

Company name: SOJAPROTEIN AD  
Address: BECEJ  
Registration number: 08114072  
Activity code: 15410  
Tax identification number: 100741587

**INCOME STATEMENT**  
In the period January 1st – March 31st 2012

In thousand RSD

Account group	POSITION	AOP	Note no.	AMOUNT	
				Current yr.	Previous yr.
Account				5	6
1	2	3	4		
	A. INCOME AND EXPENSE FROM OPERATIONS	201		3.565.396	2.998.781
	I. BUSINESS INCOME (202+203+204-205+206)				
60 and 61	1. Sales income	202	1	2.877.056	2.420.184
62	2. Income from performance activation and goods	203		11.482	4.589
630	3. Stock performance value increase	204		661.505	450.589
631	4. Stock performance value reduction	205			
64 and 65	5. Other business income	206	2	15.353	123.419
	II. BUSINESS EXPENSE (208 to 212)	207		3.446.593	2.584.835
50	1. Sold goods purchase value	208	3	539.484	230.554
51	2. Raw material expenses	209	4	2.633.150	2.108.849
52	3. Salary, salary fee and other personal expenses	210	5	104.545	91.334
54	4. Depreciation and reserves expenses	211	6	48.727	45.913
53 and 55	5. Other personal expenses	212	7	120.687	108.185
	III. BUSINESS PROFIT (201-207)	213		118.803	413.946
	IV. BUSINESS LOSS (207-201)	214			
68	V. FINANCIAL INCOME	215	8	75.751	93.494
56	VI. FINANCIAL EXPENSE	216	9	382.051	102.311
67 and 68	VII. OTHER INCOME	217	10	9.665	3.905
57 and 58	VIII. OTHER EXPENSE	218	11	3.612	3.194
	IX. PROFIT FROM OPERATIONS BEFORE TAXES (213-214+215-216+217-218)	219			405.840
	X. LOSS FROM OPERATIONS BEFORE TAXES	220		181.444	
69-59	XI. NET PROFIT OF DISCONTINUED OPERATIONS	221			
59-69	XII. NET LOSS FROM CONTINUED OPERATIONS	222			
	B. PROFIT BEFORE TAXES	223	12		405.840
	C. LOSS BEFORE TAXES	224			
	D. INCOME TAX				
721	1. Tax expense of the period	225			40.584
722	2. Deferred tax expense of the period	226			
722	3. Deferred tax income of the period	227			
723	E. PAID PERSONAL SALARIES TO EMPLOYER	228			
	F. NET PROFIT (223-224-225-226+227-228)	229		0	365.256
	G. NET LOSS (224-223+225+226-227+228)	230	12	181.444	
	H. NET PROFIT OF MINORITY SHAREHOLDERS	231			
	I. NET PROFIT OF PARENT COMPANY OWNERS	232			
	J. EARNINGS PER SHARE				

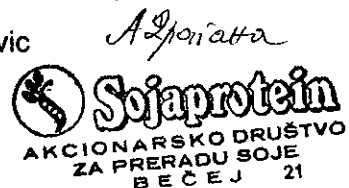
	1. Basic earnings per share	233			
	2. Depreciation of basic earnings per share	234			

In Becej March 31st 2012

Person responsible for balance production Dragana Andjelkovic

Director Branislava Pavlovic

*Branislava Pavlovic*



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## BALANCE SHEET

On March 31st 2012

In thousand RSD

Account group Account	POSITION	AOP		AMOUNT	
				Current yr. 5	Previous yr. 6
1	2	3	4	5	6
	<b>ASSETS</b>				
	A. FIXED ASSETS (002+003+004+005+009)	001		8.144.471	5.280.133
00	I. UNPAID REGISTERED CAPITAL	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE INVESTMENT	004	13	13.709	6.181
	IV. REAL ESTATE MACHINERY EQUIPMENT AND BIOLOGICAL MEANS (006+007+008)	005		7.272.682	4.412.693
020, 022, 023, 026, 027 (part) 028 (part) 029	1. Real estate, machinery and equipment	006	13	6.937.749	4.077.392
024, 027 (part) 028 (part)	2. Investment real estate	007		331.953	332.035
021, 025, 027 (part), 028 (part)	3. Biological means	008		2.980	3.266
	V. LONG TERM FINANCIAL INVESTMENTS (010+011)	009		858.080	861.259
030 to 032, 039 part	1. Share in capital	010	14	855.688	857.593
033 to 038, 039 part	2. Other long term financial investments	011	15	2.392	3.666
Minus 037					
	B. CURRENT ASSETS	012		9.838.417	10.695.379
10 to 13, 15	I. STOCK	013	16	6.306.470	4.504.231
14	II. FIXED ASSETS FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	014			
	III. SHORT TERM CLAIMS, INVESTMENTS AND CASH (016+017+018+019+02 0)	015		3.531.947	6.191.148
20, 21 and 22, except 223	1. Claims	016	17	2.560.033	4.490.012
223	2. Claims for overpaid income tax	017		10.399	
23 minus 237	3. Short term financial investments	018	18	394.608	1.587.180
24	4. Cash equivalents and cash	019	19	279.759	67.719
27 and 29 except 288	5. Added value tax and active accruals	020	20	287.148	46.237

288	IV. DEFERRED TAX FUNDS	021			
	V. BUSINESS ASSETS (001+012)	022		17.962.868	15.975.512
29	VI. LOSS ABOVE CAPITAL	023			
	VII. TOTAL ASSETS	024		17.962.868	15.975.512
88	VIII. OFF BALANCE ASSETS	025	21	12.117.792	8.778.658
	LIABILITIES				
	A. CAPITAL	101		11.078.571	10.459.825
30	I. BASIC AND OTHER CAPITAL	102	22	6.906.480	4.564.674
31	II. UNPAID REGISTERED CAPITAL	103			
32	III. RESERVE	104		1.371.588	1.327.678
330 and 331	IV. REEVALUATED RESERVE	105		1.837.936	1.839.531
332	V. UNREALIZED PROFIT FROM SECURITIES	106		571	2.476
333	VI. UNREALIZED LOSS FROM SECURITIES	107			
34	VII. UNDISTRIBUTED PROFIT	108		1.143.440	2.746.674
35	VIII. LOSS	109		181.444	
037 and 237	IX. OWN SHARES PURCHASED	110		0	21.208
	B. LONG TERM RESERVES AND LIABILITIES (112+113+116)	111		6.768.681	5.379.732
40	I. LONG TERM RESERVES	112		49.890	45.136
41	II. LONG TERM LIABILITIES (114 + 115)	113		4.138.123	1.758.602
414 and 415	1. Long term loans	114	23	4.138.060	1.758.067
41 without 414 and 415	2. Other long term liabilities	115		63	535
	III. SHORT TERM LIABILITIES (117+118+119+120+121)	116		2.580.668	3.575.994
42 except 427	1. Short term financial liabilities	117	24	1.656.677	2.429.462
427	2. Liabilities from assets for sale and from discontinued operations	118			
43 and 44	3. Liabilities from operations	119	25	856.270	1.075.008
45 and 46	4. Other short term liabilities	120	26	23.799	19.676
47 and 48, except 481 and 49 except 498	5. Liabilities from AVT and other public income and passive accruals	121	27	43.922	18.453
481	6. Liabilities from income tax	122			33.395
498	IV. DEFERRED TAX LIABILITIES	123		135.636	135.955
	C. TOTAL LIABILITIES (101+111+123)	124		17.982.888	15.975.512
89	D. OFF BALANCE LIBILITIES	125		12.117.792	8.778.658

In Becej March 31st 2012

Person responsible for balance production Dragana Andjelkovic

*ADJONATA*

Director Branislava Pavlovic

*Branislava Pavlovic*

 **Sojaprotein**  
AKCIONARSKO DRUŠTVO  
ZA PRERADU SOJE  
BEČEJ 21

Company name: SOJAPROTEIN AD  
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## CASH FLOW REPORT

