

# SHARE ISSUER'S PROSPECTUS

## SOJAPROTEIN A.D. BECEJ

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The Issuer of securities:

**SOJAPROTEIN, Joint Stock Company for Soya Bean processing, Becej**

**Hereby issues this  
SECURITIES DISTRIBUTION  
PROSPECTUS**

**I INTRODUCTION**

The Securities Commission is neither liable for true and full disclosure of data contained hereunder, nor for the ability of the issuer of securities to fulfill the liabilities arising from the securities which it issues

**1. ISSUER OF SHARES**

**1.1. Name, corporate seat, corporate identification number, and tax identification number:**

Sojaprotein, Joint Stock Company for Soya Bean Processing, Becej,  
Industrijska zona bb, Becej,  
MB: 08114072, PIB: 100741587

**1.2. Core activity:**

Production of crude oils and fats

**1.3. Carrying value of original capital in the Financial Statements for**

RSD 2,499,135,000.00 of Decembre 31, 2007

**2. SHARES TO BE ISSUED**

**2.1. Type, class and issue designation, CFI code and securities' ISIN:**

Ordinary shares of 8<sup>th</sup> issue, CFI code: ESVUFR, ISIN No.: RSSOJAE21837

**3. TOTAL VOLUME OF ISSUE**

**3.1. State the total dinar par value of all securities to be issued in RSD:**

Total value of 8<sup>th</sup> issue is RSD 301,379,912.60 (shares net of par value; value calculated according to the book value and number of issued shares).

**4. NUMBER OF SHARES AND THEIR PAR VALUE**

**4.1. Total number of securities to be issued:**

650,000 shares

**4.2. Securities par value:**

Net of par value; book value of RSD 463,661,404

## **5. SALE PRICE OF SHARES**

### **5.1. State the price at which the securities will be offered:**

The shares will be offered at the price of RSD 3,445.00, and to the shareholders with preferential rights at the price of RSD 3,100.00.

### **5.2. Manner of shares payment:**

Shares are to be paid in dinars, payment account is opened with Hypo Alpe Adria Bank a.d. Beograd, Bulevar Mihajla Pupina 6

## **6. RIGHTS AND LIABILITIES DERIVING FROM THE SHARES**

### **6.1. State any an all rights and liabilities deriving from the shares:**

The basic rights of acquirers of ordinary shares of the VIII issue are stipulated in Article !2 of the Decision of the Board of Directors of Sojaprotein a.d. Bečej No. 16-260 on issue by public offer of ordinary shares of VIII issue in order to increase the capital, dated February 4, 2008 (pursuant to the Contract on Organization of Sojaprotein a.d. Bečej No. 16-2314, Contract on Amendments and Supplements of the Contract on Organization of Sojaprotein a.d. Bečej, No. 16-1554/1, from the Shareholders' Meeting held on August 9, 2007 and amendments of Contract on Amendments and Supplements of the Contract on Organization of Sojaprotein a.d. Bečej, No. 16-2486, from the Shareholders' Meeting of December 20, 2007) and include the following rights: access to legal enactments and other documents and information relevant for the Company; to participate in the Company Meeting, to vote at the Company Meeting; to dividends; to a share in the bankruptcy estate; pre-emption right to shares from new issues and convertible bonds after payment of creditors and shareholders holding any type or class of preferential shares; to avail of any and all types of shares pursuant to the Law and other rights in accordance with the Law.

### **6.2. Preferential subscription right:**

#### **6.2.1. Parties entitled to the preferential subscription rights and grounds of the right:**

Company shareholders as of February 19, 2008 are entitled to the preferential subscription right pro rata to the total number of already hold shares.

#### **6.2.2. Total number of shares granting the preferential subscription rights:**

5,390,000 pieces

#### **6.2.3. Number of shares from the new issue with preferential subscription rights:**

650,000 shares

### **6.3. Tax liabilities of a share holder:**

#### **6.3.1. Income tax, sales tax, profit tax, value added tax, tax exemptions and tax incentives**

Property Tax Law (Official Gazette of the Republic of Serbia, No. 26/2001, 80/2002 and 135/2004)

- Absolute rights transfer tax – after sale of shares

Under Article 23 of the Law transfer of securities with consideration is taxable. Taxpayer of the absolute rights transfer tax is the seller – transferor of the rights. Prescribed tax rate is 0.3%. From January 1, 2005 the Central Registry, Depository and Clearing of Securities when transferring the rights on securities after deduction of market value of the transferred absolute right collects the absolute rights transfer tax based on the simultaneous settlement with the Central Tax Registry.

Pursuant to Article 31 of the Law, absolute rights transfer tax is not paid in the following cases:

- \* Investing absolute rights in the equity of a joint stock company
- \* When the shares are sold for the purpose of settling liabilities based on public revenues

- Inheritance tax and gift tax

Article 14 of the Law prescribes mandatory payment of tax on inheritance and gift, i.e. inherited securities or securities received as a gift. Tax rates are progressive and depend on the tax base. Taxpayer who inherits or receives securities as a gift is the resident of the Republic for the object located in the territory of Serbia and Montenegro or abroad.

Pursuant to Article 21 of the Law inheritance tax and gift tax are not paid in the following cases:

- \* Testator's heir of first degree, spouse and parent, i.e. donee of first degree and the donor's spouse.

Law on Individual Income Tax (Official Gazette of the Republic of Serbia, No. 24/2001, 80/2002 and 135/2004)

- Capital Gains Tax, profit increment

Under Article 61 of the Law a dividend as a type of capital gain is taxable.

Taxpayer of capital gains is a natural person earning the gains. Tax rate on capital gains is 20%.

Under Article 72 of the Law tax on profit increment is mandatory. A natural person earning income by sale of his/her shares is liable to pay the tax on profit increment at the tax rate of 20%.

Taxpayer who hold securities, i.e. shares in his/her portfolio before January 24, 1994 does not gain any profit increment.

#### **6.4. Manner of settlement of potential disputes between the Issuer and securities holder and name of the competent court:**

Commercial Court in Novi Sad has jurisdiction for settlement of potential disputes.

### **7. TIME, PLACE AND TERM OF SHARES SUBSCRIPTION**

#### **7.1. Business name, registered office, address and business hours of BDD/Bank and the term defined for subscription of shares (particularly specify the term relevant for the preferential subscription right):**

Subscription of shares will be made at the registered office of BDD Sinteza Invest Group a.d. Beograd, Omladinskih Brigada 90a, Novi Beograd, on every working day (Monday to Friday) from 09:00 a.m. until 03:00 p.m.;

In Novi Sad, Bulevar oslobodjenja 18, at the premises of Hypo Alpe-Adria Bank a.d. Beograd, on every working day (Monday to Friday) from 09:00 a.m. until 03:00 p.m..

In Becej, Trg oslobodjenja 3, at the premises of Hypo Alpe-Adria Bank a.d. Beograd, on every working day (Monday to Friday) from 09:00 a.m. until 03:00 p.m.

Term for subscription of shares from 8<sup>th</sup> is from April 21, 2008. until June 6, 2008., i.e 47<sup>th</sup> days from the date of subscription, i.e. for the shareholder with preferential subscription right term defined for subscription of shares is 21, 2008 until May 22, 2008, i.e. 32 days from the date specified in the public invitation as the date of subscription commencement.

## **8. PLACE AND TERM FOR PAYMENT OF SHARES**

### **8.1. Business name, registered office, address and term for payment of shares and the Bank's business hours where the payment can be made:**

Payment term for shares of 8<sup>th</sup> issue is from April 21, 2008 until June 6, 2008, i.e. 47 days from the date of commencement of shares payment; for shareholders with preferential subscription rights the payment term is from April 21, 2008 until May 22, 2008, i.e. 32 days from the date specified in the public invitation for commencement of shares payment. Payment account No. 165 -14742-51 is opened with Hypo Alpe Adria Bank a.d. Beograd, Bulevar Mihajla Pupina 6, Novi Beograd, and payment points will be in the branch offices and affiliates of Hypo Alpe Adria Bank a.d. Beograd on every working day (Monday to Friday) from 09:00 a.m. until 04:00 p.m. as follows:

- Branch Office PC Usce, Bulevar Mihajla Pupina 6, Novi Beograd
- Branch office Ruski Car, Knez Mihajlova 7, Belgrade
- Branch office at Terazije 45, Belgrade
- Branch office at Makedonska 21, Belgrade
- Branch office at Resavska 26, Belgrade
- Branch office Hypo Plaza, Bulevar AVNOJ – a 8a, Novi Beograd
- Branch office at Vasina 16-18, Belgrade
- Branch office Hypo Hill, Trgovacka 2, Belgrade
- Branch office at Glavna 12, Zemun
- Branch office at Zagrebacka 8, Belgrade
- Branch office Immocentar at Block 64, Novi Beograd
- Branch office at Brankova 13-15, Belgrade
- Branch office at Kralja Aleksandra 100-104, Belgrade
- Branch office at Kneza Milosa 69, Belgrade
- Branch office at Vojvode Stepe 114-116, Belgrade
- Branch office at Bulevar Mihajla Pupina 167, Novi Beograd
- Branch office IDEA Extra at Omladinskih Brigada 100, Novi Beograd
- Branch office at Partizanske Avijacije 14, Belgrade
- Affiliate Novi Sad, Bulevar Oslobođenja 18, Novi Sad
- Affiliate Nis, Milojka Lesjanina 17, Nis
- Affiliate Subotica, Korzo 15, Subotica
- Affiliate Zrenjanin, Svetozara Markovica 2, Zrenjanin
- Affiliate Sombor, Kralja Petra 24, Sombor
- Affiliate Vrbas, Marsala Tita 102, Vrbas
- Affiliate Cacak, Pivarska 2, Cacak
- Affiliate Becej, Trg Oslobođenja 3, Becej
- Affiliate Kikinda, Kralja Petra I 41, Kikinda
- Affiliate Pancevo, Petra Drapsina 5, Pancevo
- Affiliate Sabac, Pop Lukina 2, Sabac
- Affiliate Krusevac, Trg Kosovskih Junaka 1, Krusevac
- Affiliate Vrsac, Dvorska 1, Vrsac

**8.2. Manner of distribution of excess subscribed and paid-in securities to the parties performing subscription and payment of securities:**

Distribution of excess subscribed and paid-in shares of 8<sup>th</sup> issue against the offered number of shares, after the exercised preferential subscription right, to the parties performing subscription and payment of shares will be made by pro rata decreased number of subscribed and paid-in shares.

**8.3. Consequences of failure to pay or payment after expiry of the defined term:**

Payment received in the specified account until 04:00 p.m. on the 47<sup>th</sup> day from the date of payment commencement will be considered as timely made payment, i.e. for the shareholders with preferential subscription right until 04:00 p.m. on the 32<sup>nd</sup> day from the date of payment commencement. A party that fails to subscribe the paid-in shares, fails to pay the subscribed shares or make the payment of subscribed shares after the expiry of defined term will not acquire the capacity of a shareholder.

**8.4. Number of securities that must be subscribed and paid-in to consider that the sale was successful:**

According to the Decision the sale will be considered as successful if at least 50% of offered shares is subscribed and paid-in within the defined term.

**8.5. Manner and term of repayment of the paid-in amounts in case of unsuccessful sale and stating the interest rate and manner of its computing to the paid-in amounts:**

Should the share issue fail the Issuer is liable to repay the paid-in amounts with the prescribed legal default interest to the subscribers within seven days from the date of expiry of the subscription and payment term.

**8.6. Name and registered office of the party maintaining the register and making clearing and settlement of liabilities deriving from the securities to be issued (Central Registry):**

Central Registry, Depository and Clearing of Securities a.d., Trg Nikole Pasica 5.

**9. SECURITIES TRADING MARKET**

**9.1. Name and registered seat of the organized market, date of introduction of the same type of share to the organized market, transactions volume of these type of securities on the organized market in the last 6 months and the highest and lowest prices achieved:**

Beogradska Berza a.d. Belgrade (Belgrade Exchange), Omladinskih Brigada 1, Novi Beograd.

Shares are traded from September 2, 2002.

Under the Decision of the Shares Listing Board shares of Sojaprotein a.d. Becej are traded from October 26, 2007 at the exchange market – Listing A of the Beogradska Berza a.d. Beograd.

