

## *NOTES TO THE BALANCE SHEET as of December 31, 2007*

Company "Sojaprotein" A.D. with registered office in Becej, Industrijska zona bb, is a public limited company incorporated in 1985 as a socially-owned company.

The Company operates as a joint stock company from 2001.

Prevailing activity of the Company is production of raw oils and fats.

Ten major shareholders hold 61% of total share capital in the equity structure as of December 31, 2007.

As of the Balance Sheet date the Company had 405 employees, and the average number of employees for the observed period was 387.

### *NOTE 1 – INTANGIBLE INVESTMENTS*

Intangible investments are originally posted at cost. After the initial recognition, intangible investments are presented at cost reduced for total amortization and total losses resulting from impairment.

### *NOTE 2 – PROPERTY, PLANTS AND EQUIPMENT*

Company presented its property, plants and equipment in amount of RSD3,338,243 thousand. Any and all assets included in the group are presented at their fair value.

PRO RATA method for calculation of depreciation was applied on the respective cost.

In 2007 the Company made the following investments:

New EQUIPMENT	RSD24,714,181.03
New FACILITIES	RSD388,114.70

As of December 31, 2007 the balance of investments was RSD 327,032,221.25.

Major investments were:

1. SPI/SPC PLANT – Project documentation	RSD30,798,482.25
2. "Kirka" BOILER	RSD51,741,319.11
3. BIOMASS FUELED BOILER-HOUSE	RSD79,904,335.35
4. BIOMASS STORAGE NEXT TO THE BOILER-ROOM	RSD63,016,966.66

Construction of the Biomass fueled Boiler-House (soybean straw and silo waste) with storage space and water chemical preparation unit is completed and the trial run is in progress. Total investment, including the corresponding infrastructure, amounted to RSD 279,533,100.00. Economic effects of the investment will be reflected through the lower price of energy source by replacing the former use of gas with energy generated from biomass, as well as significant environmental effect resulting from reduced emission of CO<sub>2</sub> and global pollution. Implementation of the Construction Project of Soybean Protein Isolates and Concentrates Production Plant has commenced, i.e. project documentation for the future plant as well as

consulting services contracted with the world wide recognized company specialized in providing consulting services for soybean protein projects are completed.

#### *NOTE 3 – INVESTMENT PROPERTY*

As of December 31, 2007 investment property amounted to RSD110,424,222.39 as follows:

1. MIXING PLANT located in B. Palanka	RSD26,280,000.00
2. STORAGE located in B. Palanka	RSD2,842,000.00
3. MASTER CENTER	RSD81,302,222.39

#### *NOTE 4 – STAKES IN EQUITY*

Company has the following stakes:

1. Stakes in subsidiaries	RSD1,111,812.38
- "VOBEX INTERSOJA" Moscow – 85%	
2. Stakes in other related legal entities	RSD445,357,861.40
Stakes in the following companies are included in this group:	
- "BELA LADJA" Hotel AD Becej – 31.81%	
- "VETERINARY INSTITUTE" ad Subotica – 32.05%	
- SP LABORATORY" A.D. Becej – 15.28%	
3. Stakes in equity of other legal entities	RSD4,178,487.82
Stakes in several banks equity are also included in the group; however, each individual stake does not represent any substantially significant item.	

#### *NOTE 5 – OTHER LONG-TERM FINANCIAL PLACEMENTS*

Presented long-term financial placements of the Company were RSD 109,989 thousand. Major items relate to the tied loans. A part of Sojaprotein's business policies is active participation in support of primary agricultural production and long-term securing of raw materials. Tied loans granted for construction of storing capacities to major producers of oil crops are a way to achieve the set targets. Through these placements the Company will secure long-term storing capacities for bought-up raw materials and in the same time obtain the required volume of raw materials to be processed by their buying-up from the same manufacturers.

Major placements in the form of tied loans were granted to the following companies:

- "AGROPOTEZ" Adasevac
- DOO "AGROGRNJA" Pivnice
- OZZ "EVROPA" Backa Palanka
- DOO "UNICOOP" Yabalj
- "SREMCOOP", Sremska Mitrovica.

#### NOTE 6 – INVENTORIES

Item: Inventories in the Balance Sheet was presented in amount of RSD 4,941,310,484.34. Basic raw material (soybean grain) in amount of RSD 3,030,664,443.23 represented the major item within the inventories. As of December 31, 2007 the volume of basic raw material – JUS quality - on stock was 144,936,662 kg. Most significant stocks of marketable goods were:

- Corn (14,111,330 kg)	RSD160,042,927.47
- Mineral fertilizers	RSD122,367,364.77
- Refined sunflower oil	RSD47,328,000.00

188,686,515 kg of soybean crop 2006 and 36,939,298 kg of crop 2007 were processed in the course of 2007.

Price of finished products is determined on the basis of actually consumed raw materials reported in the production orders and depending costs.

In 2007, quantities of produced raw soybean oil and soybean meal were 40,576,556 kg and 151,587,741 kg, respectively.

As of December 31, 2007 stocks of raw soybean oil and soybean meal were 995,055 kg and 513,580 kg, respectively.

Amount of RSD 986,875,850.61 relates to raw materials – crop 2008 - paid in advance, i.e. seeds, other inputs and cash.

Other advances paid in amount of RSD 19,734,505.95 relate to the investments in progress.

#### NOTE 7 – RECEIVABLES

Total Company receivables shown in the Balance Sheet amounted to RSD2,858,969 thousand as follows:

- Receivables from parent legal entities amount to	RSD246,137 thousand
--	---------------------

Victoria Group is both the major customer and major supplier when considering the scope of trade and the respective amount of RSD246,137 thousand is outstanding trade receivable which has been regularly paid when due.

