

**NOTES TO THE CONSOLIDATED BALANCE SHEET  
AS OF 31/12/2008**

***1. Basic corporate information***

„Sojaprotein“ AD with the registered seat in Bečej, Industrijska zona bb was founded in 1985 as a socially-owned company. Since 2001 the company operates as a joint stock company. The core activity of the company is production of crude oils and fats.

The company holds a stake in two subsidiary and several affiliated legal entities/ The subsidiary companies in which the company has a control stake are the Veterinarski zavod «Subotica» A.D Subotica with a 32,05% share in the capital and «Vobex Intersoja» Moscow with an 85% share in the capital.

***2. Basis of composition and presentation of financial report and accounting method.***

Pursuant to the Law of Accounting and Audit (Official Gazette of the Republic of Serbia No.46 dated June 2, 2006) legal entities and entrepreneurs in the Republic of Serbia are obligated keep the business books, recognize and evaluate the property and liabilities, revenues and expenditures, prepare, present, submit and disclose financial reports in accordance with the legal and professional regulatory rules that imply the Framework for preparation and presentation of financial reports, International Accounting Standards i.e. International Financial Reporting Standards.

The Resolution of the Ministry of Finance of the Republic of Serbia (No. 011-00-738-2003-01 dated December 30, 2003) defined and published the Framework and IAS applied as of December 31, 2002 and which are also the basis of the preceding Law of Accounting and Audit from 2006.

The changes in IAS and the new IFRS and the respective interpretations were issued by the International Accounting Standards Board and the Committee for Interpretation of International Financial Reporting, after the date stated above, were officially adopted by the Resolution of the Ministry of Finance of the Republic of Serbia on publishing the International Financial Reporting Standard (No.401-00-11/2008-16) and were published in the Official Gazette of the Republic of Serbia No. 6 dated February 12, 2008.

Both the parent as well as the subsidiary company apply the same accounting method and the accounting method of the company abroad complies with the regulations in the Republic of Serbia.

The preparation of financial reports is based on the accounting and tax regulations of the Republic of Serbia.

### ***Note 1. – Goodwill***

The subsidiary legal entity Veterinarski zavod Subotica presented the goodwill created from the status change of merging of the subsidiary company Symbiofarm d.o.o. Belgrade on January 1, 2008, as a difference between the fair value of the cost of acquisition of share in the capital of the subsidiary company of 348,508 thousand dinars and fair value of the net assets on the date of acquisition in amount of 133,015 thousand dinars. After the adjustment of the opening balance of the goodwill made on the basis of Letter of Presentation of independent auditor and devalorization of goodwill made on the basis of testing by the management on the date of the balance sheet, December 31, 2008, the value of the goodwill was posted at 203,533 thousand dinars.

### ***Note 2. Real estate, plants and equipment***

The Company declared the value of the real estate, plants and equipment in the amount of 4,573,312 thousand dinars. The intangible investments are initially evaluated at historical cost when procured or at cost price when made in-house. After the initial recognition all the property from this group was posted at fair value. The depreciation for all property was accounted by implementing the proportional method on the procurement value.

### ***Note 3. Investment real estate***

On December 31, 2008 the investment real estate was declared in the amount of 110,902 thousand dinars of which amount 110,424 thousand dinars is formed from the parent company investment real estate.

### ***Note 4.- Share in the capital***

The Company avails of share in the capital:

- «Vobex Intersoja» Moscow 85%
- Veterinarski zavod «Subotica» A.D 32,05%

By eliminating the share in the capital of subsidiary companies the company declared a consolidated amount of 93,542 thousand dinars share in the capital of other legal entities.

Events after the balance sheet: the parent company has increased its stake in the subsidiary company Veterinarski zavod “Subotica” in the first quarter of 2009 to 34.50%.

### ***Note 5.- Other long-term financial placements***

The amount of 239,133 thousand dinars was posted in the item other long-term financial placements, and pertains in greater part (227,231 thousand dinars) to investments by the parent company made in order to provide the raw material basis.

***Note 6. – Reserves***

The Company posted the amount of 7,310,168 thousand dinars, of which 6,858,305 thousand dinars as reserves of the parent company (pertain to the stocks of basic raw material worth 4,641,078 thousand dinars as well as stocks of fertilizers, corn, wheat and stocks of final products) and the balance consists of the commodities of subsidiaries.

***Note 7. – Receivables***

The Company has declared receivables in the amount of 9,323,108 thousand dinars. The receivables of the parents company are 7,496,094 thousand dinars. The greatest part of the receivables pertains to the buyers in the country in the amount of 3,051,468 thousand dinars of which the greatest receivables based on investment in the production of oil crops.

