Report of Sojaprotein a.d.

for the 3rd Quarter and the First Nine Months of 2012

Becej, November 2012

Report of Sojaprotein a.d.
for the 3rd Quarter and the First Nine Months of 2012

CONTENTS

INCOME STATEMENT

From 01/01/2012 to 09/30/2012

In thousands of dinars /RSD/

Item	ADP	Amount			
		Current period		Previous period	
		Quarter	Cumulative		
1	2	3	4	5	6
A. OPERATING INCOME AND COSTS					
I OPERATING INCOME (202+203+204-205+206)	201	3,142,522	10,751,346	2,390,092	5,973,686
1.Sales	202	3,697,013	10,853,080	2,618,324	8,630,832
2. Income from activation of own products and goods	203	4,454	21,535	8,575	8,630,832
3. Increase of own products on stock	204				
4. Reduction of own products on stock	205	574,714	169,349	252,380	
5. Other operating income	206	15,769	46,080	15,573	99,803
II OPERATING COSTS (208 to 212)	207	2,235,500	9,161,851	2,117,152	7,954,223
1.Cost of goods sold	208	17,971	1,661,009	399,905	1,558,350
2. Cost of material	209	1,796,003	6,403,348	1,393,390	5,488,094
3. Salaries, salary compensations and other personal benefits	210	127,557	355,238	99,382	295,948
4. Amortization, depreciation and reserves	211	52,582	152,169	46,937	139,370
5. Other operating costs	212	241,387	590,087	177,538	472,461
III OPERATING PROFIT (201-207)	213	893,795	1,589,495	272,940	1,019,463
IV OPERATING LOSSES (207-201)	214				
V FINANCIAL INCOME	215	220,215	504,463	87,347	470,652
VI FINANCIAL EXPENSES	216	232,146	935,157	75,123	466,156
VII OTHER REVENUES	217	6,017	33,395	1,991	14,541
VIII OTHER COSTS AND EXPENSES	218	7,313	15,877	2,611	10,578
IX OPERATING PROFIT BEFORE TAX (213-214+215-216+217-218)	219	893,795	1,176,319	284,544	1,027,922
IX OPERATING LOSSES BEFORE TAX (214-213-215+216-217+218)	220				
X NET OPERATING PROFIT FROM OPERATIONS BREAK	221				
XI NET OPERATING LOSSES FROM OPERATIONS BREAK	222				
B. PROFIT BEFORE TAX (219-220+221-222)	223	893,795	1,176,319	284,544	1,027,922
C. LOSSES BEFORE TAX (220-219+222-221)	224				
D. PROFIT TAX					
1. Taxes of the period	225	89,380	117,632	28,454	102,792
2. Deferred taxes of the period	226				
3. Deferred tax assets of the period	227				
E. Personal benefits paid to the Employer	228				
F. NET PROFIT (223-224+225-226+227-228)	229	804,415	1,058,687	256,090	925,130
G. NET LOSSES (224-223+225+226-227+228)	230				
H. NET PROFIT OF MINORITY STAKEHOLDERS	231				
I. NET PROFIT OF THE PARENT'S OWNERS	232				
J. EARNINGS PER SHARE					
1.Base earnings per share	233				
2. Diluted earnings per share	234				

Signature

SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ 36

Signature

BALANCE SHEET

As of 09/30/2012 In thousands of dinars /RSD/

Item	ADP	Amount	
		Last quarter of the current year	December 31 of previous year
1	2	3	4
ASSETS			
A.NON-CURRENT ASSETS (002+003+004+005+009)	001	8,502,974	7,987,256
I SUBSCRIBED CAPITAL UNPAID	002		
II GOODWILL	003		
III INTANGIBLE INVESTMENTS	004	15,846	13,787
IV PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	7,629,396	7,116,877
1. Property, plants and equipment	006	7,294,785	6,781,872
2. Investment property	007	331,774	331,953
3. Biological assets	008	2,837	3,052
V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	857,732	856,592
1. Participation capital	010	855,688	855,688
2. Other long-term financial investments	011	2,044	904
B. CURRENT ASSETS (013+014+015)	012	12,813,879	9,306,798
I INVENTORIES	013	5,837,212	4,744,120
II NON-CURRENT ASSETS AVAILABLE FOR SALE AND OPERATION BREAK ASSETS	014		
III SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	6,976,667	4,562,678
1.Receivables	016	4,379,948	3,776,562
2. Receivables from overpaid profit tax	017		
3. Short-term financial investments	018	2,118,385	128,804
4. Cash and cash equivalents	019	322,120	523,815
5. Value added tax and prepayment and accrued income	020	156,214	133,497
C. DEFERRED TAX ASSETS	021		
D. OPERATING ASSETS (001+012+021)	022	21,316,853	17,294,054
E. LOSSES OVER CAPITAL	023		
F. TOTAL ASSETS (022+023)	024	21,316,853	17,294,054
G. OFF-BALANCE ASSETS	025	5,552,772	10,593,951
EQUITY AND LIABILITIES			
A.CAPITAL (102+103+104+105+106-107+108-109-110)	101	12,318,699	11,260,015
I CAPITAL STOCK	102	6,906,480	4,906,480
II SUBSCRIBED CAPITAL UNPAID	103		
III RESERVES	104	1,428,760	1,371,588
IV REVALUATION RESERVES	105	1,837,933	1,837,966
V UNREALIZED GAINS FROM SECURITIES	106	571	571
VI UNREALIZED LOSSES FROM SECURITIES	107		
VII RETAINED PROFIT	108	2,144,955	1,143,440
VIII LOSSES	109		
IX BOUGHT-UP TREASURY SHARES	110		
B. LONG-TERM PROVISIONS AND LIABILITIES	111	8,862,518	5,898,403
I LONG-TERM PROVISIONS	112	49,890	49,890
II LONG-TERM LIABILITIES (114+115)	113	6,215,001	2,895,566
1. Long-term borrowings	114	6,214,938	2,895,503
2. Other long-term liabilities	115	63	63
III SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116	2,597,627	2,952,947
1. Short-term financial liabilities	117	652,864	2,345,998
2. Liabilities from assets available for sale and operation break assets	118		
3. Operating liabilities	119	1,809,660	521,683
4. Other short-term liabilities	120	29,349	32,794
5. Value added tax, public duties and accruals and deferred income	121	29,718	29,618
6. Profit tax liabilities	122	76,036	22,854
C. DEFERRED TAX LIABILITIES	123	135,636	135,636
D. TOTAL EQUITY AND LIABILITIES (101+111+123)	124	21,316,853	17,294,054
E. OFF-BALANCE LIABILITIES	125	5,552,772	10,593,951

Signature

SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ 36

Signature

CASH FLOW STATEMENT

From 01/01/2012 to 09/30/2012 In thousands of dinars /RSD/

Item	ADP	Amount	
		Cumulative of the respective quarter in current year	Cumulative of the respective quarter in previous year
1	2	3	4
A. CASH FLOW FROM OPERATING ACTIVITIES			
I Cash inflow from operating activities (1 to 3)	301	11,593,727	10,048,174
1. Sales and prepayments	302	11,121,838	9,613,017
2. Interest received from operating activities	303	118,410	18,310
3. Other inflows from operating activities	304	353,479	416,847
II Cash outflows from operating activities (1 to 8)	305	10,217,930	9,386,672
1. Trade payments and advances made	306	9,626,938	8,854,308
2. Salaries, salary compensations and other benefits to employees	307	343,864	289,556
3. Interest paid	308	161,632	93,529
4. Profit tax	309	64,450	44,122
5. Payments of other public duties	310	21,046	105,157
III Net cash inflow from operating activities (I-II)	311	1,375,7907	661,502
IV Net cash outflow from operating activities (II-I)	312		
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
I Cash inflow from investment activities (1 to 5)	313	163	1,017,068
1. Disposal of shares and stakes (net inflows)	314		
2. Disposal of intangible investments, property, plants and biological assets	315	163	11,039
3. Other financial investments (net inflows)	316		1,006,029
4. Interest received from investment activities	317		
5. Dividends received	318		
II Cash outflows from investment activities (1 to 3)	319	675,764	1,885,013
1. Acquisition of shares and stakes (net outflows)	320		
2. Acquisition of intangible investments, property, plants and biological assets	321	675,764	1,885,013
3. Other financial investments	322		
III Net cash inflow from investment activities (I-II)	323		
IV Net cash outflow from investment activities (II-I)	324	675,764	1,885,013
C. CASH FLOW FROM FINANCING ACTIVITIES			
I Cash inflow from financing activities (1 to 3)	325		284,839
1. Increase of the capital stock	326		
2. Long-term and short-term borrowings (net inflows)	327		284,839
3. Other long-term and short-term liabilities	328		
II Cash outflows from financing activities (1 to 4)	329	890,376	2,173
1. Buy-up of treasury shares and stakes	330		1,498
2. Long-term and short-term borrowings and other liabilities (net outflows)	331	889,845	
3. Financial lease	332	531	675
4. Dividends paid	333		
III Net cash inflow from financing activities (I-II)	334		284,839
IV Net cash outflow from financing activities (II-I)	335	890,376	
D. TOTAL CASH INFLOW (301+313+325)	336	11,593,890	11,350,081
E. TOTAL CASH OUTFLOWS (305+319+329)	337	11,784,070	11,273,858
F. NET CASH INFLOW (336-337)	338		76,223
G. NET CASH OUTFLOW (337-336)	339	190,180	
H. OPENING CASH BALANCE OF THE PERIOD	340	523,815	221,357
I. CURRENCY DIFFERENTIAL GAINS ON CASH TRANSLATIONS	341	10	3,038
J. CURRENCY DIFFERENTIAL LOSSES ON CASH TRANSLATIONS	342	11,525	502
K. CLOSING CASH BALANCE OF THE PERIOD (338-339+340+341-342)	343	322,120	300,116

Signature

SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ 36

Signature

STATEMENT ON CHANGES IN EQUITY

From 01/01/2012 to 09/30/2012

In thousands of dinars /RSD/

Item	ADP	Capital stock (Group 30 without 309)	ADP	Other capital (acc. 309)	ADP	Subscribed capital unpaid (Group 31)	ADP	Issue premium (acc. 320)	ADP	Reserves (acc. 321, 322)	ADP	Revaluation reserves (acc. 330 and 331)	ADP	Unrealized losses on securities (acc. 332)
1		2		3		4		5		6		7		8
Balance as of Jan. 1 previous year ____	401	4,564,674	414		427		440	871,831	453	456,549	466	1,839,541	479	2,476
Correction of materially significant errors and changes in accounting policies in the previous year - increase	402		415		428		441		454		467		480	
Correction of materially significant errors and changes in accounting policies in the previous year - reduction	403		416		429		442		455		468		481	
Adjusted opening balance as of Jan. 1 previous year ___ (It. 1+2-3)	404	4,564,674	417		430		443	871,831	456	456,549	469	1,839,541	482	2,476
Total increases in the previous year	405	2,341,805	418		431		444	4,309	457	39,601	470		483	
Total reductions in the previous year	406		419		432		445	702	458		471	1,605	484	1,905
Balance as of Dec. 31 previous year ___ (IT. 4+5-6)	407	6,906,480	420		433		446	875,438	459	496,150	472	1,837,936	485	571
Correction of materially significant errors and changes in accounting policies in the current year - increase	408		421		434		447		460		473		486	
Correction of materially significant errors and changes in accounting policies in the current year - reduction	409		422		435		448		461		474		487	
Adjusted opening balance as of Jan. 1 current year ___ (It. 7+8-9)	410	6,906,480	423		436		449	875,438	462	496,150	475	1,837,936	488	571
Total increases in the current year	411		424		437		450		463	57,172	476		489	
Total reductions in the current year	412		425		438		451		464		477		490	
Balance on the last day of quarter in the current year _____ (IT. 10+11-12)	413	6,906,480	426		439		452	875,438	465	553,322	478	1,837,936	491	571

STATEMENT ON CHANGES IN EQUITY

From 01/01/2012 to 09/30/2012 In thousands of dinars /RSD/

Item	ADP	Unrealized losses on securities (acc. 332)	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. 1+2+3+4+5+6+7+8+9+10+11+12)	ADP	Losses over equity (Group 29)
1		9		10		11		12		13		14
Balance as of Jan. 1 previous year ____	492		505	2,381,407	518		531	20,412	544	10,136,890	557	
Correction of materially significant errors and changes in accounting policies in the previous year - increase	493		506		519		532		545		558	
Correction of materially significant errors and changes in accounting policies in the previous year - reduction	494		507		520		533		546		559	
Adjusted opening balance as of Jan. 1 previous year ___ (It. 1+2-3)	495		508	2,381,407	521		534	20,412	547	10,136,890	560	
Total increases in the previous year	496		509	1,143,440	522		535	796	548	3,529,952	561	
Total reductions in the previous year	497		510	2,381,407	523		536	21,208	549	2,406,827	562	
Balance as of Dec. 31 previous year ___ (IT. 4+5-6)	498		511	1,143,440	524		537		550	11,260,015	563	
Correction of materially significant errors and changes in accounting policies in the current year - increase	499		512		525		538		551		564	
Correction of materially significant errors and changes in accounting policies in the current year - reduction	500		513		526		539		552		565	
Adjusted opening balance as of Jan. 1 current year ___ (It. 7+8-9)	501		514	1,143,440	527		540		553	11,260,015	566	
Total increases in the current year	502		515	1,058,687	528		541		554	1,115,859	567	
Total reductions in the current year	503		516	57,172	529		542		555	57,175	568	
Balance on the last day of quarter in the current year ____ (IT. 10+11-12)	504		517	2,144,955	530		543		556	12,318,699	569	

SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ 36

Signature *Signature*

SOJAPROTEIN A.D. BECEJ

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET
As of September 30, 2012

BASIC INFORMATION ON THE COMPANY

Sojaprotein A.D. Becej (hereinafter referred to as: the “Company”) is the leading soybean processor in Serbia and one of the major processors in Central and Eastern Europe. The Company was incorporated in 1977 as a work organization for industrial soybean processing in foundation and its incorporation was completed in 1985.

During 1991 the Company Management passed the Decision on issuing internal shares to employees and transformed the Company into a joint stock company. During 2000 and 2001 the Company privatized the remaining socially-owned capital by issue of free shares subscribed to employees and other natural persons, in compliance with the provisions of the Law on Proprietary Transformation 1997.

The prevailing activity of the Company is soybean grain processing, whereby a series of full-fat and fat-free products in the form of flour, groats and textured forms, as well as soybean oil, soybean meal and soybean lecithin is produced. Supporting segment of the Company operations includes rendering services in agricultural production, wholesale and retail trade and buy-up of agricultural products.

The registered office of the Company is located at 1, Industrijska St., Becej. On the date of preparation of the Statements the Company had 414 employees.

BASES FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHODOLOGY

Financial Statements

Financial Statements of the Company include the Balance Sheet as of September 30, 2012; Income Statement, Statement on Changes in Equity and Cash Flow Statement for the period until September 30, 2012; and review of significant accounting policies and estimates and Notes to the Financial Statements.

