



# SOJAPROTEIN

**Semiannual Report of Sojaprotein a.d. for the period January – June 2014**

**Becej, August 2014**

## **Semiannual Report of Sojaprotein a.d. for the period January – June 2014**

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Company Name: SOJAPROTEIN AD

Location: BECEJ

Registration Number: 8114072

Activity Code: 1041

Tax Identification Number: 100741587

### INCOME STATEMENT

In the period January 1<sup>st</sup> – June 30<sup>th</sup> 2014

In thousands RSD

Account Group	POSITION	AOP	Note Number	AMOUNT	
				Current Year	Last Year
Account				5	6
1	2	3	4	5	6
	<b>A. INCOME AND COSTS FROM OPERATIONS</b>	201		<b>6.199.396</b>	<b>4.792.826</b>
	<b>I. BUSINESS INCOME (202+203+204-205+206)</b>				
60 and 61	1. Sales Income	202	1	5.979.125	3.369.412
62	2. Income from performance and merchandise activation	203		1.269	11.513
630	3. Performance stock value increase	204		196.733	1.383.261
631	4. Performance stock value decrease	205			
64 and 65	5. Other income from operations	206	2	22.269	28.640
	<b>II. COSTS FROM OPERATIONS (208 to 212)</b>	207		<b>5.903.210</b>	<b>5.163.375</b>
50	1. Sold merchandise purchase value	208	3	314.190	128.684
51	2. Raw material cost	209	4	4.556.539	4.146.382
52	3. Cost of salaries, salary fees and other personal costs	210	5	292.080	279.472
54	4. Depreciation and reserves costs	211	6	201.715	163.888
53 and 55	5. Other costs from operations	212	7	538.686	444.949
	<b>III. INCOME FROM OPERATIONS (201-207)</b>	213		<b>296.186</b>	
	<b>IV. LOSS FROM OPERATIONS (207-201)</b>	214			<b>370.549</b>
66	<b>V. FINANCIAL INCOME</b>	215	8	558.563	197.975
56	<b>VI. FINANCIAL COSTS</b>	216	9	341.751	228.996
67 and 68	<b>VII. OTHER INCOME</b>	217	10	37.431	133.999
57 and 58	<b>VIII. OTHER COSTS</b>	218	11	16.996	7.969
	<b>IX. INCOME FROM OPERATIONS BEFORE TAXES (213-214+215-216+217-218)</b>	219		<b>533.433</b>	
	<b>X. LOSS FROM OPERATIONS BEFORE TAXES (214-213-215+216-217+218)</b>	220			<b>275.540</b>
69-59	<b>XI. NET INCOME FROM OPERATIONS</b>	221			

DISCONTINUED						
59-69	XII.	NET LOSS FROM OPERATIONS DISCONTINUED	222			
	B.	INCOME BEFORE TAXES (219-220+221-222)	223	12	533.433	
	C.	LOSS BEFORE TAXES (220-219+222-221)	224			275.540
	D.	INCOME TAX				
721	1.	Period tax cost	225	12	80.015	
722	2.	Period deferred tax costs	226			
722	3.	Period deferred tax income	227			
723	E.	EMPLOYER PERSONAL INCOME PAID	228			
	F.	NET INCOME (223-224-225-226+227-228)	229	12	453.418	
	G.	NET LOSS (224-223+225+226-227+228)	230			275.540
	H.	NET INCOME FOR MINORITY INVESTORS	231			
	I.	NET INCOME FOR PARENT COMPANY OWNER	232			
	J.	EARNINGS PER STOCK				
	1.	Basic earnings per stock	233			
	2.	Depreciated (diluted) earnings per stock	234			

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

Director Kosutic Sinisa /signed/

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej



Company Name: SOJAPROTEIN AD  
 Location: BECEJ  
 Registration Number: 8114072  
 Activity Code: 1041  
 Tax Identification Number: 100741587

### BALANCE SHEET

On June 30<sup>th</sup> 2014

In thousand RSD

Account Group	POSITION	AOP	AMOUNT		
			Current Year	Last Year	
1	2	3	5	6	
	<b>ASSETS:</b>				
	<b>A. FIXED ASSETS (002+003+004+005+009)</b>	001	<b>10.130.191</b>	<b>10.192.708</b>	
00	I. UNPAID REGISTERED CAPITAL	002			
012	II. GOODWIL	003			
01 w/o 012	III. INTANGIBLE ASSETS	004	12.294	13.668	
	<b>IV. REAL ESTATE, FACILITIES, EQUIPMENT AND BIOLOGICAL MEANS (006+007+008)</b>	005	<b>9.208.965</b>	<b>9.226.761</b>	
020, 022, 023, 027 (part), 028 (part), 029	1. Real Estate, Facilities and Equipment	006	13	8.776.226	8.793.828
024, 027(part), 028 (part)	2. Investment Real Estate	007	13	430.328	430.374
021, 025, 027 (part), 028 (part)	3. Biological Means	008	13	2.411	2.559
	<b>V. LONG TERM FINANCIAL INVESTMENTS (010+011)</b>	009		<b>908.932</b>	<b>952.279</b>
030 to 032, 039 part	1. Share in Capital	010	14	908.112	951.551
033 to 038, 039 part	2. Other long term financial investments	011	15	820	728
Minus 037					
	<b>B. CURRENT ASSETS (013+014+015+021)</b>	012		<b>11.975.981</b>	<b>13.099.428</b>
10 to 13, 15	I. STOCK	013	16	2.521.826	3.996.827
14	II. CURRENT ASSETS FOR SALES AND ASSETS FROM DISCONTINUED OPERATIONS	014			
	<b>III. SHORT TERM CLAIMS, INVESTMENTS AND CASH (016+017+018+019+020)</b>	015		<b>9.454.155</b>	<b>9.102.601</b>
20, 21 and 22 except 223	1. Claims	016	17	2.300.324	2.706.528
223	2. Claims for overpaid income tax	017		113.907	73.705
23 minus 237	3. Short term financial investments	018	18	6.355.296	6.015.291
24	4. Cash equivalents and cash	019	19	140.488	96.083
27 and 28 except 288	5. Added value tax and active accruals	020	20	544.140	210.994
288	<b>IV. DEFERRED TAX ASSETS</b>	021			
	<b>C. BUSINESS ASSETS</b>	022		<b>22.106.172</b>	<b>23.292.136</b>

	(001+012)				
29	D. LOSS OVER CAPITAL	023			
	E. TOTAL ASSETS (022+023)	024		22.106.172	23.292.136
88	F. OFF BALANCE ASSETS	025	21	19.674.722	19.349.934
	<b>LIABILITIES</b>				
	A. CAPITAL (102+103+104+105+106- 107+108-109-110)	101		11.087.051	10.628.253
30	I. BASIC AND OTHER CAPITAL	102	22	6.906.480	6.906.480
31	II. UNPAID REGISTERED CAPITAL	103			
	III. RESERVES	104		1.172.299	1.175.312
330 and 331	IV. RESERVE EVALUATION	105		2.357.867	2.358.356
332	V. UNREALIZED INCOME FROM SECURITIES	106			0
333	VI. UNREALIZED LOSS FROM SECURITIES	107		2.214	23.402
34	VII. UNDISTRIBUTED INCOME	108		1.046.580	1.744.133
35	VIII. LOSS	109		0	1.151.293
037 and 237	IX. REPURCHASED OWN SHARES	110		393.961	381.333
	B. LONG TERM RESERVES AND LIABILITIES (112+113+116)	111		10.610.452	12.255.214
40	I. LONG TERM RESERVES	112		136.090	136.090
41	II. LONG TERM LIABILITIES (114+115)	113		0	0
414 and 415	1. Long term loans	114	23	0	0
41 w/o 414 and 415	2. Other long term liabilities	115			0
	III. SHORT TERM LIABILITIES (117+118+119+120+1121 +12)	116		10.474.362	12.119.124
42 except 427	1. Short term financial liabilities	117	24	9.755.447	9.844.693
427	2. Liabilities from assets for sales and assets from discontinued operations	118			
43 and 44	3. Liabilities from operations	119	25	523.974	2.225.134
45 and 46	4. Other short term liabilities	120	26	57.974	38.304
47 and 48, except 481 and 49 except 498	5. Liabilities from AVT and other public income and passive accruals	121	27	136.967	10.993
481	6. Income tax liabilities	122			0
498	IV. DEFERRED TAX OBLIGATIONS	123		408.669	408.669
	C. TOTAL LIABILITIES (101+111+123)	124		22.106.172	23.292.136
89	D. OFF BALANCE LIABILITIES	125		19.674.722	19.349.934

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

Director Kosutic Sinisa /signed/

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/



Company Name: SOJAPROTEIN AD

Location: BECEJ

Registration Number: 8114072

Activity Code: 1041

Tax Identification Number: 100741587

### CASH FLOW REPORT

In the period January 1<sup>st</sup> – June 30<sup>th</sup> 2014

In thousand RSD

POSITION	AOP	AMOUNT	
		Current Year	Past Year
1	2	3	4
<b>A. CASH FLOW FROM OPERATIONS</b>	301	<b>7.042.100</b>	<b>5.693.747</b>
<b>I. Cash inflow from operations (1 to 3)</b>			
1. Sales and prepayments received	302	6.660.554	5.490.111
2. Interest received from operations	303	103.331	80.784
3. Other income from operations	304	278.215	122.852
<b>II. Cash outflow from operations (1 to 5)</b>	305	<b>6.345.143</b>	<b>3.943.837</b>
1. Supplier payment and prepayments provided	306	5.813.540	3.171.400
2. Salaries, salary fees and other personal costs	307	270.948	269.460
3. Interest paid	308	207.805	462.869
4. Income tax	309	40.203	29.911
5. Payments from other public income	310	12.647	10.197
<b>III. Net cash inflow from operations (I-II)</b>	311	<b>696.957</b>	<b>1.749.910</b>
<b>IV. Net cash outflow from operations (II-I)</b>	312		
<b>B. CASH FLOW FROM INVESTMENTS</b>	313	<b>80</b>	<b>913.063</b>
<b>I. Cash inflow from investments (1 to 5)</b>			
1. Sales of stock and share (net inflow)	314		
2. Sales of intangible assets, real estate, facilities, equipment and biological means	315	<b>3</b>	<b>197</b>
3. Other financial investments (net inflow)	316	<b>77</b>	<b>912.866</b>
4. Interest received from investments	317		
5. Dividends received	318		
<b>II. Cash outflow from investments (1 to 3)</b>	319	<b>194.718</b>	<b>633.188</b>
1. Stock and share purchase (net outflow)	320	<b>0</b>	434.707
2. Purchase of intangible assets, real estate, facilities, equipment and biological means	321	194.718	198.481
3. Other financial investments (net outflow)	322		
<b>III. Net cash inflow from investments (I-II)</b>	323		<b>279.875</b>
<b>IV. Net cash outflow from investments (II-I)</b>	324	<b>194.638</b>	
<b>C. CASH FLOW FROM FINANCING</b>	325	<b>0</b>	<b>0</b>
<b>I. Cash inflow from financing (1 to 3)</b>			
1. Basic capital increase	326		
2. Long term and short term loans (net inflow)	327		
3. Other long term and short term liabilities	328		
<b>II. Cash outflow from financing (1 to 4)</b>	329	<b>458.218</b>	<b>2.011.008</b>
1. Own stock and share repurchase	330	15.642	
2. Long term and short term loans and other liabilities (net outflow)	331	442.576	2.010.940
3. Financial leasing	332		
4. Dividends paid	333		
<b>III. Net cash inflow from financing (I-II)</b>	334		
<b>IV. Net cash outflow from financing (II-I)</b>	335	<b>458.218</b>	<b>2.011.008</b>
<b>D. TOTAL CASH INFLOW (301+313+325)</b>	336	<b>7.042.180</b>	<b>6.606.810</b>
<b>E. TOTAL CASH OUTFLOW (305+319+329)</b>	337	<b>6.998.079</b>	<b>6.588.033</b>



F. NET CASH INFLOW ( 336-337)	338	44.101	18.777
G. NET CASH OUTFLOW (337-336)	339		
H. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	96.083	128.389
I. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH	341	304	6.240
J. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH	342	0	0
K. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	140.488	153.406

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

Director Kosutic Sinisa /signed/

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/

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## CHANGES IN EQUITY REPORT

IN THE PERIOD FROM JANUARY 1<sup>st</sup> – JUNE 30<sup>th</sup> 2014

In thousand RSD

No.	DESCRIPTION	AOP	Basic capital (w/o 309)	Other cap.	Emission premium	Reserve 32	Reserve evaluated	Unrealized income from	Unrealized loss from	Undistributed income	Loss to	Repurchased own	Total	Loss over	
	1		2	3	4	5	6	7	8	9	10	11	12	13	14
1	Status on January 1 <sup>st</sup> past year	401	6.906.480			875.438	553.322	2.359.864		23.817	1.778.085			12.449.372	
2	Correction of material errors and changes in accounting policy in previous year – increase	402												0	
3	Correction of material errors and changes in accounting policy in previous year – decrease	403												0	
4	Corrected initial status on January 1 <sup>st</sup> previous year	404	6.906.480	0	0	875.438	553.322	2.359.864	0	23.817	1.778.085	0		12.449.372	0
5	Total increase in previous year	405					34.591			639	1.151.293	381.333		35.645	
6	Total decrease in previous year	406				288.039		1.508		415	34.591			1.856.764	
7	Status on December 31 <sup>st</sup> past year	407	6.906.480	0	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
8	Correction of material errors and changes in accounting policy in previous year – increase	408												0	
9	Correction of material errors and changes in accounting policy in previous year – decrease	409												0	
10	Corrected initial status on January 1 <sup>st</sup> current year	410	6.906.480	0	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
11	Total increase in current year	411								454.380		12.628		1.626.861	
12	Total decrease in current year	412				3.013		489		21.188	1.151.933	1.151.293		1.168.063	
13	Status on December 31 <sup>st</sup> current year	413	6.906.480	0	0	584.386	587.913	2.357.867	0	2.214	1.046.580	0	393.961	11.087.051	0

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Anđelković Dragana /signed/

Director Kosutic Sinisa /signed/

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej



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## BALANCE SHEET

On June 30<sup>th</sup> 2014  
thousand RSD

In

POSITION	AOP	AMOUNT	
		Last day of the current year quarter	December 31 <sup>st</sup> of previous year
1	2	3	4
<b>ASSETS:</b>			
G. FIXED ASSETS (002+003+004+005+009)	001	10.130.191	10.192.708
VI. UNPAID REGISTERED CAPITAL	002		
VII. GOODWIL	003		
VIII. INTANGIBLE ASSETS	004	12.294	13.668
IX. REAL ESTATE, FACILITIES, EQUIPMENT AND BIOLOGICAL MEANS (006+007+008)	005	9.208.965	9.226.761
4. Real Estate, Facilities and Equipment	006	8.776.226	8.793.828
5. Investment Real Estate	007	430.328	430.374
6. Biological Means	008	2.411	2.559
X. LONG TERM FINANCIAL INVESTMENTS (010+011)	009	908.932	952.279
3. Share in Capital	010	908.112	951.551
4. Other long term financial investments	011	820	728
H. CURRENT ASSETS (013+014+015+021)	012	11.975.981	13.099.428
V. STOCK	013	2.521.826	3.996.827
VI. CURRENT ASSETS FOR SALES AND ASSETS FROM DISCONTINUED OPERATIONS	014		
VII. SHORT TERM CLAIMS, INVESTMENTS AND CASH (016+017+018+019+020)	015	9.454.155	9.102.601
6. Claims	016	2.300.324	2.706.528
7. Claims for overpaid income tax	017	113.907	73.705
8. Short term financial investments	018	6.355.296	6.015.291
9. Cash equivalents and cash	019	140.488	96.083
10. Added value tax and active accruals	020	544.140	210.994
VIII. DEFERRED TAX ASSETS	021		
I. BUSINESS ASSETS (001+012)	022	22.106.172	23.292.136
J. LOSS OVER CAPITAL	023		
K. TOTAL ASSETS (022+023)	024	22.106.172	23.292.136
L. OFF BALANCE ASSETS	025	19.674.722	19.349.934
<b>LIABILITIES</b>			
E. CAPITAL (102+103+104+105+106-107+108-109-110)	101	11.087.051	10.628.253
X. BASIC AND OTHER CAPITAL	102	6.906.480	6.906.480
XI. UNPAID REGISTERED CAPITAL	103		
XII. RESERVES	104	1.172.299	1.175.312
XIII. RESERVE EVALUATION	105	2.357.867	2.358.356
XIV. UNREALIZED INCOME FROM SECURITIES	106		0
XV. UNREALIZED LOSS FROM SECURITIES	107	2.214	23.402
XVI. UNDISTRIBUTED INCOME	108	1.046.580	1.744.133
XVII. LOSS	109	0	1.151.293
XVIII. REPURCHASED OWN SHARES	110	393.961	381.333
F. LONG TERM RESERVES AND LIABILITIES (112+113+116)	111	10.610.452	12.255.214
V. LONG TERM RESERVES	112	136.090	136.090

VI. LONG TERM LIABILITIES (114+115)	113	0	0
3. Long term loans	114	0	0
4. Other long term liabilities	115		0
VII. SHORT TERM LIABILITIES (117+118+119+120+1121+12)	116	10.474.362	12.119.124
7. Short term financial liabilities	117	9.755.447	9.844.693
8. Liabilities from assets for sales and assets from discontinued operations	118		
9. Liabilities from operations	119	523.974	2.225.134
10. Other short term liabilities	120	57.974	38.304
11. Liabilities from AVT and other public income and passive accruals	121	136.967	10.993
12. Income tax liabilities	122		0
VIII. DEFERRED TAX OBLIGATIONS	123	408.669	408.669
G. TOTAL LIABILITIES (101+111+123)	124	22.106.172	23.292.136
H. OFF BALANCE LIABILITIES	125	19.674.722	19.349.934

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/

  **Sojaprotein**  
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BEČEJ 21

## INCOME STATEMENT

From January 1<sup>st</sup> 2014 to June 30<sup>th</sup> 2014

In thousand RSD

Position	AOP	Amount			
		Current Period		Previous Period	
		Quarter	Cumulative	Quarter	Cumulative
1	2	3	4	5	6
A. INCOME AND COSTS FROM OPERATIONS	201	3.256.925	6.199.396	2.330.706	4.792.826
I. BUSINESS INCOME (202+203+204-205+206)					
1. Sales Income	202	2.961.745	5.979.125	1.789.348	3.369.412
2. Income from performance and merchandise activation	203	686	1.269	3.214	11.513
3. Performance stock value increase	204	284.710	196.733	524.079	1.383.261
4. Performance stock value decrease	205				
5. Other income from operations	206	9.784	22.269	14.065	28.640
II. COSTS FROM OPERATIONS (208 to 212)	207	3.025.315	5.903.210	2.532.604	5.163.375
1. Sold merchandise purchase value	208	311.590	314.190	7.585	128.684
2. Raw material cost	209	2.198.169	4.556.539	2.058.234	4.146.382
3. Cost of salaries, salary fees and other personal costs	210	141109	292.080	147.082	279.472
4. Depreciation and reserves costs	211	100.752	201.715	86.956	163.888
5. Other costs from operations	212	273.695	538.686	232.747	444.949
III. INCOME FROM OPERATIONS (201-207)	213	231.610	296.186		
IV. LOSS FROM OPERATIONS (207-201)	214			201.898	370.549
V. FINANCIAL INCOME	215	284.908	558.563	22.157	197.975
VI. FINANCIAL COSTS	216	163.023	341.751	119.062	228.996
VII. OTHER INCOME	217	34.497	37.431	13.361	133.999
VIII. OTHER COSTS	218	9.259	16.996	6.892	7.969
IX. INCOME FROM OPERATIONS BEFORE TAXES (213-214+215-216+217-218)	219	378.733	533.433		
X. LOSS FROM OPERATIONS BEFORE TAXES (214-213-215+216-217+218)	220			292.334	275.540
XI. NET INCOME FROM OPERATIONS DISCONTINUED	221				
XII. NET LOSS FROM OPERATIONS DISCONTINUED	222				
B. INCOME BEFORE TAXES (219-220+221-222)	223	378.733	533.433		
C. LOSS BEFORE TAXES (220-219+222-221)	224			292.334	275.540
D. INCOME TAX					
1. Period tax cost	225	56.810	80.015		
2. Period deferred tax costs	226				
3. Period deferred tax income	227				
E. EMPLOYER PERSONAL INCOME PAID	228				
F. NET INCOME (223-224-225-226+227-228)	229	321.923	453.418		
G. NET LOSS (224-223+225+226-227+228)	230			292.334	275.540
H. NET INCOME FOR MINORITY	231				

INVESTORS						
I.	NET INCOME FOR PARENT COMPANY OWNER	232				
J.	EARNINGS PER STOCK					
1.	Basic earnings per stock	233				
2.	Depreciated (diluted) earnings per stock	234				

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/



## CASH FLOW REPORT

From January 1<sup>st</sup> 2014 to June 30<sup>th</sup> 2014

POSITION	AOP	AMOUNT	
		Cumulative of appropriate quarter of current year	Cumulative of appropriate quarter of previous year
1	2	3	4
L. CASH FLOW FROM OPERATIONS	301	<b>7.042.100</b>	<b>5.693.747</b>
V. Cash inflow from operations (1 to 3)			
4. Sales and prepayments received	302	6.660.554	5.490.111
5. Interest received from operations	303	103.331	80.784
6. Other income from operations	304	278.215	122.852
VI. Cash outflow from operations (1 to 5)	305	<b>6.345.143</b>	<b>3.943.837</b>
6. Supplier payment and prepayments provided	306	5.813.540	3.171.400
7. Salaries, salary fees and other personal costs	307	270.948	269.460
8. Interest paid	308	207.805	462.869
9. Income tax	309	40.203	29.911
10. Payments from other public income	310	12.647	10.197
VII. Net cash inflow from operations (I-II)	311	<b>696.957</b>	<b>1.749.910</b>
VIII. Net cash outflow from operations (II-I)	312		
M. CASH FLOW FROM INVESTMENTS	313	<b>80</b>	<b>913.063</b>
V. Cash inflow from investments (1 to 5)			
6. Sales of stock and share (net inflow)	314		
7. Sales of intangible assets, real estate, facilities, equipment and biological means	315	<b>3</b>	<b>197</b>
8. Other financial investments (net inflow)	316	<b>77</b>	<b>912.866</b>
9. Interest received from investments	317		
10. Dividends received	318		
VI. Cash outflow from investments (1 to 3)	319	<b>194.718</b>	<b>633.188</b>
4. Stock and share purchase (net outflow)	320	<b>0</b>	434.707
5. Purchase of intangible assets, real estate, facilities, equipment and biological means	321	194.718	198.481
6. Other financial investments (net outflow)	322		
VII. Net cash inflow from investments (I-II)	323		<b>279.875</b>
VIII. Net cash outflow from investments (II-I)	324	<b>194.638</b>	
N. CASH FLOW FROM FINANCING	325	<b>0</b>	<b>0</b>
V. Cash inflow from financing (1 to 3)			
4. Basic capital increase	326		
5. Long term and short term loans (net inflow)	327		
6. Other long term and short term liabilities	328		
VI. Cash outflow from financing (1 to 4)	329	<b>458.218</b>	<b>2.011.008</b>
5. Own stock and share repurchase	330	15.642	
6. Long term and short term loans and other liabilities (net outflow)	331	442.576	2.010.940
7. Financial leasing	332		
8. Dividends paid	333		
VII. Net cash inflow from financing (I-II)	334		
VIII. Net cash outflow from financing (II-I)	335	<b>458.218</b>	<b>2.011.008</b>
O. TOTAL CASH INFLOW (301+313+325)	336	<b>7.042.180</b>	<b>6.606.810</b>
P. TOTAL CASH OUTFLOW (305+319+329)	337	<b>6.998.079</b>	<b>6.588.033</b>
Q. NET CASH INFLOW ( 336-337)	338	<b>44.101</b>	<b>18.777</b>
R. NET CASH OUTFLOW (337-336)	339		
S. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD	340	96.083	128.389
T. POSITIVE EXCHANGE RATE DIFFERENCES	341	304	6.240