In the period January 1<sup>st</sup> – March 31<sup>st</sup> 2012

In thousand RSD

POSITION	AOP	AMOUNT	
		Current year.	Previous year
1	2	3	4
A. CASH FLOW FROM OPERATIONS	301	4.474.471	2.786.720
I. Cash inflow from operations (1 to 3)			
1. Sales and advances received	302	4.216.834	2.569.855
2. Received interest from business activities	303	110.933	2.027
3. Other income from operations	304	146.704	214.838
II. Cash outflow from operations (1 to 5)	305	4.495.811	2.353.423
1. Payment to suppliers and advances given	306	4.294.546	2.189.464
2. Salaries, salary fees and other personal expenses	307	102.485	89.659
3. Interest paid	308	61.778	44.182
4. Income tax	309	33.253	22.555
5. Payments from other public income	310	3.794	7.563
III. Net cash inflow from operations (I-II)	311		433.297
IV. Net cash outflow from operations (II-I)	312	21.340	
B. CASH FLOW FROM INVESTMENTS	313	163	7.670
I. Cash inflow from investments (1 to 5)			
1. Sales of shares and participations (net income)	314		
2. Sales of intangible investments, real estate, machines, equipment and biological means	315	163	7.670
3. Other financial investments (net income)	316		
4. Interest received from financing	317		
5. Dividend received	318		
II. Cash outflow from investments	319	169.767	502.769
1. Share and participations purchase (net outflow)	320		
2. Purchase of intangible assets, real estate, machines, equipment and biological means	321	169.767	188.236
3. Other financial investments (net outflow)	322		314.533
III. Net cash inflow from investments (I-II)	323		
IV. Net cash outflow from investments (II-I)	324	169.604	495.099
V. CASH FLOW FROM FINANCING	325	0	0
I. Cash inflow from financing (1 to 3)			
1. Basic capital increase	326		
2. Long term and short term loans (net inflow)	327		
3. Other long term and short term duties	328		
II. Cash outflow from financing (1 to 4)	329	58.303	91.090
1. Purchase of own shares and participations	330		1.498
2. Long term and short term loans and other liabilities (net inflow)	331	58.130	89.341
3. Financial lease	332	173	251
4. Dividends paid	333		
III. Net cash inflow from financing (I-II)	334	0	
IV. Net cash outflow from financing (II-I)	335	58.303	91.090
C. TOTAL CASH INFLOW (301+313+325)	336	4.474.634	2.794.390
D. TOTAL CASH OUTFLOW (305+319+325)	337	4.723.881	2.947.282
E. NET CASH INFLOW (336-337)	338		
F. NET CASH OUTFLOW (337-336)	339	249.247	152.892
G. CASH AT THE BEGINNING OF THE ACCOUNTING	340	523.815	221.357

PERIOD			
H. POSITIVE EXCHANGE RATE DIFFERENCE FROM CASH	341	5.306	753
I. NEGATIVE EXCHANGE RATE DIFFERENCE FROM CASH	342	115	1.499
J. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	279.759	67.719

In Becej March 31st 2012

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*Andjelkovic*

Director Branislava Pavlovic

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### CAPITAL CHANGE REPORT

In the period January 1<sup>st</sup> – March 31<sup>st</sup> 2012

In thousand RSD

No.	DESCRIPTION	AOP	Basic capital	Other capital		Emission premium	Reserve	Re evaluated reserve	Unrealized income from securities	Unrealized loss from securities	Undistributed income	Loss to capital amount	Purchased own shares	Total
	1		2	3	4	5	6	7	8	9	10	11	12	13
1	Status on January 1 <sup>st</sup> of previous year	401	4.564.674			871.831	456.549	1.839.541	2.476		2.381.407		20.412	10.096.066
2	Correction of significant errors and miscalculations in previous year - increase	402												
3	Correction of significant errors and miscalculations in previous year - reduction	403												
4	Corrected initial status on January 1 <sup>st</sup> of previous year	404	4.564.674			871.831	456.549	1.839.541	2.476		2.381.407		20.412	10.096.066
5	Total increase in previous year	405	2.341.806			4.309	39.601				1.143.440		795	3.528.361
6	Total reduction in previous year	406				702		1.605	1.905		2.381.407		21.208	3.364.411
7	Status on December 31 <sup>st</sup> of previous year	407	6.906.480			875.438	496.150	1.837.936	571		1.143.440		0	11.260.015
8	Correction of significant errors and miscalculations in current year - increase	408												
9	Correction of significant errors and miscalculations in current year - reduction	409												
10	Corrected initial status on January 1 <sup>st</sup> of current year	410	6.906.480			875.438	496.150	1.837.936	571		1.143.440		0	11.260.015
11	Total increase in current year	411										181.444		181.444
12	Total reduction in current year	412												
13	Status on December 31 <sup>st</sup> of current year	413	6.906.480			875.438	496.150	1.837.936	571		1.143.440	181.444	0	11.078.571

In Becej March 31st 2012

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**Sojaprotein**  
 AKCIONARSKO DRUŠTVO  
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 BECEJ 21

**SOJAPROTEIN AD BECEJ**  
**NOTES WITH INCOME STATEMENT AND BALANCE SHEET**  
**March 31<sup>st</sup> 2012**



## **BASIC INFORMATION ABOUT THE COMPANY**

Sojaprotein A.D. Becej (Company) is the largest soy processor in Serbia and one of the most significant ones in Central and Eastern Europe. The Company was founded in 1977 as a working organization for industrial processing of soy in founding, and the constitution was ended in 1985.

During 1991 the management of the Company decided to issue internal shares to the employees and thus executed transformation into Joint Stock Company. During 2000 and 2001 the Company bought the remainder social capital by emission of free shares, registered by the employees and other individuals, and in accordance with the Law on Ownership Transformation from 1997.

The basic activity of the Company is the processing of soybean producing a series of full fat and fat free products like flour, grits and texture forms, as well as soy oil, soybean meal and soy lecithin. Additional segment of business activities of the Company is providing services in agricultural production, wholesale and retail, purchase of agricultural products.

The Company is located in Becej, Industrijska street number 1. On the balance sheet date the Company had 401 employees.

## **BASIS FOR THE PRODUCTION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD**

### **Financial statements**

Financial statement of the Company includes the balance sheet on March 31<sup>st</sup> 2012, income statement, and report on changes on the capital and report on cash flows for the period to March 31<sup>st</sup> 2012 and review of significant accounting policies and evaluations, and notes with financial statements.

### **Basis for the production and presentation of financial statements**

In accordance with the Law on Accounting and Audit (Official Gazette RS no. 46 from June 2<sup>nd</sup> 2006 and no. 111 from December 29<sup>th</sup> 2009) companies and entrepreneurs in the Republic of Serbia are obligated to perform book keeping, recognition and evaluation of assets and liabilities, income and expense, production, presentation, submission and disclosure of consolidated financial statements in accordance with legal and professional regulations, including the Framework for preparation and presentation of financial statements (Framework), International Accounting Standards (IAS) or International Standards of Accounting Reporting (ISFR) as well as interpretation being the integral part of standards valid on December 31<sup>st</sup> 2002.

Changes in IAS as well as new ISFR and appropriate interpretations, issued by the Board of International Accounting Standards (Board) and the Committee for International Financial Reporting Interpretation (Committee) in the period from December 31<sup>st</sup> 2002 and January 1<sup>st</sup> 2009 were officially adopted by the Decision of Ministry of Finance of Republic of Serbia (Ministry) and published in the Official Gazette no. 77 on October 25<sup>th</sup> 2010.

However, to the date of production of submitted consolidated financial statements, not all changes in IAS/ISFR and IFRIC interpretations were translated valid for annual periods

starting on January 1<sup>st</sup> 2009. Besides, the submitted financial reports were presented in form regulated by the Rules on quote frame and content of accounts in quote frame for companies, collective and other legal entities and entrepreneurs (Official Gazette RS no. 114 from December 22<sup>nd</sup> 2006, no. 119 from December 26<sup>th</sup> 2008, no. 9 from February 6<sup>th</sup> 2009 and no. 4 from January 29<sup>th</sup> 2010) taking legally defined complete cluster of financial statements different from the one defined in IAS 1 "Presentation of financial statements" and different in certain parts from the method of presentation of certain balance position foreseen by the stated standard. Published standards and interpretations valid in the current period not officially translated and adopted, as well as published standards and interpretations not yet in preparation, are disclosed in notes 2.2 and 2.3.

In accordance with aforementioned, and keeping in mind potentially significant effects of the deviation of accounting policies of Republic of Serbia and IAS and ISFR to the realistic and objective nature of financial statements of the Company, the submitted financial statements cannot be considered financial statements in accordance with IAS and ISFR.

The consolidated financial statements are produced in accordance with the principle of historic expense, unless otherwise stated in accounting policies given in further text.

The company applied accounting policies disclosed in note 3 with consolidated financial statements in the production of these consolidated financial statements.

Consolidated financial statements of the Company are presented in thousands RSD. The RSD is the official reporting currency in Republic of Serbia.

