

**NOTES TO THE BALANCE SHEETS as of June 30, 2008**

<p>Company "Sojaprotein"A.D. with registered office in Becej, Industrijska zona bb, is an open joint stock company incorporated in 1985 as a socially-owned company.          Since 2001 the Company operates as a joint stock company.          Company's core activity is production of crude oils and fats.</p>	
<p>Ten major shareholders as on June 30, 2008 make 58.39% of the total structure of the share capital.</p>	
<p>The Company had 395 employees as of the date of the Balance Sheet.</p>	
<p><b>NOTE 1 - INTANGIBLE INVESTMENTS</b></p>	
<p>Intangible investments were originally valued at purchase value or cost. After the initial recognition, intangible assets were recorded at purchase value or cost reduced for accumulated amortization and total impairment losses</p>	
<p><b>NOTE 2 - PROPERTY, PLANTS AND EQUIPMENT</b></p>	
<p>Carrying value of the Company property, plants and equipment was RSD 3,339,162 thous.. All items classified in this group were recorded at their fair value.          PROPORTIONAL method on purchase value was used for calculation of depreciation.          From January 1, until June 30, 2008 the Company made the following investments:</p>	
<p>New EQUIPMENT:</p>	RSD 23,411 thous.
<p>New FACILITIES:</p>	RSD 8,612 thous.
<p>As of June 30, 2008 the balance of investments during the year amounted to RSD 370,206 thous.          Major investments are:</p>	
<p>1. SPI/SPC PLANT Design documentation</p>	RSD 43,617 thous.
<p>2. "Kirka" Boiler</p>	RSD 60,068 thous.
<p>3. BIOMASS FUELED BOILER</p>	RSD 85,755 thous.
<p>4. STORAGE NEXT TO THE BIOMASS BOILER HOUSE</p>	RSD 63,187 thous.
<p>The construction of biomass driven boiler-room (soybean straw and silo waste) with warehouse and chemical water treatment plant is completed and the trial run is in progress. Total investment in this project with the corresponding infrastructure amounted to 300,308 thous. RSD. Economic effects of the investment will be reflected in low power costs due to replacement of the current use of gas by the power generated from biomass, as well as a significant impact on the environment by the reduced emission of CO<sub>2</sub> and global pollution.          Implementation of the Project for Soybean Protein Isolates and Concentrates Plant Construction commenced by future plant project</p>	

documentation – conceptual design is completed and consulting services agreed with the company recognized throughout the world, specialized in project consulting in the field of soybean proteins industry.  Prepayments made for the investment amounted to RSD 22,947 thous.	
<b>NOTE 3 - INVESTMENT REAL ESTATE</b>	
As of June 30, 2008 the investment real estate amounted to RSD 110,424.thous. and relate to:	
1. MIXER in B.Palanka	RSD 26,280 thous
2. WAREHOUSE in B. Palanka	RSD 2,842 thous
3. MASTER CENTER	RSD 81,302 thous
<b>NOTE 4 - STAKES IN THE CAPITAL</b>	
The Company has following stakes:	
1. Stakes in subsidiaries:	RSD 1,112 thous
- "VOBEX_INTERSOJA" Moscow 85.00%	
2. Stakes in other associated legal entities:	RSD 445,358 thous
In this group the stakes in capital of following companies are:	
- Hotel"BELA LAĐA" AD Bečej 31.81%	
- "VETERINARY INSTITUTE"AD Subotica 32.05%	
- "SP LABORATORY"A.D. Bečej 15.28%	
3. Stakes in the capital of other legal entities:	RSD4,178 thous
This group consists of stakes in the capital of several banks, however, none of the individual stakes represent a substantially significant item.	
<b>NOTE 5 - OTHER LONG-TERM FINANCIAL PLACEMENTS</b>	
Carrying value of the Company long-term placements was 270.456 thous. RSD. Major items are conditional borrowings. Part of the Sojaprotein's business policy relates to active support of primary agricultural production and securing of raw materials on a long-term basis. A way to secure them is granting of conditional borrowings to the major manufacturers of oil plants appropriated for construction of storing capacities. On the other part, the Company secures storing capacities for the bought-up raw materials on a long-term basis, as well as raw materials needed for processing by their buy-up from the same manufacturers. Major placements in the form of conditional borrowings were granted to the following companies:	
- "AGROPOTEZ" Adaševac	
- DOO"AGROGRNJA" Pivnice	
- OZZ"EVROPA" Bačka Palanka	
- DOO"UNICOOP" Žabalj	
- DOO"VENTURA" Belgrade	

