SOJAPROTEIN A.D BECEJ

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET as of December 31, 2010

BASIC INFORMATION ON THE COMPANY

Sojaprotein A.D., Becej (hereinafter referred to as: the "Company") is the leading soybean processor in Serbia and one of the major soybean processors in the Central and Eastern Europe. The Company was incorporated in 1977 as a work organization for industrial processing of soybean in incorporation, and its establishment was completed in 1985.

In 1991, the Company Management passed the decision on issue of internal shares to its employees, thus performing the Company in a joint stock company. During 2000 and 2001, the Company had privatized the remaining socially-owned capital by issue of free shares, subscribed by the employees and other natural persons, all in accordance with provisions of the Law on Ownership Transformation passed in 1997.

Core activity of the Company is soybean grains processing whereby a range of full-fat and defatted products in the form of flour, groat and textures, as well as soybean oil, soybean meal and soybean lecithin. A supplementary segment of business activities of the Company includes providing services in farming, wholesale and retail trade, buy-up of agricultural products.

Registered office of the Company is located at the 1, Street Industrijska, Becej. The Company had 364 employees as of the Balance Sheet date.

BASES FOR THE FINANCIAL STATEMENTS PREPARATION AND PRESENTATION AND THE ACCOUNTING METHOD

Financial Statements

Financial statements of the Company include the Balance Sheet as of December 31, 2010, Income Statement, Statement on Changes in Equity and Cash Flows Statement for the year ended on that date as well as the review of significant accounting policies and assessments and Notes to the financial statements.

Bases for the Financial Statements Preparation and Presentation

Pursuant to the Law on Accounting and Audit ("Official Gazette of the Republic of Serbia", No. 46 dated June 2, 2006 and No. 111 dated December 29, 2009) legal entities and entrepreneurs operating in Serbia are obliged to maintain business books; recognize and evaluate their assets and liabilities, income and expenses; prepare, present, file and disclose their financial statements in accordance with the legal and professional legislation, i.e. in compliance with the 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 of the Standards in effect as of December 31, 2002.

Amendments and modifications of IAS as well as the new IFRS and relevant interpretations issued by the International Accounting Standards Board ("Boards") and the International Financial Reporting Interpretations Committee ("IFRIC") during the period from December 31, 2002 until January 1, 2009 were officially adopted by the Decision of the Ministry of Finance of the Republic of Serbia (the "Ministry") and published in the Official Gazette of the Republic of Serbia, No. 77 dated October 25, 2010.

However, until the date of preparation of attached financial statements, all amendments and modifications of IAS/IFRS and IFRIC interpretations that were in effect for annual periods commencing as of January 1, 2009 were not translated. Furthermore, the attached financial statements were presented in the form defined under the Rulebook on Chart of Accounts and Contents of Accounts in the CoA for Companies, Cooperatives, other Legal Entities and Entrepreneurs ((“Official Gazette of the Republic of Serbia”, No. 114 dated December 22, 2006, No. 119 dated December 26, 2008, No. 9 dated February 6, 2009 and No. 4 dated January 29, 2010), which took over the entire set of financial statements defined by the Law which deviates from the one defined in IAS 1 “Presentation of Financial Statements” and, in addition, individual parts deviate from the manner of presentation of certain balance items set forth in IAS 1. Published standards and interpretations in effect for the current period that are not still translated and adopted officially, as well as published standards and interpretations that will not be applied currently, are disclosed in Notes 2.2 and 2.3.

Accordingly, and bearing in mind potentially adverse substantial impact of deviations of the Serbian accounting regulations from IFRS and IAS referred to the accuracy and fairness of the Company financial statements, the enclosed financial statements may not be considered as financial statements prepared in compliance with IFRS and IAS.

Financial statements were prepared in accordance with the historical cost principle, unless stated otherwise in the accounting policies given below.

When preparing financial statements, the Company applied accounting policies specified under Note 3.

Financial statements of the Company were expressed in thousand of dinars (RSD). Dinar (RSD) is the official reporting currency in the Republic of Serbia.

Published Standards and Interpretations in Effect in the Current Period which are still not Translated and Adopted

As of the date of announcement of these financial statements, standards and their amendments listed below were issued by the International Accounting Standards Board, and the following interpretations were published by the International Financial Reporting Interpretations Committee, however, they were not officially adopted by the Republic of Serbia for the annual periods as of January 1, 2010:

- Amendments to IFRS 7 “Financial Instruments: Disclosures” – Amendments whereby disclosures of fair value and liquidity risks (revised in March 2009, in force for annual periods as of or after January 1, 2009) were improved,

- Amendments to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Additional exemptions for first-time adopters of IFRS from full retrospective application of IFRS with respect to oil and gas assets and determination whether an agreement contained a lease (revised in July 2009, in force for the annual periods as of or after January 1, 2010),

- Amendments to various standards and interpretations result from the Annual IFRS Quality Improvements Project announced on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 with primary intention to eliminate non-compliances and clarify formulations provided (amendments to standards will become effective for annual periods as of or after January 1, 2010, and the amendment to UFRIC as of or after July 1, 2009)

- Amendments to IFRS 38 “Intangible Assets” (in force for annual periods as of or after July 1, 2009),

- Amendments to IFRS 2 “Share-Based Payments”: Amendments result from the Annual IFRS Quality Improvements Project (revised in April 2009 and in effect for the annual periods as of or after July 1, 2009) and the amendment related to the Group-cash Share/based Payment

Arrangements (revised in July 2009, in force for the annual periods as of or after January 1, 2010);

- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" coming into force for annual periods as of or after July 1, 2009 and IAS 39 "Financial Instruments: Recognition and Measuring" – Embedded Derivatives (in effect for annual periods as of or after June 30, 2009),

- IFRIC 18 "Transfer of Assets from Customers" (in force for annual periods as of or after July 1, 2009)

Published Standards and Interpretations which are still not in Force

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

- „Comprehensive Framework for Financial Reporting in 2010" representing the amendment of the "Framework for Financial Reports Preparation and Presentation" (in effect as of the date of its publishing, i.e. September 2010);

- IFRS 9 "Financial Instruments" (will come in force for annual periods as of and after January 1, 2013);

- Supplements to IFRS 1 "First-Time Adoption of International Financial Reporting Standards" – Limited Exemption from Comparative Information defined within IAS 7 for First-time Adopters (in effect for annual periods as of or after July 1, 2010);

- Supplements to IFRS 1 "First-Time Adoption of International Financial Reporting Standards" – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (in effect for annual periods as of or after July 1, 2011);

- Supplements to IFRS 7 "Financial Instruments: Disclosures"- Transfer of Financial Assets (in effect for annual periods as of or after July 1, 2011);

- Supplements to IAS 12 „Income Taxes" – Deferred Tax: Recovery of Underlying Assets (will be in force for annual periods as of or after January 1, 2012);

- Supplements to IAS 24 "Related Party Disclosures" – Simplified disclosure requirements for entities controlled or significantly influenced by government and clarifying the definition of a related party (in effect for annual periods as of or after July 1, 2011);,

- Supplements to IAS 32 "Financial Instruments: Presentation"– Accounting Classification of Pre-emptive Rights Issue (in effect for annual periods as of and after February 1, 2010).

BASES FOR FINANCIAL STATEMENTS PREPARATION AND PRESENTATION AND ACCOUNTING METHOD (Continued)

Published Standards and Interpretations which are still not in Force (Continued)

- Supplements to various standards and interpretations “IFRS Improvements (2010)“ resulted from the Annual IFRS Quality Improvements Project announced on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) with primary intention to eliminate non-compliances and clarify formulations provided (majority of amendments will become effective for annual periods as of or after January 1, 2011);

- Supplements to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, Overpaid Minimum Funding Requirements (in effect as of or after January 1, 2011);.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (in effect for annual periods as of and after July 1, 2010).