Transactions volume in the last 6 months, from September 5, 2007 until March 5, 2008 amounted to RSD 1,990,980,774.00. The lowest achieved price was RSD 3,062.00 and the highest achieved price was RSD 4,669.00.

## **10. BRIEF REVIEW OF BASIC DATA ON THE ISSUER**

### **10.1. Date of decision on issue of shares passed by the competent issuer's body and name of the competent Issuer's body:**

Decision No. 16-260 dated February 4, 2008 on Public Offer of Ordinary Shares – 8<sup>th</sup> Issue - for Increase of the Original Capital, passed by the Board of Directors and on the basis of Contract No. 16-2314 on Organization of Sojaprotein a.d. Becej, Contract No. 16-1554/1 on Amendments and Supplements to the Contract on Organization of Sojaprotein a.d. Becej passed at the Company Meeting held on August 9, 2007 and Contract No. 16-2486 Amendments and Supplements to the Contract on Organization of Sojaprotein a.d. Becej passed at the Company Meeting held on December 20, 2007.

### **10.2. Appropriation of proceeds collected by the issued of shares, state the appropriation of proceeds in accordance with the passed decision (for performance of business operation of the issuer, or for the purchase of assets which are not intended for performance of issuer's regular activity e.g. securities of other issuers)**

Proceeds collected by the 8<sup>th</sup> issue of shares are appropriated to the investment in the Soybean Protein Isolates and Soybean Protein Concentrates Manufacturing Plant with annual capacity of 15,000 t. The Plant will include entire infrastructure from the raw materials warehouse, the production to the state-of-the-art warehouse of finished products with all ancillary installations. High level automation and protection of the environment are main characteristics of the Project, and 90% of the achieved production will be exported. Construction of the Soybean Protein Isolates and Soybean Protein Concentrates Manufacturing Plant is harmonized with the Issuer's business policies in the area of winning the markets of high value final protein soybean products.

### **10.3. State basic data on the issuer's operations and development plan:**

Increase of the scope of production and services, qualitative change in the structure of products and services by increase of share of protein products intended for human consumption up to 50% of total production, increase of sales, export, increase of profitability, expanding of market share are planned. Construction of the boiler room with chemical water treatment and biomass warehouse is completed aimed to increase the energy efficiency, energy savings and reduced global pollution. Furthermore, the implementation of 2<sup>nd</sup> phase with filter installation is being prepared. Construction of the Soybean Protein Isolates and Concentrates Manufacturing Plant is planned. Funding of this investment amounting to approximately EUR 25-30 million is planned to be achieved by collecting proceeds from Public Offering of Shares. As a support of successful implementation of the Soybean Protein Isolates and Concentrates Manufacturing Plant Project the following investments are planned: in the soybean cleaning equipment prior to its supply to the production process in the Silo Plant, as well as in the equipment for coats and cracked soybean grains elimination in the Preparation and Cleaning Plant; in the equipment for securing required production parameters in the Extraction Plant, as well as digging three wells for supply of the Soybean Protein Isolates and Soybean Protein Concentrates Manufacturing Plant with sufficient water quantities. Investments in the lecithin soaking equipment, line for full-fat milling line at the Flour and Seminola Plant, extrusion line and equipment for finished products packaging and external packaging in the TSP Plant are planned in order to increase the capacity, quality and assortment of the products. Furthermore, extension of the Information System is planned by procurement of the server. In the area of

environment protection investments in the Waste Water Treatment Plant and improvement of the energy efficiency are planned as well as investment in the Filtering System of exhaust gases of the biomass driven boiler room mentioned above.

**11. BROKER – DEALER COMPANY AND/OR AUTHORIZED BANK  
PARTICIPATING IN ARRANGING THE PUBLIC OFFER**

**11.1. State the business name and registered office of the agent, i.e. issue patron who participates in the arranging of securities issue:**

BDD Sinteza Invest Group a.d. Beograd, Omladinskih Brigada 90a, Novi Beograd – the Agent.

**11.2 State the business name and registered office of the leading organizer in case when more parties are participating in the issue arrangement:**

-

**11.3. State the type of contract on issue arrangement and type of the Agent's, i.e. patron's obligation:**

Contract on the Agent's Services. The Agent is obliged: to provide consulting services in the course of preparing the Issuing Prospectus, Short Issuing Prospectus and Excerpts from the Short Issuing Prospectus with Public Offering for Subscription and Payment of Securities; to submit the Application for the Prospectus Approval to the Securities and Exchange Commission; to provide consulting services with respect to the procedures of subscription and payment of shares; to deliver a copy of the Issuing Prospectus and Short Issuing Prospectus to all interested parties; to define the format and contents of the subscription form; to organize, perform and subscribe the shares; to submit the Application for Approval of Securities Issue to the Securities and Exchange Commission; to provide consulting services in the course of development and announcement of the Report on Results of the Public Offer; to submit the Application for Entering the Shares from 8<sup>th</sup> Issue on the exchange market – Listing A of the Belgrade Exchange; to provide consulting services in the area of legal and by-law regulations relevant to the activities referred to herein.

**11.4. State the fee charged to the Issuer by the Agent, i.e. issue patron for the services provided with respect to the issue arrangement, i.e. state the amount of price difference under which the issue patron will purchase securities from the issuer and sell them in the issue procedure:**

Agent's fee - RSD 200,000.00 after signing the Contract and 0.50% of the value of subscribed issue after receipt of the Decision on Approval of the Securities Issue.

**11.5. State if the Agent's obligation, i.e. issue patron's obligation relates to a specific part of securities to be issued:**

Agent's obligation relates to the total number of shares from 8<sup>th</sup> issue to be publicly offered.

## II BASIC PROSPECTUS

"This Securities Distribution Prospectus, including any and all appendices hereto provides all essential data which allow investors to objectively evaluate the financial and legal position of the issuer of securities and to assess the rights and liabilities deriving from the securities".

„This Securities Distribution Prospectus does not include any data which might mislead investors with respect to the issuer of securities, the securities to be issued, and the securities which have already been issued.“

### 1. ISSUER'S PARTICULARS

#### 1.1. BASIC DATA

##### 1.1.1. Name, corporate seat, address, corporate identification number, and tax identification number

Sojaprotein, Joint Stock Company for Soya Bean Processing, Becej  
Industrijska Zona bb, 21220 Becej  
MB: 08114072, PIB: 100741587

##### 1.1.2. Date and number of registration at the Business Registers Agency

BD 78680/2005 dated 29.07.2005

##### 1.1.3. Date of incorporation

January 3, 1985

#### 1.1.4. Issuer's Position within the Group

##### 1.1.4.1. Relationships with other companies

Sojaprotein a.d. Becej has its share in equity of the following companies: Vobex Inter-soya Moscow (85.00%), "Bela Ladja" Hotel a.d. Becej (31.83%), Veterinarski Institut Subotica a.d. Subotica (Veterinary Institute) (32.05%) and SP Laboratorija a.d. Becej (Laboratories) (15.27%)

##### 1.1.4.2. Type of issuer's links with other legal entities

Stake of Victoria group d.o.o. in the Sojaprotein's equity is 25.59%; stake of Privredna Banka Zagreb d.d. is 5.98%; stake of Victoriaoil A.D. is 5.51%; stake of Fertil d.o.o. is 4.64%; stake of ZB Invest d.o.o. for the investment fund management is 4.13%; stake of Societe Generale – Splitska banka is 3.50%; stake of Elixir Group d.o.o. is 2.84%; stake of Fashion Company d.o.o. is 2.80%; stake of Hypo KASTODI 4 is 2.71%; stake of Raiffeisen Zentralbank is 2.70%.

Stakes of other legal entities in the Sojaprotein a.d. Becej equity are below 1.28%.

**1.1.4.3. Grounds for issuer's participation in the management of other legal entities, i.e. grounds for participation of other legal entities in the management of the issuer's legal entity**

Proprietary relation based on purchase of shares.

**1.1.5. Issuer's By-Laws**

**1.1.5.1. Time and place where the Memorandum of Association or Articles of Association or other by-laws of the issuer, including any and all last amendments thereto may be reviewed**

By-laws are available for review at the Issuer's registered office in Becej, Industrijska Zona bb, as well as at the registered office of Sinteza Invest Group a.d. Belgrade, Omladinskih Brigada 90a as well as at the points of subscription located at the address in Novi Sad, Bulevar Oslobođenja 18 and in Becej, Trg Oslobođenja 3.

**1.2. ISSUER'S EQUITY**

**1.2.1. Equity (Data presented in the last Financial Statements, in thousands of RSD)**

	<b>31.12.2006.</b>	<b>31.12.2007.</b>
1.2.1.1. Equity:	5.334.003	6.547.986
1.2.1.2. Original capital	1.785.096	2.499.135*
1.2.1.3. Other capital:	-	-
1.2.1.4. Subscribed, unpaid capital:	-	-
1.2.1.5. Reserves including issue premiums:	316.019	349.111
1.2.1.6. Reserves:	1.902.418	1.906.878
1.2.1.7. Accumulated profit:	1.330.470	1.792.863
1.2.1.8. Accumulated loss:	-	
1.2.1.9. Bought-up own shares	-	

\*Increase of the original capital from the Company retained profit was made on the basis of Decision passed by the Company Meeting on June 19, 2007, whereby the original capital was increased for the amount of retained profit of RSD 714,038,562.16 by 6<sup>th</sup> issue of 308,000 new shares.

**1.2.2. Issued Shares**

1.2.2.1. Number of issued ordinary shares, CFI Code, and ISIN Number	<b>7<sup>th</sup> Issue</b> 5,390,000 shares CFI Code: ESVUFR ISIN No.: RSSOJAE21837
1.2.2.2. Number of issued preferential shares by class, CFI Code and ISIN Number	-
1.2.2.3. Rights deriving from shares by type and class	Management rights, rights on share in profit, right on the balance of bankruptcy

	estate
1.2.2.4. Manner of shares issue	In privatization procedures, capital stock increase and from retained profit

\* Securities and Exchange Commission approved the 7<sup>th</sup> issue of shares by the Decision No. 4/0-29-8388/3-07 dated December 27, 2007 for the purpose of replacement of existing shares due to change of their book value. Sojaprotein a.d. Becej replaced 1,078,000 shares net of par value and with book value of RSD 2,318.30702 per share pursuant to the Decision adopted at the Company Meeting held on December 20, 2007 whereby the original capital of RSD 2,499,134,967.56 was divided in 5,390,000 ordinary shares having book value of RSD 463.661404 per share and CFI Code ESVUFR and ISIN No.: RSSOJAE21837.

### 1.2.3. Changes in Equity

1.2.3.1. State provisions stipulated in the Issuer's by-laws which relate to changes in equity	Decisions relevant for changes in equity are passed by the Company Meeting by amendments and supplements to the Memorandum of Association and pursuant to Article 28, Item 1 of the Company Memorandum of Association.
1.2.3.2. Description of changes in original capital, revaluation and other reserves, subscribed but unpaid capital, bought-up own shares, issue premiums and equity (data should be entered for preceding three years)	

#### Basic capital

	2005.	2006.	2007.
Opening balance	1.068.206	1.275.069	1.785.096
Adjustment	-	-	-
Increase / decrease	(6.288)	-	-
Transfers within equity	-	-	-
Current year gain	-	-	-
Distribution of profit	213.091	510.027	714.039
Paid dividends	-	-	-
Other	-	-	-
Year ended 31 December	1.275.069	1.785.096	2.499.135

#### Revaluation and other reserves

	2005.	2006.	2007.
Opening balance	1.610.236	2.417.352	2.218.437
IFRS adjustment	(1.538)	-	-
Increase / decrease	783.842	(214.526)	4.460
Transfers within equity	-	-	-
Current year gain	-	-	-
Distribution of profit	24.812	15.611	33.091
Paid dividends	-	-	-
Other	-	-	-
Year ended 31 December	2.417.352	2.218.437	2.255.988

#### Subscribed, unpaid equity – Opening balance

2005.	2006.	2007.