Bases for Preparation and Presentation of Financial Statements

Pursuant to 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 operating in the Republic of Serbia are obliged: to maintain business books; to recognize and evaluate their assets and liabilities and income and expense; to prepare, present, file and disclose their financial statements in accordance with legal and professional regulations, that is, the Framework for Preparation and Presentation of Financial Statements (“Framework”), International Accounting Standards (“IAS”), i.e. International Financial Reporting Standards (“IFRS”), as well as interpretation which constitutes an integral part of standards in effect on December 31, 2002.

Amendments to IAS and the new IFRS and corresponding interpretations issued by the International Accounting Standards Board (“Board”) and the International Financial Reporting Interpretations Committee (“Committee”) had been officially adopted by the Resolution of the Minister of Finance of the Republic of Serbia (“Ministry”) in the period from December 31, 2002 until January 1, 2009 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, all amendments to IAS/IFRS and IFRIC interpretations entered into force for the annual periods beginning on January 1, 2009 have not been translated. Furthermore, the enclosed Financial Statements are presented in the format prescribed under the Rule on Chart of Accounts and Contents of Accounts in the Chart of Accounts for Companies, Cooperatives, Other Legal Entities and Entrepreneurs (“Official Gazette of the Republic of Serbia” No. 114 dated December 22, 2006; No.119 dated December

26, 2008; No. 9 dated February 6, 2009 and No. 4 dated January 29, 2010) wherein the entire set of financial statements defined under the Law is determined and differs from the set of financial statements defined under IAS 1 "Presentation of Financial Statements" and, furthermore, in individual parts deviates from the manner of presentation of certain balance items envisaged thereunder. The 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 implemented are disclosed under notes 2.2 and 2.3, respectively.

Having in mind the statements mentioned above and potential material effects that may result from differences in the Serbian accounting regulations as compared to IFRS and IAS in terms of accuracy and fairness of financial statements of a commercial company, it may be considered that the enclosed Financial Statements were prepared in compliance with IFRS and IAS.

Financial Statements were prepared in compliance with the historical cost principle, unless stated otherwise in accounting policies provided below.

When preparing its Financial Statements, the Company adopted the accounting policies explained under note 3.

Financial Statements of the Company are given in thousands of dinars. Dinar /RSD/ represents the official reporting currency in the Republic of Serbia.

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

As of the date of publishing the Financial Statements, the below provided standards and their amendments were issued by the International Accounting Standards Board and the Committee announced the following interpretations of international financial reporting, however, they were not officially adopted in the Republic of Serbia for annual periods beginning on January 1, 2010:

- Amendments to IFRS 7 – "Financial Instruments Disclosures" – Amendments related to improved disclosures of the fair value and liquidity risks (revised in March 2009, and in effect 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 entities that had adopted for the first time the IFRS Amendments relevant for the assets in oil and gas industry and determination if the contracts also include lease (revised in July 2009, in effect for annual periods beginning on or after January 1, 2010),

- Amendments to various standards and interpretations resulting from the Improvements to IFRSs 2009 Project published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16) with primary intention to eliminate harmonization inconsistencies and text clarifications (amendments to the standards shall be in effect for annual periods beginning on or after January 1, 2010 and the amendment to IFRIC on or after July 1, 2009),

- Amendments to IAS 38 – "Intangible Assets" (in effect for annual periods beginning on or after July 1, 2009)

- Amendments to IFRS 2 – “Share Based Payments” – Amendments resulting from the Annual Improvements to IFRSs Project (revised in April 2009, in effect for the annual periods beginning on or after July 1, 2009) and the amendment related to a transactions of Group share based payments in cash (revised in June 2009, in effect for the annual periods beginning on or after January 1, 2010),

- Amendments to IFRIC 9 – “Reassessment of Embedded Derivatives” – shall be in effect for annual periods beginning on or after July 1, 2009 and IAS 39 –”Financial Instruments: Recognition and Measurement” – Embedded Derivatives (in effect for the annual periods beginning on or after June 30, 2009),

- IFRIC 18 – “Transfer of Assets from Customers” (in effect for annual periods beginning on or after July 1, 2009),

Published Standards and Interpretations not yet in Effect

On the date of issue of Financial Statements the following standards, their supplements and interpretations were published but not yet in effect:

- “Conceptual Framework for Financial Reporting 201” whereby “Framework for Preparation and Presentation of Financial Statements” was amended (in effect from the date of its publishing, i.e. September 2010),

- IFRS 9 - “Financial Instruments” (in effect for annual periods beginning on or after January 1, 2013),

- Supplements to IFRS 1 - “First-time Adoption of International Financial Reporting Standards” – Limited exemption from comparative disclosures prescribed under IFRS 7 for an entity that adopted IFRS for the first-time (in effect for the annual periods beginning on or after July 1, 2010),

- Supplements to IFRS 1 - “First-time Adoption of International Financial Reporting Standards” – High hyperinflation and elimination of fixed dates for entities that adopted IFRS for the first-time (in effect for annual periods beginning on or after July 1, 2010),

- Supplements to IFRS 7 - “Financial Instruments Disclosures” – Transfer of financial assets (in effect for annual periods beginning on or after July 1, 2011),

- Supplements to IAS 12 – “Income Taxes” – Deferred tax: recovery of assets included in base (in effect for annual periods beginning on or after January 1, 2012),

- Supplements to IAS 24 - “Related Party Disclosures” – Simplified requirements for disclosures of parties under (significant) control or impact of the government and related party definition clarification (in effect for annual periods beginning on or after January 1, 2011),

- Supplements to IAS 32 - “Financial Instruments: Presentation” –Classification of Rights Issue (in effect for annual periods beginning on or after February 1, 2010),

BASES FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND THE ACCOUNTING METHODOLOGY (continued)

Published Standards and Interpretations not yet in Effect (continued)

- Supplements to various standards and interpretations “Improving IFRSs 2010” resulting from the Improvements to IFRSs 2010 published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) with primary intention to eliminate harmonization inconsistencies and text clarifications (majority of supplements shall be in effect for annual periods beginning on or after January 1, 2011),

- Supplement to IFRIC 14 - “IAS 19 – The Limit on a Defined Benefit, Minimum Funding Requirements and Their Interaction” – Prepayment of Minimum Funding Requirement (in effect for annual periods beginning on or after January 1, 2011).

- IFRIC 19 – “Extinguishing Financial Liabilities with Equity Instruments” (in effect for annual periods beginning on or after July 1, 2010).

Comparative Data

Financial Statements of the Company as of September 30, 2011 represent comparative data for Income Statement and Cash Flow Statement, and for Balance Sheet and Statement on Changes in Equity comparative data are as of December 31, 2011.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES

Income and Expense

Sales income is recognized when risks and benefits related to proprietary rights are transferred to the customer, that is, on the date of delivery of a product to the customer. Income from services is recognized when the respective service has been provided.

Income is presented at fair value of assets received or that should be received, in net amount after deduction of discounts granted and value added tax.

Interest income and expense are credited, i.e. debited in the period they refer to.

On the date when income is posted the corresponding expense should also be posted (Matching Principle).

Maintenance and repair costs are covered from income of the accounting period in which they occurred.

Translation of Assets and Liabilities Paid in Foreign Currency

Business transactions in foreign currencies were translated in dinars at the mean exchange rate prevailing at the Interbank Market on the date of transaction.

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

Currency differential gains and losses occurring in business transactions in foreign currencies and at the time of translation of the Balance items carried in foreign currencies were credited, i.e. debited in the Income Statement, as currency differential gains, i.e. losses.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

a) Taxes and Contributions to the Employee Social Security Funds

Pursuant to governing regulations of the Republic of Serbia, the Company is liable to pay taxes and contributions to tax authorities and state funds whereby the social security of employees is secured. These liabilities include taxes and contributions for employees charged to the employer at rates prescribed under the legal regulations. In addition, the Company is liable to deduct contributions from gross salaries of employees and pay them to funds on behalf of its employees. Taxes and contributions charged to the employer and taxes and contributions charged to an employee are debited as an expense of the period they relate to.

b) Liabilities Related to Redundancy Pay and Jubilee Awards

Pursuant to provisions of the Labor Law, the Company is liable to pay to its employees redundancy pay at the time of employment for execution of the right to pension equal to three average wages paid in the Republic of Serbia, in compliance with the last data published by the Republic authority in charge of statistics. In addition, the Company is liable to pay jubilee awards to its employees depending on the years of continuous service in the Company and equal to one average wage accomplished in the Company in the month proceeding the month in which the jubilee awards are to be paid.

Taxes and Contributions

Corporate Income Tax

a) Current Corporate Income Tax

Current corporate income tax represents an amount calculated and paid in accordance with the governing Law on Corporate Income Tax in the Republic of Serbia.

Corporate income tax equal to 10% (2011: 10%) should be paid on the tax base determined in the Tax Balance. Tax base presented in the Tax Balance includes the corporate income presented in the official Income Statement and adjustments defined under tax regulations of the Republic of Serbia.

Serbian tax regulations do not envisage a possibility to use tax losses in the current period as the base for recovery of the tax paid in the previous periods. However, losses in the current period may be carried forward to the corporate income account of future accounting periods, provided that time period is limited to ten years.

Deferred corporate income tax was calculated by applying the Liability Method to Balance Sheet items related to temporary differences arising from the difference between the tax base of assets and liabilities presented in the Balance Sheet and their respective book value. Tax rates prevailing on the Balance Sheet date were used for determining the deferred corporate income tax amount.

Deferred tax liabilities were recognized for all taxable temporary differences. Deferred tax assets were recognized for all types of deductible temporary differences and effects on the Tax Balance related to the loss carried forward and tax credits which may be carried forward to the extent of probable taxable corporate income for use of deferred tax assets.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes and Contributions (continued)

b) Deferred Corporate Income Tax

Deferred tax was debited or credited in the Income Statement, except in case of items which should be credited or debited directly in equity when the respective deferred tax was also classified in the equity.

Taxes and Contributions not Depending on Performance

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

Property, Investment Property, Plant and Equipment

Initial evaluation of property, plant and equipment fulfilling requirements for recognition as an asset is made at its cost. Additional expenses related to property, plant and equipment were recognized as an asset only when those expenses have upgraded the asset as compared to its originally evaluated standard effect. All other subsequently incurred costs were recognized as an expense of the period in which they were incurred.

After initial recognition, property (land and building facilities) were carried at their revaluated value which shows their fair value on the date of revaluation reduced for total adjustments made with respect to depreciation and total adjustments resulting from their impairment.

Fair value of property is its market value determined by evaluation of the respective property. Revaluation is made only when the fair value of revaluated property significantly differs from its carrying value.

After initial recognition, plant and equipment were carried at cost reduced for the amount of total calculated depreciation and amount of total losses resulting from their impairment.

Gains or losses resulting from decommissioning or disposal were recognized as income or expense in the Income Statement.

Depreciation

Depreciation of property, plant and equipment was calculated by applying the straight line method during their estimated useful life. The useful life and depreciation rates of the main group of assets were as follows:

Main groups of fixed assets	Rate (%)
Building facilities	1.5-5%
Manufacturing equipment	5-25%
Field and passenger vehicles	10-20%
Computers	20-34%
Other equipment	1.5-50%

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES

Property, Investment Property, Plant and Equipment (continued)

Depreciation (continued)

Depreciation rates are revised each year in order to determine the depreciation which reflects the actual use of these assets in operations based on their remaining useful life.

Investment property

Investment property is the property which the Company as owner holds to achieve income from lease or to increase the value of equity or for both reasons, but not use it for rendering services or for administrative purposes or its disposal in regular activities of the Company. Initial evaluation of the investment property at the time of its acquisition is made at cost. After initial recognition, investment property is carried at its revaluated amount which reflects their fair value on the date of revaluation, i.e. date of assessment, reduced by total adjustment made on the basis of depreciation and total adjustments on the basis of losses resulting from their impairment.

Intangible Investments

Intangible investments relate to the procured software and trademark and are carried at cost reduced for amortization. Intangible investments are written-off by applying the straight-line method within the time period from two to ten years.

Long-term Financial Investments

Long-term financial investments include stakes in capital of related parties, commercial banks and other legal entities and they are carried at cost reduced for impairment based on the Management's estimates in order to reflect their recoverable value. These loans are carried at their nominal value.

Impairment

On each balance sheet date the Company reviews book values of its tangible property in order to establish if any indications of impairment of their value exist. If any such indication is observed the recoverable value is estimated for determining any potential losses resulting from impairment. If it is impossible to estimate the recoverable amount of an individual asset, the Company assesses the recoverable amount of the cash generating unit in which the asset is classified.

Recoverable value represents a net selling price or value-in-use, whichever is higher. For assessment of value-in-use the estimated future cash flows are discounted to the current value at discount rate before tax which reflects the current market estimate of the time value of money and risks specific to the asset.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment (continued)

If the estimated recoverable value of an asset (or the cash generating unit) is lower than its book value then its book value (or the cash generating unit) shall be reduced to the recoverable value. Impairment losses are immediately recognized as expense, except in case of land or building not used as an investment property its carrying revaluated value – in this case the impairment loss is presented as reduced value resulting from revaluation of the asset.

In case of subsequent reversal of impairment losses, the book value of the asset (cash generating unit) shall be increased up to the revised estimated recoverable value of the asset, provided that the increased book value may not exceed the book value that would be determined in previous years if no impairment loss was recognized with respect to the asset (cash generating unit) due to impairment. Reversal of impairment is immediately recognized as income, except when the asset is not carried at its estimated value – in this case the reversal of impairment is presented as increase resulting from revaluation.

As of June 30, 2011, on the basis of estimates made by the Company Management, there were no indications on impairment of property, plant and equipment.

Inventories

Inventories are carried at cost or net selling value, whichever is lower. Net expected selling value represents a price at which the inventories may be sold in regular operating circumstances after its reduction for the sale costs.

Value of material and spare parts on stock is determined by applying the average cost method. Cost includes invoiced value of the supplier, transport and ancillary costs.

Value of the work in process and finished products includes all direct production costs and the aliquot portion of production overheads.

Goods on stock in the warehouse are recorded at cost, and inventories of goods in retail trade at retail prices. At the end of the period value of inventories is equated to their cost by allocation of the price differential, calculated on an average base, between cost of the goods sold and inventories at the end of the year.

Adjustment of inventories by debiting other expenses is made when it is assessed that their value should be equated to the net expected selling value (slow-moving inventories, redundant and obsolete inventories including). Damaged inventories and inventories whose quality does not meet the standards are written-off.

Financial Instruments

Financial assets and financial liabilities are recorded in the Company Balance Sheet at the time when the Company binds itself under contractual provisions to the instrument. Acquisition or disposal of a financial asset is recognized by applying calculation on the settlement date, i.e. on the date when the asset is delivered to another party.

REVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets are not recognized any more when the Company defeats control over the instrument's contracted rights; this happens when the utilization rights of the instrument were exercised, expired, waived or assigned. A financial liability is not recognized any more when a liability determined under a contract was fulfilled, cancelled or expired.

a) Stakes in Equity

Stakes in equity of banks and other legal entities listed at an exchange are initially measured at their cost. Subsequent measurement is made on each balance sheet date in order to equate their value with the market value.

Long-term financial investments which include stakes in equity of related parties, commercial banks and other legal entities listed at an exchange are carried at the cost method reduced for impairment on the basis of the Management's estimate in order to be equated with their recoverable value.

b) Trade Receivables, Short-term Investments and Other Short-term Receivables

Trade receivables, short-term investments and other short-term receivables are carried at their nominal value reduced for adjustments related to their estimated collectability assessed by the Management.

c) Cash and Cash Equivalents

The Company expresses the item 'Cash and Cash Equivalents' in its financial statements cash at hand and balances on current accounts and other money assets available up to three months.

d) Financial Liabilities

Instruments related to financial liabilities are classified in accordance with the very essence of the contracted provisions. Financial Liabilities are carried at their nominal value increased for interest based on the entered contracts, which corresponds to the effective interest rate.

e) Operating Liabilities

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

REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

Presentation of financial statements of the Company demands that the Company Management use the best possible estimates and reasonable assumptions which have effect on the presented value of assets and liabilities as well as disclosure of potential receivables and payables as of the date of preparation of the financial statements and income and expense in the reporting period. These estimates and assumptions are based on information available on the date of preparation of financial statements.

Key assumptions related to the future and other sources to assess uncertainties which represent a significant risk on the balance sheet date are given below and are used to make material adjustment of the balance sheet item amounts in the next financial year.

Depreciation and Depreciation Rates

Depreciation and amortization are calculated and depreciation and amortization rates are based on the projected economic useful life of equipment and intangible investments. The Company annually estimates the economic useful life on the basis of current predictions.

Adjustments to Receivables and Short-term Investments

The Company makes impairment of bad trade receivables and other debts on the basis of estimated losses to be incurred in case when debtors are not able to make payments. When estimating a loss amount resulting from impairment of bad receivables, the Company relies on the age of a particular receivable, former experience related to write-off, financial standing of customers and changes in payment terms and conditions. Therefore, estimates should be tied to future behavior of customers and the resulting collection. However, significant portion of the Company's receivables relate to receivables from related parties which, based on estimates and former experience, should allow collectability of receivables in full.

REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Fair Value

Business policy of the Company is to disclose information on fair value of assets and liabilities for which there exist official market information even in case when the fair value significantly differs from the book value. There is insufficient market experience in the Republic of Serbia and lack of stability and liquidity with respect to acquisition and disposal of receivables and other financial assets and liabilities, since the official market information is not always available. Therefore, it is impossible to determine a reliable fair value in the absence of an active market. The Company Management estimates risks and when it evaluates that the book value at which the assets are recorded may not be achieved it makes corresponding adjustments. In the opinion of the Company Management, amounts presented in these Financial Statements reflect the value which is, under the circumstances, most accurate and adequate for reporting purposes./

NOTE A-1
INCOME FROM SALES

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Income from sale of goods:	1,606,844	437,611
-To related parties	113,587	1,119,453
- To legal entities in the country	0	0
- To other legal entities abroad	1,720,431	
		1,557,064
Income from sale of products and services:		
- To related parties	1,011,110	89,498
- To legal entities in the country	3,770,709	2,980,653
- To other legal entities abroad	4,350,830	3,202,617
	9,132,649	7,073,768
	10,853,080	8,630,832

In its Income Statement the Company presented total income from sales in the amount of 10,853,080 thousand dinars. The stated amount includes income from sale of commercial goods in the amount of 1,720,431 thousand dinars

and income from sale of products and services in the amount of 9,132,649 thousand dinars.
Major income realized by sale of commercial goods was as follows:

- Related parties:

Soybean grain	1,606,844 thousand dinars
Toasted meal	0 thousand dinars
TOTAL	1,606,844 thousand dinars

- Other legal entities

Sunflower meal 33% and 42%	3,627 thousand dinars
Toasted meal	106,508 thousand dinars
Other	3,452 thousand dinars
TOTAL	113,587 thousand dinars

Income from sale of products and services
-Related parties

Soybean meal	714,026 thousand dinars
Crude soybean oil	5,346 thousand dinars
Concentrates	3,432 thousand dinars
Protein products	253,899 thousand dinars
Other	34,407 thousand dinars
TOTAL	1,011,110 thousand dinars

-Other legal entities

Soybean meal	2,668,515 thousand dinars
Crude soybean oil	552,691 thousand dinars
Concentrates	39,359 thousand dinars
Protein products	338,344 thousand dinars
Other	171,800 thousand dinars
TOTAL	2,311,712 thousand dinars

- Other legal entities abroad

Soybean meal	45,190 thousand dinars
Crude soybean oil	2,354,835 thousand dinars
Protein products	1,876,703 thousand dinars
Other	74,102 thousand dinars
TOTAL	4,350,830 thousand dinars

NOTE – 2
OTHER OPERATING INCOME

In thousands of dinars /RSD/

	09/30/2012	**09/30/2011**
Income from subsidies and incentives	2,270	54,578
Lease	42,675	41,180
Other operating income	1,135	4,045
	46,080	99,803

NOTE – 3
COST OF GOODS SOLD

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Cost of goods sold	1,661,009	1,558,350
	1,661,009	1,558,350

In its Income Statement the Company presented the amount of 1,661,009 thousand dinars as cost of commercial goods sold. Most significant amounts relate to:

Sunflower meal 33% and 42%	3,627 thousand dinars
Soybean grain	1,550,013 thousand dinars
Toasted meal	106,508 thousand dinars
Other	861 thousand dinars
Total	**1,661,009 thousand dinars**

NOTE – 4
COSTS OF MATERIAL AND ENERGY

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Raw materials	6,103,591	5,146,738
Other material	38,130	122,070
Fuel and energy	261,627	219,286
	6,403,348	5,488,094

NOTE – 5
COSTS OF SALARIES, SALARY COMPENSATIONS AND OTHER PERSONAL BENEFITS

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Gross salaries	267,716	225,039
Contributions charged to the employer	47,515	40,155
Business trip costs reimbursement to employees	9,660	9,687
Transportation costs reimbursement to employees	13,711	10,534
Scholarships	2,716	3,617
Fees under author's contract	1,375	1,467
Redundancy pay and jubilee awards	6,160	1,642
Fees to members of the BoD and SB	813	813
Other personal benefits and allowances	5,572	2,994
TOTAL	**355,238**	**295,948**

NOTE – 6
COSTS OF DEPRECIATION AND AMORTIZATION AND PROVISIONS

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Depreciation and amortization	152,169	139,370
	152,169	139,370

NOTE – 7
OTHER OPERATING EXPENSES

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Bank services and payment transaction services	19,145	33,281
Maintenance services	78,256	40,624
Laboratory services	43,654	51,908
Transport expenses	115,487	104,361
Lease	57,723	41,261
Utility services	14,036	15,559
Insurance premiums	14,777	19,803
Indirect taxes and contributions	18,112	16,855
Brokerage services	697	675
Legal and consulting services	128	22,577
Internet, telephone and postal services	6,237	4,770
Entertainment costs	16,230	9,222
Advertising and promotion	8,305	6,123
Other manufacturing services	2,142	2,275
Other intangible costs	6,820	3,732
	188,338	99,435
	590,087	472,461

NOTE – 8
FINANCIAL INCOME

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Financial income – related parties	35,355	218
Currency differential gains	433,630	466,003
Gains resulting from the currency clause effects	6,134	248
Interest	26,986	4,183
Other financial income	2,358	-
	504,463	470,652

NOTE – 9
FINANCIAL EXPENSE

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Currency differential losses	846,386	362,851
Interest costs	87,910	103,144
Losses resulting from the currency clause effects	861	158
Other financial expenses		3
	935,157	466,156

NOTE – 10
OTHER INCOME

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Income from disposal of equipment and intangible investments	-	228
Gains from receivables equation	12,194	936
Surpluses	4,257	4,172
Damage compensation from insurance companies	5,864	6,931
Income from disposal of materials	8,318	1,382
Other income	2,762	892
	33,395	14,541

NOTE – 11
OTHER EXPENSES

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Impairment of receivables and short-term investments	85	293
Shortages		-
Material disposal losses	7,647	1,290
Write-off of receivables from housing credits	1,468	1,335
Property and equipment decommissioning losses		-
Direct write-offs of receivables		-
Other expenses	6,677	7,660
	15,877	10,578

NOTE – 12
PROFIT

c) Equation of the corporate income tax in the Income Statement and the Product of Profit before Tax and Prescribed Tax Rate

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Profit before tax	1,176,319	1,027,922
Profit tax at 10% rate		102,792
Losses	117,632	-
Profit after tax	1,058,867	925,130
Effective tax rate	10%	10%

EARNINGS PER SHARE

In thousands of dinars /RSD/

	09/30/2012	09/30/2011
Net profit	1,058,687	925,130
Average weighted number of shares	14,895,524	10,756,778
Base earnings per share (in dinars)	71.07	86.00

NOTE – 13
PROPERTY, PLANT AND EQUIPMENT, BIOLOGICAL ASSETS. INVESTMENT PROPERTY AND INTANGIBLE INVESTMENTS

In thousands of dinars /RSD/

	Land, buildings and biological assets	Equipment	Prepayments for fixed assets and construction in progress	Total	Investment property	Intangible investments	Intangible investments
Cost							
Balance as of Jan. 1, 2011	1,859,097	2,247,315	498,108	4,604,520	332,034	19,396	0
Increases in the year	82,082	83,704	6,416,096	6,581,882	-	2,964	9,596
Transfers			(201,727)	(201,727)	-	-	(2,964)
Closing trade payables			(3,295,728)	(3,295,728)			
Capitalized interest	11,671	24,270		35,941			
Transfer to investment property			-			-	-
Decommissioning	-	(8,516)	-	(8,516)	(81)		
Disposal	-	(1,717)		(1,717)	-		
Other	-					-	-
Balance as of Dec. 31, 2011	**1,952,848**	**2,345,056**	**3,416,749**	**7,714,653**	**331,953**	**22,360**	6,632
Balance as of Jan. 1, 2012	1,952,848	2,345,056	3,416,749	7,714,653	331,953	22,360	6,632
Increases in the year	472,915	162,513	1,351,038	1,986,466		430	4,217
Transfers	3,670	44,041		47,711			
Closing trade payables			(695,297)	(695,297)			(430)
Capitalized interest			(676,170)	(676,170)			
Transfer to investment property							
Decommissioning					(179)		
Disposal							
Other							
Balance as of Sep. 30, 2012	2,429,433	2,551,61	3,396,320	8,377,363	331,774	22,790	10,419

Adjustments							
Balance as of Jan. 1, 2011	198,251	554,278	-	752,529	-	12,654	-
Depreciation in the year	39,880	144,224	-	184,104	-	2,551	-
Transfer to investment property							
Disposal			-		-	-	-
Decommissioning	-	(5,565)	-	(5,565)	-	-	-
Balance as of Dec. 31, 2011	238,131	691,599	-	929,730	-	15,205	-
Adjustments							
Balance as of Jan. 1, 2012	238,131	691,599	-	929,730	-	15,205	
	36,449	113,562		150,011		2,158	
Depreciation in the year							
Transfer to investment property							
Disposal							
Decommissioning							
Balance as of Sep. 30, 2012	274,580	805,162		1,079,741		17,363	
- Current value as of Sep. 30, 2012	2,154,853	1,746,448	3,396,320	7,297,622	331,774	5,427	10,419
- Current value as of Dec. 31, 2011	1,714,717	1,653,457	3,416,749	6,784,923	331,953	7,155	6,632

The Company presented intangible investments in the amount of 15,846 thousand dinars.
The Company presented the value of property, plant and equipment in the amount of 7,629,396 thousand dinars **as of September 30, 2012.**
Depreciation was calculated by applying the straight-line method to the cost.

Prepayments for fixed assets and construction in progress were presented in the total amount of 3,396,320 thousand dinars as of **September 30, 2012** and mainly related to investments in equipment for the Traditional Soybean Concentrates Plant.
Investment in construction of the Soybean Protein Concentrates Manufacturing Plant was completed; it related to the first phase of the investment which includes the construction of Traditional Soybean Concentrates Plant with the annual capacity of 70,000 tons. Trial run had been completed and the continuous production of concentrates has been established. Total value of the first phase of the investment – construction of the Traditional Soybean Concentrates Plant has been projected to 22.5 million Euros but, however, at the time of the budget revision it was determined to the amount of 26.5 Euros and completed at that level. Having in mind that soybean concentrates are one of the products demanding the highest level of finalization as well as their wide use in the area of animal food production, production of milk substitutes for feeding pigs and calves and production of food for human consumption, the Company expects significant income increase resulting from sale of soybean concentrates. After completion of the first phase of the investment, the Company will commence the second phase which includes production of functional soybean concentrates with annual capacity of 15,000 tons.

NOTE – 14
STAKES IN EQUITY

		In thousands of dinars /RSD/	
	Stake %	**09/30/2012**	**12/31/2011**
Stakes in equity of subsidiaries			
ZAOVobeks – Intersoy, Russia	85.00%	1,112	1,112
VeterinarskiZavod Subotica a.d.	59.17%	783,618	783,618
		784,730	784,730
Stakes in equity of related parties			
Hotel BelaLadjaa.d., Becej	31.81%	64,626	64,626
		64,626	64,626
Stakes in equity of banks		120*	120*
NovosadskiSajama.d., Novi Sad		4,381	4,381
Stakes in equity of other legal entities		1,831	1,831
		855,688	855,688

NOTE – 15
OTHER LONG-TERM FINANCIAL INVESTMENTS

In thousands of dinars /RSD/

	09/30/2012	**12/31/2011**
Housing credits to employees	2,044	904
	2,044	904

NOTES – 16
INVENTORIES

In thousands of dinars /RSD/

	09/30/2012	**12/31/2011**
Material	3,578,630	2,140,423
Spare parts	150,749	140,999
Tools and consumables	49,645	43,201
Finished products	419,470	678,331
Production in progress	158,909	69,397
Prepayments	1,496,988	1,684,789
Goods:		
- in wholesale and retail trade	2,077	2,274
- stored in warehouses of other legal entities	3,490	3,638
	5,859,958	4,763,052
Minus: Adjustments of the materials on stock	(22,746)	(18,932)
	5,837,212	4,744,120

The Company presented inventories in its Income Statement to the amount of 5,837,212 thousand dinars. Major items of inventories of raw materials and material amounting to 3,578,630 thousand dinars of which raw materials (soybean grain) were valued to 3,505,512 thousand dinars calculated at the average cost, i.e. in volume to 58,870,204 kg of the JUS standards soybean grain.

