

NOTES TO THE BALANCE SHEET as of June 30, 2010

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. Begrade (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 processors 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. as a result of the implementation of the Company Development Plans.

Company Meeting passed the Decision on the 8th issue of ordinary shares by public offering for increase of its capital stock 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 aimed 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, the Company capital stock amounted to RSD 3,533,704,512.95 after the performed increase and it is divided in 7,621,304 shares with no par value and book value of RSD 463.6614 per share.

On its regular annual session held on June 30, 2010 the Company Meeting passed the Decision on increase of the "Sojaprotein" A.D. Becej capital stock from the retained profit in amount of RSD 1,030,969,678.25 by 9th issue of 2,223,540 new shares with no par value and book value of RSD 463.661404 per share. In accordance with the records maintained by the Central Securities, Depository and Clearing House, existing Company shareholders on the Decision date (June 30, 2010) are entitled to free shares on the basis of capital stock increase pro rata to their stake in the current Company capital stock. The Securities and Exchange Commission approved the 9th issue of shares through conversion of the portion of retained profit in capital stock by its Decision dated July 22, 2010. A procedure of crediting the shares of 9th issue to the Issuer's temporary issue account has been currently performed before the Securities and Exchange Commission

As of June 30, 2010 ten major shareholders in the capital structure hold 74.44% of the total share capital.

There was 386 employees on the Report preparation date.

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, i.e. the Framework for the Preparation and Presentation of Financial Statements ("the Framework"), International Accounting Standards ("IAS"), i.e. International Financial Reporting Standards ("IFRS") as well as interpretations which make an integral part thereto.

The Framework and IAS in effect 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 – NON-PRODUCTION INVESTMENTS

Company presented the non-production investments in the amount of RSD 7,452 thousand. Non-production investments are initially valued at their purchase price when procured or at cost when created within the Company.

After the initial recognition, non-production 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

As of June 30, 2010 the Company presented property, plants and equipment in the amount of RSD 3,387,438 thousand. All assets classified in this group are carried at fair value (evaluation performed in 2005 by an independent appraiser). Depreciations was calculated by applying the STRAIGHT LINE method on the purchase price.

As of June 30, 2010 investments in progress amounted to RSD 607,197 thousand. Total investments in 2010 included investments in facilities under construction of RSD 132,894 thousand and in equipment and plants under construction of RSD 474,303 thousand. Major investments in progress are as follows:

1. SPI/SPC PLANT - Project documentation /6751/	RSD 55,941 thousand
2. TSP Plant /1443,1444/	RSD 64,084 thousand
3. B&G Plant /1439,1441/	RSD 23,941 thousand
4. Wells II,III,IV /7013-7015/	RSD 19,069 thousand
5. Extruder and separator/7537/	RSD 122,575 thousand
6. "Wenger" drier/7538,7539/	RSD 92,096 thousand
7. BTH packing machine /7468/	RSD 99,037 thousand
8. Soybean grinding line/7494/	RSD 57,063 thousand
9. Mills/7505,7506/	RSD 25,737 thousand
10. Bag filling machine/7652/	RSD 29,544 thousand

Activities on implementation of the Soybean Protein Isolates and Concentrates Plant Construction Project which commenced in 2008 were continued and this investment is planned in phases. Construction of the plant for manufacture of traditional soybean protein concentrates with capacity of 70,000 tons annually has commenced. Activities on designing are in the course and the Contract on the Processing Equipment Procurement was entered. Completion of this investment is expected at the end of the third quarter next year and, hence, income from sale of new products is expected in the last quarter of next year.

Another investment in progress relates to reconstruction of the B&G and TSP plants.

A new extruder line produced by Wenger was installed and put into operation. The procured equipment provides double capacity as compared to the current one in textures production and of higher quality and expanded assortment of products. Furthermore, a new grinding line produced by the German manufacturer "Bauermaister" was also installed which increased the existing capacities by 50% in production of soybean flour. During March 2009 it commenced the trial run as well as the new packing line of all products in the B&G and TSP Plant. These investments were made in order to extend the production capacities of soybean products intended for human consumption and food industry.

In the first quarter of 2010, additional equipment for quality improvement and more efficient filling and packing, as well as increase of production capacities for full-fat raw materials was contracted. The new packing line and mill for full-fat raw material grinding will be implemented in total value of EUR 500,000.

Advances paid within this investment amounted to RSD 35,679 thousand.