FROM CASH			
U. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH	342	0	0
V. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)	343	140.488	153.406

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/

  

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



## CHANGES IN EQUITY REPORT

IN THE PERIOD FROM JANUARY 1<sup>st</sup> – JUNE 30<sup>th</sup> 2014

In thousand RSD

No	DESCRIPTION	AOP	Basic capital (w/o 309)	Other cap.	Emission premium	Reserve 32	Reserve evaluated	Unrealized income from	Unrealized loss from	Undistributed income	Loss to	Repurchased own	Total	Loss over
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Status on January 1 <sup>st</sup> past year	4001	6.906.480		875.438	553.322	2.359.864		23.817	1.778.085			12.449.372	
2	Correction of material errors and changes in accounting policy in previous year – increase	4002											0	
3	Correction of material errors and changes in accounting policy in previous year – decrease	4003											0	
4	Corrected initial status on January 1 <sup>st</sup> previous year	4004	6.906.480	0	875.438	553.322	2.359.864	0	23.817	1.778.085	0	0	12.449.372	0
5	Total increase in previous year	4005				34.591				639	1.151.293	381.333	35.645	
6	Total decrease in previous year	4006			288.039		1.508		415	34.591			1.856.764	
7	Status on December 31 <sup>st</sup> past year	4007	6.906.480	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
8	Correction of material errors and changes in accounting policy in previous year – increase	4008											0	
9	Correction of material errors and changes in accounting policy in previous year – decrease	4009											0	
10	Corrected initial status on January 1 <sup>st</sup> current year	4010	6.906.480	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
11	Total increase in current year	4011								454.380		12.628	1.626.861	
12	Total decrease in current year	4012			3.013		489		21.188	1.151.933	1.151.293		1.168.063	
13	Status on December 31 <sup>st</sup> current year	4013	6.906.480	0	584.386	587.913	2.357.867	0	2.214	1.046.580	0	393.961	11.087.051	0

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/


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 BEČEJ 21

*Aljona*

**SOJAPROTEIN A.D. BECEJ**

**NOTES WITH INCOME STATEMENT AND BALANCE SHEET**

**June 30<sup>th</sup> 2014**

## **BASIC COMPANY INFORMATION**

Sojaprotein AD Becej, (the Company in further text) is the largest processor of soy in Serbia and one of the most significant processors in Central and Eastern Europe. The company was founded in 1977 as the working organization for industrial processing of soy and the constitution was ended in 1985.

During 1991 the management of the company adopted a decision on issuing internal shares to the employees and thus performed a transformation into the joint stock company. During 2000 and 2001 the Company became privatized regarding the remaining social capital by issuing free shares, registered by employees and other individuals, all in accordance with the provisions of the Law on Ownership Transformation from 1997.

The basic activity of the company is processing soy bean producing a series of full-fat and no-fat products in the form of flour, grits and texture forms, as well as soy oil, soy meal, soy lecithin and soy concentrate. Additional segment of business activities of the Company is providing services in the agricultural production, retail and wholesale, purchase of agricultural products.

The Company is seated in Becej, Industrijska Street no.1. The company had 390 employees on the day of report production.

## **BASIS FOR PRODUCING AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD**

### **Financial Statements**

Financial statements of the company include Balance Sheet on June 30<sup>th</sup> 2014, Income Statement, Equity Change Report and Cash Flow Report for the period until June 30<sup>th</sup> 2014 as well as review of significant accounting policies and evaluations, and notes with financial statements.

### **Basis for producing and presentation of financial statements**

Companies and entrepreneurs in Republic of Serbia are obligated to keep business books, recognize and evaluate property and obligations, income and costs, produce, present, deliver and disclose financial statements in accordance with Law on Accounting (in further text the Law published in "Official Gazette RS" number 62/2013). A company, as a large legal subject, is obligated to apply International Standards of Financial Reporting (ISFR), that in the sense of the given law include: Framework for preparing and presenting financial statements (Framework), International Accounting Standards (IAS), International Standards of Financial Reporting (ISFR) and related interpretations, issued by the Committee for Interpreting Accounting Standards (IFRIC), related amendments of such standards and related interpretations, approved by the Board for International Accounting Standards (Board), whose translation was determined and published by the ministry responsible for financial affairs and that were valid on December 31<sup>st</sup> 2002.

Amendments of IAS, as well as new ISFR and appropriate interpretations, issued by the Board and Committee in the period from December 31<sup>st</sup> 2002 until January 1<sup>st</sup> 2009 are officially adopted by the Decision of the Minister of Finance of Republic of Serbia (Ministry) and published in Official Gazette RS no. 77 on October 25<sup>th</sup> 2010.

However, until the date of producing the delivered financial statements, all of the amendments of IAS/ISFR and IFRIC interpretations were not translated that were valid for annual periods starting on January 1<sup>st</sup> 2009. Additionally, delivered financial statements were presented in the format regulated by the Rules on Accounting Framework and Account Content in the Accounting Framework for companies, collectives, other legal entities and entrepreneurs (Official Gazette RS no. 114 from December 2006, no. 119 from December 26<sup>th</sup> 2008 and no. 9 from February 6<sup>th</sup> 2009 and no. 4 from January 29<sup>th</sup> 2010) taking legally defined complete sum of financial statements deviating from the one defined in IAS 1 “Financial Statements Presentation” and additionally deviates in certain parts from the method of presenting certain balance positions planned by the stated standard. Published standards and interpretations valid in the current period that are not officially translated and adopted, as well as published standards and interpretations that are still not applied are disclosed in notes 2.2 and 2.3.

In addition the accounting regulations of Republic deviate from ISFR in the following provisions:

In accordance with the opinion of the Ministry the share of employees in income is recorded as reduction of undistributed income and not as the charge of results of current period, as required by IAS 19 “Employee Compensation”.

The Company has produced these non-consolidated financial statements in accordance and based on the laws and regulations of Republic of Serbia where dependencies of the company in these financial statements are presented per purchase value reduced for possible depreciation. Detailed presentation of financial position of the Company can be seen from the consolidated financial statements that the company is required to produce and deliver to the Business Registers Agency by April 30<sup>th</sup> 2014 in accordance with the Law on Accounting and Audit.

Financial statements are produced in accordance with the principle of historical cost, unless otherwise stated in accounting policies provided in further text.

The Company applied accounting policies explained in note 3 in producing these financial statements.

Financial statements of the Company are presented in thousands of dinars. Dinar is the official reporting currency in Republic of Serbia.

### **Published standards and interpretations valid in the current period that are still not officially translated and adopted**

On the date of publishing these financial statements standards and standard amendments below were issued by the Board and the following interpretations were published by IFRIC, but were not officially adopted in Republic of Serbia:

- Amendment of ISFR 7 “Financial Instruments: Disclosure” – Amendment improving the disclosure of fair value and liquidity risk (revised on March 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2009);
- Amendments of ISFR 1 “First application of International Standards of Financial Reporting” – Added exceptions for persons applying ISFR for the first time.

Amendments referring to assets in the industry of oil and gas and determining if contracts contain leasing (revised in July 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2010);

- Amendments of different standards and interpretations are the result of the project of annual quality improvement of ISFR published on April 16<sup>th</sup> 2009 (ISFR 5, ISFR 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with the intention of removing incompliances and explanation of the formulation in the text (amendments of standards are valid for annual periods starting on or after January 1<sup>st</sup> 2010, and amendments of IFRIC on or after July 1<sup>st</sup> 2009);
- Amendments of IAS 38 “Intangible assets” (valid for the annual periods starting on or after July 1<sup>st</sup> 2009);
- Amendments of ISFR 2 “Payment with shares”: Amendments as the result of Project of annual quality improvement of ISFR (revised in April 2009, valid for annual periods starting on or after July 1<sup>st</sup> 2009) and amendment referring to transactions of payments with shares of the group based on cash (revised in June 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2010);
- Amendments of IFRIC 9 “Reevaluation of installed derivatives” is valid for annual periods starting on the day or after July 1<sup>st</sup> 2009 and IAS 39 “Financial instruments: recognition and measurement” – Installed derivatives (valid for annual periods starting on or after June 30<sup>th</sup> 2009);
- IFRIC 18 “Transfer of Funds to the Buyer” (valid for annual periods starting on or after July 1<sup>st</sup> 2009);

“Comprehensive Framework for Financial Reporting 2010” representing an amendment of the “Framework for Preparing and Presenting Financial Reports” (valid for transfer of funds from the purchasers received on or after September 2010):

- Amendments of ISFR 1 “First Application of International Standards of Financial Reporting” – Limited exclusion from comparative disclosure regulated within ISFR 7 with persons applying ISFR for the first time (valid for annual periods starting on or after July 1<sup>st</sup> 2010);
- Amendments of ISFR 24 “Disclosure of Related Persons” – Simplified requirements for disclosures on persons under (significant) control of influence of government and simplified definitions of related persons (valid for annual periods starting on or after January 1<sup>st</sup> 2011);
- Amendments of IAS 32 “Financial Instruments: presentation” – Accounting inclusion of pre-emptive rights to new shares (valid for annual periods starting on or after February 1<sup>st</sup> 2010);
- Amendments of different standards and interpretations “Improvement of ISFR (2010)” are the result of the Project of annual quality improvement of ISFR published on May 6<sup>th</sup> 2010 (ISFR 1, ISFR 3, ISFR 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with the intention of removing incompliances and explanations of the formulations in the text (most of amendments will be valid for annual periods starting on or after January 1<sup>st</sup> 2011);
- Amendments of IFRIC 14 “IAS 19 – Limitations of defined income, minimum financing requirements and their interaction” Advance payment of minimum funds necessary for financing (valid for annual periods starting on or after January 1<sup>st</sup> 2011),

- IFRIC 19 “Settlement of Financial Liabilities with Capital Instruments” (valid for annual periods starting on or after July 1<sup>st</sup> 2010)
- Amendments of ISFR 1 “First Application of International Standards of Financial Reporting” – Large hyperinflation and removal of fixed dates for persons applying ISFR for the first time (valid for annual periods starting on or after July 1<sup>st</sup> 2011);
- Amendments of ISFR 7 “Financial Instruments: Disclosures” – transfer of financial funds (valid for annual periods starting on or after January 1<sup>st</sup> 2011);
- Amendments of IAS 12 “Income Tax” – Delayed tax: return of funds used for tax calculation (valid for annual periods starting on or after January 1<sup>st</sup> 2012);
- ISFR 10 “Consolidated Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013)
- ISFR 11 “Mutual Arrangements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- ISFR 12 “Disclosure of Share in other Legal Entities” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- ISFR 13 “Fair Value Measurement” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IAS 27 (revised in 2011) “Individual Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IAS 28 (revised in 2011) “Investments in Affiliated Entities and Mutual Investments” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments ISFR 1 “First Application of International Standards of Financial Reporting” – State Loans per interest rate lower than market one (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of ISFR 7 “Financial Instruments: Disclosure” – Netting of financial funds and financial obligations (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of ISFR 10, ISFR 11 and ISFR 12 “Consolidated Financial Reports, Mutual Arrangements and Disclosure of Share in other legal entities: Manual on transitional application (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of IAS 1 “Presentation of Financial Statements” – Presentation of items of other total result (valid for annual periods starting on or after July 1<sup>st</sup> 2012);
- Amendments of IAS 19 “Employee Compensation” – Improvement of account inclusion of compensation upon termination of employment (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Annual improvements for the period from 2009 to 2011 issued in May 2012 referring to different projects of improvements of ISFR (ISFR 1, IAS 1, IAS 16, IAS 32, IAS 34) mostly on removal of inconsistencies and explanations of formulations (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IFRIC 20 “Cost of Stripping in the Production Phase of Surface Mines” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);

### **Published Standards and Interpretations Still Not in Force**

On the date of issuing these financial statements the following standards, their amendments and interpretations were published but were still not in force:

- ISFR 9 “Financial Instruments” and later amendments (validity date is yet not determined);
- ISFR 14 “Accounts of regulatory active accruals” (valid for annual periods starting on or after January 1<sup>st</sup> 2016);
- Amendments of ISFR 10, ISFR 12 and IAS 27 – Exclusion of dependent persons from consolidation in accordance with ISFR 10 “Consolidated Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 19 “Employee Compensation” – defined compensation plans: Employee Contributions (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- Amendments of IAS 32 “Financial Instruments: Presentation” – Settlement of financial funds and financial obligations (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 36 “Asset Value Depreciation” – Disclosure of Recoverable Amount for non-financial property (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 39 “Financial Instruments” – renewal of derivations and continuation of accounting hedging (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Annual improvements for period from 2010 to 2012 issued in December 2013 are the result of the Project of annual quality improvement of ISFR (ISFR 2, ISFR 3, ISFR 8, ISFR 13, ISFR 16, IAS 24 and IAS 38) for the removal of incompliances and explanations of formulations (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- Annual improvements for period from 2011 to 2013 issued in December 2013 are the result of the Project of annual quality improvement of ISFR (ISFR 1, ISFR 3, ISFR 13 and IAS 40) for the removal of incompliances and explanations of formulations (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- IFRIC 21 “Duties” (valid for annual periods starting on or after January 1<sup>st</sup> 2014)

## **Comparable Data**

Comparable data include financial statements of the Company on December 31<sup>st</sup> 2013 for the Balance Sheet, and for the Income Statement and Cash Flow comparable data include financial statements of the Company on June 30<sup>th</sup> 2013.

## **REVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

### **Income and Expenses**

Income from sales is recognized when the risk and benefit related to the right of ownership are transferred to the purchaser including the date of delivery of the product to the purchaser. Income from services is recognized when the service is delivered.

Income is presented per fair value of asset funds received or that will be received, in the net amount after depreciation for the given discount and added value tax.

Income and expenses from interest are booked in favor, or charged to the accounting period they refer to.



Appropriate expenses are booked with income on the same date (causality of income and expense principle).

Maintenance and repair expenses of basic funds are covered from the accounting period of occurrence income.

### **Calculation of Assets and Liabilities in Foreign Currencies**

Business changes occurring in foreign currencies are calculated in dinars per average rate determined on the inner-banking foreign currency market, valid on the date of the business change.

Funds and liabilities presented in foreign currencies on the balance sheet date are calculated in dinars per average rate determined on the inner-banking foreign currency market valid on this day.

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

### **Employee Benefits**

#### ***a) Taxes and Contributions to Funds for Employee Social Security***

In accordance with the regulations applied in Republic of Serbia the Company is obligated to pay taxes and contributions to tax authorities and state funds securing employee social security. These obligations include taxes and contributions for employee charged to the employer in the amounts calculated per rates determined by law. The Company is also obligated to deduct contributions from the gross salary of the employees and to execute payments to the funds in the name of the employee. Taxes and contributions charged to the employer and taxes and contributions charged to the employee are booked as expense of the period they refer to.

#### ***b) Obligations from Severances and Jubilee Rewards***

Based on the provisions of the Law on Labor the Company is obligated to pay the employee severances upon the termination of employment for the exercise of the right to a pension, in the amount of three average salaries paid in the Republic per last published data or the republic body responsible for statistics. Additionally the Company is obligated to pay jubilee rewards to employees depending on the length of uninterrupted employment in the Company in the amount of one average salary in the Company in the month preceding the month in which jubilee rewards are paid.

### **Taxes and Contributions**

#### **Income Tax**

##### ***a) Current Income Tax***

Current income tax presents the amount calculated and paid in accordance with the Law on Income Tax for the Companies valid in Republic of Serbia.

Income tax in the amount of 15% is paid to the tax base determined by tax balance. Tax base is presented in the tax balance including profit presented in the official income statement and corrections defined by tax regulations of Republic of Serbia.

Tax regulations of Republic of Serbia do not foresee the possibility that tax loss from the current period can be used as the basis for tax return paid in previous periods. However loss from the current period can be transferred to the account of profit from future calculation periods but not longer than ten years.

Deferred income tax is calculated by using the method of determination of the obligation in accordance with the balance sheet for temporary differences arising from the difference between the tax basis of funds and obligations in the balance sheet and their book value. Valid tax rates on the balance sheet date are used for the determination of accrued income tax amount. Deferred tax obligations are recognized for all taxable temporary differences. Deferred tax funds are recognized for all deductible temporary differences and effects of transferred loss and tax loans to tax balance that can be transferred to the level on which probable taxable profit will occur from which deferred tax funds can be used.

#### ***b) Deferred Income tax***

Deferred income tax is booked at the charge or benefit on the income statement except when it refers to the positions booked directly for the benefit or charged to the capital, and in this case the deferred tax is also distributed within capital.

#### **Taxes and Contributions Not Depending on Results**

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

#### **Real Estate, Investment Real Estate, Facilities and Equipment**

Initial measurement of real estate, facilities and equipment, meeting the conditions for recognition of assets is done per purchase value or cost value. Additional costs for real estate, facilities and equipment are recognized as assets only when those costs improve the condition of assets over the primarily evaluated standard work in progress. All other additional costs are recognized as expenses in the period of occurrence.

After the initial recognition, real estate (land and construction objects) are presented per evaluated amount, expressing their fair value on the evaluation date, depreciated for the total amount of value correction from depreciation and the total amount of corrected value from loss due to depreciation.

Fair value of the real estate is the market value determined by evaluation. Evaluation is done only when the fair value of evaluated asset is significantly different from the presented value.

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

Profit or loss arising from the disposal or alienation is recognized as income or expense in the income statement.

## Depreciation

Depreciation of real estate, facilities and equipment is calculated by proportional method, during the evaluated service life. Usable service life and depreciation rate for the main asset groups are:

<b>Fixed Asset Main Groups</b>	<b>Rate (%)</b>
Construction Objects	1.5-5%
Production Equipment	5-25%
Field and Passenger Vehicles	10-20%
Computers	20-33%
Other Equipment	1.5-50%

Depreciation rates are revised each year for determination of the depreciation presenting the real usage of these assets during operations based on the remaining service life.

## Investment Real Estate

Investment real estate is the real estate that the Company, as owner, holds for accomplishing profit from real estate lease or for the increase of value of capital or for both, and not for the usage for providing services or administrative business or sales within regular operations. Initial measurement of investment real estate during acquisition is done per purchase value or cost price. After the initial recognition, investment real estate are presented per evaluated amount expressing their fair value on the evaluation date or evaluation reduced for the total amount of value correction based on depreciation and total amount of corrections of values based on the loss due to depreciation.

## Intangible assets

Intangible assets refer to acquired software and seal and are presented per purchase value reduced for depreciation. Intangible assets are written off per proportional method in the period from two to ten years.

## Long Term Financial Investments

Long term financial investments include shares in capital or related legal entities, business banks and other legal entities expressed per method of purchase value that is reduced by depreciation based on the evaluation of the management for reducing to their recoverable value. These loans are expressed per nominal value.

## Impairment

On each balance sheet date the Company re-evaluates book value amounts of its material assets in order to determine if there are indications that loss has occurred due to value impairment of the stated assets. If such indications exist recoverable amount of assets is evaluated in order to determine possible loss from impairment. If it is not possible to evaluate recoverable amount of a certain asset, the Company evaluates the recoverable amount of the unit generating money, to which this asset belongs to.

Recoverable value is the net sales price or usage value, depending on which is higher. For the evaluation of the usage value, the evaluated future cash flows are discounted to present

value by applying discount rate before taxes that presents current market evaluation of money time value and risks specific for this asset.

If the evaluated recoverable amount of an asset (or unit generating money) is less than the book value, then the book value amount of this asset (or unit generating money) is depreciated to recoverable amount. Loss from impairment are recognized immediately as expense, unless the asset is land or building not used as investment real estate presented as evaluated amount, in which case the impairment loss is presented as value reduction from asset evaluation.

With subsequent annulation of loss from impairment the book value of the asset (unit generating money) is increased to the revised evaluated recoverable amount of this asset, where the larger book value does not exceed book value that would have been determined if in the previous years there were no losses recognized on this asset (unit generating money) due to depreciation. Annulation of loss from depreciation is immediately recognized as income, unless if the given asset is not presented per evaluated value in which case the annulation of loss from depreciation is presented as increase due to evaluation.

### **Stock**

The stock is presented as cost price or net sales value depending on which is lower. Net expected sales value is the price at which the stock can be sold in normal operating conditions after the price reduction for sales costs.

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

Work in progress and finished products value includes all direct costs of production as well as part of costs of drive utilities.

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

Charging other expenses corrects the value of stock in cases when it is evaluated that it is necessary to reduce their value to net expected sales value (including stock with comparable turnover, surplus and out-of-date stock). Damaged stock and stock not in accordance with standard are written off.

### **Financial Instruments**

Financial funds and obligations are recorded in the balance sheet of the Company from the moment when the Company is contracted to the instrument. Purchase or sales of the financial asset is recognized by the application of the calculation to the other date of settlement, or the date when the asset is delivered to the other side.

Financial assets are ceased to be recognized when the Company loses control over the control over the contracted rights over those instruments, which happens when the rights of usage of the instrument are realized, expired, disposed or granted. Financial obligation

ceases to be recognized when the obligation planned by the contract is met, cancelled or expired.

*a) Share in Capital*

Share in capital of banks and other legal entities quoted on the stock market are initially measured per purchase value. Subsequent measurement is done on each balance sheet date for compliance of the value with the market value.