Comparative data

Comparative data are Company financial statements as of and for the year ended on December 31, 2009 that were subject to an independent audit.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES

Income and Expenses

Sales are recognized when title related risks and benefits are transferred to the customer, i.e. delivery date of products to the customer. Income from services rendered is recognized when a service is completed.

Income is presented at fair value of assets received or assets that will be received, in net amount after deduction of discounts granted and value added tax.

Interest gains and losses are credited or debited in the period they relate to.

On the date of income recording the corresponding costs and expenses are recorded as well (accrual basis of accounting).

Repair and maintenance costs are covered from the income gained within the period they were incurred.

Translation of Assets and Liabilities Expressed in Foreign Currencies

Operating transactions in foreign currencies were translated in dinars at the mean exchange rate prevailing on the Interbank Foreign Currency Market as of the date of respective transaction.

Assets and liabilities expressed in foreign currencies as of the Balance Sheet date were translated in dinars at the mean exchange rate prevailing on the Interbank Foreign Currency Market on that day.

Currency differential gains and losses arising from business transactions in foreign currencies and translations of Balance Sheet items expressed in foreign currencies were credited or debited in the Income Statement as gains or losses based on currency differentials.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees Benefits

a) Taxes and Contributions to Employees' Social Security Funds

Pursuant to current regulations of the Republic of Serbia, the Company is liable to pay taxes and contributions to tax authorities and government funds whereby social security of employees is provided. These liabilities include taxes and contributions for employees charged to the employer in the amounts calculated at rates set forth under legal regulations. Furthermore, the Company is liable to withhold contributions from Employees' gross salaries and pay them in the respective funds in the name of its employees. Taxes and contributions charged to the employer and taxes and contributions charged to employees are debited to the expenses of the period they were incurred.

b) Severance Pays and Jubilee Awards

Pursuant to provisions of the Labor Law, the Company is liable to pay to its employees a severance pay when ceasing employment due to exercising the right on retirement equal to three average salaries paid in the Republic, in accordance with the last published data of the republic authority in charge of statistics. In addition, the Company is also liable to pay jubilee awards depending on the years of continuous service within the Company equal to one average salary paid in the Company in a month preceding the month in which the jubilee award should be paid.

Taxes and Contributions

Profit Tax

a) Current Profit Tax

A current profit tax represents the amount calculated and paid in accordance with the Law on Corporate Profit Tax in force in the Republic of Serbia.

Profit tax equal to 10% (2010: 10%) is paid on the tax base determined under the Tax Balance. Tax base presented in the Tax Balance includes the profit represented in the official Income Statement and adjustments defined under tax regulations of the Republic of Serbia.

Tax regulations of the Republic of Serbia do not anticipate a possibility to use current tax losses as the base for recovery of the tax paid in previous periods. However, losses in the current period may be transferred to the Profit Account of future accounting periods, but maximum up to a ten year period.

Deferred profit tax is calculated by the method of determining liabilities in accordance with the Balance Sheet applied to temporary differences resulting a difference between the tax base of assets and liabilities presented in the Balance Sheet and their book value. Tax rates in effect as of the Balance Sheet date were used to determine the accrued profit tax. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and effects of the loss carried forward and tax credits related to the Tax Balance that may be carried forward up to the extent of probable taxable profit to be realized against which the deferred tax assets should be used.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes and Contributions (Continued)

Profit Tax (Continued)

b) Deferred Profit Tax

Deferred profit tax is debited or credited in the Income Statement, except when it is related to the items which are debited or credited directly in equity and, accordingly, classified directly in equity as well.

Taxes and Contributions Non-Dependant on Performance

Taxes and contributions non-dependant on performance include property tax and other taxes and contributions payable under various Republic and Municipal regulations. Other taxes and contributions are recognized as costs of the period in which they were incurred.

Property, Investment Assets, Plants and Equipment

Initial measuring of property, plants and equipment fulfilling requirements for recognition as an asset is made at cost or purchase price. Subsequent costs of property, plants and equipment are recognized in assets only if they result in improved assed or if its performance exceeds the originally evaluated standard effects. All other subsequently incurred costs and expenses are recognized as costs of the period in which they were incurred.

After initial recognition, property (land and buildings) are carried at their revaluated amount which presents their fair value as of the date of revaluation reduced for total adjustments made on the basis of their depreciation and total adjustments based on impairment losses.

Fair value of a property is equal to their market value which is determined by assessment. Revaluation is made in case when the fair value of a revalued asset significantly differs from its carrying value.

After initial recognition, plants and equipment are carried at cost or their purchase price reduced for total depreciation accrued and total impairment losses.

Gains or losses resulting from decommissioning or disposal are recognized as income or expense in the Income Statement.

Depreciation

Depreciation of property, plants and equipment is made by applying the straight-line method during their estimated useful life. Useful life and depreciation rates for the main classes of assets are as follows:

Main classes of fixed assets	Rate (%)
Buildings	1,5 – 5 %
Production equipment	5 – 25 %
Field and passenger vehicles	10 – 20 %
Computers	20 – 33 %
Other equipment	1,5 – 50 %

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Investment Assets, Plants and Equipment (Continued)

Depreciation (Continued)

Depreciation rates are revised annually in order to determine a depreciation that reflects actual use of assets during operations and remaining useful life.

Investment Assets

Investment assets are property owned by the Company and intended for lease or increase of the Company equity or both, but not for service rendering or their use for administrative purposes or their disposal in the course of regular operations. Initial measuring of investment assets at the time of their acquiring is made at cost or purchase price. After initial recognition, investments assets are carried at their revaluated amount which reflects their fair value on the revaluation date, i.e. assessment date, reduced for total adjustments based on depreciation and total adjustments based on impairment losses.

Intangible Investments

Intangible investments refer to the purchased software and trademark and they are carried at their cost reduced for depreciation and amortization. Intangible investments are written-off by applying the straight-line method within a time period from two to eight years.

Long-Term Financial Placements

Long-term financial placements include stakes in the capital of related parties, commercial banks and other legal entities are carried at their cost reduced for impairment estimated by the Company management in order to be equal to their recoverable amount. These borrowings are carried at their par value.

Impairment

On each Balance Sheet date the Company evaluates book values of its tangible assets in order to determine if there are any indications of their impairment. If any impairment is established, a recoverable amount of the assets is assessed in order to determine a potential loss resulting from revaluation. When the recoverable amount of an assets may not be determined, the Company assesses the recoverable amount of the cash generating unit wherein the assets is classified.

Recoverable amount represents the net selling price or value in use, which is higher. When evaluating the value in use, the estimated future cash flows are discounted up to the current value by applying the discount rate before tax which reflects a current market estimate of the time value of money and specific risks of the asset.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

If an assessed recoverable amount of the asset (or the cash generating unit) is lower than the book value, the book value of the asset (or the cash generating unit) is reduced to the recoverable amount. Impairment losses are immediately recognized as costs, except when the land or building are used as investment assets and carried at their revaluated value; in this case the impairment is expressed as reduced value resulting from the asset revaluation.

In case of subsequent cancellation of the impairment loss, book value of the asset (the cash generating unit) is increased to the revised estimated recoverable amount of the asset, provided that the already determined book value will not exceed the book value that would be determined in previous years if no losses would be recognized for the asset (cash generating unit) resulting from impairment. Cancellation of impairment losses is immediately recognized as income, except when the asset is not carried at its assessed value; in this case the cancellation of impairment loss is expressed as increase resulting from revaluation.

As of December 31, 2010 and based on the Company management's estimates, there were no indication for impairment of property, plants and equipment.

Inventories

Inventories are carried at their cost or net selling price, which is lower. Net expected selling value represents the price at which the stocks may be sold in regular operating circumstances after reduction of the price for relevant sale costs.