NOTE 3 – INVESTMENT ASSETS

As of June 30, 2010 the investment assets amounted to RSD 332,035 thousand and relate to :

1. MIXING PLANT in B.Palanka	RSD 26,280 thousand
2. WAREHOUSE in B.Palanka	RSD 2,842 thousand
3. MASTER CENTER	RSD 81,302 thousand
4. SILO in B.PALANKA	RSD 221,611 thousand

The silo was leased to "Victoria Logistic" on June 1, 2009 for storage of agricultural products.

NOTE 4 – STAKES IN CAPITAL

The Company has stakes as follows:

1. Stakes in subsidiaries :	RSD 784,730 thousand
- "VOBEX INTERSOJA" Moscow – 85.00%	RSD 1,112 thousand
- "VETERINARSKI ZAVOD"AD Subotica – 59.17%	RSD 783,618 thousand

Veterinarski Zavod "Subotica" A.D. Subotica conducted the 8th 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 8th issue was determined to last 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). In June, "Sojaprotein" A.D. had exercised its preferential right in full and subscribed and paid-up 579,760 ordinary shares with voting rights from the 8th issue of the Issuer - Veterinarski Zavod "Subotica" A.D. Subotica. Securities and Exchange Commission approved the 8th issue of 579,872 ordinary shares 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. Accordingly, the stake of "Sojaprotein" A.D. in the 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 :	RSD 64,626 thousand
In this group are included stakes in the following companies:	
- "BELA LADJA" Hotel AD Becej – 31.81%	
3. Stake in capital of other legal entities :	RSD 8,618 thousand
This group covers stakes in several other legal entities; however, a stake in each	

individual legal entity does not represent a significant item.	
NOTE 5 – OTHER LONG-TERM FINANCIAL INVESTMENTS	
Company presented long-term financial investments in the amount of RSD 11,724 thousand. Showed reduce as compared to the previous period is a result of transfer of conditioned loans granted for construction of the storage capacities to the company "Victoria Logistic"D.O.O.Novi Sad. These transfer of receivables constitutes an integral part of reorganizations and pooling of procurement of raw materials, transport and storage of goods which are performed by the company "Victoria Logistic" within the "VictoriaGroup" as of the year 2009.	
NOTE 6 – INVENTORIES	
Company presented in its balance sheet inventories in the amount of: Within inventories stocks of raw materials and material were most significant and amounted to RSD 1,961,486 thousand, of which the basic raw material (soybean grain) amounted to RSD 1,751,852 thousand calculated at average purchase price, i.e. in volume of 49,272,730 kg JUS soybean grain.	RSD 5,844,837 thousand
Inventories of merchandise amounted in total to RSD 980,913 thousand and major stocks were recorded as follows: - Sunflower 5,054,907 kg - Wheat 67,641,075 kg Value of merchandise on stock is carried at average purchase price.	RSD 110,309 thousand RSD 801,603 thousand
In the first six months of 2006, 107,919,333 kg of JUS soybean grain – crop 2009, was processed.	
Value of finished products on stock amounted to RSD 469,160 thousand as of June 30, 2010, and the major stocks of finished products were as follows: - Soybean oil 1,595,312 kg, i.e. in value of RSD 37,883 thousand - Soybean meal 6,553,093 kg, i.e. in value of RSD 231,661 thousand - Soybean meal as intermediary products 2,040,848 kg, i.e. in value of RSD 79,696 thousand.	
Produced volume of crude soybean oil in 2010 was 20,854,900 kg, and soybean meal 66,923,140 kg. Cost of finished products is determined on the basis of actual consumption of raw materials which are established through production orders issued in production increased for corresponding variable costs.	
The amount of RSD 2,434,387 thousand relates to prepayments made for raw materials.	
NOTE 7 – RECEIVABLES	
Company presented in its balance sheet total receivables in the amount of RSD 6,385,749 thousand, as follows:	
- Receivables from parents amounted to	RSD 405,022 thousand
Major share of these receivables amounting to RSD 319,981 thousand related to Victoriagroup and the remaining balance of RSD 85,041 thousand related to Veterinarski Zavod Subotica – all based on sales of goods that will be collected in the next period.	
- Receivables from related legal entities amounted to	RSD 4,430,916 thousand
Major share of receivables from related legal entities related to Victoria logistic in the amount of RSD 3,852,148 thousand resulting from supplied intermediaries for production of oil plants in the amount of RSD 1,414,936 thousand, supplied soybean meal of RSD 1,239,860 thousand and supplied goods in the amount of RSD 1,113,353 thousand as prepayments for buy-up of soybean grain – crop 2010, as well as RSD 83,999 thousand for lease of silo and storage services. Receivables amounting to RSD 2,280,000 thousand were collected on July 29, 2010, and the remaining balance will be closed through the compensation for soybean grain – crop 2010. Receivables from Victoria-Oil, Sid for the goods supplied amounting to RSD 576,128 thousand will be compensated or paid in the third quarter of 2010.	

