

Entered by: Legal Entity- Entrepreneur																	
08114072 Identification Number			Activity Code				Tax ID No.										
Entered by the Business Registers Agency																	
750 123 Type of Business		19		20		21		22		23		24		25		26	

Name: **SOJAPROTEIN AD (JSC)**
Registered office: **BECEJ, INDUSTRIJSKA 1**

BALANCE SHEET
As of December 31, 2012

7005017644622

Barcode
- In thous. RSD -

Group of Accounts, Account	I T E M	ADP	Note No.	A m o u n t	
				Current Year	Previous Year
1	2	3	4	5	6
	ASSETS				
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001		9495497	7987256
00	I. SUBSCRIBED CAPITAL UNPAID	002			
012	II. GOODWILL	003			
01 without 012	III. INTANGIBLE ASSETS	004		16437	13787
	IV. PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005		8646695	7116877
020,022,023, 026,027(part), 028(part),029	1. Property, plants and equipment	006	18	8055231	6781872
024,027(part), 028 (part)	2. Investment property	007		588698	331953
021,025,027 (part),028 (part)	3. Biological assets	008		2766	3052
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		832365	856592
030 to 032, 039 (part)	1. Stakes in capital	010	19	831179	855688
033 to 038, 039 (part) minus 37	2. Other long-term financial investments	011		1186	904
	B. CURRENT ASSETS (013+014+015)	012		11342512	9306798
10 to 13, 15	I. INVENTORIES	013	20	5531714	4744120
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	014			
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		5810798	4562678
20,21 and 22 excl. 223	1. Trade receivables	016	21	3877544	3776562
223	2. Receivables from overpaid profit tax	017		3591	0
23 minus 237	3. Short-term financial investments	018	22	1784961	128804
24	4. Cash and cash equivalents	019	23	128389	523815

Group of Accounts. Account	I T E M	ADP	Note No.	A m o u n t	
				Current Year	Previous Year
1	2	3	4	5	6
27 and 28 excl. 288	5. Value added tax and deferrals	020	24	16313	133497
288	C. DEFERRED TAX ASSETS	021			
	D. OPERATING ASSETS (001+012+021)	022		20838009	17294054
29	E. LOSS OVER CAPITAL	023			
	F. TOTAL ASSETS (022+023)	024		20838009	17294054
88	G. OFF-BALANCE ASSETS	025		10705965	10593951
	LIABILITIES				
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101		12449372	11260015
30	I. CAPITAL STOCK	102	25	6906480	6906480
31	II. SUBSCRIBED CAPITAL UNPAID	103			
32	III. RESERVES	104		1428760	1371588
330 and 331	IV. REVALUATION RESERVES	105		2359864	1837936
332	V. UNREALIZED PROFIT FROM SECURITIES	106		0	571
333	VI. UNREALIZED LOSSES ON SECURITIES	107		23817	0
34	VII. RETAINED PROFIT	108		1778085	1143440
35	VIII. LOSS	109			
037 and 237	IX. BOUGHT-UP TREASURY SHARES	110			
	B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		8016978	5898403
40	I. LONG-TERM PROVISIONS	112	28	24815	49890
41	II. LONG-TERM LIABILITIES (114+115)	113		2306316	2895566
414, 415	1. Long-term borrowings	114	29	2306316	2895503
41 without 414 and 415	2. Other long-term liabilities	115		0	63
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		5685847	2952947
42 excl. 427	1. Short-term financial liabilities	117	30	4498562	2345998
427	2. Liabilities related to assets held for sale and assets of discontinued operations	118			
43 and 44	3. Operating liabilities	119	31	689578	521683
45 and 46	4. Other short-term liabilities	120	32	392802	32794
47, 48 excl. 481 and 49 excl. 498	5. Value added tax liabilities and other public expenses payable and accruals	121	33	104905	29618
481	6. Profit tax liabilities	122		0	22854

- In thous. RSD -

Group of Accounts Account	Description	2012	State No.	Amount	
				Current Year	Previous Year
		1	4	5	6
498	C. DEFERRED TAX LIABILITIES	123		371659	135636
	D. TOTAL LIABILITIES (101+111+123)	124		20838009	17294054
89	E. OFF-BALANCE LIABILITIES	125	34	10705965	10593951

In Becej, this February 27, 2013

Person responsible for
preparation of the financial
statement

Signature

PLACE OF SEAL

SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature

Form prescribed by the Regulations on Contents and Forms of Financial Statements for companies, cooperatives other legal entities and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur						
08114072 Identification Number	Activity Code	Tax ID No.				
Entered by the Business Registers Agency						
750 123 Type of Business	19	20	21	22	23	24 25 26

Name: **SOJAPROTEIN AD (JSC)**
Registered office: **BECEJ, INDUSTRIJSKA 1**

INCOME STATEMENT
For the period from January 1, 2012 to December 31, 2012

7005017644639

Barcode
- In thous. RSD -

Group of Accounts, Account	I T E M	ADP	Note No.	A m o u n t	
				Current Year	Previous Year
1	2	3	4	5	6
	A. REVENUES AND EXPENSES FROM REGULAR OPERATIONS				
	I. OPERATING REVENUES (202+203+204-205+206)	201		14945270	12188506
60 and 61	1. Sales revenue	202	5	15091557	11669080
62	2. Revenues from activation of goods and effects	203		41501	49297
630	3. Increase in value of effects on stock	204		0	354653
631	4. Decrease in value of effects on stock	205		249379	0
64 and 65	5. Other operating revenue	206	7	61591	115476
	II. OPERATING EXPENSES (208 to 212)	207		13056086	10980994
50	1. Cost of goods sold	208		1823015	1817512
51	2. Material cost	209	8	9732860	7915251
52	3. Salaries, salary compensations and other personal expenses	210	9	492693	410847
54	4. Depreciation and provisions	211	10	206562	191408
53 and 55	5. Other operating expenses	212	11	800956	645976
	III. OPERATING PROFIT (201 – 207)	213		1889184	1207512
	IV. OPERATING LOSS (207 – 201)	214			
66	V. FINANCIAL INCOME	215	12	725327	748737
56	VI. FINANCIAL EXPENSES	216	13	1462865	735778
67 and 68	VII. OTHER REVENUE	217	14	359589	39487
57 and 58	VIII. OTHER EXPENSES	218	15	745245	54874
	IX. PROFIT FROM REGULAR OPERATIONS BEFORE TAXATION (213-214+215-216+217-218)	219		765990	1205084
	X. LOSS FROM REGULAR OPERATIONS BEFORE TAXATION (214-213-215+216-217+218)	220			
69-59	XI NET PROFIT FROM REGULAR OPERATION	221			
59-69	XII NET LOSS FROM DISCONTINUED OPERATIONS	222			

- In thous. RSD -

Number of Accounts Account	Description	ADBP	Rate %	Amount	
				Current Year	Previous Year
	B. PROFIT BEFORE TAXATION (219-220+221-222)	223		765990	1205084
	C. LOSS BEFORE TAXATION (220-219+222-221)	224			
	D. PROFIT TAX				
721	1. Tax liabilities for the period	225	16	53603	62394
722	2. Deferred tax liabilities for the period	226	16	23387	0
722	3. Deferred tax assets for the period	227		0	142
723	E. Employer's earnings paid	228			
	F. NET PROFIT (223-224-225-226+227-228)	229		689000	1142832
	G. NET LOSS (224-223 + 225+226-227+ 228)	230			
	H. NET PROFIT OF THE MINORITY SHAREHOLDERS	231			
	I. NET PROFIT OF THE OWNERS OF PARENT LEGAL ENTITY	232			
	J. EARNINGS PER SHARE		17		
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

In Becej, this February 27, 2013

Person responsible for
preparation of the financial
statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature

Form prescribed by the Regulations on Contents and Forms of Financial Statements for companies, cooperatives other legal entities and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur									
08114072 Identification Number									
Entered by the Business Registers Agency									
750 123 Type of Business	19	20	21	22	23	24	25	26	

Name: **SOJAPROTEIN AD (JSC)**
Registered office: **BECEJ, INDUSTRIJSKA 1**

CASH FLOW STATEMENT
For the period from January 1, 2012 to December 31, 2012

7005017644646

Barcode
- In thous. RSD -

I T E M	ADP	A m o u n t	
		Current Year	Previous Year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (1 to 3)	301	16277627	13988185
1. Cash receipts from customers and advance payments	302	15787653	13118111
2. Interest received from operating activities	303	311979	244050
3. Other inflows from regular operations	304	177995	626024
II. Cash outflows from operating activities (1 to 5)	305	15161327	14089109
1. Cash paid to suppliers and advances paid	306	14365620	13457839
2. Salaries, salary compensations and other personal earnings	307	477120	402977
3. Interest paid	308	220695	155126
4. Income taxes paid	309	80048	54906
5. Other public expenses paid	310	17844	18261
III. Net cash inflows from operating activities (I-II)	311	1116300	0
IV. Net cash outflows from operating activities (II-I)	312	0	100924
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
I. Cash inflows from investment activities (1 to 5)	313	1202	35089
1. Sale of shares and stakes (net inflows)	314	0	24019
2. Sale of intangible assets, property, plants, equipment and biological assets	315	1202	11070
3. Other financial investments (net inflows)	316		
4. Interest received from investment activities	317		
5. Dividends received	318		
II. Cash outflows from investment activities (1 to 3)	319	2600893	1701500
1. Acquisition of shares and stakes (net outflows)	320		
2. Acquisition of intangible assets, property, plants, equipment and biological assets	321	850591	1701500
3. Other financial placements (net outflows)	322	1750302	0
III. Net cash inflows from investment activities (I-II)	323		
IV. Net cash outflows from investment activities (II-I)	324	2599691	1666411

- In thous. RSD -

Description	WDR	Amount	
		Current Year	Previous Year
V. CASH INFLOWS FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	325	1088564	2066773
1. Capital stock increase	326		
2. Long-term and short-term credits (net inflows)	327	1088564	2066773
3. Other long-term and short-term liabilities	328		
II. Cash outflows from financing activities (1 to 4)	329	717	846
1. Buy-up of treasury shares and stakes	330		
2. Long-term and short-term credits and other liabilities (net outflows)	331		
3. Financial leasing	332	717	846
4. Dividends paid	333		
III. Net inflows from financing activities (I-II)	334	1087847	2065927
IV. Net outflow from financing activities (II-I)	335		
D. TOTAL CASH INFLOWS (301+313+325)	336	17367393	16090047
E. TOTAL CASH OUTFLOWS (305+319+329)	337	17762937	15791455
F. NET CASH INFLOW (336-337)	338	0	298592
G. NET CASH OUTFLOW (337-336)	339	395544	0
H. CASH AT THE BEGINNING OF ACCOUNTING PERIOD	340	523815	221357
I. FOREIGN CURRENCY TRANSLATION GAIN	341	1355	4515
J. FOREIGN CURRENCY TRANSLATION LOSS	342	1237	649
K. CASH AT THE END OF ACCOUNTING PERIOD (338-339+340+341-342)	343	128389	523815

In Becej, this February 27, 2013

Person responsible for
preparation of the financial
statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature

Form prescribed by the Regulations on Contents and Forms of Financial Statements for companies, cooperatives other legal entities and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur									
08114072									
Identification Number	Activity Code				Tax ID No.				
Entered by the Business Registers Agency									
750									
123	19	20	21	22	23	24	25	26	
Type of Business									

Name: **SOJAPROTEIN AD (JSC)**
Registered office: **BECEJ, INDUSTRIJSKA 1**

STATEMENT ON CHANGES IN EQUITY
For the period from January 1, 2012 to December 31, 2012

7005017644660

Barcode
- In thous. RSD -

Ord. No.	DESCRIPTION	ADP	Capital Stock (group 30 without 309)	ADP	Other capital (acct. 309)	ADP	Subscribed capital unpaid (group 31)	ADP	Issue premium (acc. 320)
1			2		3		4		5
1	Balance as of January 1 of the previous year	401	4564674	414		427		440	871831
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	402		415		428		441	
3	Adjustment of fundamental errors and change of accounting policies in the previous year - reduce	403		416		429		442	
4	Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)	404	4564674	417		430		443	871831
5	Total increase in the previous year	405	2341806	418		431		444	4309
6	Total reduces in the previous year	406		419		432		445	702
7	Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)	407	6906480	420		433		446	875438
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	408		421		434		447	
9	Adjustment of fundamental errors and change of accounting policies in the current year - reduce	409		422		435		448	
10	Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)	410	6906480	423		436		449	875438
11	Total increase in the current year	411		424		437		450	
12	Total reduces in the current year	412		425		438		451	
13	Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)	413	6906480	426		439		452	875438

- In thous. RSD -

Ord. No.	DESCRIPTION	ADP	Reserves (acc. 321, 322)	ADP	Revaluation reserves (acc. 330 and 331)	ADP	Unrealized gains on securities (acc. 332)	ADP	Unrealized losses on securities (acc. 333)
	1		6		7		8		9
1	Balance as of January 1 of the previous year	453	456549	466	1839541	479	2476	492	
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	454		467		480		493	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	455		468		481		494	
4	Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)	456	456549	469	1839541	482	2476	495	
5	Total increase in the previous year	457	39601	470		483		496	
6	Total reduces in the previous year	458		471	1605	484	1905	497	
7	Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)	459	496150	472	1837936	485	571	498	
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	460		473		486		499	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	461		474		487		500	
10	Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)	462	496150	475	1837936	488	571	501	
11	Total increase in the current year	463	57172	476	750046	489	2629	502	23817
12	Total reduces in the current year	464		477	228118	490	3200	503	
13	Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)	465	553322	478	2359864	491		504	23817