Value of materials and spare parts on stock is determined by applying the average purchase price method. Purchase price includes the value invoiced by the supplier, transport and depending costs.

The value of production in progress and finished products includes all direct costs of production as well as aliquot overheads.

Stock of goods stored in the warehouse is recorded at cost and inventories of goods marketed in retail trade are recorded at retail prices. At the end of the period reconciliation of the value of inventories to their cost is made by allocation of price difference, calculated on average base, between the cost of goods sold and goods on stock at the end of the year.

Adjustment of inventories by charging other costs and expenses is made when it is evaluated that their value should be reduced to the net expected recoverable amount (including stocks with stretched out turnover, surplus and obsolete goods on stock). Damaged inventories and inventories which do not meet the quality requirements are written/off.

Financial Instruments

Financial assets and financial liabilities are recorded in the Balance Sheet of the Company from the moment when the Company bounds itself by the instrument under contractual provisions. Acquisition or disposal of financial assets is recognized by calculation at the date of settlement, i.e. date of the asset deliver to an other party.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets cease to be recognized if the Company loses control over the contracted rights related to these instruments, i.e. when the instrument rights of use are realized, expired, waived or assigned. A financial liability ceases to be recognized when the liability is fulfilled, cancelled or expired.

a) Stakes in Capital

Stakes in capital of banks and other legal entities listed on exchange are initially recognized at cost. Subsequent evaluation is made on each Balance Sheet for reconciliation of their value to the then current market value.

Long-term financial placements consisting of stakes in capital of related parties, commercial banks and other legal entities not listed on exchange are carried at their cost reduced for impairment estimated by the Company management with the objective to be reconciled with their recoverable amount.

b) Trade Receivables, Short-term Investments and Other Short-term Receivables

Trade receivables, short-term investments and other short-term receivables are carried at their par value reduced for adjustments made on the basis of their recoverability as estimated by the Company management.

v) Cash and Cash Equivalents

In financial statements of the Company the cash and cash equivalents include cash at hand and current account balances and other money assets available up to three-month period.

g) Financial Liabilities

Financial liability instruments are classified in accordance with the essence of contracted provisions. Financial liabilities are carried at their par value increased for interest accrued on the basis of entered contracts and corresponding to the effective interest rate.

d) Operating Liabilities

Trade payables and other operating liabilities are assessed in accordance with the value of assets received.

REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

Presentation of financial statements demands use of best possible estimates and reasonable assumptions by the Company management which will have effect on the presented value of assets and liabilities as well as disclosures of potential receivables and payables as of the financial statements preparation date, as well as income and expenses in the period. These estimates and assumptions are based on information available on the financial statements preparation date.

Key assumptions relevant for future events and other evaluation sources for assessment of dubious issues as of the Balance Sheet date representing a significant risk when making substantive corrections of the Balance Sheet items in the next financial year are presented below.

Depreciation and Amortization and Depreciation and Amortization Rates

Calculation of depreciation and amortization and relevant rates are based on the projected economic life of equipment and intangible investments. The Company estimates economic life on the grounds of current anticipations on annual basis.

Adjustment of Receivables and Short-term Investments

The Company makes adjustments of disputed trade receivables and other debtors on the basis of estimated losses that will accrue if the debtors are not capable to make payments. When estimating appropriate loss deriving from impairment of bed debts, the Company assesses debt aging, previous experience of write-offs, solvency standing of customers and changes in payment terms and conditions. Estimates related to future conduct of customers and resulting future payments must be made. However, a significant portion of Company's receivables are related to the receivables from subsidiaries that will be, based on estimates and former experience, collected in full current value.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

Business policy of the Company is to disclose information on fair value of assets and liabilities for which official market information is available and when the fair value significantly differs from the book value. There is neither sufficient market experience in the Republic of Serbia, nor stability nor liquidity in acquisition and disposal of receivables and other financial assets and liabilities since the official market information is not always available. The Company management estimates risks and when it evaluates that the value of property maintained in business books may not be realized it makes corrections. The Company management is of the opinion that the amounts presented in financial statements reflect the most accurate and most useful value for reporting purposes in the given circumstances.

NOTE-1

SALES INCOME

	In thousand dinars Year ended on December 31,	
	2010	**2009**
Income from goods sold:		
- Related parties	3,940,636	3,753,569
- Other domestic legal entities	525,678	2,258,870
- Other foreign legal entities	24	202,091
	4,466,338	6,214,530
Income from product sold and services provided		
- Related parties	2,190,136	4,006,171
- Other domestic legal entities	4,462,909	4,244,043
- Other foreign legal entities	3,152,578	1,484,368
	9,805,623	9,734,582
	14,271,961	15,949,112

The Company presented in its Income Statement total sales in the amount of 14,271,961 thousand dinars. It includes income from merchandise sold in the amount of 4,466,338 thousand dinars and income from products sold and services provided in the amount of 9,805,623 thousand dinars.

Major income from merchandise sold was gained by sale to:

-Related parties

Corn	26,627 thousand dinars
Wheat	2,046,012 thousand dinars
Sunflower	912,595 thousand dinars
Soybean grain	647,185 thousand dinars
Sunflower meal 33% and 42%	783 thousand dinars
Refined sunflower oil	24,960 thousand dinars
Crude soybean oil	225,087 thousand dinars
Other	57,387 thousand dinars
TOTAL	3,940,636 thousand dinars

- Other legal entities

Wheat	396,106 thousand dinars
Sunflower meal 33% and 42%	34,278 thousand dinars
Crude soybean oil	4,127 thousand dinars
Other	91,167 thousand dinars
TOTAL	525,678 thousand dinars

Income from products sold and services provided

- Related parties

Soybean meal	1,204,817 thousand dinars
Crude soybean oil	890,536 thousand dinars
Other	94,783 thousand dinars
TOTAL	2,190,136 thousand dinars

- Other legal entities

Soybean meal	3,324,144 thousand dinars
Crude soybean oil	634,187 thousand dinars
Other	504,578 thousand dinars
TOTAL	4,462,909 thousand dinars

- Other foreign legal entities

Soybean meal	143,533 thousand dinars
Crude soybean oil	1,256,645 thousand dinars
Protein products	1,686,968 thousand dinars
Other	65,432 thousand dinars
TOTAL	3,152,578 thousand dinars

NOTE-2

OTHER OPERATING INCOME

	In thousand dinars Year ended on December 31, 2010	2009
Subsidies and incentives	252,427	103,052
Leases	49,379	30,558
Other operating income	1,318	466
	303,124	134,076

Subsudies are presented in the amount of 252,427 thousand dinars and relate in full to the income approved in accordance with the Decree on Incentives for Manufacturers of Agricultural and Food Products in 2010 ("Official Gazette of the Republic of Serbia, No. 20/10).