- "AGROPROMET" Bečej	
- OZZ"NIZINE" Plavna	
- "ALBATROS"MM Šid	

<b>NOTE 6 - INVENTORIES</b>	
Carrying value of inventories in the Company Balance Sheet amounted: Volume of basic raw material (soybean grain) is highest and amount to: RSD 685,624 thous. As of June 30, 2008 the stocks of basic raw material were: 33,151,141 kg soybean grain of JUS quality. Major stocks of marketable goods are:	RSD3,626,366thous
- wheat/ 6,609,680kg /	RSD 77,529 thous.
- oil rape / 11,166,809kg /	RSD305,254 thous.
- various types of fertilizers 14,304 t	RSD531,024 thous.
In 2008 the quantity of soybean grain, crop 2007 was 108,978,137kg JUS quality, and crop 2006 , 5,938,396 kg JUS quality.	
Cost of finished products is established on the basis of actual consumption of raw materials as specified in the production orders and respective dependent costs.	
Produced volume of crude soybean oil in 2008 amounted to 19,731,598.kg., and soybean meal 71,836,466 kg.	
As of June 30, 2008 stocks of soybean crude oil amounted to 3,366,274 kg which is equal in value to RSD 60,963 thous. and soybean meal 9,476,106 kg equal in value to RSD 251,685 thous.	
Carrying value of stocks of finished products was recorded at their cost. Amount of RSD 1,127,769 thous. related to the prepayments made for raw materials - crop 2008 through procurement of seeds, intermediaries and granted cash advances. Advances granted to foreign suppliers amount to RSD 102,638 thous.	
<b>NOTE 7 - RECEIVABLES</b>	
In the Company Balance Sheet carrying value of total receivables amounted to RSD 5,913,624 thous., as follows:	
- Trade receivables from parent legal entities	RSD713,150 thous
- Trade receivables from associated legal entities	RSD 83,727 thous
Major part in amount of RSD 49,963 thous. relates to Victoriaoil based on the sold quantity of crude soybean oil in exchange for refined sunflower oil, as per the entered Contract, and the amount 24,218 thous. relates to the supplied oil rape crop 2008.	
- Domestic trade receivables	RSD4,850,293thous

<p>Receivable amounting to RSD 2,469,833 thousand relates to the supplied intermediaries necessary for oil plants production – crop 2008; it will be settled by takeover of the produced raw materials from manufacturers.</p> <p>Receivable amounting to RSD 1,786,417 thousand relates to the supplied mineral fertilizers to be distributed to agricultural manufacturers, which will be paid either in cash or in kind (oil plants - crop 2008), at the manufacturer's option. Receivable amounting to RSD 466,838 thousand relates to regular commercial trade of products from the current production program..</p>	
- Foreign trade receivables	RSD224,997 thous
- Trade receivables from specific deals and state bodies	RSD 41,457 thous
<b>NOTE 8 - SHORT-TERM FINANCIAL PLACEMENTS</b>	
Short-term financial placements amounted to RSD 18,393 thous. and their major share relates to the short-term part of conditional borrowings granted to agricultural manufacturers.	
<b>NOTE 9 - OFF-BALANCE ASSETS</b>	
Off-balance assets of RSD 2,453,073 thous. mainly relate to issued guarantees and sureties amounting to RSD 2,442,229 thous. June 30, 2008.	
"Sojaprotein" mainly grants sureties and guarantees to related legal entities, except in some individual cases when it grants sureties to the business partners based on the long-term business cooperation. The amount of RSD 10,843 thous. relates to the goods stored in our warehouse, mainly corn, owned by other legal entities.	
<b>NOTE 10 - ORIGINAL CAPITAL</b>	
<p>The 7<sup>th</sup> issue of shares for the purpose of replacing the current shares for their division was approved by the Decision of Securities and Exchange Commission dated December 27, 2007. In accordance with the Decision of the Sojaprotein AD Meeting passed on December 20, 2007 replacement of 1,078,000 shares with book value of RSD 2,318.30702 per share was made in such a manner that the original capital amounting to RSD 2,499,134,967.56 was divided in 5,390,000 ordinary shares with total book value of RSD 463,661,404.</p> <p>Increased number of shares by issue of 5,390,000 new shares in compliance with the defined ratio 1:5 did not, however, cause any change in percentage share of each shareholder in the original capital. Capital structure as of June 30, 2008 is as follows:</p> <p>VICTORIA GROUP Novi Sad-25,59%, Privredna Banka Zagreb DD-5,67%, VICTORIA OIL AD Šid-5,51%, FERTIL DOO Bačka Palanka-4,64%, ZB INVEST DOO ZA UPR.INVEST.FO-3,81%, SOCIETE GENERALE –Splitska banka-2,86%, Elixir Group DOO Šabac-2,84% , Fashion Company DOO Beograd-2.80%, Hypo Kastodi -2,57%, Unicredit bank AD Kastodi-2,10% equal to 58,39% of the total capital.</p> <p>Based on the Decision of the Board of Directors dated February 4,</p>	