#### **Published standards and interpretations valid in current period not yet officially translated and adopted**

On the day of publishing these consolidated financial statements the standards and changes of standards listed below were issued by the Board, and the following interpretations were published by the Committee, but they were not officially adopted in Republic of Serbia for annual periods initiating on January 1<sup>st</sup> 2010:

- Changes of ISFR 7 "Financial instruments: Disclosure" changes improving disclosure of fair value and liquidity risk (revised on March 2009, valid for annual periods initiating on or after January 1<sup>st</sup> 2009)
- Changes of ISFR 1 "First application of international standard of financial reporting" added exceptions for persons applying ISFR changes for the first time referring to the assets in oil and gas industry and determination whether the contracts include lease (revised on July 2009, valid for annual periods on or after January 1<sup>st</sup> 2010)
- Changes of different standards and interpretations are the result of the Project of annual quality improvement of ISFR published on April 16<sup>th</sup> 2009 (ISFR 5, ISFR 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with intention of removing incompliance and explanations of formulations in the text (changes of standards come into force on the day or after January 1<sup>st</sup> 2010, and the change of IFRIC on the day or after July 1<sup>st</sup> 2009)
- Changes of IAS 38 "Intangible assets" (valid for annual periods initiating on or after July 1<sup>st</sup> 2009)

- Changes of ISFR 2 “Payment with shares” (revised on April 2009, valid for annual periods initiating on or after July 1<sup>st</sup> 2009) and the change refers to the transactions of payments with shares of the group based on cash (revised on June 2009, valid for annual period initiating on or after January 1<sup>st</sup> 2010)
- Changes of IFRIC 9 “Reevaluation of installed derivations” is valid for annual periods initiating on or after July 1<sup>st</sup> 2009 and IAS 39 “Financial instruments: Recognition and measurement” – installed derivatives (valid for annual periods initiating on or after June 30<sup>th</sup> 2009)
- IFRIC 18 “Transfer of funds from buyer” (valid for annual periods initiating on or after July 1<sup>st</sup> 2009)

### **Published standards and interpretations not yet valid**

On the date of issuance of these consolidated financial statements the following standards, their amendments and interpretations were published, but are not yet in force:

- “Comprehensive framework for financial reporting 2010” representing the change of “Framework for preparation and presentation of financial statements” (valid from the publishing date, that is from September 2010)
- ISFR 9 “Financial instruments” (valid for annual periods initiating on or after January 1<sup>st</sup> 2013)
- Amendment of ISFR 1 “First application of international standards of financial reporting” limited exclusion of comparative disclosures regulated within ISFR 7 and with persons applying ISFR for the first time (valid for annual periods initiating on or after July 1<sup>st</sup> 2010)
- Amendments of ISFR 1 “First application of international standards of financial reporting” large hyperinflation and removal of fixed dates for persons applying ISFR for the first time (valid for annual periods initiating on or after July 1<sup>st</sup> 2011)
- Amendments of ISFR 7 “Financial instruments: disclosures” transfer of financial assets (valid for annual period initiating on or after July 1<sup>st</sup> 2011)
- Amendments of ISFR 12 “Income tax” deferred taxes: return of funds located in basis (valid for annual periods initiating on or after January 1<sup>st</sup> 2012)
- Amendments of IAS 24 “Disclosures of related parties” simplified requirements for disclosures with persons under (significant) control or influence of government and explanation of definition of related person (valid for annual periods initiating on the day or after January 1<sup>st</sup> 2011)
- Amendments IAS 32 “Financial instruments: presentation” accounting inclusion of pre-emptive right to new shares (valid for annual periods initiating on or after February 1<sup>st</sup> 2010)

- Amendments of different standards and interpretations "Improvement of ISFR (2010)" are the result of the Project of annual quality improvement of ISFR published on May 6<sup>th</sup> 2010 (ISFR 1, ISFR 3, ISFR 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with the intention of removing incompliance and explanations of formulations in the text (majority of amendments will be valid for annual periods initiating on or after January 1<sup>st</sup> 2011)
- Amendments of IFRIC 14 "IAS 19 – Limitation of defined income, minimum requirements for financing and their interactions" overpaid minimum requests for financing (valid for annual periods initiating on or after January 1<sup>st</sup> 2011)
- IFRIC 19 "Settlement of financial duties by capital instruments" (valid for annual periods initiating on or after July 1<sup>st</sup> 2010)

### **Comparable data**

Comparable data are represented by financial statements of the Company on June 30<sup>th</sup> 2010.

## **REVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

### **Income and expenses**

Income from sales is recognized when the risk and benefit related to the ownership right are transferred to the buyer, and this includes goods delivery date to the buyer. Income from services is recognized when the service is provided

Income is presented per fair value received or that will be received, in net amount after the impairment for given discounts and added value tax.

Income and expense from interest is booked for the benefit or burden of calculation period on which it refers.

Expense is calculated per causality principle of income and expense.

Current maintenance expenses and repairs of fixed assets are booked at the charge of income statement in the calculation period of occurrence.

### **Calculation of assets and liabilities in foreign currencies**

Business changes in foreign currency during the year are calculated in RSD per official average exchange rate determined on the inter-banking market valid on that day.

Assets and liabilities in foreign currency on balance sheet date are calculated in RSD per official average exchange rate determined on the inter-banking market valid on that day.

Positive and negative exchange rate difference from business transactions in foreign currency and during the calculation of positions of balance sheet presented in foreign currency are books for the benefit or on charge of the income statement, as profit or loss based on exchange rate differences.

## **Employee benefits**

### **a) Taxes and contributions to the funds for employee social security**

In accordance with the regulations applied in Republic of Serbia, the Company is obligated to pay taxes and contributions to tax administration and state funds securing social security of the employees. All duties include taxes and contributions for the employees at the charge of employer in the amount calculated per rates regulated by law. The Company is also obligated to deduct contributions from employee's gross salary, and to make payments to the funds in the name of the employees. Taxes and contributions charged to the employer and taxes and contributions charged to the employee are booked as expense of the period of occurrence.

### **b) Duties from severances and jubilee awards**

In accordance with the Labor Law the Company is obligated to pay severance to employees, upon the termination of employment for the usage of right to pension, in the amount of three average monthly salaries paid in Republic of Serbia, in accordance with the latest data from the republic statistics body. In addition, the Company is obligated to pay jubilee awards to employees depending on the duration of uninterrupted work in the Company in the amount of one to three average salaries in the Company for the month preceding the month in which jubilee awards are paid, depending on the uninterrupted work duration in the Company.

## **Taxes and duties**

### **Income tax**

#### **a) Current income tax**

Current income tax is the amount calculated in accordance with the Law on Income Tax of the Companies valid in Republic of Serbia.

Income tax in the amount of 10% (2010:10%) is paid on tax basis determined by the tax balance. Tax basis presented in the tax balance includes profit presented in official income statement and corrections defined by tax regulations of Republic of Serbia.

Tax regulations of Republic of Serbia do not foresee the possibility that the tax loss from the current period can be used as basis for tax return paid in previous periods. However, loss from current period can be transferred on account of profit from future calculation periods, but no longer than ten years.

Deferred income tax is calculated using the method of determining liabilities in accordance with the balance sheet, for temporary difference arising out of the difference between the tax basis of assets and liabilities in balance sheet and their book value. Valid tax rates on balance sheet date are used for the determination of accrued amount of income tax. Deferred tax duties are recognized for all taxable temporary difference. Deferred tax funds are recognized for all deductive temporary differences and effects of transferred loss and tax loans to tax balance that cannot be transferred, to the level by which taxable income will probably exist out of which deferred tax assets can be used.

#### **b) Deferred income tax**

Deferred tax is booked at charge or in favor of income statement, except when it refers to positions booked directly in favor or at charge of capital, and in this case the deferred tax is distributed within capital.

### **Taxes and duties not depending on results**

Taxes and duties not depending on results include income tax and other taxes and contributions paid in accordance with various republic and municipal regulations. Other taxes and duties are recognized as expense of the period of occurrence.

### **Real estate, investment real estate, machines and equipment**

Initial measurement of real estate, machines and equipment, meeting the conditions for recognition of assets, is done per purchase price or cost. Additional costs for real estate, machines and equipment are recognized as assets only when these costs improve the condition of assets above primarily evaluated standard performance. All other costs are recognized as costs in the period of occurrence.

After the initial recognition, real estate (land and buildings) are presented in evaluated amount, expressing its fair value on the evaluation date, depreciated for the total amount of value correction from impairment and the total amount of value correction from loss due to impairment.

Real estate fair value is comprised of its market value determined by evaluation. Reevaluation is performed only when fair value of reevaluated assets is significantly different from presented value.

Machines and equipment after the initial recognition are presented per purchase price or cost depreciated for the total amount of calculated impairment and total amount of loss due to impairment.

Income or loss arising from usage or sale is recognized as income or expense in the balance sheet.

### **Depreciation**

Depreciation of real estate, machines and equipment is calculated by proportional method, during the estimated useful life. Useful life and depreciation rate for main asset groups are the following:

Main groups of fixed assets	Rate (%)
Buildings	1.5 – 10%
Production equipment	1.7 – 46%
Field and passenger vehicles	6.7 – 50%
Computers	5.9 – 42%
Other equipment	1.5 – 50%

Depreciation rates are reviewed annually for determination of this depreciation presenting realistic usage of these assets during operations based on the remainder of useful life.

### **Investment real estate**

Investment real estate of the Company is the real estate the Company, as owner, holds for making profit from renting the real estate or for capital increase or both, and not for providing services or administrative business or sale within regular operations. Initial measurement of investment real estate during acquisition is performed per purchase value or cost. After the initial recognition, measurement of investment real estate is performed per purchase price or cost depreciated for a total amount of value correction from depreciation and the total amount of correction of value based on the depreciation.

### **Intangible investments**

Intangible investments refer to purchased software and seal and are presented per purchase value depreciated and written off per proportional method in the period from two to ten years.

