services, rentals, dividends from subsidiaries, and other activities; it also earns extraordinary income, mostly from capital gains relating to the sale of assets. Its expenses include operating expenses, finance expenses, and other expenses. The Holding Company is currently financing an investment activity in

connection with the new, Tigar 3 industrial location. Upon activation of this investment, fixed assets other than shared capacities will be transferred to the manufacturing subsidiaries through an in-kind capital increase process.

Inter-company prices are solely market-based so that transfer pricing is not an issue.

1. In 2007, there was no movement in total assets in excess of 10%.

2. There is no debt-collection uncertainty and no potential future expenses which could significantly affect the financial standing of Tigar AD.

3. No treasury shares were acquired, sold or cancelled.

4. Investments in R&D, IT and HR

In 2007, scholarships and tuitions were paid in the aggregate amount of RSD 5,671,615.

€ 195,383 (RSD 15,626,029), or 1.4% of paid salaries, was spent on employee training.

Investments in research and development are included in the operating expenses of respective subsidiaries.

5. Tigar AD's total capital (in thousands of RSD) is made up of share capital - 2,062,152; statutory provisions - 574,953; and cumulative retained profit - 48,734. Based on a GAS resolution dated 4 June 2008, the entire amount of retained profit will be distributed to shareholders.

6. Based on the Second Amendment to the Framework Agreement signed on 27 March 2002 by Tigar AD, the Michelin Group and the IFC, the Michelin Group submitted a call notice to Tigar AD stating its intent to exercise its call option over 19.4% of Tigar AD's stake in Tigar Tyres. The call option was exercised on 11 April 2007 and Tigar AD received 9.4 million € for 19.6% of its stake in Tigar Tyres. Following this transaction, Michelin acquired control over the joint venture Tigar Tyres.

7. Tigar AD's independent auditors have audited Tigar AD's 2007 consolidated and unconsolidated financial statements and issued affirmative opinions, with no reservations. The auditors' reports and opinions are posted on the web sites of Tigar AD, the Securities Commission, and the Belgrade Stock Exchange. At its session held on 4

June 2008, the GAS adopted Tigar AD's 2007 consolidated and unconsolidated financial reports, and the respective auditors' opinions, in their entirety.

TIGAR AD

s. Dragan Nikolić
Board of Directors Chairman

s. Jelena Petković
Executive Director