- Receivables from related legal entities amount to	RSD122,426 thousand
---	---------------------

Receivables from Victoria Oil in amount of RSD92,634 thousand relates to the sold sunflower – crop 2007; contracting is made at the Raw Material Division level as a logistic support provided to related parties within the System with the aim to reduce costs and expenses.

Receivables from Fertil in amount of RSD25,700 thousand relate to the supplied raw materials.

- Domestic trade receivables amount to	RSD2,329,420 thousand
--	-----------------------

Receivables in amount of RSD1,121,937 thousand relate to the supplied inputs for production of oil crops – crop 2008, which will be settled by delivery of the subject raw materials from the respective manufacturers within the buy-up period. Investments in the production of oil crops in the following years in various types (inputs, equipment) amount to RSD30,541 thousand.

Receivables of RSD676,087 thousand relate to the supplied mineral fertilizers granted to agricultural manufacturers and they will be repaid either in cash or in kind, at their discretion. Receivables of RSD141,351 thousand relate to the supplied soybean oil in exchange for soybean grain and it was settled in January 2008.

Receivables of RSD359,593 thousand relate to regular sales of products manufactured within the current production program.

- Foreign trade receivables amount to RSD128,648 thousand

---

#### *NOTE 8 – SHORT-TERM FINANCIAL PLACEMENTS*

Short-term financial placements amount to RSD49,999 thousand and relate mainly to the annual installments of tied loans granted to agricultural manufacturers.

#### *NOTE 9 – OFF-BALANCE ASSETS*

Major part of RSD2,946,020 thousand, i.e. RSD2,776,103,519 relates to the issued warranties and securities as of December 31, 2007.

“Sojaprotein” has issued warranties and securities mainly to the related legal entities, except some individual cases when securities were granted to business partners due to the long-standing business relations.

Amount of RSD169,916,513 relates to the goods owned by others and stored in our storages, mainly corn and soybean.

#### *NOTE 10 – ORIGINAL CAPITAL*

Original capital of the Company was increased.

Increase of the Company's original capital based on the 6<sup>th</sup> issue of shares was registered with the Agency for Commercial Registries. The shares were issued for reclassification of the retained profit of RSD714,039 thousand in the original capital as of June 19, 2007 – 308,000 no par value shares with book value per share of RSD2,318.30702.

Total original capital consists of 1,078,000 no par value ordinary shares with book value of RSD2,318.31 per share. Equity structure as of December 31, 2007 was as follows: VICTORIA GROUP Novi Sad -25.59%; RAIFFEISEN BANK AD Beograd-6.01%; VICTORIA OILAD Sid-5.51%, FERTIL DOO Backa Palanka-4.64%, ZB INVEST DOO FOR INVESTMENT FUND MANAGEMENT-4.04%; UNIKREDIT BANK AD-4.02%; HYPO-ALPE-ADRIA BANK AD-3.11% - i.e. 52.92% of total equity.

#### *NOTE 11 – LONG-TERM PROVISIONS*

The Company made adjustment of the opening balance amounting to RSD40,564 thousand by reducing the item “Retained Profit from Previous Years” and increasing the item “Long-Term Provisions for Severance Pay when Retiring and Jubilee Awards” (applying IAS 19).

### NOTE 12 – LONG-TERM LIABILITIES

Item "Long-Term Liabilities" includes foreign long-term credits.

Foreign long-term credits	TOTAL	LONG-TERM CREDIT
1. HYPO ALPE ADRIA BANK	EUR30,000,000	EUR3,074,210.91
2. VOJVODJANSKA BANKA (PARIS CLUB)	EUR10,756,276.60	DISPUTED CLAIM

(Pending court process for grounds of the credit debt)

Long-term liabilities from financial leasing amount to RSD12,981,835.00.

### NOTE 13 – SHORT-TERM FINANCIAL LIABILITIES

- Short-term credit (HYPO Bank)	RSD2,133,497,209
- Domestic short-term borrowings	RSD6,399,502
- Financial leasing – short-term part	RSD5,823,708

### NOTE 14 – OPERATING LIABILITIES

Presented value in the Company Balance Sheet was: RSD2,113,809

Presented liabilities relate to:

- Received advances RSD156,482 thousand

These liabilities relate to the successive delivery of soybean meal which is evenly supplied within the contracted period.

- Liabilities to parent legal entities RSD54,237 thousand

The liability relates to Victoria Group and it will be cleared against the current receivables.

- Liabilities to related legal entities RSD205,396 thousand

Liabilities to related legal entities will be cleared in the following quarter against the current receivables.

- Other trade payables RSD1,341,967 thousand

Outstanding trade payables amounting to RSD1,103,827 thousand relate to the delivered soybean grain within the goods exchange (soybean oil, soybean and sunflower meal).

Outstanding payables for inputs in production of oil crops amount to RSD77,317 thousand.

Liabilities related to the investments in fixed assets amount to RSD39,554 thousand and the balance of RSD121,269 thousand relate to the following liabilities:

- Foreign trade payables RSD17,129 thousand

- Goods supplied, but not invoiced RSD49,940 thousand

Reconciled liabilities percentage to suppliers:

1. Payables to parent legal entities	100%
2. Payables to related legal entities	100%
3. Payables to other legal entities	78%

In Becej, this February 29, 2008

LEGAL REPRESENTATIVE

---

Pavlovic Branislava