NOTE -3
COST OF GOODS SOLD

	In thousand dinars Year ended on December 31, 2010	2009
Cost og goods sold	3,978,674	6,171,961
	3,978,674	6,171,961

In its Income Statement the Company presented the amount of 3,978,674 thousand dinars relating to the cost of merchandise sold. Major amounts relate to :

Wheat	1,989,346 thousand dinars
Sunflower	909,403 thousand dinars
Soybean grain	613,485 thousand dinars
Other	466,440 thousand dinars
TOTAL	3,978,674 thousand dinars

NOTE-4
. **COST OF MATERIALS AND POWER**

	In thousand dinars Year ended on December 31, 2010	2009
Cost of materials used in production	7,343,075	7,357,444
Cost of other materials	179,158	142,597
Fuel and power	323,793	307,940
	7,846,026	7,807,981

NOTE-5
SALARIES, SALARY COMPENSATIONS AND FRINGE BENEFITS

	In thousand dinars Year ended on December 31, 2010	2009
Gross salaries	273,677	284,656
Contributions charged to the employer	48,506	50,549
Reimbursement of business trip costs to employees	11,404	5,986
Recovery of transportation costs of employees	12,392	12,844
Scholarships	5,288	5,196
Copyright allowances	2,232	2,350
Severance pays and jubilee awards	2,572	2,720
Fees to members of Board of Directors and Supervisory Board	1,084	1,084
Other fringe benefits	7,156	6,427
	364,311	371,812

NOTE-6
DEPRECIATION AND AMORTIZATION AND PROVISIONS

	In thousand dinars Year ended on December 31, 2010	2009
Depreciation and amortization	147,451	149,578
Long-term provisions	156	-
	147,607	149,578

NOTE-7
OTHER OPERATING COSTS AND EXPENSES

	In thousand dinars Year ended on December 31, 2010	2009
Bank and payment transaction fees	57,453	97,320
Maintenance services	74,015	59,897
Laboratory services	59,048	48,245
Transportation costs	90,112	37,955
Leases	38,344	22,205
Utility services	18,543	21,967
Insurance premiums	21,105	21,170
Indirect taxes and contributions	22,540	17,669
Brokerage services	480	16,775
Lawyer and consulting fees	3,893	14,299
Internet, telephone and PTT costs	7,379	7,755
Entertainment costs	12,766	6,270
Fairs and other show costs	4,892	3,900
Advertising and promotion costs	2,859	1,298
Other production service costs	9,050	9,391
Other intangible costs	34,557	37,411
	457,036	423,527

NOTE-8
FINANCIAL INCOME

	In thousand dinars Year ended on December 31, 2010	2009
Financial income – related parties	1,535	11,895
Currency differential gains	276,775	371,636
Currency clause effects – gains	10,929	36,941
Interest gains	209,831	28,542
Other financial income	-	6,333
	499,070	455,347

NOTE-9
FINANCIAL EXPENSES

	In thousand dinars Year ended on December 31, 2010	2009
Currency differential losses	1,123,244	1,152,007
Interest costs	251,463	363,139
Adverse effects of commodity loans granted	-	17,651
Currency clause effects – losses	798	16,107
Other financial costs	1,124	6,388
	1,376,629	1,555,292

NOTE-10
OTHER INCOME

	In thousand dinars Year ended on December 31, 2010	2009
Income realized by disposal of equipment and intangible investments	6,035	97,463
Income realized by disposal of securities	-	23,016
Income gained by reconciliation of receivables	10,151	15,641
Surpluses	5,011	10,801
Damage compensation from insurance companies	1,598	7,573
Income realized from disposal of materials	1,369	4,615
Income from cancellations of long-term provisions	-	1,796
Gains from reduction of liabilities	-	-
Other income	16,973	26,845
	41,137	187,750

Income realized by disposal of equipment in the amount of 6,035 thousand dinars mainly include income gained by sale of transformer station to the related party - SP Laboratories Becej.

NOTE-11

OTHER EXPENSES

	In thousand dinars Year ended on December 31, 2010	2009
Impairment of receivables and short-term investments	19,051	39,560
Shortages	4,944	5,465
Losses from disposal of materials	1,075	4,564
Other commissions	-	4,502
Write-off of receivables from housing credits granted	63	3,343
Losses based on decommissioning of property and equipment	289	1,068
Direct write-off of receivables	12,235	429
Other expenses	5,600	19,340
	43,257	78,271

NOTE-12

PROFIT

c) Reconciliation of profit tax presented in the Income Statement and product of profit before tax and prescribed tax rate

	U hiljadama dinara December 31, 2010	December 31, 2009
Profit before tax	839,509	525,810
Profit tax at the rate of 10%	83,950	52,581
Tax effects of expenses not recognized in Tax Balance	2,318	7,049
Tax credit based on investment in fixed assets in the current year	(43,134)	(29,815)
Total tax liabilities of the period	43,134	29,815
Deferred tax liabilities of the period	4,361	7,766
	47,495	37,581
Effective tax rate	5,66%	7.15%

NOTE-13

PROPERTY, PLANTS AND EQUIPMENT, BIOLOGICAL ASSETS, INVESTMENT ASSETS AND NON-PRODUCTION INVESTMENTS

In thousand dinars

	Land, buildings and biological assets	Equipment	Advances for fixed assets and investments in progress	Total	Investment assets	Non-production invetsments
Purchase value						
Balance as of Jan. 1, 2009	1,768,018	1,704,012	555,388	4,027,418	110,424	18,918
Increases during the year	-	-	417,132	417,132	-	10
Transfers	241,672	148,285	(389,957)	-	-	-
Transfer in investment assets	(217,882)	(31,920)	-	(249,802)	221,629	-
Decommissioning	-	(4,685)	-	(4,685)	-	(16)
Sale	-	(163,924)	-	(163,924)	-	(137)
Other	-	-	(1,434)	(1,434)	(18)	-
Balance as of Dec. 31, 2009	1,791,808	1,651,768	581,129	4,024,705	332,035	18,775
Balance as of Jan. 1, 2010	1,791,808	1,651,768	581,129	4,024,705	332,035	18,775
Increases during the year	70,408	618,532	708,704	1,397,644		621
Transfers			(791,725)	(791,725)		
Transfer in investment assets						
Decommissioning		(7,636)		(7,636)	(1)	
Sale	(3,121)	(15,349)		(18,470)		
Other						
Balance as of Dec. 31, 2010	1,859,095	2,247,315	498,108	4,604,518	332,034	19,396
Adjustments						
Balance as of Jan. 1, 2009	146,743	407,375	-	554,118	-	7,865
Depreciation in the current year	37,310	109,878	-	147,188	-	2,390
Transfer in investment assets	(23,274)	(4,899)	-	(28,173)	-	-
Sale	-	(40,760)	-	(40,760)	-	(41)
Decommissioning	-	(4,030)	-	(4,030)	-	-
Balance as of Dec. 31, 2009	160,779	467,564	-	628,343	-	10,214
Adjustments						
Balance as of Jan. 1, 2010	160,779	467,564	-	628,343	-	10,214
Depreciation in the current year	37,539	107,472		145,011		2,440
Transfer in investment assets						
Sale	(67)	(13,976)		(14,043)		
Decommissioning		(6,782)		(6,782)		
Balance as of Dec. 31, 2010	198,251	554,278		752,530		12,654
- December 31, 2010	1,660,844	1,693,037	498,108	3,851,989	332,034	6,742
- December 31, 2009	1,631,029	1,184,204	581,129	3,396,362	332,035	8,561

The Company presented non-production investments in the amount of 6,742 thousand dinars.
The Company presented property, plants and equipment in the amount of 3,848,651 thousand dinars as of December 31, 2010.
Depreciation was calculated by applying the straight-line method on the purchase value.

Advances for fixed assets and investments in progress were presented in total amount of 498,108 thousand dinars as of December 31, 2010 and mainly related to investments in the equipment for Concentrates Plant - 394,137 thousand dinars.