NOTE – 17
RECEIVABLES

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Trade receivables:		
- Parent and subsidiaries	556,393	
- Related parties	1,311,876	2,235,680
- In the country	1,668,144	807,069
- Abroad	974,193	757,477
Receivables from exporters	-	4,626
Receivables from specific transactions		
- Related parties	-	-
- Others	3,612	-
Receivables from interest	9,298	126,433
Receivables from state authorities and organizations	2,003	3,280
Overpaid other taxes and contributions	126	182
Other receivables:		
- Related parties		
- Others	14,893	13,598
Minus: adjustment of trade receivables	(159,590)	(171,783)
	4,379,948	3,776,562

NOTE – 18
SHORT-TERM FINANCIAL INVESTMENTS

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Short-term borrowings to related parties:		
- VictoriaGroupa.d.	765,947	-
Credit for winter food stores	15,600	10,952
Short-term credits in the country	157,203	111,089
Other financial investments	1,179,635	186
	2,118,385	128,804

NOTE – 19
CASH AND CASH EQUIVALENTS

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Current account		
- in dinars	10,215	212,733
- in foreign currency	308,610	307,808
Restricted cash funds and letters of credit	19	19
Treasury	21	
Foreign currency letters of credit	-	
Other cash funds	3,255	3,255
	322,120	523,815

NOTE – 20

VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Prepaid costs up to one year	14,603	6,132
Receivable for overpaid VAT	139,619	124,100
Accrued value added tax	-	2,706
Receivables related to non-invoiced income	-	-
Other prepayments and accrued income	1,992	559
	156,214	133,497

NOTE – 21

OFF-BALANCE ASSETS

As of September 30, 2012 off-balance assets amounted to 5,552,772 thousand dinars. The amount of 5,147,645 thousand dinars relates to guarantees and sureties provided by Sojaprotein AD as guarantor. The amount of 405,127 thousand dinars relates to goods of other legal entities stored in our warehouses.

OFF-BALANCE ASSETS/LIABILITIES

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Assets of other legal entities	405,127	692,047
Sureties, bills and guarantees	5,147,645	9,901,904
	5,552,772	10,593,951

NOTE – 22
CAPITAL STOCK

At its session held on June 29, 2012 the Company Meeting passed the Decision on Profit Distribution, whereby the realized profit has been allocated as follows:

- 5% of profit should be classified in the Company reserves
- Remaining balance should be classified as retained profit for strengthening the Company’s financial standing.

Structure of the Company share capital was on **September 30, 2012** as follows:

Stakeholders	09/30/2012 Stakes %	Number of shares	Value of capital	12/31/2011 Stakes %	Number of shares	Value of capital
Viktoria Group AD	50.94 %	7,587,503	3,518,032	62.94%	9,374,965	4,346,809
MitrovicZoran	6.07 %	904,675	419,463			
BabovicMilija	6.03%	897,835	416,291			
Raiffeisen Banka AD – Custody account	5.89%	876,626	406,458			
Raiffeisenbank AD Beograd – Custody account	2.77%	413,325	191,643			
SocieteGenerale Banka Srbija – Custody account	1.50%	223,861	103,796			
S Gustaviad. Fonder Aktie	1.13%	168,137	77,959	1.37%	203,521	94,365
Raiffeisenban AD Beograd – Custody account	1.13%	167,697	77,755	1.32%	196,131	90,938
Unicredit Ban Sebija AD – Custody account	1.11%	164,780	76,402			
Proinvestments A.D.	0.78%	116,128	53,844			
Other legal entities and natural persons	22.65%	3,374,957	1,564,837	31.71%	4,724,578	2,190,605
	100.00%	14,895,524	6,906,480	100.00%	14,895,524	6,906,480
Acquired shares		23,466			23,466	
Share capital		14,872,058	6,906,480		14,872,058	6,906,480

23,466 treasury shares acquired as free shares of the 10th issue remained to be sold.

MANDATORY RESERVES

As of **September 30, 2012** mandatory reserves of the Company amounting to 305,054 thousand dinars represent earmarked portion of retained profit from previous years, in accordance with the Decision on the Profit Distribution realized in the business year 2011 passed by the Company Meeting, whereby the Company earmarked 5% of net profit realized in the business year to the mandatory reserves account – until mandatory reserves shall reach 10% of the Company capital stock.

STATUTORY RESERVES

As of **September 30, 2012** statutory reserves of the Company amounted to 248,267 thousand dinars. At the time of net profit distribution realized in the business year the Company earmarks assets to the reserves in accordance with its statute. The Company may freely avail of these reserves and their purpose is not specifically defined under the current internal enactments.
Statutory reserves were not used.

NOTE – 23
LONG-TERM LOANS

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Long-term loans in the country	4,652,528	1,562,157
Long-term loans abroad	1,639,928	1,775,815
	6,292,456	3,337,972
Current maturities	(77,518)	(442,469)
	6,214,938	2,895,503

LONG-TERM LOANS ABROAD

	Annual interest rate	Currency	Amount in RSD	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Vojvodjanska Banka a.d., Novi Sad		EUR	10,756,277	1,237,316	1,125,546
European Bank	2.5%+6month EURIBOR	EUR	2,500,000	287,580	313,923
European Bank	2.3%+6month EURIBOR	EUR	1,000,000	115,032	336,346
Banca Intesa Koper				-	-
				1,639,928	1,775,815
Current maturities				(-)	(284,025)
				1,639,928	1,491,790

Negotiation between the Government of the Republic of Serbia and the Paris Club Creditors held in December 2011 resulted in significant reduction of liabilities (principal, interest and default interest calculated on March 22, 2002) equal to 51% of the new principal with a possibility of further write-off of liabilities after three years up to the maximum value of 66.67% as an additional item of the rescheduled liabilities. Law on regulation of relations between the Federal Republic of Yugoslavia and legal entities and banks within the territory of Federal Republic of Yugoslavia, who were the original debtors or guarantors to the creditors of Paris Club and London Club came into force on July 4, 2002 ("Official Gazette of the Federal Republic of Yugoslavia", number 36/2002). Pursuant to the Law, the Company was liable to repay loans granted by the Paris Club creditors to local banks under terms and conditions not less favorable than those defined under the agreement made with foreign creditors.

Until the date of publishing of the Financial Statements, the Company did not enter a contract with Vojvodjanska Banka a.d., Novi Sad on defining credit repayment liabilities to the creditors of Paris Club nor did it reduce the principal for the written-off portion of liability or calculated the accrued interest and their inclusion and presentation in the Financial Statements in the time period from March 22, 2002 until the Balance Sheet date.

Pursuant to the Award of the Supreme Court of Serbia the case was sent back to the first instance judicial procedure before the Commercial Court in Novi Sad for reconsideration. Thereafter, the award in favor of the Company was passed. Currently, the proceedings are pending with respect to the Plaintiff's appeal.

Liabilities resulting from the credit granted by the European Bank for Reconstruction and Development were presented in total amount of 562,556 thousand dinars (EUR 4,857,142.84) as of June 30, 2012. The credit was granted on the basis of contract entered on September 10, 2007. Namely, pursuant to the contract the funds granted constituted a portion of the credit granted for investment in current capital under the Project on procurement of 235,000 tons of soybean and 60,000 tons of sunflower and 15,000 tons of oil seed rape as well as investment in energy efficiency with respect to the second and third tranches of the granted funds in total amount of EUR 45,000,000. The funds are granted for the period of five years with semi-annual payment annuities.

In accordance with the Credit Contract and in compliance with requirements referred to under clause 5.10 “Financial Relations (Ratios)”, the Company is obliged to maintain in accordance with the Financial Statements presented in compliance with any and all International Accounting Standards:

1. EBIT to interest expense ratio at the level not below 3, provided that the Company profit should be additionally adjusted for:
   - Any participation in profit or losses of any affiliated company, except for dividends or any other income the Company received from the affiliate or a joint venture and income resulting from any other investments in fixed assets;
   - Any and all profits or losses directly resulting from disposal or cease of operations or disposal of fixed assets;
   - Any and all direct costs of any fundamental reorganization or restructuring having material effects on the nature and focus of the Company operations;
   - All amounts written-off from the investment value;
   - Realized and unrealized currency differential gains and losses which do not relate to regular operations.

2. Interest expense means all interest and costs accrued with respect to the financial debt of the Company as the interest, costs and expenses will be charged to the income statement of the entity.

Debt to total capitalization ratio must be maintained at the level not exceeding 0.6, provided that the debt means just the very debt and excluding any other debt secured by the Contract on Pledge of Inventories. Total capitalization means sum of presented values of total share capital, accumulated deferred corporate income tax and accumulated investment tax credits, minority interests, potential reserves and contributions as support to the construction.

LONG-TERM LOANS IN THE COUNTRY

	Annual interest rate	Currency	Amount in RSD	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Uni Credit Bank	3.9%+3month EURIBOR	EUR	16,805,715	1,933,195	1,562,157
Banca Intesa	3.8%+1month EURIBOR	EUR	1,604,167	184,531	-
Banca Sintesa	3.8%+1month EURIBOR	EUR	1,833,333	210,892	-
Banca Intesa	3.8%+1month EURIBOR	EUR	4,125,000	474,507	-
EurobankaEFG			-	400,000	
EurobankaEFG			1,600,000	184,051	
SocieteGenerale			11,000,000	1,265,352	
				4,652,528	1,562,157
Minus:				(77,518)	(158,443)
Current maturities				4,575,010	1,403,714

NOTE – 24
SHORT-TERM FINANCIAL LIABILITIES

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Current maturities:		
- of long-term loans	77,518	442,469
Short-term credits	575,160	1,902,812
Other	186	717
	652,864	2,345,998

Short-term Credits:

Creditor:	Annual interest rate	Maturity	Amount in RSD	09/30/2012	12/31/2011
Credit Agricole	3.9%+3month EURIBOR	June 21, 2012	5,000,000	575,160	523,205
				575,160	1,902,812

NOTE – 25
OPERATING LIABILITIES

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Liabilities based on received prepayments	53,355	65,479
Trade payables:		
- Parent and subsidiaries	1,783	-
- Other related parties	1,140,622	40,740
- Domestic suppliers	373,866	157,256
- Foreign suppliers	43,302	156,505
- Other operating liabilities	196,732	101,703
	1,809,660	521,683

NOTE – 26
OTHER SHORT-TERM LIABILITIES

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Net salaries and salary compensations	12,690	9,879
Taxes and contributions on salaries	7,926	6,222
Interest and financing costs	4,827	13,300
Dividends	3,017	3,017
Fees to natural persons engaged under contract	212	220
Refundable net salaries	169	65
Taxes and contributions on refundable salaries	62	18
Benefits to members of BoD and SB	60	60
Other liabilities	386	13
	29,349	32,794

NOTE – 27
VALUE ADDED TAX AND OTHER PUBLIC DUTIES AND ACCRUALS AND DEFERRED INCOME

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Taxes, custom duties and other levies	2,681	168
Calculated income in future period	274	327
Accrued value added tax	-	561
Other accruals and deferred income	-	-
Pre-calculated costs	26,763	28,562
	29,718	29,618

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT

Capital Risk Management

The objective of the capital risk management is to maintain the going concern of the Company operations within unlimited time period in the foreseeable future, to keep the optimum structure of its capital aimed to lower the capital costs and to secure to its owners a capital yield. Debts, long-term loans including, other long-term liabilities, long-term and short-term investments, cash and cash equivalents and capital attributable to owners makes the structure of the Company capital and includes stakes, other capital, reserves and accumulated profit.

Persons in charge of the Company finances conduct annual audit of the capital structure.

Debt indicators of the Company with balance on **September 30, 2012** were as follows:

	In thousands of dinars /RSD/ 09/30/2012	12/31/2011
Indebtedness a)	6,867,865	5,241,563
Cash and cash equivalents	322,120	523,815
Net indebtedness	6,545,745	4,717,748
Equity b)	11,260,012	11,260,015
Total debts to equity ratio	0.58	0.42

a) Indebtedness relates to long-term and short-term financial liabilities.

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

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Classes of Financial Instruments

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
Financial assets		
Stakes in equity	6,332	6,332
Other long-term financial investments	2,044	904
Receivables	4,377,818	3,773,100
Short-term financial investments	2,102,784	117,852
Cash and cash equivalents	322,120	523,815
	6,811,098	4,422,003
Financial liabilities		
Long-term and short-term credits	6,867,865	5,241,563
Trade payables	1,756,305	456,204
Other liabilities	8,056	16,537
	8,632,226	5,714,304

Main financial instruments of the Company are cash and cash equivalents, receivables, financial investments resulting directly from the Company operations, as well as long-term loans, trade payables and other liabilities whose basic purpose is to finance the current Company operations.

Financial Risk Management Objectives

Financial risks include market risks (currency risk and interest risk) and credit risks. Financial risks are assessed on a timely basis and they are mainly evaded by reducing exposure of the Company to these risks. Company does not use financial instruments to evade effects of financial risks since these instruments are not used in and no organized market of these instruments is established in the Republic of Serbia.

Market Risks

In its operations the Company is exposed to financial risks resulting from fluctuation of exchange rates and interest rates. Exposure to the market risks is assessed by use of the sensitivity analysis. Neither significant changes in exposure of the Company to market risks were observed nor in the manner in which the Company manages and measures the market risks.

Currency Risks

Company is exposed to currency risks mainly through cash and cash equivalents, trade receivables, long-term loans and trade payables denominated in foreign currencies. Company does not use specific financial interest as a protection measure against the risks since they are not common in the Republic of Serbia.

Stability of economic environment in which the Company is operating depends to a great extent on measures taken in commerce by the Government, implementation of an adequate legal and regulatory framework including.

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Market Risks (continued)

Currency Risks (continued)

Book value of monetary assets and liabilities carried in foreign currencies on the reporting date of the Company were as follows:

	Assets		Liabilities	
	09/30/2012	12/31/2011	09/30/2012	12/31/2011
EUR	790,876	574,135	6,510,917	5,397,252
USD	464,601	469,455		
GBP	19,232	21,798		
CHF				816
	1,274,709	1,065,388	6,510,917	5,398,068

Company is sensitive to movement of the Euro (EUR) and American dollar (USD) and Great Britain pound (GBP) exchange rates. The table below shows detailed sensitivity analysis of the Company in case of 10% increase and decrease of exchange rate for dinar against a particular foreign currency. 10% sensitivity rate is used in internal presentation of currency risks and represents the Management's estimate of reasonably expected movements in foreign currency exchange rates. Sensitivity analysis includes only unsettled receivables and outstanding payables carried in foreign currencies and equates their translation at the end of the period for 10% change of foreign currency exchange rates. Positive figure in the table indicates increase of performance results in the period in case of dinar devaluation against the specified foreign currencies. In case of 10% devaluation of dinar against the specified foreign currency effects on the performance results in the current period would be contrary to the effects given in the previous case.

