

NOTES TO THE BALANCE SHEET as of March 31, 2010

1. BASIC PARTICULARS ON THE COMPANY

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

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

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

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

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

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

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

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

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

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

Ten major shareholders in the capital structure made 74,22% of total share capital as of March 31, 2010.

There was 385 of employees on the date of financial statements preparation.

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

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

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

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

NOTE 1 – INTANGIBLE ASSETS

Company presented intangible assets in the amount of RSD 7.965 thousand. Intangible assets are initially valued at purchase price if procured or at cost if produced within the Company. After the initial recognition, intangible investments are carried at their purchase value or cost reduced for total amortization and total losses resulting from impairment.

NOTE 2 – PROPERTY, PLANTS AND EQUIPMENT

Company presented the item ‘Property, Plants and Equipment’ in the amount of RSD 3.366.898 thousand as of March 31, 2010. All assets classified in this Item are carried at their fair value (evaluation performed in 2005 by an independent appraiser). Amortization is calculated by applying the STRAIGHT LINE method on the purchase value.

Investments in progress amounted to RSD 575.096 thousand as of March 31, 2010. Within total investments made in 2010 major investments related to investments in facilities under construction in amount of RSD 129.969 thousand and in equipment and plants under construction in amount of RSD 445.127 thousand. Major investments in progress are as follows:

1. SPI/SPC PLANT - Project documentation

RSD55,941 thousand.

2. TSP Plant	RSD62,412 thousand.
3. B&G Plant	RSD23,766 thousand.
4. Wells II,III,IV 5. Extruder and separator 6. Wenger” drier 7. BTH packing machine 8. Soybean grinding line 9. Mills	RSD19,069 thousand. RSD122,575 thousand. RSD92,096 thousand. RSD99,037 thousand. RSD57,063 thousand. RSD25,737 thousand.
<p>Activities on implementation of the Project on Construction of the Soybean Protein Isolates and Concentrates Plant that have commenced in 2008 continued. This investment is planned to be carried out in phases and currently gathering of bids for processing equipment necessary for the production of soybean concentrates is in progress.</p> <p>Furthermore, the investment in reconstruction of the B&G and TSP plants is in progress.</p> <p>Assembling and putting into operation of the new extruding line manufactured by Wenger is completed. Former capacities of textures production were doubled by procurement of the equipment and higher quality and increased assortment of manufactured products is achieved. Furthermore, a new grinding line produced by the German manufacturer “Bauermaister” provides 50% increase of capacities for soybean flour; it was put into operation in March 2009 as well as the new packing line of all products in B&G and TSP plants. These investments were aimed to increase the production capacities of soybean products for food industry and human consumption.</p> <p>Additional equipment for better quality and more efficient filling and increased production of full-fat raw materials was contracted in the first quarter of 2010. Investment in the new packing line and grinding mill for full-fat raw materials will amount to EUR 500,000 in total.</p> <p>Prepayments made for the investments in progress amounted to RSD 14,785 thousand.</p>	
NOTE 3 – INVESTMENT ASSETS	
As of March 31, 2010 the investment assets amounted to RSD 332.035 thousand and related to:	
1. MIXING PLANT in B. Palanka	RSD26,280 thousand
2. WAREHOUSE in B. Palanka	RSD2,842 thousand
3. MASTER CENTAR 4. SILO in B. PALANKA	RSD81,302 thousand RSD221,611 thousand
The silo was leased to “Victoria Logistic” for storage of agricultural products on June 1, 2009.	
NOTE 4 – STAKES IN CAPITAL	
Company has the following stakes:	
1. Stakes in its subsidiaries:	RSD784,730 thousand
- «VOBEX INTERSOJA» Moskva 85,00%	RSD1,112 thousand.
“VETERINARSKI ZAVOD” AD Subotica – 59.17%	RSD783,618 thousand.
Veterinarski Zavod “Subotica” A.D. Subotica conducted 8 th issue of ordinary shares by public offering in total intended scope of 1,680,324 shares, based on the Decision of Meeting dated February 19, 2009. The term for subscription and pay-up of shares of 8 th issue was determined to 67 days – from April 24, 2009 until July 10, 2009 (as	