***Note 8. – Undistributed profit***

The Company posted a consolidated amount of undistributed profit amounting to 2,316,446 thousand dinars. The amount of the undistributed profit includes, in addition to individual amounts of the undistributed profit of the company included by the consolidation, the amount of the difference between the calculated stake of the parent company in the original capital and reserves of subsidiary companies and posted amount of share in the subsidiary companies according to the records of the parent company in the amount of 11,114 thousand dinars, then the value of excess eliminated revenue compared to the eliminated expenditures in the income statement amounting to 44 thousand dinars. The amount of 92 thousand dinars was earmarked from the profit and posted as debited to the undistributed profit in the individual balance sheet of Vobeks Intersoja according to the resolution of the Shareholder's meeting of «Vobex Intersoja» on distribution of profit for the year 2007.

***Note 9.*** - In order to adapt the financial reports of „Vobex Intersoja“ Moscow with the accounting regulations of the Republic of Serbia the consolidated balance sheet declared separately the loss made by the subsidiary company in the business year 2008 from the undistributed profit of the same subsidiary legal entity. According to the regulations of Russia, it is possible to cover the loss from the undistributed profit when preparing the financial report subject to posting the taxable profit in the tax balance sheet. „Vobex Intersoja“ Moscow covered in the individual financial report by debiting the undistributed profit the loss for the business year 2008. In the consolidated balance sheet for the year 2009 the presented loss of «Vobex Intersoja» shall be covered by debiting the undistributed profit in accordance with the regulations of the Republic of Serbia.

***Note 10. – Repurchase of shares***

The repurchase of shares is posted in the consolidated balance sheet in the amount of 54,308 thousand dinars considering that both the parent company and the domestic subsidiary legal entity were repurchasing their shares in 2008 in order to preserve the value of shares.

**Note 11. – Long-term liabilities**

The item of long-term liabilities consists of the long-term credits amounting to 5,551,107 thousand dinars and other long-term liabilities (financial leasing) amounting to 9,527 thousand dinars, a total of 5,560,634 thousand dinars. The long-term credits consist of foreign long-term credits with a foreign exchange clause. The company is exposed directly proportionally to the risk of interest rate change and change of the EUR exchange rate (for all long-term credits the interest rate contracted is at the EURIBOR level).

## Review of long-term credits of the parent company

	Currency	Initial amount	Amount in currency	In thousand dinars
Vojvodanska banka a.d., Novi Sad	EUR	10,756,277	10,756,277	953,017
Hypo Group Netherlands Corporate finance B.V (contract No..SR/1390)	EUR	30,000,000	30,000,000	-
Hypo Group Netherlands Corporate finance B.V (contract No.77/08)	EUR	15,000,000	7,492,000,02	663,799
Hypo Group Netherlands Corporate finance B.V (contract No.87/08)	EUR	25,000,000	12,500,000,02	1,107,512
European Bank	EUR	5,000,000	4,642,857	411,362
European Bank	EUR	10,000,000	7,000,000	620,207
Banka Koper	EUR	10,000,000	7,272,727,27	644,371
Yapi Kredi Bank Nederland N.V.	EUR	10,000,000	7,500,000,00	664,507
Societe Generale	EUR	5,000,000	384,620	34,078
<b>Total liabilities:</b>	EUR		57,548,481,31	5,098,853

## Review of long-term credits of the subsidiary company Veterinarski Zavod «Subotica»

	Currency	Initial amount	Amount in currency	In thousand dinars
Hypo Group Netherlands Corporate finance Amsterdam	EUR	1.570.047	1.417.239	125.568
Hypo Group Netherlands Corporate finance Amsterdam	EUR	944.131	480.553	42.577
Komercijalna banka a.d. Belgrade branch Subotica	EUR	200.000	199.899	17.711
Komercijalna banka	EUR	4.000.000	4.000.000	354.404

Total: 540.260

Minus current maturities: 88.006

Total: 452.254

### ***Note 12 – Short-term liabilities***

The amount of 7,638,092 thousand dinars is posted to the short-term liabilities. The greatest share in the structure of short-term liabilities are the short-term financial liabilities of 5,605,430 thousand dinars and operating liabilities of 1,888,705 thousand dinars. The short-term liabilities are part of the long-term liabilities that mature up to one year. The exposure to the risk of change of the interest rate and the EUR exchange rate is present in the direct proportion in this type of short-term liabilities as in the long-term liabilities. The liabilities for business operations pertain to the liabilities towards suppliers. The greatest share in the consolidated amount are the liabilities of the parent company in the amount of 1,766,792 thousand dinars and pertain to the liabilities towards suppliers in goods based on sold soy bean from the contract on bilateral trade (oil, soy and sunflower pellet).

### ***NOTE***

The subsidiary company Veterinarski zavod «Subotica» A.D , pursuant to the Letter on Presentation of Independent Auditor has made the adjustment of individual items of the Balance Sheet and the Income Statement. The adjusted amounts adjusted the opening balance in the individual financial report of the Veterinarski zavod which affected the need to change the data for the previous year in the consolidated financial report.