In thousands of dinars /RSD/

	09/30/2012	12/31/2011
EUR currency	(572,004)	(482,311)
USD currency	46,460	46,945
GBP currency	1,923	2,180
Performance results in the current period	(523,621)	(433,268)

Sensitivity of the Company to movements of foreign currencies has been increased in the current period mainly due to higher level of credit liabilities.

Interest Risks

Company is exposed to risks of movements in interest rates in case of assets and liabilities with variable interest rate. These risks depend on the financial market and the Company avails of no instruments whereby it would be able to mitigate their effects.

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Market Risks (continued)

Interest Risks (continued)

	In thousands of dinars /RSD/	
	09/30/2012	12/31/2011
Financial assets		
Interest free		
Long-term financial investments	6,332	6,332
Other long-term financial investments	2,044	904
Trade receivables	4,377,818	3,773,100
Short-term financial investments	2,076,684	91,752
Cash and cash equivalents	322,120	523,815
	6,784,998	4,395,903
Variable interest rate		
Short-term financial investments	26,100	26,100
	6,811,098	4,422,003
Financial liabilities		
Interest free		
Trade payables	1,756,305	456,204
Other liabilities	8,056	16,537
	1,764,361	472,741
Fixed interest rate		
Long-term and short-term credits	184,051	647,121
Variable interest rate		
Long-term and short-term credits	6,683,814	4,594,442
	8,632,226	5,714,304

The sensitivity analysis presented below was based on exposure to interest rates movement of non-derivative instruments as of the Balance Sheet date. The analysis was made of liabilities with variable rate under the assumption that the remaining balance of assets and liabilities as of the Balance Sheet date have not changed during the entire year. 1% increase or decrease was the Management's estimate of a potential change in interest rates. Should the interest rate increase/decrease by 1% and all other variables remain unchanged, the Company would suffer operating profit/(loss) amounting to 66,577 thousand dinars in the year ending on September 30, 2012. This situation is assigned to the Company's exposure to variable interest rates contracted for long-term loans.

Credit Risks

Management of Trade Receivables

Company is exposed to credit risks, i.e. risks that debtor will not be able to settle their debts to the Company in full and in a timely manner resulting in financial losses of the Company. Company's exposure to these risks is limited to the amount of trade receivables as of the Balance Sheet date. Significant portion of trade receivables is from related parties.

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Credit Risks (continued)

Management ofTrade Receivables (continued)

Major accounts are listed in the table below.

	In thousands of dinars /RSD/	
	09/30/2012	12/31/2011
Account		
Victoria Logistic	-	1,860,965
Victoriaoila.d., Sid	1,302,246	209,449
Metalpromet, Kula	194,483	94,990
Bonida-Vladimirci	98,067	-
Inveja.d., Zemun	469,734	57,295
MlinoviCurugd.o.o.	80,079	80,079
VeterinarskiZavod Subotica ad, Subotica	556,393	164,194
Biovet Bulgaria	343,528	249,957
Vobex Moscow	72,701	113,505
Erakovic	-	7,667
Interkomerc Beograd	235,136	28,642
Merkator C Novi Sad	75,651	51,475
Novi Trading	90,466	12,758
Dijamant	74,495	-
Other receivables	784,839	692,124
	4,377,818	3,773,100

Structure of trade receivables on **September 30, 2012** is presented in the table below.

	Gross exposure	Adjustment	In thousands of dinars Net exposure
Trade receivables –undue	1,870,667	-	1,870,667
Trade receivables – due and adjusted	157,854	(157,854)	-
Trade receivables – due and unadjusted	2,507,151	-	2,507,151
	4,535,672	(157,854)	4,377,818

Structure of trade payables on **September 30, 2012** is presented in the table below.

	Gross exposure	Adjustment	In thousands of dinars Net exposure
Trade payables – outstanding	1,219,300	-	1,219,300
Trade payables – due and adjusted	171,886	(171,886)	-
Trade payables – due and unadjusted	2,553,800		2,553,800
	3,944,986	(171,886)	3,773,100

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Credit Risks (continued)

Management of Trade Receivables (continued)

Undue Trade Receivables

Undue trade receivables presented as of **September 30, 2101** in the amount of 1,870,667 thousand dinars (December 31, 2011: 1,219,300 thousand dinars) mainly relate to trade receivables from sale of soybean meal, crude soybean oil, soybean textures and soybean flour. Maturity of these trade receivables ranges mainly within 60 days from the date of invoicing, depending on the contracted terms of payment.

Due and Adjusted Trade Receivables

In the past period the Company impaired the value of due trade receivables amounting to 157,854 thousand dinars (2011: 171,886 thousand dinars) since it established that the financial standing of the accounts have changed and, therefore, the receivables will not be collected in full.

Due and Unadjusted Trade Receivables

The Company did not impair trade receivables amounting to 2,507,151 thousand dinars as of **September 30, 2012** (December 31, 2011: 2,553,800 thousand dinars) since no change in the financial standing of accounts was established and due to the fact that major portion of these trade receivables are from related parties, a portion of receivables relate to soybean meal and soybean oil agreed to be sold subject to deferred payment. Therefore, the Company estimates that the current value of these trade receivables shall be collected in full.

Due and Unadjusted Trade Receivables (continued)

Age of due and unadjusted trade receivables is presented in the table below.

	In thousands of dinars /RSD/	
	09/30/2012	**12/31/2011**
Less than 30 days	295,700	622,784
31-90 days	309,422	213,612
91-180 days	1,513,836	389,112
181-365 days	314,276	1,324,868
Over 365 days	73,917	3,424
	2,507,151	2,553,800

Management of Trade Payables

As of **September 30, 2012** trade payables were presented in the amount of 1,756,305 thousand dinars (December 31, 2011: 456,204 thousand dinars). Suppliers do not calculate a default interest on due and outstanding payables, provided that the Company settles its liabilities within the agreed time period, in accordance with its policies related to the management of trade payables. Average term of settlement of trade payables is 33 days.

FINANCIAL INSTRUMENTS AND OBJECTIVES OF RISKS MANAGEMENT (continued)

Fair Value of Financial Instruments (continued)

Assumptions for Estimate of Current Fair Value of Financial Instruments

Having in mind insufficient market experience, stability and liquidity in acquisition and disposal of financial assets and liabilities and the fact that no market information is available to be eventually used for disclosure of the fair value of financial assets and liabilities, discounted cash flow method was used. When adopting this evaluation method interest rates of financial instruments with similar characteristics are used aimed at achieving relevant estimates of the market value of financial instruments on the Balance Sheet date. Assumptions used for evaluation of the current fair value were that the book value of short-term trade receivables and trade payables represent their approximated fair value since their maturity for payment/collection ranges within a relatively short time period.

TAX RISKS

Tax regulations of the Republic of Serbia are often interpreted differently and are subject to frequent amendments. Interpretation of tax regulations by the tax authorities with respect to transactions and activities of the Company may differ from the Management's interpretations. Therefore, transactions may be disputed by the tax authorities and the certain additional amount of taxes, penalties and interests may be imposed to the Company. The limitation period of a tax liability is five years. In practice, it means that the tax authorities are entitled to determine payment of outstanding liabilities within a five-year period from the date the liability was made.

DISPUTES

Several disputes in which the Company is defendant are pending on **September 30, 2012** of which the following are most significant:

- Dispute with Vojvodjanska Banka a.d. Novi Sad, with respect to liabilities under the refinanced credits granted by the Paris Club creditors amounting to EUR 10,756,276.60. The Supreme Court of the Republic of Serbia has sat aside the judgment of second instance and returned the case to the court of first instance for consideration which passed the judgment in favor of the Company in retrial. The procedure has been continued by the Plaintiff-s appeal;

- Two disputes with Agro d.o.o., Valjevo in total value of 21,940 thousand dinars related to entered construction contracts.

Company is expecting positive outcome of the disputes and, therefore, did not establish provisions thereon in the Financial Statements.

CURRENT ECONOMIC ENVIRONMENT AND ITS IMPACT ON THE COMPANY

During the year Company operations were significantly affected by actual global financial crisis and aggravated economic conditions. In 2012 no significantly different conditions are expected. Due to current crisis on the global market and its impact on the Serbian market it may be expected that the Company will operate under aggravated and uncertain economic conditions. Currently, it is impossible to predict in full impact of the crisis on future operations of the Company and, hence, an element of general uncertainty is present. Aggravation of economic situation in the country will probably have an impact on positions of certain industries and indirectly will reflect on the Company operations as well.

Nevertheless, the Company had no major problems to maintain its liquidity.

FOREIGN CURRENCY EXCHANGE RATES

Mean exchange rates established at the Interbank Market were used in translation to dinars of the Balance Sheet items carried in foreign currency, and they were as follows for individual main currencies:

	09/30/2012	**12/31/2011**
USD	88.9377	80.8662
EUR	115.0320	104.6409
GBP	144.5852	124.6022
CHF	95.0285	85.9121

In Becej, on **September 30, 2012**

Legal Representative
Signature
BranislavaPavlovic
Chief Executive Officer

Sojaprotein
AKCIONARSKO DRUŠTVO
PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
Becej 36

„SOJAPROTEIN“ AD BECEJ

OPERATING REPORT

January - September 2012

November 2012

SOJAPROTEIN AD BECEJ–OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

Contents

Operating Report for the Period January – September 2012

"Sojaprotein" A.D. Becej is the leading company in soybean processing both in Serbia and regional market and in South-Eastern Europe. The Company is a stable business partner and reliable supplier of high-quality soybean products intended for food and pharmaceutical industries. In the third quarter of the current year it commenced production of high-protein products (Traditional Soybean Protein Concentrate) for intensive animal feeding.

"Sojaprotein" operates as an open joint stock company and it is listed on the Prime Market of the Belgrade Stock Exchange from 2007. Domestic production of soybean seed and grain represents the major base for soybean processing in our plant and we manufacture all our products from a genetically unmodified soybean grain originating from Serbia and they have the IP Certificate (Identity Preservation Program) whereby genetic purity beginning with the soybean seed up to the delivery of the final products is secured. Limited domestic market with respect to the volume, structure and marketability against the paying ability of demand and orientation on marketing of protein products used in food industry have focused the sale of final soybean products on foreign markets. Export increase trend which commenced earlier has been intensified each year and provides better results with widening the production assortment by implementation of a new production program.

In spite of continuing both financial and economic crises, a steady increase in sales on foreign markets has been recorded. Sales of soybean products on the domestic market are conducted under circumstances of reduced demand resulting from smaller processing capacities and reduced possibility of the goods marketability and seriously threatened liquidity of customers. Major consequences were present in the livestock industry which is traditionally the major consumer of soybean meal as a component of forage, provided that the industry showed increase in consumption of soybean meal in the third quarter due to reduced volume of soybean production throughout the world and resulting increase in price and cease of the goods import.

In the period January – September 2012 dramatic turns occurred in price of the soy complex which undermined the global market in the short term and some assume in the medium term as well. After relatively stable prices in the last quarter of 2011 (Rotterdam Stock on December 12, 2011: soybean - 350-362EUR/t, soybean oil – 900 EUR/t, soybean meal – 251-259 EUR/t), under the impact of announced and later severe and great draughts in the South America (reduced crop of Argentinian and Brazilian soybean by 8-9% of the global production) in March 2012 increase in price of soy complex occurred. The trend continued in the second quarter 2012 and, furthermore, due to long term draught in USA explosion of prices is rapidly coming and drastic increase in prices of the soy complex on all world stocks.

After firs announcements of more favorable South-American soybean planting and drop in oil prices tensions on stocks rapidly evaporated and in September a drop in prices of soy complex was recorded – US soy by 15%, Brazilian by 22%. The similar trend (13-14%) in drop of soybean oil and soybean meal prices has been observed and due to additional decrease in USD against EUR as well made an impact on prices in Europe.

Sale of soybean products oriented to export gas its implications to the level of income realized depending on the dinar exchange rate movements against the invoicing currency of products sold to foreign customers. In the period January – September 2012 the dinar exchange rate recorded steady depreciation, i.e. in January 2012 the average rate was 105.0349 and in September 116.5099 for 1 EUR. Further impact of the dinar exchange rate is reflected through currency differential gains and losses occurring at the time of receivables collection.

In order to preserve the substance and mitigate adverse effects of price changes, price of soybean meal has been as of July 31, 2012 expressed in EUR/kg on the domestic market since this product's percentage share in total income is significant, and changes in prices of higher processing levels commenced on October 1, 2012 at the domestic market.

Prices of crude soybean oil recorded high fluctuation dependent on the price movements of this product on world stocks since it is the stock product.

It is certain that the pressure on the cost part of operations shall be high, primarily through the cost of soybean grain – crop 2012, which is considerably higher as compared to the price of soybean from crop 2011 due to reduced soybean yield caused by severe draught. Beside the price increase of soybean grain, the impact of dinar-euro exchange rates on domestic market may additionally cause increase in costs of raw material.

Dinar exchange rate movements make impact on financial income and expense through currency differentials related to the credit liabilities. Beside the dinar exchange rate movement the height of credit indebtedness expressed in the currency clause or foreign currencies also have impact on financial income and expense. In the last quarter of business year 2012 no new credits are expected and the payment of existing credits will be made in accordance with the projected schedule, i.e. at maturity dates. On the other part, dinar exchange rate movements at the time of credit payments and accrued interest make impact on the height of liquid assets, i.e. is the payment of credit made under more favorable or less favorable rate.

Through its business policies Sojaprotein endeavors to reduce the operating risks trying to eliminate subjective elements of risks by making internal savings in costs, adapting its production program to market demands and finding new production programs, primarily at the higher processing levels, whereby higher profit margins may be achieved.

In accordance with the orientation to expand the production program of higher processing levels, construction of the Traditional Soybean Protein Concentrates has commenced in the previous year. Major investments in the first nine month of 2012 were made for completion of the Traditional SPC Production Plant, construction of high-bay warehouse for finished products with 14,000 palette places, completion of construction and trial run of the new water plant and completion of the boiler for molasses.

All constructed plants have passed the MOT by the institute and the certificates for trial run of SPC and boiler of molasses were obtained.

SPCP construction project is currently in the phase of Preliminary Design development whereas the high-pressure pellet boiler is in the phase of completion of detailed designs and location permit obtaining.

23 new employees were employed and majority shall work in the future SPC plant, including the boiler for molasses, and 6 newly employed were assigned to work in a new high-bay warehouse. For operation of the new SPC plant in total 35 new employees have been engaged.

The energy sector within the production division was focused to provide as much volume as possible of process steam from a new boiler to biomass in order to reduce processing costs and putting into operation of a new boiler for molasses combustion and the water plant completion.

System Management Center has recertified the Safety System Management at work OHSAS 18001: 2007 in February 2012; validity of the KOSHER Certificate was extended as well as the "Valid IT" Project whereby conditions for export of products in UK market have been met. In May the audit of the Food Safety System was audited as well as the quality of the METRO retail chain. Certification house SGS made inspection in July in accordance with the GMP+ Method which relates to the soybean grain processing in products for animal feeding, or more precisely production of crude degummed soybean oil and production of soybean protein concentrates.