- In thous. RSD -

Ord. No.	DESCRIPTION	ADP	Retained profit (group 34)	ADP	Losses up to the equity (group 35)	ADP	Bought-up treasury shares and stakes (acc. 037, 237)	ADP	Total (col.2+3+4+5+6+7+8+9+10-11-12)
	1		10		11		12		13
1	Balance as of January 1 of the previous year	505	2381407	518		531	20412	544	10096066
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	506		519		532		545	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	507		520		533		546	
4	Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)	508	2381407	521		534	20412	547	10096066
5	Total increase in the previous year	509	1143440	522		535	796	548	3528360
6	Total reduces in the previous year	510	2381407	523		536	21208	549	2364411
7	Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)	511	1143440	524		537		550	11260015
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	512		525		538		551	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	513		526		539		552	
10	Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)	514	1143440	527		540		553	11260015
11	Total increase in the current year	515	1835256	528		541		554	2645103
12	Total reduces in the current year	516	1200611	529		542		555	1455746
13	Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)	517	1778085	530		543		556	12449372

Order No.	Description	Amount	Balance (over/under)
1	Balance as of January 1 of the previous year	557	
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	558	
3	Adjustment of fundamental errors and change of accounting policies in the previous year - reduce	559	
4	Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)	560	
5	Total increase in the previous year	561	
6	Total reduces in the previous year	562	
7	Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)	563	
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	564	
9	Adjustment of fundamental errors and change of accounting policies in the current year - reduce	565	
10	Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)	566	
11	Total increase in the current year	567	
12	Total reduces in the current year	568	
13	Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)	569	

In Becej, this February 27, 2013

**Person responsible for
preparation of the financial
statement**

Signature

**PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ**

Legal representative

Signature

 SOJAPROTEIN
 SOJANANSKO DRUŠTVO
 ZA PRERAĐU SOJE
 BECEJ

Form prescribed by the Regulations on Contents and Forms of Financial Statements for companies, cooperatives other legal entities and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur							
08114072	[]			[]			
Identification Number	Activity Code			Tax ID No.			
Entered by the Business Registers Agency							
750	[]	[]	[]	[]	[]	[]	[]
123	19	20	21	22	23	24	25 26
Type of Business							

Name: **SOJAPROTEIN AD (JSC)**
Registered office: **BECEJ, INDUSTRIJSKA 1**

**STATISTICAL ANNEX
For the year 2012**

7005017644653

Barcode

I GENERAL PARTICULARS OF THE LEGAL ENTITY I.E. ENTREPRENEUR

I T E M	ADP	Current Year	Previous Year
1	2	3	4
1. Number of months of business operation (designation 1 to 12)	601	12	12
2. Designation for size (designation from 1 to 3)	602	3	3
3. Designation of ownership (designation from 1 to 5)	603	2	2
4. Number of foreign (natural or legal) persons having share in the capital	604	274	292
5. Average headcount of employees based on the status at the end of each month (whole number)	605	408	386

II GROSS CHANGES IN INTANGIBLE INVESTMENTS AND PROPETRY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS

- in thous. RSD-

Account Groups, Account	I T E M	ADP	Gross	Value adjustment	Net (Col. 4-5)
1	2	3	4	5	6
01	1. Intangible assets				
	1.1 Opening balance	606	28993	15206	13787
	1.2 Increase (procurement) during the year	607	5756	xxxxxxxxxxxx	5756
	1.3 Reduction during the year	608	0	xxxxxxxxxxxx	3106
	1.4 Revaluation	609		xxxxxxxxxxxx	
	1.5 Closing balance (606+607- 608+609)	610	34749	18312	16437
02	2. Property, plants, equipment and biological assets				
	2.1 Opening balance	611	8046607	929730	7116877
	2.2 Increase (procurement) during the year	612	2345776	xxxxxxxxxxxx	2345776
	2.3 Reduction during the year	613	1742111	xxxxxxxxxxxx	815958
	2.4 Revaluation	614		xxxxxxxxxxxx	
	2.5 Closing balance (611+612-613+614)	615	8650272	3577	8646695

III STRUCTURE OF INVENTORIES
- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
10	1. Material on stock	616	3852710	2305690
11	2. Production in progress	617	76025	69397
12	3. Finished products	618	422324	678330
13	4. Goods	619	125609	5914
14	5. Non-current assets held for sale	620		
15	6. Prepayments	621	1055046	1684789
	7. TOTAL (616+617+618+619+620+621 = 013+014)	622	5531714	4744120

IV STRUCTURE OF THE ORIGINAL CAPITAL
- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
300	1. Share capital	623	6906480	6906480
	Within it: foreign capital	624	585975	376217
301	2. Stakes of the limited liability company	625		
	Within it: foreign capital	626		
302	3. Stakes of partnership and limited partnership members	627		
	Within it: foreign capital	628		
303	4. State capital	629		
304	5. Socially-owned capital	630		
305	6. Stakes of cooperatives	631		
309	7. Other capital stock	632		
30	TOTAL (623+625+627+629+630+631+632=102)	633	6906480	6906480

V STRUCTURE OF SHARE CAPITAL
*Number of shares in round numbers
in thous. RSD*

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
	1. Ordinary shares			
	1.1 Number of ordinary shares	634	14895524	14895524
part of 300	1.2 Face value of ordinary shares - total	635	6906480	6906480
	2. Preferential shares			
	2.1 Number of preferential shares	636		
part of 300	2.2 Face value of preferential shares - total	637		
300	3. TOTAL – Face value of shares (635+637=623)	638	6906480	6906480

VI RECEIVABLES AND PAYABLES
- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
20	1. Trade receivables (closing balance 639 < = 016)	639	3845768	3630177
43	2. Operating liabilities (closing balance 640 < = 119)	640	689578	521683
part of 228	3. Claims from insurance companies for damage compensation (debit transactions – without opening balance) during the year	641	2086	0
27	4. VAT – previous tax (annual amount by tax returns)	642	1359171	1415031
43	5. Operating liabilities (credit transactions without opening balance)	643	18386563	22348488
450	6. Net salaries, salary compensations (credit transactions without opening balance)	644	266915	223546
451	7. Tax on salaries and salary compensations charged to employee (credit transactions without opening balance)	645	40233	33596
452	8. Contributions on salaries and salary compensations charged to employee (credit transactions without opening balance)	646	66013	55779
461, 462 and 723	9. Dividends to be paid, share in profit and personal earnings of employer (credit transactions without opening balance)	647		
465	10. Liabilities to natural persons based on fees under contracts (credit transactions without opening balance)	648	3258	2422
47	11. VAT (annual amount by tax returns)	649	1438244	1091006
	12. Control sum (from 639 to 649)	650	26097829	29321728

VII OTHER COSTS AND EXPENSES
- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
513	1. Fuel and energy	651	498327	316652
520	2. Salaries and salary compensations (gross)	652	373161	312492
521	3. Taxes and contributions on salaries and salary compensations charged to the employer	653	66013	55778
522,523, 524 and 525	4. Fees to natural persons (gross) based on contracts	654	5079	3579
526	5. Fees to members of Board of Directors and Supervisory Board (gross)	655	1039	1084
529	6. Other personal expenses and allowances	656	47401	37914
53	7. Costs of production services	657	395028	393931
533, part of 540 and part of 525	8. Lease	658	65855	58662
Part of 533, part of 540 and part of 525	9. Land lease	659		
536, 537	10. Research and development costs and expenses	660		
540	11. Depreciation	661	206562	186655
552	12. Insurance premiums	662	19602	25245
553	13. Payment transaction costs	663	24009	42881

- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
554	14. Membership fees	664	2080	2112
555	15. Taxes	665	23328	16697
556	16. Contributions	666	3044	2445
562	17. Interest costs	667	482387	135141
Part of 560, part of 561 and 562	18. Interest costs and part of financial expenses	668	482387	135141
part of 560, part of 561 and part of 562	19. Interest costs for credits and part of financial expenses	669	347923	133502
part of 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for environment protection and sports purposes	670	947	382
	21. Control sum (from 651 to 670)	671	3044172	1860293

VIII OTHER REVENUES

- in thous. RSD-

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
60	1. Revenue from sale of goods	672	1880299	1834308
640	2. Revenue from premiums, subsidies, endowments, recourse, compensations and return of tax dues	673	0	54579
641	3. Revenue from conditional grants	674	2335	5998
part of 650	4. Revenue from land lease	675		
651	5. Revenue from membership fees	676		
part of 660, part of 661, 662	6. Interest gains	677	67993	158317
part of 660, part of 661 and part of 662	7. Interest gains on accounts and deposits at banks and other financial institutions	678	38478	7078
part of 660, part of 661 and part of 669	8. Revenue from dividends and share in the profits	679		
	9. Control sum (672 to 679)	680	1989105	2060280

IX OTHER DATA

- in thous. RSD-

ITEM	ADP	Current Year	Previous Years
1	2	3	4
1. Excise duty (according to computed excise duty on annual base)	681		
2. Accounted customs and other import duties (total computed annual amount).	682	3232	3248
3. Capital subsidies and other state grants for construction and procurement of fixed assets and intangible investments	683		
4. State allocations for premiums, recourse and the current operating costs	684		
5. Other state allocations	685		
6. Received grants from abroad and other nonrecurring assets in cash or in kind from foreign natural persons and legal entities	686		
7. Personal earnings of entrepreneurs from net profit (filled in by entrepreneurs only)	687		
8. Control sum (from 681 to 687)	688	3232	3248

X DEFERRED NEGATIVE NET EFFECTS OF CONTRACTED FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

- in thous. RSD-

Udiovanje	ADD	Current Year	Previous Years
1. Opening balance of deferred net effect of contracted foreign currency clause	689		
2. Deferred net effect of contracted foreign currency clause	690		
3. Proportional part of cancelled deferred net effect of contracted foreign currency clause	691		
4. Remaining amount of deferred net effect of contracted foreign currency clause (ord. no. 1+ ord. no. 2- ord. no.3)	692		
5. Opening balance of deferred net effect of exchange differences	693		
6. Deferred net effect of exchange differences	694		
7. Proportional part of cancelled deferred net effect of exchange differences	695		
8. Remaining amount of deferred net effect of exchange differences (ord. no. 5+ ord. no. 6 – ord. no. 7)	696		

XI DEFERRED POSITIVE NET EFFECTS OF CONTRACTED FOREIGN CURRENCY CLAUSE AND EXCHANGE DIFFERENCES

- in thous. RSD-

Udiovanje	ADD	Current Year	Previous Years
1. Opening balance of deferred net effect of contracted foreign currency clause	697		
2. Deferred net effect of contracted foreign currency clause	698		
3. Proportional part of cancelled deferred net effect of contracted foreign currency clause	699		
4. Remaining amount of deferred net effect of contracted foreign currency clause (ord. no. 1+ ord. no. 2- ord. no.3)	700		
5. Opening balance of deferred net effect of exchange differences	701		
6. Deferred net effect of exchange differences	702		
7. Proportional part of cancelled deferred net effect of exchange differences	703		
8. Remaining amount of deferred net effect of exchange differences (ord. no. 5+ ord. no. 6 – ord. no. 7)	704		

In Becej, this February 27, 2013

Person responsible for
preparation of the financial
statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature



SOJAPROTEIN
KOJONARSKA DRUGA
ZA PREDADU SOBE
BECEJ

Form prescribed by the Regulations on Contents and Forms of Financial Statements for companies, cooperatives other legal entities and entrepreneurs ("Official Gazette of the Republic of Serbia", No. 114/06, 5/07, 119/08, 2/10, 101/12 and 118/12).

SOJAPROTEIN A.D., BECEJ

**Financial Statements as of
December 31, 2012**

1. BASIC INFORMATION ABOUT THE COMPANY

Sojaprotein AD Becej (hereinafter referred to as the: “Company”) is the major manufacturer of soybean in Serbia and one of the most important manufacturers in Central and Eastern Europe. The Company was established in 1977 as the work organization for industrial processing of soybean in foundation and its establishment was finalized in 1985.

In 1991, the Company Management passed the decision on issue of internal shares to employees and thus performed the transformation into a joint stock company. In the course of 2000 and 2001, the Company had privatized the remaining socially owned capital through the issue of free shares underwritten by employees and other natural persons in compliance with the provisions of the Law on Ownership Transformation 1997.

The core activity of the Company is soybean processing of for production of various full-fat and defatted products such as flour, grits and textured forms, as well, as soybean oil, soybean meal and soybean lecithin. Additional segment of the Company’s business activities is the provision of services in agricultural production, wholesale and retail trade, and buy-up of agricultural products.

Registered office of the Company is located in Becej, at 1, Industrijska Street. As of the date of preparation of these Financial Statements, the Company employed 416 persons (December 31, 2011: 394 employees).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHOD

2.1 Basis for Preparation and Presentation of Financial Statements

On the basis of the Law on Accounting and Audit (“Official Gazette of the Republic of Serbia” No. 46 dated June 2, 2006 and No. 111 dated December 29, 2009), legal entities and entrepreneurs incorporated in the Republic of Serbia are required to maintain their business books, to recognize and evaluate their assets and liabilities, income and expenses, and to prepare, present, deliver and disclose financial statements in compliance with the current legislation and professional rules which include: the Framework for Preparation and Presentation of Financial Statements (the “Framework”), International Accounting Standards (“IAS”) and/or International Financial Reporting Standards (“IFRS”), as well as the related interpretations making an integral part of these standards which were in effect as of December 31, 2002.