#### Subscribed, unpaid equity – reduction

2005.	2006.	2007.
-	-	-

**Acquisition of treasury shares**

2005.	2006.	2007.
-	-	-

**Premium on issue - Increase**

2005.	2006.	2007.
-	-	-

**Premium on issue - Opening balance**

2005.	2006.	2007.
-	-	-

**Premium on issue - Year ended 31 December**

2005.	2006.	2007.
-	-	-

**Retained profit**

	<b>2005</b>	<b>2006.</b>	<b>2007.</b>
Opening balance	1.091.940	1.164.716	1.330.470
IFRS adjustment	68.953	-	(40.564)
Increase / decrease	-	-	-
Current year gain	313.828	691.392	1.254.721
Transfers within equity	(231.675)	(525.638)	(751.764)
Paid dividends	(78.330)		
Other			
Year ended 31 December	1.164.716	1.330.470	1.792.863

**Total**

	<b>2005.</b>	<b>2006.</b>	<b>2007.</b>
Opening balance	3.770.382	4.857.137	5.334.003
IFRS adjustment	67.415		(40.564)
Increase / decrease	783.842	(214.526)	4.460
Current year gain	313.828	691.392	1.254.721
Transfers within equity	-	-	-
Paid dividends	(78.330)		
Other			(4.634)
Year ended 31 December	4.857.137	5.334.003	6.547.986

**1.2.3.3. Significant elements of the Issuer's Memorandum of Association related to the registered capital; date of passing the Resolution; and capital increase rate:**

Article 15a of the Contract on Organization of "Sojaprotein" A.D. Becej states that the Company has 650,000 approved shares (unissued, authorized) which should be issued solely for the purpose of original capital increase by new stakes. Company Board of Directors will pass the Decision on issue of approved shares for increase of the Company's original capital. Company Board of Directors is empowered to issue the approved shares for increase of the Company's original capital by new stakes

within the five-year period, i.e. from August 9, 2007 until August 8, 2012.

**1.2.3.4. Significant elements of the Memorandum of Association, date of Resolution on Contingent Capital Increase, capital increase rate, number and type of issued shares, and detailed description of criteria for the issue of shares**

-

**1.2.4. Own Shares**

1.2.4.1. Number and percentage of treasury shares by class:	-
1.2.4.2. Time and reason for acquisition	-
1.2.4.3. Data on Own Shares Portfolio	-

**1.3. BOOK VALUE OF SHARES AND TRADE OF ISSUER'S SECURITIES**

**1.3.1. Book Value of Shares**

**1.3.1.1. State the last book value of shares by class and date of computation; if the last book value was computed on the basis of non-audited data (no Auditor's Report), state the book value of shares based on audited data; provide a brief description of the method applied to compute the book value of shares**

Adjusted book (accounting) value of shares was determined in accordance with the methodology prescribed under the Rules on Operation of Beogradska Berza a.d. (total assets – RSD 12,181,998; loss – RSD 0; long-term provisions and liabilities – RSD 5,634,012 / 5,390,000 shares) and on the basis of balance indicators as of December 31, 2007 it amounted to

**RSD 1,214.84 per share.**

**1.3.2. Trade of Issuer's Securities**

**1.3.2.1. Organized market in which issuer's shares are traded**

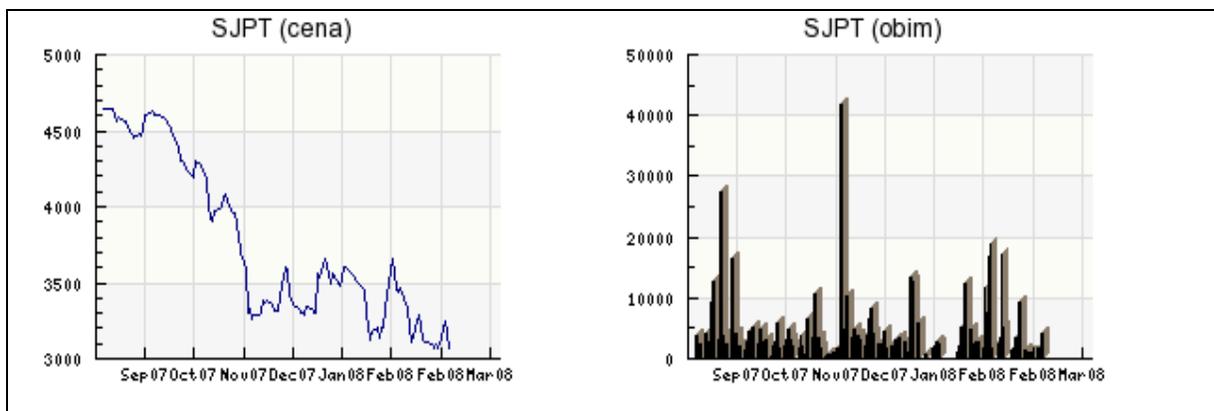
Issuer's shares are traded at the Belgrade Exchange a.d., Belgrade as of September 2, 2002

**1.3.2.2. Time period set for the trading the Issuer's shares**

Issuer's shares are traded at the exchange market – A Listing, applying the continuous trading method, each business day from 10.00 a.m. to 01.00 p.m.

**1.3.2.3. Graphic presentation of daily average price and trade volume fluctuations during the past six months, where the x axis signifies the date and the y axis signifies the price, i.e. trade volume**

Graphical chart for the period from September 5, 2007 until March 5, 2008



#### 1.4. Share holders

Shareholder	No of shares	% of total issued shares
Victoria Group d.o.o.	1.379.214	25,58839
Privredna banka Zagreb d.d.	322.572	5,98464
VictoriaOil A.D. Šid	296.897	5,50830
Fertil d.o.o. Bačka Palanka	250.000	4,63822
ZB Invest d.o.o. za upr.invest fond	222.422	4,12657
Societe Generale – Splitska banka	188.787	3,50254
Elixir Group d.o.o. Šabac	153.215	2,84258
Fashion Company d.o.o.	151.160	2,80445
Hypo Kastodi 4	146.056	2,70976
Raiffeisen zentralbank	152.822	2,83529

Data kept by the Central Registry, Depository and Clearing of Securities as of March 5, 2008 at 11:00 a.m. announced on the basis of Article 27/a of the Rules of Operation of the Central Registry, Depository and Clearing of Securities.

## 2. ISSUER'S BUSINESS, ASSETS AND LIABILITIES

### 2.1. ISSUER'S OPERATIONS

If the Issuer is a parent company, it should provide data both for itself and its subsidiaries (in which it has the minimum 25% stake or more in the original capital), including: business name, seat, corporate identification number of the subsidiary(ies), and percent of stake in the capital and management, which the parent company has in the subsidiary(ies).

#### 2.1.1. Core Business Activity

2.1.1.1. Core activity title and code:	Production of crude oils and fats 015410
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#### 2.1.2. Revenues From Business Activity

**2.1.2.1. Present the revenue from activity which resulted in the highest income during the past three years**

2005.	2006.	2007.
10.178.288	12.130.161	14.251.169

## Year 2007

In its balance sheet the Company presented revenue from sales amounting to RSD 14,231,493 thousand. The specified amount includes the following items:

**- Revenue from sold trade goods RSD 7,402,478 thousand**

Within its business policies the Company is continuously investing in production of oil plants by contracting their production and delivering the seeds as well as intermediaries to manufacturers in advance (mineral fertilizers, pesticides for crop protection, fuel).

In this manner 30-50% of demanded raw materials appropriated for a current year production are financed and secured in advance before buy-up.

Within its Raw Materials Division, Sojaprotein is contracting buy-up of sunflower and rape as well, whereby procurement of raw materials at the level of Victoriagroup System is unified in order to increase the efficiency and reduce costs.

Due to the reasons mentioned above the bought-up volume of these oil plants is being sold to Victoriaoil to meet its production demand.

**- Revenue from sold own products RSD 6,746,484 thousand**

Major share of revenue relates to the sale of soybean meal amounting to RSD 3,691,069 thousand, followed by the revenue from sale of crude soybean oil of RSD 2,001,458 thousand, and other revenue include sale of texture, flour, lecithin, food fodder and other soybean products.

**- Other revenue from sales RSD 56,309 thousand**

**- Revenue from retail trade RSD 26,222 thousand**

### 2.1.3. Market Position

#### 2.1.3.1. Appreciation of participation of the share Issuer on the Market of goods and services according to Share Issuer's activities; Main competitors on that market, and appreciation of their participation on the market

Sojaprotein a.d. Bečej is the most important soybean manufacturer in Southeastern Europe, with manufacturing capacity of 300,000 tons per year. The core business activity is processing soybean. The products obtained by processing genetically non-modified bean are a basis for increasing the trade in the domestic and foreign markets in the forthcoming period, and the interest in these products is continuously growing. Sojaprotein a.d. Bečej has been established as a reliable supplier with all its products to a significant number of food and pharmaceutical industries in Europe. Most of the products are sold in the domestic market, and about 15% of the production is exported. Sojaprotein a.d. Bečej is ranked among the significant exporters in Serbia and is continuously present in the foreign market with the sale of its products in 26 countries. The company buys and processes about 70% of the total quantity of soybean produced in the country and participates in the domestic market of crude soybean oil with 40%, and in the domestic market of soybean meal pellet with about 50%.

The soybean products are intended for following purposes:

- products for food industry;
- products for animal feed;
- products intended for direct human consumption;
- products for fish food.

The soybean products in the food industry are primarily used in the meat industry, confectionary industry, production of vegetable oils and fats, pharmaceutical industry and production of dietary preparations.

Sojaprotein a.d. Bečej has a harmonized and continuously upgraded Quality

Management System in accordance with the requirements of the JUS ISO 9001:2001 standards, product safety HACCP and environment production in accordance with JUS ISO 14001:2004 standard. By upgrading its production based on these standards Sojaprotein a.d. Bečej tries to become a leader in Southeastern Europe in the field of production of healthy, health food made of soybean for human and animal nutrition, and has been holding a leading position in the domestic market for years. Support of the production of soybean of domestic origin and processing of genetically non-modified bean requires rising of sales in the domestic market in the forthcoming period so that the interest in these products is continuously growing. For this reason Sojaprotein a.d. Bečej is established as a reliable supplier of soybean products of a great number of buyers.

## **2.1.4. Business Performed Outside the Corporate Seat**

### **2.1.4.1. Locations, other than the Issuer's corporate seat, where the Issuer performs its operations - organizational and business units and branch offices**

**Representative Office Belgrade:** Contracting and commercial sale of products from the Soja Vita program, intended for direct human consumption (soybean meal, soy chunks, soy steaks, soy flakes, Leci Vita, soy lecithin, vegetarian pate, roast soybean, Leci capsules)

**Representative Office Šabac:** Contracting and commercial sale of products made of soya as a component for fodder (soybean meal pellet, soybean semolina)

Bačka Palanka Silo: Storing of grain agricultural products (soybean, corn, wheat, sunflower seed)

## **Sales in Serbia**

Total sale of soy products realized in 2007 in the domestic market was approximately 200,000 tons. The sale of soybean pellets makes the greatest share of sales with approx. 150,000 tons. Crude soy oil is one of the strategic products sold with 34,876 tons, which is an 9% more compared to 2006. Sale of texturized proteins was approx. 2,000 tons, whereas soybean meal in 2007 had been at the level of 2650 tons, which makes an increase of 17.5% compared to 2006. Fish food with 3,682 tons was an increase of 82.6% compared to 2006. If observed in value, the total sale in the domestic market makes 5,974,653,998.00 dinars, which is 11,7 % higher than in 2006. In terms of value the sale in the domestic market in 2006 had been the greatest until now since the beginning of operation of the factory..

## **Sales to international markets**

The exports realized in 2007 were 11.3 million Eur of which 21,752 tons of own products and 8,560 tons of agricultural products, mostly corn. The company turned in 2007 solely to exporting its products and desisted from exporting agricultural products as trade goods. Export of own products grew by 13.9% compared to 2006. The value of export tripled in the last five years. Favorable market conditions, above all, the growth of price of soybean oil in the world exchanges, have influenced a significant growth of export of soy oil which marked a growth of 17.2%. The soybean products which are exported include primarily food products on a highest level of processing which is also shown by the fact that the export of these products made, in physical terms, 9.8% of the sales, and in terms of value 12.1%. Export of meal and semolina grew by 8.2%. Export of more than 6,000 tons of meal and semolina is the greatest

volume of export of these products to date. Export of texturized soy proteins is maintained at the achieved level. It is also necessary to bear in mind that the export of these products has grown in the past 4 years by 80%. With its export of texturized products of more than 6,000 tons, Sojaprotein a.d. Bečej is ranked among the most important suppliers in the region.