Long term financial investments including share in capital of related legal entities, business banks and other legal entities that are not quoted on the stock market are presented per method of purchase value reduced for depreciation based on the evaluation of the management for reduction to its recoverable value.

*b) Claims from Purchasers, Short Term Investments and Other Short Term Claims*

Claims from purchasers, short term investments and other short term claims are presented per nominal value, depreciated for value correction based on the collection prospect determined by the management.

*c) Cash and Cash Equivalents*

Cash and cash equivalents in the financial statements of the Company include cash in the treasury and balance on current accounts and other monetary funds available up to three months.

*d) Financial Liabilities*

Instruments of financial liabilities are classified in accordance with contractual provisions. Financial liabilities are presented per nominal value increased for interest based on contracts concluded corresponding to the effective interest rate.

*e) Liabilities from Operations*

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

## **REVIEW OF SIGNIFICANT ACCOUNTING EVALUATIONS**

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

Below lists key assumptions related to the future and other sources of evaluation of uncertainties on the balance sheet date presenting significant risk for significant corrections of balance sheet positions amounts in the next financial year.

### **Depreciation and Depreciation Rate**

Depreciation and depreciation rate calculation is based on the projected economic service life of equipment and intangible assets. Once per year a company evaluates economic service life based on current assumptions.

### **Claims and Short Term Investments Value Correction**

The Company performs an impairment of suspicious claims from the purchasers and other debtors based on estimated loss occurring if the debtors are not able to make payments. In the evaluation of appropriate amount of loss from impairment for suspicious claims the Company relies on the maturity of claims, previous experience with write off, solvency of the purchaser and changes in payment conditions. This requires evaluation related to future behavior of the purchaser and thus caused future collections. However a significant portion of Company claims refers to claims from affiliated legal entities where, based on evaluation and recent experience, total current value of claims is collectible.

### **Fair Value**

Business policy of the Company is to disclose information on the fair value of assets and liabilities for which there are official market information and when the fair value is significantly different from the book value. In the Republic of Serbia there is not enough market experience, as well as stability and solvency with purchase and sales of claims and other financial assets and liabilities, since the official market information are not available in every moment. Therefore, fair value is not possible to reliably determine in the absence of active market. Management of the company performs the evaluation of risk and in cases when it is evaluated that the value by which the assets are run in company books will not be realized, performs the value correction. Upon the opinion of the Company management the amounts in these financial statements depict the value that is, in given circumstances, most plausible and useful for reporting requirements.

## **NOTE – 1**

### **INCOME FROM SALES**

**In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>June 30<sup>th</sup> 2013</b>
Income from merchandise sales:		
- Related legal entities	1.096	3.410
- Other legal entities domestic	250.719	11.057
- Other legal entities abroad	78.589	114.876
	330.404	129.343
Income from sales of products and services		
- Related legal entities	1.033.128	334.544
- Other legal entities domestic	1.071.804	486.177
- Other legal entities abroad	3.543.789	2.419.348
	5.648.721	3.240.069
	5.979.125	3.369.412

In the income statement the company presented total income from sales in the amount of **5.979.125** thousand dinars. The stated amount includes income from sales of goods in the amount of **330.404** thousand dinars and income from sales of products and services in the amount of **5.648.721** thousand dinars.

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

- Related legal entities

Soy Oil	1.096 thousand dinars
<b>TOTAL</b>	<b>1.096 thousand dinars</b>

- Other legal entities

Crude Soy Oil	232.725 thousand dinars
Toasted Meal	15.509 thousand dinars
Other	2.485 thousand dinars
<b>TOTAL</b>	<b>250.719 thousand dinars</b>

- Other legal entities foreign

Soy Oil	78.589 thousand dinars
<b>TOTAL</b>	<b>78.589 thousand dinars</b>

#### **Income from sales of products and services**

- Related legal entities

Soy Meal	462.724 thousand dinars
Crude Soy Oil	380.301 thousand dinars
Protein Products	111.361 thousand dinars
Other	78.741 thousand dinars
<b>TOTAL</b>	<b>1.033.128 thousand dinars</b>

- Other Legal Entities

Soy Meal	663.969 thousand dinars
Crude Soy Oil	124.783 thousand dinars
Protein Products	191.697 thousand dinars
Other	91.355 thousand dinars
<b>TOTAL</b>	<b>1.078.804 thousand dinars</b>

- Other legal entities foreign

Crude Soy Oil	792.976 thousand dinars
Protein products	1.845.667 thousand dinars
Other	305.146 thousand dinars
<b>TOTAL</b>	<b>3.543.789 thousand dinars</b>

#### **NOTE – 2**

#### **OTHER INCOME FROM OPERATIONS**



In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Income from subsidies and stimulations		86
Income from lease	22.269	28.554
Other income from operations		
	22.269	28.640

**NOTE – 3**

**SOLD GOODS PURCHASE VALUE**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Sold goods purchase value	314.190	128.684

In the income statement the company presented the amount of 314.190 thousand dinars referring to costs of sold goods. The most significant amounts refer to:

Crude soy oil	296.546 thousand dinars
Other	17.644 thousand dinars
<b>Total</b>	<b>314.190 thousand dinars</b>

**NOTE – 4**

**MATERIAL AND ENERGY COSTS**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Development material cost	4.240.278	3.827.739
Other material cost	32.966	35.519
Fuel and energy costs	283.295	283.124
	4.556.539	4.146.382

**NOTE – 5**

**COSTS OF SALARIES, SALARY FEES AND OTHER PERSONAL EXPENSES**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Gross Salary Cost	205.706	215.788
Contribution Costs Charged to Employer	35.787	37.594
Business Trip Compensation for Employees Cost	3.728	5.793

Transport Compensation Cost	9.118	9.765
Scholarships	123	184
Author Contract Compensation Cost	10.852	4.455
Severances and Jubilee Awards	23.802	3.255
Board of Directors and Supervisory Board Members Compensation Costs	1.350	623
Other personal costs	1.614	2.015
<b>TOTAL</b>	<b>292.080</b>	<b>279.472</b>

**NOTE – 6**

**DEPRECIATION AND RESERVES COSTS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>June 30<sup>th</sup> 2013</b>
Depreciation Costs	201.715	163.888

**NOTE – 7**

**OTHER EXPENSES FROM OPERATIONS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>June 30<sup>th</sup> 2013</b>
Banking Services and Payment Services Costs	3.533	12.213
Maintenance Services Costs	26.448	30.019
Laboratory Services	69.352	74.468
Transport Services	203.276	69.015
Lease Costs	17.637	18.247
Utility Services	10.658	13.224
Insurance Premium Costs	12.342	14.872
Indirect Taxes and Contributions	15.693	37.709
Broker Services	120	153
Legal and Consultancy Services	10.434	273
Cost of Internet, Telephone and Telecommunication Services	3.910	5.432
Representation Costs	4.064	6.534
Fairs and Other Events Costs	649	5.122
Advertising and Propaganda Costs	716	1.323
Other Production Services Costs	25.076	5.997
Other Intangible Costs	134.778	150.348
	538.686	444.949

**NOTE – 8**

**FINANCIAL INCOME**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Financial Income – Related Legal Entities	499.240	72.460
Positive Exchange Rate Differences	55.064	113.084
Income from Currency Clause Effect	224	4.504
Interest Income	4.035	7.926
Other financial income	-	1
	558.563	197.975

**NOTE – 9**

**FINANCIAL EXPENSES**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Negative Exchange Rate Differences	126.270	91.597
Interest Expense	211.476	133.327
Expenses from Currency Clause Effect	802	4.053
Other Financial Expenses	3.203	19
	341.751	228.996

**NOTE – 10**

**OTHER INCOME**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Profit from Sales of Equipment, Shares and Other Securities	25.209	1
Income from Value Compliance	3.460	126.081
Surpluses	3.510	1.975
Damage Compensation from Insurance Companies	3.955	982
Material Sales Profit	-	273
Other Profit	1.297	4.687
	37.431	133.999

**NOTE – 11**

**OTHER EXPENSES**

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Material Sales Loss	-	262

Claims Write Off from Housing Loans	-	342
Other Expenses	16.996	7.365
	16.996	7.969

**NOTE – 12**

**PROFIT**

**c) Compliance of the income tax amount in the income statement and profit product before taxes and regulated tax rate**

**In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>June 30<sup>th</sup> 2013</b>
Profit Before Taxes	533.433	-
Income Tax Calculated per rate of 15%	80.015	
Loss		275.540
Profit After Taxes	453.418	14.275
Effective Tax Rate	15%	15%

**NOTE – 13**

**REAL ESTATE, FACILITIES AND EQUIPMENT, BIOLOGICAL MEANS, INVESTMENT REAL ESTATE AND INTANGIBLE INVESTMENTS**

**In thousand dinars**

<b>Purchase Value</b>	Land, Construction objects and Biological Means	Equipment	Advances for Fixed Assets and Investments Ongoing	Total	Investment Real Estates	Intangible Investment
Status on January 1 <sup>st</sup> 2013	2.628.238	1.929.392	3.503.944	8.061.574	588.699	34.149
Increase during year	-	2.622	1.550.305	1.552.927	-	10.746
Capitalized Interest	-	-	-	-	-	-
Transfers	477.717	2.883.806	(3.361.523)	-	-	(9.535)
Supplier Closing	-	-	(626.307)	(626.307)	-	-
Transfer from Investment Real Estate	158.311	-	-	158.311	(158.311)	-
Disposal	-	(725)	-	(725)	(14)	-
Sales	-	(981)	-	(981)	-	-
Other – Evaluation						
Status on December 31 <sup>st</sup> 2013	3.264.266	4.814.114	1.066.419	9.144.799	430.374	35.360
Status on January 1 <sup>st</sup> 2014	3.264.266	4.814.114	1.066.419	9.144.799	430.374	35.360
Increase during year	-	-	210.021	210.021	-	211
Capitalized Interest	-	-	-	-	-	-
Transfers	30	4.182	(4.212)	-	-	-
Supplier Closing	-	-	(27.509)	(27.509)	-	-
Transfer from Investment Real Estate	-	46	-	46	(46)	-
Disposal	-	(230)	-	(230)	-	-
Sales	-	(4)	-	(4)	-	-

Other – Evaluation	-	-	-	-	-	-
Status on December 31 <sup>st</sup> 2013	3.264.296	4.818.108	1.244.719	9.327.123	430.328	35.571
<b>Correction of Values</b>						
Status on January 1 <sup>st</sup> 2013	3.578	-	-	3.578	-	17.712
Current Year Depreciation	84.066	260.929	-	344.995	-	3.980
Transfer to Investment Real Estate	-	-	-	-	-	-
Sales	-	(22)	-	(22)	-	-
Disposal	-	(139)	-	(139)	-	-
Other – evaluation	-	-	-	-	-	-
Status on December 31 <sup>st</sup> 2013	87.644	260.768	-	348.412	-	21.692
<b>Correction of Values</b>						
Status on January 1 <sup>st</sup> 2014	87.644	260.768	-	348.412	-	21.692
Current Year Depreciation	43.847	156.284	-	200.131	-	1.585
Transfer to Investment Real Estate	-	-	-	-	-	-
Sales	-	(1)	-	(1)	-	-
Disposal	-	(56)	-	(56)	-	-
Status on June 30 <sup>th</sup> 2014	131.491	416.995	-	548.486	-	23.277
June 30 <sup>th</sup> 2014	3.132.805	4.401.113	1.244.719	8.778.637	430.328	12.294
December 31 <sup>st</sup> 2013	3.176.622	4.553.346	1.066.419	8.796.387	430.374	13.668

The company has presented intangible assets in the amount of 12.294 thousand dinars.

The company has presented the value of real estate, facilities and equipment on June 30<sup>th</sup> 2014 in the amount of 7.533.918 thousand dinars.

Depreciation is calculated by the proportional method for purchase value.

Advance payments for fixed assets and current investments presented on June 30<sup>th</sup> 2014 in the total amount of 1.244.719 thousand dinars mostly refer to investments in equipment for the Factory of traditional soy concentrates.

## NOTE – 14

### SHARE IN CAPITAL

In thousand dinars

	% share	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
<i>Dependent Legal Entities Capital Share</i>			
ZAO Vobeks, Intersoja, Russia	85.00%	1.112	1.112
Veterinary Institute Subotica A.D.	31.39%	783.617	783.617
		784.729	784.729
<i>Affiliated Legal Entities Capital</i>			

<i>Share</i>			
Bela Ladja Hotel A.D. Becej		-	43.438
		-	43.438
Bank Capital Share			
Novi Sad Fair A.D. Novi Sad		1.596	1.596
Share in capital – Atomic Spa Trepca	9.4958%	119.956	119.956
Share in capital of other legal entities		1.831	1.831
		123.383	123.383
		908.112	951.551

#### NOTE – 15

#### OTHER LONG TERM INVESTMENTS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Housing Loans to Employees	820	728
	820	728

#### NOTE – 16

#### STOCK

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Material	668.857	2.865.694
Spare parts	146.872	148.934
Tools and Inventory	50.703	49.575
Finished Products	962.459	943.068
Work in Progress	208.868	31.527
Advances Provided	594.340	76.673
Goods	26.276	14.668
	2.658.375	4.130.139
Minus: Material stock value correction	(136.549)	(133.312)
	2.521.826	3.996.827

In the balance sheet the company has presented stock in the amount of 2.521.826 thousand dinars.

The most significant items are raw material stock amounting to 668.857 thousand dinars where the stock of basic material (soy bean) amounts to 583.243 thousand dinars calculated per average purchase price or in the weight amount of 11.606 tons of JUS soy bean.

**NOTE – 17****CLAIMS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Claims from buyers		
- Related legal entities	858.515	658.568
- Domestic	507.567	709.752
- Foreign	907.488	1.130.952
Claims from exporters	-	-
Claims from specific operations	69.041	52.738
Claims for interest – related legal entities	116.025	209.630
Claims for interest – others	6.232	6.232
Overpaid other taxes and contributions	8	57
Other claims	147.096	250.435
	2.611.972	3.018.364
Minus: Claims from buyers value correction	(311.648)	(311.836)
	2.300.324	2.706.528

**NOTE – 18****SHORT TERM FINANCIAL INVESTMENTS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Short term loans to related legal entities – Victoria Group	1.184.153	1.011.814
Short term loans to related legal entities – Victoria logistics	4.610.360	4.598.360
Short term loans domestic	99.799	99.799
Food and Housing Loans	2.380	11.050
Termed monetary deposits	509.504	345.168
Short Term Financial Investments Value Correction	(50.900)	(50.900)
	6.355.296	6.015.291

**NOTE – 19****CASH AND CASH EQUIVALENTS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Current Accounts		
- In dinars	24.387	3.373
- In foreign currency	115.854	88.080
Separated monetary funds and letters of credit	198	4.630



Treasury	49	-
Other funds	-	-
	140.488	96.083

## NOTE – 20

### ADDED VALUE TAX AND ACTIVE ACCRUALS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Pre-paid costs up to one year	24.341	20.047
Claims for overpaid AVT	25.902	134.038
Accrued added value tax	12	6.765
Other active accruals	493.885	50.144
	544.140	210.994

## NOTE – 21

### OFF BALANCE ASSETS

Off balance assets on June 30<sup>th</sup> 2014 amount to 19.674.722 thousand dinars. The amount of 19.572.107 thousand dinars refers to guarantees and bonds Sojaprotein A.D. provided as guarantor. The amount of 102.615 thousand dinars refers to other's goods in our warehouses.

### OFF BALANCE ASSETS/LIABILITIES

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Other's funds	102.615	482.385
Avails provided and guarantees	19.572.107	18.867.549
	19.674.722	19.349.934

## NOTE – 22

### BASIC CAPITAL

Basic capital of the Company amounts to 6.906.479,15 dinars and is divided into 14.895.524 shares with no nominal value with accounting value of 464,661404 dinars. Shares of X emission are registered in the base of the Central Registry for Securities on August 9<sup>th</sup> 2011.

The structure of the equity on June 30<sup>th</sup> 2014:

June 30 <sup>th</sup> 2014			
Description	%share	Number of shares	Capital Value
Victoria Group AD	50.94%	7.587.503	3.518.032
SENT 011	10,76%	1.602.487	743.011

INTERNATIONAL doo			
Mitrovic Zoran	6,07%	904.675	419.463
Babovic Milija	6,03%	897.835	416.291
Raiffeisenbank AD Belgrade – Custody Account	5,89%	876.626	406.458
Sojaprotein AD Becej	5,86%	873.143	404.843
Polunin Discovery Funds	0,57%	85.500	39.643
Raiffeisenbank AD Belgrade – Custody Account	0,47%	70.739	32.799
The Royal Bank of Scotland PLC	0,27%	40.389	18.727
EKSTRA-PET DOO	0,23%	34.245	15.878
Other entities	12,91%	1.922.382	891.335
	100,0 %	14895.524	6.906.480
Own Shares		873.469	
Equity		14022.055	6.906.480

During the first six months of 2014 a purchase was executed of 27.562 own shares on the organized market, based on the decision of the supervisory board on February 25<sup>th</sup> 2014.

#### LEGAL RESERVE

The legal reserve of the company presented on June 30<sup>th</sup> 2014 in the amount of 339.645 thousand dinars represent funds from undistributed profit from previous years in accordance with the Decision on Profit Distribution from the business year 2013 adopted by the Shareholder Assembly by which the company allocated part of 5% of net profit for the business year to the account of legal reserves, until they reach 10% of the basic capital.

#### STATUTORY RESERVE

Statutory reserve of the Company on June 30<sup>th</sup> 2014 amount to 248.267 thousand dinars. Allocation into this reserve the Company executes in accordance with the statute, during the distribution of net profit for the business year. Company is free to manage statutory reserves and existing internal acts do not determine its purpose.

Reserved funds were not used.

#### NOTE – 23

#### LONG TERM LOANS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Domestic long term loans	7.529.245	7.450.126
Foreign long term loans	1.242.598	1.272.953
	8.771.843	8.723.079

Current Maturities	(8.771.843)	(8.723.079)
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## LONG TERM LOANS FROM ABROAD

In thousand dinars

	Currency	Currency Amount	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Erste Banka	EUR	3.718.000	387.441	426.239
European bank	EUR	5.000.000	206.759	204.718
IFC Int. Fin. Corp.	EUR	5.600.000	648.398	641.996
			1.242.598	1.272.953
Current Maturities			(1.242.598)	(1.272.953)

## DOMESTIC LONG TERM LOANS

In thousand dinars

	Currency	Currency Amount	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Uni Credit Bank	EUR	60.000.000	6.947.118	6.742.278
Societe Generale Bank	EUR	5.000.000	492.088	573.210
Eurobanka EFG	EUR	1.600.000	28.501	42.329
Eurobanka EFG	RSD	400.000.000	61.538	92.308
			7.529.245	7.450.125
Minus			(7.529.245)	(7.450.125)
Current Maturities			-	-

Domestic long term loans are approved for financing of construction of concentrate factory, financing of permanent current funds and financing export. Grace period is from three to six months, with the interest rate of one month or three month EURIBOR increased by percentage point in the span from 2.40% to 4.25% annually.

Contracts on long term loans define business indicators on the level of consolidated financial statements of the Group and in accordance are disclosed in consolidated financial statements of the parent company Victoria Group Belgrade.

### NOTE – 24

## SHORT TERM FINANCIAL LIABILITIES

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Current maturities:		
- Long term loans	8.771.843	8.723.079
Short term loans	926.282	917.137
Short term loan – Veterinary institute	-	-
Other	57.322	204.477

	9.755.447	9.844.693

Short term financial obligations presented on June 30<sup>th</sup> 2014 in the amount of 9.755.447 thousand dinars mostly, in the amount of 8.771.843 thousand dinars refer to matured obligations from long term loans from banks. Based on preliminary financial statements for 2013 it was determined that the company will not be able to meet certain financial and non-financial performance indicators defined by long term loan contract, based on which all obligations from stated loans are considered due on June 30<sup>th</sup> 2014.

Amount of 57.322 thousand dinars refers to achieved court settlement from March 7<sup>th</sup> 2014 by which Sojaprotein AD has an obligation towards PIK Becej in the amount of 2,000,000 EUR (monetary part) – first installment of settlement is executed in March 2014. In accordance with this court settlement Sojaprotein AD is obligated to transfer stock free of charge of Bela Ladja Hotel AD Becej, which is 31.83% of the total number of shares of the issuer. The share transfer is executed in May 2014.

*Short Term Loans:*

<b>Creditor</b>	<b>Currency</b>	<b>Currency Amount</b>	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Societe Generale bank	EUR	3.000.000	347.356	343.926
Credit Agricole	EUR	5.000.000	578.926	573.211
			926.282	917.137

Domestic short term loans are approved for financing current assets with the interest rate in the amount of one month EURIBOR increased by the percentage point in the span from 3.90% to 4.30%.

Collaterals for these loans are the bond on finished products and raw materials, guarantees as well as blank own bills of exchange.

**NOTE – 25**

**LIABILITIES FROM OPERATIONS**

**In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Liabilities from advance payments received	23.921	16.250
Liabilities towards suppliers		
- Parent and related companies	23.214	-
- Other related companies	155.992	1.755.367
- Domestic suppliers	244.969	363.568
- Foreign suppliers	22.229	36.301
- Other liabilities from operations	53.649	53.648
	523.974	2.225.134

**NOTE – 26****OTHER SHORT TERM LIABILITIES**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Net salaries and salary fees	11.725	-
Taxes and contributions to salaries	7.181	-
Interest and financing costs	34.477	34.937
Liabilities from dividends	3.017	3.017
Liabilities to individuals for contract compensations	905	350
Net salary fees refunded	180	-
Taxes and contributions to salaries refunded	111	-
Liabilities to members of board of directors and supervisory board	146	-
Other liabilities	232	-
	<b>57.974</b>	<b>38.304</b>

**NOTE – 27****LIABILITIES FROM ADDED VALUE TAX AND OTHER PUBLIC INCOME AND PASSIVE ACCRUALS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Liabilities for taxes, customs and other duties	80.260	334
Calculated income of the future period	152	9.248
Accrued liabilities for AVT	-	1.411
Other passive accruals	-	-
Costs calculated in advance	56.555	-
	<b>136.967</b>	<b>10.993</b>

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT GOALS****Capital Risk Management**

The goal of capital management is to maintain the capacity of the Company to continue its business in an unlimited period of time in the foreseeable future, in order to keep optimum structure of the capital for the purpose of reducing capital cost and to ensure capital profit for the owners. The capital structure of the company comprises debt, including long term loans, other long term liabilities, short and long term investments, cash and cash equivalents and capital registered to owners, including shares, other capital, reserve and accumulated profit.

The persons controlling finances in the Company level review the capital structure on the annual level.