Obtaining the GMP+ Certificate confirmed the good manufacturing practice and secured the condition precedent for marketability of the mentioned products. Sojaprotein AD has extended the validity of certificate for 27 products in compliance with Halal Sharia regulations on health, hygiene and sanitary food safety. CSM was engaged to provide evidence on the system functioning and major foreign customers audited the system.

Furthermore, audits were made by steady customers and potential foreign customers by questionnaires and review of documentation. System Management Center has actively participated in work of the newly formed quality team of Victoria Group and it participated on behalf of Sojaprotein in the audit organized by Nestle in SP Laboratories with respect to requirements on environment protection.

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

REALIZED PRODUCTION

	Production in kg Realized in the period Jan.-Sep. 2012	Production in kg Realized in the period Jan.-Sep. 2011	% Increase/decrease 2012/2011
Name of the group of products	152,147,540	137,466,346	10.68%
Soybean – crude oil	*29,961,590	25,763,450	16.29%
Soybean / meal	**81,053,150	78,391,140	3.40%
Concentrates	1,900,000	0	0%
B&G	19,347,475	18,332,260	5.54%
TSP	14,769,798	12,014,126	22.94%
Mix	92,925	73,890	25.77%
Soja Vita	40,857	34,180	19.54%
Lecithin	811,150	677,300	19.76%
Other (shell+TSP+SH)	4,170,595	2,180,000	91.31%
Program for human consumption	24,251,055	30,454,456	12.47%
Consumed soybean grain JUS	***160,647,383	142,966,079	12.37%

* Processing service – oil - 2,653 t
** Processing service – soybean meal – 11,054 t
*** Processing service – soybean grain – 14,738 t

In nine months of 2012 total of 160,647 tons of soybean grain had been processed, i.e. significantly more than in the same period of previous year – 142,966 tons. Own processing of soybean grain in volume amounted to 145,900 tons, whereas processing service amounted to 14,738 tons.

Lower volume of processing was achieved when considering only own processing of soybean grain; however, significant increase in production of white flakes needed for production of protein products was recorded. Total of 36,713 tons of white flakes was produced, that is, significantly more than compared to the first nine month 2011 - 28.965 tons, i.e. increase in production of white flakes by 26.75%. Export of higher processing phases to foreign markets contributed the most.

In the first nine months 2012 as compared to the same period 2011 increase of soybean meal production by 3.40% was achieved due to its demand on domestic market, particularly at the end of the third quarter and processing service of soybean in soybean meal and oil resulting in increased production volume. Production of soybean oil, as compared to the previous year, increased by 16.29% due to higher oil content in raw material and better utilization due to increase of the human program. In the same time, production of soybean lecithin was increased by 19.76% due to better raw material provided and upgraded technology process in the previous year. Higher sales of B&G and TSP and commencement of trial production of SPC resulted in increased production of higher phases by 12.47%.

As already mentioned the Protein part of production achieved record results in nine months 2012 in almost every type of products. Volume of TSP production increased by 14,769 tons (increase of 22.94% as compared to the same period 2011), whereas the volume of flour and groats production increased by 19,347 tons (increase of 5.54% as compared to the same period 2011). Hence, total increase of human program was 12.47% as compared to the previous year. Products quality is standard at high level and no significant complaints on the goods quality were received from customers. Furthermore, in this period trials and changes in the plant were performed in order to qualify for production of textured soybean protein concentrates (TSPC). Production of this new class of articles is expected in the last quarter 2012 after commencement of regular production in the Traditional SPC Plant.

Construction of the new traditional soybean protein concentrates production plant of the annual capacity of 70,000 tons has been completed. Production in that plant commenced on July 9, 2012. Representatives of Crown, Vincent, Mahle were monitored the production start-up in order to achieve the best performances of devices involved in alcoholic extraction. Total production of concentrates is 1,900 tons. Due to disturbed market and increase in demand of soybean meal, the alcoholic extraction plant ceased its operation on September 13, 2012 and more intensive production is expected in the last quarter 2012 subject to the market demands.

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

REALIZATION OF THE SOJAPROTEIN PRODUCTS PRESENTED BY VOLUME IN kg

	REALIZATION Jan.-Sep. 2012	***REALIZATION Jan.-Sep. 2011***	***Difference Jan.-Sep. 2012 / Jan.-Sep. 2011***	***Difference in %***	*% share in total sales 2012*	*% share in total sales 2011*
Sale on domestic market	85,550,491	83,023,890	2,526,601	3.04%	61.28%	64.86%
Soybean – crude oil	5,022,900	7,769,280	-2,746,380	-35.42%	3.60%	6.07%
Soybean - meal	72,196,730	71,649,700	547,030	0.76%	51.71%	55.97%
SPC	556,280	0	556,280	0	0.40%	0%
B&G	2,220,060	1,585,970	634,090	39.98%	1.59%	1.24%
TSP	1,793,178	1,309,396	483,782	36.95%	1.28%	1.02%
Mix	49,065	44,370	4,695	10.58%	0.04%	0.03%
Soja Vita	31,418	34,754	-3,336	-9.60%	0.02%	0.03%
Lecithin	245,100	240,960	4,140	1.72%	0.18%	0.19%
Shell	3,334,300	341,300	2,993,000	876.94%	2.39%	0.27%
TSP-SH, oil pellet	101,460	48,160	53,300	110.67%	0.07%	0.04%
Human program	4,338,821	3,215,450	1,123,371	28.89%	34.94%	2.51%
Sale on foreign markets	54,054,109	44,989,645	9,064,464	20.15%	38.72%	35.14%
Soybean – crude oil	21,965,180	18,934,920	3,030,660	16.01%	15.73%	14.79%
Soybean - meal	1,124,180	1,463,860	-339,680	-23.20%	0.81%	1.14%
B&G	17,126,890	13,513,110	3,613,780	26.74%	12.27%	10.56%
TSP	13,307,096	10,599,098	2,707,998	25.55%	9.53%	8.28%
Mix	37,275	37,470	-195	-0.52%	0.03%	0.03%
Soja Vita	2,768	3,867	-1,099	-28.42%	0.00%	0.00%
Lecithin	490,320	437,320	53,000	12.12%	0.35%	0.34%
Human program	30,964,349	24,590,865	6,373,484	25.92%	22.18%	19.21%
Sales - TOTAL	139,604,600	128,013,535	11,591,065	9.05%	100.00%	100.00%
Soybean – crude oil	26,988,480	26,704,200	284,280	1.06%	19.33%	20.86%
Soybean - meal	73,320,910	73,113,560	207,350	0.28%	52.52%	57.11%
SPC	556,280	0	556,280		0.40%	0
B&G	19,346,950	15,099,080	4,247,870	28.13%	13.86%	11.79%
TSP	15,100,274	11,908,494	3,191,780	26.80%	10.82%	9.30%
Mix	86,340	81,840	4,500	5.50%	0.06%	0.06%
Soja Vita	34,186	38,621	-4,435	-11.48%	0.02%	0.03%
Lecithin	735,420	678,280	57,140	8.42%	0.53%	0.53%
Shell	3,334,300	341,300	2,993,000	876.94%	2.39%	0.27%
TSP-SH, oil pellet	101,460	48,160	53,300	110.67%	0.07%	0.04%
Human program	35,303,170	27,806,315	7,496,855	26.96%	25.29%	21.72%

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

REALIZATION OF THE SOJAPROTEIN PRODUCTS EXPRESSED IN VALUE

	REALIZATION Jan.-Sep. 2012 RSD	***REALIZATION Jan.-Sep. 2011 RSD***	***Difference in RSD Jan.-Sep. 2012 / Jan.-Sep. 2011***	***Difference in RSD % Jan.-Sep. 2012 / Jan.-Sep. 2011***	*% share in total sales 2012*	*% share in total sales 2011*
Sale on domestic market	4,419,244,911	3,677,807,315	741,437,596	20.16%	49.03%	52.24%
Soybean – crude oil	558,037,493	807,756,583	-248,719,090	-69.17%	6.19%	11.46%
Soybean - meal	3,382,540,922	2,571,568,783	810,972,139	31.54%	37.53%	36.53%
SPC	42,790,450	0	42,790,450	0%	0.47%	0%
B&G	146,743,467	108,494,633	38,248,834	35.25%	1.63%	1.54%
TSP	178,564,013	125,177,533	53,386,480	42.65%	1.98%	1.78%
Mix	9,849,597	8,921,664	927,933	10.40%	0.11%	0.13%
Soja Vita	13,594,361	14,255,234	-660,873	-4.64%	0.15%	0.20%
Lecithin	41,620,428	38,601,725	3,018,703	7.82%	0.46%	0.55%
Shell	44,781,240	3,862,600	40,918,640	1,059.35%	0.50%	0.05%
TSP-SH, oil pellet	722,940	168,560	554,380	328.89%	0.01%	0.00%
Human program	390,371,866	295,450,789	94,921,077	32,13%	4.33%	4.20%
Sale on foreign markets	4,594,321,722	3,362,483,755	1,231,837,967	36.63%	50.97%	47.76%
Soybean – crude oil	2,354,835,198	1,801,590,788	553,244,410	30.71%	26.13%	25.59%
Soybean - meal	45,189,666	50,780,179	-5,590,513	-11.01%	0.50%	0.72%
B&G	1,056,618,632	737,020,043	319,598,589	43.36%	12.72%	10.47%
TSP	1,054,956,383	706,140,396	348,815,987	49.40%	11.70%	10.03%
Mix	7,508,472	7,672,301	-163,829	-2.14%	0.08%	0.11%
Soja Vita	1,111,244	1,143,100	-31,856	2.79%	0.01%	0.02%
Lecithin	74,102,127	58,136,948	15,965,179	27.46%	0.82%	0.83%
Human program	2,194,296,858	1,510,112,789	684,184,067	45.31%	24.34%	21.45%
Sales - TOTAL	9,013,566,633	7,040,291,070	1,973,275,563	28.03%	100.00%	100.00%
Soybean – crude oil	2,912,872,691	2,608,347,371	304,525,320	11.68%	32.32%	37.05%
Soybean - meal	3,427,730,589	2,622,348,962	805,381,626	30.71%	38.03%	37.25%
SPC	42,790,450	0	42,790,450	0%	0.47%	0%
B&G	1,203,362,099	845,415,676	357,847,423	42.32%	13.35%	12.01%
TSP	1,233,520,397	831,317,929	402,202,468	48.38%	13.69%	11.81%
Mix	17,358,069	16,593,965	764,104	4.60%	0.19%	0.24%
Soja Vita	14,705,605	15,398,334	-692,729	-4.50%	0.16%	0.22%
Lecithin	115,722,555	96,738,673	18,983,882	19.62%	1.28%	1.37%
Shell	44,781,240	3,862,600	40,918,640	1,059.35%	0.50%	0.05%
TSP-SH, oil pellet	722,940	168,560	554,380	328.89%	0.01%	0.00%
Human program	2,584,668,723	1,805,563,577	779,105,145	43.15%	28.68%	25.65%

In the period analyzed total of 139,605 tons of soybean products was sold as compared to 128,013 tons in the same period 2011. Growth of higher phase processing products in the sales structure was noticeable in total sales – 21.72% in 2011 and 25.29% in 2012, whereas production of soybean meal and soybean oil showed decline. Export showed growth in total sale and it currently participates 38.72% by volume in total sales as compared to 35.14 in 2011. The growth was not high, but it is significant since it origins in full from export of higher processing phases. Financial effects of export in 2012 participated in sales with 50.97% while in the same period of the previous year their share was

47.76% in total financial results from sales. IN addition to higher volumes sold and higher prices achieved, dinar-euro exchange rate movements also had impact on the value of export. In the period January – September 2011 average rate calculated at the mean rate of the National Bank of Serbia amounted to 101.9315 RSD for 1 EUR and in the same period 2012 it amounted to 112.8938 RSD for 1 EUR.

In spite of financial and economic crises followed by illiquidity growth and more pronounced difficulties in collection, sales on domestic market showed mild recovery. Insufficient import of soybean meal due to drastic increase of soy complex on the world stocks contributed as well. However, the only sound long-term alternative is growth in sale of current and future products manufacture at higher processing phases, such as production of traditional soybean protein concentrates whose production and sale commenced in August 2012 as well as functional soybean protein concentrates planned in the Company's development plans. In the same time, changes in the current structure of production program by replacement of soybean meal with protein products of higher processing phases (SPC, TSPC) which have higher profit margins shall contribute to significant increase of total operations profitability.

In compliance with the orientation on higher participation of the human program in sales a growth in sale of higher processing phases products (TSP, B&G, Mixes, Lecithin) was recorded. In the period January-September 2012 35,303 tons was sold on the domestic and foreign markets as compared to 27,806 tons sold in the same period 2011 with a tendency of additional growth in the last quarter.

Sales of higher processing phase recorded significant volume in export. In regional sales export on the market of EU countries dominated. For all classes of goods, except for Sopromix and soybean meal the EU market prevailed and in case of soybean oil it was practically the only export market. On the markets of EU countries almost 42,803 t of soybean products was sold (of which 20,834 t of higher processing phases) or 79.2% of the total export. When observed in value, participation of EU with 34.8 million EUR was even higher – 85.5%. Export of soybean products to Russia (11.8% by volume) – exclusively textures and flours – traditionally is high in the foreign trade transactions of Sojaprotein. Sales of higher processing phases also prevailed on other markets (CEFTA, BSISA) and although its share was modest – 4.5% and 4%, respectively, in total export - these markets represent an export potential to the Company in a long-term period. This particularly relates to the Turkish market, whereas in the CEFTA region decline of sales was recorded as a result of economic and financial crises. Finally, by sales of firs quantities o higher processing phases some new markets were penetrated (Switzerland, Sweden, Lichtenstein, South Korea) which indicate new export perspectives to SOJAPROTEIN in future period.

Total export value in the first 9 months 2012 had significantly increased and amounted to 40.7 million Euros or 4.59 billion dinars as compared to 2011 when it amounted to 33.1 million Euros or 3.36 billion dinars, resulting in total financial increase of export by 28.1%.

Total realization of soybean oil increased mildly as compared to 2011 (increased by 284.28 t or 1.06%). The increase is minimal primarily due to lesser realization on the domestic market. In compliance with the decision on reorientation of Sojaprotein to export, reduced sales of oil on domestic market was compensated in full due to more favorable conditions on the global market.

Sale of soybean products for forage (soybean meal) was at the same level as in 2011. Total sold quantity was 73,321 t as compared to 73,114 t in 2011, or higher by 0.3%.

Growth in sale of B&G as compared to the same period of the previous year on domestic market resulted from increased sale to confectionery industry and price increase as of October 1. 2012.

Sale of TSP on domestic market increased by 483.78 tons (36.95%) as compared to the same period of the previous year due to lower volume of imported soybean flakes on the market and price increase as of October 1, 2012.

Sale of Mix increased by 4.69 tons (10.57%) as compared to the same period of the previous year resulting from reduced import of soybean concentrates and isolates.