### **Long term financial investments**

Long term financial investments include capital share of related companies, business banks and other companies presented per method of purchase value depreciated for impairment based on the evaluation of the management for reduction to recoverable value. These loans are presented per nominal value.

### **Impairment**

On every balance sheet date the Company reviews book amounts of its property to determine whether there are signs that loss has occurred due to impairment of property. If there are such signs, the reimbursable amount of assets is evaluated in order to determine possible loss due to impairment. If it is not possible to determine the reimbursable amount of some asset, the Company evaluates the reimbursable amount of the unit generating money, owning the asset.

Reimbursable value is net sales price or value in usage depending which is larger. For the requirement of value in usage estimate, the evaluated future cash flows are discounted to present value by the application of discount rate before taxes presenting present market evaluation of time value of money and risks specific to that asset.

If the evaluated reimbursable amount of assets (or unit generating money) is less than the book amount, then the book amount of that asset (or unit generating money) is impaired to reimbursable amount. Loss from impairment are recognized initially as expense, unless the asset is land or building not used as investment real estate presented in reevaluated amount, in which case the impairment loss is presented as depreciation from asset reevaluation.

With the annulation of loss from impairment afterwards, book keeping amount of assets (unit generating money) increases to revised evaluated reimbursable amount of that asset, where a larger book amount does not exceed the book value that would have been determined if there were no recognized loss in previous years on that asset (unit generating money) due to depreciation. Loss from impairment annulation is initially recognized as income, unless the given asset is not presented per evaluated value, in which case the loss from impairment annulation is presented as increase due to reevaluation.

On December 31<sup>st</sup> 2010 based on the decision from the management of the Company, there are no indications that the value of real estate, machines or equipment is impaired.

## **Stock**

Stock is presented per cost or net sale value depending which is lower. Net expected sale value is the price on which the stock can be sold in normal business conditions after the depreciation of the sale price for sale costs.

Stock value of material and spare parts is determined based on the method of average purchase price. Purchase price includes value per supplier invoice, transport and related costs.

Value of unfinished production and finished products includes all direct costs of production as well as quote part of drive costs.

Stock in warehouse is recorded per purchase price and stock in retail per retail prices. At the end of an accounting period a reduction is performed of stock value to purchase value by allocation of price difference, calculated on average basis, between the purchase value of sold goods and goods at stock at the end of the year.

By charging other expenses a correction of stock value is performed in cases it is estimated that its value should be reduced to net expected sale value (including stock with comparable turnover, excessive and out-of-date stock). Damaged stock and stock not up to quality standard are written off.

## **Financial instruments**

Financial assets and financial liabilities are recorded in the Company's balance sheet, from the moment the Company is tied to the instrument by contractual provisions. Purchase or sale of financial assets is recognized by the calculation application on settlement date, or the date when the asset was delivered to the other side.

Financial assets cease to be recognized when the Company loses the control over contractual rights and over those instruments which happen when the rights of instruments usage are realized, expired, abandoned or assigned. Financial liability ceases to be recognized when the obligation determined by the contract is fulfilled, cancelled or expired.

### *a) Share in capital*

Share in capital of banks and other companies quoted on the stock market are initially measured per purchase value. Additional measurement is performed on every balance sheet date for the adjustment of their value with the market value.

Long term financial investments including share in capital of related companies, business banks and other companies not quoted on the stock market are presented per method of purchase value depreciated for impairment based on the evaluation of the management for the reduction to reimbursable value.

### *b) Claims from buyers, short term investments and other short term claims*

Claims from buyers, short term investments and other short term claims are presented per nominal value, depreciated for the correction of value executed based on the evaluation of their chargeability from the management.



*c) Cash and cash equivalents*

Under cash and cash equivalents in financial statements of the Company cash in the cash register is presented and balance on the accounts and other funds available up to three months.

*d) Financial liabilities*

The instruments of financial liabilities are classified in accordance with the essence of contractual obligations. Financial liabilities are presented per nominal value, increased for interest based on concluded contracts, corresponding to the effective interest rate.

*e) Liabilities from operations*

Liabilities to suppliers and other liabilities from operations are evaluated per received funds value.

## **REVIEW OF SIGNIFICANT ACCOUNTING EVALUATIONS**

Presentation of financial statements requires the management of the Company to use the best possible evaluations and reasonable assumptions, with effect on the presented values of assets and liabilities as well as disclosure of possible claims and liabilities on the day of the production of financial statements, as well as income and expense during the reporting period. These evaluations and assumptions are based on information available on the day of financial statements production.

The following text presents the key assumptions regarding the future and other sources of uncertainties evaluation on balance sheet date representing significant risk, for significant corrections of positions amounts in the next financial year.

### **Depreciation and depreciation rate**

Depreciation and depreciation rate calculation is based on projected economic life of real estate, machines and equipment. Once per year the company evaluates economic life based on present forecast.

### **Claims and short term investments value correction**

The Company calculates impairment of suspicious claims from the buyers and short term financial investments from evaluated loss occurring, if the debtors are not able to pay. In the evaluation of an appropriate amount of loss from impairment for suspicious claims, the Company relies upon the age of claims, previous experience with the write off, buyer solvency and changes in payment conditions. This requires evaluation required for future behavior of the buyer and future payment regarding this. However, significant portion of claims of the Company refers to claims from related companies with which the total present value of claims is collectible based on evaluation and present experience.

### **Fair value**

Business policy of the Company is to disclose information on fair value of assets and liabilities for which there are available official market information and when the fair value is significantly different from the book value. In Republic of Serbia there is not enough market

experience, or stability or liquidity with the purchase and sales of claims and other financial assets and liabilities, since official market information are not available at any moment. Therefore, the fair value cannot be reliably determined in the absence of active market. The Company's management evaluates risk and in cases when it is evaluated that the value of the property in business books will not be realized, performs the correction of value. In the opinion of the Company management, the amounts in these consolidated financial reports present the value which is, in given circumstances, the most reliable and most useful for reporting purposes.

## NOTE – 1

### INCOME FROM SALES

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Income from goods sale		
Related legal entities	521.372	56.452
Other domestic legal entities	10.875	173.095
Other foreign legal entities	0	0
	532.247	229.547
Income from sale of goods and services		
Related legal entities	147.756	274.509
Other domestic legal entities	853.862	793.651
Other foreign legal entities	1.343.191	1.122.477
	2.344.809	2.190.637
	2.877.056	2.420.184

The company has presented in the income statement total income from sales in the amount of 2.877.056 thousand RSD. The stated amount is income from sales of goods in the amount of 532.247 thousand RSD and income from sales of products and services in the amount of 2.344.809 thousand RSD.

The most significant income from sales of goods is from the sales of:

- Related companies

Soy bean	521.372 thousand RSD
Toasted meal	0 thousand RSD
<b>TOTAL</b>	<b>521.372 thousand RSD</b>

- Other companies

Refined sunflower oil	0 thousand RSD
Wheat	0 thousand RSD
Sunflower meal 33% and 42%	3.627 thousand RSD

Raw soy oil	0 thousand RSD
Toasted meal	7.202 thousand RSD
Other	46 thousand RSD
<b>TOTAL</b>	<b>10.875 thousand RSD</b>

Income from sales of goods and services

- Related companies

Soymeal	132.645 thousand RSD
Raw soy oil	1.914 thousand RSD
Protein products	72.378 thousand RSD
Other	13.197 thousand RSD
<b>TOTAL</b>	<b>220.134 thousand RSD</b>

- Other companies

Soymeal	612.842 thousand RSD
Raw soy oil	145.697 thousand RSD
Protein products	66.490 thousand RSD
Other	28.832 thousand RSD
<b>TOTAL</b>	<b>853.861 thousand RSD</b>

- Other foreign companies

Soymeal	4.970 thousand RSD
Raw soy oil	758.477 thousand RSD
Protein products	484.746 thousand RSD
Other	22.621 thousand RSD
<b>TOTAL</b>	<b>1.270.814 thousand RSD</b>

**NOTE – 2**

**OTHER BUSINESS INCOME**

March 31<sup>st</sup> 2012

March 31<sup>st</sup> 2011

Income from subsidies and incentives	0	107.752
Income from lease	13.906	15.176
Other business income	1.447	491
	15.353	123.419

Income from subsidies presented on March 31<sup>st</sup> 2011 in the amount of 107.752 thousand RSD in whole refer to income approved in accordance with the decision on using incentive to the manufacturers of agricultural and food products for 2010 (Official Gazette RS 20/10).

Since the budget RS has no further funds for this purpose, income based on subsidies were not overpaid or booked in 2012.