The amendments to IAS, as well as the new IFRS and corresponding interpretations issued by the International Accounting Standards Board (the “Board”) and the International Financial Reporting Interpretations Committee (the “Committee”) in the period from December 31, 2002 to January 1, 2009 were officially adopted by the Decision of the Ministry of Finance of the Republic of Serbia (the “Ministry”) and published in the “Official Gazette of the Republic of Serbia” No. 77 dated October 25, 2010.

However, until the date of preparation of the enclosed Financial Statements, not all amendments to IAS / IFRS and IFRIC interpretations in effect for annual periods beginning as of January 1, 2009 have been translated. In addition, the enclosed Financial Statements are presented in the format prescribed under the Rules on Form and Content of the Chart of Accounts for Business Companies, Cooperatives, Other Legal Entities and Entrepreneurs (the “Official Gazette of the Republic of Serbia” No. 114/2006 to No. 3/2011) integrating the legally defined complete set of financial statements which differs from the one defined under IAS 1 “Presentation of Financial Statements” and, in individual parts, also deviates from the manner of certain balance items presentation prescribed thereunder. Published standards and interpretations in effect in the current period which have not yet been officially translated and adopted, as well as published standards and interpretations which have not yet been applied are disclosed in Notes 2.2 and 2.3.

Furthermore, the accounting regulations of the Republic deviate from IFRS in the following provisions:

- At the opinion of the Ministry, the employees' participation in the profit should be recorded as decrease of retained profit and not by charging the results in the current period, as required by IAS 19 "Employees Benefits".
- Currency differential gains and losses occurring when translating balance sheet items credited or debited in foreign currencies in the income statement were recorded as currency differential gains or losses. Currency differential gains and losses occurring in business transactions recorded in foreign currencies credited or debited in the income statement were recorded as currency differential gains or losses, except for currency differential gains or losses and the foreign currency clause effects calculated on receivables and payables not matured yet, which were recorded within other prepayments and accrued income in accordance with the amendments and supplements to the Rules. Pro-rata amount of accrued and deferred currency differential is reclassified to currency differential gains or losses on the date of maturity of the liability, i.e. receivable as they were calculated.

As stated above and having in mind potential material effects on the fairness and objectivity of the Company financial statements resulting from deviations of accounting regulations in the Republic of Serbia against IFRS and IAS, the enclosed Financial Statements may not be considered as financial statements prepared in compliance with IFRS and IAS .

The Company prepared these nonconsolidated financial statements on the basis and in accordance with provisions of the laws and regulations of the Republic of Serbia whereby investments in the subsidiaries in these Financial Statements were disclosed at cost reduced by a potential impairment. Detailed presentation of the Company's financial standing may be seen by review of the Consolidated Financial Statements which the Company is obligated to prepare and file with the Business Registers Agency until April 30, 2013 the latest, in accordance with the Law on Accounting and Audit.

The Financial Statements are prepared in accordance with historical cost principle, unless stated otherwise in the accounting policies presented below.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHOD (continued)

2.1 Basis for Preparation and Presentation of Financial Statements (continued)

When preparing the enclosed Financial Statements, the Company applied accounting policies stated under the Note 3.

Financial Statements of the Company are presented in thousands of dinars (RSD). The Dinar is the official reporting currency in the Republic of Serbia.

2.2 Published Standards and Interpretations in Effect for the Current Period which have not yet been Officially Translated and Adopted

As of the Financial Statements publishing date, the following standards and amendments have been issued by the International Accounting Standards Board and the following interpretations have been issued by the International Financial Reporting Interpretations Committee but not officially adopted in the Republic of Serbia:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Amendments improving the disclosure of fair value and liquidity risk (revised in March 2009, effective for annual periods beginning on or after January 1, 2009),
- Amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards" – Additional Exemptions for the First-Time Adopters of IFRS. These amendments relate to assets

in oil and gas industry and determine whether agreements contain lease (revised in July 2009, effective for annual periods beginning on or after January 1, 2010),

- Amendments to various standards and interpretations resulting from IFRS Annual Quality Improvement Project published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16) primarily intended to remove inconsistencies and clarify wording (amendments will be applied for annual periods beginning on or after January 1, 2010, and amendment to IFRIC will be applied on or after July 1, 2009),
- Amendments to IAS 38 “Intangible Assets” (effective for annual periods beginning on or after July 1, 2009),
- Amendments to IFRS 2 “Share-Based Payment”: Amendments resulting from IFRS Annual Quality Improvement Project (revised in April 2009, effective for annual periods beginning on or after July 1, 2009) and amendment relating to group cash-settled share-based payment transactions (revised in June 2009, effective for annual periods beginning on or after January 1, 2010);
- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” coming into force for annual periods beginning on or after July 1, 2009 and IAS 39 - “Financial Instruments: Recognition and Measurement” – Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009),
- IFRIC 18 “Transfer of Assets from Customers” (effective for annual periods beginning on or after July 1, 2009);
- “Conceptual Framework for Financial Reporting in 2010” which represents the amendment to the “Framework for the Preparation and Presentation of Financial Statements” (effective for transfer of assets from customers received on or after September 2010).
- Supplements to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Limited Exemption from Comparative IFRS 7 Disclosures for IFRS First-Time Adopters (effective for annual periods beginning on or after July 1, 2010),
- Supplements to IAS 24 “Related Parties Disclosures” – Simplified Disclosure Requirements for Entities (significantly) controlled by or under the significant influence of the Government and Clarification of the Definition of a Related Party (effective for annual periods beginning on or after January 1, 2011),

Supplements to IAS 32 “Financial Instruments: Presentation”– Accounting Procedure of Issuers’ Pre-Emptive Rights to New Shares (effective for annual periods beginning on or after February 1, 2010).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHOD (continued)

2.2 Published Standards and Interpretations which have not yet been Officially Translated and Adopted (continued)

- Supplements to various standards and interpretations “Improvements to IFRS (2010)” resulting from IFRS Annual Quality Improvement Project published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily intended to remove inconsistencies and clarify wording (the majority of supplements will be effective for annual periods beginning on or after January 1, 2011),

- Supplements to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of Minimum Funding Requirements (effective for annual periods beginning on or after January 1, 2011).
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after July 1, 2010).
- Supplements to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Major hyperinflation and elimination of fixed dates for persons doing the first-time adoption IFRS (effective for annual periods beginning on or after July 1, 2011).
- Supplements to IFRS 7 “Financial Instruments: Disclosures” – Transfer of financial assets (effective for annual periods beginning on or after January 1, 2011).
- Supplements to IAS 12 “Profit Tax” – Deferred Tax: return of assets used for tax calculation (effective for annual periods beginning on or after January 1, 2012).

2.3 Published Standards and Interpretations not yet in Effect

As of these Financial Statements publishing date, the following standards and amendments and interpretations have been published but not yet become effective:

- IFRS 9 “Financial Instruments”(effective for the annual period beginning on or after January 1, 2015)
- Supplements to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Mandatory effectiveness and transitional disclosure (in effect for the annual periods beginning on or after January 1, 2015);
- Supplements to IFRS 10 “Consolidated Financial Statements” (in effect for the annual periods beginning on or after January 1, 2013);
- IFRS 11 “Joint Agreements” (in effect for the annual periods beginning on or after January 1, 2013);
- IFRS 12 “Disclosure of Interests in Other Entities” (in effect for the annual periods beginning on or after January 1, 2013);
- Supplements to IFRS 10, IFRS 11 and IFRS 12 - “Consolidated Financial Statements”, “Joint Agreements” “Disclosure of Interests in Other Entities”, respectively (effective for the annual periods beginning on or after January 1, 2013);
- IAS 27 (revised in 2011) “Consolidated and Separate Financial Statements (effective for annual period beginning on or after January 1, 2013);
- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures” (effective for annual period beginning on or after January 1, 2013);
- IFRS 13 “Fair Value Measurement” (effective for annual period beginning on or after January 1, 2013);
- Supplements to IAS 19 “Employee Benefits” – Post-Employment Benefit Accounting Consideration” (effective for annual period beginning on or after January 1, 2013).

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHOD (continued)

2.3 Published Standards and Interpretations not yet in Effect (continued)

- Supplements to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Government Loans with a Below-Market Rate Interest (in effect for the annual periods beginning on or after January 1, 2013);
- Supplements to IFRS 7 “Financial Instruments: Disclosures” – Offsetting Financial Assets and Financial Liabilities (in effect for the annual periods beginning on or after January 1, 2013);
- Supplements to IAS 1 “Presentation of Financial Statements” – Presentation of Items of Other Comprehensive Income (in effect for the annual periods beginning on or after July 1, 2012);
- Supplements to IAS 32 “Financial Instruments: Presentation” - Offsetting Financial Assets and Financial Liabilities (in effect for the annual periods beginning on or after January 1, 2014);
- Annual Quality Improvements for the period from 2009 to 2011 issued in May 2012 (in effect for the annual periods beginning on or after January 1, 2013);
- IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine” (in effect for the annual periods beginning on or after January 1, 2013);
- Supplements to IFRS 10, IFRS 12 and IFRS 27 – Exemption from Consolidating a Subsidiary in accordance with IFRS 10 “Consolidated Financial Statements” (effective for the annual periods beginning on or after January 1, 2014).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income and Expenses

Income from sales is recognized when risks and benefits from ownership rights are transferred to the customer implying the delivery date of products to the customer. Income from services rendered is recognized when the service is completed.

Income is presented at the fair value of an asset received or to be received, in the net amount after deduction of discounts granted and the value added tax.

Interest income and costs are credited, i.e. debited in the accounting period they were accrued.

Corresponding expenses are recorded on the same date as the respective income (the principle of casualty of income and expenses).

Repair and maintenance costs of fixed assets are covered from income of the accounting period they were incurred.

3.2 Translation of Assets and Liabilities Denominated in Foreign Currencies

Operating changes carried in foreign currencies were translated in dinars at the mean exchange rate determined in the Interbank Market and prevailing on the date of operating change.

Assets and liabilities carried in foreign currencies as of the Balance Sheet date were translated in dinars at the mean exchange rate determined in the Interbank Market and prevailing on that date.

Currency differential gains and losses resulting from operating transaction in foreign currencies and when translating the balance sheet items carried in foreign currencies were credited or debited in the Income Statement as currency differential gains and losses.

3.3 Borrowing Costs

Borrowing costs that may be allocated directly to acquisition, construction or production of qualified assets are included in the cost of the respective asset as incurred until the actual completion of all activities necessary for preparation of the asset for intended use or sale. The qualified assets are assets which require a significant time period to be ready for their intended use.

Investment income gained from temporary investment in loans are deducted from the accrued borrowing costs granted for financing of the qualified assets.

All the other borrowing costs are recognized in the profit and loss account in the period they were accrued.

3.4 Employee Benefits

a) Taxes and Contributions to the Employees Social Security Funds

In accordance with regulations applicable in the Republic of Serbia, the Company is obligated to pay taxes and contributions to tax authorities and state funds providing social security to employees. These liabilities include payment of taxes and contributions for employees charged to the employer that are calculated at legally prescribed rates. Furthermore, the Company is obligated to withhold contributions from employees' gross salaries and pay them to the funds, on behalf of its employees. Taxes and contributions charged to the employer and taxes and contributions charged to employees debited as expenses of the period they were accrued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Employee Benefits (continued)

b) Liabilities Related to Severance Pays and Jubilee Awards

Pursuant to the Labor Law, the Company is obligated to disburse severance pays to employees at the end of their employment for the purpose of retirement in the amount equal to three average salaries paid in the Republic of Serbia in compliance with the last data published by the corresponding government body in charge of the statistics. In addition, the Company is obligated to pay jubilee awards to employees depending on their continuous service period in the Company equal to an average salary achieved in the Company in a month preceding the month in which the jubilee award shall be paid.

3.5 Taxes and Contributions

3.5.1 Profit Tax

a) Current Profit Tax

Current income tax represents the amount calculated by applying the prescribed 10% tax rate on the tax base determined in the tax balance, which represents the profit amount before tax after deduction of income and expenditures harmonization effects, in accordance with the tax regulations of the Republic of Serbia, subject to reductions required under the prescribed tax credits.

The Law on Profit Tax of the Republic of Serbia does not envisage a possibility of using any tax losses in the current period as the basis for recovery of taxes paid in previous periods. However, losses presented in tax balances up to the year 2009 may be used for reduction of the tax base in future accounting periods in next ten years from the right exercising date and losses presented in the tax balance for the year 2010 and on, may be used for reduction of tax base in future accounting periods, but, however, not for more than five years.

b) Deferred Profit Tax

Deferred profit tax is calculated by applying the balance sheet liability method for temporary differences resulting from the difference between a tax base in the balance sheet assets and liabilities and their book values. The currently enacted rates at the balance sheet date are applied for determination of the deferred profit tax. Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized on all deductible temporary differences and effects of losses carried forward and tax credits in the tax balance, which may be carried forward, to the extent of probable taxable profit available wherefrom the deferred tax assets shall be deducted.

Deferred tax is credited or debited in the Income Statement except when referred to an item directly credited or debited in capital when the deferred tax may also be classified in the capital.

