

## NOTES TO THE BALANCE SHEET as of December 31, 2009

### 1. BASIC PARTICULARS ON THE COMPANY

Company "Sojaprotein" A.D., with registered office in Becej, Industrijska Zona bb was incorporated in 1985 as a socially-owned company.

From 2001 the Company has been operating as a joint stock company.

Privatization procedure was initiated by issue of internal shares to employees in 1991 and closed by disposal of shares included in the Share Fund Portfolio in 2002. From October 26, 2007 the Company's shares have been listed on exchange market – A Listing of Beogradska Berza a.d. Beograde (Belgrade Exchange).

Company's core activity is production of crude oils and fats.

"Sojaprotein" A.D., Becej ("Company") is the leading soybean processor in Serbia and one of the major processor in the region of Central and Eastern Europe.

In the first quarter of 2009 pooling of operating functions for fulfillment of requirements of several Members at the level of Victoria Group was completed, i.e. contracting the production and procurement of raw materials, transport and storage of goods as well as reorganization of the structure of production and production programs within the companies-members of the Group. From January 1, 2009, after implemented reorganization "Victoria Logistic" DOO Novi Sad has been performing the contracting of production and procurement of raw materials formerly conducted by the Company.

Production of fish fodder - Soprofish was transferred from "Sojaprotein" A.D. to its subsidiary Veterinarski Zavod "Subotica" A.D. Subotica (Veterinary Institute), whereas capacities for higher processing stages of soybean products for food industry and human consumption were increased by new investments within "Sojaprotein" A.D. and they result from implemented Development Plans of the Company.

Company Meeting passed the Decision on the 8<sup>th</sup> issue of ordinary shares by public offering for increase of original capital by new stakes in total value of RSD 2,499,134,967.56, i.e. 5,390,000 ordinary shares.

The Securities and Exchange Commission approved the 8<sup>th</sup> issue of shares by its decision of April 2, 2009, whereupon the Public Announcement was published whereby the term for subscription and pay-up of shares under the preferential rights of current shareholders lasted from April 16, 2009 until May 7, 2009 and for other interested parties from May 8, 2009 until May 18, 2009. Proceeds from the new issue were earmarked for refinancing of current credit indebtedness of the Company as well as financing of investments in extension of current capacities for production of soybean products for human consumption with the objective to increase the export.

Company successfully conducted the 8<sup>th</sup> issue of shares by subscription and pay-up of 2,231,304 ordinary shares with voting rights (41.397106% of total shares offered in the 8<sup>th</sup> issue). Securities and Exchange Commission approved by its Decision No. 4/0-03-1133/14-09 dated May 22, 2009 the Company's 8<sup>th</sup> issue of ordinary shares with voting rights with no par value and total book value of RSD 1,034,569,545.3908816, i.e. 2,231,304 ordinary shares. Accordingly, after increase the Company's original capital amounted to RSD 3,533,704,512.95 and it is divided in 7,621,304 shares with no par value and book value of RSD 463.6614 per share.

Ten major shareholders in the capital structure made 74.31% of total share capital as of December 31, 2009.

There was 386 of employees on the date of financial statements preparation.

## **2. BASES FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING POLICIES**

Pursuant to the Law on Accounting and Audit (“Official Gazette of the Republic of Serbia”, No. 46 dated June 2, 2006) legal entities and entrepreneurs incorporated in the Republic of Serbia are obliged to maintain business books, recognize and evaluate their assets and liabilities, revenues and expenses and to prepare, present, submit and disclose their financial statements in accordance with the legal and professional regulations, that is Framework for the Preparation and Presentation of Financial Statements (“the Framework”), International Accounting Standards (“IAS”), i.e. International Financial Reporting Standards (“IFRS”) as well as interpretations which make an integral part thereto.

The Framework and IAS to be applied as of December 31, 2002 were determined under the Decision issued by the Minister of Finance of the Republic of Serbia (No. 011-00-738-2003-01 dated December 30, 2003) whereupon both, the former and current Law on Accounting and Audit 2006 and Amendments and Supplements to the Law on Accounting of December 30, 2009 are based.