Indebtedness indicators of the company with the status on June 30<sup>th</sup> 2014:

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Indebtedness a)	9.755.447	9.844.693
Cash and cash equivalents	140.488	96.083
Net indebtedness	9.614.959	9.748.610
Capital b)	10.633.634	10.628.253
Ration of total debt and capital	0.90	0.92

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

b) Capital includes equity, reserves and accumulated profit

### Financial Instruments Categories

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
<b>Financial Assets</b>		
Share in capital	123.383	123.383
Other long term financial investments	820	728
Claims	2.300.315	2.706.471
Short term financial investments	6.353.055	6.004.409
Cash and cash equivalents	140.488	96.083
	8.918.061	8.931.074
<b>Financial Liabilities</b>		
Long term and short term loans	9.698.125	9.640.216
Liabilities to suppliers	500.053	2.208.884
Other liabilities	95.721	242.781
	10.293.899	12.091.881

Basic financial instruments of the company are cash and cash equivalents, claims, financial investments directly from operations of the company, as well as long term loans, liabilities to supplier and other liabilities with the basic purpose of financing current operations of the company. In normal operations conditions the company is exposed to risks listed below.

### Financial Risk Management Goals

Financial risks include market risk (foreign currency and interest) and credit risk. Financial risks are viewed on time basis and are primarily avoided by reducing exposure of the company to these risks. The company uses no financial instruments to avoid influence of financial risk to business for the reason that such instruments are not widely used, and there is no organized market of such instruments in Republic of Serbia.

### Market Risk

In its operations the Company is exposed to financial risks from exchange rate changes of foreign currencies and interest rates changes. Exposure to market risk is viewed over the sensitivity analysis. There were no significant changes in the exposure of the company to market risk, or in the way the company manages or measures such risk.

### **Foreign Currency Risk**

The company is exposed to foreign currency risk primarily through cash and cash equivalents, claims from purchasers, long term loans and liabilities and liabilities to suppliers that are nominated in foreign currency. The company does not use special financial instruments as protection from risk, since in Republic of Serbia such instruments are not common.

Stability of the economic environment in which the company operates greatly depends on the government measures in the industry, including the establishment of certain legal and legislative framework.

The book value of monetary funds and liabilities expressed in foreign currency on the reporting date in the Company were the following:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
EUR	957.556	1.315.512	9.925.609	10.029.893
USD	644.238	260.232	2.875	-
GBP	10.746	38.038	25	-
	1.612.540	1.613.782	9.928.509	10.029.893

The company is sensitive to changes of exchange rate of euro (EUR) and US dollar (USD). The following table presents details of sensitivity analysis of the company to the growth and reduction of 10% of rate of dinar compared to the given foreign currency. Sensitivity rate of 10% is used in internal presentation of foreign currency risk and represents the evaluation of the management of reasonable expected changes in foreign currency rates. Sensitivity analysis includes only unsettled claims and obligations presented in foreign currency and translates them at the end of the period for change of 10% in foreign currency. Positive value from the table points to the increase of results from the current period in cases when dinar is devalued compared to the currency at hand. In case of devaluation of dinar of 10% compared to the foreign currency, the influence to result of the current period would be opposite to the one presented in previous case.

#### **In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
<b>EUR</b>	(896.804)	(871.437)
USD	64.136	26.023
BGP	1.072	3.804
Current period result	(831.596)	(841.610)

Sensitivity of the company to changes in foreign currency is mostly the consequence of larger loan obligations presented in EUR.

### **Interest Rate Change Risk**

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

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
<b>Financial Assets</b>		
<i>Non-interest bearing</i>		
Long term financial investments	123.383	123.383
Other long term financial investments	820	728
Claims from purchasers	2.300.315	2.706.471
Short term financial investments	49.037	49.338
Cash and cash equivalents	140.488	96.083
	2.614.043	2.976.003
<i>Fixed interest rate</i>		
Short term financial investments	6.303.609	5.954.687
<i>Variable interest rate</i>		
Short term financial investments	409	384
<b>Financial Liabilities</b>	8.918.061	8.931.074
<i>Non-interest bearing</i>		
Liabilities to suppliers	500.053	2.208.884
Other liabilities	95.721	242.781
	595.774	2.451.665
<i>Fixed interest rate</i>		
Long and short term loans	28.501	42.329
<i>Variable Interest Rate</i>		
Long and short term loans	9.669.627	9.597.887
	10.293.809	12.091.881

Sensitivity analysis presented in the following text is established based on the exposure to changes of interest rates for non-derivative instruments on the balance sheet date. For liabilities with variable rate, the analysis was presented under the assumption that the remaining section of the assets and liabilities on the balance sheet date is unchanged during the year. Increase or reduction of 1% presents, by the management, evaluation of possible change in interest rates. If the interest rate is 1% lower or higher, and all the other variables remain unchanged, the Company would accomplish operative profit/loss for a year ending on June 30<sup>th</sup> 2014 for the amount of more or less 96.692 thousand dinars. This situation is attributed to exposure of the company based on the variable interest rates calculated on long term loans.

## Credit Risk

### *Purchaser's Claims Management*

The company is exposed to credit risk presenting the risk that the debtors will not be able to settle the debt towards the company in full and in time, which would cause a financial loss for



the company. Exposure of the company to this risk is limited to claims from purchasers on balance sheet date.

Claims from purchases refer to:

**In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
<b>Clients</b>		
- Related legal entities	927.945	743.208
- Third parties	1.100.833	1.511.084
- Other claims from third parties	24.565	7.168
- Other claims from related legal entities	246.972	445.011
	<b>2.300.315</b>	<b>2.706.471</b>

Structure of claims from purchasers on June 30<sup>th</sup> 2014 is presented in the following table:

	<b>Gross Exposure</b>	<b>Correction of Value</b>	<b>Net Exposure</b>
Claims from purchasers not due	1.097.855		1.097.855
Due, corrected claims from purchasers	311.648	(311.648)	
Due, uncorrected claims from purchasers	1.202.460		1.202.460
	<b>2.611.963</b>	<b>(311.648)</b>	<b>2.300.315</b>

Structure of claims from purchasers on December 31<sup>st</sup> 2013 is presented in the table below:

	<b>Gross Exposure</b>	<b>Correction of Value</b>	<b>Net Exposure</b>
Claims from purchasers not due	1.130.238		1.130.238
Due, corrected claims from purchasers	311.836	(311.836)	
Due, uncorrected claims from purchasers	1.576.233		1.576.233
	<b>3.018.307</b>	<b>(311.836)</b>	<b>2.706.471</b>

## **Credit Risk**

### ***Claims from Purchasers Management***

Undue claims presented on June 30<sup>th</sup> 2014 in the amount of 1.097.855 thousand dinars (December 31<sup>st</sup> 2013 1.130.238 thousand dinars) mostly refer to the claims from purchaser from sale of soy meal, crude soy oil, soy textures and soy flour. These claims are due mostly within 60 days after the invoice date.

#### *Due, corrected claims from purchasers*

The company in previous period depreciated claims from purchasers for due claims in the amount of 311.648 thousand dinars (2013: 311.836 thousand dinars) for which the Company

concluded the change in creditworthiness of the client and that the claims will not be collected in stated amounts.

*Due, uncorrected claims from purchasers*

The company did not depreciate due claims presented on June 30<sup>th</sup> 2014 in the amount of 1.202.460 thousand dinars (December 31<sup>st</sup> 2013: 1.576.233 thousand dinars) since change in creditworthiness of clients was not noticed, and these claims mostly refer to claims from related parties, as well as part of claims for the given soy oil, soy concentrate and soy products for human nutrition for delayed payment, so the management of the company concluded that the total current value of these claims will be collected.

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

**In thousand dinars**

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Less than 30 days	147.963	774.035
31-90 days	592.433	233.407
91-180 days	313.143	64.071
181-365 days	1.800	490.708
Over 365 days	147.121	14.012
	1.202.460	1.576.233

***Liabilities to Suppliers Management***

Liabilities to suppliers on June 30<sup>th</sup> 2014 are presented in the amount of 500.053 thousand dinars (December 31<sup>st</sup> 2013: 2.208.723 thousand dinars). The suppliers do not calculate default interest for due liabilities, where the company settles the due liabilities towards suppliers in due time in accordance with politics of financial risk management. Average time of settling the liabilities to suppliers in the first semester 2014 is 41 days (2013: 54 days).

*Presumptions for financial instrument fair value evaluation*

Since there is not enough market experience, stability and solvency in the purchase and sales of financial assets and liabilities, and since there are no available market information that could be used for disclosing fair value of financial assets and liabilities, discounting method was used for cash flow. In using this evaluation method, interest rates are used for financial instruments with similar characteristics, with the goal of receiving relevant evaluation of market value of financial instruments on balance sheet day.

Presumptions used for current fair value evaluation are that book value of short term claims from purchasers and liabilities to supplier is approximate to their fair value since they are due in relatively short period of time.

**TAX RISKS**

Tax laws of Republic of Serbia are often differently interpreted and are subject to frequent amendments. Interpretation of tax laws by tax authorities regarding transactions and activities of the Company can differ from the interpretation of the management. Even though

management considers tax liabilities adequately calculated and recorded, the risk remains that the tax authorities will have different interpretation of tax issues.

## **DISPUTES**

On June 30<sup>th</sup> 2014 there were eight disputes against the Company with estimated value of 39.889 thousand dinars.

In the dispute with Vojvodjanska Banka AD Novi Sad (The Bank in further text), based on liabilities from refinanced loans from the Paris Club of Trustees, with value of EUR 13.206.878 High Cassation Court with its decision number 75/2013 rejected the audit the company issued against the decision of the Commercial Appeal Court no. Pz 870/12, adopted in favor of the Bank. On April 3<sup>rd</sup> 2013 the Company settled the liability completely to the Bank in accordance with this decision. After the payment the Company submitted a constitutional appeal for the protection of its rights that were violated in this process. Constitutional Court adopted the appeal of the Company and annulled the decision on the audit and dispute per Vojvodjanska Banka claim. The process is currently in front of the Supreme Cassation Court in the procedure of new deciding on audit.

On June 30<sup>th</sup> 2014 the Company has 12 disputes in which it is in the capacity of the plaintiff with estimated value of 207.651 thousand dinars and 190.000 EUR.

## **EVENT AFTER THE BALANCE SHEET DATE**

Parent company Victoria Group AD Belgrade and five members of the Group (including the Company) have signed the Contract on Liabilities Standstill (Contract) with the creditor banks that was valid as of April 7<sup>th</sup> 2014 with the validity period of 30 days. The Contract determined total exposure of the Group towards trustee banks based on withdrawn loans and potential liabilities for issued guarantees and letters of credit with the balance on February 1<sup>st</sup> 2014, with defined exceptions. In accordance with the Contract the creditor banks agree that in the standstill period, independently from the maturity of principal and/or occurrence or duration of any event that represents the violation of obligations from the basic loan contract, none of the creditor banks will initiate collection procedure or any other action of execution planned by the basic contract or law.

In the period of standstill the Group is obligated to maintain the level of indebtedness on the level defined by the contract and seek compliance of the trustee banks for certain activities such as investments and change of ownership structure. Also, liabilities from regular and default interest, as well as bank commissions will be accrued and paid in accordance with the provisions of the contract.

The period of standstill of liabilities should include the agreement regarding further prolongation of the standstill period and restructuring of total liabilities of the group towards the banks.

Annex III prolonged the standstill period until August 21<sup>st</sup> 2014.

## **FOREIGN CURRENCY EXCHANGE RATE**

Average rate for foreign currency, determined on the inner-banking market of foreign currency, applied for the calculation of foreign currency positions of balance sheet in dinars, for certain main foreign currencies were the following:

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
USD	84.8493	83.1282
GBP	144.4608	136.9679
EUR	115.7853	114.6421
CHF	95.1947	93.5472

In Becej, June 30<sup>th</sup> 2014  
CEO

Company Name: SOJAPROTEIN AD

Location: BECEJ

Registration Number: 8114072

Activity Code: 1041

Tax Identification Number: 100741587

Legal Representative Sinisa Kosutic,



### CONSOLIDATED INCOME STATEMENT

In the period January 1<sup>st</sup> – June 30<sup>th</sup> 2014

In thousands RSD

Account Group Account	POSITION	AOP	Note Number	AMOUNT	
				Current Year	Last Year
1	2	3	4	5	6
	<b>A. INCOME AND COSTS FROM OPERATIONS</b>	201		6.266.917	4.853.843
	<b>I. BUSINESS INCOME (202+203+204-205+206)</b>				
60 nd 61	1. Sales Income	202	5	6.029.183	3.399.618
62	2. Income from performance and merchandise activation	203		1.269	11.513
630	3. Performance stock value increase	204		214.196	1.414.072
631	4. Performance stock value decrease	205			
64 and 65	5. Other income from operations	206	6	22.269	28.640
	<b>II. COSTS FROM OPERATIONS (208 to 212)</b>	207		<b>5.960.865</b>	<b>5.219.495</b>
50	1. Sold merchandise purchase value	208		354.265	166.360
51	2. Raw material cost	209	7	4.556.695	4.146.519
52	3. Cost of salaries, salary fees and other personal costs	210	8	298.230	285.441
54	4. Depreciation and reserves costs	211	9	201.715	163.896
53 and 55	5. Other costs from operations	212	10	549.960	457.279
	<b>III. INCOME FROM</b>	213		<b>306.052</b>	

		<b>OPERATIONS (201-207)</b>				
	IV.	<b>LOSS FROM OPERATIONS (207-201)</b>	214			<b>365.652</b>
66	V.	<b>FINANCIAL INCOME</b>	215	11	572.853	206.316
56	VI.	<b>FINANCIAL COSTS</b>	216	12	358.954	239.415
67 and 68	VII.	<b>OTHER INCOME</b>	217	13	44.720	136.280
57 and 58	VIII.	<b>OTHER COSTS</b>	218	14	25.075	8.740
	IX.	<b>INCOME FROM OPERATIONS BEFORE TAXES (213-214+215-216+217-218)</b>	219		<b>539.596</b>	
	X.	<b>LOSS FROM OPERATIONS BEFORE TAXES (214-213-215+216-217+218)</b>	220			<b>271.211</b>
69-59	XI.	<b>NET INCOME FROM OPERATIONS DISCONTINUED</b>	221			
59-69	XII.	<b>NET LOSS FROM OPERATIONS DISCONTINUED</b>	222			
	K.	<b>INCOME BEFORE TAXES (219-220+221-222)</b>	223		<b>539.596</b>	
	L.	<b>LOSS BEFORE TAXES (220-219+222-221)</b>	224			<b>271.211</b>
	M.	<b>INCOME TAX</b>				
721	1.	Period tax cost	225		82.060	170
722	2.	Period deferred tax costs	226		41	77
722	3.	Period deferred tax income	227			
723	N.	<b>EMPLOYER PERSONAL INCOME PAID</b>	228			
	O.	<b>NET INCOME (223-224-225-226+227-228)</b>	229		<b>457.495</b>	
	P.	<b>NET LOSS (224-223+225+226-227+228)</b>	230			<b>271.458</b>
	Q.	<b>NET INCOME FOR MINORITY INVESTORS</b>	231			
	R.	<b>NET INCOME FOR PARENT COMPANY OWNER</b>	232			
	S.	<b>EARNINGS PER STOCK</b>		15		
	3.	Basic earnings per stock	233			
	4.	Depreciated (diluted) earnings per stock	234			

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

*Andjelkovic Dragana*

Director Kosutic Sinisa /signed/

*Kosutic Sinisa*

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/



Company Name: SOJAPROTEIN AD

Location: BECEJ

Registration Number: 8114072

Activity Code: 1041

Tax Identification Number: 100741587

### CONSOLIDATED BALANCE SHEET

On June 30<sup>th</sup> 2014

In thousand RSD

Account Group	POSITION	AOP		AMOUNT	
				Current Year	Last Year
Account				5	6
1	2	3		5	6
	<b>ASSETS:</b>				
	<b>A. FIXED ASSETS (002+003+004+005+009)</b>	001		10.129.079	10.191.596
00	I. UNPAID REGISTERED CAPITAL	002			
012	J. GOODWIL	003			
01 w/o 012	K. INTANGIBLE ASSETS	004		12.294	13.668
	<b>L. REAL ESTATE, FACILITIES, EQUIPMENT AND BIOLOGICAL MEANS (006+007+008)</b>	005		9.208.965	9.226.761
020, 022, 023, 027 (part), 028 (part), 029	7. Real Estate, Facilities and Equipment	006	16	8.776.226	8.793.828
024, 027(part), 028 (part)	8. Investment Real Estate	007	16	430.328	430.374
021, 025, 027 (part), 028 (part)	9. Biological Means	008	16	2.411	2.559
	<b>M. LONG TERM FINANCIAL INVESTMENTS (010+011)</b>	009		907.820	951.167
030 to 032, 039 part	5. Share in Capital	010	17	907.000	950.439
033 to 038,	6. Other long term financial	011	18	820	728

039 part	investments				
Minus 037					
	<b>M. CURRENT ASSETS (013+014+015+021)</b>	012		12.007.251	13.122.403
10 to 13, 15	IX. STOCK	013	19	2.555.074	4.028.273
14	X. CURRENT ASSETS FOR SALES AND ASSETS FROM DISCONTINUED OPERATIONS	014			
	<b>XI. SHORT TERM CLAIMS, INVESTMENTS AND CASH (016+017+018+019+020)</b>	015		9.451.937	9.094.130
20, 21 and 22 except 223	11. Claims	016	20	2.281.102	2.688.956
223	12. Claims for overpaid income tax	017		113.907	73.705
23 minus 237	13. Short term financial investments	018	21	6.355.296	6.015.291
24	14. Cash equivalents and cash	019	22	157.222	105.047
27 and 28 except 288	15. Added value tax and active accruals	020		544.410	211.131
288	<b>XII. DEFERRED TAX ASSETS</b>	021		240	
	<b>N. BUSINESS ASSETS (001+012)</b>	022		22.136.330	23.313.999
29	<b>O. LOSS OVER CAPITAL</b>	023			
	<b>P. TOTAL ASSETS (022+023)</b>	024		22.136.330	23.313.999
88	<b>Q. OFF BALANCE ASSETS</b>	025		19.674.722	19.349.934
	<b>LIABILITIES</b>				
	<b>N. CAPITAL (102+103+104+105+106-107+108-109-110)</b>	101		11.105.958	10.642.447
30	XIX. BASIC AND OTHER CAPITAL	102	23	6.906.541	6.906.541
31	XX. UNPAID REGISTERED CAPITAL	103			
	XXI. RESERVES	104		1.172.448	1.175.461
330 and 331	XXII. RESERVE EVALUATION	105		2.358.543	2.358.932
332	XXIII. UNREALIZED INCOME FROM SECURITIES	106			
333	XXIV. UNREALIZED LOSS FROM SECURITIES	107		2.214	23.402
34	XXV. UNDISTRIBUTED INCOME	108		1.064.601	1.757.541
35	XXVI. LOSS	109			1.151.293
037 and 237	XXVII. REPURCHASED OWN SHARES	110	23	393.961	381.333
	<b>O. LONG TERM RESERVES AND LIABILITIES (112+113+116)</b>	111		10.621.703	12.263.166
40	IX. LONG TERM RESERVES	112		136.938	137.313
41	X. LONG TERM LIABILITIES (114+115)	113		0	0
414 and 415	5. Long term loans	114	23	0	0
41 w/o 414 and 415	6. Other long term liabilities	115			0
	<b>XI. SHORT TERM LIABILITIES (117+118+119+120+121+12)</b>	116		10.484.765	12.125.853
42 except 427	13. Short term financial liabilities	117	26	9.755.447	9.844.693
427	14. Liabilities from assets for sales and assets from discontinued	118			



	operations				
43 and 44	15. Liabilities from operations	119	27	534.377	2.231.863
45 and 46	16. Other short term liabilities	120	28	57.974	38.304
47 and 48, except 481 and 49 except 498	17. Liabilities from AVT and other public income and passive accruals	121		136.967	10.993
481	18. Income tax liabilities	122			0
498	XII. DEFERRED TAX OBLIGATIONS	123		408.669	408.386
	<b>P. TOTAL LIABILITIES (101+111+123)</b>	<b>124</b>		<b>22.136.330</b>	<b>23.313.999</b>
89	<b>Q. OFF BALANCE LIABILITIES</b>	<b>125</b>	<b>29</b>	<b>19.674.722</b>	<b>19.349.934</b>

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

*Andjelkovic Dragana*

Director Kosutic Sinisa /signed/

*Kosutic Sinisa*

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej



Company Name: SOJAPROTEIN AD

Location: BECEJ

Registration Number: 8114072

Activity Code: 1041

Tax Identification Number: 100741587

### CONSOLIDATED CASH FLOW REPORT

In the period January 1<sup>st</sup> – June 30<sup>th</sup> 2014

In thousand RSD

POSITION	AOP	AMOUNT	
		Current Year	Past Year
1	2	3	4
<b>W. CASH FLOW FROM OPERATIONS</b>	301	7.109.337	5.860.282
<b>IX. Cash inflow from operations (1 to 3)</b>			
7. Sales and prepayments received	302	6.727.623	5.655.265
8. Interest received from operations	303	103.331	80.784
9. Other income from operations	304	278.383	124.233
<b>X. Cash outflow from operations (1 to 5)</b>	305	6.404.945	4.129.118
11. Supplier payment and prepayments provided	306	5.847.981	3.330.028
12. Salaries, salary fees and other personal costs	307	274.653	273.370
13. Interest paid	308	207.805	462.869
14. Income tax	309	40.395	31.679
15. Payments from other public income	310	34.111	31.172
<b>XI. Net cash inflow from operations (I-II)</b>	311	704.392	1.731.164
<b>XII. Net cash outflow from operations (II-I)</b>	312		
<b>X. CASH FLOW FROM INVESTMENTS</b>	313	80	913.063