3.5.2 Taxes and Contributions Not Depending on Results

Taxes and contributions not depending on results include property tax and other taxes and contributions which are paid in accordance with various Republic and municipal regulations. Other taxes and contributions are recognized as expenses of the period in which they were accrued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property, Investment Assets, Plant and Equipment

Initial measurement of property, plant and equipment meeting the requirements for the recognition of an asset is performed at its purchase value or its cost. Additional expenses for property, plant and equipment are recognized as assets only if they upgrade assets above their originally evaluated standard performance. All other subsequently incurred expenditures are recognized as expenses in the period they were incurred.

After initial recognition, property (land and buildings) are carried at revaluated amounts, i.e. their fair value on the revaluation date reduced by total accrued depreciation and total losses resulting from impairment.

Fair value of a property is its evaluated market value. Revaluation is made only when a fair value of the revaluated asset significantly differs from its carrying value.

After initial recognition, plant and equipment are recorded at their purchase price or cost, decreased by total accrued depreciation and total losses resulting from impairment.

Gains and losses resulting from right of disposal or removal are recognized as income or expense in the Income Statement.

3.6.1 Depreciation

Depreciation of property, plant and equipment is calculated at the straight line method during the estimated useful life. The useful life and depreciation rates for the main groups of fixed assets are as follows:

<u>Main Groups of Fixed Assets</u>	<u>Rate (%)</u>
Buildings	1.5 – 5 %
Production equipment	5 – 25 %
Field and passenger vehicles	10 – 20 %
Computers	20 – 33 %
Other equipment	1.5 – 50 %

Depreciation rates are revised annually in order to determine a depreciation rate which reflects the actual consumption of assets during operations based on their remaining useful life.

3.6.2 Investment Assets

Investment assets is the assets held by the Company, as the owner, for lease or increase of the equity value or both, but not to use it for service providing or administrative needs or for sale in the course of regular operations. Initial measurement of investment assets at the time of acquisition is made at the purchase price or cost. After initial recognition, investment assets are recorded at their revaluated amounts, i.e. their fair value on the revaluation date – assessment, reduced by the total accrued depreciation and total losses resulting from impairment.

3.7 Intangible Investments

Intangible investments refer to purchased software and trademark and they are recorded at cost reduced by depreciation. Intangible investments are written off at the straight line method within two to eight years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Long Term Financial Investments

Long term financial investments include stakes in equity of related parties, commercial banks and other legal entities and they are recorded at cost reduced by impairment in accordance with their estimated recoverable value of the Management.

3.9 Impairment

On every balance sheet date, the Company reviews book amounts of its material assets to determine whether there are any indications their impairment. If such indications exist, the recoverable amount of assets is estimated in order to determine possible losses resulting from impairment. If evaluation of the recoverable amount of an individual asset is impossible, the Company shall estimate the recoverable amount of the cash generating unit wherein the respective asset is classified.

Recoverable value represents a net selling price or value in use, whichever is higher. When estimating the value in use, estimated future cash flows are discounted to their present value by applying a discount rate before tax that reflects current market assessment of the time value of cash and the risks specific to the respective asset.

If the estimated recoverable value of the asset (or cash generating unit) is lower than its book value, the book value of that asset (or cash generating unit) shall be reduced to the recoverable value. Impairment losses are recognized directly as expenses, except in case of land or building not used as investment assets recorded at revaluated value, when the impairment loss is recorded as impairment resulting from the asset revaluation.

In case of subsequent reversal of impairment losses, the book value of the asset (cash generating unit) shall be increased to the extent of the revised estimated recoverable value of the asset, provided that the increased book value should not exceed book value determined in previous years when no impairment losses were recognized for the respective asset (cash generating unit). Reversal of the impairment losses are directly recognized as income, unless the relevant asset is recorded at its estimated value in which case the reversal of impairment losses are recorded as an increase caused by revaluation.

3.10 Lease

Lease is classified as financial lease in all cases when all risks and benefits resulting from ownership of the assets are transferred to maximum possible extent to the lessee. Any other lease is classified as

operating lease.

Company as Lessor

Income from operating lease (rent) is recognized by applying the straight line method during the lease term. Indirect costs accrued during negotiations and contracting of the operating lease are added to the book value of the leased asset and recognized pro rata during the lease term.

Company as Lessee

Assets leased under the contracts on financial lease are initially recognized as Company assets at the present value of minimum lease installments determined at the beginning of the lease term. Respective liability to the Lessor is included in the Balance Sheet as a financial lease liability.

Payment of lease installments is allocated to financial costs and reduction of lease liabilities with the objective of achieving a constant installment rate of the outstanding liability. Financial costs are recognized immediately in the Income Statement, unless they may be directly ascribed to assets prepared for use, when they are capitalized in accordance with the general borrowing costs policy of the Company (Note 3.3).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Lease (continued)

Company as Lessee

Installments based on operating lease are recognized as cost at the straight line basis during the lease term, unless there is some other systemic base which reflects better the time schedule of economic consumption benefits of a leased asset.

When lease reliefs are granted, they are included in an operating lease and recognized as a liability. Total relief benefits are recognized as reduction of lease costs at the straight line base, unless there is some other systemic base which reflects better the time schedule of economic consumption benefits of a leased asset.

3.11 Inventories

Inventories are recorded at cost or the net selling value, whichever is lower. Net expected selling value is the price at which inventories may be sold in the ordinary course of regular operations after reduction of the price for sale costs.

Value of materials and spare parts on stock is determined at the average purchase cost method. The purchase cost includes the value invoiced by the supplier, transportation and dependent costs.

The value of the work in progress and finished goods includes all direct production costs, as well as the aliquot portion of the plant overhead costs.

Inventories held in the storehouse are recorded at purchase price and the inventories in the retail trade are recorded at their retail prices. At the end of the period, inventories are reduced to their purchase value by the allocation of the price difference, calculated on average base, between the purchase price of the goods sold and balance of inventories at the end of the year.

Charging of other expenses is made by adjustment of inventories when it is estimated that their value should be reduced to the expected net realizable selling value (including inventories with slow turnover, excess inventories and obsolete inventories). Damaged inventories and inventories whose quality do not correspond to standards are written-off.

3.12 Financial Instruments

Financial assets and financial liabilities are recorded in the Company Balance Sheet from the moment the Company is tied to the instrument by contractual provisions. Acquisition or disposal of financial assets is recognized as accounted for on the settlement date, i.e. on the date the asset is delivered to the other party.

Financial assets cease to be recognized when the Company loses its control of the contracted rights on the instruments. This happens when the rights of exercising the instrument have been realized, expired, cancelled or assigned. Financial liabilities cease to be recognized when the anticipated contractual obligation is fulfilled, cancelled or expired.

a) Stakes in Equity

Stakes in equity of banks and other legal entities listed at the Stock Exchange are initially measured at their cost. Subsequent evaluation is made on each balance sheet date for adjustment of their value with the market value.

Long term financial investments which include stakes in equity of related parties, commercial banks and other legal entities not listed at the Stock Exchange are presented at the cost method reduced for impairment in accordance with the Management's estimates for their adjustment to their realizable value.

b) Trade Receivables, Short Term Investments and Other Short Term Receivables

Trade receivables, short term investments and other short term receivables are presented at their nominal value reduced by adjustments based on the Management's estimate of their collectability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (continued)

c) Cash and Cash Equivalents

Cash and cash equivalents in the Company's Financial Statements include cash at hand and balances on current accounts and other cash assets available up to three months.

d) Financial Liabilities

Financial liability instruments are classified in accordance with the contractual provisions. Financial liabilities are recorded at their nominal value increased by the interest agreed under the contracts entered which corresponds to the effective interest rate.

e) Operating Liabilities

Trade payables and other operating liabilities are recorded at the estimated value of assets received.

3.13 Disclosures on Relations with Related Parties

For the purpose of these Financial Statements, legal entities are treated as related parties if one of the legal entities is controlling the other or has significant influence on financial and operating decisions passed by the other party in accordance with IAS 24: "Related Party Disclosures".

In terms of the standards mentioned above, the Company treats legal entities as related parties wherein it has stakes in their equity, i.e. legal entities having stake in the Company's equity.

Related parties may enter transactions that the unrelated entities would not make and transactions with related parties may be executed under different terms and conditions and amounts as compared to the same transactions with unrelated parties.

The Company both provides services to related parties and uses their services. Relations between the Company and related parties are regulated by contract and in accordance with the market conditions.

4. REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

Presentation of Financial Statements requires that the Company Management should make the best possible estimates and reasonable assumptions that affect the presented values of assets and liabilities as well as disclosures of contingent receivables and payables as of the date of the preparation of Financial Statements, and the income and expenses for the reporting period. These estimates and assumptions are based on information available as of the Financial Statements preparation date.

Key assumptions associated with the future and other sources of estimation of uncertainties as of the balance sheet date which represent significant risk for material correction of amounts presented in balance sheet items in the next financial year are given below.

4.1 Depreciation and Depreciation Rates

Calculation of depreciation and depreciation rates are based on the projected economic useful life of equipment and intangible investments. The Company annually estimates the economic useful life based on the current estimates.

4.2 Provisions for Litigations

In principle, provisions significantly depend on estimates. The Company estimates a probability of occurrence of unwanted events resulting from past events and evaluates the amount required for the settlement of liabilities. Although the Company observes the prudence principle when making an estimate, in certain cases the actual results may differ from these assessments due to a high degree of uncertainty.

4. REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES (continued)

4.3 Adjustment of Receivables and Short Term Investments

The Company impairs doubtful trade receivables and receivables from other debtors on the basis of estimated losses that shall be incurred if the debtors fail to make payments. When estimating corresponding losses from impaired doubtful receivables, the Company relies on the age of receivables, previous experience with write-offs, the customer's financial standing and changes in the payment terms. This involves estimations of the future behavior of customers and the respective future collections. However, a significant portion of the Company's receivables relates to receivables from subsidiaries which are collectible in full current value, based on estimates and former experience.

4.4 Fair Value

Business policy of the Company is to disclose information on the fair value of assets and equity and liabilities available in the official market and even when the fair value significantly differs from the book value. In the Republic of Serbia, there is neither sufficient market experience nor stability and liquidity with respect to acquisition and sale of receivables and other financial assets and liabilities since official market information is not always available. Therefore, it is not possible to determine the fair value reliably in the absence of the active market. The Company Management estimates the risks and when it assesses that the value of assets presented in business book is not recoverable, makes corresponding adjustments. In the opinion of the Company Management, values presented in these Financial Statements reflect the value which, under the given circumstances, is the most plausible and

the most useful for reporting purposes.

5. SALES INCOME

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Income from goods sold:		
- Related parties	1,769,240	640,453
- Other legal entities in the country	111,059	1,193,856
- Other foreign legal entities	-	-
	<u>1,880,299</u>	<u>1,834,309</u>
Income from products sold and services rendered		
- Related parties	1,852,467	1,001,923
- Other legal entities in the country	4,922,281	4,281,044
- Other foreign legal entities	6,436,510	4,551,804
	<u>13,211,258</u>	<u>9,834,771</u>
	<u>15,091,557</u>	<u>11,669,080</u>

6. OPERATING AND MARKET SEGMENTATION

OPERATING AND MARKET SEGMENTATION (continued)

Income from Goods and Products Sold and Services Rendered in Foreign Markets by Geographic Areas

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Bulgaria	1,568,578	944,348
Romania	209,196	148,362
Bosnia and Herzegovina	85,590	34,462
Poland	299,790	181,012
Czech Republic	58,103	44,661
The Slovak Republic	42,134	37,431
Macedonia	63,641	91,994
France	206,439	110,246
Croatia	22,856	16,848
Italy	176,430	347,962
Germany	192,343	58,585
Moldavia	12,350	14,115
Hungary	138,439	316,499
Spain	151,469	60,234
Slovenia	781,781	608,406
Greece	157,456	87,825
Israel	41,729	29,595
Portugal	19,046	16,382
Austria	17,665	18,411
Switzerland	229,896	574,879
Russia	330,933	219,642
Turkey	131,217	156,301
The Netherlands	1,151,398	-
United Kingdom	136,930	-
Other	<u>211,074</u>	<u>433,604</u>
Total	6,436,510	4,551,804

7. OTHER OPERATING INCOME

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Subsidies and Incentives	2,335	60,577
Rents	57,526	54,674
Other operating income	1,730	225
	<u>61,591</u>	<u>115,476</u>

8. COST OF MATERIALS AND ENERGY

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Materials consumed in production	9,168,474	7,421,016
Other materials	66,059	177,583
Electric power	157,220	126,454
Gas	130,126	102,309
Fuel and lubricants	14,829	83,679
Biomass	191,899	-
Other fuel and energy	4,253	4,210
	<u>9,732,860</u>	<u>7,915,251</u>

9. COST OF SALARIES, SALARY COMPENSATIONS AND OTHER BENEFITS

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Gross salaries	373,488	312,492
Contributions charged to the employer	66,013	55,779
Business trips allowances to employees	12,063	9,792
Transportation fares to employees	18,789	14,629
Scholarships	2,809	4,922
Royalties	4,752	3,579
Severance pays and jubilee awards	6,678	2,034
Fees to members of the Board of Directors and the Supervisory Board	1,039	1,084
Other benefits and allowances	7,062	6,536
	<u>492,693</u>	<u>410,847</u>