As a consequence of cutting down the data in the individual Income Statement (Note No. 8 Income Statement) the data in the consolidated Balance Sheet AOP 010 was reduced by 11,236 thousand dinars.

- AOP 021 – Deferred tax assets compared to the previous year were reduced by 8,259 thousand dinars based on the accounting difference and tax depreciation of fixed assets, by wrong implementation of IAS 12 in the previous years;
- AOP 106- The undistributed profit compared to the data from the previous year was adjusted down by 12,283 thousand dinars as a consequence of performed adjustments explained in Note 8 to the Income Statement (adjustment according to IAS 12 of 710 thousand dinars + 337 thousand dinars + 11,236 thousand dinars).

In Becej, April 30, 2009

Legal Representative

(Branislava Pavlović, LLB)

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### ***Note 1. Operating revenue***

The Company declared the amount of 21,136,921 thousand dinars in the Income Statement. The most significant in the stated amount is the share from sale (20,997,267 thousand dinars). Greatest part of the revenue was realized by the parent company „Sojaprotein“ AD amounting to 19,196,941 thousand dinars. The greatest share in the parent company's structure are the revenues from sale of products and goods (19,050,687 thousand dinars) of which amount 8,010,109 thousand dinars pertains to the sale of own products.

### ***Note 2. Increase of value of stocks***

In item increased value of effects of stocks the amount of 82,759 thousand dinars was posted of which 75,003 thousand dinars are increase of value of stocks of unfinished production and final products in the parent company, and the amount of 7,756 thousand dinars is the value of final products of the parent company on the stock of the subsidiary company.

### ***Note 3. – Reduction of value of effects of stocks***

The Company presented the reduction of stocks in the amount of 14,464 thousand dinars and pertains to the reduction of value of effects of stocks of the subsidiary company Veterinarski zavod «Subotica.»

### ***Note 4. – Operating expenditures***

Balance item of the business expenditures amounts to 19,043,946 thousand dinars. The greatest share in the operating expenditures are expenditures of the procurement value of sold goods (10,709,256 thousand dinars pertaining mainly to the parent company) and costs of material (6,993,602 thousand dinars) which represents the costs of main raw materials for the production.

### ***Note 5. – Financial revenue***

In item AOP 66 financial revenue the amount of 1,117,823 thousand is posted and consists of profit on exchange.

### ***Note 6.- Financial expenditures***

The financial expenditure of 2,626,934 thousand dinars is declared which consists of loss on exchange and credit interest.

***Note 7. – Net profit pertaining to the minority shareholders***

The Company Vobex Intersoja Moscow declared a loss in the business year 2008. The amount of loss exceeds the share i.e. minority interest in the capital of the subsidiary company hence the amount of loss is debited to the majority interest i.e. interest of the parent company. The Item AOP 231 covers the minority share in the profit generated by the subsidiary company Veterinarski Zavod «Subotica».

***Note – Data adjustment in the column previous year of the consolidated Income Statement***

The subsidiary company Veterinarski Zavod «Subotica» A.D , pursuant to the Letter of Presentation of Independent Auditor, made an adjustment of individual items of the Income Statement and Balance Sheet. The adjusted amounts corrected the opening balance in individual financial report of the Veterinarski Zavod which affected the need to change the data for the previous year in the consolidated financial report.

The changes are posted in the Income Statement:

- AOP 215 financial revenue by adjustment of effects of the currency clause by reduction of revenue for 2007 by 11,236 thousand dinars realized on the basis of difference between the value of share in the company Symbiofarm d.o.o. Belgrade determined at the exchange rate as of the date of entering of the Contract of Sale of share and share value at the exchange rate on the date of payment of the assets debited to the undistributed profit and by reducing the goodwill. The data on the operating profit before taxation was adjusted in the consolidated Income Statement;
- AOP 225 tax expenditure for the period was adjusted by 337 thousand dinars. The difference pertains to the adjusted profit tax return for 2007 and the error occurred in accounting the tax depreciation. The operating profit data before taxation was adjusted by the same amount on the consolidated Income Statement;
- AOP 227 – deferred tax revenue for the period – revenue reduced by 710 thousand dinars – the difference pertains to implementation of MRS 12 – Profit tax.
- AOP 229 – net profit - the data on this balance item was reduced by 12,283 thousand dinars and was a result of the above adjustments.

Due to reduction of profit in the consolidated Income Statement the data was corrected for the previous year on AOP 231 net profit that belongs to the minority investors and AOP 232 of the net profit belonging to the owners of the parent company.

Becej, April 30, 2009

Legal Representative

(Branislava Pavlović, LLB)