<b>IX. Cash inflow from investments (1 to 5)</b>			
11. Sales of stock and share (net inflow)	314		
12. Sales of intangible assets, real estate, facilities, equipment and biological means	315	3	197
13. Other financial investments (net inflow)	316	77	912.866
14. Interest received from investments	317		
15. Dividends received	318		
<b>X. Cash outflow from investments (1 to 3)</b>	319	194.718	633.188
7. Stock and share purchase (net outflow)	320	0	434.707
8. Purchase of intangible assets, real estate, facilities, equipment and biological means	321	194.718	198.481
9. Other financial investments (net outflow)	322		
XI. Net cash inflow from investments (I-II)	323		279.875
XII. Net cash outflow from investments (II-I)	324	194.638	
<b>Y. CASH FLOW FROM FINANCING</b>	325	0	0
<b>IX. Cash inflow from financing (1 to 3)</b>			
7. Basic capital increase	326		
8. Long term and short term loans (net inflow)	327		
9. Other long term and short term liabilities	328		
<b>X. Cash outflow from financing (1 to 4)</b>	329	458.218	2.011.008
9. Own stock and share repurchase	330	15.642	
10. Long term and short term loans and other liabilities (net outflow)	331	442.576	2.010.940
11. Financial leasing	332		68
12. Dividends paid	333		
XI. Net cash inflow from financing (I-II)	334		
XII. Net cash outflow from financing (II-I)	335	458.218	2.011.008
<b>Z. TOTAL CASH INFLOW (301+313+325)</b>	336	7.109.417	6.773.345
<b>AA. TOTAL CASH OUTFLOW (305+319+329)</b>	337	7.057.881	6.773.314
<b>BB. NET CASH INFLOW ( 336-337)</b>	338	51.536	31
<b>CC. NET CASH OUTFLOW (337-336)</b>	339		
<b>DD. CASH AT THE BEGINNING OF THE ACCOUNTING PERIOD</b>	340	105.047	166.400
<b>EE. POSITIVE EXCHANGE RATE DIFFERENCES FROM CASH</b>	341	1.123	6.240
<b>FF. NEGATIVE EXCHANGE RATE DIFFERENCES FROM CASH</b>	342	484	1.712
<b>GG. CASH AT THE END OF THE ACCOUNTING PERIOD (338-339+340+341-342)</b>	343	157.222	170.959

In Becej, June 30<sup>th</sup> 2014

Person responsible for producing the report Andjelkovic Dragana /signed/

Director Kosutic Sinisa /signed/

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/

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

**CONSOLIDATED CHANGES IN EQUITY REPORT**  
**IN THE PERIOD FROM JANUARY 1<sup>st</sup> – JUNE 30<sup>th</sup> 2014**

In thousand RSD

No	DESCRIPTION	A O P	Basic capital (w/o 309)	Other cap.		Emissi on premi um	Reser ve 32	Reserve evaluat ed	Unrealiz ed income from	Unrealiz ed loss from	Undistrib uted income	Lo ss to	Repurcha sed own	Total	Los s ove r
	1		2	3	4	5	6	7	8	9	10	11	12	13	14
1	Status on January 1 <sup>st</sup> past year	401	6.906.541			1.038.025	390.884	2.362.112		23.817	1.784.324			12.458.069	
2	Correction of material errors and changes in accounting policy in previous year – increase	402												0	
3	Correction of material errors and changes in accounting policy in previous year – decrease	403												0	
4	Corrected initial status on January 1 <sup>st</sup> previous year	404	6.906.541			1.038.025	390.884	2.362.112		23.817	1.784.324		0	12.458.069	0
5	Total increase in previous year	405					34.591				7.808	1.151.293	381.333	42.814	
6	Total decrease in previous year	406				288.039		3.180		415	34.591			1.858.447	
7	Status on December 31 <sup>st</sup> past year	407	6.906.480	0	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
8	Correction of material errors and changes in accounting policy in previous year – increase	408												0	
9	Correction of material errors and changes in accounting policy in previous year – decrease	409												0	
10	Corrected initial status on January 1 <sup>st</sup> current year	410	6.906.541	0	0	749.986	425.475	2.358.932	0	23.402	1.757.541	1.151.293	381.333	10.642.447	0
11	Total increase in current year	411						100			458.993		12.628	1.631.547	
12	Total decrease in current year	412				3.013		489		21.188	1.151.933	1.151.293		1.168.063	
13	Status on December 31 <sup>st</sup> current year	413	6.906.541	0	0	746.973	425.475	2.358.543	0	2.214	1.064.601	0	393.961	11.105.958	0

/seal: Sojaprotein, Joint Stock Company for Soy processing, Becej/


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

**SOJAPROTEIN AD BECEJ**

**Notes with**

**Semiannual Consolidated Financial Statements**

**On June 30<sup>th</sup> 2014**

## **CONTENT**

Financial Statements

Notes with Consolidated Financial Statements

## NOTES WITH CONSOLIDATED FINANCIAL STATEMENTS

June 30<sup>th</sup> 2014

### 1. ACTIVITY

Sojaprotein AD Becej, (the Company in further text) is the largest processor of soy in Serbia and one of the most significant processors in Central and Eastern Europe. The company was founded in 1977 as the working organization for industrial processing of soy and the constitution was ended in 1985.

During 1991 the management of the company adopted a decision on issuing internal shares to the employees and thus performed a transformation into the joint stock company. During 2000 and 2001 the Company became privatized regarding the remaining social capital by issuing free shares, registered by employees and other individuals, all in accordance with the provisions of the Law on Ownership Transformation from 1997.

The basic activity of the company is processing soy bean producing a series of full-fat and no-fat products in the form of flour, grits and texture forms, as well as soy oil, soy meal, soy lecithin and soy concentrate.

The Company is seated in Becej, Industrijska Street no.1. The company had 390 employees on the day of report production.

### 2. BASIS FOR PRODUCING AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD

#### 2.1. Consolidation Basis

Consolidated financial statements include statements of the parent company Sojaprotein AD, Becej and ZOO Vobeks Intersoja Russia.

		Capital Percent	Share	Capital Percent	Share
		June 30 <sup>th</sup> 2014		June 30 <sup>th</sup> 2013	
1	ZAO Vobeks Intersoja, Russia	85%		85%	

All significant amounts of transactions occurring from mutual operations between the aforementioned dependent companies are eliminated in consolidated financial statements. Method of complete consolidation was applied during the consolidated report production.

Assets and liabilities of the company abroad are calculated into dinars per rate valid on the balance sheet date. Income statement and cash flows are calculated into dinars per official average exchange rate of National Bank of Serbia.

For the calculation of values of dependent company abroad in the balance sheet official average rate for dinar was used for foreign currency and for the calculation of values in the balance sheet and cash from average rate was used.

## **2.2. Basis for producing and presentation of consolidated financial statements**

Companies and entrepreneurs in Republic of Serbia are obligated to keep business books, recognize and evaluate property and obligations, income and costs, produce, present, deliver and disclose financial statements in accordance with Law on Accounting (in further text the Law published in "Official Gazette RS" number 62/2013). A company, as a large legal subject, is obligated to apply International Standards of Financial Reporting (ISFR), that in the sense of the given law include: Framework for preparing and presenting financial statements (Framework), International Accounting Standards (IAS), International Standards of Financial Reporting (ISFR) and related interpretations, issued by the Committee for Interpreting Accounting Standards (IFRIC), related amendments of such standards and related interpretations, approved by the Board for International Accounting Standards (Board), whose translation was determined and published by the ministry responsible for financial affairs and that were valid on December 31<sup>st</sup> 2002.

Amendments of IAS, as well as new ISFR and appropriate interpretations, issued by the Board and Committee in the period from December 31<sup>st</sup> 2002 until January 1<sup>st</sup> 2009 are officially adopted by the Decision of the Minister of Finance of Republic of Serbia (Ministry) and published in Official Gazette RS no. 77 on October 25<sup>th</sup> 2010.

However, until the date of producing the delivered consolidated financial statements, all of the amendments of IAS/ISFR and IFRIC interpretations were not translated that were valid for annual periods starting on January 1<sup>st</sup> 2009. Additionally, delivered financial statements were presented in the format regulated by the Rules on Accounting Framework and Account Content in the Accounting Framework for companies, collectives, other legal entities and entrepreneurs (Official Gazette RS no. 114 from December 2006, no. 119 from December 26<sup>th</sup> 2008 and no. 9 from February 6<sup>th</sup> 2009 and no. 4 from January 29<sup>th</sup> 2010) taking legally defined complete sum of financial statements deviating from the one defined in IAS 1 "Financial Statements Presentation" and additionally deviates in certain parts from the method of presenting certain balance positions planned by the stated standard. Published standards and interpretations valid in the current period that are not officially translated and adopted, as well as published standards and interpretations that are still not applied are disclosed in notes 2.2 and 2.3.

In accordance with the stated, and having in mind potentially significant effect that the deviations of the accounting principles of Republic of Serbia from ISFR and IAS can have related to reality and objectivity of financial statements of the Company the submitted financial statements cannot be considered financial statements in accordance with ISFR and IAS.

Consolidated financial statements are produced in accordance with the principle of historical cost, unless otherwise stated in accounting policies provided in further text.

The Company applied accounting policies explained in note 3 in producing these consolidated financial statements. Stated accounting policies are consistently applied for all presented periods.

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

## **Published standards and interpretations valid in the current period that are still not officially translated and adopted**

On the date of publishing these financial statements standards and standard amendments below were issued by the Board and the following interpretations were published by IFRIC, but were not officially adopted in Republic of Serbia:

- Amendment of ISFR 7 “Financial Instruments: Disclosure” – Amendment improving the disclosure of fair value and liquidity risk (revised on March 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2009);
- Amendments of ISFR 1 “First application of International Standards of Financial Reporting” – Added exceptions for persons applying ISFR for the first time. Amendments referring to assets in the industry of oil and gas and determining if contracts contain leasing (revised in July 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2010);
- Amendments of different standards and interpretations are the result of the project of annual quality improvement of ISFR published on April 16<sup>th</sup> 2009 (ISFR 5, ISFR 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 primarily with the intention of removing incompleteness and explanation of the formulation in the text (amendments of standards are valid for annual periods starting on or after January 1<sup>st</sup> 2010, and amendments of IFRIC on or after July 1<sup>st</sup> 2009);
- Amendments of IAS 38 “Intangible assets” (valid for the annual periods starting on or after July 1<sup>st</sup> 2009);
- Amendments of ISFR 2 “Payment with shares”: Amendments as the result of Project of annual quality improvement of ISFR (revised in April 2009, valid for annual periods starting on or after July 1<sup>st</sup> 2009) and amendment referring to transactions of payments with shares of the group based on cash (revised in June 2009, valid for annual periods starting on or after January 1<sup>st</sup> 2010);
- Amendments of IFRIC 9 “Reevaluation of installed derivatives” is valid for annual periods starting on the day or after July 1<sup>st</sup> 2009 and IAS 39 “Financial instruments: recognition and measurement” – Installed derivatives (valid for annual periods starting on or after June 30<sup>th</sup> 2009);
- IFRIC 18 “Transfer of Funds to the Buyer” (valid for annual periods starting on or after July 1<sup>st</sup> 2009);

“Comprehensive Framework for Financial Reporting 2010” representing an amendment of the “Framework for Preparing and Presenting Financial Reports” (valid for transfer of funds from the purchasers received on or after September 2010):

- Amendments of ISFR 1 “First Application of International Standards of Financial Reporting” – Limited exclusion from comparative disclosure regulated within ISFR 7 with persons applying ISFR for the first time (valid for annual periods starting on or after July 1<sup>st</sup> 2010);
- Amendments of ISFR 24 “Disclosure of Related Persons” – Simplified requirements for disclosures on persons under (significant) control of influence of government and simplified definitions of related persons (valid for annual periods starting on or after January 1<sup>st</sup> 2011);

- Amendments of IAS 32 “Financial Instruments: presentation” – Accounting inclusion of pre-emptive rights to new shares (valid for annual periods starting on or after February 1<sup>st</sup> 2010);
- Amendments of different standards and interpretations “Improvement of ISFR (2010)” are the result of the Project of annual quality improvement of ISFR published on May 6<sup>th</sup> 2010 (ISFR 1, ISFR 3, ISFR 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with the intention of removing incompliances and explanations of the formulations in the text (most of amendments will be valid for annual periods starting on or after January 1<sup>st</sup> 2011);
- Amendments of IFRIC 14 “IAS 19 – Limitations of defined income, minimum financing requirements and their interaction” Advance payment of minimum funds necessary for financing (valid for annual periods starting on or after January 1<sup>st</sup> 2011),
- IFRIC 19 “Settlement of Financial Liabilities with Capital Instruments” (valid for annual periods starting on or after July 1<sup>st</sup> 2010)
- Amendments of ISFR 1 “First Application of International Standards of Financial Reporting” – Large hyperinflation and removal of fixed dates for persons applying ISFR for the first time (valid for annual periods starting on or after July 1<sup>st</sup> 2011);
- Amendments of ISFR 7 “Financial Instruments: Disclosures” – transfer of financial funds (valid for annual periods starting on or after January 1<sup>st</sup> 2011);
- Amendments of IAS 12 “Income Tax” – Delayed tax: return of funds used for tax calculation (valid for annual periods starting on or after January 1<sup>st</sup> 2012);
- ISFR 10 “Consolidated Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013)
- ISFR 11 “Mutual Arrangements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- ISFR 12 “Disclosure of Share in other Legal Entities” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- ISFR 13 “Fair Value Measurement” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IAS 27 (revised in 2011) “Individual Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IAS 28 (revised in 2011) “Investments in Affiliated Entities and Mutual Investments (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments ISFR 1 “First Application of International Standards of Financial Reporting” – State Loans per interest rate lower than market one (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of ISFR 7 “Financial Instruments: Disclosure” – Netting of financial funds and financial obligations (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of ISFR 10, ISFR 11 and ISFR 12 “Consolidated Financial Reports, Mutual Arrangements and Disclosure of Share in other legal entities: Manual on transitional application (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Amendments of IAS 1 “Presentation of Financial Statements” – Presentation of items of other total result (valid for annual periods starting on or after July 1<sup>st</sup> 2012);



- Amendments of IAS 19 “Employee Compensation” – Improvement of account inclusion of compensation upon termination of employment (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- Annual improvements for the period from 2009 to 2011 issued in May 2012 referring to different projects of improvements of ISFR (ISFR 1, IAS 1, IAS 16, IAS 32, IAS 34) mostly on removal of inconsistencies and explanations of formulations (valid for annual periods starting on or after January 1<sup>st</sup> 2013);
- IFRIC 20 “Cost of Stripping in the Production Phase of Surface Mines” (valid for annual periods starting on or after January 1<sup>st</sup> 2013);

### **Published Standards and Interpretations Still Not in Force**

On the date of issuing these financial statements the following standards, their amendments and interpretations were published but were still not in force:

- ISFR 9 “Financial Instruments” and later amendments (validity date is yet not determined);
- ISFR 14 “Accounts of regulatory active accruals” (valid for annual periods starting on or after January 1<sup>st</sup> 2016);
- Amendments of ISFR 10, ISFR 12 and IAS 27 – Exclusion of dependent persons from consolidation in accordance with ISFR 10 “Consolidated Financial Statements” (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 19 “Employee Compensation” – defined compensation plans: Employee Contributions (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- Amendments of IAS 32 “Financial Instruments: Presentation” – Settlement of financial funds and financial obligations (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 36 “Asset Value Depreciation” – Disclosure of Recoverable Amount for non-financial property (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Amendments of IAS 39 “Financial Instruments” – renewal of derivations and continuation of accounting hedging (valid for annual periods starting on or after January 1<sup>st</sup> 2014);
- Annual improvements for period from 2010 to 2012 issued in December 2013 are the result of the Project of annual quality improvement of ISFR (ISFR 2, ISFR 3, ISFR 8, ISFR 13, ISFR 16, IAS 24 and IAS 38) for the removal of incompliances and explanations of formulations (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- Annual improvements for period from 2011 to 2013 issued in December 2013 are the result of the Project of annual quality improvement of ISFR (ISFR 1, ISFR 3, ISFR 13 and IAS 40) for the removal of incompliances and explanations of formulations (valid for annual periods starting on or after July 1<sup>st</sup> 2014);
- IFRIC 21 “Duties” (valid for annual periods starting on or after January 1<sup>st</sup> 2014)
- Amendment of IFRIC 14 “IAS 19 / Limits of defined income, minimum requirements for financing and their interaction”. Prepaid minimum financing requirements (valid for annual periods starting on or after January 1<sup>st</sup> 2011)

- IFRIC 19 “Settlement of financial liabilities with capital instruments (valid for annual periods starting on or after July 1<sup>st</sup> 2010)

### **3. REVIEW OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1. Income and Expenses**

Income from sales is recognized when the risk and benefit related to the right of ownership are transferred to the purchaser including the date of delivery of the product to the purchaser. Income is presented per fair value that is received or that will be received in the net amount after depreciation for given discounts and added value tax.

Income and expenses from interest are booked in favor, or charged to the accounting period they refer to.

Appropriate expenses are booked with income on the same date (causality of income and expense principle).

Maintenance and repair expenses of basic funds are covered from the accounting period of occurrence income.

#### **3.2. Calculation of Assets and Liabilities in Foreign Currencies**

Business changes occurring in foreign currencies are calculated in dinars per average rate determined on the inner-banking foreign currency market, valid on the date of the business change.

Funds and liabilities presented in foreign currencies on the balance sheet date are calculated in dinars per average rate determined on the inner-banking foreign currency market valid on this day.

#### **3.3. Lending Costs**

Lending costs are directly attributed to acquisition, construction or production of assets that are qualified including the purchase value of this asset until the period when all activities are completed necessary to prepare the asset for planned usage or sales. Assets qualified refer to assets requiring significant period of time to be ready for intended usage.

Investment income comes from temporary investment of borrowed assets are deducted from costs occurring for financing assets that are qualified.

All other lending expenses are recognized in the income and loss account in the period of referral.

#### **3.4. Employee Benefits**

##### ***a) Taxes and Contributions to Funds for Employee Social Security***

In accordance with the regulations applied in Republic of Serbia the Company is obligated to pay taxes and contributions to tax authorities and state funds securing employee social security. These obligations include taxes and contributions for employee charged to the employer in the amounts calculated per rates determined by law. The Company is also

obligated to deduct contributions from the gross salary of the employees and to execute payments to the funds in the name of the employee. Taxes and contributions charged to the employer and taxes and contributions charged to the employee are booked as expense of the period they refer to.

#### ***b) Obligations from Severances and Jubilee Rewards***

Based on the provisions of the Law on Labor the Company is obligated to pay the employee severances upon the termination of employment for the exercise of the right to a pension, in the amount of three average salaries paid in the Republic per last published data or the republic body responsible for statistics. Additionally the Company is obligated to pay jubilee rewards to employees depending on the length of uninterrupted employment in the Company in the amount of one average salary in the Company in the month preceding the month in which jubilee rewards are paid. The company management is of opinion that stated reserves have no significant influence to consolidated financial reports.

### **3.5. Fair Value**

International Accounting standard 32 “Financial Instruments: Disclosure and presentation” determines the disclosure of fair value of financial assets and financial liabilities in the notes with consolidated financial statements. For the stated usage, the fair value is defined as the amount for which some asset can be exchanged, or liability settled in the transaction between well informed and willing parties. The obligation of the company is to disclose all information regarding the fair value for which there is sufficient market information and for which significant difference between book and fair value is detected.

In the Republic of Serbia there is not enough market experience, as well as stability and solvency with purchase and sales of claims and other financial assets and liabilities, since the official market information are not available in every moment. Therefore, fair value is not possible to reliably determine in the absence of active market. Management of the company performs the evaluation of risk and in cases when it is evaluated that the value by which the assets are run in company books will not be realized, performs the value correction. Upon the opinion of the Company management the amounts in these financial statements depict the value that is, in given circumstances, most plausible and useful for reporting requirements.

### **3.6. Taxes and Contributions**

#### **3.6.1. Income Tax**

##### ***Current Income Tax***

Current income tax presents the amount calculated and paid in accordance with the Law on Income Tax for the Companies valid in Republic of Serbia.

Income tax in the amount of 15% is paid to the tax base determined by tax balance. Tax base is presented in the tax balance including profit presented in the official income statement and corrections defined by tax regulations of Republic of Serbia.

Tax regulations of Republic of Serbia do not foresee the possibility that tax loss from the current period can be used as the basis for tax return paid in previous periods. However loss from the current period can be transferred to the account of profit from future calculation periods but not longer than ten years.

### **Deferred Income Tax**

Deferred income tax is calculated by using the method of determination of the obligation in accordance with the balance sheet for temporary differences arising from the difference between the tax basis of funds and obligations in the balance sheet and their book value. Valid tax rates on the balance sheet date are used for the determination of accrued income tax amount. Deferred tax obligations are recognized for all taxable temporary differences. Deferred tax funds are recognized for all deductible temporary differences and effects of transferred loss and tax loans to tax balance that can be transferred to the level on which probable taxable profit will occur from which deferred tax funds can be used.

Deferred income tax is booked at the charge or benefit on the income statement except when it refers to the positions booked directly for the benefit or charged to the capital, and in this case the deferred tax is also distributed within capital.

### **3.6.2. Taxes and Contributions Not Depending on Results**

Taxes and contributions not depending on results include property tax and other taxes and contributions paid in accordance with different republic and municipal regulations.

### **3.7. Real Estate, Investment Real Estate, Facilities and Equipment**

Initial measurement of real estate, facilities and equipment, meeting the conditions for recognition of assets is done per purchase value or cost value. Additional costs for real estate, facilities and equipment are recognized as assets only when those costs improve the condition of assets over the primarily evaluated standard work in progress. All other additional costs are recognized as expenses in the period of occurrence.

After the initial recognition, real estate (land and construction objects) are presented per evaluated amount, expressing their fair value on the evaluation date, depreciated for the total amount of value correction from depreciation and the total amount of corrected valued from loss due to depreciation.

Fair value of the real estate is the market value determined by evaluation. Evaluation is done only when the fair value of evaluated asset is significantly different from the presented value.

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

Profit or loss arising from the disposal or alienation is recognized as income or expense in the income statement.

### **3.8. Depreciation**

Depreciation of real estate, facilities and equipment is calculated by proportional method, during the evaluated service life. Usable service life and depreciation rate for the main asset groups are:

<b>Fixed Asset Main Groups</b>	<b>Rate (%)</b>
Construction Objects	1.5-5%
Production Equipment	5-25%
Field and Passenger Vehicles	10-20%
Computers	20-33%
Other Equipment	1.5-50%

Depreciation rates are revised each year for determination of the depreciation presenting the real usage of these assets during operations based on the remaining service life.

**3.9. Investment Real Estate**

Investment real estate is the real estate that the Company, as owner, holds for accomplishing profit from real estate lease or for the increase of value of capital or for both, and not for the usage for providing services or administrative business or sales within regular operations. Initial measurement of investment real estate during acquisition is done per purchase value or cost price. After the initial recognition, investment real estate are presented per evaluated amount expressing their fair value on the evaluation date or evaluation reduced for the total amount of value correction based on depreciation and total amount of corrections of values based on the loss due to depreciation.

**3.10. Intangible assets**

Intangible assets refer to acquired software and seal and are presented per purchase value reduced for depreciation. Intangible assets are written off per proportional method in the period from two to ten years.

**3.11. Impairment**

On each balance sheet date the Company re-evaluates book value amounts of its material assets in order to determine if there are indications that loss has occurred due to value impairment of the stated assets. If such indications exist recoverable amount of assets is evaluated in order to determine possible loss from impairment. If it is not possible to evaluate recoverable amount of a certain asset, the Company evaluates the recoverable amount of the unit generating money, to which this asset belongs to.