### NOTE – 3

#### SOLD GOODS PURCHASE VALUE

	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Sold goods purchase value	539.484	230.554
	539.484	230.554

**The Company has presented in the income statement the amount of 539.484 thousand RSD referring to expenses of sold merchant goods. The most significant amounts refer to:**

Sunflower meal	3.627 thousand RSD
Soy bean	528.616 thousand RSD
Toasted meal – merchant goods	7.202 thousand RSD
Other	39 thousand RSD
Total	539.484 thousand RSD

### NOTE – 4

#### RAW MATERIAL AND ENERGY EXPENSES

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Raw material expenses	2.544.083	1.991.544
Other material expenses	8.977	37.683
Fuel and energy expenses	80.090	79.622
	2.633.150	2.108.849

### NOTE – 5

#### SALARY, SALARY FEE AND OTHER PERSONAL EXPENSES

	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Gross salary expenses	80.209	70.389
Contributions charged to employer expenses	14.340	12.567
Business travel expenses	2.912	2.450
Travel expenses of employees	4.088	3.214
Scholarships	1.331	1.334
Author agreement fee expenses	374	509
Severance and jubilee rewards	228	252
Managing and supervising board members fees	271	271
Other personal expenses and fees	792	348
<b>TOTAL</b>	<b>104.545</b>	<b>91.334</b>

#### **NOTE – 6**

#### **DEPRECIATION AND RESERVES EXPENSES**

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Depreciation expenses	48.727	45.913
	48.727	45.913

#### **NOTE – 7**

#### **OTHER EXPENSES FROM OPERATIONS**

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Banking and payment services expenses	7.171	13.210
Maintenance services expenses	14.069	15.461
Laboratory services	11.844	14.863
Transport expenses	28.400	28.488
Lease expenses	20.588	9.804
Utility services	4.885	5.049
Insurance premium expenses	5.819	3.981
Indirect taxes and duties	1.187	1.167
Broker services	141	126
Legal and consultant services	31	567
Internet, telephone and postal expenses	1.787	1.484
Representation expenses	2.277	2.020
Fairs expenses	2.783	2.372
Advertising and propaganda expenses	527	268
Other production services expenses	674	1.012
Other intangible expenses	18.504	8.310
	<b>120.687</b>	<b>108.185</b>

#### **NOTE – 8**

#### **FINANCIAL INCOME**

	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Financial income – related companies	154	64
Positive exchange rate difference	72.490	93.031
Income from currency clause effect	1.929	4
Income from interest	530	395
Other financial income	648	
	75.751	93.494

## NOTE – 9

### FINANCIAL EXPENSE

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Negative exchange rate differences	350.770	63.819
Interest expenses	31.223	38.438
Expenses from effects of currency clause	58	52
Other financial expenses		2
	382.051	102.311

## NOTE – 10

### OTHER INCOME

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Profit from sale of equipment and intangible investments		
Profit from adjusting claims value	33	55
Surpluses	1.931	3.110
Damages from insurance companies	5.211	605
Profit from raw material sale	2.231	100
Other income	259	35
	9.665	3.905

## NOTE – 11

### OTHER EXPENSES

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Impairment of claims and short term investments		293
Shortages		
Loss from sale of raw material	1.434	100
Write off of claims from given housing loans	465	462
Loss from real estate and equipment usage		
Expense from direct write off of claims		
Other expenses	1.713	2.339
	3.612	3.194

**NOTE – 12****INCOME**

- c) Adjustment of tax amounts to income in the income statement and products of income before taxes and regulated tax rate

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Income before taxes		405.840
Income tax per rate of 10%		40.584
Loss	181.444	
Income after taxes		365.256
Effective tax rate		10%

**NOTE – 13****REAL ESTATE, MACHINES AND EQUIPMENT, BIOLOGICAL MEANS, INVESTMENT REAL ESTATE AND INTANGIBLE INVESTMENTS**

	In thousand RSD					
	Land, buildings and biological means	Equipment	Advances for fixed assets and ongoing investments	Total	Investment real estate	Intangible investments
Purchase value						
Status, January 1 <sup>st</sup> 2011	1.859.097	2.247.315	498.108	4.604.520	332.034	19.397
Increase during the year	5.981	13.527	1.021.228	1.040.736		68
Transfers			(19.508)	(19.508)		
Supplier closing			(747.245)	(747.245)		
Transfer to investment real estate						
Usage		(11)		(11)		
Sale						
Other						
Status, March 31 <sup>st</sup> 2011	1.865.078	2.260.831	752.583	4.878.492	332.034	19.465
Status, January 1 <sup>st</sup> 2012	1.952.848	2.345.057	3.416.749	7.714.654	331.953	28.993
Increase during the year	424.497	27.579	626.707	1.078.783		926
Capitalized interest	291	12.443		12.734		
Transfers			(464.811)	(464.811)		(292)
Suppliers closing			(422.887)	(422.887)		
Transfer to investment real estate						
Usage						
Sale						
Other						
Status, March 31 <sup>st</sup> 2011	2.377.636	2.385.079	3.155.758	7.918.473	331.953	29.627
Correction of values						
Status, January 1 <sup>st</sup> 2011	198.251	554.279		752.530		12.654

Current year depreciation	9.880	35.393		45.273		630
Transfer to investment real estate						
Sales						
Usage						
Status, March 31 <sup>st</sup> 2011	208.131	589.672		797.803		13.284
Correction of values						
Status, January 1 <sup>st</sup> 2012	238.130	691.600		929.730		15.206
Current year depreciation	11.199	36.816		48.015		712
Transfer to investment real estate						
Sales		(1.338)		(1.338)		
Usage		(11)		(11)		
Status March 31 <sup>st</sup> 2012	249.329	728.416		977.745		15.918
March 31 <sup>st</sup> 2012	2.128.307	1.656.663	3.155.758	6.940.728	331.953	13.709
March 31 <sup>st</sup> 2011	1.656.947	1.671.159	752.583	4.080.689	332.034	6.181

The company has presented intangible investments in the amount of 13.709 thousand RSD. The company has presented value of real estate, machines and equipment on March 31<sup>st</sup> 2012 in the amount of 6.937.749 thousand RSD.

Advances for fixed assets and ongoing investments presented on March 31<sup>st</sup> 2012 in the total amount of 3.155.760 thousand RSD are largely referred to investments in objects and equipment for the Concentrate Factory. The work on investments for building the Factory for production of soy protein concentrate was continued. Execution of the first phase of this investment is ongoing including the building of the factory of traditional soy concentrate of capacity of 70.000 t per year. Current activities refer to finishing building of the object, while the key equipment is delivered and equipment installation works are ongoing as well. Completion of building, equipment installation is planned in May 2012 after which trial production will initiate. Total estimated value of the first phase of the investment – building the factory of traditional soy concentrate is 22.5 million EUR, where the company has already invested 25 million EUR. Revision of the project was performed so the investment is evaluated at 26.2 million EUR. Keeping in mind that the soy concentrate is one of the products with the largest finalization, and wide application in the area of animal feed, production of milk substitute for pig and calf nutrition and the production of human food, the Company expects a large profit increase from the sale of soy concentrate. After the completion of the first phase of investment the Company will execute second phase including the production of functional soy concentrate with the capacity of 15.000 t annually.

#### NOTE – 14

##### SHARE IN CAPITAL

		In thousand RSD	
	% share	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Share in capital of related companies			
ZAO VobeksIntersoja, Russia	85.00%	1.112	1.112



Veterinary Institute Subotica, AD	59.17%	783.618	783.618
		784.730	784.730
Share in capital of other companies			
BelaLadja Hotel AD Becej	31.81%	64.626	64.626
		64.626	64.626
Share in capital of banks		120	120
Novi Sad Fair AD Novi Sad		4.381	6.286
Share in capital of other companies		1.831	1.831
		855.688	857.593

#### NOTE – 15

#### OTHER LONG TERM FINANCIAL INVESTMENTS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Housing loans to employees	2.392	3.666
	2.392	3.666

#### NOTE – 16

#### STOCK

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Raw material	4.658.349	3.480.170
Spare parts	141.601	131.349
Tools and inventory	39.286	33.738
Finished products	1.339.094	816.282
Unfinished production	70.138	27.382
Advances given	71.805	17.062
Goods		
In wholesale	2.094	12.897
In storage with other companies	3.490	3.490
	2.573.658	5.863.782
Minus: stock value correction	(19.387)	(18.139)
	6.306.470	4.504.231

In the balance sheet the company has presented stock in the amount of 6.306.470 thousand RSD. The most significant items are raw materials amounting to 4.658.349 thousand RSD where the basic raw material stock (soy bean) amount to 4.592.954 thousand RSD calculated per average purchase price of in the amount of 114.544.524 kg JUS soy bean.