NOTE-14

STAKES IN CAPITAL

	Stake (%)	In thousand dinars December 31, 2010	December 31, 2009
Stakes in capital of subsidiaries			
ZAO Vobeks - Intersoja, Russia	85.00%	1,112	1,112
Veterinarski zavod Subotica a.d.	59.17%	783,618	783,618
		784,730	784,730
Stakes in capital of related parties			
Hotel Bela Ladja a.d., Becej	31.81%	64,626	64,626
		64,626	64,626
Stakes in capital of banks		120	120
Novosadski sajam a.d., Novi Sad		6,286	6,667
Stakes in capital of other legal entities		1,831	1,831
		857,593	857,974

NOTE-15

OTHER LONG-TERM FINANCIAL INVESTMENTS

	In thousand dinars December 31, 2010	December 31, 2009
Long-term loans to farmers	-	1,087
Housing credits to employees	2,109	2,882
	2,109	3,969

NOTE-16

INVENTORIES

	In thousand dinars December 31, 2010	December 31, 2009
Material	4,854,582	3,183,513
Spare parts	125,456	147,917
Tools and consumables	37,030	35,683
Finished products	362,178	466,161
Production in progress	30,897	-
Advances made	317,828	2,575,298
Goods		
- wholesale trade	13,129	4,052
- stored at warehouses of other legal entities	3,420	1,865,516
	5,744,520	8,278,141
Minus: Adjustment of materials on stock	(17,432)	(16,845)
	5,727,088	8,261,296

The Company presented in its Balance Sheet inventories in the amount of 5,727,088 thousand dinars. Major items were raw materials on stock and materials in the amount of 4,854,582 thousand dinars of which the base raw material on stock (soybean grain) amounted to 4,784,760 thousand dinars calculated at average purchase price, i.e. in volume - 138,382,365 kg. of JUS soybean grain.

NOTE-17

RECEIVABLES

In thousand dinars

	December 31, 2010	December 31, 2009
Trade receivables:		
- Related parties	3,187,660	4,565,321
- domestic	690,519	694,654
- foreign	524,583	350,087
Receivables from exporters	17,950	16,047
Receivables from specific deals		
- Related parties	-	372,189
- Other	9,673	29,947
Receivables derived from interest	205,458	-
Receivables from government authorities and organizations	56,022	13,612
Other taxes and contributions paid on the account	820	822
Other receivables:		
- Related parties	-	25,009
- Other	19,586	7,131
	4,712,271	6,074,819
Minus: Adjustment of trade receivables	(149,119)	(161,851)
	4,563,152	5,912,968

NOTE-18

SHORT-TERM FINANCIAL INVESTMENTS

In thousand dinars

	December 31, 2010	December 31, 2009
Short-term borrowings to related parties:		
- Victoria Group a.d.	1,148,565	454,840
- Victoria Logistic d.o.o.	-	979,121
- Fertil d.o.o., Backa Palanka	-	5,993
	1,148,565	1,439,954
Credits for food provisions for winter	10,130	11,956
Short-term credits – domestic	105,815	14,734
Portion of long-term loans due within one year	9,533	10,409
Portion of housing credits to employees due within one year	186	221
Bought-up treasury shares	(20,412)	-
	1,274,229	1,477,273

Short-term borrowing in the amount of 1,148,565 thousand dinars as of December 31, 2010 represents the borrowing granted to the Victoria Group a.d. on the basis of several contracts entered in 2010 with the term of repayment up to one year.

NOTE-19

CASH AND CASH EQUIVALENTS

In thousand dinars

	December 31, 2010	December 31, 2009
Current account		
- in dinars	70,561	13,537
- in foreign currencies	147,541	69,403
Earmarked cash assets and letter of credits	-	1,757
Cash at hand		-
Letter of credits in foreign currencies		-
Other cash assets	3,255	3,256
	221,357	87,953

NOTE-20

VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

In thousand dinars

	December 31, 2010	December 31, 2009
Prepaid costs up to one year	10,504	8,695
Value added tax paid to the account	106,021	16,415
Value added tax accrued	2,418	2,752
Other prepayments and accrued income	117,453	6,443
	236,396	34,305

NOTE-21

OFF-BALANCE ASSETS

As of December 31, 2010 the off/balance assets amounted to 8,469,955 thousand dinars. The amount of 8,134,224 thousand dinars relates to guaranties and sureties given by Sojaprotein AD in the capacity of the guarantor. The amount of 35,731 thousand dinars relates to goods of others stored in our warehouses.

OFF-BALANCE ASSETS AND LIABILITIES

In thousand dinars

	December 31, 2010	December 31, 2009
Assets of other legal entities	335,731	236,390
Given sureties and guarantees	8,134,224	6,038,016
	8,469,955	6,274,406

NOTE-22

CAPITAL STOCK

The Company Meeting passed on its regular session held on June 30, 2010 the decision that the capital stock of "Sojaprotein" A.D. should be increased by a portion of retained profit equal to 1,030,969,678.25 through issue of 2,223,540 new shares of 9th issue, with no par value and book value of 463.661404 dinars. Shareholders of the Company (on the date of Session, i.e. June 30, 2010) were entitled to free shares based on the capital increase and in accordance with the records issued by the Central Securities Depository and Clearing House, pro rata to their shares in capital stock of the Company. The Securities Committee approved issue of the 9th issue of ordinary shares with voting rights and no par value and total book value of 1,030,969,678.26 dinars by its Decision No. 4/0-24-3242/4-10 dated July 22, 2010. Shares of the 9th issue were registered with the Central Securities Depository and Clearing House on August 13, 2010 and, accordingly, capital stock of the Company was increased by 1,030,969,678.26 dinars, i.e. by 2,223,540 new ordinary shares with voting rights. Capital stock of the Company after increase is equal to 4,564,674,191.21 dinars and consists of 9,844,844 ordinary shares with no par value and book value of 463.661404 dinars each.
As of December 31 2010 and 2009, the structure of the Company's share capital was as follows:

In thousand dinars

Name	December 31, 2010 % of stake	December 31, 2010 No. of shares	December 31, 2010 Value of capital	December 31, 2009. % of stake	December 31, 2009. No. of shares	December 31, 2009. Value of capital
Victoria group d.o.o., Novi Sad	62.94%	6196,161	2,872,912	62.94%	4796,849	2,224,114
Privredna Banka Zagreb d.d.	3.08%	303,562	140,750	3.27%	249,217	115,552
Gustavus Cap.Asset Mngt.	1.73%	170,010	78,827	1.71%	130,324	60,426
East capital asset mngt	1.57%	155,129	71,927	-	-	-
Erste&steiermarkische bank	1.32%	129,873	60,217	-	-	-
Hypo Custodi	1.08%	105,888	49,096	1.46%	111,271	51,592
Raiffaisen Zentralbank	-	-	-	1.14%	86,883	40,284
Societe Generale-Splitska Banka	-	-	-	0.93%	70,878	32,863
Unicredit Bank Austria	0.98%	96,536	44,760	-	-	-
Other legal entities and natural persons	27.30%	2687,685	1,246,185	28.55%	2175,882	1,008,874
	100.0 %		4,564,674	100.00%	7,621,304	3,533,705
Bought-up treasury shares		44.024	(20,412)	-	-	-
Share capital		9800,820	4,544,262	100.00%	7621,304	3,533,705

MANDATORY RESERVES

As of December 31, 2010 mandatory reserves were presented in the amount of 280,282 thousand dinars as a result of allocations from retained profit in accordance with the Company Law whereby the Company is liable to allocate to mandatory reserves at least 5% of its net profit realized in a business year until they are equal to 10% of capital stock of the Company.

STATUTORY RESERVES

As of December 31, 2010 statutory reserves of the Company amounted to 248,267 thousand dinars. The Company makes allocations to statutory reserves in accordance with its Statute when distributing the net profit realized in a business year. The Company may freely use the statutory reserves and its purpose is not specifically defined by current internal enactments.

NOTE-23

BOUGHT-UP TREASURY SHARES

In its Balance Sheet the Company presented the amount of 20,412 thousand dinars.
On its session held on October 20, 2010, the Board of Directors passed the Decision on acquisition of own shares on the organized market in order to prevent disruptions on the securities market and higher direct damage to the Company (acquisition of up to 9.99% was approved); Sojaprotein ad Becej acquired 44,024 treasury shares by their purchase at the Belgrade Exchange.