Insignificant drop in sold quantity by 3.33 tons (9.60%) was recorded with respect to sale of Soja Vita which was caused by reduced public expenditure.

Sale of lecithin on domestic market increased by 4.14 tons (1.72%) due to increased sales to confectionery industry in September.

BUSINESS WITH RELATED PARTIES

In the period January-September 2012 as compared to the same period of the previous year a lesser volume of trade was realized with related parties with respect to the sale of Sojaprotein products to related parties.

	Business transactions period (sale expressed in kg)		
	01/01/-09/30/2011	01/01-12/31/2011	01/01-09/30-2012
Toasted meal	19,084,463	25,397,111	14,269,370
Crude soybean oil	9,040	25,800	46,840
Higher processing phases	3,769,824	5,199,712	4,708,213
Commercial goods	12,252,721	17,492,393	37,962,611
Total	35,116,048	48,115,016	56,987,034

	Business transactions period (income expressed in '000 RSD)		
	01/01/-09/30/2011	01/01-12/31/2011	01/01-09/30-2012
Toasted meal	710,803	954,165	714,026
Crude soybean oil	973	2,816	5,346
Higher processing phases	159,853	225,184	257,331
Commercial goods	437,611	640,453	1,606,844
Total	1,309,240	1,822,618	2,583,547

Volume, Structure and Value of Sales to related Parties in the Period January-September 2012

Related party	**Soybean meal**		**Crude soybean oil**		**Higher processing phases (B&G, Mix, TSP, Soja Vita, SPC)**		**Commercial goods Soybean grain**	
	Qty in t	**Value in '000 RSD**	**Qty in t**	**Value in '000 RSD**	**Qty in t**	**Value in '000 RSD**	**Qty in t**	**Value in '000 RSD**
VeterinarskiZavod AD Subotica	5,786	277,990	47	5,346	237	13,839	5,572	104,245
Victoria Logistic DOO Novi Sad	5,607	269,843	0	0	0	0	540	21,864
Victoria Oil AD Sid	2,720	157,749	0	0	0	0	34,851	1,480,735
Fertil DOO B. Palanka	156	8,444	0	0	0	0	0	0
VobexIntersoya Moscow	0	0	0	0	4,471	243,492	0	0
Total	**14,269**	**714,026**	**47**	**5,346**	**4,708**	**257,331**	**37,963**	**1,606,844**

In total sales of finished products in the period January-September 2012 trade with related parties measured in volume indicators participated with 10.43% and value share in income from the sold products amounted to 8.13%. In the period January-September 2012 trade of finished products with related parties measured in volume of finished products sold was reduced by 16.79% as compared to the same period of the previous year, whereas the realization presented in value increased by 12.05% as compared to the same period of the previous year. Soybean grain was sold to related parties and it was sold to Victoria Oil AD Sid in higher quantities in the period January-September. Sold soybean grain did not meet high quality criteria required for production at higher processing phases.

Trade of finished products and commercial goods with related parties was made at market conditions with respect to prices, delivery terms and, therefore, when considering sales segment and income from sales with respect to transactions specified in the last financial statements for the period January-September 2012, no significant changes occurred which would make impact on financial position or operating results in the reporting period.

Receivables and Trade with Related Parties Based on Products Sold and Prepayments made:

In thousands of dinars /RSD/

Related party - customer	Opening balance	Trade Debt balance 2011	Trade Credit balance 2011	Balance as of December 31, 2011
VeterinarskiZavod Subotica	83,051	347,311	266,168	164,193
VobexIntersoy Moscow	59,428	229,500	175,423	113,505
Victoria Group Novi Sad	319,227	8,086	327,313	-
FertilBackaPalanka	11	1,117	58	1,070
SPLaboratorija	7,676	9,413	17,089	-
Luka BackaPalanka DOO	66	150	216	-
Victoria Oil AD Sid	751,092	678,109	1,219,752	209,449
Victoria Logistic DOO Novi Sad	2,024,162	895,799	1,058,994	1,860,967
Victoria Ligistic DOO Novi Sad Prepayments	-	3,977,761	2,220,756	1,757,005

In thousands of dinars /RSD/

Related party - customer	Opening balance	Trade Debt balance Jan-Sep 2012	Trade Credit balance Jan-Sep 2012	Balance as of September 30, 2012
VeterinarskiZavod Subotica	164,194	465,973	73,774	556,393
VobexIntersoy Moscow	113,505	238,139	274,390	77,254
Victoria Group Novi Sad	-	922	922	0
FertilBackaPalanka	1,070	9,993	1,449	9,614
SPLaboratorija	-	10,792	10,776	16
Luka BackaPalanka DOO	-	110	110	-
Victoria Oil AD Sid	209,449	1,802,089	709,292	1,302,246
Victoria Logistic DOO Novi Sad	13,860,967	400,305	2,261,272	-
Victoria Ligistic DOO Novi Sad Prepayments	1,757,005	5,984,925	6,279,810	1,462,120

Receivables from Victoria Logistic with balance as of December 31, 2011 amounting to 1,860,967 thousand dinars and receivables for the prepayment made in the amount of 1,757,005 thousand dinars were used for debt coverage based on the invoiced soybean grain in January 2012. During a year, Sojaprotein has been paying advances for soybean grain procurement financing to the supplier – Victoria Logistic and portion of assets is secured in exchange for products, mainly soybean meal.

Receivables from Victoria Logistic presented as of September 30, 2012 in the amount of 1,302,246 thousand dinars originates from sale of soybean grain and it shall be settled by bank transfers and by exchange for sunflower shell used as fuel for the boiler to biomass.

Receivables from subsidiary VeterinarskiZavod Subotica originate from sale of soybean meal and soybean grain, which are row materials in the production process of VetZavod and they shall be settled in the next period y bank transfers.

On the basis of Loan Contract entered with the parent – Victoria Group, payments amounting to total of 888,961 thousand dinars were made in the first nine months; 137,000 thousand dinars was returned; credit balance of receivable as of September 30, 2012 amounted to 765,947 thousand dinars. Interest accrued on the credit is calculated at the level of the base interest rate and final calculation of interest shall be made at the end of the year. In the period January-September 2012 the parent – Victoria Group has settled its liabilities to Sojaprotein based on accrued interest on the credit granted in 2011 in the amount of 118,410 thousand dinars. In the period January-September interest gains on borrowings amounted to 33,891 thousand dinars.

Liabilities and Trade with Related Parties

In thousands of dinars /RSD/

Related party - supplier	Opening balance	Debt balance	Credit balance	Balance as of December 31, 2011
VeterinarskiZavod Subotica	313	6,153	5,840	-
Victoria Group	562	140,428	139,866	-
SPLaboratorija	6,964	61,046	94,802	40,719
Hotel BelaLadja	-	317	317	-
SIG Sinteza Invest Group	246	1,088	842	-
Fertil DOO BackaPalanka	-	22	22	-
Victoria Oil AD Sid	6,543	1,305,153	1,298,609	-
Victoria Logistic DOO Novi Sad	979,066	5,424,273	4,445,227	20

In thousands of dinars /RSD/

Related party - supplier	Opening balance	Debt balance Jan-Sep 2012	Credit balance Jan-Sep 2012	Balance as of September 30, 2012
VeterinarskiZavod Subotica	-	3,932	3,932	-
Victoria Group	-	122,670	123,304	634
SPLaboratorija	40,719	37,825	56,469	59,363
Hotel BelaLadja	-			-
SIG Sinteza Invest Group	-	347	736	389
Fertil DOO BackaPalanka	-	-	-	-
Victoria Oil AD Sid	-	500,546	500,546	-
Victoria Logistic DOO Novi Sad	20	8,214,657	9,295,507	1,080,870
Victoria Starch Zemun	-	18	1,167	1,149

Victoria Logistic DOO Novi Sad is the major supplier of soybean grain – basic raw material of Sojaprotein. In the period January-September 2012 Victoria Logistic invoiced to Sojaprotein soybean grain of the crop 2011 in volume of 138,156 tons of JUS quality amounting to 5,411,607 thousand dinars and soybean grain from crop 2012 in the volume of 41,466 tons of JUS quality with invoiced value of 2,695,290 thousand dinars net of value added tax. In this manner the liability to Victoria Logistic for supplied soybean grain from crop 2011 was closed with receivables based on the products sold, mainly soybean meal, and prepayments presented in the balance as of December 31, 2011, and the remaining balance of the liability was settled by bank transfers. Liability of Sojaprotein to Victoria Logistic for the soybean grain from crop 2012 supplied was closed from prepayments and the balance on the prepayments account amounted to 1,462,120 thousand dinars as of September 30, 2012.

Liabilities to SPLaboratorija relate to services of the soybean grain and finished products quality testing which this related party is continuously providing to Sojaprotein when needed.

VeterinarskiZavod Subotica is providing services of disinfection and pest control of the Sojaprotein business facilities, and trade with Victoria Group as supplier relates to the invoiced corporative services.

Business with related parties was conducted under market conditions and changes that occurred in transaction as compared to transactions disclosed in the last Annual Financial Statements had insignificant impact on the financial standing and operating results of the Company in the first nine months of the current business year.

In the period January-September 2012 the structure of stakes in equity of Sojaprotein has changed. Stake of the parent – Victoria Group with stakes of its two related natural persons amounted to 62.94% as of September 30, 2012, i.e. the amount equal to the stake of the parent – Victoria Group in Sojaprotein as of December 31, 2011.

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

1. FINANCIAL INDICATORS

(Realization compared to the same reporting period of the previous year)

1.1 Income Statement

In '000 RSD

Reporting period: 01/01-09/30/2012	Y.T.D. REALIZED Jan-Sep 2012	Y.T.D. REALIZED Jan-Sep 2011	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2012	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2011
	1	2	3	4
Operating income	**10,751,346**	**8,973,686**	**1,777,660**	**19.81%**
Income from sale of goods, products and services	**10,853,080**	**8,630,833**	**2,222,247**	**25.75%**
Sales to domestic market – third parties	**3,884,296**	**4,100,107**	**(215,811)**	**-5.26%**
Crude soybean oil	552,691	805,784	(253,093)	**-31.41%**
Soybean meal	2,668,515	1,860,766	807,749	**43.41%**
SH Concentrates	39,359	0	39,359	
Flour and groats	136,336	108,495	27,841	**25.66%**
Textures soybean products	178,564	125,178	53,386	**42.65%**
Mix	9,850	8,922	928	**10.40%**
Soja Vita	13,594	14,255	(661)	**-4.64%**
Lecithin	41,621	38,602	3,019	**7.82%**
Other	45,504	4,031	41,73	**1,0828.85%**
Income from commercial goods	113,587	1,119,453	(1,005,866)	**-89.85%**
Services	84,675	14,621	70,054	**479.13%**
Income from sales to foreign markets	**4,594,322**	**3,362,484**	**1,231,838**	**36.63%**
Crude soybean oil	2,354,835	1,801,591	553,244	30.71%
Soybean meal	45,190	50,780	(5,590)	-11.01%
SH Concentrates	0	0	0	
Flour and groats	1,056,619	737,020	319,599	43.36%
Textures soybean products	1,054,956	706,141	348,815	49.40^
Mix	7,509	7,672	(163)	-2.12%
Soja Vita	1,111	1,143	(32)	-2.80%
Lecithin	74,102	58,137	15,965	27.46%
Income from sales to related parties	**2,374,462**	**1,168,242**	**1,206,220**	**103.25%**
Crude soybean oil	5,346	973	4,373	449.43%
Soybean meal	714,026	710,803	3,223	0.45%
SH Concentrates	3,432	0	3,432	
Flour and groats	10,407	0	10,407	
Income from sale of commercial goods	1,606,844	437,611	1,169,233	267.19%
Income from services provided	34,407	18,855	15,552	82.48%
Discounts (rebates)	0		0	
Income from activation of own goods and products	21,535	28,945	(7,410)	-25.60%
Increase in value of own goods and products on stock	89,512	214,105	(124,593)	-58.19%
Decrease in value of own goods and products on stock	258,861		258,861	
Other operating income	**46,080**	**99,803**	**(53,723)**	**-53.83%**
640 – Subsidies, grants, donations	2,269	58,563	(56,294)	-96.13%
650 – Lease income	42,675	41,180	1,495	3.63%
65x – Other operating income	1,136	60	1,076	1,793.33%
659 – Income from rebilling	0		0	

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

Operating expense	**9,009,682**	**7,814,858**	**1,194,824**	**15.29%**
Cost of goods sold	**1,661,009**	**1,558,350**	**102,659**	**6.59%**
Material costs	**6,403,348**	**5,488,098**	**915,250**	**16.68%**
511 – Raw materials	5,895,311	5,115,278	780,033	15.25%
511 – Ancillary material	72,091	22,213	49,878	224.54%
511 – Packaging material	124,893	88,658	36,235	40.87%
511 – Other	10,556	8,527	2,029	23.80%
512 – Other (overhead) materials	38,870	34,136	4,734	13.87%
513 – Fuel and energy	261,627	219,286	42,341	19.31%
Salaries, salary compensations and other benefits	**358,238**	**295,948**	**59,290**	**20.03%**
520 – Salaries and salary compensations	267,717	225,039	42,678	18.96%
521 – Contributions charged to the employer	47,516	40,155	7,361	18.33%
52X – Fees under contracts entered	4,587	3,357	1,230	36.64%
529 – Other benefits	35,418	27,397	8,021	29.28%
Other operating expenses	**590,087**	**472,462**	**117,625**	**24.90%**
530 – Services for own goods and products	0	0	0	
531 – Transportation	121,724	109,131	12,593	11.54%
532 – Maintenance services	78,256	40,624	37,632	92.63%
533 – Lease	57,723	1,2624	16,461	39.89%
534 – Fairs and shows	8,305	6,123	2,182	35.64%
535 – Advertising and promotion	2,142	2,275	(133)	-5.85%
539 – Other services	64,510	71,199	(6,689)	-9.39%
550 – Non-production services	173,165	111,221	61,944	55.69%
551 – Entertainment	16,230	9,222	7,008	75.99%
552 – Insurance premiums	14,777	19,803	(5,026)	-25.38%
553 – Payment transactions	19,145	33,282	(14,137)	-42.48%
554 – Membership fees	1,250	1,281	(31)	-2.42%
- 555 – Taxes	15,847	15,124	723	4.78%
556 – Contributions	2,265	1,730	535	30.92%
559 – Other intangible expenses	14,748	10,185	4,563	44.80%
E.B.I.T.D.A.	**1,741,664**	**1,158,828**	**582,836**	**50.30%**
Other income	**33,395**	**14,541**	**18,854**	**129.66%**
67 – Sales gains	21,201	13,605	7,596	55.83%
68 – Value equation gains	12,194	936	11,258	1,202.78%
69 – Income from operations break	0	0	0	
Other expenses	**15,877**	**10,578**	**5,299**	**50.09%**
57 – Losses / Decommissioning expenses	7,647	1,289	6,358	493.25%
579 – Other expenses not mentioned elsewhere	8,145	8,996	(851)	-9.46%
58 – Property impairment	85	293	(208)0	-70.99%
59 – Operation break losses	0		0	
Depreciation and amortization	**152,169**	**139,370**	**12,799**	**9.18%**
E.B.I.T.	**1,607,013**	**1,023,421**	**583,592**	**57.02%**
Financial income	**504,463**	**470,652**	**33,811**	**7.18%-6.95%**
Currency differential gains	433,629	466,003	-32,374	
Currency differential gains – IC	0		0	
Interest	26,986	4,183	22,803	545.14%
Interest – IC	35,355	218	35,137	16,117.89%
Other net financial income	8,493	248	8,245	3,324.60%
Other net financial income – IC	0		0	
Financial expense	**935,157**	**466,156**	**469,001**	**100.61%**
Currency differential losses – credit	747,581	236,732	510,849	215.79%
Currency differential losses – other	98,805	126,120	-27,315	-21.66%
Currency differential losses – IC	0		0	
Interest paid – credits	87,611	102,427	-14,816	-14.46%
Interest paid – other	299	717	-418	-58.30%
Interest paid – IC	0		0	
Other net financial expenses	861	160	701	438.13%
Other net financial expenses – IC	0		0	
Corporate income before tax	**1,176,319**	**1,027,917**	**148,402**	**14.44%**
Profit tax	**117,632**	**102,792**	**14,840**	**14.44%**
Corporate income after tax	**1,058,687**	**925,125**	**133,562**	**14.44%**

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

EBITDA resulting from difference between operating income and operating expense amounted to 1,741,664 thousand dinars in the period January-September 2012 and it was higher by 582,836 thousand dinars, i.e. 50.30% as compared to the same period of the previous year.