10. DEPRECIATION AND PROVISIONS

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Depreciation	206,562	186,654
Long-term provisions	-	4,754
	<u>206,562</u>	<u>191,408</u>

11. OTHER OPERATING EXPENSES

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Banking and payment transaction services	24,009	42,881
Maintenance services	110,980	64,275
Laboratory services	62,086	80,341
Transportation	166,778	146,489
Lease	65,856	58,662
Utility services	28,665	21,272
Insurance premiums	19,602	25,245
Brokerage services	779	744
Lawyer and consulting services	203	787
Internet, telephone and PTT	8,575	6,459
Entertainment	22,195	13,019
Fairs and other events	9,479	8,283
Advertising and promotion	2,538	3,121
Other production services	5,925	5,030
Indirect taxes and contributions	26,372	19,142
Corporate management	153,222	114,020
Other intangible costs	93,692	36,206
	<u>800,956</u>	<u>645,976</u>

12. FINANCIAL INCOME

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Financial income – related parties	454	218
Currency differential gains	586,713	578,701
Currency clause effects	28,553	4,125
Interest income	67,932	158,535
- related parties	38,290	6,861
- other legal entities in the country	3,385	297
Other financial income		
	<u>725,327</u>	<u>748,737</u>

13. FINANCIAL EXPENSES

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Currency differential losses	979,573	592,931
Interest costs	482,387	135,141
Currency clause effects	905	7,703
Other financial expenses	-	3
	<u>1,462,865</u>	<u>735,778</u>

14. OTHER INCOME

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Gains from disposal of equipment and intangible investments	1,039	228
Gains from reconciled receivables	13,541	6,488
Surpluses	4,853	8,293

Indemnification by insurance companies	2,411	7,455
Income from the material sold	8,522	3,957
Gains from cancellation of long-term provisions	25,075	12,087
Other income	8,419	979
Income from reconciled property, plants and equipment	295,729	
	<u>359,589</u>	<u>39,487</u>

15. OTHER EXPENSES

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Impairment of receivables and short term investments	680,860	33,699
Shortfalls	20,479	496
Losses from the material sold	7,843	3,787
Write-off of granted housing loans	1,449	-
Losses from property and equipment decommissioning	1,901	1,858
Direct write-off of receivables	21,9070	145
Other expenses	10,693	14,889
	<u>745,245</u>	<u>54,874</u>

16. PROFIT TAX

a) Profit tax components

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Tax liabilities of the period	53,603	62,394
Deferred tax (assets)/liabilities of the period	<u>23,387</u>	<u>(142)</u>
	<u>76,990</u>	<u>62,252</u>

b) Reconciliation of Profit Tax in the Income Statement and the Product of Profit before Tax and the Prescribed Tax Rate

	In thousand RSD	
	December 31, 2012	December 31, 2011
Profit before tax	<u>795,990</u>	<u>1,205,084</u>
Profit tax at 10% tax rate	76,599	120,508
Tax effects of expenses not recognized in tax balance		4,280
Tax credit based on investments made in fixed assets Realized in the current year	(56,603)	(62,394)
Total tax liabilities of the period	53,603	62,394
Deferred tax liabilities of the period	<u>23,387</u>	<u>(142)</u>
	<u>76,990</u>	<u>62,252</u>
Effective tax rate	<u>10.05%</u>	<u>5.17%</u>

c) Deferred Tax Liabilities

As of December 31, 2012 the deferred tax liabilities amounted to 371,659 thousand dinars and related to the temporary difference at which the equipment and intangible investments were recognized in the

tax balance and the amounts at which these assets were presented in the Financial Statements.

Movements on the Deferred Tax Liabilities Account in 2012 and 2011, respectively, are presented in the table below.

	<u>2012</u>	<u>2011</u>
Balance as of January 1	135,636	135,955
Cancellation of deferred tax liabilities against Revaluation reserves based on disposal of the equipment	212,636	(177)
Deferred tax liabilities / (assets) of the period	<u>23,387</u>	<u>(142)</u>
Balance as of December 31	<u><u>371,659</u></u>	<u><u>135,636</u></u>

d) Used, Unused and Unrecognized Tax Credits

In thousand RSD

Year of Commencement	Year of Expiry	Tax Credit Carried Forward	Used Tax Credit	Tax Credit Balance Carried Forward
2003	2013	10,832	10,832	-
2004	2014	14,048	14,048	-
2005	2015	19,046	4,763	14,283
2006	2016	21,860	-	37,203
2007	2017	37,203	-	24,594
2008	2018	24,594	-	24,594
2009	2019	29,815	-	29,815
2010	2020	86,268	43,134	43,134
2011	2021	492,925	62,394	430,531
2012	2022	<u>136,391</u>	<u>53,603</u>	<u>80,054</u>
		<u><u>872,982</u></u>	<u><u>188,774</u></u>	<u><u>684,208</u></u>

17. EARNINGS PER SHARE

	In thousand RSD	
	Year ending as of December 31	
	<u>2012</u>	<u>2011</u>
Net profit	689,000	1,142,832
Average weighted number of shares	<u>14,895,524</u>	<u>11,788,513</u>
Base / (diluted) earnings per share (in dinars)	<u><u>46.26</u></u>	<u><u>96.94</u></u>

18. PROPERTY, PLANT AND EQUIPMENT, BIOLOGICAL ASSETS, INVESTMENT ASSETS AND INTANGIBLE INVESTMENTS

	In thousand RSD					
	Land, Buildings, and Biological Assets	Equipment	Advancements for Fixed Assets and Investments Underway	Total	Investment Assets	Intangible Investments
<i>Purchase Value</i>						
Balance as of Jan. 1, 2011	1,859,095	2,247,315	498,108	4,604,518	332,034	19,396
Increase during year	82,082	83,704	2,918,642	3,084,428	-	9,596
Capitalized interest	11,671	24,270	-	35,941	-	-

Decommissioning	-	(8,516)	-	(8,516)	(81)	-
Disposal	-	(1,717)	-	(1,717)	-	-
Balance as of Dec. 31, 2011	1,952,848	2,345,056	3,416,750	7,714,654	331,953	28,992
<i>Purchase Value</i>						
Balance as of Jan. 1, 2012	1,952,848	2,345,056	3,416,750	7,714,654	331,953	28,992
Increase during year	501,531	258,227	1,472,329	2,232,087	26,965	8,610
Carried forward	-	-	(760,105)	(760,105)	-	(2,854)
Transferred to investment assets	(31,622)	(80)	-	(31,702)	-	-
Closing of suppliers' prepayments	-	-	(711,608)	(711,608)	-	-
Interest	146	-	86,578	(86,724)	-	-
Decommissioning	(48)	(24,973)	-	(25,021)	(38)	(601)
Disposal	-	(3,901)	-	(3,901)	-	-
Other – estimates	205,383	(644,938)	-	(439,555)	229,819	-
Balance as of Dec. 31, 2012	2,628,238	1,929,391	3,503,944	8,061,573	588,699	34,147
<i>Adjustments</i>						
Balance as of Jan. 1, 2011	198,251	554,279	-	752,530	-	12,654
Depreciation in the current year	39,880	144,223	-	184,103	-	2,551
Disposal	-	(5,565)	-	(5,565)	-	-
Decommissioning	-	(1,338)	-	(1,338)	-	-
Balance as of Dec. 31, 2011	238,131	691,599	-	929,730	-	15,205
<i>Adjustments</i>						
Balance as of Jan. 1, 2012	238,131	691,599	-	929,730	-	15,205
Depreciation in the current year	49,039	154,416	-	203,455	-	3,107
Transferred to investment assets	-	(72)	-	(72)	-	-
Decommissioning	(4,525)	(22,519)	-	(27,044)	-	(601)
Disposal	-	(3,901)	-	(3,901)	-	-
Other - estimates	(279,067)	(819,523)	-	(1,098,590)	-	-
Balance as of Dec. 31, 2012	3,578	-	-	3,578	-	17,711
- December 31, 2012	2,642,660	1,929,391	3,503,944	8,057,995	588,699	16,436
- December 31, 2011	1,714,717	1,653,457	3,416,750	6,784,924	331,953	13,787

The entire property and equipment of the Company is mortgaged, i.e. pledged as the Pledger's collateral to the UniCredit Bank a.d., Belgrade for regular and timely settlement of credit liabilities of the Victoria Logistic d.o.o., Novi Sad.

18. PROPERTY, PLANT AND EQUIPMENT, BIOLOGICAL ASSETS, INVESTMENT ASSETS AND INTANGIBLE INVESTMENTS (continued)

As of December 31, 2012 the prepayments for fixed assets and investments underway were presented in the total amount of 3,148,405 thousand dinars and they mainly relate to the investments in facilities and equipment for the Concentrates Plant of annual capacity of 70,000 tons.

As of December 31, 2012 the Company estimated value of property, plant and equipment in accordance with IAS 16. Independent appraiser made the assessment based on the market value and submitted its Report on Assessment with Effects and Results of the Assessment Procedure Performed.

In accordance with IAS 16, the Appraiser eliminated gross book values of property, plant and equipment and reduced the net value of each individual asset to its estimated value (current value).

19. STAKES IN EQUITY

	Proportion in %	31 st December 2012	In thousand RSD 31 st December 2011
<i>Stakes in equity of Subsidiaries</i>			
ZAO Vobeks - Intersoy, Russia	85.00%	1,112	1,112
Veterinary Institute Subotica JSC	59.17%	783,618	783,618
		<u>784,730</u>	<u>784,730</u>
<i>Stakes in Equity of Related Parties</i>			
"Bela Ladja" Hotel JSC , Becej	31.81%	43,438	64,626
Stakes in equity of banks		-	120
Novi Sad Fair JSC , Novi Sad		1,181	4,381
Stakes in equity of other legal entities		<u>1,830</u>	<u>1,831</u>
		<u>831,179</u>	<u>855,688</u>

20. INVENTORIES

	In thousand RSD Year ending as of December 31	
	2012	2011
Material	3,803,535	2,140,423
Spare parts	24,623	140,999
Tools and accessories	46,068	43,201
Finished products	422,324	678,331
Work in progress	76,025	69,397
Prepayments made	1,055,046	1,684,789
Goods:	<u>125,609</u>	<u>5,912</u>
	<u>5,553,230</u>	<u>4,763,052</u>
Minus: Adjustments of materials on stock	<u>(21,516)</u>	<u>(18,932)</u>
	<u>5,531,714</u>	<u>4,744,120</u>

21. RECEIVABLES

	In thousand RSD Year ending as of December 31	
	2012	2011
<i>Trade receivables:</i>		
- Related parties	1,745,496	2,235,680
- Domestic	1,437,484	807,069
- Foreign	1,022,386	757,477
Receivables from exporters	-	-
Receivables from specific deals	5,687	4,626
<i>Receivables from interest</i>		
- Related parties	-	118,410
- Other	18,319	8,022
Receivables from state bodies and organizations	33	3,280
Prepaid other taxes and contributions	4	182
Other receivables:	<u>24,445</u>	<u>13,599</u>
	<u>4,253,854</u>	<u>3,948,345</u>
Minus: Adjustments of trade receivables	<u>(376,310)</u>	<u>(171,783)</u>
	<u>3,877,544</u>	<u>3,776,562</u>

22. SHORT TERM FINANCIAL INVESTMENTS

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Short term borrowings to related parties:		
- Victoria Group A.D.	1,474,862	
Loans for winter provisions	11,613	10,952
Short term loans in the country	396,100	117,666
Portion of long-term loans due within a year	-	-
Portion of housing credits granted to employees due within a year	181	186
	1,882,756	128,804
Minus: Adjustments of short term financial investments	(97,795)	-
	1,784,961	128,804

23. CASH AND CASH EQUIVALENTS

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
<i>Current account</i>		
- In dinars (RSD)	22,342	212,733
- In foreign currencies	102,773	307,808
Allotted funds and letters of credit	19	19
Other cash	3,255	3,255
	128,389	523,815

24. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Prepayment of costs up to one year	12,075	6,132
VAT paid in advance	-	124,100
Deferred VAT	3,487	2,706
Deferred inflows to the foreign currency account	-	-
Other prepayments and accrued income	751	559
	16,313	133,497

25. ORIGINAL CAPITAL

Original capital of the Company amounted to 6,906,480 thousand dinars and it is divided in 14,895,524 shares of no par value.