Changes in IAS, as well as the new IFRS and corresponding interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, respectively, were officially adopted after the date mentioned above under the Decision on Publishing of International Financial Reporting Standards issued by the Minister of Finance of the Republic of Serbia (No. 401-00-11/2008-16) and they were published in the “Official Gazette of the Republic of Serbia” No. 16 of February 12, 2008.

<b>NOTE 1 – INTANGIBLE ASSETS</b>	
Company presented intangible assets in the amount of RSD 8,561 thousand. Intangible assets are initially valued at purchase price if procured or at cost if produced within the Company. After the initial recognition, intangible investments are carried at their purchase value or cost reduced for total amortization and total losses resulting from impairment.	
<b>NOTE 2 – PROPERTY, PLANTS AND EQUIPMENT</b>	
Company presented the item ‘Property, Plants and Equipment’ in the amount of RSD 3,392,738 thousand as of December 31, 2009. All assets classified in this Item are carried at their fair value (evaluation performed in 2005 by an independent appraiser). Amortization is calculated by applying the STRAIGHT LINE method on the purchase value.	
Investments in progress amounted to RSD 569,648 thousand as of December 31, 2009. Within total investments made in 2009 major investments related to investments in facilities under construction in amount of RSD 127,891 thousand and in equipment and plants under construction in amount of RSD 441,757 thousand. Major investments in progress are as follows:	
1. SPI/SPC PLANT - Project documentation	RSD 55,941 thousand

2.TSP Plant	RSD 61,576 thousand
3.B&G Plant	RSD 23,226 thousand
4.Wells II,III,IV 5. Extruder and separator 6. "Wenger" drier 7. BTH packing machine 8. Soybean grinding line 9. Mills	RSD 19.069 thousand RSD 122.575 thousand RSD 92.096 thousand RSD 98.441 thousand RSD 57.063 thousand RSD 25.737 thousand
<p>Implementation of the soybean protein isolates and concentrates plant construction project which commenced in 2008 were continued by development of the future plant designs. The conceptual design was made and consulting services contracted with a company specialized in providing consulting services in the soybean proteins industry having a worldwide reputation. The amount of RSD 55,941 thousand has been invested in the Project up to now. After temporary suspension caused by financial and economic crisis, the Project is currently activated again and activities on development of the Final Design and collecting of bids for selection of the equipment are in progress.</p> <p>An investment in preparation relates to the reconstruction of B&amp;G and TSP plants.</p> <p>Assembling and putting into operation of the new extruding line manufactured by Wenger is completed. The equipment procured provides double production capacities of textures of higher quality and wider assortment of products. Furthermore, a new grinding line produced by the German manufacturer "Bauermaister" provides 50% increase of capacities for soybean flour; it was put into operation in March 2009 as well as the new packing line of all products in B&amp;G and TSP plants. These investments were aimed to increase the production capacities of soybean products for food industry and human consumption.</p> <p>Investments in progress amounted to RSD 11,481 thousand.</p>	
<b>NOTE 3 – INVESTMENT ASSETS</b>	
As of December 31, 2009 the investment assets amounted to RSD 332,054 thousand and related to:	
1. MIXING PLANT in B. Palanka	RSD 26,280 thousand
2. WAREHOUSE in B. Palanka	RSD 2,842 thousand
3. MASTER CENTER 4. SILO in B. PALANKA	RSD 81,302 thousand RSD 221,611 thousand
The silo was leased to "Victoria Logistic" for storage of agricultural products on June 1, 2009.	
<b>NOTE 4 – STAKES IN CAPITAL</b>	
Company has the following stakes:	
1. Stakes in its subsidiaries :	RSD 784,730 thousand
- "VOBEX INTERSOJA" Moscow – 85.00%	RSD 1,112 thousand
- "VETERINARSKI ZAVOD" AD Subotica – 59.17%	RSD 783,618 thousand
<p>Veterinarski Zavod "Subotica" A.D. Subotica conducted 8<sup>th</sup> issue of ordinary shares by public offering in total intended scope of 1,680,324 shares, based on the Decision of Meeting dated February 19, 2009. The term for subscription and pay-up of shares of 8<sup>th</sup> issue was determined to 67 days – from April 24, 2009 until July 10, 2009 (as</p>	