Recoverable value is the net sales price or usage value, depending on which is higher. For the evaluation of the usage value, the evaluated future cash flows are discounted to present value by applying discount rate before taxes that presents current market evaluation of money time value and risks specific for this asset.

If the evaluated recoverable amount of an asset (or unit generating money) is less than the book value, then the book value amount of this asset (or unit generating money) is depreciated to recoverable amount. Loss from depreciation are recognized immediately as expense, unless the asset is land or building not used as investment real estate presented as evaluated amount, in which case the depreciation loss is presented as value reduction from asset evaluation.

With subsequent annulation of loss from impairment the book value of the asset (unit generating money) is increased to the revised evaluated recoverable amount of this asset, where the larger book value does not exceed book value that would have been determined if in the previous years there were no losses recognized on this asset (unit generating money) due to impairment. Annulation of loss from impairment is immediately recognized as income, unless if the given asset is not presented per evaluated value in which case the annulation of loss from impairment is presented as increase due to evaluation.

On June 30<sup>th</sup> 2014 based on the evaluation of the Company management there are no indications that the value of real estate, facilities and equipment depreciated.

### **3.12. Leasing**

Leasing is classified as financial leasing in all cases when leasing transfers to the leasing user all risks and benefits arising from the ownership over the assets. Every other leasing is classified as operative leasing.

#### Company as Leasing Provider

Profit from the operative leasing (rent income) is recognized by the application of linear method during the leasing period. Indirect costs from negotiations and contracting of operational leasing are added to the book amount of leased asset and are recognized on proportional basis during the leasing period.

#### Company as Leasing User

Assets held by contracts on financial leasing are initially recognized as assets of the company per present value of minimum leasing installments determined at the beginning of the leasing period. Appropriate liability to the leasing provider is included in the balance sheet as financial leasing liability.

Leasing installment payment is distributed between financial costs and reduction of liabilities based on leasing for the purpose of achieving constant rate of share in unsettled amount of the liability. Financial expenses are recognized immediately in the income statement unless they can directly be recognized as assets fit for usage in which case they are capitalized in accordance with the general policy of the company of renting expenses.

Installments for operational leasing are recognized as cost on linear basis for the period of leasing, unless there is some other systematic basis better fitting the time frame of spending economic benefit from the rented asset.

In case of approving leasing benefits, they are included in the operational leasing and recognized as liability. Total benefits are recognized as reduction of renting costs on linear basis unless there is some other systematic basis better fitting the time frame of spending economic benefit from the rented asset.

### **3.13. Stock**

The stock is presented as cost price or net sales value depending on which is lower. Net expected sales value is the price at which the stock can be sold in normal operating conditions after the price reduction for sales costs.

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

Work in progress and finished products value includes all direct costs of production as well as part of costs of drive utilities.

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

Charging other expenses corrects the value of stock in cases when it is evaluated that it is necessary to reduce their value to net expected sales value (including stock with comparable turnover, surplus and out-of-date stock). Damaged stock and stock not in accordance with standard are written off.

### **3.14. Financial Instruments**

Each contracted right from which the financial asset arises and financial liability or capital instrument is recognized as the financial instrument on the settlement date.

During the initial recognition financial assets and financial liabilities are measured per purchase value representing fair value of the fee provided (in case of asset) or received (in case of liability).

#### *Long Term Financial Investments*

After the initial recognition long term financial investments are measured by:

- Fair value if kept for trade
- Depreciated value of there is a fixed maturity date
- Purchase value, if there is no fixed maturity date

#### *Long Term Financial Investments*

Long term financial investments kept for trade, and for which, due to non-existence of active market, it is not possible to determine market value, are presented per purchase value.

#### *Short Term Claims and Investments*

Short term claims and investments include claims from sales, and other claims, as well as short term investments to employees.

Claims from the sales of finished products, services and goods are measured per values from original invoice. Invoiced interest regarding sales of goods and services are recognized as other claims and are presented in income in the period of occurrence.

Other claims and investments arising from the company are measured per depreciated value.

Each difference between the presented amount and subsequent measurement is recognized as profit or loss in the period of occurrence.

### *Financial Assets Impairment*

On the date of each balance sheet an evaluation of objective evidence on asset value is performed by analyzing expected net cash inflow.

For all claims for which there is a reasonable doubt that they will not be collected in nominal amount, correction of claims is performed. Direct write off is done only upon completion of the court dispute or by the decision of the management.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on bank accounts and in the treasury.

### *Financial Liabilities*

Financial liabilities include long term liabilities (long term loans and other long term liabilities), short term liabilities (short term loans and other short term liabilities), short term liabilities from operations and other liabilities.

Financial liabilities are initially recognized in the amount of received assets. After the initial recognition financial liabilities are measured in the amount by which the liability is initially recognized, reduced for the principal payment, increased by the capitalized interest and reduced for any write off approved by the trustees. Liabilities from interest for financial liabilities are recorded as financial expense in the period of referral and are presented within other short term liabilities and passive accruals.

### **3.15. Related Persons Relation Disclosure**

For the purpose of financial reporting legal entities are treated as related if one legal entity has the possibility to control the other entity or exercise significant influence to the financial and business decisions of the other entity in accordance with the provisions of IAS 24 "Related Persons Relation Disclosure".

Related companies in the sense of aforementioned standard include companies in which the Company has a share in capital, or companies with share in capital of the Company.

Related companies can enter into transactions that non-related companies would not and such transactions can be executed under different conditions and amounts compared to the same transactions with non-related persons.

The company provides services to related parties and is the user of such services. The relations between the company and related persons are regulated by contract and on market basis.

## **4. REVIEW OF SIGNIFICANT ACCOUNTING EVALUATIONS**

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



#### **4.1. Evaluation and Presumptions**

Below lists key assumptions related to the future and other sources of evaluation of uncertainties on the balance sheet date presenting significant risk for significant corrections of balance sheet positions amounts in the next financial year.

#### **4.2. Depreciation and Depreciation Rate**

Depreciation and depreciation rate calculation is based on the projected economic service life of equipment and intangible assets. Once per year a company evaluates economic service life based on current assumptions.

#### **4.3. Reserves for Disputes**

Generally, reserves are significantly under the influence of evaluation. The Company evaluates the probability that unwanted case can occur as the results of past events and evaluates the amount necessary to settle such obligations. Even though the Company honor the principle of caution, since there is a large dose of uncertainty, in certain cases real results can deviate from these evaluations.

#### **4.4. Claims and Short Term Investments Value Correction**

The Company performs an impairment of suspicious claims from the purchasers and other debtors based on estimated loss occurring if the debtors are not able to make payments. In the evaluation of appropriate amount of loss from impairment for suspicious claims the Company relies on the maturity of claims, previous experience with write off, solvency of the purchaser and changes in payment conditions. This requires evaluation related to future behavior of the purchaser and thus caused future collections.

#### **4.5. Fair Value**

Business policy of the Company is to disclose information on the fair value of assets and liabilities for which there are official market information and when the fair value is significantly different from the book value. In the Republic of Serbia there is not enough market experience, as well as stability and solvency with purchase and sales of claims and other financial assets and liabilities, since the official market information are not available in every moment. Therefore, fair value is not possible to reliably determine in the absence of active market. Management of the company performs the evaluation of risk and in cases when it is evaluated that the value by which the assets are run in company books will not be realized, performs the value correction. Upon the opinion of the Company management the amounts in these financial statements depict the value that is, in given circumstances, most plausible and useful for reporting requirements.

### **5. INCOME FROM SALES**

	<b>June 30<sup>th</sup> 2014</b>	<b>June 30<sup>th</sup> 2013</b>
Income from merchandise sales:		
- Related legal entities	1.096	3.410
- Other legal entities domestic	250.719	11.057
- Other legal entities abroad	234.041	263.914
Income from sales of products and services		

- Related legal entities	927.734	215.713
- Other legal entities domestic	1.071.804	486.177
- Other legal entities abroad	3.543.789	2.419.348
	6.029.183	3.399.618

## 6. OTHE INCOME FROM OPERATIONS

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Income from subsidies and stimulations, premiums	-	86
Lease	22.269	28.554
Other		
	22.269	28.640

## 7. MATERIAL COST

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Development material cost	4.240.278	3.827.739
Other material cost	33.020	35.656
Fuel and energy costs	283.397	283.124
	4.556.695	4.146.519

## 8. COSTS OF SALARIES, SALARY FEES AND OTHER PERSONAL EXPENSES

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Gross Salary Cost	210.382	221.755
Contribution Costs Charged to Employer	37.261	37.594
Service Contract Cost	3.778	1.239
Temporary Contract Cost	6.596	3.017
Individuals fees for other contracts	478	199
Board of Directors and Supervisory Board Members Compensation Costs	1.350	623
Scholarships	123	184
Other personal costs and fees	38.262	20.830
<b>TOTAL</b>	298.230	285.441

## 9. DEPRECIATION AND RESERVES COSTS

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
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Depreciation Costs	201.715	163.896
	201.715	163.896

## 10. OTHER EXPENSES FROM OPERATIONS

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Transport services costs	206.282	74.978
Postal services	3.910	3.534
Maintenance service cost	26.526	30.095
Lease cost	23.898	24.342
Fair cost	649	5.816
Advertising and propaganda cost	787	1.323
Other service cost	10.554	5.997
Laboratory services	69.352	74.468
Water usage and other utility services	10.658	13.224
Non-production services cost	841	55.092
Corporate Analysis Services Cost	99.138	88.396
Representation costs	4.229	6.713
Insurance premium costs	12.342	14.872
Payment costs	3.640	11.954
Banking services of issuing guarantees	520	259
Membership costs	1.193	934
Indirect taxes and contributions	15.756	39.758
Other	59.685	5.524
	549.960	457.279

## 11. FINANCIAL INCOME

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Financial Income – Related Legal Entities	499.240	72.460
Positive Exchange Rate Differences	69.354	113.084
Income from Currency Clause Effect	224	4.504
Interest Income	4.035	7.927
Other financial income	-	8.341
	572.853	206.316

## 12. FINANCIAL EXPENSES

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Negative Exchange Rate Differences	143.473	91.597
Interest Expense	211.476	133.345
Expenses from Currency Clause Effect	802	4.053
Other Financial Expenses	3.203	10.420
	358.954	239.415

### 13. OTHER INCOME

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Profit from Sales of Securities	25.209	-
Income from Value Compliance	3.955	-
Surpluses	3.510	1.975
Material Sales Profit	-	273
Income from claim value compliance and short term financial investments	3.460	126.081
Other	8.586	7.951
	44.720	136.280

### 14. OTHER EXPENSES

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Material and Goods	-	-
Intangible investments Goodwill	-	-
Biological Means	-	-
Loss from Material Sales	-	248
Net loss from discontinued operations	-	-
Other	25.075	8.492
	25.075	8.740

### 15. PROFIT PER SHARE

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Net profit/loss	(457.495)	(271.458)
Average pondered number of shares	14.895.524	14.895.524
Basic earnings per share (in dinars)	(30,72)	(18,23)

### 16. REAL ESTATE, FACILITIES AND EQUIPMENT, BIOLOGICAL MEANS, INVESTMENT REAL ESTATE AND INTANGIBLE INVESTMENTS

In thousand dinars

Purchase Value	Land, Construction objects and Biological Means	Equipment	Advances for Fixed Assets and Investments Ongoing	Total	Investment Real Estates	Intangible Investment
Status on January 1 <sup>st</sup> 2013	2.628.238	1.929.392	3.503.944	8.061.574	588.699	34.149
Increase during year	-	2.622	1.550.305	1.552.927	-	10.746
Capitalized Interest	-	-	-	-	-	-
Transfers	477.717	2.883.806	(3.361.523)	-	-	(9.535)
Supplier Closing	-	-	(626.307)	(626.307)	-	-
Transfer from Investment Real Estate	158.311	-	-	158.311	(158.311)	-
Disposal	-	(725)	-	(725)	(14)	-

Sales	-	(981)	-	(981)	-	-
Other – Evaluation						
Status on December 31 <sup>st</sup> 2013	3.264.266	4.814.114	1.066.419	9.144.799	430.374	35.360
Status on January 1 <sup>st</sup> 2014	3.264.266	4.814.114	1.066.419	9.144.799	430.374	35.360
Increase during year	-	-	210.021	210.021	-	211
Capitalized Interest	-	-	-	-	-	-
Transfers	30	4.182	(4.212)	-	-	-
Supplier Closing	-	-	(27.509)	(27.509)	-	-
Transfer from Investment Real Estate	-	46	-	46	(46)	-
Disposal	-	(230)	-	(230)	-	-
Sales	-	(4)	-	(4)	-	-
Other – Evaluation	-	-	-	-	-	-
Status on December 31 <sup>st</sup> 2013	3.264.296	4.818.108	1.244.719	9.327.123	430.328	35.571
<b>Correction of Values</b>						
Status on January 1 <sup>st</sup> 2013	3.578	-	-	3.578	-	17.712
Current Year Depreciation	84.066	260.929	-	344.995	-	3.980
Transfer to Investment Real Estate	-	-	-	-	-	-
Sales	-	(22)	-	(22)	-	-
Disposal	-	(139)	-	(139)	-	-
Other – evaluation	-	-	-	-	-	-
Status on December 31 <sup>st</sup> 2013	87.644	260.768	-	348.412	-	21.692
<b>Correction of Values</b>						
Status on January 1 <sup>st</sup> 2014	87.644	260.768	-	348.412	-	21.692
Current Year Depreciation	43.847	156.284	-	200.131	-	1.585
Transfer to Investment Real Estate	-	-	-	-	-	-
Sales	-	(1)	-	(1)	-	-
Disposal	-	(56)	-	(56)	-	-
Status on June 30 <sup>th</sup> 2014	131.491	416.995		548.486		23.277
June 30 <sup>th</sup> 2014	3.132.805	4.401.113	1.244.719	8.778.637	430.328	12.294
December 31 <sup>st</sup> 2013	3.176.622	4.553.346	1.066.419	8.796.387	430.374	13.668

The company has presented intangible assets in the amount of 12.294 thousand dinars.

The company has presented the value of real estate, facilities and equipment on June 30<sup>th</sup> 2014 in the amount of 8.778.637 thousand dinars.

Depreciation is calculated by the proportional method for purchase value.

Advance payments for fixed assets and current investments presented on June 30<sup>th</sup> 2014 in the total amount of 1.244.719 thousand dinars mostly refer to investments in equipment for the Factory of traditional soy concentrates.

## 17. SHARE IN CAPITAL

In thousand dinars

	% share	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
<i>Dependent Legal Entities Capital Share</i>			
Veterinary Institute Subotica A.D.	31.39%	783.617	783.617
Bela Ladja Hotel A.D. Becej		-	43.438
Novi Sad Fair A.D. Novi Sad		1.596	1.596
Share in capital – Atomic Spa Trepca	9.4958%	119.956	119.956
Share in capital of other legal banks		1.831	1.831
		907.000	950.439

## 18. OTHER LONG TERM FINANCIAL INVESTMENTS

In thousand dinars

	June 30 <sup>th</sup> 2014	June 30 <sup>th</sup> 2013
Long term loans to agricultural manufacturers		-
Long term loans approved to employees	820	728
Other		-
	820	728

## 19. STOCK

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Material	668.857	2.865.694
Spare parts	146.872	148.934
Tools and Inventory	50.703	49.575
Finished Products	979.922	943.068
Work in Progress	208.868	31.527
Advances Provided	594.340	76.673
Goods in trade		
- Wholesale	40.357	33.408
- Retail	1.704	698
- In storage with other legal entities	-	12.014
	2.691.623	4.161.585
Value correction		
- Material stock	(136.549)	(133.312)
	2.555.074	4.028.273

In the balance sheet the company has presented stock in the amount of 2.555.074 thousand dinars.

The most significant items are finished products stock amounting to 979.922 thousand dinars and raw material stock in the amount of 668.857 thousand dinars.

## 20. CLAIMS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Claims from buyers		
- Related legal entities	858.515	658.568
- Domestic	507.567	709.752
- Foreign	888.266	1.113.380
Claims from specific operations	69.041	52.738
Claims for interest	122.257	215.862
Overpaid other taxes and contributions	8	57
Other claims	147.096	250.435
	2.592.750	3.000.792
Value correction		
- claims from purchasers	(244.791)	(244.979)
- Other claims	( 66.857)	(66.857)
	(311.648)	(311.836)
	2.281.102	2.688.956

## 21. SHORT TERM FINANCIAL INVESTMENTS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Short term loans to related legal entities – Victoria Group	1.184.153	1.011.814
Short term loans to related legal entities – Victoria logistics	4.610.360	4.598.360
Short term loans domestic	102.040	99.799
Other short term financial loans	138	10.882
Termed monetary deposits	509.505	345.168
Part of long term liabilities maturing to one year	-	168
	6.406.196	6.066.191
Correction of values of other short financial investments	(50.900)	(50.900)
	6.355.296	6.015.291

## 22. CASH AND CASH EQUIVALENTS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Current Accounts		

- In dinars	24.387	3.373
- In foreign currency	132.588	97.044
Separated monetary funds and letters of credit	198	4.630
Treasury	49	-
Foreign currency letters of credit	-	-
Other funds	-	-
	157.222	105.047

### 23. CAPITAL

The structure of the equity on June 30<sup>th</sup> 2014:

June 30 <sup>th</sup> 2014			
Description	%share	Number of shares	Capital Value
Victoria Group AD	50,94%	7.587.503	3.518.032
SENT 011 INTERNATIONAL doo	10,76%	1.602.487	743.011
Mitrovic Zoran	6,07%	904.675	419.463
Babovic Milija	6,03%	897.835	416.291
Raiffeisenbank AD Belgrade – Custody Account	5,89%	876.626	406.458
Sojaprotein AD Becej	5,86%	873.143	404.843
Polunin Discovery Funds	0,57%	85.500	39.643
Raiffeisenbank AD Belgrade – Custody Account	0,47%	70.739	32.799
The Royal Bank of Scotland PLC	0,27%	40.389	18.727
EKSTRA-PET DOO	0,23%	34.245	15.878
Other entities	12,91%	1.922.382	891.335
	100,0 %	14895.524	6.906.480
Own Shares		873.469	
Equity		14022.055	6.906.480

During the first six months of 2014 a purchase was executed of 27.562 own shares on the organized market, based on the decision of the supervisory board on February 25<sup>th</sup> 2014.

### 24. LEGAL AND STATUTORY RESERVE

The legal reserve of the company presented on June 30<sup>th</sup> 2014 in the amount of 339.645 thousand dinars represent funds from undistributed profit from previous years in accordance with the Decision on Profit Distribution from the business year 2013 adopted by the Shareholder Assembly by which the company allocated part of 5% of net profit for the business year to the account of legal reserves, until they reach 10% of the basic capital.

Statutory reserve of the Company on June 30<sup>th</sup> 2014 amount to 248.267 thousand dinars. Allocation into this reserve the Company executes in accordance with the statute, during the



distribution of net profit for the business year. Company is free to manage statutory reserves and existing internal acts do not determine its purpose.

Reserved funds were not used.

## 25. FOREIGN LONG TERM LOANS

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Domestic long term loans	7.529.245	7.450.126
Foreign long term loans	1.242.598	1.272.953
	8.771.843	8.723.079
Current Maturities	(8.771.843)	(8.723.079)

In thousand dinars

	Currency	Currency Amount	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Erste Banka	EUR	3.718.000	387.441	426.239
European bank	EUR	5.000.000	206.759	204.718
IFC Int. Fin. Corp.	EUR	5.600.000	648.398	641.996
			1.242.598	1.272.953
Current Maturities			(1.242.598)	(1.272.953)

## 26. DOMESTIC LONG TERM LOANS

In thousand dinars

	Currency	Currency Amount	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Uni Credit Bank	EUR	60.000.000	6.947.118	6.742.278
Societe Generale Bank	EUR	5.000.000	492.088	573.210
Eurobanka EFG	EUR	1.600.000	28.501	42.329
Eurobanka EFG	RSD	400.000.000	61.538	92.308
			7.529.245	7.450.125
Current Maturities			(7.529.245)	(7.450.125)
			-	-

Domestic long term loans are approved for financing of construction of concentrate factory, financing of permanent current funds and financing export. Grace period is from three to six months, with the interest rate of one month or three month EURIBOR increased by percentage point in the span from 2.40% to 4.25% annually.

## 27. SHORT TERM FINANCIAL LIABILITIES

In thousand dinars

	June 30 <sup>th</sup>	December 31 <sup>st</sup> 2013
--	-----------------------	--------------------------------

	<b>2014</b>	
Current maturities:		
- Long term loans	8.771.843	8.723.079
Short term loans	926.282	917.137
Other	57.322	204.477
	9.755.447	9.844.693

*Short Term Loans:*

<b>Creditor</b>	<b>Currency</b>	<b>Currency Amount</b>	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Societe Generale bank	EUR	3.000.000	347.356	343.926
Credit Agricole	EUR	5.000.000	578.926	573.211
			926.282	917.137

Domestic short term loans are approved for financing current assets with the interest rate in the amount of one month EURIBOR increased by the percentage point in the span from 3.90% to 4.30%.

Collaterals for these loans are the bond on finished products and raw materials, guarantees as well as blank own bills of exchange.

## **28. LIABILITIES FROM OPERATIONS**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Liabilities from advance payments received	23.921	16.250
Liabilities towards suppliers		
- Related companies	109.776	1.755.367
- Domestic	244.969	363.568
- Foreign	102.062	43.030
Other liabilities from operations	53.649	53.648
	534.377	2.231.863

## **29. OTHER SHORT TERM LIABILITIES**

In thousand dinars

	<b>June 30<sup>th</sup> 2014</b>	<b>December 31<sup>st</sup> 2013</b>
Net salaries and salary fees	11.725	-
Taxes and contributions to salaries	7.292	-
Interest and financing costs	34.477	34.937
Liabilities from dividends	3.017	3.017
Liabilities to individuals for contract compensations	905	-
Net salary fees refunded	180	-

Taxes and contributions to salaries refunded	-	-
Liabilities to members of board of directors and supervisory board	146	-
Other liabilities	232	350
	57.974	38.304

### 30. OFF BALANCE ASSETS

Off balance assets on June 30<sup>th</sup> 2014 amount to 19.674.722 thousand dinars. The amount of 19.572.107 thousand dinars refers to guarantees and bonds Sojaprotein A.D. provided as guarantor. The amount of 102.615 thousand dinars refers to other's goods in our warehouses.