<p>2008 and the Resolution of the Securities and Exchange Commission dated March 20, 2008, «Sojaprotein» A.D. Bečej published a public offer for subscription and payment of ordinary shares of the 8<sup>th</sup> issue in order to increase the original capital to the total volume of 301,379,912.60 RSD i.e. 650,000 ordinary shares without par value and book value of 463,661404 RSD. The term for subscription and payment of the 8<sup>th</sup> issue lasted from April 21 until July 18, 2008 The issue was not successful because of an insufficient number of subscribed and paid share, and upon expiration of the term for subscription and payment the paid assets were returned.</p>	
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<b>NOTE 11 - REDEEMED OWN SHARES</b>		
<p>Pursuant to the Decision of the Board of Directors of March 18, 2008 on acquisition of own share in the organized market in order to prevent occurrence of a greater and direct damage to the Company (whereby acquisition of 9.99% was approved) «Sojaprotein» A.D. Bečej acquired 13,909 own shares by purchase on the Belgrade Exchange equaling in values RSD 34,109 thousand.</p>		
<b>NOTE 12 - LONG-TERM PROVISIONS</b>		
<p>Long-term provisions for severance pays in case of retirement and jubilee awards (applying IAS 19) amounted to RSD 45,573 thousand.</p>		
<b>NOTE 13 - LONG-TERM LIABILITIES</b>		
<p>The item "Long-term liabilities" includes foreign long-term borrowings</p>		
Foreign long-term borrowings		
	TOTAL	LONG-TERM BORROWING
1.HYPO ALPE-ADRIA BANK	EUR 30,000,000	EUR 3,074,210.91
2.EBRD (Eur. Bank for Recon. & Development)	EUR 10,000,000	EUR10,000,000
3.EBRD (Eur. Bank for Recon. & Development)	EUR 5,000,000	EUR 5,000,000
4.VOJVODANSKA BANKA (PARIS CLUB)	EUR 10,756,276,60	DISPUTE PENDING
5.YAPI KREDI BANK	EUR 5,000,000	EUR 5,000,000
6.BANK INTESA AD Belgrade	RSD equiv. value 10,000,000	EUR 10,000,000
<p>Long-term liabilities based on financial leasing amounted to RSD 12.981 thousand.</p>		
<b>NOTE 14 - SHORT-TERM LIABILITIES</b>		
<p>- Short-term part of credit/HYPO - Bank/</p>		
		RSD1,627,430thous.
<p>- Financial Leasing - short-term part</p>		
		RSD 2,966 thous.

<b>NOTE 15 - OPERATING LIABILITIES</b>	
The Company showed in the Balance Sheet the amount of:	RSD1,566,750 thous
Listed liabilities related to:	
- received advances amounting to:	RSD28,455 thous
These liabilities related to successive supply of soybean meal which will be taken over evenly during the agreed period:	
- liabilities to parent legal entities amounting to:	RSD 30 thous
- liabilities to related legal entitled: amounting to:	RSD 270,701 thous
Liability to related legal entities will be compensated in the course of next quarter with the existing receivables from the respective legal entities	
- Other domestic trade payables amounting to: in amount of:	RSD1,092,714 thous
Liabilities of RSD 715,666 thous. relate to the delivered soybean grain from barter deals (oil, soybean and sunflower meals). Liability based on receipt of wheat, crop 2008 in amount of RSD 32,718 thous. compensated in the 7 <sup>th</sup> month and the liabilities in amount of RSD 89,090 thousand pertaining to oil rape were compensated in part, and paid in part in the 7 <sup>th</sup> month. The liability related to the seed intended for oil plants production amounted to RSD 91,720 thous. Liabilities based on investment in fixed assets amounted to RSD 31,067 thousand, and the remaining balance of RSD 132,444 thousand relates to other liabilities.	
- Foreign trade payables amounting to:	RSD 3,434 thous
- Liabilities for non-invoiced goods amounting to:	RSD 171,416 thous

Bečej, June 30, 2008

*LEGAL REPRESENTATIVE*

Pavlović Branislava

**NOTES TO THE INCOME STATEMENT as of June 30, 2008**

<b>NOTE 1 – SALES INCOME</b>	
Company presented in its Income Statement the amount of 6,407,534 thousand RSD	
The recorded amount includes:	
- Income from marketable goods sold	2,663,946 thou. RSD