- Domestic trade receivables amounted to	RSD 622,419 thousand
Receivable amounting to RSD 199,462 thousand mainly relates to the financing of soybean grain – crop 2010 and it will be compensated and settled in kind by supply of soybean grain in the buy-up period. A share of the receivable amounting to RSD 422,957 thousand originates from regular commercial sales of products within the current production program, and its major portion relates to sales of soybean meal and the remaining balance to soybean products.	
- Foreign trade receivables amounted to	RSD 457,896 thousand
Receivables amounting to RSD 457,896 thousand originate from regular commercial sales of oil and higher processing stage products on foreign markets.	
Receivables from specific transactions and state authorities amounted to	RSD 410,346 thousand
Major share of receivables from specific transactions originate from loans granted to farmers that were transferred to Victoria Logistic as receivables in the amount of RSD 372,188 thousand and collected on July 29, 2010.	
- Other receivables amounted to	RSD 59,150 thousand
Other receivables relate to Fertil Backa Palanka on the basis of Contract on Assignment of Receivables in the amount of RSD 25,009 thousand and a share of export incentives amounting to RSD 27,898 thousand.	
NOTE 8 – SHORT-TERM FINANCIAL INVESTMENTS	
As of June 30, 2010 short-term financial investments amounted to RSD 2,917,513 thousand. Their structure is as follows:	
- Short-term borrowings to related legal entities of RSD 2,911,653 thousand;	
Loans granted to related legal entities in the amount of RSD 1,711,790 thousand were repaid on July 29, 2010.	
- Other short-term financial investments amounted to RSD 2,000 thousand.	

NOTE 9 - OFF-BALANCE ASSETS
Off-balance assets amounted to RSD 5,400,575 thousand as of June 30, 2010. The amount of RSD 3,026,879 thousand relates to guarantees based on foreign credits, and the amount of RSD 2,298,027 thousand to sureties granted by "Sojaprotein" as guarantor. "Sojaprotein" mainly grant sureties to related legal entities and in some individual cases to its business partners on the basis of long standing business cooperation. The amount of RSD 75,668 thousand relates to goods of others stored in our warehouses – primarily artificial fertilizers in the amount of RSD 45,822 thousand.
NOTE 10 – CAPITAL STOCK
As of June 30, 2010 the Company capital stock amounted to RSD 3,533,705 thousand. Order of top 10 shareholders by the number of shares held as of June 30, 2010 was as follows: VICTORIA GROUP N.Sad – 62.94%, Privredna banka Zagreb – 3.27%, Gustavus Capital Asset Mngt.- 1.71%, Hypo Kastodi 4 – 1.22%, Raiffeisen Zentralbank – 1.07%, SG Splitska banka – 0.86%, Unicredit bank Austria AG – 0.88%; NLB Klijenti -1.06%, Societe Generale Yugoslav bank–0.80%, Erste bank Custody – 0.63%
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NOTE 11 – LOSS OF THE PERIOD

The loss of the period amounted to RSD 61,500 thousand.

NOTE 12 – LONG-TERM PROVISIONS

Long-term provisions for severance pays and jubilee awards (applying IAS 19) amounted to RSD 44,981 thousand.

NOTE 13 – LONG-TERM LIABILITIES

Long-term liabilities amounted to RSD 4,522,096 thousand.
The Item 'Long-Term Liabilities' includes foreign long-term credits and financial leasing.

Foreign long-term credits amounted to RSD 4,520,613 thousand.

	Currency	Initial Export	Value in foreign currency	06/30/2010
Hypo Group Netherlands Corporate finance B.V (ugovor br.77/08)	EUR	15,000,000	7,492,000.02	781,943
Hypo Group Netherlands Corporate finance B.V (ugovor br.87/08)	EUR	25,000,000	12,499,960.00	1,304,626
European Bank	EUR	5,000,000	3,928,571.42	410,027
European Bank	EUR	10,000,000	5,000,000.00	521,852
Banka Koper	EUR	10,000,000	3,636,363.63	379,528
Vojvođanska banka a.d., Novi Sad (Pariski klub) (The liability is disputed in the pending proceedings)	EUR	10,756,276.60	10,756,276.60	1,122,637
Total liabilities	EUR		43,313,171.67	4,520,613

Company is exposed to the interest rate and exchange rate risks for its entire credit indebtedness, since for all long-term credits the contracted interest rate is equal to EURIBOR – monthly, quarterly or semi-annual increased for the fixed margin. Credit lines from Hypo Group were paid in full on July 29, 2010.