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Other's funds	102.615	482.385
Avails provided and guarantees	19.572.107	18.867.549
	19.674.722	19.349.934

### 31. TRANSACTIONS WITH RELATED LEGAL ENTITIES

a) Income and Expense from Transactions with Related Entities are Presented in the following Review:

In thousand dinars

	June 30 <sup>th</sup> 2014	December 31 <sup>st</sup> 2013
Income		
Income from sales		
Victoria oil AD Sid	244.988	29.097
Victoria Group d.o.o. Novi Sad	22	20
Fertil d.o.o. Backa Palanka	812	514
Victoria Logistics d.o.o. Novi Sad	601.047	210.855
SP Laboratory a.d. Novi Sad	6.053	12.141
Backa Palanka Port a.d. Backa Palanka	4	8
Riboteks Ljubovija	-	458
Macvanka Bogatic	-	-
Veterinary Institute a.d. Subotica	75.879	326.308
Victoria Starch d.o.o. Zrenjanin	25	52
	928.830	578.995
Other operations and financial income		
Victoria Group d.o.o. Novi Sad	106.219	169.662
Victoria oil AD Sid	-	3.960
Veterinary Institute a.d. Subotica	8.205	25.791
SIG synthesis Belgrade	-	251
Victoria Logistics d.o.o. Novi Sad	404.905	161.200
Backa Palanka Port a.d. Backa Palanka	60	120
	519.389	360.984
Other income		
Victoria Group d.o.o. Novi Sad	-	8

Victoria Logistics d.o.o. Novi Sad	-	313
Victoria oil AD Sid	-	141
	-	462
Total Income	1.448.219	940.441
Expenses		
Sold goods purchase value		
Victoria oil AD Sid	23.111	90.767
Victoria Logistics d.o.o. Novi Sad	276.954	59.786
	300.065	150.553
Material costs		
Victoria oil AD Sid	506	7.133
Victoria Logistics d.o.o. Novi Sad	1.911.781	5.909.799
Veterinary Institute a.d. Subotica	-	715
Fertil	-	1.158
Victoria Starch d.o.o. Zrenjanin	4.753	1.459
	1.917.040	5.920.264
Other expenses from operations		
SP Laboratory a.d. Becej	69.352	144.500
Veterinary Institute a.d. Subotica	2.239	6.220
Victoria Group d.o.o. Novi Sad	106.341	184.922
Backa Palanka Port a.d. Backa Palanka	1.769	3.616
Victoria oil AD Sid	1.078	908
Victoria Logistics d.o.o. Novi Sad	12.965	50.245
Victoria Starch d.o.o. Zrenjanin	2.083	3.233
Bela Ladja a.d. Becej		56
Sig synthesis	120	471
	195.947	394.171
Other expenses		
Veterinary Institute a.d. Subotica	2.019	143
Victoria oil AD Sid		183
Victoria Logistics d.o.o. Novi Sad		326
	2.019	326
Total expenses	2.415.071	6.465.314
Expenses (net)	(966.852)	(5.524.873)

CEO Sojaprotein /signed and sealed/

  




**SOJAPROTEIN**

**SOJAPROTEIN AD BECEJ**

**BUSINESS REPORT**

**January – June 2014**

**July 2014**

**Content**

Presentation of development and business results of the Company, with financial status data and data important for the assets status evaluation for the Company

Expected development of the company in further period, changes in business policy of the company and main risks and threats the company is exposed to

Important business events occurring after the reporting period

Activities of the company in the field of research and development

Operations with related legal entities

## **Business Report for the period January – June 2014**

### **Presentation of development and business results of the Company, with financial status data and data important for the assets status evaluation for the Company**

Sojaprotein AD Becej Company is the leader in processing soy bean in Serbia, in the region and in South East Europe and presents a stable partner and reliable supplier of high quality product from soy for food and pharmaceutical industry, and as of the third quarter 2012 high protein products (Traditional soy protein concentrate) for intensive breeding of animals and human nutrition.

Sojaprotein acts as open joint stock company and is quoted on Prime Market of Belgrade Stock Exchange since 2007. Sojaprotein factory processes exclusively genetically non-modified soy bean (non-GMO).

Domestic production of seed and bean of soy as the main raw material basis for processing in our factory and all products manufactured from exclusively genetically non-modified soy bean from Serbia, and with IP certificate (Identity Preservation Program) securing preservation of genetic purity, from the soy seed to delivery of final product. These comparative advantages have contributed that the Sojaprotein products are present on 40 markets all over the world.

In accordance with the policy of continuous development of quality system and adoption of all relevant international standards, Identity Preservation Program was implemented certified by the world's largest body for testing, verification and certification, SGS from Switzerland. This program defines process of preserving genetic purity from the seed production to delivery of the final product, with strict control procedures of all supply chain segments and production process and clearly defined traceability and documenting.

Limiting of the domestic market regarding the volume, structure and possibility of sales compared to the payment capacity of demand as well as the orientation to sales of protein products in the food industry have directed the realization of final soy products to foreign market.

Tendency of export increase started in earlier period is intensified and provides better results with the orientation to expansion by introducing the new production program realized after the activation of the new production facility.

During the first two quarters of 2014, 81.999 tons of soy bean were processed of JUS quality which is significantly more compared to last year when 54.796 tons were processed for the same period.

In accordance with larger processing of bean a larger quantity of crude soy oil was produced in the amount of 14.820 tons for the first six months of current year compared to the same period of previous year when 10.042 tons were produced.

In the previous year, due to technological limitations there was no possibility of production of soy meal. In the first half of 2014 possibility for production was created and supply of the

domestic market started. The result was an increase in production of this product so for the observed period 15.533 tons was produced compared to 2013 when 516 tons was produced.

Total production was 74.357 tons which is an increase of 48.65% compared to 2013 when 50.023 tons were produced.

Protein part of production during the 1<sup>st</sup> half accomplished good results, with the amount of 34.503 tons larger by 77.8% from the production of higher phases of soy products in 2013.

For the observed period the volume of production of TSP of 10.047 tons, flour and grits of 14.668 tons surpassed last year amounts, and the reason for such large production is foreign market that is expanding lately from the sales of soy products.

New production facility for SPC is meeting sales demands. In the next quarter the increase of production is expected due to the introduction of the new mill for grinded SPC (CMR and HC).

On June 30<sup>th</sup> 2014 a number of employees in Sojaprotein were 389 and on June 30<sup>th</sup> 2013 it was 420 employees.

Activities of the management system center in 2014 include a series of activities.

Goals for 2014 were set in January. These goals include quality systems (ISO 22000, HACCP, ISO 9001), safety and health at work (OHSAS 18001) and environment protection (ISO 14001).

Halal certification was completed in February for soy protein concentrates.

Different internal employee trainings were executed, as well as external training on Declaration of Food Products and Supplements for EU and SRB market, FSSC, GMP + and I ISCC.

Sojaprotein adopted the decision on system quality improvement by passing from ISO 22000 to FSSC 22000 standard.

Kosher standard was renewed in March for the standard production program.

In April re-certified review of the system of health protection and safety at work was successfully done of employees in accordance with OHSAS 18001:2008 by SGS.

In June SOJAPROTEIN executed SMETA/SEDEX audit and factory became a member of the SEDEX organization. This showed that we completely meet most strict international requirements from integrity of operations and business ethics, conditions of work, environment protection and safety and health at work.

Regular annual review of meeting requirements of GMP + for the production of animal food was executed by SGS and the findings are positive, with no incompliance.

Certification in accordance with ISCC standard was initiated and necessary documentation was prepared. It is expected that upon the reception of this certificate for CRUDE SOY OIL SOJAPROTEIN will open raw material market for the production of ecologically acceptable fuels from renewable sources of biomass.



For the first six months several audits were performed in SOJAPROTEIN by the purchasers, from different markets and interests for different soy products. Some of the visits will be used for starting new operations, winning new markets and meeting purchaser's requirements.

1. FINANCIAL INDICATORS (realization compared to the same reporting period last year)

1.1. Income Statement

Reporting period: January 1 <sup>st</sup> – June 30 <sup>th</sup> 2014	YTD ACCOMPLISHED Jan – Jun 2014	YTD ACCOMPLISHED Jan – Jun 2013	YTD DIFFERENCES (O-B) (1-2)	YTD DIFFERENCE IN %
	1	2	3	4
Income from operations	6.199.396	4.792.826	1.406.570	29,35%
Income from sales of goods, products and services	5.979.125	3.369.412	2.609.713	77,45%
Income from sales on domestic market	1.322.523	497.234	825.289	165,98%
Crude soy oil	124.783	187.815	-63.032	-33,56%
Soy meal	663.969	16.579	647.390	3904,82%
Concentrates	67.352	556	66.796	12009,31%
Flour and grits	90.119	77.924	12.195	15,65%
Texture soy products	86.971	103.182	-16.210	-15,71%
SPC textures	532	52	480	917,20%
Mix	7.831	13.199	-5.368	-40,67%
Soja Vita	6.244	9.057	-2.813	-31,06%
Lecithin	15.082	18.082	-2.999	-16,59%
Other (Sojashop, Moist TSP, molasses, shell I category)	7.362	58.299	-50.937	-87,37%
Income from goods	250.719	11.057	239.662	2167,50%
Income from services	519	671	-152	-22,61%
Other income (shell III category and waste)	1.040	762	278	36,54%
Income from sales on foreign market	3.727.773	2.653.056	1.074.717	40,51%
Crude soy oil	792.976	586.245	206.731	35,26%
Soy meal	0	0	0	0,00%
Concentrates	855.877	286.456	569.422	198,78%
Flour and grits	911.441	751.915	159.526	21,22%
Texture soy products	951.428	838.435	112.993	13,48%
Concentrate textures	80.298	35.240	45.058	127,86%
Mix	3.401	5.553	-2.153	-38,76%
Soja Vita	189	60	130	217,91%
Lecithin	45.988	33.865	12.122	35,80%
Other	7.584	0	7.584	0,00%
Income from goods	78.589	115.287	-36.697	-31,83%
Income from sales to related companies	928.830	219.122	709.708	323,89%
Crude soy oil	380.302	33.646	346.656	1030,30%
Soy meal	462.725	130.217	332.508	255,35%
Concentrates	7.355	4.848	2.507	51,71%
Flour and grits	8.970	4.870	4.100	84,19%
Texture soy products	1.328	6.069	-4.742	-78,13%
Soja Vita	0	0	0	0,00%
Lecithin	0	965	-965	-100,00%
Other	58.098	22.553	35.545	157,60%
Income from goods	1.096	3.410	-2.313	-67,85%
Income from services	8.957	12.544	-3.587	-28,60%
Discounts			0	0,00%
Income from activation of performance and goods	1.269	11.513	-10.244	-88,98%

Performance stock value increase	196.733	1.383.261	-1.186.528	-85,78%
Performance stock value decrease			0	0,00%
Other income from operations	22.269	28.640	-6.371	-22,24%
640 – Subsidies, Grants, Donations		86	-86	-100,00%
650 – Lease income	22.269	28.554	-6.285	-22,01%
65x – Other income from operations			0	0,00%
659 – Income from invoicing			0	0,00%
Expenses from operations	5.701.495	4.999.487	702.008	14,04%
Sold goods purchase value	314.190	128.685	185.506	144,16%
Material costs	4.556.539	4.146.382	410.157	9,89%
511 – Raw material	4.097.942	3.712.072	385.870	10,40%
511 – Auxiliary material	36.596	19.857	16.739	84,30%
511 – Packing	94.661	83.575	11.087	13,27%
511 – Other	11.079	12.236	-1.158	-9,46%
512 – Spare parts costs	24.636	30.387	-5.750	-18,92%
512 – Other material costs	8.330	5.132	3.198	62,32%
513 – Fuel and energy costs	283.295	283.124	171	0,06%
Costs of salaries, fees and personal costs	292.080	279.472	12.608	4,51%
520 – Salary and salary fee costs	205.706	215.788	-10.082	-4,67%
521 – Contributions for the employer	35.787	37.594	-1.808	-4,81%
52x – Contract fees	12.202	5.079	7.124	140,27%
529 – Other personal costs	38.385	21.011	17.374	82,69%
Other expenses from operations	538.686	444.949	93.737	21,07%
530 – Cost of performance services	10.297		10.297	0,00%
531 – Transport services costs	207.186	74.447	132.739	178,30%
532 – Maintenance services costs	26.448	30.019	-3.571	-11,90%
533 – Lease costs	17.637	18.247	-610	-3,34%
534 – Fairs costs	649	5.122	-4.473	-87,33%
535 – Advertising and propaganda costs	716	1.323	-606	-45,85%
539 – Other services costs	94.789	93.689	1.100	1,17%
550 – Non-production services costs	140.222	142.425	-2.203	-1,55%
551 – Representation costs	4.064	6.534	-2.469	-37,80%
552 – Insurance premium costs	12.342	14.872	-2.530	-17,01%
553 – Payment costs	3.533	12.213	-8.680	-71,07%
554 – Membership costs	1.193	934	259	27,75%
555 – Tax costs	13.157	37.709	-24.552	-65,11%
556 – Contributions costs	2.536	2.048	488	23,81%
559 – Other intangible costs	3.916	5.366	-1.450	-27,02%
EBITDA	497.901	-206.661	704.562	-340,93%
Other income	37.431	133.999	-96.568	-72,07%
67 – Profit from sales	33.971	7.918	26.053	329,04%
68 – Value harmonization profit	3.460	126.081	-122.621	-97,26%
69 – Profit from discontinued operations	0	0	0	0,00%
Other expenses	16.996	7.969	9.027	113,27%
57 – Loss / Expense from disposals	8	270	-262	-97,00%
579 – Other non-mentioned costs	16.988	7.699	9.289	120,66%
58 – Disposals from asset impairment	0	0	0	0,00%
59 – Loss from discontinued operations	0	0	0	0,00%
Depreciation	201.715	163.888	37.827	23,08%
EBIT	316.621	-244.519	561.140	-229,49%

Financial Income	558.563	197.975	360.588	182,14%
Income from rate differences	55.064	113.084	-58.019	-51,31%
Income from rate differences – IK	0		0	0,00%
Income from interest	4.035	7.927	-3.892	-49,10%
Income from interest – IK	499.240	72.460	426.780	588,99%
Other net financial income	224	4.505	-4.281	-95,03%
Other net financial income – IK			0	0,00%
Financial expenses	341.751	228.996	112.755	49,24%
Expenses from rate difference – loans	95.426	39.090	56.336	144,12%
Expenses from rate difference – other	30.844	52.507	-21.663	-41,26%
Expenses from rate difference – IK	0		0	0,00%
Expenses from interest – loans	208.335	132.846	75.489	56,82%
Expenses from interest – other	1.123	481	642	133,44%
Expenses from interest – IK	2.018	18	2.000	11094,07%
Other net financial expenses	4.005	4.054	-49	-1,22%
Other net financial expenses – IK	0		0	0,00%
Profit before taxes	533.433	-275.540	808.973	-293,60%
Income tax			0	0,00%
Deferred tax expense of the period	80.015	0	0	0,00%
Profit after taxes	453.418	-275.540	728.958	-264,56%

As the result of difference of income and expense from operations in the period from January to June 2014 EBITDA was accomplished in the amount of 497.902 thousand dinars which is larger compared to the same period last year when it amounted to -206.661 thousand dinars.

In the observed period a growth of income from operations was accomplished by 29.35% compared to previous year.

Income from sales, products and services in the period January-June 2014 amount to 5.979.125 thousand dinars and are larger compared to the same period previous year by 2.609.713 thousand dinars, or by 77.45%.

In the structure of sales on the domestic market increase of income was accomplished from sales of soy oil and drastic increase from the realization of soy meal. In the period from January to June 2013 production of meal was terminated due to a decision of the management to replace the production of meal with the production of traditional concentrate so this period included no significant sales of this product.

Drop of sales of texture soy products, mixes, Soja Vita product, lecithin and other products from the production program of Sojaprotein in the absolute amounts is not significant but when expressed in percentage the reduction is significant.

On the foreign market in the reporting period an income in value of 3.727.773 thousand dinars was accomplished and is larger to the same period of the previous year by 1.074.717 thousand dinars, or by 40.51%.

Movement of the dinar exchange rate is influencing the amount of income compared to euro and US dollar or compared to the currency of business transactions with the purchasers. Average exchange rate of euro in accordance with NBS data for the period January June 2014 is 115.6422 dinars for euro and in the same period of previous year it was 111.9082

dinars for euro. Average exchange rate of dinar for USD in 2014 was 84.35 dinars for 1\$ and in 2013 it was 85.2194.

On the foreign market in percentages the largest growth of income from sales of concentrate that is larger compared to previous year by 569.422 thousand dinars was accomplished. Increase of this income should be observed by taking into consideration time period of the fact that the production of concentrated initiated in the last quarter of 2012 and that significant sales could not have been expected in the first half of 2013. In percentages the sales of texture concentrate was larger by 13.48% in the absolute amount of 112.993 thousand dinars.

Crude soy oil is a stock exchange goods that was mostly realized on the foreign market in previous period. Due to this the sales of oil depends on the conditions of offer and demand on world market which influences the amount of income from oil sales. Income from sales of crude soy oil on the foreign market is larger by 206.731 thousand dinars or 35.26% and arises as the result of larger realization in amounts. Income from sales of flour and grits is larger by 159.526 thousand dinars or by 21.22%. Income from sales of other products from the production program of Sojaprotein, except mixes, show growth.

Trade volume growth is increased in the first half of 2014 and amounts to 330.404 thousand dinars while the income from goods accomplished in 2013 amount to a total of 129.754 thousand dinars, where the reason is increased amount of sales of crude soy oil in the category of goods for the current year.

First six months of 2014 show increase of stock value of performance in the amount of 196.733 thousand dinars compared to the same period in 2013 when the increase was recorded by 1.383.261 thousand dinars. Structure of stock of finished products and prices of stock valuation influence the reduction/increase of stock value.

Expenses from operations in 2014 are larger by 702.008 thousand dinars compared to the same period of previous year, or by 14.04%.

Within expenses from operations purchase value of goods increase is increased for 185.506 thousand dinars or by 144.16%, material costs are larger by 410.157 thousand dinars or by 9.89%, costs of salaries and salary fees are larger by 12.608 thousand dinars or by 4.51% and other business expenses are larger by 93.737 thousand dinars or 21.07%.

In the material cost group the most significant absolute increase is presented on the raw material cost position in the amount of 385.870 thousand dinars or 10.4%, cost of packages in the amount of 11.087 thousand dinars or 13.27%, costs of auxiliary material in the amount of 16.739 thousand dinars or 84.30% and cost of other material in the amount of 3.198 thousand dinars.

Cost of raw material and auxiliary material is larger due to larger processing of soy bean in the first half of the year compared to the same period in 2013. Larger processing and larger realization of finished products directly influences the increase of packing costs.

Salary costs are larger by 12.608 thousand dinars or 4.51% in the reporting period 2014 compared to the same period in 2013. The number of employees on June 30<sup>th</sup> 2014 was 389 and on June 30<sup>th</sup> 2013 it was 420.

Other expenses from operations in the reporting period are larger by 93.737 thousand dinars or by 21.07% compared to the same period in 2013. The largest cost increase was presented on the position of transport services cost, then membership costs and service costs, while the other costs in this group presented reduction compared to the same period last year. Increase of cost of transport services occurred as the consequence of higher realization of products on the foreign market compared to 2013. These costs are calculated in the sales price of finished products and this is the basis for their compensation.

Percentage reduction of 27.02% presented on the account number 559 occurred as the consequence of the lower usage of collective services. Payment costs are lower in 2014 by 8.680 thousand dinars due to change of booking method for loan processing fee that was booked in 2013 on the payment cost account and in 2014 on the financial expense account group.

Maintenance services costs are lower by 3.571 thousand dinars or by 11.90% for in the first half of 2013 there was a requirement for additional investments for the purpose of adjustment of the new facility for the production of soy concentrate to the existing production process causing larger maintenance costs in this period.

As the result of movement of income and expenses from operations EBITDA was accomplished in the amount of 497.902 thousand dinars compared to -206.661 thousand dinars in the same period previous year.

The group other income in the reporting period 2014 is lower compared to the same reporting period in 2013 by 96.568 thousand dinars, or by 72.02% for the reason that in first half of 2013 disputed receivables was collected that is the major amount in this group of accounts.

Depreciation costs in the reporting period are larger by 37.827 thousand dinars or by 23.08% compared to the same period last year. Increase of depreciation is the consequence of increased principal or larger value of real estate, facilities and equipment for the value of executed investments and increased for capitalization.

Accomplished EBITDA increased for other income and reduced for other expenses and depreciation provides EBIT amounting to 316.621 thousand dinars compared to -224.519 thousand dinars in the first half of 2013.

Accomplished financial income in the period January June 2014 is larger by 360.588 thousand dinars or 182.14% compared to previous year.

Income from exchange rate differences is lower compared to previous year by 58.020 thousand dinars or by 51.31%. The level of exchange rate differences is influenced by the rate on the last day of business year and on the last day of reporting period (on December 31<sup>st</sup> 2013 average rate for 1 EUR per NBS data was 114.6420 and on December 31<sup>st</sup> 2012 average rate for dinar for 1 EUR per NBS data was 115.6422 and on June 30<sup>th</sup> 2013 it amounted to 111.9082 dinars for euro). In the structure of positive exchange rate differences in 2013 the most significant amount referred to realized positive exchange rate differences based on returned loans and non-realized exchange rate differences per loans on balance on June 30<sup>th</sup> 2014.

Increase of income from interest inner-company in 2014 amounted to 426.780 thousand dinars and is larger compared to 2013 by 588.99% from the calculation of interest on given loans to related parties.

Financial expenses in the reporting period 2014 are larger by 112.755 thousand dinars or by 49.24% compared to the first half of 2013. The largest absolute increase of financial expenses occurred on the position of costs from exchange rate differences and costs from interest – loans. Increase of negative exchange rate differences in 2014 compared to the same reporting period 2013 is 34.673 thousand dinars and the amount of differences is influenced by the amount of average rate compared to the EUR and the amount of loan debt.

Expenses from interest from loans are larger by 78.131 thousand dinars compared to the same period last year. The amount of interest is influenced by the movement of loan debt, change and amount of Euribor interest rate and movement of the dinar rate compared to euro.

By the correction of EBIT financial income and financial expenses profit before taxes was accomplished in the amount of 533.433 thousand dinars and is larger compared to the same period last year by 808.973 thousand dinars.