NOTE-24

LONG-TERM PROVISIONS

		In thousand dinars
	December 31, 2010	**December 31, 2009**
Provisions for severance pay	22,286	21,849
Provisions for jubilee awards	22,850	23,132
	45,136	44,981

Changes in long-term provisions during 2010 are presented in the table below:

		In thousand dinars
	2010.	**2009.**
Balance as of January 1	44,981	46,777
Provisions during the year	155	-
Provisions used	-	(1,796)
Balance as of December 31	45,136	44,981

NOTE-25

LONG-TERM CREDITS

		In thousand dinars
	December 31, 2010	**December 31, 2009**
Long-term credits – domestic	-	319,629
Long-term credits – foreign	2,460,346	7,350,498
	2,460,346	7,670,127
Current maturity	(669,982)	(3,516,879)
	1,790,364	4,153,248

LONG-TERM CREDITS (Continued)

	Annual interest rate	Currency	Amount in EUR	In thousand dinars 31. decembar 2010.	2009.
Hypo Group Netherlands Corporate Finance BV, Amsterdam	6M EURIBOR + 2.91%	EUR	15,000,000	-	1,438,332
Hypo Group Netherlands Corporate Finance BV, Amsterdam	1M EURIBOR + 3.31%	EUR	25,000,000	-	2,397,220
Vojvodjanska Banka a.d., Novi Sad		EUR	10,756,277	1,134,768	1,031,406
EBRD	6.478%	EUR	3,928,571	414,457	445,198
EBRD	6M EURIBOR + 2.3%	EUR	5,000,000	527,491	671,222
Banka Koper d.d., Koper	3M+ 1.3%	EUR	3,636,364	383,630	697,373
Societe Generale Bank, Paris France	1M Euribor + 0.68%	EUR	384,620	-	36,881
EFG New Europe Fundings BV, Amsterdam	1M Euribor + 1.1%	EUR	6,600,000	-	632,866
Societe Generale Bank, Belgrade, Serbia	4.31%	EUR	3,333,333	-	319,629
				2,460,346	7,670,127
Minus:					
Current maturities				(669,982)	(3,516,879)
				1,790,364	4,153,248

Liabilities based on the credit granted by the Hypo Group Netherlands Corporate Finance BV, Amsterdam for financing the current assets – buy-up of soybean grain and sunflower presented in the amount of 1,438,332 thousand dinars (EUR 15,000,000) on December 31, 2009 were paid in full on July 29, 2010.

Liabilities based on the credit granted by the Hypo Group Netherlands Corporate Finance BV, Amsterdam for financing the current assets – buy-up of soybean grain and sunflower presented in the amount of 2,397,220 thousand dinars (EUR 25,000,000) on December 31, 2009 were paid in full on July 29, 2010.

Liabilities based on refinanced credits granted by the Paris Club of Creditors presented in the amount of 1,134,768 thousand dinars (EUR 10,756,277), show the relevant principal of the debt; they were presented in the Company financial statements on the basis of calculations made and delivered by Vojvodjanska Banka as of March 22, 2002.

LONG-TERM CREDITS (Continued)

Negotiations between the Government of the Republic of Serbia and the Paric Club of Creditors in December 2001 resulted in significant reduction of liabilities (principal, interest and default interest accrued until March 22, 2002) equal to 51% of new principal with a possibility of additional write-off of liabilities within a three-year period up to the maximum amount of 66.67% as the additional item within the liabilities reprogramming. The Law on Regulation of Relations between the Federal Republic of Yugoslavia and legal entities and banks with registered office in the territory of the Federal Republic of Yugoslavia that were the original debtors or guarantors to the Creditors of Paris and London Clubs entered in force on July 4, 2002 ("Official Gazette of the Federal Republic of Yugoslavia", No. 36/2002). Pursuant to the Law, the Company was liable to repay the credits granted by the Paris Club of Creditors to domestic banks under terms and conditions that were not less favorable than those defined under the agreement reached with foreign creditors.

Until the financial statements issue date, the Company did neither enter with Vojvodjanska Banka a.d. Novi Sad the contract on determination repayment of credit liabilities to the Paris Club Creditors that would result in reduction of principal for a portion of liabilities to be written-off, nor calculated the accrued interest nor included and presented them in financial statements for the time period from March 22, 2002 until the Balance Sheet date.

Since the Company is disputing trusteeship right of the Bank in full, it is a defendant in the suit initiated by Vojvodjanska Banka a.d. Novi Sad.

The Supreme Court of the Republic of Serbia set aside the second instance award and remission the case to the court of first instance to decision.

Liabilities based on the credit granted by the European Bank for Reconstruction and Development were presented in total amount of 941,948 thousand dinars (EUR 8,928,571) as of December 31, 2010. The credit was granted under the Contract entered on September 10, 2007. Namely, in accordance with the Contract stated proceeds represent a portion of the credit granted for current assets financing conditioned to be used for the Project of oil plants procurement and investments in the energy efficiency - 2nd and 3rd tranches of approved funds equal in total to EUR 45,000,000. Credit term is five years with semi-annual annuity installments.

In accordance with the Credit Contract, and in compliance with requirements set under section 5.10 "Financial Relations (Ratios)", the Company is liable, based on financial statements presented in accordance with International Accounting Standards, to maintain:

1. EBIT and Interest Cost Ratio at the level not below 3, provided that the Company's proft should be subsequently adjusted for:

   - Each participation in profit or loss of any associated company, except for dividends or other income received in cash from the associated company or joint venture, and all income from any other investments in fixed assets
   - All gains and losses directly deriving from sale or cease of operations or sale of fixed assets
   - All direct costs of any fundamental reorganization or restructuring having substantive effects to the nature and focus of the Company operations
   - All write-offs related to the investment
   - Realized and unrealized currency differential gains and losses in the course of regular operations.

LONG-TERM CREDITS (Continued)

2. Interest costs means all interest and costs accrued with respect to the financial debt of the Company as the respective interest, costs and expenses will be charged to the Balance Sheet of the Company.

3. Debt and Capitalization Ratio must not exceed 0.6, provided that the Debt means solely the Debt and excluding any other debt secured by the Contract on Pledge of Merchandise on Stock. Total capitalization means sum of carried values of total share capital, accumulated deferred income taxes, accumulated investment tax credits, minority stakes, potential reserves and contributions as a support to the construction.

4. Minimum own capital may not be less than EUR 15,000,000.

Liabilities based on the credit granted by the Banka Koper d.d., Koper presented in the total amount of 383,630 thousand dinars (EUR 3,636,364) as of December 31, 2010 were granted under the contract dated October 3, 2008 for the three-year term with quarterly annuities. The Company delivered unconditional guarantee payable at demand and issued by Banca Intesa Belgrade as a security of regular payments.

Liabilities based on credit granted by Societe Generale Bank, Paris, France for financing the campaign of procurement and production of soybean grain presented in total amount of 36,881 thousand dinars (EUR 384,620) as of December 31, 2009 were repaid in full on February 2, 2010.

Liabilities based on credit granted by EFG New Europe Fundings BV Amsterdam for financing current assets – purchase of cereal crops presented in total amount of 632,866 thousand dinars (EUR 6,600,000) as of December 31, 2009 were repaid in full on March 23, 2010.

Liabilities based on credit granted by Societe Generale Bank, Belgrade, Serbia for financing the campaign of procurement and production of soybean grain presented in total amount of 319,629 thousand dinars (EUR 3,333,333) as of December 31, 2009 were repaid in full on June 8, 2010.