<p>follows: for subscription and pay-up based on preferential rights from April 24, 2009 until June 29, 2009 and for all other domestic and foreign legal entities from June 30, 2009 until July 10, 2009). During June, "Sojaprotein" A.D. had exercised its preferential right in full and subscribed and paid-up 579,760 ordinary shares with voting rights of 8<sup>th</sup> issue from the Issuer - Veterinarski Zavod "Subotica" A.D. Subotica. Securities and Exchange Commission approved the issue of 579,872 ordinary shares of 8<sup>th</sup> issue by its Decision No. 4/0-03-1134711-09 dated July 20, 2009. Their registration with the Central Securities, Depository and Clearing House was made on July 24, 2009. Therefore, the stake of "Sojaprotein" A.D. in capital of its subsidiary was increased from 34.50% to 51.30%. In accordance with the statutory obligation takeover of shares in Veterinarski Zavod was completed on November 9, 2009 resulting in the current stake of "Sojaprotein" A.D. equal to 59.17%.</p>	
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2. Stakes in other related legal entities :	RSD 64,626 thousand
This group consists of stakes in capital of the following companies:	
- Hotel "BELA LADJA" AD Becej – 31.81%	
In February, "Sojaprotein" A.D Becej disposed of all of its shares in SP Laboratorija Becej (Laboratories).	
3. Stakes in capital of other legal entities:	RSD 8,618 thousand
This group of stakes consists of stakes in several other legal entities; however, each individual stake is of no substantial significance.	
<b>NOTE 5 – OTHER LONG-TERM FINANCIAL INVESTMENTS</b>	
Company presented long-term financial investments in the amount of RSD 3,969 thousand. The resulting reduce as compared to the former period was caused by transfer of receivables based on conditional loans granted to the company „Victoria Logistic" D.O.O.Novi Sad for construction of storage capacities. These transfers were made as a part of the reorganization procedure and pooling of procurement of raw materials, transport and storage of goods within the "VictoriaGroup" which have been performed by the company "Victoria Logistic" as of January 1, 2009.	
<b>NOTE 6 – INVENTORIES</b>	
Company presented inventories in its balance sheet in the amount of: Within inventories major stocks related to raw materials and material and amounted to RSD 3,183,513 thousand of which stock of basic raw material (soybean grain) amounted to RSD 3,133,945 thousand calculated at average purchase price, i.e. expressed in volume – 108,879,976 kg of soybean grain of JUS Standard.	RSD 8,261,295 thousand
In 2009, 239,324,975 kg of soybean grain of JUS Standards was processed as follows: - soybean - crop 2008      176,966,507 kg - soybean - crop 2009      62,358,468 kg	
Value of stock of finished products amounted to RSD 465,450 thousand as of December 31, 2009 and major stock of finished products related to: -soybean oil ..... 2,613,452 kg. -soybean meal..... 8,032,199 kg.	

Volume of crude soybean oil produced in 2009 was 45,040,000 kg and soybean meal 156,111,931 kg.	
Cost of finished products is based on actual consumption of raw materials and it is determined by production orders issued in production and corresponding variable costs.	
The amount of RSD 2,575,297 thousand related to prepayments made for raw materials paid in advance.	