follows: for subscription and pay-up based on preferential rights from April 24, 2009 until June 29, 2009 and for all other domestic and foreign legal entities from June 30, 2009 until July 10, 2009). During June, "Sojaprotein" A.D. had exercised its preferential right in full and subscribed and paid-up 579,760 ordinary shares with voting rights of 8 th issue from the Issuer - Veterinarski Zavod "Subotica" A.D. Subotica. Securities and Exchange Commission approved the issue of 579,872 ordinary shares of 8 th issue by its Decision No. 4/0-03-1134711-09 dated July 20, 2009. Their registration with the Central Securities, Depository and Clearing House was made on July 24, 2009. Therefore, the stake of "Sojaprotein" A.D. in capital of its subsidiary was increased from 34.50% to 51.30%. In accordance with the statutory obligation takeover of shares in Veterinarski Zavod was completed on November 9, 2009 resulting in the current stake of "Sojaprotein" A.D. equal to 59.17%.	
2. Stakes in other related legal entities:	RSD64,626 thousand
This group consists of stakes in capital of the following companies:	
- Hotel "BELA LADJA" AD Becej - 31,81%	
In February, "Sojaprotein" A.D Becej disposed of all of its shares in SP Laboratorija Becej (Laboratories).	
3. Stakes in capital of other legal entities:	RSD8,618 thousand
This group of stakes consists of stakes in several other legal entities; however, each individual stake is of no substantial significance.	
NOTE 5 – OTHER LONG-TERM FINANCIAL INVESTMENTS	
Company presented long-term financial investments in the amount of RSD 12.367 thousand. The resulting reduce as compared to the former period was caused by transfer of receivables based on conditional loans granted to the company „Victoria Logistic" D.O.O.Novi Sad for construction of storage capacities. These transfers were made as a part of the reorganization procedure and pooling of procurement of raw materials, transport and storage of goods within the "VictoriaGroup" which have been performed by the company "Victoria Logistic" as of January 1, 2009.	
NOTE 6 – INVENTORIES	
Company presented inventories in its balance sheet in the amount of:	RSD8,004,720 thousand
Within inventories major stocks related to raw materials and material and amounted to RSD 2.370.101 thousand, of which stock of basic raw material (soybean grain) amounted to RSD 2.161.038 thousand calculated at average purchase price, i.e. expressed in volume 74.431.690 kg of soybean grain of JUS Standard.	
Merchandise on stock amounted to RSD 2,670,047 thousand in total and the major items are: - Sunflower – 41,790,389 kg - Wheat - 127,371,118 kg Value of merchandise on stock is carried at the average purchase price.	RSD900,178 thousand RSD1,518,156 thousand.
In the first quarter of 2010, 49,184,441kg of soybean grain – crop 2009 of JUS standard was processed.	
As of March 31, 2010 the stock of finished products amounted to RSD 314,251 thousand and the major inventories of finished products were	

presented on the following items:	
<ul style="list-style-type: none"> - Soybean oil - 4,693,652 kg, i.e. RSD 33,580 thousand - Soybean meal – 5,503,773 kg, i.e. RSD 180,013 thousand - Soybean meal – semi-finished product – 2,670,516 kg, i.e. RSD 56,081 thousand 	
In the first quarter of 2010, 9,605,000 kg of crude soybean oil and 27,903,220 kg of soybean meal was produced. The cost of finished products is determined on the basis of actual cost of raw materials evidenced by production orders and depending variable costs.	
The amount of RSD 2.594. thousand related to prepayments made for raw materials paid in advance.	
NOTE 7 – RECEIVABLES	
Company presented in its balance sheet total receivables in the amount of RSD 5.071.417 thousand as follows:	
- Receivables from parents amounted to	867,033 thousand
Major portion of the receivables amounting to RSD 800,766 thousand relates to the Victoriagroup based on the sale of goods which will be paid in the next period.	
- Receivables from related legal entities amounted to	2,792,784 thousand
Major portion of receivables from related legal entities relates to the Victoria Logistics and amounted to RSD 2,679,306 thousand for the delivered intermediaries for production of oil plants - RSD 1,414,236 thousand; delivered soybean meal - RSD 586,185 thousand and delivered goods - RSD 290,744 thousand. They were all recorded as prepayments for buy-up of soybean grain – crop 2010; rental costs of silo and storage services are prepaid in the amount of RSD 66,552 thousand. All receivables will be settled by counttrade of soybean grain – crop 2010. Receivables from Fertil-a, Backa Palanka of RSD 83,355 thousand for the goods delivered will be settled in the second quarter of 2010.	
- Trade receivables – domestic amounted to RSD	531,731 thousand
Trade receivables amounting to RSD 43,173 thousand mainly relate to the soybean grain– crop 2009 financing and they will be settled in the next period. A portion of trade receivables amounting to RSD 488,158 thousand originates from regular commercial sale of products of the current production program and mainly relates to the soybean meal sold and the balance relates to the merchandise sold.	
- Trade receivables – foreign amounted to RSD	383,163 thousand
Trade receivables of RSD 383,163 thousand originate from regular commercial sale of oil and products made in higher processing phases sold on foreign markets.	
Receivables from specific deals and state bodies amounted to RSD	408,991 thousand
Major portion of receivables from specific deals originates from loans granted to farmers which were reclassified as receivables from Victoria Logistics in the amount of RSD 372,188 thousand.	
- Other trade receivables amounted to RSD	87,715 thousand
Other trade receivables relate to Fertil Backa Palanka under the contract on assignment of receivables amounting to RSD 25,009 thousand and portion of the export incentives in the amount of RSD	