#### NOTE – 17

## CLAIMS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Claims from buyers		
Related companies	800.254	2.843.473
Domestic	1.007.184	907.373
Foreign	885.302	690.511
Claims from exporters		4.557
Claims from specific operations		
Related companies		
Others	3.127	12.927
Claims for interest	15.500	108.194
Claims from state institutions and organizations	2.794	55.898
Other claims		
Related companies		
Others	17.623	15.616
Minus: claims from buyers value correction	(171.751)	(149.357)
	2.560.033	4.490.012

## NOTE – 18

### SHORT TERM FINANCIAL INVESTMENTS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Short term loans to related companies		
Victoria Group AD	244.600	1.470.865
Loan for food winter storage	6.893	6.358
Short term domestic loans	142.896	105.815
Other financial investments	219	4.142
Purchased own shares		(21.208)
	394.608	1.587.180

## NOTE – 19

### CASH AND CASH EQUIVALENTS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Accounts		
In RSD	13.305	5.154
In foreign currency	259.162	59.179
Allocated funds and letters of credit	19	19
Cashier	43	30

Foreign currency letters of credit		81
Other funds	7.230	3.256
	279.759	67.719

#### NOTE – 20

##### ADDED VALUE TAX AND ACTIVE ACCRUALS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Prepaid expenses to one year	18.785	23.630
Claims for overpaid AVT	267.315	22.313
Accrued added value tax	4	
Other active accruals	1.044	294
	287.148	46.237

#### NOTE – 21

##### OFF BALANCE ASSETS

Off balance assets on March 31<sup>st</sup> 2012 amounts to 12.117.792 thousand RSD. Amount of 12.003.255 thousand RSD refers to guarantees and bonds provided by Sojaprotein AD. The amount of 114.537 thousand RSD refers to goods in our storages owned by other persons.

##### OFF BALANCE ASSETS/LIABILITIES

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Funds of other persons	114.537	20.770
Provided avails and guarantees	12.003.255	8.757.888
	12.117.792	8.778.658

#### NOTE – 22

##### BASIC CAPITAL

Based on the decision of the Assembly of the Company adopted on June 30<sup>th</sup> 2011 and the decision of the Securities Commission no. 4/0-24-2926/5-11 from July 14<sup>th</sup> 2011 X shares emissions were issued based on the transformation of undistributed profit into basic capital. 5.050.680 shares were issued with the right to vote, without nominal value with individual accounting value of 463.661404 RSD, or total value of 2.341.805.379.95. Basic capital of the company after the increase from transforming undistributed profit is 6.906.479.571.15 RSD and is divided to 14.895.524 shares without nominal value with accounting value of

463.661404 RSD. Shares of X emission are registered in the base of Central Registry of Securities on August 9<sup>th</sup> 2011.

Structure of share capital of the Company on March 31<sup>st</sup> 2012 was the following:

Description	% share	March 31 <sup>st</sup> 2012 Number of shares	Capital value
Victoria Group AD	50.94%	7.587.503	3.518.032
Mitrovic Zoran	6.07%	904.675	419.463
BabovicMilija	6.03%	897.835	416.291
Raiffeisenbank AD Belgrade custody account	2.99%	445.149	206.398
Unicredit Bank Srbija AD	2.17%	323.317	149.910
Erste Bank AD Novi Sad	1.54%	229.392	106.360
SocieteGenerale Bank Srbija	1.47%	219.299	101.680
Unicredit Bank Srbija AD	1.36%	202.721	93.994
Gustaviad Fonder Aktie	1.13%	168.137	77.959
Raiffeisenbank AD Belgrade	0.91%	135.457	62.806
Other companies and individuals	25.39%	3.782.039	1.753.587
	100.0%	14.895.524	6.906.480
Shares gained		23.466	
Share capital		14.872.058	6.906.480

There are 23.466 remaining own shares gained as free shares of the X emission for sale.

#### **LEGAL RESERVE**

Legal reserve of the Company presented on March 31<sup>st</sup> 2012 in the amount of 247.882 thousand RSD represent the allocation from undistributed profit from previous years in accordance with the Decision of income distribution from business 2010 adopted by the Assembly of shareholders where the Company has allocated portion of 5% of net income for business year on the account of legal reserve, until they reach 10% of basic capital of the Company.

#### **STATUTORY RESERVE**

Statutory reserve of the Company on March 31<sup>st</sup> 2012 amount to 248.267 thousand RSD. Allocations in these reserves the Company executes in accordance with the statute, during the distribution of net profit for a business year. The Company is free to use statutory reserves and existing internal acts do not specify its use.

Reserves were not used.

#### **NOTE – 23**

## LONG TERM LOANS

		In thousand RSD
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Domestic long term loans	2.719.044	
Foreign long term loans	1.738.777	2.181.192
	4.457.821	2.181.192
Current due amounts	(319.761)	(423.125)
	4.138.060	1.758.067

## FOREIGN LONG TERM LOANS

				In thousand RSD	
	Annual interest rate	Currency	Currency amount	March 31 <sup>st</sup> 2012	2011
Vojvodjanska Bank AD Novi Sad	2.5%+6M EURIBOR	EUR	10.756.277	1.197.865	1.114.298
European Bank		EUR	2.857.142	318.184	369.982
European Bank	2.3%+6M EURIBOR	EUR	2.000.000	222.728	414.380
BancaIntezaCoper					282.532
				1.738.777	2.181.192
Current maturities				(151.137)	(423.125)
				1.587.640	1.758.067

In December 2001 the negotiation between the government of SR Yugoslavia and Paris Club of trustees resulted in significant reduction of liabilities (principal, interest and default interest calculated until March 22<sup>nd</sup> 2002) in the amount of 51% of new principal with the possibility of additional write off for three years to a maximum amount of 66.67% as additional item of reprogramming of liabilities. Law on regulating relation between SR Yugoslavia and companies and banks on the territory of SR Yugoslavia that were the primary debtors or guarantors towards the trustees of the Paris and London Club came into force on July 4<sup>th</sup> 2002 (Official Gazette SRJ no. 36/2002). In accordance with the mentioned law, the Company was obligated to pay to domestic banks the loans approved by the Paris Club under conditions that will not be less favorable than those defined by the agreement with foreign creditors.

The Company has not concluded a contract on defining liabilities payment for loans from the Paris Club to the day of these financial statements with Vojvodjanska bank AD Novi Sad and reduced the principal for portion of liabilities written off, and it has not executed the calculation of interest and their inclusion and presentation in financial statements for the period from March 22<sup>nd</sup> 2002 to the balance sheet date.

In accordance to the decision of the Supreme Court of Serbia, the issue was returned to additional deciding in the first degree procedure in front of the Commercial Court in Novi Sad for the determination of factual state. The first degree court reached a verdict in favor of the Company. The procedure is ongoing regarding the appeal of the prosecutor.

Liabilities based on the loan approved by the European Bank for renewal and development was presented on December 31<sup>st</sup> 2010 in the total amount of 650.269 thousand RSD (6.214.285.70 EUR). The loan was approved based on the contract from September 10<sup>th</sup>2007. In accordance with the contract the funds represent a portion of approved loan for investments in working capital per project of purchasing of 235.000 tons of soy and 60.000 sunflower 15.000 tons of rapeseed as well as investment in energy efficiency, regarding the line 2 and line 3 of approved funds in the total amount of 45.000.000 EUR. Stated amounts were approved to a period of five years with six month annuity of payment.

In accordance with the loan contract and in accordance with the requirements of section 5.10. Financial relation (ratio) the Company is obligated based on financial statements presented in full application with International accounting standards, maintain:

1. Relation of EBIT and interest expense on the level not less than 3 where the profit of the Company is additionally corrected for:
  - Every share in profit or loss of any joint company, except for dividends or other income the Company accepted in cash from that joint company or joint venture, and any profit from any investment in fixed assets
  - Every profit of loss directly connected to sale of discontinuation of business or sale of fixed assets
  - All direct expenses of any fundamental reorganization or restructuring with significant effect to a nature or focus of the Company's business
  - All amounts written off from investment value
  - Realized and unrealized exchange rate profit and loss referring to regular operations
2. The interest expense includes all interest and expenses occurring in connection to financial debt of the Company as such interest and expenses burden the balance sheet of that company

Ratio of debt and total capitalization must be maintained on the level not larger than 0.6 where the debt includes only debt, and excludes any debt secured by the Contract on stock pledge. Total capitalization is the sum of presented values of total share capital, accumulated deferred income tax, accumulated investment tax loans, minority share, potential reserves and contributions as the aid to building.

The loan approved by the Bank Koper DD Koper presented on December 31<sup>st</sup> 2010 in the total amount of 383.630 thousand RSD (3.636.346 EUR) is paid in full on October 28<sup>th</sup> 2011.