The structure of the Company's share capital as of December 31, 2012 and December 31, 2011, respectively was as follows:

Description	31 st December 2012			31 st December 2011		
	Stake in %	Number of Shares	Value of Capital	Stake in %	Number of Shares	Value of Capital
	In thousand RSD					
Victoria Group d.o.o. Novi Sad	50.94%	7,587,503	3,518,032	62.94%	9,374,965	4,346,809
Reiffeisenbank AD Beograd	1.48%	221,082	102,507	2.99%	445,149	206,398
East capital asset manag	-	-	-	2.15%	320,943	148,809
Erste Bank AD Novi Sad	-	-	-	1.53%	228,192	105,804
Unicredit Bank AD Serbia	1.10%	163,135	75,639	1.37%	203,521	94,365
Societe Generale Bank Serb.	1.50%	223,859	103,795	1.32%	196,131	90,938
Gustavus Cap. Asset Mngt.	-	-	-	1.13%	168,137	77,959
Hypo Alpe Adria Bank AD Beograd	-	-	-	0.85%	126,825	58,804
DDOR ADO Novi Sad	-	-	-	0.71%	105,139	48,749
NLB Bank AD Beograd	-	-	-	0.67%	99,688	46,221
Other legal entities and natural persons	22.52%	3,353,847	1,555,050	23.34%	3,626,834	1,681,624
Mitrovic Zoran	6.07%	904,675	419,463	-	-	-
Babovic Milija	6.03%	897,835	416,291	-	-	-
Reiffeisenbank AD Custody	5.89%	876,626	406,458	-	-	-
Reiffeisenbank AD Beograd - Custody account	2.77%	413,325	191,643	-	-	-
Gustaviadavegardh fonder aktie	1.13%	168,137	77,959	-	-	-
Polunin discovery funds	0.57%	85,500	39,643	-	-	-
	100%	14,895,524	6,906,480	100%	14,895,52	6,906,480
Bought-up treasury shares	-	-	-	-	-	-
Shares acquired	-	23,466	-	-	23,466	-
Share capital	100%	14,872,058	6,906,480	100%	14,872,058	6,906,480

26. MANDATORY RESERVES

As of December 31, 2012 mandatory reserves of the Company amounting to 305,054 thousand dinars represent allocations from the retained profit in accordance with the Company Law whereby the Company is obligated to allocate minimum 5% of net profit to the Mandatory Reserves Account in a fiscal year, until they are equal to 10% of the Company's original capital.

27. STATUTORY RESERVES

As of December 31, 2012 statutory reserves of the Company amounted to 248,267 thousand dinars. The Company allocates funds for these reserves in compliance with the Statute at the time of net profit distribution of the fiscal year. The statutory reserve is freely available to the Company and the existing internal enactments do not specifically define their purpose.

28. LONG-TERM PROVISIONS

	In thousand RSD	
	Year ending as of December 2012	2011
Provisions for severance payments	15,642	45,136
Provisions for jubilee awards	9,173	4,754
	24,815	49,890

Changes in long-term provisions in 2012 and 2011, respectively, are presented in the table below.

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
Balance as of January 1	49,890	45,136
Provisions during the year	(25,075)	4,754
Balance as of December 31	24,815	48,890

Disclosures

Employee Benefits – Long-Term Benefits to Employees – Severance Payments and Jubilee Awards

Pursuant to Article 72 of the Individual Collective Agreement (as amended by the Annex I dated June 23, 2012) it is determined that the severance payment equal to three average salaries in the Republic of Serbia, in accordance with the last data published by the Republic authority in charge of statistics, should be paid at the time of retirement.

Pursuant to Article 76 of the Individual Collective Agreement (as amended by the Annex I dated June 23, 2012) it is determined that the Company may grant jubilee awards to employees for the jubilee years of uninterrupted service with the Company equal to minimum 50% of the average salary of employed with the Employer in the previous month. Tenth, twentieth and thirtieth year of service in the Company are considered as the jubilee years of service. The jubilee award is paid to employees as follows: for 10 years of continuous service – 20,000.00 dinars net; for 20 years of continuous service – 40,000.00 dinars net and for 30 years of continuous service – 60,000.00 dinars net. Payment of jubilee awards should be granted by the decision of the Chief Executive Officer.

Calculation and presentation of long-term provisions for severance payments and jubilee awards was made for employees employed on indefinite time period as of the calculation date, excluding employees that shall be employed in future. This calculation does not secure present value of total future expected benefits in accordance with the “Projected Unit Crediting” method. The calculation represents the actuarial present value of benefits. Since these are long-term employee benefits (and not allowances after cease of employment), the actuarial gains and losses, as well as cost of former services are recognized in full in the period they were accrued. The Company has no additional liabilities with respect to employee benefits on this basis, except for those defined above.

Long-Term Provisions

Structure of the long-term provisions for severance payments and jubilee awards is presented in the table below.

	December 31, 2012	December 31, 2011
Calculation		
Severance payments	15,641,539	23,399,052
Jubilee awards	9,173,319	26,490,639
Total provisions	24,814,858	49,889,691

Long-term provisions for severance payments and jubilee awards were established on the basis of report delivered by the independent appraiser house and presented in the present value of expected future payment liabilities. Amounts defined by the Individual Collective Agreement were taken as the base for calculation of long-term provisions for severance payments and jubilee awards. (Note: In case of any amendment of the Enactment defining severance payments and jubilee awards in 2012 should be disclosed here.)

When calculating long-term provisions for severance payments and jubilee awards the following assumptions were included:

Assumptions included in the calculation	2012	2011
Number of employed on indefinite time period as of Jan. 1	348	344
Number of employees who left the Company during the year	11	9

Number of retired during the year	5	3
Number of newly employed during the year	34	41
Number of employed on indefinite time period as of Dec. 31	384	347
Discount rate (%)	7.11%	9.75%
Estimated salary growth rate (%)	6.20%	12.00%
Percentage of fluctuation (%)	6.50%	6.50%
Severance payments made during 2012 (RSD)	3,721,180	1,234,649
Jubilee awards granted during 2012 (RSD)	2,957,241	799,784

Discount rate of 7.11%, determined as average weighted yield rate on the bonds of the Republic of Serbia issued on the basis of old foreign currency savings with maturity in December 2016 equal to 5.11% (Source: National Bank of Serbia), adjusted for the 4% projected inflation in the Republic of Serbia (projection in the 4th quarter of 2012 for the next two years; Source: NBS) and the 2% projected long-term inflation in the Euro-zone (long-term projection in the 4th quarter of 2012 for the next five years; Source: ECB), was applied in calculation of the present value of future liabilities. Assumption on the salary growth rate was determined as the sum of projected 4% long-term inflation (Source: NBS) increased by the projected 2.2 % real salary growth rate in the Republic of Serbia for the period: January-December 2012 against the period: January-December 2011 (Source: Republic Institute of Statistics). Hence, the salary growth rate of 6.2% was applied in the calculation. When estimating the fluctuation rate historical and empirical data on fluctuation rates in the Company were used. On this basis the 7.0% fluctuation rate was applied.

Changes in long-term provisions during 2012 with effects occurring during the period are presented in the table below.

Long-Term Provisions for Severance Payments:

Calculation	Result (RSD)
a. Provisions as of Jan. 1, 2012 – opening balance	23,399,052
b. Current service costs	1,646,903
c. Interest costs	2,281,408
d. Actuarial (gains)/losses	(11,685,824)
e. Provisions cancelled in 2012	-
f. Provisions as of Dec. 31, 2012 (a-e+b+c+d)	15,641,824

Long-Term provisions for Jubilee Awards

Calculation	Results (RSD)
a. Provisions as of Jan. 1, 2012 – opening balance	26,490,639
b. Current service costs	(160,614)
c. Interest costs	2,582,837
d. Actuarial (gains)/losses	(19,739,542)
e. Provisions cancelled in 2012	-
f. Provisions as of Dec. 31, 2012 (a-e+b+c+d)	9,73,319

29. LONG-TERM LOANS

	Annual Interest Rate	Amount in EUR	In thousand RSD	
			31st December 2012	2011
<i>Long-term loans in the country</i>				
UniCredit Bank Beograd	3M EURIBOR +3.90%	15,965,430	1,815,562	1,562,157
Banca Intesa Beograd	1M EURIBOR +3.80%	1,166,667	132,672	-
Banca Intesa Beograd	1M EURIBOR +3.80%	1,333,333	151,624	-
Banca Intesa Beograd	1M EURIBOR +3.80%	3,000,000	341,155	-
Eurobank EFG Beograd	2.40%	1,600,000	181,949	-
Societe Generale Bank Beograd	3M EURIBOR +4.25%	11,000,000	1,250,901	-
Eurobank EFG Beograd	Ref. Int. Rate 1.50%	-	400,000	-
			4,273,863	1,562,157
<i>Long-term loans abroad</i>				
Vojvodjanska Banka a.d. Novi Sad		10,756,277	1,223,185	1,125,546
EBRD	6.478%	1,000,000	113,718	313,923
EBRD	6.278%	2,500,000	284,296	336,346
			1,621,199	1,775,815
Total long-term loans			5,895,062	3,337,972
<i>Current maturity</i>			(3,588,746)	(442,469)
			2,306,316	2,895,503

The domestic long-term loan withdrawn in 2011 from the UniCredit Bank, Belgrade in the amount of 1,815,562 thousand dinars is earmarked for construction of the Concentrates Plant; interest rate: 3M EURIBOR + 3.90% p.a.; maturity date: August 22, 2017.

The domestic long-term loan withdrawn in 2012 from the Intesa Banca-Belgrade in the amount of 132,672 thousand dinars is earmarked for acquisition of working capital. Maturity date: August 13, 2013.

The domestic long-term loan withdrawn in 2012 from the Intesa Banca-Belgrade in the amount of 151,624 thousand dinars is earmarked for acquisition of working capital. Maturity date: August 14, 2013.

The domestic long-term loan withdrawn in 2012 from the Intesa Banca-Belgrade in the amount of 341,155 thousand dinars is earmarked for acquisition of working capital. Maturity date: August 28, 2013.

The domestic long-term loan withdrawn in 2012 from the Eurobank EFG-Belgrade in the amount of 181,949 thousand dinars is earmarked for financing the export deal. The credit has been granted to the 18-month period.

The domestic long-term loan withdrawn in 2012 from the Societe Generale Bank-Belgrade in the amount of 1,250,901 thousand dinars is earmarked for acquisition of working capital. Maturity date: September 6, 2015.

The domestic long-term loan withdrawn in 2012 from the Eurobank EFG-Belgrade in the amount of 400,000 thousand dinars is earmarked for current liquidity. The credit has been granted to the 18-month period.

29. LONG-TERM LOANS (continued)

In line with the Loan Agreement, and according to the Section 5.10 "Financial Ratios", the Company is obligated to maintain in Financial Statements presented in compliance with the full application of the International Accounting Standards the following ratios:

1. The ratio between EBIT and interest expense at the level not less than 3, subject to later adjustment of the Company's profit for:
 - Any stake in profit or loss of any associate, except for dividends or other income which the Company has received in cash from the relevant associate or joint venture, and every income resulting from any other investments in fixed assets
 - All gains and losses which are directly associated with sales or cease of operations or disposal of fixed assets
 - All direct costs of any sort of fundamental reorganization or restructuring having material effect on the nature and focus of the Company's operations
 - All amounts written-off relevant to the investments
 - Realized and non-realized currency differential gains and losses which do not refer to regular operations.
2. The interest expense implies all interests and expenses accrued with respect to the financial debt of the Company if the interest, costs and expenses are charged in the income statement of that entity.
3. The ratio between the debt and total capitalization should be maintained at the level not higher than 0.6 provided the debt implies only the debt but excluding any other debt secured by the Pledge Agreement on the Goods on Stock. Total capitalization means the sum of the presented value of the total share capital, accumulated deferred profit taxes, accumulated investment tax credits, minority stakes, contingency reserves and contributions supporting the construction.
4. Minimum own capital should not be less than EUR 15,000,000

	In thousand RSD	
	Year ending as of December 31	
	2012	2011
- up to 1 year	3,588,746	442,469
- from 1 to 2 years	597,746	474,903
- from 2 to 3 years	999,064	370,262
- from 3 to 4 years	422,836	370,262
- from 4 to 5 years	286,670	332,890
-over 5 years	-	1,347,186
	<u>5,895,062</u>	<u>3,337,972</u>

30. SHORT-TERM FINANCIAL LIABILITIES

	In thousand RSD	
	December 31,	December 31,
	2012	2011
Current maturity of long-term loans (up to 1 year):	3,588,746	442,469
- Portion of long-term loans with maturity within the year	68	717
- Short-term domestic loans	909,747	1,902,812
	<u>4,498,561</u>	<u>2,345,998</u>
Current maturities	<u>3,588,746</u>	<u>442,469</u>

30. SHORT-TERM FINANCIAL LIABILITIES (continued)*Short-term loans:*

Creditor:	Annual interest rate in %	Maturity	Amount in EUR	In thousand RSD	
				December 31, 2012	December 31, 2011
Komercijalna Banka JSC	4.40	03/30/2012	7,730,260	-	647,121
Societe Generale Bank	3M Euribor +3,80%	08/31/2012	7,000,000	-	732,486
Credit Agricole	3M Euribor +3,90%	06/27/2012	5,000,000	568,591	523,205
Societe Generale Bank			3,000,000	341,155	-
				<u>909,746</u>	<u>1,902,812</u>

RIS – reference interest rate of the National Bank of Serbia

31. OPERATING LIABILITIES

	In thousand RSD	
	December 31, 2012	December 31, 2011
Liabilities based on received prepayments	26,376	65,479
<i>Trade payables:</i>		
- Parent company and subsidiaries	29,453	-
- Other related parties	245,484	40,740
- Domestic suppliers	286,109	157,256
- Foreign suppliers	46,174	156,505
Other operating liabilities	55,982	101,703
	<u>689,578</u>	<u>521,683</u>

32. OTHER SHORT-TERM LIABILITIES

	In thousand RSD	
	December 31, 2012	December 31, 2011
Net salaries and salary compensations	12,610	9,879
Taxes and contributions on salaries	7,858	6,222
Interest and financing costs	368,750	13,300
Dividends	3,017	3,017
Contracted fees to natural persons	188	220
Net salary compensations which are refunded	216	65
Taxes and contributions on refunded salaries	81	18
Considerations for members of the Board of Directors and Supervisory Board	30	60
Other liabilities	52	13
	<u>392,802</u>	<u>32,794</u>

33. VALUE ADDED TAX AND OTHER PUBLIC REVENUES AND ACCRUALS AND DEFERRED INCOME

	In thousand RSD	
	December 31, 2012	December 31, 2011
VAT liabilities	85,072	-
Taxes, custom duties and other levies	119	168
Income accrued in the future period	256	327

Deferred VAT liabilities	4,181	561
Other accruals and deferred income	15,277	28,562
	<u>104,905</u>	<u>29,618</u>

34. OFF-BALANCE ASSETS/LIABILITIES

	December 31, 2012	In thousand RSD December 31, 2011
Assets of other entities	117,236	455,717
Finished products in processing	6,423	236,330
Sureties and guarantees	<u>10,582,306</u>	<u>9,901,904</u>
	<u>10,705,965</u>	<u>10,593,951</u>

Sureties and guarantees granted by the Company as of December 31, 2012 were as follows:

	December 31, 2012	In thousand RSD December 31, 2011
Victoria Logistic, Novi Sad	6,834,546	5,693,766
Victoriaoil a.d. Sid	3,075,996	1,130,574
Sojaprotein a.d., Becej	90,231	-
Veterinarski zavod Subotica a.d., Subotica	278,545	382,070
Fertil d.o.o., Backa Palanka	-	297,404
B92 a.d., Belgrade	51,231	96,450
Mercurus	15,051	19,684
Bonida Erste Bank	-	249,359
Milenijum zz	15,653	66,395
Elixir Group, Sabac	-	1,124,744
Set up	222	421
Lendol	103,069	146,842
Silo Jelacic	20,469	20,928
Energotehnika	-	250,000
Uljarice ZZ, Negotin	97,293	109,171
Victoria Group a.d., Novi Sad	-	314,096
	<u>10,582,306</u>	<u>9,901,904</u>

On its session held on December 25, 2012 the Company passed the Decision on Disposal of Major Assets and approved entering the Long-Term Loan Agreement between the Company as Guarantor-Debtor and the Erste Bank to the amount of EUR 50,000,000.

