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Beogradska Berza

Broj:

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SUMMARY OF IMPORTANT FACTS

Tigar's fully outfitted industrial compound, Tigar 3, was a result of Tigar's 2007-2010 infrastructure investment cycle financed from JSC Tigar's cash flow and long-term capital loans granted by DEG and Hypo Alpe Adria Bank. New manufacturing facilities for all types of rubber footwear, technical rubber products and products made from recycled rubber have been commissioned and a national tire sales and vehicle servicing network was developed. JSC Tigar also made two international acquisitions: the safety footwear division of the UK company Hunter Boot Limited (including both technology and brand names) and the Danish company Bilgutex. In parallel, Tigar modified its product portfolio, focusing on high-end market segments and the most demanding customers worldwide.

In 2010, Tigar reported a high growth in sales revenues relative to 2009. Considering the confirmed orders and contracts in place, the upward trend was expected to continue over the coming years but this rate of growth required permanent working capital. As a result of the general economic downturn and the fact that Tigar had exited the tire business, the banks that had provided support for many years tended to reduce their exposure to Tigar and forced the company to finance its operations by means of short-term loans and corporate bonds, thus incurring considerable costs, as disclosed through financial statements and reports.

In 2011, Tigar put forward its growth and export financing issues and was notified that the company will be granted a 12 million € credit line through Apex IV for permanent working capital. This figure was subsequently revised several times and Tigar ultimately received 2.7 million € via Srpska Banka on 30 June 2012.

In September 2012, Tigar and the Ministry of Finance and Economy approved and Tigar initiated financial consolidation discussions because it was unable to support the needed production and sales volume that would ensure business security and a positive bottom line, unless the structure of Tigar's sources of financing was modified. DEG, Tigar's largest creditor, agreed to finance a comprehensive study of Tigar's business and operations, which will be completed in March 2013. The first part of this study shows that Tigar's products have access to world-class markets.

The Ministry of Finance and Economy provided assistance and enabled Tigar to obtain a 300 million RSD loan in November 2012, and to enter into a Standstill Agreement with its banks, valid until 27 December 2012. The Agreement provided for certain exceptions, as a result of which the company had to settle financial liabilities in the amount of 550 million RSD between October 2012 and January 2013.

In December 2012 the Ministry issued a letter of support and proposed to Tigar's banks to execute an amendment and prolong the Standstill Agreement, and also expressed its readiness to provide a sovereign guarantee in the amount of 15 million € via the Development Fund, to create a bank pool that would finance the repayment of short-term loans and allow Tigar to use a portion of the funds to finance permanent working capital. Tigar was also told that a 4 million € loan will be available from the European Investment Bank.

In view of the fact that the Standstill Agreement prevented any new borrowing except from the Development Fund, while Tigar was required to meet its repayment obligations, the company's liquidity issues grew. They were largely offset by a 200 million RSD bailout loan from the Ministry of Finance and Economy.

On 23 January 2013, based on the expected guarantee, Tigar sent out requests for proposal to a group of banks, partly for refinancing and partly for permanent working capital. This process is currently under way, supported by the Ministry of Finance and Economy to a large extent. It is expected to be completed in the near future, thus creating conditions for the necessary modification of the maturity structure of Tigar's sources of financing, providing long-term sources at acceptable cost and using them to refinance certain short-term loans and the balance to support working capital. In the interim, the company is financing its operations from cash flow, given that it has sufficient orders to utilize its capacities. In this regard, the one-year bailout loan constitutes considerable support.

In view of the overall situation, Tigar will make certain management changes since the Chief Executive Officer has resigned. The letter of resignation has been forwarded to the Business Registers Agency and will be registered as provided for under the Registration Law. Tigar's Supervisory Board will appoint another CEO, who will continue the activities outlined above.

JSC Tigar
Company Secretary

Slavoljub Stanković