Long-term liabilities with respect to financial leasing amounted to RSD 1,483 thousand.

NOTE 14 – SHORT-TERM FINANCIAL LIABILITIES

Short-term financial liabilities amounted to RSD 5,425,294 thousand and they include liabilities based on domestic short-term credits, a share of long-term foreign credits that will become due within a year and share of liabilities related to the financial leasing that will become due within a year.

Domestic short-term credits amounted to RSD 3,003,507 thousand. Banks-Creditors are as follows:

Komercijalna banka EUR 2,000,000 – subsidized credit for export financing with currency clause
This credit line was paid in full on July 2, 2010.

Komercijalna banka EUR 2,000,000 - subsidized credit for export financing with currency clause
Unikredit banka EUR 3,416,693 – domestic short-term credit for working assets financing

This credit line was paid in full on July 6, 2010.

Komercijalna banka EUR 4,000,000 – domestic short-term credit for export financing

Societe Gener. Bank EUR 9,444,443 – domestic short-term credit for working assets financing

Eurobanka EFG banka EUR 1,000,000 - domestic short-term credit for working assets financing

Credit Agricole banka EUR 5,000,000 - domestic short-term credit for working assets financing

Komercijalna banka RSD 200,000,000 - domestic short-term credit for export financing

Short-term credits are credits with maturity up to one year.

	Currency	Amount in currency	Amount in '000 RSD
Hypo Group Netherlands Corporate Finance B.V (ugovor br.77/08)	EUR	7,507,999.98	783,613
Hypo Group Netherlands Corporate Finance B.V (ugovor br.87/08)	EUR	12,500,040.00	1,304,634
European Bank	EUR	357,142.86	37,275

European Bank	EUR	1,000,000.00	104,370
Banka Koper	EUR	1,818,181.82	189,764
Total liabilities	EUR	23,183,364.66	2,419,657

Interest and exchange rate risks were present in case of short-term liabilities as well. The liability of RSD 2,419,657 thousand represents dinar equivalent of EUR 23,183,364.66 at the mean exchange rate of NBS prevailing as of June 30, 2010. Interest rate is fluctuating and depends on changes in EURIBOR (monthly, quarterly, i.e. semi-annual).

Credit lines of the Hypo Group (Loan Agreements No. 77/08 and 87/08) were paid in full on July 29, 2010. Accordingly, no short-term liabilities except for regular payment of accrued interest on the credits existed in the first and second quarter of 2010.

Short-term portion of the credit granted by Societe Generale Bank was paid in full on June 8, 2010.

- Short-term portion of the financial leasing amounted to RSD 1,982 thousand

- The value of RSD 19,796 thousand includes financial liabilities under the Contract on Claims Assignment.

NOTE 15 – OPERATING LIABILITIES

Operating liabilities presented in the Balance Sheet amounted to RSD 533,930 thousand.

These liabilities include as follows:

- liabilities for advances received in the amount of RSD 66,461 thousand.

These liabilities relate to successive supply of soybean grain which have been evenly taken over within the defined term.

- Liabilities for advances in foreign currencies amounted to RSD 2,901 thousand.

- Liabilities to parents :

Amounted to RSD 68 thousand.

- Liabilities to related legal entities:

Amounted to RSD 12,676 thousand.

Liabilities to parent and related legal entities will be settled with already existing receivables from them in the next quarter.

- Other domestic trade payables:

Amounted to RSD 92,594 thousand and include:

Liabilities in the amount of RSD 8,465 thousand originate from exchange of supplied soybean grain against soybean meal.

Liability for received soybean with corresponding costs – crop 2009 amounted to RSD 615 thousand.

Liabilities for received sunflower with corresponding costs - crop 2009 amounted to RSD 778 thousand.

All liabilities for raw materials will be compensated or paid in the next quarter.

On the basis of investment made in fixed assets the liabilities amounted to RSD 3,203 thousand and the remaining balance of RSD 79,533 thousand are other liabilities.

- Liabilities related to good not invoiced yet amounted to RSD 16,016 thousand.

- Foreign trade payables:

Amounted to RSD 343,214 thousand.

Becej, June 30, 2010

LEGAL REPRESENTATIVE

Pavlovic Branislava