35. TRANSACTIONS WITH RELATED PARTIES

a) Income and Expenses from Transactions with Related Parties are presented in the table below.

	<u>December 31, 2012</u>	<u>In thousand RSD December 31, 2011</u>
Income		
<i>Sales</i>		
Victoriaoil a.d., Sid	1,772,562	622,509
Victoria Group a.d., Novi Sad	888	6,101
Fertil d.o.o., Backa Palanka	9,439	947
Victoria Logistic d.o.o., Novi Sad	1,269,122	706,915
SP Laboratorija a.d., Becej	12,192	7,781
Veterinarski Zavod Subotica a.d., Subotica	557,481	292,676
Luka Backa Palanka a.d., Backa Palanka	8	7
Victoria Phosphate d.o.o., Bosilegrad	-	5,400
Victoria Zorka d.o.o., Sabac	-	40
Victoria Starch, Zrenjanin	15	-
	<u>3,621,707</u>	<u>1,642,376</u>
<i>Other Operating Income</i>		
Victoria Group a.d., Novi Sad	-	-
Victoria Logistic d.o.o., Novi Sad	51,509	48,769
Luka Backa Palanka a.d., Backa Palanka	120	120
SP Laboratorija a.d., Becej	-	7
Veterinarski Zavod Subotica a.d., Subotica	2,735	2,449
Victoriaoil a.d., Sid	28	-
	<u>54,392</u>	<u>51,345</u>
<i>Financial Income</i>		
Victoria Group a.d., Novi Sad	65,448	158,099
Victoriaoil a.d., Sid	13	-
Victoria Logistic d.o.o., Novi Sad	205	-
Sinteza Invest Group, Belgrade	2,721	436
	<u>68,387</u>	<u>158,535</u>
<i>Other Income</i>		
Victoria Group a.d., Novi Sad	-	228
Victoria Logistic d.o.o., Novi Sad	-	925
SP Laboratorija a.d., Becej	-	20
	<u>-</u>	<u>1,173</u>
Total income	<u>3,744,486</u>	<u>1,853,429</u>

35. TRANSACTIONS WITH RELATED PARTIES (continued)

a) Income and Expenses from Transactions with Related Parties are presented in the table below.
(continued)

	<u>December 31, 2012</u>	<u>In thousand RSD December 31, 2011</u>
Expenses		
<i>Cost of goods sold</i>		
Victoriaoil a.d., Sid	229,774	1,111,924
Veterinarski Zavod Subotica a.d., Subotica	256	500
Victoria Logistic d.o.o., Novi Sad	1,545,458	75,003
	<u>1,775,488</u>	<u>1,187,427</u>
<i>Material costs</i>		
Victoriaoil a.d., Sid	184,604	31,920
Victoria Logistic d.o.o., Novi Sad	6,625,934	2,611,591
Victoria Starch, Zrenjanin	989	-
Veterinarski Zavod Subotica a.d., Subotica	9,156	-
	<u>6,820,683</u>	<u>2,643,511</u>
<i>Other Operating Expenses</i>		
SP Laboratorija a.d., Becej	66,287	80,341
Victoria Group a.d., Novi Sad	162,121	118,148
Victoria Logistic d.o.o., Novi Sad		28,848
Veterinarski Zavod Subotica a.d., Subotica	-	3,958
Sinteza Invest Group, Belgrade	-	19
“Bela Ladja” Hotel, Becej	58	-
Victoriaoil a.d., Sid	16,587	-
	<u>315,784</u>	<u>231,314</u>
<i>Other Expenses</i>		
Victoria Logistic d.o.o., Novi Sad	205	-
Veterinarski Zavod Subotica a.d., Subotica	449	-
	<u>654</u>	<u>-</u>
Total expenses	<u>8,912,609</u>	<u>4,062,252</u>
Net expenses	<u>5,168,123</u>	<u>(2,208,823)</u>

35. TRANSACTIONS WITH RELATED PARTIES (continued)

b) Balances of Receivables and Payables from Transactions with Related Parties are presented in the table below:

	<u>31st December 2012</u>	<u>In thousand RSD 31st December 2011</u>
Receivables		
<i>Trade receivables</i>		
Victoriaoil a.d., Sid	633,656	209,449
Victoria Group a.d., Novi Sad	-	-
Fertil d.o.o., Backa Palanka	-	1,070
Victoria Logistic d.o.o., Novi Sad	436,845	1,860,967
Veterinarski Zavod Subotica a.d., Subotica	674,995	164,194
	<u>1,745,496</u>	<u>2,235,680</u>
Short-term financial investments		
Victoria Group a.d., Novi Sad	-	118,410
Sinteza Invest Group, Belgrade	3,156	435
Victoriaoil a.d., Sid	13	-
	<u>3,169</u>	<u>118,845</u>
Short-term financial investments		
Victoria Group a.d., Novi Sad	1,475,862	-
Sinteza Invest Group, Belgrade	26,100	-
	<u>1,501,962</u>	<u>-</u>
Total receivables	<u>3,250,627</u>	<u>2,354,525</u>
Payables		
<i>Trade payables</i>		
Victoria Group a.d., Novi Sad	29,453	-
SP Laboratorija a.d., Becej	40,299	40,720
Victoria Logistic d.o.o., Novi Sad	204,683	20
Sinteza Invest Group, Belgrade	484	-
“Bela Ladja” Hotel, Becej	17	-
	<u>274,936</u>	<u>40,740</u>
<i>Other payables</i>		
SP Laboratorija a.d., Becej	2,334	4,951
	<u>2,334</u>	<u>4,951</u>
Total payables	<u>277,270</u>	<u>45,691</u>
Net payables	<u>2,973,357</u>	<u>2,308,861</u>

c) Management Benefits

In 2012, the Company paid benefits to the key management (members of the Board of Directors and Management) in the gross amount of 24,224 thousand dinars (in 2011: 18,406 thousand dinars) in accordance with the structure presented in the table below.

	<u>December 31, 2012</u>	<u>In thousand RSD December 31, 2011</u>
<i>Management</i>		
Salaries	23,185	17,322
<i>Board of Directors</i>		
Fees to the members of the Board of Directors	1,039	1,084
	<u>24,224</u>	<u>18,406</u>

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

Capital Risk Management

Objective of the capital management is to secure going concern operations of the Company in the predictable future in order to maintain the optimum capital structure aimed to reduce capital expenses and ensure capital yields to the owners. Structure of the Company's capital consists of borrowings, including long-term loans explained in the Note 29, other long-term liabilities, long-term and short-term investments, cash and cash equivalents and owners' subscribed equity which include stakes in equity, other capital, reserves and the accumulated profit.

Persons in charge of the Company's finances review the capital structure at the annual basis.

Indicators of the Company's indebtedness at the end of the year were as follows:

	December 31, 2012	In thousand RSD December 31, 2011
Indebtedness a)	6,804,877	5,241,563
Cash and cash equivalents	128,389	523,518
Net indebtedness	<u>6,676,488</u>	<u>4,717,748</u>
Capital b)	<u>11,760,372</u>	<u>11,260,015</u>
Total debt/capital ratio	0.57	0.42

a) Borrowings refer to long-term and short-term financial liabilities.

b) Capital includes share capital, reserves and accumulated profit.

Significant Accounting Policies for Financial Instruments

Details on significant accounting policies, as well as criteria and bases for income and expenses recognition with respect to all types of financial assets and liabilities are disclosed in the Note 3 to the Financial Statements.

Categories of Financial Instruments

	December 31, 2012	In thousand RSD December 31, 2011
Financial Assets		
Stakes in equity	3,012	6,332
Other long-term financial investments	1,186	904
Receivables	3,877,508	3,773,100
Short term financial placements	1,773,348	117,852
Cash and cash equivalents	128,389	523,815
	<u>5,783,443</u>	<u>4,422,003</u>
Financial Liabilities		
Long term and short term loans	6,804,877	5,241,563
Trade payables	663,202	456,204
Other liabilities	371,955	16,537
	<u>7,804,034</u>	<u>5,714,304</u>

Basic financial instruments of the Company are cash and cash equivalents, receivables, financial

invest directly resulting from the Company operations, as well as long-term loans, trade payables and other liabilities with basic intention of financing the current Company operations. In regular operating conditions, the Company is exposed to the below specified risks.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Financial Risks Management Objectives

Financial risks include market risks (foreign currency risks and interest rate risks) and credit risks. Financial risks are reviewed periodically and primarily avoided by reducing exposure of the Company to these risks. The Company does not use any financial instruments in order to avoid the effects of financial risks on business operations because such instruments are not widely used and there is no market for these instruments in the Republic of Serbia.

Market Risks

In its operations, the Company is exposed to financial risks resulting from the currency exchange rates interest rates fluctuations. Exposure to the market risks is reviewed through the sensitivity analysis. There have been neither significant change in the Company's exposure to the market risks nor in the manner in which the Company manages or measures these risks.

Foreign Currency Risks

The Company is exposed to the foreign currency risks primarily through cash and cash equivalents, trade receivables, long-term loans and trade payables which are recorded in foreign currencies. The Company does not use any special financial instruments as the protection against this risk since such instruments are not common in the Republic of Serbia.

Stability of the economic environment in which the Company operates depends to a large extent on the Government's economic measures, including the establishment of the adequate judicial and legislative framework.

Book value of the Company's cash assets and liabilities recorded in foreign currency as of the reporting date are as follows:

	Assets		Liabilities	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
EUR	946,723	574,135	7,201,333	5,397,252
USD	497,399	469,455	-	-
GBP	10,074	21,798	-	-
CHF	-	-	-	816
	<u>1,454,196</u>	<u>1,065,388</u>	<u>7,201,333</u>	<u>5,398,068</u>

The Company is sensitive to exchange rate fluctuations of EUR and USD. The table below represents detailed analysis of the Company's sensitivity to 10% growth and reduction of the RSD exchange rate against the relevant foreign currency. The 10% sensitivity rate is used for internal presentation of currency risks and represents the Management's estimate of reasonably expected exchange rate fluctuations. The sensitivity analysis includes only outstanding receivables and payables recorded in foreign currencies and harmonizes their translation at the end of the period for the 10% exchange rate fluctuations. A positive number in the table indicates the growth of the performance in the current period when the dinar is devaluated against the relevant currency. In case of 10% dinar devaluation against the given foreign currency, effects on the performance in the current period would be contrary to the one presented in the previous case.

	In thousand RSD	
	December 31, 2012	December 31, 2011
EUR currency	(585,489)	(482,311)
USD currency	49,740	46,945
GBP currency	1,007	2,180
CHF currency	-	(82)
Performance in the period	<u>(534,742)</u>	<u>(433,268)</u>

The Company's sensitivity to exchange rate fluctuations is increased in the period primarily due to increased credit commitments.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Market risks (continued)

Interest Rate Fluctuation Risks

The Company is exposed to the interest rate fluctuation risks with respect to its assets and liabilities with variable interest rate. The risks depend on the financial market and there are no available instruments whereby the Company can mitigate these effects.

The book value of financial assets and liabilities at the end of the period observed is presented in the table below.