LONG-TERM CREDITS (Continued)

Maturity of long-term credits is shown in the table below:

In thousand dinars

	December 31, 2010	December 31, 2009
- Up to 1 year	669,982	3,516,879
- From 1 to 2 years	286,352	2,525,961
- From 2 to 3 years	180,854	260,270
- From 3 to 4 years	75,356	164,381
- From 4 to 5 years	75,356	68,492
- Over 5 years	1,172,446	1,134,144
	2,460,346	7,670,127

NOTE-26

SHORT-TERM FINANCIAL LIABILITIES

In thousand dinars

	December 31, 2010	December 31, 2009
Current maturities:		
- of long-term credits	669,982	3,516,879
- other long-term liabilities	846	6,054
Short-term credits	1,887,971	1,190,622
Other	644	18,918
	2,559,443	4,732,473

Short-term Credits:

In thousand dinars

Creditor:	Annual interest rate %	Maturity	Amount EUR	December 31, 2010
Komercijalna Banka a.d.	4.40	30. mart 2011.	4,000,000	421,993
Komercijalna Banka a.d.	4.40	19.april 2011.	2,000,000	210,996
Societe Generale Bank	3m Euribor+ 3,40%	31.avgust 2011.	4,000,000	421,993
Euro Banka EFG	3m Euribor+ 5,70%	06. septembar 2011.	1,000,000	105,498
Credit Agricole	3m Euribor+ 3,80%	21.jun 2011.	5,000,000	527,491
Komercijalna Banka	Ref.kam.stopa umanjena za 1,50%	30.jun 2011.	-	200,000
				1,887,971

NOTE-27

OPERATING LIABILITIES

	December 31, 2010	December 31, 2009
		In thousand dinars
Obaveze po osnovu primljenih avansa	480,551	202,953
Obaveze prema dobavljačima:		
- matična i zavisna pravna lica	875	605
- ostala povezana pravna lica	992,819	1,004,802
- dobavljači u zemlji	893,276	672,347
- dobavljači u inostranstvu	13,968	20,556
	2,381,489	1,901,263

NOTE-28

OTHER SHORT-TERM LIABILITIES

	December 31, 2010	December 31, 2009
		In thousand dinars
Net salaries and salary compensations	8,446	8,973
Taxes and contributions on salaries	5,637	5,710
Interests and financing costs	6,159	7,066
Dividends	3,017	3,017
Fees to natural persons engaged by contract	193	233
Net salary compensations that are refunded	294	180
Taxes and contributions on salaries to be refunded	108	69
Fees to members of the Board of Directors and Supervisory Board	60	60
Other liabilities	72	45
	23,986	25,353

NOTE-29

VALUE ADDED TAX AND OTHER AND OTHER PUBLIC DUTIES AND LEVIES AND ACCRUALS AND DEFERRED INCOME

	December 31, 2010	December 31, 2009
		In thousand dinars
Taxes, customs duty and other levies	153	249
Deferred income of the future period	399	502
Accrued VAT liabilities	52	406
Other accruals and deferred income	23,494	32,522
	24,098	33,679

NOTE-30

DEFERRED TAX LIABILITIES

Deferred tax liabilities presented in the amount of 135,955 thousand dinars as of December 31, 2010 are temporary difference between the amount at which the equipment and intangible investments were recognized in the Tax Balance and the amount of these assets presented in financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

Equity Risk Management

The objective of the equity risk management is to secure going concern of the Company operations in unforeseeable future in order to maintain optimum structure of equity aimed to reduce the equity costs and yield of equity to the owners. Structure of the Company's equity consists of debts, including long-term credits disclosed in Note 29, other long-term liabilities, long-term and short-term investments, cash and cash equivalents and capital assigned to the owners, including stakes, other equity, reserves as well as the accumulated profit.

Persons auditing the finances at the Company level review the structure of equity on annual basis.

Debt indicators of the Company with balances at the end of the year were as follows>

		In thousand dinars
	December 31, 2010	**December 31, 2009**
Indebtedness a)	4,350,593	8,887,204
Cash and cash equivalents	221,357	87,953
Net indebtedness	4,129,236	8,799,251
Equity b)	10,088,911	9,340,871
Total Indebtedness/Equity Ratio	0.41	0.94

a) Indebtedness related to long-term and short-term financial liabilities

b) Equity includes share capital, reserves and accumulated profit.

Significant Accounting Policies Relevant for Financial Instruments

Details on significant accounting policies, as well as criteria and bases for recognition of income and expenses of all types of financial assets and liabilities are disclosed in Note 3 hereto.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Classes of Financial Instruments

	December 31, 2010	December 31, 2009
	In thousand dinars	
Financial assets		
Stakes in capital	857,593	857,974
Other long-term financial investments	2,109	3,969
Receivables	4,563,152	5,912,968
Short-term financial investments	1,294,641	1,473,273
Cash and cash equivalents	221,357	87,953
	6,938,852	8,336,137
Financial liabilities		
Long-term and short-term credits	4,350,593	8,887,204
Trade payables	1,900,938	1,698,310
Other liabilities	23,986	25,353
	6,275,517	10,610,867

Basic financial instruments of the Company are> cash and cash equivalents, receivables, financial investments which derive directly from Company operations, as well as long-term credits, trade payables and other liabilities whose main objective is financing the current Company operations. In regular operating circumstances the Company is exposed to risks specified below.

Objectives of the Financial Risk Management

Financial risks include market risk (foreign currencies and interest risks) and the credit risks. Financial risks are considered on a time base and they are evaded primarily by reducing the exposure of Company to these risks. The Company does not use any financial instruments for evading the effects of financial risks on operations since neither these instruments are widely used nor any market for these instruments is organized in the Republic of Serbia.

Market Risks

The Company operations are exposed to financial risks deriving from movements of exchange rates and interest rates. Exposure to the market risks is determined by the sensitivity analysis. Neither significant changes in exposure of the Company to the market risks nor the manner in which the Company manages or measures the risks was observed.

Foreign Currency Risks

The Company is exposed to foreign currency risks primarily through cash and cash equivalents, trade receivables, long-term credits and trade payables denominated in foreign currencies. The Company does not use any specific financial instruments as a protection against the risks since these instruments are not common in the Republic of Serbia.

Stability of the economic environment in which the Company is operating depends to a great extent on the Government measures in the field of economy, including implementation of the corresponding legal framework.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Market Risks (Continued)

Foreign Currency Risks (Continued)

Book value of monetary assets and liabilities carried in foreign currencies on the reporting date were as follows:

	Assets		Liabilities	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
EUR	353,670	181,764	4,402,444	7,696,658
USD	320,821	253,775	—	933
GBP	19,268	—	—	—
	693,759	435,539	4,402,444	7,697,591

The Company is sensitive to changes in exchange rate of Euro (EUR) and American dollar (USD). The table below shows detailed analysis of the Company's sensitivity to 10% increase or drop of exchange rate of dinar (RSD) against the given foreign currency. 10% sensitivity rate is used in internal presentation of foreign currency risks and it is the estimate of the Management on the expected reasonable movements of foreign currency exchange rates. Sensitivity analysis includes only outstanding receivables and liabilities carried in foreign currencies, and reconciles their translations at the end of the period for 10% change of exchange rates. A positive number in the table indicates increased performance in the current period in case of Dinar depreciation against the certain foreign currency. In case of 10% Dinar depreciation against a certain foreign currency, the effects on the current period performance would be adverse to the one presented in the preceding case.

	In thousand dinars	
	December 31, 2010	December 31, 2009
EUR	(384,877)	(751,497)
USD	—	25,284
GBP	—	—
Current period performance	(384,877)	(726,213)

Sensitivity of the Company to changes in foreign currencies was reduced in the current period mainly due to reduced credit liabilities.

Interest Rate Risks

The Company is exposed to the interest rate risks for its receivables and liabilities with variable interest rate. The risks depend on financial market and the Company has no instruments available to mitigate their effects.