<b>NOTE 7 – RECEIVABLES</b>	
Company presented in its balance sheet total receivables in the amount of RSD 5,912,968 thousand as follows:	
- Receivables from parents amounted to	RSD 820,309 thousand
Major share of these receivables in the amount of RSD 776,540 thousand related to “VictoriaGroup” based on the goods sold but to be paid in the next period.	
- Receivables from related legal entities amounted to	RSD 3,745,012 thousand
Major share of receivables from related legal entities were from “Victoria Logistic” and amounted to RSD 2,798,556 thousand for intermediaries supplied for oil plants production in the amount of RSD 1,554,757 thousand and delivered soybean meal in the amount of RSD 586,185 thousand and issued goods in the amount of RSD 570,562 thousand as prepayment for buy-up of soybean grain - crop 2010, as well as rent for leased silo and storage services in the amount of RSD 87,052 thousand. All these receivables will be settled through compensation for the soybean grain – crop 2010. Receivables from “Victoria Oil” Sid in the amount of RSD 827,223 thousand will be settled through a compensation in the first quarter of 2010.	
- Domestic trade receivables amounted to:	RSD 539,044 thousand
Receivables of RSD 65,199 thousand mainly related to the financing of soybean grain - crop 2009 and they will be compensated in the next period. A share of receivables amounting to RSD 473,845 thousand originated from regular commercial sale of products manufactured in the regular production program, and the major share related to the sale of soybean meal and partially good sold.	
- Foreign trade receivables amounted to:	RSD 350,087 thousand
Receivables amounting to RSD 350,087 thousand originated from regular commercial sale of oils and products manufactured in higher processing stages on foreign markets.	
- Receivables from specific deals and state bodies amounted to:	RSD 411,942 thousand
Major share of receivables from specific deals originated from credits granted to farmers that were transferred to “Victoria Logistic” in the amount of RSD 372,189 thousand.	
- Other receivables amounted to:	RSD 46,574 thousand
Other receivables related to “Fertil” Backa Palanka, based on the contract on assignment of receivables in the amount of RSD 25,009 thousand; share of receivables for export stimulation amounted to RSD 13,499 thousand.	
<b>NOTE 8 – SHORT-TERM FINANCIAL PLACEMENTS</b>	

As of December 31, 2009 short-term financial placements amounted to RSD 1,477,274 thousand. There structure was as follows:

- Short-term borrowings granted to related legal entities in the amount of RSD 1,439,954 thousand
- Loan granted in kind (wheat) to the company "Zitoprodukt" in the amount of RSD 14,734 thousand with the agreed preferential right of purchase
- Short-term credits granted to farmers in the amount of RSD 10,409 thousand.

Currency clause was contracted in order to secure these receivables from debasement.

#### **NOTE 9 - OFF-BALANCE ASSETS**

As of December 31, 2009 the off-balance assets amounted to RSD 6,274,406 thousand. The amount of RSD 3,087,893 thousand related to guarantees and sureties granted by "Sojaprotein" A.D. The amount of RSD 2,950,123 thousand was recorded on the off-balance assets accounts and it represents the amounts granted by the banks that were grantors for "Sojaprotein" AD credit liabilities.

"Sojaprotein" mainly grants sureties and guaranties to related legal entities, except for some individual cases when the sureties were granted to the business partners due to long-standing cooperation.

The amount of RSD 236,389 thousand related to goods owned by others and stored in our warehouses, primarily sunflower owned by „VictoriaOil " A.D., based on the Contract on Storage.

#### **NOTE 10 – ORIGINAL CAPITAL**

As of December 31, 2009 original capital of the Company amounted to RSD 3,533,704 thousand.

As of December 31, 2009 the first ten shareholders by number of shares they hold in descending order were as follows:

VICTORIA GROUP N. Sad – 62.94%, Privredna Banka Zagreb – 3.27%, Gustavus Capital Asset Mngt. - 1.71%, Hypo Kastodi 4 – 1.46%, Raiffeisen Zentralbank – 1.14%, SG Splitska Banka – 0.93%, Unicredit Bank Austria AG – 0.86%; Societe Generale Yugoslav Bank – 0.72%, Erste Bank Custody 00001 - 0.65%, Proinvestments A.D. – 0.63%.