13.499 thousand.	
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NOTE 8 – SHORT-TERM FINANCIAL PLACEMENTS

As of March 31, 2010 short-term financial placements amounted to RSD 1,494,774 thousand. There structure was as follows:

- Short-term borrowings granted to related legal entities in the amount of RSD 1,470,176 thousand,
- Loan granted in kind (wheat) to the company "Zitoprodukt" in the amount of RSD 14,734 thousand with the agreed preferential right of purchase.
- Other short-term financial investments in the amount of RSD 2,000 thousand.

NOTE 9 - OFF-BALANCE ASSETS

Off-balance assets amounted to RSD 5,171,865 thousand as of March 31, 2010. The amount of RSD 2,207,968 thousand relates to the guarantees for foreign credits, and the amount of RSD 2,843,154 thousand relates to sureties granted by Sojaprotein in the capacity of del credere agent.

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

The amount of RSD 120.743 thousand relates to the goods owned by others and stored in our warehouses, mainly soybean grain - crop 2009 in the amount of RSD 57,431 thousand and artificial fertilizers in the amount of RSD 61,594 thousand.

NOTE 10 – ORIGINAL CAPITAL

As of March 31, 2010 original capital of the Company amounted to RSD 3.533.704 thousand.

As of March 31, 2010 the first ten shareholders by number of shares they hold in descending order were as follows:

VICTORIA GROUP N.Sad – 62.94%, Privredna banka Zagreb – 3,27%, Gustavus Capital Asset Mngt.- 1.71%, Hypo Kastodi 4 - 1,28%, Raiffeisen Zentralbank - 1,14%, SG Splitska banka – 0.92%, Unicredit bank Austria AG - 0,86%; NLB Klijenti -0,74%, Societe Generale Yugoslav bank–0,73%, Proinvestments A.D. – 0,63%.

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

NOTE 11 – LOSS IN THE CURRENT PERIOD

Loss in the current period amounted to RSD 77,436 thousand.

NOTE 12 – LONG-TERM PROVISIONS

Long-term provisions for severance pays at the time of retirement and jubilee awards (in accordance with IAS 19) amounted to RSD 44.981 thousand.

NOTE 13 – LONG-TERM LIABILITIES

Long-term liabilities amounted to..... RSD 4.322.422 thousand.
The item 'Long-Term Liabilities' consists of long-term foreign credits granted and financial lease.

Long-term foreign credits amounted to RSD 4.320.939 thousand.

	Currency	Initial Amount	Currency Amount	March 31, 2010
Hypo Group Netherlands Corporate finance B.V (Contract No.77/08)	EUR	15.000.000	7.492.000,02	747.405
Hypo Group Netherlands Corporate finance B.V (Contract No.87/08)	EUR	25.000.000	12.499.960,00	1.247.001
European Bank	EUR	5.000.000	3.928.571,42	391.916
European Bank	EUR	10.000.000	5.000.000,00	498.802
Banka Koper	EUR	10.000.000	3.636.363,63	362.765
Vojvodjanska banka a.d., Novi Sad (Paris Club) (Liability disputed in the pending lawsuit)	EUR	10.756.276,60	10.756.276,60	1.073.050
Total liabilities:	EUR		43.313.171,67	4.320.939

Company is exposed to the interest rate and exchange rate risks under all of credits granted, since for all long-term credits the contracted interest rate is equal to EURIBOR – monthly, quarterly or semi-annual increased for the fixed margine. Credit lines from Hypo Group were rescheduled in 2009 with renewed grace period. Hence, repayment of these credits will commence in 2010.