<p>Major income from sale of marketable goods is gained in two ways:  1. Supply of seeds, mineral fertilizers, pesticides, etc. and their invoicing to agricultural manufacturers.</p> <p>Within its business policy the Company continuously enters contracts and invests in the production of oil plants and on these grounds delivers to manufacturers seeds and other intermediaries (mineral fertilizers, pesticides, fuel).</p> <p>Company invoices the goods intended for oil plants production and records income from marketable goods sold, and at the same time records receivables from agricultural manufacturers in its Balance Sheet that are settled by delivery of raw materials.</p> <p>In this manner 40-50% of necessary raw materials for current annual production are financed and secured in advance prior to buy-up..</p>	
<p>1. Procurement of oil plants needed for processing in the related company "Victoria Oil" Sid.</p> <p>For the purpose of cutting down the costs and more efficient procurement of raw materials required by processing the Raw Materials Division of Sojaprotein contracts and buys-up oil plants demanded for production of Victoria Oil AD Sid.</p> <p>The entire volume of sunflower and oil seed rape, as well as a part of soybean grain Sojaprotein is selling and invoicing to the company Victoria Oil and shows income from marketable goods sold.</p>	
<p>- Income from sale of own products</p>	<p>3,726,163 thou. RSD</p>
<p>Major part of income relates to the sale of meal in Mount of 2,070,298 thou. RSD, income from sale of Raw soy oil In Mount of 955,360 thou. RSD, and the other income is realized from sale of textures, flour, lecithin, fish fodder and other soybean products.</p>	
<p>- Other income from sales</p>	<p>8,572 thou RSD.</p>
<p>- Income from retail trade</p>	<p>8,853 thou RSD.</p>
<p><b>NOTE 2 - INCREASE OF THE VALUE OF FINISHED PRODUCTS</b></p>	
<p>The Company presented increase of stocks of finished products as of June 30, 2008 as compared to the carrying Mount as of December 31, 2007 of 323,027 thous. RSD.</p> <p>Stocks of crude soybean oil showed an increase of 2,371,219 kg value of 42,943 thous. RSD, and soybean mean of 8,962,526 kg value of 238,045 thous. RSD. Value of these products was calculated at their costs whereas the sales prices are significantly higher.</p>	
<p><b>NOTE 3 - PURCHASE VALUE OF THE GOODS SOLD</b></p>	
<p>Company presented in its Income Statement the amount of 2,526,175 thou. RSD as costs of the marketable goods sold</p> <p>Major part of these costs relate to the procurement of intermediaries - 1,538,229 thous. RSD, seeds were purchased for 492,751 thou. RSD. The goods are supplied exclusively to agricultural manufacturers.</p>	

<b>NOTE 4 - MATERIAL COSTS</b>	
Company presented in its Income Statement the amount of 3,090,831 thou. RSD. From the state amount the costs of the basic raw material (soybean grain) were: Costs of all materials are presented at the average purchase price.	2,766,342 thous RSD
<b>NOTE 5 - OTHER OPERATING EXPENSES</b>	
Company presented other operating expenses in amount of 180,101 thou. RSD. Structure of expenses is as follows:	
- Costs of Maintenance	19,408 thous. RSD
Major part relates to the maintenance of facilities and equipment 8,119 thous. RSD Information System maintenance, license fees in amount of 3.789 thous. RSD.	
- Service related to production of finished products	1,056 thous.RSD
- Transportation costs	16,407 thous.RSD
Major part of transportation costs relates to the transportation costs related to transportation of finished goods in the country and abroad.	
- Laboratory services	20,812 thous.RSD
- Other services	11,973 thous.RSD
- Non-production services	13,489 thous.RSD
- Payment transactions, bank commissions and fees	42,871 thous.RSD
- Other costs	54,084 thous.RSD
<b>NOTE 6 - FINANCIAL EXPENSES</b>	
Company presented in its Income Statement the amount of 457,134 thous.RSD. Major part of this amount relates to currency gains amounting to 447,274 thous.RSD .	
<b>NOTE 7 - FINANCIAL EXPENSES</b>	
Company presented in its Income Statement amount of 501,940 thous.RSD Major items are as follows:	
- Interests on borrowings	116,642 thous.RSD
- Currency losses	377,495 thous.RSD
<b>NOTE 8 - OTHER INCOME</b>	
Company presented in its Income Statement the amount of 11,540 thous. RSD	
<b>NOTE 9 - OTHER EXPENSES</b>	

Company presented in its Income Statement the amount of 43,083 thous.RSD Major item of the presented amount is:	
- Impairment of receivables	39,424 thous.RSD
<b>NOTE 10 - PROFIT BEFORE TAX</b>	
Data related to operations in 2008 are as follows:	
Total income	7,224,861thou.RSD
Total expenses	6,610,453thou.RSD
Gross profit	614,408 thous.RSD
Profit tax	61,441 thous.RSD
Deferred tax assets	0,00 thous.RSD
<b>Net profit</b>	<b>552,967</b> thous.RSD

Bečej, June 30, 2008  
REPRESENTATIVE

LEGAL

Pavlović Branislava