On the basis of Decision on Increase of Original Capital by New Stakes and Decision on the 8<sup>th</sup> Issue of Ordinary Shares by Public Offering for Increase of Original Capital passed by the "Sojaprotein" A.D. Meeting held on February 19, 2009, the Company successfully conducted the 8<sup>th</sup> issue of shares when 2,231,304 ordinary shares with voting rights (41.397106% of total shares of 8<sup>th</sup> issue offered) were subscribed and paid-up. Securities and Exchange Commission approved to the Company by its Decision No. 4/0-03-1133/14-09 dated May 22, 2009 the 8<sup>th</sup> issue of ordinary shares with voting rights with no par value and total book value of RSD 1,034,569,545.3908, i.e. 2,231,304 ordinary shares. The shares were registered in the records maintained by the Central Securities, Depository and Clearing House on May 25, 2009 resulting in increase of the original capital for RSD 1,034,569,545.3908816, i.e. 2,231,304 ordinary shares with voting rights. Accordingly, after the closed increase, original capital of the Company amounted to RSD 3,533,704,512.95 and it is divided in 7,621,304 shares of no par value and book value of RSD 463.6614 per share.

#### **NOTE 11 – BOUGHT-UP TREASURY SHARES**

On the basis of Managing Board's Decision on acquiring treasury shares on the organized market to prevent larger and direct damage to the Company (whereby acquiring of 9.99% of shares was approved), "Sojaprotein" A.D. Becej acquired 54,491 treasury shares at the Belgrade Exchange, i.e. 1.010965% of total shares in value of RSD 71,240 thousand.

Disposal of treasury shares offered to all shareholders on the pro-rata principle was approved

by the Company Meeting's Decision of February 19, 2009. The remaining unsold shares were offered on the organized market. In accordance with the Decision on terms and conditions for disposal of treasury shares issued by the Company Managing Board on March 5, 2009, 19 shares in total value of RSD 9 thousand were disposed at the pro-rata principle and the remaining 13,890 treasury shares were disposed on the Exchange at market price within the statutory determined term of disposal.

The remaining 40,582 shares were sold in October within the statutory determined term of disposal. The shares were sold on the Exchange at market prices.

**NOTE 12 – LONG-TERM PROVISIONS**

Long-term provisions for severance pays at the time of retirement and jubilee awards (in accordance with IAS 19) amounted to RSD 44,981 thousand.

**NOTE 13 – LONG-TERM LIABILITIES**

Long-term liabilities amounted to ..... RSD 4,154,731 thousand. The item 'Long-Term Liabilities' consists of long-term foreign credits granted and financial lease.

Long-term foreign credits amounted to RSD 4,153,248 thousand.

	Currency	Initial Amount	Currency Amount	12/31/2009
Hypo Group Netherlands Corporate finance B.V (Contract No. 77/08)	EUR	15,000,000	7,492,000,02	718,399
Hypo Group Netherlands Corporate finance B.V (Contract No. 87/08)	EUR	25,000,000	12,499,960,00	1,198,606
European Bank	EUR	5,000,000	3,928,571,42	376,706
European Bank	EUR	10,000,000	5,000,000,00	479,444
Banka Koper	EUR	10,000,000	3,636,363,63	348,687
Vojvodjanska Banka a.d., Novi Sad (Paris Club) (Liability disputed in the pending lawsuit)	EUR	10,756,276,60	10,756,276,60	1,031,406
<b>Total liabilities:</b>	EUR		43,313,171,67	4,153,248

In June 2009 the credit of EUR 10,000,000 granted by Unikredit Banka was repaid in full. Company was exposed to interest risk and exchange rate risk and EUR exchange rate changes with respect to all its borrowings, since for all long-term credits interest equal to one-month, three-month or six-month EURIBOR plus fixed margin was contracted. In the first quarter of 2009 credit lines of Hypo Group and EFG Banka were restructured with significant extension of the grace period by Annexes to the Contracts, and at the end of September the Annex to the Contract with Hypo Group was entered including extensions of the grace period based under the Long-Term Credit Contract No. 77/08.

Long-term liabilities related to the financial lease amounted to RSD 1,483 thousand.