Book value of financial assets and liabilities at the end of the period observed is presented in the following review:

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Market Risks (Continued)

Interest Rate Risks (Continued)

		In thousand dinars
	December 31, 2010	**December 31, 2009**
Financial assets		
No interest bearing		
Long-term financial investments	857,593	857,974
Other long-term financial investments	2,109	3,969
Trade receivables	4,563,152	5,912,968
Short-term financial investments	1,294,641	1,473,273
	6,717,495	8,248,184
Variable interest rate		
Cash and cash equivalents	221,357	87,953
	6,938,852	8,336,137
Financial liabilities		
No interest bearing		
Trade payables	1,900,938	1,698,310
Other liabilities	23,986	25,353
	1,924,924	1,723,663
Variable interest rate		
Long-term and short-term credits	4,350,593	8,887,204
	6,275,517	10,610,867

Sensitivity analyses presented below were performed on the basis of exposure to interest rate movements for non-derivative instruments as of the Balance Sheet date. With respect to liabilities with variable rate, the analysis was performed under the assumption that the remaining balances of assets and liabilities as of the Balance Sheet date did not change throughout the year. 1% increase or reduction represents the Management's estimate of actually possible interest rate movements. Should the interest rate increase/decrease by 1% and provided that all other variables remain unchanged, the Company would achieve operating profit/(loss) in the year ended on December 31, 2010 in the amount of 41,292 thousand dinars. This situation exists due to the Company exposure to variable interest rates applied on long-term credits.

Credit Risks

Trade Receivables Management

The Company is exposed to a credit risk, i.e. the risk that debtors will not be able to settle their debts to the Company in full and timely, what would result in financial loss of the Company. Company exposure to the risk is limited to the trade receivables as of the Balance Sheet date. Major portion of trade consists of trade receivables from related parties.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Credit Risks (Continued)

Trade Receivables Management (Continued)

Major customers are presented in the table below:

	In thousand dinars	
Customer	**2010.**	**2009.**
Victoriaoil a.d., Sid	751,092	827,223
Victoria Logistic d.o.o.	2,024,163	2,798,556
Victoriagroup a.d., Novi Sad	319,227	776,540
Invej a.d. , Zemun	250,008	114,353
Mlinovi Curug d.o.o.	86,006	102,306
Veterinarski Zavod Subotica ad Subotica	83,051	89,272
Biovet Bulgaria	221,636	1,204,718
Other receivables	827,969	
	4,563,152	5,912,968

Structure of trade receivables as of December 31, 2010 is presented in the table below:

			In thousand dinars
	Gross exposure	**Adjustments**	**Net exposure**
Undue trade payables	1,104,277		1,104,277
Outstanding, adjusted trade payables	149,119	149,119	
Outstanding, unadjusted trade receivables	3,458,875	-	3,458,875
	4,172,271	149,119	4,563,152

Structure of trade receivables as of December 31, 2009 is presented in the table below:

			In thousand dinars
	Gross exposure	**Adjustments**	**Net exposure**
Undue trade payables	1,833,020	-	1,833,020
Outstanding, adjusted trade payables	161,851	(161,851)	-
Outstanding, unadjusted trade receivables	4,097,948	-	4,097,948
	6,092,819	(161,851)	5,912,968

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Credit Risks (Continued)

Trade Receivables Management (Continued

Undue Trade Receivables

Undue trade receivables presented as of December 31, 2010 in the amount of 1,104,277 thousand dinars (as of December 31, 2009: 1,833,020 thousand dinars) mainly relate to trade receivables based on sale of soybean meal, crude soybean oil, soybean textures and soybean flour. These trade receivables will mainly become due within 60 days from the invoice date, depending on the contracted payment terms.

Outstanding, Adjusted Trade Receivables

In previous period the Company made adjustment due to impaired outstanding trade receivables in total amount of 149,119 thousand dinars (2009: 161,851 thousand dinars). With respect to these trade receivables the Company established that the credit ability of customers has changed and, therefore, the included trade payables may not be collected.

Outstanding, Unadjusted Trade Receivables

The Company did not made adjustments of outstanding trade receivables presented as of December 31, 2010 in the amount of 3,458,875 thousand dinars (December 31, 2009: 4,097,948 thousand dinars) since no changes in credit ability of the customers was determined and, furthermore, these trade receivables mainly relate to receivables from related parties and the Company management considered that total current value of these trade receivables will be collected.

Age structure of outstanding, unadjusted trade receivables is presented in the table below:

	In thousand dinars	
	December 31, 2010	**December 31, 2009**
Less than 30 days	746,418	602,377
31 - 90 days	276,826	2,227,471
91 - 180 days	2,014,813	1,244,492
181 - 365 days	226,034	15,153
Over 365 days	194,784	8,455
	3,458,875	4,097,948

Trade Payables Management

Trade payables as of December 31, 2010 were presented in the amount of 1,900,938 thousand dinars (December 31, 2009: 1,698,310 thousand dinars). Suppliers do not calculate the default interest on outstanding liabilities, provided that the Company is settling its liabilities within the agreed term, in compliance with its financial risks management policies. Average settlement time of trade payables in 2010 was 51 days (in 2009: 48 days).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (Continued)

Fair Value of Financial Instruments (Continued)

Assumptions for Evaluation of the Current Fair Value of Financial Instruments

Having in mind the fact that there is no sufficient market experience, stability and liquidity in acquisitions and disposal of financial assets and liabilities, as well as that market information necessary for disclosures related to the fair value of financial assets and liabilities are not available, the method of discounted cash flows was applied. When applying this evaluation method, interest rate for financial instruments with similar characteristics are used aimed to obtain a relevant assessment of the market value of financial instruments as of the Balance Sheet date.

Assumptions used for evaluation of the current fair value were also that the book value of short-term trade receivables and trade payables were approximated to their fair value since they are due for payment/collection within a relatively short time period.

TAX RISKS

Tax laws of the Republic of Serbia are frequently interpreted differently and amended . Interpretation of tax laws by tax authorities with respect to the Company transactions and activities may differ from interpretations of the Company management. Therefore, transactions may be disputed by tax authorities and the Company may be awarded to pay additional tax amount, penalties and interest accrued. Tax liability barring time laps is five years. It means that tax authorities are entitled to determine payment of outstanding liabilities within five-year time period from the liability date.

JUDICIAL DISPUTES

As of December 31, 2010 the Company has several pending disputes wherein it is defendants and the significant ones are as follows:

- Dispute with Vojvodjanska Banka a.d. Novi Sad, based on liabilities under refinanced credits granted by the Paris Club of Creditor in total amount of EUR 13,206,879. In the second instance proceeding the Company is disputing in full the creditor's rights of the Bank;

- Two disputes with Agro d.o.o., Valjevo in total value of 19,217 thousand dinars, with respect to the Construction Contracts entered.

The Company believes in positive outcome of the disputed listed above and, therefore, it did not establish any provisions therefore in its financial statements.

CURRENT ECONOMIC SITUATION AND ITS IMPACT ON SOCIETY

Company operations during the year were significantly influenced by actual global financial crisis and aggravated economic conditions. In 2001 no significantly different conditions are expected. Due t6o current crisis on global market and its impact on the Serbian market it is reasonable to expect that the Company will operate in aggravated and dubious economic environment. Currently, the impact of crisis on future Company operations may not be foreseen in full, and therefore the element of general uncertainty is present. Aggravated business situation in the country will probably influence the position of certain industries and it may indirectly reflect on the Company operations as well.

CURRENT ECONOMIC SITUATION AND ITS IMPACT ON SOCIETY (Continued)

In spite of this, the Company did not have any serious problems to maintain its liquidity. Potential consequences of the financial crisis on Company operations may reflect in aggravated possibilities to secure additional financing sources. Aggravated access to financing sources may become a long-term consequence but, however, in the Company management's opinion it may not have any crucial impact on the Company operations.

EXCHANGE RATES

Mean exchange rates, determined on the interbank foreign currency market, applied for conversion of the Balance Sheet items carried in foreign currencies were as follows:

	December 31, 2010	December 31, 2009
USD	79,2802	66.7285
EUR	105,4982	95.8888

In Becej, this February 28, 2011

Legal Representative

Branislava Pavlovic
Director General