Accession of EU by Romania and Bulgaria and entering CEFTA, has improved our, until recently unfavorable customs treatment of our goods, and opened up new possibilities for increasing the sale of texturized products in the market region.

The sale of Sopro Fish – extruded fish food is twice as great than the exports in 2006, and the accelerated growth of exports of this product is anticipated also in 2008.

In 2007 the first sale of Sojaprotein a.d. Bečej products was made in the market of Israel, and a significant growth of sales was marked to the markets of Germany, Greece, Italy, Czech Republic, Hungary and Croatia, and our sales in Romania and Bulgaria extended, in addition to food products, also to the sale of fish food.

Products are exported to 26 countries, mostly to EU (60%), countries member of CEFTA (17%) and Russia (14%), and to other countries (9%).

### **Market research**

Market research is one of the most important prerequisites for good operation of the company such as Sojaprotein a.d. Bečej. The sales department is responsible for carrying out research and collecting data pertaining to satisfaction or dissatisfaction of users, including claims by users with which there is a contract of supply of products. The contact with buyers and suppliers is continuous in order to maintain and upgrade good business relations. We conduct periodical survey of satisfaction of users with which we have a contractual relationship or permanent business relation. The users are forwarded a questionnaire and if the buyer does not respond within four weeks, the sales department calls it by phone and makes a verbal survey. It is necessary to evaluate the following aspect of products and services:

- product quality,
- product safety,
- after sales support,
- record of quality, supply,
- distribution,
- packaging,
- accuracy of deliveries,
- prices,
- accuracy of accompanying documentation,
- suggestions.

The results of analyses in all categories are compared to the results of the previous year and projections for the current year. When relevant and feasible the achieved levels of satisfaction of users are compared to the competition and other companies.

In addition to the questionnaires the market research is performed by continuous visits to the buyers, as well as potential buyers. Electronic and written mail are also aspects for gathering the opinions of target groups of potential buyers, both for the existing as well as for development programs of new products (vegetarian pate with different aromas, capsulated lecithin, liquefied lecithin). Agricultural-food fairs in the country and abroad are certainly a good occasion to improve the market survey by personal contact. There is currently an ongoing survey related to use of soya isolates and concentrates by direct visits to the potential buyers as well as an analysis of consumption of competition, prices and quality in industrial use of these products within a total market analysis.

## 2.1.5. Special Circumstances

### 2.1.5.1. Other significant facts and other circumstances relating to and potentially influencing the Issuer's business operations and performance

Sojaprotein a.d. Bečej is the sole significant manufacturing capacity based on local raw material in Southeastern Europe, capable of producing food quality products. This provides it with an advantage in the form of smaller logistic expenses and better control of raw material basis. Particular impact on export expansion after 2002 was the fact that solely genetically non-modified bean produced in Serbia is manufactured, which enables issuance of a valid certificate on preservation of origin (IP), by which all demands in force in EU and other countries that do not accept GMO products are fulfilled.

Sojaprotein a.d. Bečej disposes with modern technological equipment of the best known European and US producers. Particular attention is paid to maintenance of technical and technological readiness of the factory with continuous monitoring and implementation of know-how on innovations in this branch of food industry. Equipment is installed and reconstructions performed in order to extend the capacity which enables Sojaprotein a.d. Bečej to keep up with the leading soy manufacturers in the world.

## 2.1.6. Suspension of Business Operations

### 2.1.6.1. State any and all suspensions of the Issuer's business operations during the past three years, and reasons

There was no suspension in business operations.

## 2.2. ISSUER'S ASSETS AND LIABILITIES

If the Issuer is a parent company, provide data for all subsidiaries along with their business names as well

### 2.2.1. Property, Plants and Equipment

#### 2.2.1.1. Data about real estate, their type, place, surface, value, including leased real estate

##### Land

Type of property	Place	Land area (ha)	Value in '000 RSD
Cadastral lot 23750/1	Bečej	25ha, 71ar, 28m2	61.711
Cadastral lot 23750/3	Bečej	1ha, 14ares, 38m2	2.745
Cadastral lot 23750/4	Bečej	1ha, 20ares, 23m2	2.886
Cadastral lot 23750/5	Bečej	20ares, 19m2	485
Cadastral lot 752/1	Bačka Palanka	1ha, 23ara, 76m2	within the facility in B. Palanka
Cadastral lot 752/2	Bačka Palanka	1ha, 16ares, 33m2	within the facility in B. Palanka

##### Building facilities

Type of property	Place	Land area (ha)	Value in '000 RSD
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Production plant with floor storage; Silos and soy bean meal silos	Bečej	29957m2 6258m2	1.153.627
Power facilities and infrastructure	Bečej	3550m2	49.821
Facilities and service passage, administrative building, office space	Bečej	2200 m2	61.638
Silo and drier in Backa Palanka Administrative building and other facilities in B. Palanka	Bačka Palanka	3720m2 840m2	201.136
Soya bean shop – retail outlet	Bečej	107m2	2.834
Belgrade branch office	Beograd	229,28m2	31.214
Pipelines, gas pipelines, water pipelines and cabling	Bečej	-	60.626
Business premises "Master Center" Novi Sad	Novi Sad	592,17m2	81.302
Fodder mixing plant and storage in Backa Palanka	Bačka Palanka	450m2	29.122

### Leased Real Estate

Type of property	Place	Land area (ha)	Value in '000 RSD
Land	-	-	-
Building facilities	-	-	-
Business premises "Master Center" Novi Sad	Novi Sad	592,17m2	81.302
Fodder mixing plant and storage in Backa Palanka	Bačka Palanka	450m2	29.122

### 2.2.1.2. Value of Plants and Equipment

Book value of Equipment is 1.362.754 (000 RSD.)

### 2.2.2. Stakes in Other Legal Entities

Name and seat of legal entity	Capital Investment in the	Issuer's stake in capital of other	Issuer's voting rights in a legal
-------------------------------	---------------------------	------------------------------------	-----------------------------------

	<b>Issuer's assets (000 RSD)</b>	<b>legal entities (%)</b>	<b>entity (%)</b>
Veterinarski zavod Subotica a.d. Subotica	368.872	32,0545	32,0545
Hotel Bela lađa a.d. Bečej	64.626	31,83058	31,83058
Vobex Inter soya Moskva	1.112	85,0000	85,0000
SP Laboratorija a.d. Bečej	11.859	15,27877	15,27877

The above table should show the Issuer's investments resulting in its stake in the capital of other legal entities of 10% or more.

If the Issuer is a parent company, the table should also include the following data about the subsidiaries: Business activity, Members of management, Development policies and strategies, Total profit/loss for the past three years, Total equity for the past three years, Total assets for the past three years.

### **Name, seat, business activity, development policies and strategies**

<b>Name and Seat</b>	<b>Business Activity</b>	<b>Management</b>	<b>Development Policies and Strategies</b>
Veterinary Medicine Institute AD Subotica	Production of ready made animal foodstuffs	Bajić-Pavićević Nataša, Director General Popović Zorica, President BOD Blagojević Goran, member Todorović Vladimir, member Šarnjai Rudolf, član Stevanović Stevan, član Vojter Atila, član, Uginović Vesna, član	Improvement of sale through implementation of new production programs and extension of already existing programs; penetration in foreign markets
Bela Ladja AD Becej	Catering and hotel management	Anđelković Rade, Director General, član Maksimović Petar, President of BOD Lazarević Dubravka, member Popović Milan, member Nikolić Ankica, member (employed with Sojaprotein a.d. Bečej)	Extension of hotel capacities and types of services; extension and introduction of new hotel programs
Vobex Inter – Soya Moscow	Trade	Ikač Mihajlo, Director (employed with Sojaprotein a.d. Bečej) Stamenović Jaša, Deputy Durectir (employed with Sojaprotein a.d. Bečej)	Extension of the production program; sale of soya bean products; increase of sales volume and customers increase

### **Balance items of related parties**

#### **Veterinary Medicine Institute Subotica**

	<b>2005.</b>	<b>2006.</b>	<b>2007.</b>
Total Loss/ <u>Profit</u> in	52.215	31.269	201.430

past three years			
Equity in past three years	1.300.278	1.406.256	2.124.269
Total Assets in past three years	1.639.128	1.701.719	2.589.190

#### **Hotel Bela lađa a.d. Bečej**

	<b>2005.</b>	<b>2006.</b>	<b>2007.</b>
Total Loss/ <u>Profit</u> in past three years	67	147	4.299
Equity in past three years	203.388	203.536	207.722
Total Assets in past three years	204.916	208.066	215.218

#### **Vobex Inter soya Moskva**

	<b>2005.</b>	<b>2006.</b>	<b>2007.</b>
Total Loss/ <u>Profit</u> in past three years	3.991	2.756	3.856
Equity in past three years	4.076	2.843	5.027
Total Assets in past three years	57.447	35.385	42.723

### **2.2.3. Patents, Concessions, Special Permits**

2.2.3.1. Briefly state the conditions and expected durations of granted concessions, patents, major commercial contracts, franchise agreements, special import/export permits and/or business activity permits, etc.

Export Control Number RS -30-001 for fish feed issued by the Ministry of Agriculture, Forestry and Water Management.

### **2.2.4. Major Capital Investments**

**2.2.4.1. Description of major investments and withdrawals of funds invested in above specified types of assets during the past three years; description of the financing method for each investment; description of other significant investments and withdrawals of invested funds and respective financing methods**

**Investments from 2004 were financed from own assets:**

- Acquisition of 70% of DP Kinda Kikinda, value 74,594 (in 000 din.)
- Acquisition of silo with accompanying facilities and equipment in Bačka Palanka, value 27,693 (in 000 din.)
- Acquisition of equipment for the fertilizer plant in Bačka Palanka, value of 1,938,035 Eur
- Investment in development of fertilizer plant in Bačka Palanka, value of 2,427,259 Eur.

**Investment from 2005 were financed from own assets, except the purchase of Mladost a.d. Šid in bankruptcy financed from the credit assets (in 000 dinars):**

- Acquisition of bankruptcy debtor Mladost a.d. Šid, value of 605,361
- Adaptation of plant BiG and TSP, harmonized with HACCP standard, value of 39,089
- Increase of capacity of drying chamber and purchase of drying chamber Shmitch Zeger, value of 61,665
- Storage of final products, value of 64,866
- Mandatory investment in own assets DP Kinđa Kikinda, value of 73,085
- Equity capital of SP Laboratorija a.d. Bečej, value of 78,331

**Investment from 2006 financed from own assets (in 000 dinars):**

- Drying chambers in Bačka Palanka, value of 32,432
- Fish food production line, value of 10,040
- Final products packaging equipment, value of 9,230
- Masut storage, value of 5,613
- Business premises in Novi Sad, value of 11,140.

**In the course of 2007 investments were made in:**

**1. Project of boiler house with chemical treatment o water and storage of biomass**

A new investment was realized this year as follows: bio mass (soya straw) powered boiler with storage and chemical treatment of water, so that the new boiler house will start after the trial operation and testing of parameters within the first quarter of 2008. With this project the company will become one of the leaders in this area in the sphere of use of renewable sources of energy and environmental protection. Instead of fossil fuels the main power source will be renewable resources of bio mass form the surrounding fields whereby, besides the economic effect, lower price of power source a significant goal is achieved of reduction of CO<sub>2</sub> emissions and global heating. The installed boiler has a capacity of 15 tons of steam per hour, and soya straw, silo waste, shell... will be used as power source. The ancillary part of the boiler house is also modern water treatment based on reverse osmosis and storage of biomass capacity of 31,350m<sup>2</sup>. The entire plant is highly automated, with the most modern solutions for such a plant used today in the world. The first phase of investment was realized in January 2008, whereas the second phase with the installation of filtration system for exhaust gases will be realized according to the Investment Plan for the period 2008-2009. The value of realized investment is 4,000,000 Eur, and for Ii phase, i.e. Installation of filters, an investment o 400,000 Eur is required. The investment is refinanced with credit assets.