**NOTE 14 – SHORT-TERM FINANCIAL LIABILITIES**

Short-term financial liabilities amounted to RSD 4,732,473 thousand and consisted of short-terms domestic credits and a share of long-term foreign credits due within the period of one year and a share of financial lease due within the period of one year.

Short-term domestic credits amounted to RSD 1,190,622 thousand. Banks which granted those credits are:

Komercijalna Banka EUR 2,000,000 subsidized credit for financing of export with contracted currency clause  
 Komercijalna Banka EUR 2.000.000 subsidized credit for financing of export with contracted currency clause  
 Meridian Banka EUR 5,000,000 short-term domestic credit  
 Unikredit Banka EUR 3,416,693 short-term domestic credit

Short-term credits due within one year:

	Currency	Currency amount	Iznos u hilj Dinara
Hypo Group Netherlands Corporate Finance B.V (Contract No. 77/08)	EUR	7,507,999.98	719,933
Hypo Group Netherlands Corporate Finance B.V (Contract No. 87/08)	EUR	12,500,040.00	1,198,614
European Bank	EUR	714,285.72	68,492
European Bank	EUR	2,000,000.00	191,778
Societe Generale Bank	EUR	384,620.00	36,881
Eurobank EFG	EUR	6,600,000.00	632,866
Banka Koper	EUR	3,636,363.64	348,686
Societe Generale Bank(long-term domestic credit)	EUR	3,333,333.33	319,629
<b>Total liabilities:</b>	EUR	<b>36,676,642.67</b>	<b>3,516,879</b>

Interest and exchange rate risks were equal to those stated in short-term liabilities. The liability of RSD 3,516,879 thousand represents dinar equivalent of EUR 36,676,642.67 at the mean rate of NBS prevailing as of December 31, 2009. Interest rate is fluctuating and depends on changes in EURIBOR (one-month, three-month, i.e. six-month).

Annex to the Credit Contract No. 87/08 and Annex to the Credit Contract No. 87/08 were entered with the Hypo Group whereby the grace periods were extended for another 12 months, respectively, resulting in no liabilities except for regular payment of accrued interest in 2009.

Annex on Restructuring of the Credit Liability for a period of 6 months was entered with EFG Banka resulting in short-term liabilities of EUR 6,600,000 with respect to the credit granted.

- Financial lease – short-term share - RSD 6,054 thousand

- Financial liabilities under the Contract on Assignment of Receivables amounted to RSD 16,704 thousand.

#### **NOTE 15 – OPERATING LIABILITIES**

Operating liabilities were presented in the balance sheet in the amount of RSD 1,901,264 thousand.

They include :

- Prepaid liabilities in amount of RSD: 202,953 thousand

These liabilities relate to successive deliveries of soybean meal which were continuously supplied within the contracted period

- Prepayments in foreign currency in amount of RSD 10 thousand

- Liabilities to parents :

In the amount of 606 thousand

- Liabilities to related legal entities:

In the amount of RSD 1,004,802 thousand.



Liabilities to parents and related legal entities will be settled with their current receivables in the next quarter.
- Domestic trade payables:
In the amount of RSD 654,595 thousand.
Liabilities of RSD 10,433 thousand represented the liability based on soybean grain supplied in exchange for soybean meal.
Liability based on soybean supplied with corresponding costs – crop 2009 amounted to RSD 577,863 thousand.
Liability based on sunflower supplied with corresponding costs – crop 2009 amounted to RSD 779 thousand.
Major share of all these liabilities for raw materials were compensated or paid within the first two months of 2010.
For investments in fixed assets the liability amounted to RSD 7,474 thousand and the remaining balance of 58,046 thousand related to other liabilities.
- Liabilities related to the unbilled goods
In the amount of RSD 17,752 thousand.
- Foreign trade payables abroad:
In the amount of RSD 20,556 thousand.

Becej, December 31, 2009

*LEGAL REPRESENTATIVE*

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Pavlovic Branislava