	In thousand RSD	
	December 31, 2012	December 31, 2011
Financial Assets		
<i>Non-interest-bearing</i>		
Long-term financial investments	3,012	6,332
Other long-term financial investments	1,186	904
Trade receivables	3,877,508	3,773,100
Short-term financial investments	43,252	91,752
Cash and cash equivalents	128,389	523,815
	<u>4,053,347</u>	<u>4,395,903</u>
<i>Fixed interest rate</i>		
Short-term financial investments	1,688,966	-
<i>Variable interest rate</i>		
Short-term financial investments	41,130	26,100
	<u>5,783,443</u>	<u>4,422,003</u>
Financial Liabilities		
<i>Non-interest-bearing</i>		
Trade payables	663,202	456,204
Other payables	371,955	16,537
	<u>1,035,157</u>	<u>472,741</u>
<i>Fixed interest rate</i>		
Long-term and short-term credits	181,949	647,121
<i>Variable interest rate</i>		
Long-term and short-term credits	6,622,928	4,594,442
	<u>7,840,034</u>	<u>5,714,304</u>

The sensitivity analyses shown in the text below were established on the basis of exposure to the interest rate fluctuations for non-derivative instruments as of the balance sheet date. For liabilities with variable interest rate, the analysis was prepared with the assumption that the remaining balance of assets and liabilities as of the balance sheet date remained unchanged during the whole year. The 1% growth or reduction 1% represents the Management's estimate of the really possible interest rate fluctuations. Should the interest rate be 1% higher/lower and all other variables unchanged, the Company would generate operating profit / (loss) for the year ending on December 31, 2012 in the amount of 65,818 thousand dinars. Such a situation may be explained on the basis of the Company's exposure to the variable interest rates accrued on long-term loans.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks

Trade Receivables Management

The Company is exposed to credit risks which represent the risk of the debtors' failure to pay their debts to the Company in the full and timely which would result in the financial loss for the Company. The Company's exposure to these risks is limited to the trade receivables on the Balance Sheet date. Trade receivables to a significant extent refer to the related parties.

The major customers are given in the following table:

<u>Customer</u>	In thousand RSD	
	<u>2012</u>	<u>2011</u>
Victoriaoil a.d. Šid	633,656	209,449
Victoria Logistic d.o.o., Novi Sad	436,845	1,860,965
Merkator – S , Novi Sad	77,290	-
Invej a.d. , Zemun	632,188	57,295
Fertil d.o.o. Backa Palanka	-	1,070
Mlinovi Curug d.o.o.	-	80,079
Veterinarski Zavod Subotica a.d., Subotica	674,995	164,194
Erakovic Kula	-	157,667
Bonida Vladimirci	99,323	-
Biovet Bulgaria	346,300	249,957
Vobeks, Moscow	93,081	113,505
Metalpromet Kula	86,000	94,990
Interkomerc Belgrade	74,705	-
Novi Trading Holandija	83,012	-
Tovarna olja GEA Slovenia	71,902	-
Other trade receivables	568,211	783,929
	<u>3,877,508</u>	<u>3,773,100</u>

The structure of trade receivables as of December 31, 2012 is given in the following table :

	In thousand RSD		
	<u>Gross Exposure</u>	<u>Adjustment</u>	<u>Net Exposure</u>
Undue trade receivables	2,946,159	-	2,946,159
Due, adjusted trade receivables	446,781	(446,781)	-
Due, unadjusted trade receivables	931,349	-	931,349
	<u>4,324,289</u>	<u>(446,781)</u>	<u>3,877,508</u>

The structure of trade receivables as of December 31, 2011 is given in the following table:

	<u>Gross Exposure</u>	<u>Adjustment</u>	<u>In thousand RSD Net Exposure</u>
Undue trade receivables	1,219,300	-	1,219,300
Due, adjusted trade receivables	171,886	(171,886)	-
Due, unadjusted trade receivables	<u>2,553,800</u>	<u>-</u>	<u>2,553,800</u>
	<u>3,944,986</u>	<u>(171,886)</u>	<u>3,773,100</u>

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks (continued)

Trade Receivables Management (continued)

Undue Trade Receivables

Undue trade receivables presented as of December 31, 2012 in the amount of 2,946,159 thousand dinars (December 31, 2011: 1,219,300 thousand dinars) mainly refer to trade receivables resulting from the sale of soybean meal, raw soybean oil, textured soybeans and soybean flour. These trade receivables shall mature mainly within 60 days from the invoice date, depending on the contracted payment terms and conditions.

Due, Adjusted Trade Receivables

Within the observed period, the Company had impaired due trade receivables amounting to 446,791 thousand dinars (December 31, 2011: 171,886 thousand dinars) - the Company established that the customers' creditworthiness had changed and that these trade receivables shall not be collected.

Due, Unadjusted Trade Receivables

The Company did not impair due trade receivables presented as of December 31, 2012 in the amount of 931,349 thousand dinars (December 31, 2011: 2,553,800 thousand dinars) since no changes in the customers' creditworthiness was established and all these receivables refer to receivables from the related parties and the Management was of the opinion that the total present value of these receivables shall be collected.

Age structure of due, unadjusted trade receivables is given in the following table:

	<u>December 31, 2012</u>	<u>In thousand RSD December 31, 2011</u>
Less than 30 days	144,648	622,784
31 - 90 days	333,704	213,612
91 - 180 days	9,258	389,112
181 - 365 days	426,745	1,324,868
Over 365 days	<u>16,994</u>	<u>3,424</u>
	<u>931,349</u>	<u>2,553,800</u>

Trade Payables Management

Trade payables as of December 31, 2012 were presented in the amount of 663,202 thousand dinars (December 31, 2011: 456,204 thousand dinars). The suppliers charge no default interest on due receivables whereas the Company makes payments within the agreed terms in accordance with the Risk Management Policies. The average time for the settlements of trade payables in 2012 was 16 days (in 2011: 43 days).

Liquidity Risks

The Company Management is finally responsible for the liquidity risk management and the Management implemented the corresponding management system required for short-term, medium-term and long-term financing of the Company and liquidity management. The Company manages the liquidity risks by keeping adequate cash reserves and continuous monitoring of the planned and actual cash flows as well as maintaining the adequate maturity ratio of financial assets and liabilities.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks

	In thousand RSD December 31, 2012				
	Less than a month	1-3 months	From 3 months to one year	From 1 to 5 years	Total
Non-interest-bearing	2,592,229	1,386,751	69,620	4,747	4,053,347
Fixed interest rate					
- Principal	214,104		1,474,862		1,688,966
- Interest	14,788	27,416	41,797		84,001
	228,892	27,416	1,516,659		41,130
Variable interest rate					
- Principal	41,130				268
- Interest	268				41,398
	41,398				
	2,862,519	1,414,167	1,586,279	4,747	5,867,712

	In thousand RSD December 31, 2011				
	Less than a month	1-3 months	From 3 months to one year	From 1 to 5 years	Total
Non-interest-bearing	622,784	1,956,727	1,805,723	10,660	4,395,903
Fixed interest rate					
- Principal	-	-		-	118,410
- Interest	-	-	118,410	-	118,410
	-	-	118,410	-	26,100
Variable interest rate					
- Principal	-	-	26,100	-	26,100
- Interest	-	-	435	-	435
	-	-	26,535	-	26,535
	622,784	1,956,727	1,950,677	10,660	4,540,848

The following tables show details of remaining contracted maturities of the Company's liabilities. The presented amount are based on undiscounted cash flows resulting from financial liabilities which the Company shall be obligated to settle on the earliest date.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks (continued)

Maturity of Financial Liabilities

	In thousand RSD December 31, 2012				
	Less than a month	1-3 months	From 3 months to one year	From 1 to 5 years	Total
Non-interest-bearing	621,468	48,507	353,594	11,588	1,035,157
Fixed Interest rate					
- Principal	-	13,996	125,965	41,988	181,949
- Interest	376	752	2,061	172	3,361
	376	14,748	128,026	42,160	185,310
Variable interest rate					
- Principal	261,336	969,221	3,128,042	2,264,328	6,622,928
- Interest	22,680	39,369	437,937	180,599	716,585
	284,016	1,008,590	3,607,980	2,444,927	7,399,513
	905,860	1,071,845	4,083,600	2,498,675	8,559,980

	In thousand RSD December 31, 2011				
	Less than a month	1-3 months	From 3 months to one year	From 1 to 5 years	Total
Non-interest-bearing	344,392	123,205	1,885	3,259	472,741
Fixed Interest rate					
- Principal	242,670	404,451	-	-	647,121
- Interest	2,981	4,424	-	-	7,405
	245,651	408,875	-	-	654,526
Variable interest rate					
- Principal	-	142,013	1,556,927	1,548,317	4,594,442
- Interest	14,582	50,377	72,726	206,547	353,498
	14,582	192,390	1,632,653	1,754,864	4,947,940
	604,625	724,470	1,634,538	1,758,123	6,075,207

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair value of financial Instruments

	In thousand RSD			
	December 31, 2012		December 31, 2011	
	Book value	Fair value	Book value	Fair value
Financial assets				
Stakes in equity	3,012	3,012	6,332	6,332
Other long-term financial investments	1,186	1,186	904	904
Trade receivables	3,877,508	3,877,508	3,773,100	3,773,100
Other receivables	1,773,348	1,773,348	117,852	117,852
Cash and cash equivalents	128,389	128,389	523,815	523,815
	<u>5,783,443</u>	<u>5,783,443</u>	<u>4,422,003</u>	<u>4,422,003</u>
Financial liabilities				
Long-term and short-term credits	6,804,877	6,804,877	5,241,563	5,241,563
Trade payables	663,202	663,202	456,204	456,204
Other payables	371,955	371,955	16,573	16,573
	<u>7,840,034</u>	<u>7,840,034</u>	<u>5,714,304</u>	<u>5,714,304</u>

Assumptions for Assessment of the Current Fair Value of Financial Instruments

Taking into account the fact that there is no sufficient market experience, stability and liquidity in the area of the acquisition and disposal of financial assets and liabilities, as well as the fact that there is no available market information which can be used for the disclosure of the fair value of financial assets and liabilities, the cash flow discounting method was applied. When using this method of evaluation, interest rates of financial instruments with similar characteristic are employed in order to obtain relevant assessment of the market value of financial instrument as of the Balance Sheet date.

The assumptions used for the assessment of the current fair value were also that the book value of short-term trade receivables and trade payables approximates their fair value since they fall due for payment / collection in a relatively short time period.

The table below shows the analysis of financial instruments evaluated after their initial recognition at the fair value and grouped in tiers 1 to 3, depending on the extent of possibility to assess their fair value.

- Tier 1 – Assessment of the fair value results from listed market value (unadjusted) on active markets of the identical assets and liabilities.
- Tier 2 – Assessment of the fair value results from input parameters which differ from the listed market values within the Tier 1 and is visible from assets or liabilities, either directly (e.g. price) or indirectly (e.g. resulting from the price).
- Tier 3 - Assessment of the fair value results from assessment techniques which include input parameters of financial assets or financial liabilities, and which represent data unavailable in the market (unexplored input parameters).

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair Value of Financial Instruments (continued)

	In thousand RSD December 31, 2012			
	Tier 1	Tier 2	Tier 3	Total
Financial assets				
<i>Held for Sale:</i>				
- Listed securities (Note 19)	831,179	-	-	831,179
- Unlisted securities (Note 19)	-	-	-	-
- Long-term credits to employees	1,186	-	-	1,186
<i>Total</i>	<u>832,365</u>	<u>-</u>	<u>904</u>	<u>832,365</u>

Only financial assets are presented in the table above, since the Company has no financial liabilities presented after their initial recognition at the fair value.

Total gains / losses presented in other total results refer to financial assets held for sale and they are presented under "Unrealized Gains from Securities" within the Equity Item.

37. LEASE RELATED LIABILITIES

Cancellable operating lease refers to the lease of silo. Payment of matured liabilities are recognized as the operating expenses of the period.

Company's liabilities assumed under the cancellable contracts on operating lease were as follows:

	In thousand RSD for the year ending as of December 31,	
	<u>2012</u>	<u>2011</u>
Up to 1 year (fixed term contracts)	38,225	70,965
From 1 to 5 years (fixed term contracts)	<u>26,371</u>	<u>41,400</u>
	<u>64,596</u>	<u>112,405</u>

38. TAX RISKS

Tax laws in the Republic of Serbia are very often interpreted differently and they are frequently amended. Interpretation of tax laws by tax authorities with respect to transactions and activities of the Company may differ from the interpretation of the Management. Therefore, the transactions may be contested by the tax authorities and the Company can be levied by additional tax, penalties and interest. The prescription period of tax obligations is five years. This practically means that tax authorities are entitled to order the payment of outstanding liabilities within the period of five years after the commitment has occurred.

39. LITIGATIONS

As of December 31, 2012, the Company has the following pending litigations:

- Two lawsuits with Agro d.o.o. – in bankruptcy procedure, Valjevo - in the total value of 21,940 thousand dinars which refer to the contract concluded for the building construction.

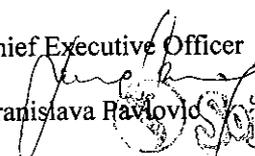
The Company Management estimates that the outcome of above mentioned lawsuits shall be favorable and, therefore, no respective provisions were presented in the Financial Statements.

40. EXCHANGE RATES

The middle exchange rates determined at the Interbank F/X Market were applied for translations of foreign currencies in dinars for the balance sheet items recorded in foreign currencies as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
USD	86,1763	80,8662
GBP	139,1901	124,6022
EUR	113,7183	104,6409
CHF	94,1922	85,9121

Chief Executive Officer


Branislava Pavlovic


AKCIONARSKO DRUŠTVO
ZA PRERADU SOJE
BEOGRAD