**2. Designing and erection of plant for SPI/SPC production**

Soya as raw material provides numerous options for production of human food and animal feed. In order to use to the utmost the nourishing vegetable proteins contained in it, new technologies were developed which enable their separation and concentration. Keeping up with the new trends in this field, a conceptual design and building design are planned to be finalized this year for the soy protein isolates and soy protein concentrates factory which find great use as raw materials in meat, confectionary, bakery, beverage industry etc. The erection of SPI/SPC factory is a chance for Sojaprotein to enter a new market worth more than 3 billion Eur. The execution of this project is foreseen during the year 2008, and the beginning of regular production is anticipated in June 2009. Thus, the company would extend its production program and sales trying to continue to be a leader in that area. the designed capacity of the new factory will be 15,000 tons of products a year, and this production required approx. 40,000 tons of fat-free white flakes, namely approx.

60,000 tons of soybean in the existing plants for oil extraction. This quantity of soybean makes 20% of the total Sojaprotein manufacture at annual level, which contributes to the significant shift of the total manufacture from the production of components for fodder to the production of final products intended for food industry, namely from the existing 30% to the 50% increase (observed through the price: 1 ton of soy meal pellet - approx. 300 Eur, 1 ton of soya isolate - 2,000 Eur). The plant will contain the entire infrastructure from raw material storage, to production of modern storage of final products with all ancillary plants. High level of automation, implementation of most modern technologies and environmental protection characterize this project. The analysis of the domestic market of soya isolates shows that about 1,500 tons are used in Serbia per year, meaning that 990% of the production in our factory will be intended for exports, namely will be increased by approx. 25 mill Eur. The new isolate factory will be second in Europe, because there is one in Belgium within the multinational company Solea. Sojaprotein would thereby be the largest independent European manufacturer of valuable raw materials for meat industry, health food industry capable of meeting the demands for these products in the countries of EU, Russia and ex Yugoslavia countries. Investment value for the execution of this project is estimated at 25,000,000-30,000,000 Eur. The project will be financed from public issue of shares which is a new way of securing assets which had not been utilized in the company operation. The construction of this factory is a way to enter the industry and market of highly valuable soy protein products with more profitable business operation compared to the existing one. A possibility is created to realize over 30,000,000 Eur of revenue at annual level, which makes just 2% of share of the world market of these products, as well as the option of realizing about 10,000,000 Eur gross profit at annual level, namely 35-40% of the total revenue.

In addition to the stated above, a development of new soya sorts is stimulated with increased protein contents and other characteristics suitable for processing to soy protein isolates and concentrates as well as a way to stimulate producers to grow this specific purpose soybean. These goals are closely connected and harmonized with the effective business strategy of the company focused primarily to the concept of product finalization. The product finalization concept pertains mainly to manufacture of oil fraction from refined oil and biodiesel, and the protein fractions to high value soy protein products.

Investment in 2007 in the design documents and consulting services of the commenced project amount to 30,8 million dinars, which was financed from own assets.

### **3. Completion of execution of the project for fish food**

Within the range of its products the company has an entire palette of fish food. In the course of the previous year it started successfully a new automated plant for production of extruded food capacity of 3 tons per hour and we are at the top of the list of companies in our country that avails of an export veterinary number. In late year 2007 the project was realized on finalization of raw material storage and automated dosage system of micro components. The investment value for the execution of this project amounted to 150,000 Eur.

### **The investment plan of „SOJAPROTEIN“-a A.D. for 2008 and 2009 anticipates the following investments:**

#### **1. Changes of the existing equipment in order to provide support to the soy isolates and concentrates**

The successful production of soy protein isolates and soy protein concentrates

requires investments in the existing equipment in order to provide pure and high quality raw material and adequate water supply. Investments were planned for this purpose of a total of 1,570,000 Eur which include the investment in the Silo Plant in the equipment for soybean cleaning before separation to the production process, value of 620,000 Eur, and in the Preparation and Cleaning Plant for procurement of shell and broken particles removal value of 150,000 Eur, at the Extraction Plant for equipment required to secure the necessary production parameters, value of 600,000 Eur, whereas the drilling of the well that would provide adequate water supply to the factory for the production of soy protein isolates and concentrates is planned with an investment of 200,000 Euro.

### **2. Investment in increase of capacity, quality and range of products**

The company set as one of its main objectives the increase of quality of existing products, as well as extension of range by introduction of new products in the market. In order to achieve these goals, investments are planned in the period 2008 - 2009 of 2,940,000 Eur. Investments in improving the quality of products will be directed to extending the existing capacities and procurement of more sophisticated equipment for production, meal, semolina and texturized products, hence, planned investment at the level of 450,000 Eur in the Line for grinding full-fat material, investment of 1,500,000 Eur in the Extrusion line and 800,000 Eur in the procurement of packaging machine for final products and collective packaging of protein products. Also, with the investment of 90,000 Eur in the line for lecithin production, the assortment shall be extended by introduction of new product - liquid soy lecithin. In addition to this, an investment of 100,000 Eur is planned in extending the information system for the purpose of more efficient, reliable and faster processing of business information.

### **3. Investments in the sphere of environmental protection**

In order to realize the Company objectives in the sphere of environmental protection, use of renewable sources of energy and increase of power efficiency, investments are planned in the system of exhaust gas filtration on the biomass powered boiler, value of 400,000 Eur, investment in the waste water treatment value of 800,000 Eur and Improvement of energy efficiency, value of 200,000 Euro

#### **2.2.5. Liens**

##### **2.2.5.1. Basic data on the Issuer's assets pledged as collateral: type of lien, value of pledged assets and liability, term, name of pledgee**

Mortgage on real estate and lien on movable assets in the amount of 30,000,000 Eur. Duration of lien is until 1/2/2009, and the pawnee is Hypo Alpe-Adria bank a.g. Internacional Klagenfurt, value of pawned assets 3,316,634 (in thousand); mortgage on real estate in the capacity of lienee in the amount of 10,000,000 Eur until 1/7/2013, with pawnee being Hypo Alpe-Adria bank a.g. Internacional Klagenfurt; mortgage on real estate in the capacity of lienee in the amount of 10,000,000 Eur with a payment term until 1/3/2014, the pawnee being Hypo Alpe-Adria bank a.g. Internacional Klagenfurt.

#### **2.2.6. Litigations and Other Proceedings**

##### **2.2.6.1. Specify only major court or administrative processes: file numbers of cases in which the Issuer is the defendant and the aggregate amount of all claims; file numbers of cases in which the Issuer is the plaintiff and the**

**aggregate amount of all claims; proceedings relating to industrial property rights and abuse of monopoly should be given separately**

**Court Procedures in the Capacity of Plaintiff:**

Enforcement procedures: 82, value of RSD 106,845,331

Civil proceedings: 4, value of RSD 562,221

Bankruptcy procedures: 22, value of RSD 9,735,491

**In the capacity of Defendant:**

Ten civil proceedings are pending in total value of RSD 20,932,004

Vojvođanska Banka – dispute related to the Paris Club of Creditors – EUR 13,206,878.65

**2.2.7. Total Outstanding Accounts Payable of the Issuer Not Matured at the Application Date**

**2.2.7.1. Total liabilities arising from bank loans**

EUR 30,000,000 – foreign currency borrowing – proceeds appropriated for financing the buy-up of raw materials (soybean and sunflower);

EUR 10,000,000 – foreign currency borrowing for raw materials financing

EUR 5,000,000 – foreign currency borrowing for investment in increase of the energy efficiency.

**2.2.7.2. Total Issuer's liabilities from issued debentures**

-

**2.2.7.3. Other liabilities of the issuer**

RSD 1,220,021 of which RSD1,064,550 in goods

EUR 47,001

**2.2.8. Total past-due accounts payable as the time of submission of application**

**2.2.8.1. Total liabilities arising from bank loans**

-

**2.2.8.2. Total liabilities arising from issued debentures**

-

**2.2.8.3. Other liabilities of the issuer (in '000 RSD)**

Other liabilities amount to RSD 69,210 and relate to the investment costs, dependent costs of raw materials buy-up, current maintenance costs and packaging costs.

**2.2.9. Employees**

**2.2.9.1. Total number of employees employed by issuer, breakdown by qualifications, and average number of employees for past three years**

	<b>2005.</b>	<b>2006.</b>	<b>2007.</b>
University Degree	59	58	58
Associate Degree	21	22	22
Highly Skilled	16	16	16
Secondary	125	126	137

education			
Skilled	85	86	98
Semi-skilled	7	6	6
Unskilled	64	65	63
Total of employed	377	379	400
Average number of employed over the past three years was: 389 employees.			

### 2.2.9.2. Aggregate amount owed to employees

There are no outstanding liabilities to employees

## 2.3. FINANCIAL DATA

### 2.3.1. Unconsolidated financial statements of the Issuer for the past three years

#### 2.3.1.1. and 2.3.1.2. Income Statement and Balance Sheet

\*IAS-adjusted key indicators

<b>A. Income and Expenses</b>		<b>31.12.2004.</b>
<b>TOTAL INCOME:</b>		<b>7.032.264</b>
Operating income:		6.727.860
- Sale		6.706.422
- Activated effects		942
- Increased value of effects stock		11.521
- Decreased value of effects stock		46.581
- Other operating income		55.556
Financial income		152.823
Other income		151.581
Extraordinary income		-
<b>TOTAL EXPENDITURES</b>		<b>6.466.227</b>
<b>TOTAL COSTS AND EXPENSES</b>		<b>6.198.764</b>
Operating expenses		2.034.038
- Cost of sold goods		3.347.338
- Cost of material		264.518
- Staff costs		147.345
- Depreciation and provisions		405.525
- Other operating expenses		171.147
Financial costs		96.316
Other expenses		-
<b>PROFIT (LOSS)</b>		<b>566.037</b>
Profit tax		69.792
<b>NET PROFIT (LOSS)</b>		<b>496.245</b>
<b>B. Assets and Liabilities</b>		<b>31.12.2004.</b>
<b>TOTAL ASSETS:</b>		<b>7.745.268</b>
Non-current assets		2.844.769
Subscribed, unpaid capital		-
Intangible investments		6.167
Property, plants, and equipment and biological assets		2.628.985
Long-term financial placements		209.617
Stakes in equity		198.727
Other long-term financial placements		10.890
Current assets		4.900.499
Inventories		3.344.367

Short-term accounts receivable, placements and cash	1.556.132
Deferred tax	-
Operating assets	7.745.268
Loss exceeding capital	-
Off-balance assets	66.193
<b>TOTAL LIABILITIES:</b>	<b>7.745.268</b>
Equity	3.770.382
Original capital	1.068.206
Subscribed, unpaid capital	-
Reserves	275.597
Revaluation reserves	1.334.639
Retained profit	1.091.940
Loss	-
Bough-up own shares	-
Long-term provisions and liabilities	3.974.886
Long-term provisions	-
Long-term liabilities	2.646.506
Long-term borrowings	2.646.342
Other long-term liabilities	164
Short-term liabilities	1.328.380
Short-term financial liabilities	260.855
Operating accounts payable	984.033
Value added tax and other public revenue	62.513
Other short-term liabilities and accruals	20.979
Deferred tax	-
Off-balance liabilities	66.193

\*IAS/IFRS-adjusted key indicators:

<b>A. Income and Expenses</b>	<b>31.12.2005.</b>	<b>31.12.2006.</b>	<b>31.12.2007.*</b>
<b>TOTAL INCOME:</b>	<b>10.481.507</b>	<b>12.800.669</b>	<b>15.403.168</b>
Operating income:	10.178.288	12.130.161	14.251.169
Sale	9.983.366	12.073.532	14.231.493
Activated effects	1.089	918	950
Increased value of effects stock	94.809	7.547	-
Decreased value of effects stock	-	121	39.162
Other operating income	99.024	48.285	57.888
Financial income	89.932	428.194	582.300
Other income	213.287	242.314	569.699
<b>TOTAL EXPENSES:</b>	<b>10.147.986</b>	<b>12.085.183</b>	<b>14.103.088</b>
Operating expenses	9.130.755	11.606.636	13.175.573
Cost of sold goods	3.083.107	5.582.328	6.794.405
Cost of material	3.937.880	4.640.441	5.440.266
Staff costs	392.036	367.514	342.790
Depreciation and provisions	139.753	142.291	147.725
Other operating expenses	1.577.979	874.062	450.387
Financial costs	904.561	416.523	859.687
Other expenses	112.670	62.024	67.828
<b>OPERATING PROFIT (LOSS) BEFORE TAXATION</b>	<b>333.521</b>	<b>715.486</b>	<b>1.300.080</b>
WITHHOLD NET PROFIT (LOSS)	-	-	-
<b>PROFIT (LOSS) BEFORE TAXATION</b>	<b>333.521</b>	<b>715.486</b>	<b>1.300.080</b>
PROFIT TAX	-	-	-
Tax costs of the period	21.324	38.871	71.144
Deferred tax costs of the period	-	14.787	-

Deferred tax gains of the period	-	-	24.498
Personal earning paid to the Employer	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>312.197</b>	<b>661.828</b>	<b>1.253.434</b>
<b>NET PROFIT BELONGING TO MINORITY INTERESTS</b>	-	-	-
<b>NET PROFIT BELONGING TO THE OWNERS OF THE PARENT LEGAL ENTITY</b>	-	-	-
<b>I EARNING PER SHARE</b>	-	-	-
<b>1. Base earning</b>	-	1	1
<b>2. Diluted earning per share</b>	-	-	-
<b>B. Assets and liabilities</b>	<b>31.12.2005.</b>	<b>31.12.2006.</b>	<b>31.12.2007.*</b>
<b>TOTAL ASSETS:</b>	<b>12.367.068</b>	<b>12.424.306</b>	<b>12.181.998</b>
Non-current assets	4.515.627	3.835.277	4.017.423
Subscribed, unpaid capital	-	-	-
Goodwill	-	-	-
Intangible investments	4.868	4.945	3.923
Property, plants, equipment and biological assets	3.637.855	3.336.955	3.452.863
Long-term financial placements	1.142.904	493.377	560.637
Stakes in capital	949.631	427.743	450.648
Other long-term financial placements	193.273	65.634	109.989
Current assets	7.851.441	8.589.029	8.164.575
Inventories	3.021.383	4.708.695	4.941.310
Non-current assets earmarked for sale and assets from operations to be suspended	-	-	-
Short-term accounts receivable, placements and cash	4.830.058	3.880.334	3.223.265
Deferred tax	-	-	-
Operating assets	12.367.068	12.424.306	12.181.998
Loss exceeding capital	-	-	-
Off-balance assets	504.437	3.849.770	2.946.020
<b>TOTAL LIABILITIES:</b>	<b>12.367.068</b>	<b>12.424.306</b>	<b>12.181.998</b>
Equity	4.857.137	5.334.003	6.547.986
Original capital	1.275.069	1.785.096	2.499.135
Subscribed, unpaid capital	-	-	-
Reserves	300.409	316.019	349.110
Revaluation reserves	2.116.943	1.902.418	1.906.878
Retained profit	1.164.716	1.330.470	1.792.863
Loss	-	-	-
Bough-up own shares	-	-	-
Long-term provisions and liabilities	7.509.931	7.090.303	5.634.012
Long-term provisions	-	-	45.573
Long-term liabilities	2.799.434	4.550.110	1.108.856
Long-term borrowings	2.778.062	4.532.129	1.095.875
Other long-term liabilities	21.372	17.981	12.981
Short-term liabilities	4.710.497	2.341.522	4.313.241
Short-term financial liabilities	2.866.709	173.219	2.145.729
Non-current assets earmarked for sale and assets from	-	-	-

	operations to be suspended			
	Operating accounts payable	1.556.348	2.119.312	2.113.809
	Other short-term liabilities and accruals	72.384	31.029	31.895
	Value added tax and other public revenue	215.056	882	21.808
	Profit tax	-	17.080	
	Deferred tax	-	198.671	166.342
	Off-balance liabilities	504.437	3.849.770	2.946.020

### 2.3.1.3. Cash flow statements

	31.12. 2004 .	31.12. 2005.	31.12. 2006.	31.12. 2007*
<b>Cash flows from operating activities</b>				
Cash inflows from operating activities	7.225.831	14.543.586	17.117.610	17.093.147
Cash outflows from operating activities	7.015.757	13.141.288	16.988.098	15.638.808
Net cash used in operating activities	210.074	1.402.298	129.512	1.454.339
<b>Cash flows from investing activities</b>				
Cash inflows from investing activities	4.043	134.097	1.041.460	597.418
Cash outflows from investing activities	494.243	1.549.862	161.948	395.416
Net cash used in investing activities	(490.200)	(1.415.765)	879.512	202.002
<b>Cash flows from financing activities</b>				
Cash inflows from financing activities	1.806.781	2.759.699	6.987.597	-
Cash outflows from financing activities	1.348.656	2.873.633	7.932.571	1.520.221
Net cash provided from financing activities	458.125	(113.934)	(944.974)	(1.520.221)
<b>Net increase in cash and cash equivalents</b>				
Cash and cash equivalents at the beginning of the year	31.975	209.974	82.573	146.623
Foreign exchange gains	-	-	-	-
Foreign exchange loss	-	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	209.974	82.573	146.623	282.743

\* Balance data for 2007 are based on unaudited financial statements.

### 2.3.1.4. Statements of changes in equity 2004.

Opening balance	2.074.877
Adjustments	(135.394)
Increase	1.830.899
Decrease	-

Year ended 31 December	3.770.382
------------------------	-----------

**2005.**

Opening balance	3.770.381
Adjustments	67.415
Increase	1.097.670
Decrease	(78.330)
Year ended 31 December	4.857.137

**2006.**

Opening balance	4.857.137
IFRS adjustments	-
Increase	1.217.029
Decrease	740.163
Year ended 31 December	5.334.003

**2007. \*** (unaudited financial reports)

Opening balance	5.334.003
IFRS adjustments	(40.564)
Increase	2.032.350
Decrease	777.803
Year ended 31 December	6.547.986

**2.3.1.5. Major notes to financial statements, as shown in the financial statements**

Company presented the value of property, plants and equipment in amount of 3,338,243 (RSD 000) as of December 31, 2007. All assets are carried at their fair value. Assessment of fair value of property, plants and equipment was made in 2005. Depreciation was calculated by applying proportional method on the cost value. Investment of 24,714 (RSD 000) was made in a new equipment, and in new facilities 388 (RSD 000). Investments during the year amounted to 327,032 (RSD 000) as of December 31, 2007.

Within long-term financial investments most significant items are earmarked borrowings to major producers of oil plants for erection of storing facilities. These investments are aimed for active support of the primary agricultural production development and securing raw materials for a longer time period by the Company.

The Company has presented in the Balance Sheet inventories amounting to 4,941,310 (RSD 000), and the most significant are inventories of basic raw materials – soybean grain in amount of 3,030,664 (RSD 000). As of December 31, 2007 144,936,662kg of soybean grain of JUS quality were recorded on the stock. 188,686,515kg of soybean grain – crop 2006 – was processed in 2007 as well as 36,939,298kg of crop 2007.

In the Income Statement revenues from sales were presented in total amount of 14,231,493 (RSD 000), of what revenue from sold merchandise were 7,402,478 (RSD 000). Company continuously invests in the production of oil plants as a part of its business policy by contracting the production of these plants and delivering seeds and intermediaries in advance to manufacturers. In this manner approximately 30%-50% of demanded quantity of raw materials for the annual processing is financed and secured in advance. Revenue from sales of own products amounted to 6,746,484 (RSD 000). Costs of materials related mainly to the consumption of basic raw material, i.e. soybean grain and amounted to 4,898,661 (RSD 000)

### **2.3.1.6. Auditor's summary opinion**

#### **Audit of financial statements for the year 2004 - Deloitte d.o.o. Belgrade**

"In our opinion, except for the impact on financial statements of issues stated in preceding paragraphs, the financial statements give a true and objective view of the financial position of the company as of December 31, 2004 with respect to any and all substantially significant issues, as well as the results of its operations, cash flows and changes in equity in the observed year and they are prepared in accordance with the accounting standards and regulations of the Republic of Serbia."

#### **Audit of financial statements for the 2005 - KPMG d.o.o. Belgrade: entire report**

"We conducted the audit of enclosed balance sheet as of December 31, 2005 of the Company "Sojaprotein" A.D. Becej (hereinafter referred to as: "the Company") as well as the corresponding income statement, statement on cash flows and statement on changes in equity for the year ended on December 31, 2005. Preparation and presentation of these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the presented financial statements based on our audit. Audit of the Company financial statements for 2004 was made by other auditor who expressed its qualified opinion due to failure to present the deferred tax, provisions for employees, interests on borrowings granted by the Paris Club of Creditors and evaluation of fixed assets in its report dated April 8, 2005.

We planned and performed the audit in accordance with the Accounting and Audit Act of Republic of Serbia and International Audit Standards issued by the Association of International Accountants. These standards require that we plan and perform to obtain reasonable assurance that the financial statements are free of substantially significant errors. The audit also includes review of evidence, based on testing of samples whereupon the data are presented in the financial statements. An audit also includes assessing of accounting principles and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide an appropriate basis for expressing our opinion.

We were not present when the inventory list as of December 31, 2004 was made. Inventory items as of December 31, 2004 represent the opening balance of inventories as of January 1, 2005 and they are making impact on the income statement for 2005.

The company did not record any deferred tax liabilities based on the difference between the current value of fixed assets required for the financial statements and tax reporting in accordance with IAS 12.

In our opinion, except for the impact on financial statements of issues stated in preceding paragraphs, the financial statements give a true and objective view of the financial position of the company as of December 31, 2005 with respect to any and all substantially significant issues, as well as the results of its operations, changes in equity and cash flows during the observed year and they are prepared in accordance with the accounting regulations of the Republic of Serbia and accounting policies described in Note 2.

Without any further qualified opinion, we would like to note as follows:

Company presents its liabilities to the Paris Club of Creditors in amount of CSD

919,662 thousand as stated in Note 19. The company is in dispute with Vojvodjanska Bank with respect to the stated liability who has instituted the proceedings in 2005. The company challenges in full the respective creditor's rights of the Bank. The management estimates that no additional liabilities to the company may result thereupon.

In our opinion, except for the impact on financial statements of issues stated in preceding paragraphs, the financial statements give a true and objective view of the financial position of the company as of December 31, 2005 with respect to any and all substantially significant issues, as well as the results of its operations, changes in equity and cash flows during the observed year and they are prepared in accordance with the accounting regulations of the Republic of Serbia and accounting policies described in Note 2."

**Audit of financial statement for the year 2006 - Deloitte d.o.o. Belgrade:**

"In our opinion the financial statements present true and objective view of the financial position of company as of December 31, 2006 with respect to any and all substantially significant issues, as well as the results of its operations, changes in equity and cash flows during the observed year and they were prepared in accordance with the accounting regulations of the Republic of Serbia."

**Audit of financial statements for the year 2007 - Deloitte d.o.o. Belgrade:**

The audit is currently being performed.

**2.3.2. Data from the Issuer's Consolidated Financial Statements for the Past Three Years**

**2.3.2.1. Legal entities included in consolidated statements**

The following legal entities are included in consolidated financial statements: Vobex Inter Soya Moscow; Luka a.d. Backa Palanka, Sojaprotein Kindja a.d. Kikinda (now Eliksiragrar Kindja.d. Kikinda); Oil factory Mladost a.d, Sid (now Victoriaoil a.d. Sid).