Long-term liabilities related to the financial lease amounted to RSD 1.483 thousand.

NOTE 14 – SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities amounted to RSD 4,685,882 thousand and include short-term domestic credit liabilities, portion of long-term foreign credit liabilities maturing within one year and portion of financial lease liabilities maturing within one year.

Short-term domestic credits amounted to RSD 2,092,144 thousand. Credits were granted by the following banks:

Komercijalna bank EUR 2,000,000 subsidized credit for export financing with the currency clause

Meridian bank EUR 5,000,000 short-term domestic credit for fixed assets financing

Unikredit bank EUR 3,416,693 short-term domestic credit for fixed assets financing

Komercijalna bank EUR 4.000.000 short-term domestic credit for export financing

Societe Generale Bank EUR 6.555.000 short-term domestic credit for fixed assets financing.

Short-term credits due within one year:

	Currency	Currency amount	in thousand RSD
Hypo Group Netherlands Corporate Finance B.V (Contract No.77/08)	EUR	7,507,999,98	749,001

Hypo Group Netherlands Corporate Finance B.V (Contract No.87/08)	EUR	12,500,040,00	1,247,009
European Bank	EUR	357,142,86	35,629
European Bank	EUR	1,000,000,00	99,760
Banka Koper	EUR	2,727,272,73	272,074
Societe Generale Bank (long-term domestic credit)	EUR	1,666,666,66	166,267
Total liabilities:	EUR	25,759,122,23	2,569,740

Interest and exchange rate risks were present in case of short-term liabilities as well. The liability of RSD 2,569,740 thousand represents dinar equivalent of EUR 25,759,122.23 at the mean exchange rate of NBS prevailing as of March 31, 2010. Interest rate is fluctuating and depends on changes in EURIBOR (monthly, quarterly and semi-annual).

Annex to the Credit Contract No. 87/08 and Annex to the Credit Contract No. 77/08 were entered with the Hypo Group whereby the grace periods were renewed for another 12 months, respectively, resulting in no liabilities except for regular payment of accrued interest in the first quarter of 2010.

Annex on Restructuring of the Credit Liability for a period of 6 months was entered with EFG Banka and the short-term liabilities of EUR 6,600,000 with respect to the credit granted were paid in full on March 23, 2010.

- Financial lease – short-term share RSD 4,193 thousand

- Financial liabilities under the Contract on Assignment of Receivables amounted to RSD 19,796 thousand.

NOTE 15 – OPERATING LIABILITIES

Operating liabilities were presented in the balance sheet in the amount of RSD 680,907 thousand.

They include :

- Prepayments received of RSD 104,683 thousand.

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

- Prepayments in foreign currency in amount of RSD 10 thousand

- Trade payables to parents :

In the amount of RSD: 3,301 thousand.

- Trade payables to related legal entities:

In the amount of RSD 44,640 thousand.

Trade payables to parents and related legal entities will be settled with the current trade receivables from them within the next quarter.

- Other trade payables - domestic:

In the amount of RSD 99,079 thousand.

Trade payables of RSD 8,536 thousand relate to the delivered soybean grain traded for the soybean meal.

Trade payable for the received soybean grain and corresponding costs – crop 2009 amounted to RSD 1,705 thousand.

Trade payable for received sunflower grain and corresponding costs – crop 2009 amounted to RSD 778 thousand.

Trade payables for the received wheat amounted to RSD 15,026 thousand.

All these trade payables relate to raw materials will be settled and paid in the next quarter.

Investments in fixed assets amounted to RSD 2,870 thousand and the balance of RSD 70,164 thousand relates to other liabilities.

- Liabilities related to the unbilled goods

In the amount of RSD 17.805 thousand.
- Foreign trade payables abroad:
In the amount of RSD: 8.374 thousand.

Becej, March 31, 2010

LEGAL REPRESENTATIVE

Pavlovic Branislava