#### **DOMESTIC LONG TERM LOANS**

					In thousand RSD	
	Annual interest rate	Currency	Currency amount	March 31 <sup>st</sup> 2012	2011	
Unicredit Bank	3.9%+3M EURIBOR	EUR	16.165.757	1.800.288		

BancaIntesa	3.8%+1M EURIBOR	EUR	1.750.000	194.888
BancaIntesa	3.8%+1M EURIBOR	EUR	2.000.000	222.729
BancaIntesa	3.8%+1M EURIBOR	EUR	4.500.000	501.139
				2.719.044
Minus				(168.624)
Current due amount				2.550.420

## NOTE – 24

### SHORT TERM FINANCIAL LIABILITIES

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Current due amounts		
Long term loans	319.761	423.125
Short term loans	1.336.372	2.004.319
Other	544	2.018
	1.656.677	2.429.462

#### Long term loans:

Creditor	Annual interest rate	Due date	Amount in currency	March 31 <sup>st</sup>	
				2012	2011
Komercijalna Banka AD	4.40	April 19 <sup>th</sup> 2011	2.000.000		52.082
Societe Generale Bank	3M EURIBOR + 3.4%	August 31 <sup>st</sup> 2011	4.000.000	779.550	414.380
Euro Bank EFG	3M EURIBOR + 5.7%	September 6 <sup>th</sup>	1.000.000		69.063
Credit Agricole	3M EURIBOR + 3.8%	June 21 <sup>st</sup> 2011	5.000.000	556.822	517.977
Komercijalna Banka AD	4.40	March 30 <sup>th</sup> 2012	7.730.260		800.817
Komercijalna Banka AD	RKS 1.50%	June 30 <sup>th</sup> 2011			150.000
				1.336.372	2.004.319

## NOTE – 25

### LIABILITIES FROM OPERATIONS

In thousand RSD

	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Liabilities from advances received	120.153	348.313
Liabilities to suppliers		
Parent and related companies		947
Other related companies	419.291	141.010
Domestic suppliers	168.268	575.971
Foreign suppliers	68.041	8.767
Other liabilities from operations	80.517	
	856.270	1.075.008

## NOTE – 26

### OTHER SHORT TERM LIABILITIES

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Net income and income fees	10.323	9.715
Taxes and duties for profit	6.464	6.120
Interest and finance expenses	3.459	
Dividend duties	3.017	3.017
Liabilities to individuals for contract fees	112	102
Net salary fees refunded	61	300
Taxes and duties to reimbursed salaries	29	170
Liabilities to managing and supervisory board members	60	60
Other liabilities	274	192
	23.799	19.676

## NOTE – 27

### DUTIES FROM ADDED VALUE TAX AND OTHER PUBLIC INCOME AND PASSIVE ACCRUALS

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Duties for taxes, customs and other duties	29.499	
Future period calculated income	309	381
Accrued AVT		52
Other passive accruals	220	
Future calculated expenses	13.894	18.020
	43.922	18.453

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT GOALS

Capital management goal is that Company maintains the capability to continue with its operations in unlimited period of time in foreseeable future, in order to maintain the optimal structure of capital with the purpose to reduce capital expenses, and secure the owners with



capital profit. Capital structure of the company includes debt, including long term loans explained in special note, other long term liabilities, long term and short term investments, cash and cash equivalents and capital registered to owners, including shares, other capital, reserves as well as accumulated profit.

Persons controlling finances on Company level examine the structure of capital on annual level.

Company debt indicators with status on March 31<sup>st</sup> 2012:

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Debt a)	5.794.800	4.188.064
Cash and cash equivalents	279.759	67.719
Net debt	6.074.559	4.255.783
Capital b)	11.260.016	10.289.978
Ratio of total debt to capital	0.54	0.41

a) Debt refers to long term and short term financial liabilities

b) Capital includes share capital, reserve and accumulated loss

#### Financial instrument categories

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
<b>Financial assets</b>		
Capital share	6.332	8.237
Other long term financial investments	2.392	3.666
Claims	2.554.291	4.439.292
Short term financial investments	387.715	1.580.822
Cash and cash equivalents	279.759	67.719
	3.230.489	6.099.736
<b>Financial liabilities</b>		
Long term and short term loans	5.794.800	4.188.064
Liabilities to suppliers	733.120	726.725
Other liabilities	23.627	22.885
	6.551.547	4.937.674

Basic financial instruments of the Company are cash and cash equivalents, claims, financial investments from direct operations of the Company, as well as long term loans, obligations to suppliers and other obligations whose main purpose is financing current operations. In normal conditions Company operations are exposed to risk.

#### Financial risk management goals

Financial risks include market risk (foreign currency and interest) credit risk and liquidity risk. Financial risks are viewed on time basis and are avoided by lowering exposure of Company to those risks. The Company uses no financial instruments to avoid the influence of financial risk to operations since these instruments are not widely used, and there is no organized market of such instruments in the Republic of Serbia.

#### Market risk

In its operations the Company is directly proportional to financial risk from the changes of foreign currency rates and interest rates changes.

Exposure to market risk is viewed through analysis to market change sensitivity. There were no significant changes to exposure of the Company to market risk, nor in the method by which the Company manages those risks or measures them.

#### Foreign currency risk

The Company is exposed to foreign currency risk primarily through cash and cash equivalents, claims from buyers, long term loans and liabilities towards suppliers that are nominated in foreign currency. The company uses no special financial instruments as protection from risk, considering the fact that such instruments are not usual in Republic of Serbia.

Stability of economic environment in which the Company operates, in a large measure depends on the measures and economic policy of the government in industry, including the establishment of appropriate legal and legislative framework.

Book value of funds and liabilities presented in foreign currency on the reporting date in the Company were the following:

	Funds		Liabilities	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
EUR	671.137	422.492	5.860.624	4.043.363
USD	455.098	308.535	1.673	1.388
GBP	18.229	23.322		62
	1.144.464	754.349	5.862.297	4.044.813

The Company is sensitive to changes of foreign currency exchange rate of euro (EUR) and American dollar (USD). The following table presents detailed analysis of Company sensitivity to increase and decrease of 10% of exchange rate compared to foreign currency. Sensitivity rate of 10% is used in internal presentation of foreign currency risk and is the evaluation of management of reasonable expected changes in foreign currency rates. Sensitivity analysis includes only the claims not collected and liabilities presented in foreign currency and adjusts their translation at the end of the period to a change of 10% in foreign currency exchange rate. Positive number in the table points to increase of results increase of the current period in cases when RSD devalues compared to currency at hand. In case of RSD devaluation of 10% compared to given foreign currency, result influence of the current period would be contrary to the one presented in previous case.

March 31<sup>st</sup> 2012

March 31<sup>st</sup> 2011

EUR currency	(518.931)	(362.033)
USD currency	45.343	30.715
GPB currency	1.823	1.675
Current period results	(471.765)	(329.673)

Sensitivity of the Company to foreign currency changes is increased in current period, mostly as the consequence of credit liabilities increase.

#### Interest rate change risk

The company is exposed to interest rate change risk to funds and liabilities where the interest rate is variable. This risk depends on financial market so company has no instruments available that would mitigate its influence.

	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
<b>Financial assets</b>		
<b>Non-interest bearing</b>		
Long term financial investments	6.332	8.237
Other long term financial investments	2.392	3.666
Claims from buyers	2.554.291	4.439.292
Short term financial investments	361.615	1.580.822
Cash and cash equivalents	279.759	67.719
	3.204.389	6.099.736
	3.204.389	
<b>Variable interest rate</b>		
Short term financial investments	26.100	
	3.230.489	6.099.736
<b>Financial liabilities</b>		
<b>Non-interest bearing</b>		
Liabilities to suppliers	733.120	726.725
Other liabilities	23.627	22.885
	756.747	749.610
<b>Variable interest rate</b>		
Long term and short term liabilities	5.794.800	4.188.064
	6.551.547	4.937.674

Sensitivity analysis in further text is established based on exposure to interest rate change on balance sheet date. For liabilities with variable rate, the analysis is produced under the assumption that the remaining amount of funds and liabilities on balance sheet date was unchanged during the entire year. Increase of decrease of 1% in management opinion is evaluation of realistic change in interest rates. If the interest rate was 1% lower/higher and all other variables remain unchanged, the Company would achieve operational income/loss for the year ending on March 31<sup>st</sup> 2012 in the amount of 57.687 thousand RSD. This situation is registered to the exposure of the Company based on variable interest rates calculated on long term loans.

#### Credit risk

## Claims from buyers' management

The Company is exposed to credit risk representing the risk that the debtors will not be able to settle the debt towards the Company in full and in due time, which would result in financial loss for the Company. The exposure of the Company to this risk is limited to the amount of claims from the buyers on balance sheet date. Claims from buyers are significantly in regards to related parties.

The most significant buyers are presented in the following table:

Client	In thousand RSD	
	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
Victoria Logistic	21	2.108.808
Victoria oil AD Sid	564.817	604.999
Metalopromet, Kula	194.483	
BonidaVladimirci	91.743	
Invej AD Zemun	175.175	345.621
MlinoviCurug DOO	80.079	81.561
Veterinary Institute Subotica AD Subotica	212.040	63.505
Biovet Bulgaria	278.520	231.839
Vobex Moscow	109.595	59.387
Other claims	847.818	943.572
	2.554.291	4.439.292

Structure of claims from buyers on March 31<sup>st</sup> 2012 is presented in the following table

In thousand RSD

	Gross exposure	Value correction	Net exposure
Undue claims from buyers	1.545.742		1.545.742
Due, corrected claims from buyers	171.853	(171.853)	
Due, uncorrected claims from buyers	1.008.549		1.008.549
	2.726.144	(171.853)	2.554.291

Structure of claims from buyers on March 31<sup>st</sup> 2011 is presented in the following table:

In thousand RSD

	Gross exposure	Value correction	Net exposure
Undue claims from buyers	1.361.935		1.361.935
Due, corrected claims from buyers	149.357	(149.357)	
Due, uncorrected claims from buyers	3.077.357		3.077.357
	4.588.649	(149.357)	4.439.292

#### Undue claims from buyers

Undue claims from buyers presented on March 31<sup>st</sup> 2012 in the amount of 1.545.742 thousand RSD (March 31<sup>st</sup> 2011 1.361.935 thousand RSD) are largely referred to claims from buyers of soybean meal, raw soy oil, soy textures and soy flour. These claims are due in 60 days on average after the invoice date, depending on contractual payment dates.