**2.3.2.2. Consolidated Balance Sheet:**

<b>B. Assets and Equity and Liabilities</b>	<b>31/12/2004</b>	<b>31/12/2005</b>
<b>TOTAL ASSETS:</b>	<b>8,201,265</b>	<b>12,318,213</b>
Non-current assets	3,155,029	5,884,799
Subscribed capital unpaid	-	-
Intangible investments	9,180	141,663
Property, plants and equipment and biological assets	3,131,564	5,319,305
Long-term financial investments	14,285	423,831
Share in capital	683	226,152
Other long-term financial investments	13,602	197,679
Current assets	5,046,236	6,433,414
- Inventories	3,385,610	4,404,493
- Short-term receivables, investments and cash	1,660,626	
- Deferred tax liabilities	-	
Operating assets	8,201,265	12,318,213
Losses over capital	-	-

Off-balance assets	66,193	506,836
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>8,201,265</b>	<b>12,318,213</b>
Permanent capital:	4,046,817	5,765,255
- Original capital	1,715,203	2,183,187
- Subscribed capital unpaid	-	
- Reserves	275,974	
- Revaluation reserves	1,337,509	2,116,943
- Retained profit	718,131	1,164,716
- Losses	-	
- Bought-up treasury shares	-	
Long-term provisions and liabilities	4,154,448	6,552,958
- Long-term provisions	-	-
- Long-term liabilities	2,649,970	2,800,826
- Long-term borrowings	2,640,806	2,779,454
- Other long-term liabilities	164	21,372
- Short-term liabilities	1,504,478	3,752,132
- Short-term financial liabilities	267,808	2,873,038
- Operating liabilities	1,139,912	575,463
- Liabilities for VAT and other taxes, contributions and duties	63,226	220,232
- Other short-term liabilities and accruals	33,532	83,399
- Deferred tax liabilities	-	-
Off-balance liabilities	66,193	506,836

### Consolidated Income Statement

\* Key balance indicators harmonized with IAS

<b>A. Revenues and Expenses</b>	<b>31/12/2004</b>	<b>31/12/2005</b>
<b>TOTAL REVENUE:</b>	<b>7,035,851</b>	<b>10,566,296</b>
Operating revenue	6,712,221	10,234,862
- Revenue from sales	6,699,479	9,975,281
- Revenue from undertaking of output	3,639	2,588
- Output inventories – increase	12,891	106,684
- Output inventories – decrease	62,539	992
- Other operating revenue	58,751	151,301
Financial income	159,865	90,028
Other income	163,765	241,406
Extraordinary revenue	-	-
<b>TOTAL EXPENSES:</b>	<b>6,508,700</b>	<b>10,209,379</b>
Operating expenses	6,216,086	9,180,061
- Cost of goods sold	1,965,567	3,102,712
- Costs of material	3,386,060	
- Costs of salaries and other personal expenses	280,837	
- Costs of depreciation and provisions	156,417	162,660
- Other operating expenses	427,205	1,560,665
Financial expenses	173,359	906,266
Other expenses	119,255	123,052
PROFIT (LOSS)	527,151	356,917
PROFIT TAX	70,396	23,551
NET PROFIT (LOSS)	<b>456,755</b>	<b>333,366</b>

### Consolidated Balance Sheet

\*Key balance indicators harmonized with IAS and newly adopted IFRS

<b>B. Assets and Equitu and Liabilities</b>	<b>31/12/2005</b>	<b>31/12/2006</b>
<b>TOTAL ASSETS:</b>	<b>12.318.213</b>	<b>13.051.554</b>
Non-current assets	5,884,799	4,478,107
Subscribed capital unpaid	-	-
Goodwill	-	-
Intangible investments	141,663	74,331
Property, plants and equipment and biological assets	5,319,305	3,998,544
Long-term financial investments	423,831	405,232
Share in capital	226,152	337,170
Other long-term financial investments	197,679	68,062
Current assets	6,433,414	8,573,447
- Inventories	4,404,493	4,702,012
- Short-term receivables, investments and cash	2,028,921	3.871.430
- Deferred tax assets	-	5
Operating assets	12,318,213	13,051,554
Loss over capital	-	-
Off-balance assets	506,836	3,914,207
<b>TOTAL EQUITY AND LIABILITIES:</b>	<b>12,318,213</b>	<b>13,051,554</b>
Permanent capital:	5,765,255	5,832,311
- Original capital	2,183,187	1,865,097
- Subscribed capital unpaid	-	-
- Reserves	300,409	316.121
- Revaluation reserves	2,116,943	1,963,387
- Retained profit	1,164,716	1,687,706
- Loss	-	-
- Bought-up treasury shares	-	-
Long-term provisions and liabilities	6,552,958	7,219,243
- Long-term provisions	-	3,068
- Long-term liabilities	2,800,826	4,554,322
- Long-term borrowings	2,779,454	4,532,129
- Other long-term liabilities	21,372	22,193
- Short-term liabilities	3,752,132	2,463,182
- Short-term financial liabilities	2,873,038	179,548
- Operating liabilities	575,463	2,230,067
- Liabilities for VAT and other taxes, contributions and duties	220,232	19,336
- Other short-term liabilities and accruals	83,399	34,231
- Deferred tax liabilities	-	198,671
Off-balance liabilities	506,839	3,914,207

### Consolidated Income Statement

\* Key balance indicators harmonized with IAS and newly adopted IFRS

<b>A. Revenue and Expenses</b>	<b>31/12/2005</b>	<b>31/12/2006</b>
<b>TOTAL REVENUE:</b>	<b>10,566,296</b>	<b>14,440,751</b>
Operating revenue:	10,234,862	13,182,804
- Revenue from sales	9,975,281	12,727,638
- Revenue from undertaking of output	2,588	300,749
- Output inventories – increase	106,684	91,560

- Output inventories – decrease	992	3,188
- Other operating revenue	151,301	66,045
Financial income	90,028	540,578
Other income	241,406	717,369
<b>TOTAL EXPENSES:</b>	<b>10,209,379</b>	<b>13,249,285</b>
Operating expenses	9,180,061	12,669,590
- Cost of goods sold	3,102,712	4,712,233
- Costs of material	3,893,095	6,225,188
- Costs of salaries and other personal expenses	460,929	485,485
- Costs of depreciation and provisions	162,660	238,732
- Other operating expenses	1,560,665	1,007,952
Financial expenses	906,266	504,919
Other expenses	123,052	74,776
PROFIT (LOSS) FROM OPERATING ACTIVITIES BEFORE TAX	356,917	1,191,466
<b>NET PROFIT (LOSS) FROM DISCONTINUED OPERATING ACTIVITIES</b>	-	-
PROFIT (LOSS) BEFORE TAX	356,917	1,191,466
PROFIT TAX	-	-
Tax costs of the period	23,551	44,549
Deferred tax liabilities of the period	-	13,690
Deferred tax assets of the period	-	-
Personal earning paid to the Employer	-	-
NET PROFIT (LOSS)	333,366	1,133,227
NET PROFIT APPROPRIATED TO MINORITY INTERESTS	-	1,583
NET PROFIT APPROPRIATED TO THE OWNERS OF PARENT COMPANY	-	1,131,644
I EARNINGS PER SHARE	-	1
1. Basic earnings	-	-
2. Diluted earnings per share	-	-

#### 2.3.2.4. Consolidated Cash Flows Statement

	31.12. 2004.	31.12. 2005.	31.12. 2006.
<b>Cash flows from operating activities</b>			
Cash inflows from operating activities	7.327.273	14.599.857	14.974.897
Cash outflows from operating activities	7.117.199	13.158.482	17.006.420
Net cash used in operating activities	210.074	1.441.375	(2.031.523)
<b>Cash flows from investing activities</b>			
Cash inflows from investing activities	11.937	134.949	1.156.338
Cash outflows from investing activities	498.296	1.584.287	593.508
Net cash used in investing activities	(486.359)	(1.449.338)	562.830
<b>Cash flows from financing activities</b>			
Cash inflows from financing activities	1.806.781	2.759.699	9.567.114
Cash outflows from financing activities	1.346.014	2.875.974	8.040.593
Net cash provided from financing activities	460.767	(116.275)	1.526.521
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year	31.975	216.457	92.219
Foreign exchange gains	-	-	85

Foreign exchange loss	-	-	400
<b>Cash and cash equivalents at the end of the year</b>	216.457	92.219	149.732

### 2.3.2.5. Consolidated Statement on Changes in Equity

	<b>31.12. 2004.</b>	<b>31.12. 2005.</b>	<b>31.12. 2006.</b>
Opening balance	1.658.339	3.859.166	5.765.255
IFRS adjustments	-	-	-
New minority interest	-	-	-
Profit in the current year	456.388	939.004	1.048.628
Dividends distributed to shareholders and stakeholders	-	-	-
Other	407.962	187.651	(828.016)
Revaluation reserves	1.336.477	779.434	(153.556)
Closing balance	3.859.166	5.765.255	5.832.311

\* **Note:** Consolidated financial statements for 2007 are being prepared.

### 2.3.2.6. More important explanations of items in the financial statements, as shown in the notes to the financial statements

In accordance with the International Accounting Standards, consolidated financial statements eliminate effects of intercompany transactions presented in summary financial statements of parent company and subsidiaries. Balance sheet does not include data of Luka a.d. Backa Palanka and Oil Factory Mladost a.d. Sid since these subsidiaries were sold in 2006 and, hence, "Sojaprotein" A.D. had no share in capital of these subsidiaries as of December 31, 2006.

### 2.3.2.7. Auditor's final opinion

#### **Deloitte d.o.o. Belgrade - Audit of financial statements for the year 2006**

The Company did not engage an independent auditor to perform the audit of consolidated financial statements for the year ended on December 31, 2005. Since the opening balances as of January 1, 2006 make impact on the Company's operating results for the year ending on December 31, 2006 as well as on changes during the observed year we are not able and we do not express our opinion relevant for the consolidated income statement, consolidated statement on changes in equity and reserves and consolidated statement on cash flows for the period from January 1 until December 31, 2006.

The company did not apply in full requirements stipulated under IAS 22 "Business Combinations" and IAS 27 "Consolidated Financial Statements and Accounting Reporting of Investments in Subsidiaries" when preparing the enclosed consolidated financial statements; this fact had impact on carrying value of net property, accounting value of minority interests as well as disclosures given in the notes to the consolidated financial statements. On the basis of available records we were not able to establish the effects resulting from deviations IAS 22 "Business Combinations" and IAS 27 "Consolidated Financial Statements and Accounting Reporting of Investments in Subsidiaries".

"In our opinion, except for the impact of issue stated in the preceding paragraph on the consolidated balance sheet, the consolidated balance sheet presents true and

objective view of the financial position of the company as of December 31, 2006 with respect to any and all substantially significant issues in accordance with the accounting regulations of Republic of Serbia.”

### 2.3.3. Main Performance and Success Indicators

**2.3.3.1. State main performance indicators such as liquidity, solvency, net current assets, profitability and other indicators relevant to the Issuer's core activity. Issuers operating in the financial sector whose types, account methods rate of certain indicators is defined by separate regulations, should state achieved and prescribed levels**

	<b>2006.</b>	<b>2007.</b>
<b>LIQUIDITY OF FIRST LEVEL</b> Cash and cash equivalents / short-term liabilities)	0,06	0,065
<b>LIQUIDITY OF SECOND LEVEL</b> Current assets – Inventories / short-term liabilities	1,66	0,75
<b>NET CURRENT ASSETS RATIO</b> Current assets – short-term liabilities / current assets	0,73	0,47
<b>FINANCIAL STABILITY</b> Own capital / operating liabilities	0,43	0,54
<b>INDEBTEDNESS RATE</b> Short-term liabilities + long-term liabilities / operating assets	0,55	0,45
Short-term liabilities + long-term liabilities / own capital	1,77	0,83
<b>EQUITY GEARING</b> Net profit / average operating assets	0,05	0,10
<b>EQUITY GEARING</b> Net profit / average own capital	0,13	0,21

### 2.3.4. Staff Costs

#### 2.3.4.1. Gross and net staff costs for the past three months respectively

	<b>Gross Salaries</b>	<b>Net Salaries</b>
November 2007.	23.365.729	14.077.776
December 2007.	29.405.843	17.629.927
January 2008.	21.795.024	15.539.070

### 2.3.5. Profit/Loss per Share

#### 2.3.5.1. State the following for the past three years:

**Net profit or loss per share, based on unconsolidated financial statements;**

**Net profit or loss per share, based on the Consolidated Financial Statements; If the number of shares changed during the past three years, figures should reflect these changes; describe the method applied to determine the value of replaced shares**

	<b>2004.</b>	<b>2005.</b>	<b>2006.</b>	<b>2007.*</b>
Net profit	496.245	312.197	661.828	1.253.434
No. of shares	460.770	770.000	1.078.000	1.078.000
Profit per share	1.076,99	405,45	613,94	1.341,22

\*Earning per share as of December 31, 2007 as compared to the average number of shares during 2007 (earning per share calculated in accordance to IAS 33).