## 1.2. Balance Sheet

	YTD ACCOMPLISHED Jan – Jun 2014	YTD ACCOMPLISHED Jan – Dec 2013	YTD DIFFERENCES (O-B) (1-2)	YTD DIFFERENCE IN %
<b>FIXED ASSETS</b>	10.130.191	10.192.708	-62.517	-0,61%
I. UNPAID REGISTERED CAPITAL	0	0	0	0,00%
II. GOODWILL	0	0	0	0,00%
III. INTANGIBLE INVESTMENTS	12.294	13.668	-1.374	-10,05%
IV. REAL ESTATE, FACILITIES, EQUIPMENT AND BIOLOGICAL MEANS	9.208.965	9.226.761	-17.795	-0,19%
1. Real Estate, Facility and Equipment	8.776.226	8.793.828	-17.602	-0,20%
2. Investment real estate	430.328	430.374	-46	-0,01%
3. Biological means	2.412	2.559	-148	-5,77%
V. LONG TERM FINANCIAL INVESTMENTS	908.932	952.279	-43.347	-4,55%
1. Share in capital	908.112	951.551	-43.438	-4,57%
2. Other long term financial investments	820	728	91	12,56%
<b>CURRENT ASSETS</b>	11.975.981	13.099.428	-1.123.447	-8,58%
I. STOCK	2.521.826	3.996.827	-1.475.001	-36,90%
- Goods	26.275	14.669	11.606	79,12%
- Raw material	608.206	2.802.458	-2.194.252	-78,30%
- Auxiliary material	42.607	39.104	3.503	8,96%
- Packages	15.371	23.781	-8.409	-35,36%
- Other material	63.700	65.548	-1.848	-2,82%
- Work in progress	208.868	31.527	177.341	562,51%
- Finished products	962.459	943.068	19.391	2,06%

- Advances	594.340	76.673	517.667	675,16%
- Other	0	0	0	0,00%
II. FIXED ASSETS FOR SALES	0	0	0	0,00%
III. SHORT TERM CLAIMS, INVESTMENTS AND CASH	9.454.155	9.102.601	351.554	3,86%
1. Claims	2.300.324	2.706.528	-406.205	-15,01%
Claims on domestic market – third persons	569.232	716.976	-147.744	-20,61%
Claims from related parties	844.091	879.162	-35.071	-3,99%
Claims on foreign market	887.001	1.110.391	-223.390	-20,12%
2. Claims for overpaid income tax	113.907	73.705	40.203	54,55%
3. Short term financial investments	6.355.296	6.015.291	340.005	5,65%
4. Cash equivalents and cash	140.488	96.083	44.405	46,21%
5. Added value tax and AVR	544.140	210.994	333.146	157,89%
B. DEFERRED TAX ASSETS	0		0	0,00%
TOTAL ASSETS	22.106.172	23.292.136	-1.185.964	-5,09%
OFF BALANCE ASSETS	19.674.722	19.349.934		
LIABILITIES				
CAPITAL	11.087.051	10.628.253	458.798	4,32%
I. BASIC CAPITAL	6.906.480	6.906.480	0	0,00%
II. UNPAID REGISTERED CAPITAL	0	0	0	0,00%
III. RESERVE	1.172.299	1.175.312	-3.014	-0,26%
IV. EVALUATED RESERVE	2.357.867	2.358.356	-489	-0,02%
V. UNREALIZED PROFIT FROM SECURITIES	0	0	0	0,00%
VI. UNREALIZED LOSS FROM SECURITIES	2.214	23.402	-21.188	-90,54%
VII. UNDISTRIBUTED PROFIT	1.046.580	1.744.133	-697.553	-39,99%
VIII. LOSS	0	1.151.293	-1.151.293	-100,00%
IX. REPURCHASED OWN SHARES	393.961	381.333	12.628	3,31%
LONG TERM RESERVES AND LIABILITIES	10.610.452	12.255.214	-1.644.762	-13,42%
I. LONG TERM RESERVES	136.090	136.090	0	0,00%
II. LONG TERM LIABILITIES	0	0	0	0,00%
1. Long term loans	0	0	0	0,00%
2. Other long term liabilities	0	0	0	0,00%
III. SHORT TERM LIABILITIES	10.474.362	12.119.124	-1.644.762	-13,57%
1. Short term financial liabilities	9.755.447	9.844.693	-89.246	-0,91%
2. Liabilities from assets for sales	0	0	0	0,00%
3. Liabilities from operations	523.974	2.225.134	-1.701.160	-76,45%
Liabilities on domestic market – 3 <sup>rd</sup> parties	268.891	379.818	-110.927	-29,21%
Liabilities for related persons	232.854	1.809.015	-1.576.160	-87,13%
Liabilities on foreign market	22.229	36.301	-14.072	-38,77%
4. Other short term liabilities	57.974	38.304	19.670	51,35%
5. Liabilities from AVT and other public income and passive accruals	136.967	10.993	125.974	1145,95%
6. Liabilities from income tax	0	0	0	0,00%

C. DEFERRED LIABILITIES	TAX	408.669	408.669	0	0,00%
TOTAL LIABILITIES		22.106.172	23.292.136	-1.185.964	-5,09%
OFF BALANCE ASSETS		19.674.722	19.349.934		

Value of assets and liabilities on June 30<sup>th</sup> 2014 is 22.106.172 thousand dinars and is lower compared to December 31<sup>st</sup> 2013 by 1.185.964 thousand dinars, or by 5.09%.

Fixed assets are lower compared to December 31<sup>st</sup> 2013 by 62.517 thousand dinars or by 0.61%. The largest reduction is presented on the position real estate, facilities and equipment for the value of investments.

Within current assets that was on June 30<sup>th</sup> 2014 lower by 1.123.447 thousand dinars or 8.58% compared to status on December 31<sup>st</sup> 2013 the largest absolute reduction is presented on the position of raw material stock and the largest presented increase is on the position of short term financial investments. Raw material stock status on June 30<sup>th</sup> 2014 was 608.206 thousand dinars and is reduced compared to the status on December 31<sup>st</sup> 2013 by 2.194.252 thousand dinars or 78.30%, for the reason of soy purchase in autumn, so this is the time of the largest level of soy bean stock, on the other side the lowest level is in summer months as it can be seen in the books.

Work in progress stock is larger by 177.341 thousand dinars compared to December 31<sup>st</sup> 2013 while the finished product stock is larger by 19.391 thousand dinars. Large quantities of product in stock and prices of stock valuation are the cause of this.

Short term claims, investments and cash are larger by 351.554 thousand dinars or 3.86% on June 30<sup>th</sup> 2014 compared to December 31<sup>st</sup> 2013. Within this group of current assets, if observed individually, the most significant reduction was accomplished on the position of claims from foreign markets. Short term financial investments on June 30<sup>th</sup> 2014 compared to December 31<sup>st</sup> 2013 are larger by 340.005 thousand dinars with the intent of securing funds for soy bean purchase financing.

Presented increase on the added value tax position and active accruals occurs, mostly, from calculated calculation periods.

Value of capital on June 30<sup>th</sup> 2014 is larger compared to the status on December 31<sup>st</sup> 2013 by 458.798 thousand dinars or by 4.32%. The most significant change is presented on the position loss from operations referring to last year's results. In February 2014 the Supervisory Board of the Company adopted the decision on acquiring own shares on the organized market. Total value of purchased own shares with purchases from previous years per nominal value is 393.961 thousand dinars and the difference to value of repurchase is on the account of emission premium.

Liabilities from short term loans presented by status on June 30<sup>th</sup> 2014 in the amount of 9.755.447 thousand dinars mostly refer to due liabilities from long term loans from banks. Based on performance indicators from 2013 it was determined that the Company is not able to meet certain financial and non-financial indicators defined by long term loan contracts where all liabilities from stated loans were transferred to category of short term financial liabilities.



Liabilities from operations with the status on June 30<sup>th</sup> 2014 are lower by 1.701.160 thousand dinars or by 76.45% compared to status on December 31<sup>st</sup> 2013. The largest reduction is towards related legal entities by 1.576.160 thousand dinars.

Other short term liabilities (calculated salaries, fees, taxes and contributions, interest and other liabilities) are larger by 19.670 thousand dinars compared to December 31<sup>st</sup> 2013. Increase of liability status for AVT, other public income and passive accruals in the amount of 125.974 thousand dinars occurred from larger passive accruals compared to presented status on December 31<sup>st</sup> 2013.

### 3. PRODUCTION ACCOMPLISHED

Due to the return of possibility of soy meal production, hexane extraction was enabled continuously so the passing on the relation soy meal – white flakes contributed to reduction of cost (lack of stopping due to stock fullness).

In the first half of 2014 a new facility for the production of SPC started to emerge in volume of all four segments of this group of products (CMR, Piglet, Aqua feed, HC). This refers to grinded materials (CMR and HC).

During the first half of 2014 81.999 tons of soy bean JUS quality was processed which is significantly more compared to previous year when 54.796 tons were processed in the same period.

Total production amounted to 74.357 tons which is 48.65% larger than 2013 when 50.023 tons were produced.

#### SOJAPROTEIN PRODUCT REALIZATION EXPRESSED IN AMOUNTS IN kg

		REALIZATION (kg) JANUARY – JUNE		Difference 2014-2013		Product Sales Structure	
		2014	2013	Kg	%	2014	2013
TOTAL SALES	Kg	69.588.493	36.469.908	33.118.585	190,8%	100,0%	100,0%
Soy – crude oil	Kg	15.746.100	7.532.800	8.213.300	209,0%	22,6%	20,7%
Soy – meal	Kg	18.640.120	2.156.280	16.483.840	864,5%	26,8%	5,9%
SPC	Kg	8.039.810	2.311.495	5.728.315	347,8%	11,6%	6,3%
BiG	Kg	12.632.435	9.697.725	2.934.710	130,3%	18,2%	26,6%
TSP	Kg	9.856.227	8.947.140	909.087	110,2%	14,2%	24,5%
SPC textures	Kg	432.663	215.850	216.813	200,4%	0,6%	0,6%
Mix	Kg	50.575	94.515	-43.940	53,5%	0,1%	0,3%
Soja Vita	Kg	12.473	15.338	-2.865	81,3%	0,0%	0,0%
Lecithin	Kg	405.460	299.500	105.960	135,4%	0,6%	0,8%
Shell	Kg	2.402.560	3.613.620	-1.211.060	66,5%	3,5%	9,9%
Molasses	Kg	864.100	1.256.820	-392.720	68,8%	1,2%	3,4%
Moist TSP	Kg	81.240	69.940	11.300	116,2%	0,1%	0,2%
Dry TSP	Kg	402.090	235.225	166.865	170,9%	0,6%	0,6%
SPL soy samples	Kg	22.640	14.520	8.120	155,9%	0,0%	0,0%
Oil residue	Kg	0	0	0	0,0%	0,0%	0,0%
Flakes	Kg		9.140				
Human program		23.686.535	19.614.443	4.072.092	120,8%	34,0%	53,8%

#### SOJAPROTEIN PRODUCT REALIZATION EXPRESSED IN VALUE

		REALIZATION (kg) JANUARY	Difference 2014-2013	Product Sales
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		– JUNE				Structure	
		2014	2013	Kg	%	2014	2013
TOTAL SALES	Rsd	5.637.462.781	3.221.704.978	2.415.757.803	175,0%	100,0%	100,0%
Soy – crude oil	Rsd	1.298.060.988	807.705.841	490.355.146	160,7%	23,0%	25,1%
Soy – meal	Rsd	1.126.693.791	146.796.374	979.897.417	767,5%	20,0%	4,6%
SPC	Rsd	930.584.378	291.859.931	638.724.446	318,8%	16,5%	9,1%
BiG	Rsd	1.010.529.786	834.709.217	175.820.569	121,1%	17,9%	25,9%
TSP	Rsd	1.039.726.695	947.685.364	92.041.330	109,7%	18,4%	29,4%
SPC textures	Rsd	80.829.963	35.292.505	45.537.458	229,0%	1,4%	1,1%
Mix	Rsd	11.231.320	18.752.094	-7.520.774	59,9%	0,2%	0,6%
Soja Vita	Rsd	6.433.427	9.116.507	-2.683.080	70,6%	0,1%	0,3%
Lecithin	Rsd	61.070.204	52.912.105	8.158.099	115,4%	1,1%	1,6%
Shell	Rsd	35.762.844	49.611.680	-13.848.836	72,1%	0,6%	1,5%
Molasses	Rsd	8.460.792	9.525.390	-1.064.598	88,8%	0,2%	0,3%
Moist TSP	Rsd	1.056.120	909.220	146.900	116,2%	0,0%	0,0%
Dry TSP	Rsd	25.548.975	16.465.750	9.083.225	155,2%	0,5%	0,5%
SPL soy samples	Rsd	566.000	363.000	203.000	155,9%	0,0%	0,0%
Oil residue	Rsd	907.500	0	907.500	0,0%	0,0%	0,0%
			0				
Human program	Rsd	2.239.140.245	1.943.158.562	295.981.683	115,2%	39,7%	60,3%

In the period from January to June 2014 the realization of sales is significantly increased compared to the same period in 2013. In 2014 a total of 69.588 tons were sold compared to 36.470 tons in 2013 (growth of 90.8%).

In the first half of 2014 a larger sales of all groups of products was accomplished, especially of soy meal, SPC and crude soy oil. With good results of sales of traditional human program this contributed to the doubling of sales compared to the first half of 2013.

The most important reasons for very good sales results are adjustment of the company to favorable market circumstances on the domestic and foreign market, competitive prices and maintenance of the stable NON GMO quality of all finished products.

After adopting the decision of returning to the domestic market of soy meal the company used favorable market conditions with aggressive approach and recognizable quality so in the observed period almost nine times larger sales was realized of soy meal compared to the realization of 2013 – 18.640 tons was sold compared to 2.156 tons (index of 865%). Thus the company kept significant presence on the domestic soy meal market in order to use its processing capacities to the maximum while the production/sales of SPC does not reach significantly higher level. Stable quality and from the middle of the II quarter the increase of grinding capacity of the most important types of SPC contributed to the larger sales of SPC on the foreign market primarily. Growth of export of SPC is especially significant for animal food (realized 8.040 tons, index 348%) for it announces the positioning of the company on the European market of high final SPC that will secure high profit margin in the future and contributed to the increase of profitability of total company operations.

Sales of crude soy oil (finished products and goods) in the period presented significant growth – total sales is doubled compared to the first half of 2013 (index 209%). In the conditions of limited demand on the domestic market, the company directed sales of the oil to foreign market and accomplished significant result.

Significant growth was accomplished in the part of sales of traditional product of human program (flour and grits, textures, mixes, soja vita) – almost 24.000 tons of different goods

were sold (index 121%). This kept sound market position on the domestic market, especially on strategic foreign markets (EU/EFTA, but also Russia and CEFTA region) and preconditions were created for the future growth of total sales, especially export on the base of expected lower prices of soy bean in 2014.

Even though in the observed period, due to large growth of sales of soymeal on the domestic market, drop in share of export of total sales of soy products occurred, foreign sales still, in the amounts, significantly participates in total sales with 56% compared to 69% in 2013. Financial effects of export in the period from January June 2013 participate in total sales of soy products with 65% while in the same period last year they participated with 79% of total financial results of sales.

Regionally, export to the EU/EFTA member states dominated. For all product groups, except Sopromixes, EU/EFTA market dominated, and with soy oil and SPC this was practically the only export market. Therefore, on the market of EU/EFTA member states over 80% of entire export was sold. Export of soy products to Russia, Belarus and Ukraine in addition to lower share traditionally has a large significance in foreign trade business of Sojaprotein. On the other markets (EFTA, CEFTA) also dominates sales of higher phases of processing, so these markets as well present long term export potential of the company. Finally, sales of first amounts of higher phases of processing opens some new markets (Finland, Norway, Sweden) presenting the indication of new export perspectives of SOJAPROTEIN in the future period.

In value, a total export in the first six months of 2014 reached 32.5 million EUR or 3.649 billion dinars.

### **Expected development of the company in further period, changes in business policy of the company and main risks and threats the company is exposed to**

The company, in the development field, aims to increase sales of traditional soy protein concentrate in EU countries to increase its market share on the market of sophisticated, protein high value products.

With the execution of investment of building a factory of traditional soy protein concentrate Sojaprotein met its first development goal in the increase of share of protein products with high level of finalization in processing, created conditions for achieving vertically integrated processing of soy bean and made a significant step towards the position of significant European manufacturer of soy products for human nutrition and sophisticated soy products for animal nutrition. Also, the company plans the construction of facility for producing functional soy protein concentrates – II phase of construction of Factory SPC.

In its operations the company faces the risk of availability of sufficient amount of raw material and their price change.

### **Market Risk**

In its operations the company is exposed to financial risk from changes of foreign currency exchange rate and interest rate changes. Exposure to market risk is seen over the sensitivity analysis. There were no significant changes in the exposure of the company to market risk, or in the way the company manages or measures this risk.

### **Foreign Currency Risk**

The company is exposed to foreign currency risk primarily through cash and cash equivalents, claims from purchasers, long term loans and liabilities to suppliers nominated in foreign currency. The company does not use special financial instruments as risk protection since such instruments are not common in Republic of Serbia.

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

### **Interest Rate Change Risk**

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

### **Credit Risk**

#### **Claims from Purchasers Management**

The company is exposed to credit risk representing the risk that the debtors will not be able to settle the debt to the company in full and in time, causing financial loss for the company. Exposure of the company to this risk is limited to the amount of claims from purchasers on balance sheet day.

#### *Undue Claims from Purchasers*

Undue claims presented on June 30<sup>th</sup> 2014 in the amount of 1.097.855 thousand dinars (December 31<sup>st</sup> 2013: 1.130.238 thousand dinars) mostly refer to claims from purchasers based on the sales of soy meal, crude soy oil, soy textures and soy flour. These claims are due mostly within 60 days after the invoice date, depending on contracted payment deadlines.

#### *Due, Corrected Claims from Purchasers*

In previous periods the company depreciated claims from purchasers for due claims in the amount of 311.648 thousand dinars (2013: 311.836 thousand dinars) for which the company determined there has been a change in creditworthiness of the client and that the claims in the given amounts will not be collected.

#### *Due, Uncorrected Claims from Purchasers*

The company has not depreciated due claims presented on June 30<sup>th</sup> 2014 in the amount of 1.202.460 thousand dinars (December 31<sup>st</sup> 2013: 1.576.233 thousand dinars) since no change in creditworthiness of the client was not determined, and these claims mostly refer to claims from related parties, part of the claims for given soy oil, soy texture concentrate and

soy products for human nutrition for delayed payment, and the company management considers the total current value of these claims will be collected.

### **Liabilities to Suppliers Management**

Liabilities to suppliers on June 30<sup>th</sup> 2014 are presented in the amount of 500.053 thousand dinars (December 31<sup>st</sup> 2013: 2.208.723 thousand dinars). The suppliers do not calculate default interest for due liabilities, where the company settles due liabilities towards suppliers in due time in accordance with the financial risk management policy. Average time of obligations settlement for the first two quarters of 2014 to suppliers is 41 days (in 2013 it was 54 days).

### **Financial Instruments Fair Value**

#### *Presumptions for financial instrument fair value evaluation*

Since there is not enough market experience, stability and solvency in the purchase and sales of financial assets and liabilities, and since there are no available market information that could be used for disclosing fair value of financial assets and liabilities, discounting method was used for cash flow. In using this evaluation method, interest rates are used for financial instruments with similar characteristics, with the goal of receiving relevant evaluation of market value of financial instruments on balance sheet day.

Presumptions used for current fair value evaluation are that book value of short term claims from purchasers and liabilities to supplier is approximate to their fair value since they are due in relatively short period of time.

### **TAX RISKS**

Tax laws of Republic of Serbia are often differently interpreted and are subject to frequent amendments. Interpretation of tax laws by tax authorities regarding transactions and activities of the Company can differ from the interpretation of the management. Even though management considers tax liabilities adequately calculated and recorded, the risk remains that the tax authorities will have different interpretation of tax issues.

### **IMPORTANT BUSINESS EVENTS AFTER THE REPORTING PERIOD**

Parent company Victoria Group AD Belgrade and five members of the Group (including the Company) have signed the Contract on Liabilities Standstill (Contract) with the creditor banks that was valid as of April 7<sup>th</sup> 2014 with the validity period of 30 days. The Contract determined total exposure of the Group towards trustee banks based on withdrawn loans and potential liabilities for issued guarantees and letters of credit with the balance on February 1<sup>st</sup> 2014, with defined exceptions. In accordance with the Contract the creditor banks agree that in the standstill period, independently from the maturity of principal and/or occurrence or duration of any event that represents the violation of obligations from the basic loan contract, none of the creditor banks will initiate collection procedure or any other action of execution planned by the basic contract or law.

In the period of standstill the Group is obligated to maintain the level of indebtedness on the level defined by the contract and seek compliance of the trustee banks for certain activities

such as investments and change of ownership structure. Also, liabilities from regular and default interest, as well as bank commissions will be accrued and paid in accordance with the provisions of the contract.

The period of standstill of liabilities should include the agreement regarding further prolongation of the standstill period and restructuring of total liabilities of the group towards the banks.

Annex III prolonged the standstill period until August 21<sup>st</sup> 2014.

## ACTIVITIES OF THE COMPANY IN RESEARCH AND DEVELOPMENT

The company uses achievements available on the market in the field of research and development. Focus of the development policy is directed to the application of soy protein concentrated in the nutrition of men and animals.

## OPERATIONS WITH RELATED PERSONS

*Volume, structure and value of sales to related parties for the period January June 2014*

	Soymeal		Crude soy oil		Higher phases of processing (BiG, Mix, TSP, soja vita, SPC)		Other (TSP-SH, Shell)	
	Volume in t	Value in 000 rsd	Volume in t	Value in 000 rsd	Volume in t	Value in 000 rsd	Volume in t	Value in 000 rsd
Total related parties	7.732	462.725	4.825	380.302	269	17.652	2.609	58.099

	GOODS	
	Amount in tons	Value in 000 rsd
Total related parties	1.096	3.410

*Claims with related parties from sales and advances given*

In thousand dinars

	Balance on June 30 <sup>th</sup> 2014
Total related parties	844.091

In thousand dinars

	Balance on December 31 <sup>th</sup> 2013
Total related parties	879.162

*Liabilities with related parties*

In thousand dinars

	Balance on June 30 <sup>th</sup> 2014
Total related parties	232.854

In thousand dinars

	Balance on December 31 <sup>th</sup> 2013
Total related parties	1.809.015

Operations with related parties is done per market conditions and changes in transactions compared to transactions stated in the last annual report had no significant influence to a financial status and results of operations of the company in the current business year.

CEO

Sinisa Kosutic

/signed and sealed/

*Sinisa Kosutic*  
  


STATEMENT OF PERSONS RESPONSIBLE FOR PRODUCING QUARTER AND SEMI-ANNUAL REPORT

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

Persons responsible for producing the quarter and semi-annual report:

Sojaprotein AD Becej, Industrijska Street no. 1, 21220 Becej

CEO Sinisa Kosutic

CFO Nikolic Ankica

Accounting Manager: Andjelkovic Dragana *Andjelkovic*

/signed and sealed/