#### Due, corrected claims from buyers

The company has depreciated claims from buyers in the previous period for due claims in the amount of 173.853 thousand RSD (2011: 149.357 thousand RSD) for which the Company has determined that there has been a change in credit capability of the client and that the claims will not be collected in the next period.

#### Due, uncorrected claims from buyers

The Company has not depreciated due claims presented on March 31<sup>st</sup> 2012 in the amount of 1.008.549 thousand RSD (March 31<sup>st</sup> 2011 3.077.357 thousand RSD) considering the fact that there was no determined change in the credit capability of the client, and that those claims are largely from related companies, portion of the claims for soymeal and soy oil on delayed payment, and the management of the Company is of opinion that total present value of these claims is to be paid.

Maturity structure of due uncorrected claims is presented in the following table:

	March 31 <sup>st</sup> 2012	In thousand RSD March 31 <sup>st</sup> 2011
Less than 30 days	416.250	239.236
31-90 days	120.018	1.355.724
91-180 days	317.698	366.657
181-365 days	127.848	1.037.261
Over 365 days	26.735	78.479
	1.008.549	3.077.357

#### Liabilities to suppliers' management

Liabilities to suppliers on March 31<sup>st</sup> 2012 is presented in the amount of 733.120 thousand RSD (March 31<sup>st</sup> 2011: 726.725 thousand RSD). The suppliers do not calculate default interest on due liabilities for lag, where the Company in accordance with its policy of financial risk management settles the liabilities in due time. Average time of liabilities settlement towards suppliers is 31 days.

#### Assumptions for the evaluation of present fair value of financial instruments

Considering the fact that there is not enough market experience, stability and liquidity in purchase and sale of financial assets and liabilities, as well as the fact that there are no available market information that could be used for disclosing fair value of financial assets and liabilities, a method of discounting cash flows was used. In using this method, interest rates are used for financial instruments with similar characteristics, for the purpose of having relevant evaluation of market value of financial instruments on balance date. Assumptions

used for the estimation of present fair value are that the book value of short term claims from buyers is approximate to their fair value because they are due in relatively short term.

## **TAX RISKS**

Tax laws of Republic of Serbia are often differently interpreted and are subject to frequent changes. Interpretation of tax laws by the tax authority related to transactions and activities of the company can be different from the interpretation of the management. The transaction therefore can be challenged by the administration and the Company can receive an increased amount to pay. Maturity date of tax obligation is 5 years. This means that the tax administration has the right to set payment of unpaid liabilities within five years from the occurrence of the duty.

## **LITIGATION**

On March 31<sup>st</sup> 2012 the Company has a number of disputes as respondent where the most significant ones are:

- Litigation with Vojvodjanska Bank AD Novi Sad, for liabilities per refinanced loan from the Paris Club in the value of EUR 10.756.276.60. The second degree verdict was cancelled by the Supreme Court of Serbia and the repeated process resulted in the decision in favor of the Company
- Two litigations with Agro DOO Valjevo of total value of 21.940 thousand RSD regarding the concluded contract on object building

The Company believes in favorable outcome of litigations, and there are no reserves on that basis in the submitted financial statements.

## **PRESENT ECONOMIC SITUATION AND ITS INFLUENCE TO SOCIETY**

Business activity of the Company is under the significant influence of present global financial crisis and worsening of industry conditions. We do not expect different conditions in 2012. Due to present crisis on global market and its influence on Serbian market, it is expected that the Company will conduct business in worsened and uncertain conditions. The influence of the crisis cannot be determined presently, and the uncertainty element is ever-present. Worsening of the business situation in the country will influence certain branches of industry, which will have indirect effect on the Company.

In addition to this, the Company had no major difficulties in maintaining liquidity.

## **FOREIGN CURRENCY EXCHANGE RATES**

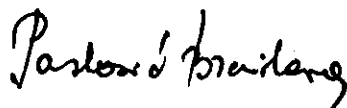
Average rates for foreign currency, determined on inter-banking market, are applied for the calculation of foreign currency positions of balance sheet in RSD, for certain main currencies:

	March 31 <sup>st</sup> 2012	March 31 <sup>st</sup> 2011
USD	83.3129	73.2224
EUR	111.3643	103.5951

In Becej March 31<sup>st</sup> 2012

Legal representative

Branislava Pavlovic, CEO



#### IMPORTANT BUSINESS EVENTS IN I QUARTER 2012

The first quarter of 2012 saw a finish of high regal modern warehouse of finished products with 14.000 pallet places in accordance with world standards FIFO that was put in function, which significantly improved the logistics capacity of the Company in finished products delivery area.

Finishing works of the factory for the production of soy traditional concentrate are ongoing, producing 70 000 t of traditional soy concentrate and it is foreseeable that the trial work of this factory will initiate in the second half of May 2012. Soy protein concentrate (SPC) is one of the growing segments of soy protein industry. The applications are significant in all sectors of food industry, meat production, baking, soups, beverages and baby food. This production will replace soybean meal production which is a product with low profit margin. New products have more complex technological process and larger sale price that should secure sufficient difference for larger gross profit. First effects will be visible by the end of the business 2012.

Supervision of the system of health management and safety at work was successfully completed per OHSAS 18001:2007. High value and quality of its products Sojaprotein AD confirmed with the prolongation and extension of KOSHER certificate for its products in March 2012.

#### TRANSACTIONS WITH RELATED PARTIES

The first quarter of 2012 continued the realization of the business policy of the company that is directed to the increase of sale of own products to foreign market. In first quarter of 2012, from total sale, in amounts, on domestic market with third parties realization was cca 49% and on foreign market cca 42% and to related companies cca 9%.

Income from goods sale to related companies in the period January 1<sup>st</sup> March 31<sup>st</sup> 2012 were accomplished by soy bean sale in the value of total 521.372 thousand RSD. Income from sales of goods and services to related companies accomplished in I quarter of business 2012 are the following:

Soymeal	132.645 thousand RSD
Raw soy oil	1.914 thousand RSD
Protein products	72.378 thousand RSD
Other	13.197 thousand RSD
TOTAL	220.134 thousand RSD

In the annual report for 2011 the company has presented claim from the related company Victoria Logistics DOO Novi Sad in the amount of 1.860.967 thousand RSD. This claim was settled by the delivery of soy bean by Victoria Logistics in January 2012.

## OPERATIONAL RISKS OF THE COMPANY

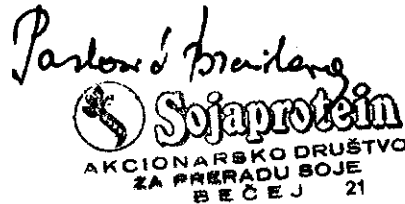
The most significant risk the Company is exposed to in operations is the change of foreign currency exchange rate, EUR primarily. Sensitivity of the Company to changes in foreign currencies is increased in the present period, mostly as the consequence of credit liabilities increase. Negative exchange rate differences burdened operations with 350.770 thousand RSD which had direct influence on business results. Effect to operations was mitigated by export effects in the same period which led to a business income of the Company of 118.803 thousand RSD. Business policy of the company is directed to larger export to foreign markets that should secure continued sale, stable inflow of foreign currency that would mitigate large oscillations of exchange rate.

The company is exposed to the risk from interest rate change with funds and liabilities with variable interest rate. This risk depends on the financial market so the Company has no instruments to mitigate its influence.

The company is exposed to credit risk representing the risk that the debtors will not be able to settle obligations to the Company. Exposure of the Company to this risk is limited to the amount of claims from buyers on balance sheet date. The company applies different collaterals to its claims according to the rating of the buyers/debtors.

In Becej, April 2012

Branislava Pavlovic, CEO



## STATEMENT OF PERSONS RESPONSIBLE FOR THE PRODUCTION OF QUARTER REPORT

To the best of our knowledge, quarter financial statement is produced with the application of appropriate international standards of financial reporting and provides true and objective data on assets, liabilities, financial position and operations, income and loss, cash flows and changes in equity of the company.

Persons responsible for the production of annual report:

Sojaprotein AD Becej, Industrijska Street 1, 21220 Becej

CEO Branislava Pavlovic

Finance Sector Executive Director Nikolic Ankica

Accounting Manager Dragana Andjelkovic

A handwritten signature in black ink, appearing to read "Branislava Pavlovic", written over the name of the CEO.

A handwritten signature in black ink, appearing to read "Ankica Nikolic", written over the name of the Finance Sector Executive Director.

A handwritten signature in black ink, appearing to read "Dragana Andjelkovic", written over the name of the Accounting Manager.