### **2.3.6. Paid Dividends**

**2.3.6.1. State the following: Dividend payout dates for the past three years; Paid dividends per share by class\*; Ex-dividend date: a specific date immediately prior to the dividend payment date on which the registered shareholders become entitled to dividends, regardless of the fact that other person may hold the shares at the time of actual payout:**

<b>Dividend payout dates for 2004</b>	September 2, 2005 in cash December 30, 2005: registering 3rd issue in the Central Registry
<b>Dividend payout dates for 2005</b>	July 26, 2006: registering of 5th issue in the Central Registry
<b>Dividend payout dates for 2006</b>	July 18, 2007: registering of 6th issue in the Central Registry
<b>Paid dividends per share *</b>	
<b>Ex-dividend date: a specific date immediately prior to the dividend payment date on which the registered shareholders become entitled to dividends, regardless of the fact that other person may hold the shares at the time of actual payout</b>	19.06.2007 for 2006 24.05.2006 for 2005 29.06.2005 for 2004

\*

- Dividend for 2004 was paid in shares from 3<sup>rd</sup> issue on the basis of Decision on Distribution of Shares Based on Internal Profit Distribution passed on the Meeting held on June 29, 2005. To each shareholder of existing shares (total number of shares: 460,770) was allocated 0.1936541 share from 3<sup>rd</sup> issue per existing share; in addition, dividend amounting to net RSD 153 per share was paid, i.e. in shares of other legal entity (depending on the shareholder's discretion). Registering of the shares from 3<sup>rd</sup> issue in the database of Central Registry was made on December 30, 2005.
- Dividend for 2005 was paid in shares from 5<sup>th</sup> issue on the basis of Decision on Distribution of Shares Based on Internal Profit Distribution passed on the Meeting held on June 10, 2006. To each shareholder of existing shares (total number of shares: 550,000) was allocated 0.4 share from 5<sup>th</sup> issue per existing share. Registering of the shares from 5<sup>th</sup> issue in the database of Central Registry was made on July 26, 2006.

- Decision on Increase of the Original Capital from Retained Profit of the Company was passed at the Meeting held on June 19, 2007. The result was that a part of retained profit amounting to RSD 714,038,562.16 was reclassified in original capital by issue of 308,000 shares from 6<sup>th</sup> issue for the purpose of internal capital increase from retained profit. To each shareholder of existing shares (total number of shares: 770,000) was allocated 0.4 share from 6<sup>th</sup> issue per existing share. Obtaining approval from the Securities Committee and registering of the shares from 6<sup>th</sup> issue is underway.
- Registering of the shares from 6<sup>th</sup> issue in the database of Central Registry was made on July 20, 2007.

### **2.3.7. Off-Balance Items**

#### **2.3.7.1. Description of Significant Off-Balance Items**

The amount of RSD 2,946,020 thousand mainly relates to the granted guarantees and sureties as of December 31, 2007 - i.e. RSD 2,776,104 thousand.

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

The amount of 169,916 thousand relates to the goods of other persons stored in our warehouses, mainly corn and soybean.

### **2.4. OTHER IMPORTANT FACTS**

#### **2.4.1. Other important facts which might be significant for decisions made by the Investor with respect to the Issuer's business, activities, and financial position**

Increased contracted area, granted advances and buy-up of oil plants (soybean, sunflower, rape), fully secured placement of crude soybean oil, significant decrease of credit indebtedness (credit indebtedness possible only for obtaining additional funds for buy-up of oil plants) aimed to strengthening of the financial position, development of new production programs, new products and extension to similar activities by construction of the isolates production plant. Objective of Sojaprotein a.d. Becej is to become the company having the state-of-the-art technology and significant global presence on European and world markets.

### **3. ISSUER'S DEVELOPMENT POLICY**

#### **3.1. ISSUER'S PLANNED DEVELOPMENT ACTIVITIES**

##### **3.1.1. Planned Capital Increase**

##### **3.1.1.1. Specify the Issuer's capital increase plans and methods, and the projected period for its accomplishment**

Company Board of Directors passed on February 4, 2008 the Decision on Public Offer of Ordinary Shares – 8<sup>th</sup> issue - for Increase of the Original Capital in total amount of RSD 301,379,912, i.e. 650,000 ordinary shares net of par value and having the book value of RSD 463.661404 per share. The shares of 8<sup>th</sup> issue will be sold to the shareholders of Sojaprotein a.d. Becej with the right of preferential subscription at the price of RSD 3,100.00 per share, whereas all other parties interested in purchase of shares of 8<sup>th</sup> issue will buy shares at the price of RSD 3,445.00 per share. Sale of share will be successful if 50% of the offered shares will be sold within the defined term. Shareholders registered in the Central Registry, Depository and Clearing of Securities as of February 19, 2008 are entitled to the right of preferential subscription pro rata to the number of held full shares. Shareholder can exercise their right of preferential subscription within 32 days from the date of commencement of the term for subscription and payment of shares and this will be clearly stated in the public

invitation for subscription and payment of shares. After the expiry of term for subscription and payment of shares based on the pre-emption right, the remaining shares will be offered for subscription and payment to parties without pre-emption rights. Term for subscription and payment of shares of 8<sup>th</sup> issue without pre-emption rights is 15 days. The collected proceeds are appropriated to be a part of the investment in the construction of soybean protein isolates and soybean protein concentrates manufacturing plant of annual capacity of 15,000 tons. The Plant will have the entire necessary infrastructure from the raw material storing premises, through production to the state-of-the-art warehouse of finished products with all ancillary devices. High level of automatization, use of cutting/edge technologies and protection of the environment are the essential elements of the Project, and 90% of production will be exported. The construction of soybean protein isolates and soybean protein concentrates manufacturing plant is harmonized with the Issuer's business strategy in the area of winning the market of high quality finished soybean protein products.

### **3.1.2. Planned Expansion of Business Activities**

#### **3.1.2.1. Introduction of new types of activities and increase in scope of current business activities**

##### **The following is planned:**

- Increase of the scope of products production and services rendered
- Qualitative change in the structure of products and services in accordance with the market demands
- Significant growth of sales, particularly export
- Providing products and services meeting the current standards at competitive prices
- Increase of productivity and overall business efficiency
- Strengthening the market share under continuously stronger competition aimed to achieve well balanced development of all business system segments: production segment, commercial segment and service segment
- Implementation of the health and safety at work management system in compliance with the OHSAS 18001 standards whose certification was made in January 2008; complex and overall regulation of business systems

### **3.1.3. Planned Investments**

#### **3.1.3.1. Planned capital investments and expected effects with respect to property and other legal entities; planned funds required for such investments and manner of financing**

Construction of the boiler-room for chemical with chemical water treatment and biomass warehouse with the appropriate infrastructure aimed for increase of energy efficiency, energy savings and reduced global pollution. The new boiler-room driven by biomass was put into operation in February 2008. The investment amounted to EUR 4,000,000 and the second phase of investment - filter installation amounting to EUR 400,000 is planned after the trial run and testing of parameters, in the second half of 2008. The investment will be financed from own funds.

Designing, development of the conceptual and final designs as well as construction of the soybean protein isolates and soybean protein concentrates manufacturing plant within the Sojaprotein a.d. Becej – investment value: EUR 25-30 million. Financing of the plant construction is planned by collection of proceeds through public offering of issue of 650,000 shares in total in the first half of 2008. The share issue is planned to be made with the pre-emption right.

### **3.1.4. Business Trends**

#### **3.1.4.1. Issuer's business development expectations; price trends of services rendered and/or goods sold**

Higher share on foreign markets by increased export, mainly on the market of EU countries, and meeting the demand on local market. Winning the soybean protein isolates and concentrates market in the country and abroad, extension of the production program in the area of products intended for human consumption and in the area of fish fodder.

### **3.1.5. Position of the Company within the Industry**

#### **3.1.5.1. Issuer's assessment relating to its position within the industry**

Significant buyer of oil plants and dominant position in the area of soybean and soybean products manufacturing on the local market and leading position in the area of production of healthy and safe soybean food for human and animal consumption with the largest production capacities in the South-East Europe. The company buys-up and processes approximately 70% of total soybean grain produced in the country and its share on the local market of crude soybean oil is 40% and on the local market of soybean meal is approximately 50%.

## **4. PARTICULARS ABOUT MANAGEMENT AND SUPERVISORY BOARD MEMBERS**

### **4.1. MANAGEMENT AND SUPERVISORY BOARD MEMBERS**

#### **4.1.1. State the following: Name of Director, Names and capacity of the Board of Directors members, Names and capacity of the Supervisory Board members**

Name of Director	Branislava Pavlović, director
Names and capacity of the Board of Directors members	Zoran Mitrović, President, non-executive member Branislava Pavlović, Vice-President, executive member Stanko Popović – non-executive member Milija Babović – non-executive member Nebojša Vuković, executive member Nikola Dolinka – executive member Milanko Simić – executive member Olivera Ilinčić – independent member Jasenska Stekić – independent member
Names and capacity of the Supervisory Board members:	Samir Krak – President Jelena Mitrović – member Marija Petrović - member

### **4.2. FEES AND OTHER BENEFITS PAID BY THE ISSUER**

#### **4.2.1. Fees paid to the management members (data about Director and members of the Board of Directors for the past three years, individually, in net amounts)**

	2005.	2006.	2007.
Branislava Pavlović	1.705.517	2.244.600	2.018.783
Zoran Mitrović	12.473.529	12.099.722	3.000.000
Stanko Popović	12.473.530	12.107.542	3.000.000
Milija Babović	12.473.531	12.099.833	3.000.000

Nebojša Vuković	853.999	1.026.025	1.014.794
Nikola Dolinka	906.469	990.687	1.028.871
Milanko Simić	711.305	824.972	900.706
Olivera Ilinčić	-	30.000	360.000
Jasenka Stekić	-	30.000	360.000

**4.2.2. Fees paid to the Supervisory Board members (data for the past three years, individually, in net amounts)**

	2005.	2006.	2007.
Total fees paid to the Supervisory Board members	540.000	45.000	-
Total other allowances secured to the Supervisory Board members:	-	-	-

**4.2.3. Specific Rights and Benefits Granted to the Management and Supervisory Board Members: Other cash earnings, other benefits or other rights granted by the Issuer to the management and Supervisory Board members**

-

**4.2.4. Business Transactions Between the Issuer and the Management and Supervisory Board members: Significant business transactions entered between the Issuer and the management and Supervisory Board members, or between the Issuer and persons related to the management and Supervisory Board members, during the past year**

-

**4.3. MANAGEMENT AND EMPLOYEE INTERESTS IN THE ISSUER'S ORIGINAL CAPITAL**

**4.3.1. The following should be stated:**

Management and/Supervisory Board members interest in the Issuer's original capital (%)	0,16543%
Other Issuer's employees interest in the issuer's original capital: (%)	2,03%

Issuer's policy with respect to the employees interest in the Issuer's original capital:

The same rights as of other shareholders, based on the owned shares

**5. RESPONSIBLE PERSONS**

**5.1. Full Names of Person(s) Responsible for the Content of this Prospectus**

Branislava Pavlovic, Director General  
 Dragana Andjelkovic, Head of Accounting Department  
 Petar Dolinka, Company Secretary

**5.2 Person(s) Responsible for the Content of this Prospectus Hereby Sign(s) the Following Statement**

„I hereby declare that this Prospectus includes a true, correct, full and all essential data on to the Issuer and the securities significant for investment decision making!“

This 5th day of March, 2008

M.P. \_\_\_\_\_ Branislava Pavlović, Director  
General

## **6. COMMISSION'S CERTIFICATE**

### **6.1. Number and date of Commission's Certificate of Approval of the Securities Distribution Prospectus**

**Decision on Approval of Prospectus for Issuing Shares of 8<sup>th</sup> Issue of Ordinary Shares No. 4/0-03-882/4-08 dated March 20, 2008.**