Operating income was higher by 1,77,660 thousand dinars, i.e. 19.81% and operating expense by 1,194,824 thousand dinars, i.e. 15.29% as compared to the same period of the previous year. Within the income sales of goods, products and services recorded by 2,222,247 thousand dinars, i.e. 25.75% as compared to the same period of the previous year.

Most significant increase by 36.63% was realized in the income from sales to foreign markets wherein income from sale of soybean oil were dominant and increased by 553,244 thousand dinars, i.e. 30.71% as compared to the same period of the previous year. Most significant growth expressed in percentage was achieved in sale of textured soybean products (by 49.40%), followed by sale of flours and groats - 43.36% and lecithin – 27.46%. Insignificant reduction in value of sold soybean meal, mixes and Soja Vita was recorded.

Income growth in sales of these products resulted due to increased volume and higher price of these products on the market as compared to the same period of the previous year; furthermore, RSD to EUR and USD exchange rate movements had impact to the income height. In the first nine months 2012, calculated at the mean rate of the National Bank of Serbia, average RSD to EUR exchange rate amounted to 112.8938 whereas in the same period of the previous year it amounted to 101.9315.

Income from sales to third parties on domestic market reduced in the period January-September 2012 as compared to the period January-September 2011 by 5.26%. However, if only the sales of Sojaprotein products is considered, net of income from sales of commercial goods which recorded the major reduction, it may be concluded that the growth of income by 72,001 thousand dinars, i.e. 24.27% was achieved. Major increase in the income value was achieved in sales of soybean meal. Sales of soybean meal showed growth particularly in the third quarter when the selling price was significantly increased as well as the sold quantities.

Income from sales to related parties increased by 1,206,220 thousand dinars. Major percentage growth was recorded in sales of commercial goods, but considering their cost they did not contribute to the income increase. Insignificant income value growth in sales of the Sojaprotein products was recorded.

In the period January-September 2012 value of own goods and products on stock was reduced by 169,349 thousand dinars – contrary to the same period of the previous year when their increase by 214,105 thousand dinars was recorded. Reduced value of own goods and products on stock mainly resulted due to the fact that lesser inventories balance was recorded on September 30, 2012 as compared to the inventories balance on September 30, 2011. Soybean meal on stock was reduced by 5,953 tons; flours and groats by 1,317 tons; textures by 448 tons whereas oil on stock showed increase by 1,285 tons.

Other operating income was lower by 53,723 thousand dinars, i.e. 53.83%as compared to the same period of the previous year. Reduction in other operating income resulted from reduced subsidies. Due to the lack of assets for these purposes in the Budget of the Republic of Serbia the Decree on the right on export incentives was abolished.

Material costs were higher by 915,250 thousand dinars, i.e. 16.68% in the period January-September 2012 as compared to the same period of the previous year. Major increase in value occurred in the item ‘Raw material costs’ which increased by 780,033 thousand dinars, i.e. 15.25% as compared to the previous year. Soybean grain processing was increased by 2,943 tons within the period observed in 2012 as compared to the same period of the previous year and, furthermore, the price of soybean was increased and its consumption was valued at the increased price.

Costs of ancillary material increased by 49,878 thousand dinars, i.e. 224.54% compared to the period January-September 2011. In addition to the hexane costs, when the plant for concentrate production commenced its operations costs of ethanol as an ancillary material were incurred in the amount of 32,899 thousand dinars. Beside the consumed volume of hexane, RSD-EUR exchange rate movements also resulted in higher costs of hexane since it is the import component.

Packaging material were higher by 40.87% in the period January-September 2012 as compared to the same period of the previous year. It resulted from the increased physical volume of its consumption and increase of its prices.

Fuel and energy costs were higher by 42,341 thousand dinars, i.e. 19.31% as compared to the same period of the previous year due to increased costs of the following items: consumption of electric power, gas and biomass resulting from putting into operation the new plant and the new boiler room.

Salary costs showed increase by 59,290 thousand dinars, i.e. 20.03% in the period January-September 2012 as compared to the same period of the previous year. In July 2012 the method of salary calculation was changed in compliance with the established new grading. Furthermore, number of employees increased by 22 as compared to their number on September 30, 2011 – new employees were assigned to work in the SPC Plant.

Transport costs were higher by 12,593 thousand dinars, i.e. 11.54% as compared to the period January-September 2011 due to increased export to foreign markets.

Maintenance services costs in the period January-September 2012 were higher by 37,632 thousand dinars, i.e. 92.63% due to adjustment of the new concentrates production plant.

Lease costs were higher by 16,461 thousand dinars, i.e. 39.89% in the period January-September 2012 as compared to the same period of the previous year. Major increase was recorded on the soybean grain lease account since due to increased stocks of soybean meal in the first half of the year the product had to be stored outside of the Sojaprotein's storing capacities.

Costs recorded to the group 550 accounts – 'Costs of Non-production Services' were by 55.69% higher in the period January-September 2012 as compared to the same period of the previous year. Major share of this cost group relates to the corporate services.

Resulting from movements in operating income and operating expense EBITDA realized amounted to 1,741,664 thousand dinars and it increased by 582,836 thousand dinars, i.e. 50.30% as compared to the observed period in the previous year.

In the group of other income major increase of significant value was realized in the income related to the value equation due to collection of the corrected claimed receivable.

Depreciation costs were higher by 12.799 thousand dinars, i.e. 9.18% as compared to the same period of the previous year due to putting into exploitation of the newly procured equipment resulting in higher base whereon the depreciation was calculated.

Realized EBITDA increased for other income and reduced for other expense and depreciation showed EBIT amounting to 1,607,013 thousand dinars and it was by 57.02% higher than in the period January-September 2011.

Realized financial income in the period January-September 2012 was by 33,811 thousand dinars, i.e. 7.18% higher as compared to the same period of the previous year. Major increase in percentages was recorded on the account 'Interest from third parties and related parties'.

Financial expense in the period January-September 2012 were by 469,011 thousand dinars, i.e. 100.61% higher as compared to the same period of the previous year. Currency differential gains and losses depend on the credit indebtedness as well as dinar exchange rate movements against the currency in which carrying amount of the credit is expressed.

Interest paid were lower by 14,816 thousand dinars, i.e. 14.46% in the period January-September 2012 as compared to the same period of the previous year due to reduced principal resulting from timely payment of credit and reduced Euribor height as compared to the same period of the previous year.

EBIT adjustment by financial income and financial expense resulted in profit before tax of 1,176,319 thousand dinars which was by 148,402 thousand dinars, i.e. 14.44% higher as compared to the same period of the previous year.

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

1.2 Balance Sheet

In '000 RSD

Reporting period: 01/01-09/30/2012	Y.T.D. REALIZED Jan-Sep 2012	Y.T.D. REALIZED Jan-Sep 2011	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2012	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2011
CURRENT ASSETS	**8,502,974**	**7,987,256**	**515,718**	**6.46%**
I. SUBSCRIBED CAPITAL UNPAID			0	
II. GOODWILL			0	
III. INTANGIBLE INVESTMENTS	15,846	13,787	2,059	14.93%
IV. PROPERTY, PLANT, EQUIPMENT AND BIOL. ASSETS	7,629,396	7,116,877	512,519	7.20%
1. Property, plant and equipment	7,294,765	6,781,872	512,913	7.56%
2. Investment property	331,774	331,953	-179	-0.05%
3. Biological assets	2,837	3,052	-215	-7.04%
V. LONG-TERM FINANCIAL INVESTMENTS	857,732	856,592	1,140	0.13%
1. Stakes in equity	855,688	855,688	0	0.00%
2. Other long-term financial investments	2,044	904	1,140	126.11%
NON-CURRENT ASSETS	**12,813,879**	**9,306,798**	**3,507,081**	**37.68%**
I. INVENTORIES	5,837,212	4,744,120	1,093,092	23.04%
- Commercial goods	5,567	5,914	-347	-5.87%
- Raw materials	3,512,099	2,084,640	1,427,459	68.48%
- Ancillary material	30,534	9,063	21,471	236.91%
- Packaging material	24,799	23,015	1,784	7.75%
- Other material	188,847	188,971	-124	-0.07%
- Production in progress	158,909	69,397	89,512	128.99%
- Finished products	419,469	678,331	-258,862	-38.16%
- Prepayments	1,496,988	1,684,789	-187,801	-11.15%
- Other	0	0	0	0.00%
II. FIXED ASSETS HELD FOR DISPOSAL	0	0	0	0.00%
III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	6,976,667	4,562,678	2,413,989	52.91%
1. Receivables	**4,379,948**	**3,776,562**	**603,386**	**15.98%**
Receivables on domestic market – third parties	1,538,485	664,559	873,926	131.50%
Receivables from related parties	1,868,270	2,354,526	-486,256	-20.65%
Receivables on foreign markets	973,193	757,477	215,716	28.48%
2. Receivables from overpaid profit tax	0		0	0.00%
3. Short-term financial investments	2,118,385	128,804	1,989,581	1,544.66%
4. Cash and cash equivalents	322,120	523,815	-201,695	-38.51%
5. Value added tax and prepayments and accrued income	156,214	133,497	22,717	17.02%
C. DEFERRED TAX ASSETS	0	0	0	0.00%
TOTAL ASSETS	**21,316,853**	**17,294,054**	**4,022,799**	23.26%
OFF-BALANCE ASSETS	5,552,772	10,593,951	-5,041,179	**-47.59%**
EQUITY AND LIABILITIES				
EQUITY	**12,318,699**	**11,260,015**	**1,058,684**	**9.40%**
I. CAPITAL STOCK	6,906,480	6,906,480	0	0.00%
II. SUBSCRIBED CAPITAL UNPAID	0	0	0	0.00%
III. RESERVES	1,428,760	1,371,588	57,172	4.17%
IV. REVALUATION RESERVES	1,837,933	1,837,936	-3	0.00%
V. UNREALIZED GAINS ON SECURITIES	571	571	0	0.00%
VI. UNREALIZED LOSSES ON SECURITIES	0	0	0	0.00%
VII. RETAINED PROFIT	2,144,955	1,143,440	1,001,515	87.59%
VIII. LOSSES	0	0	0	0.00%
IX. BOUGHT-UP TREASURY SHARES	0	0	0	
LONG-TERM PROVISIONS AND LIABILITIES	**8,998,154**	**6,034,,039**	**2,964,115**	**49.12%**
I LONG-TERM PROVISIONS	49,890	49,890	0	0.00%
II. LONG-TERM LIABILITIES	6,215,001	2,895,566	3,319,435	114.64%
1. Long-term loans	6,214,938	2,895,5063	3,319,435	114.64%
2. Other long-term liabilities	63	63	0	0.00%
III. SHORT-TERM LIABILITIES	2,597,627	2,952,947	-355,320	-12.03%
1. Short-term financial liabilities	652,864	2,345,998	-1,693,134	-72.17%
2. Liabilities for assets held for disposal	0	0	0	0.00%
3. Operating liabilities	**1,809,600**	**521,683**	**1,287,977**	**246.89%**
Liabilities on domestic market – third parties	619,910	319,487	300,423	94.03%
Liabilities to related parties	1,146,448	45,691	1,100,757	2,409.13%
Liabilities on foreign markets	43,502	156,505	-113,203	-72.33%
4. Other short-term liabilities	29,349	32,794	-3,445	-10.50%
5. VAT and other public duties, accruals and deferred income and	29,718	29,618	100	0.34%
6. Profit tax	76,036	22,854	53,182	232.70%

C. DEFERRED TAX LIABILITIES	135,636	135,636	0	0.00%
TOTAL EQUITY AND LIABILITIES	**21,316,853**	**17,294,054**	**4,022,799**	**23.26%**
OFF-BALANCE LIABILITIES	5,552,772	10,593,951	-5,041,179	-47.59%

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012 ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

In the period January-September 2012 as compared to December 31, 2011 the item 'Intangible Investments' increased by 2,059 thousand dinars. The increase related to investment in the palettes monitoring program in the high-bay warehouse of finished products and investments in intellectual property rights, i.e. registration of the finished product trademarks.

In the analyzed period the item 'Property, Plant and Equipment' also recorded increase by 512,519 thousand dinars. Major increase within this item related to investments in extraction of the soybean protein concentrates production plant and facilities connected to the construction of the SPC plant and their equipment.

The item 'Current Property' showed total increase by 3,507,081 thousand dinars on September 30, 2012 as compared to the balance on December 31, 2011. Major increase related to increased inventories of raw materials (soybean grain) by 1,093,092 thousand dinars and short-term receivables, investments and cash by 2,413,989 thousand dinars.

In the period January-September 2012 Victoria Logistic invoiced 158,156 t of soybean grain – crop 2012 equal to 5,411,607 thousand dinars and 41,446 t of soybean grain – crop 2012 with result of increase of raw materials on stock by 68.48% as compared to December 31, 2011. Buy-up prices of soybean – crop 2012 were higher than buy-up prices in 2011 due to reduced yield caused by severe draught. Inventories of finished products on September 30, 2012 as compared to December 31, 2011 were reduced by 258,862 thousand dinars. It was caused by reduced volume of soybean meal on stock due to increased sales resulting from growth of demand on the domestic market in the third quarter.

Within the item 'Short-term receivables, investments and cash', major increase was recorded in receivables and short-term financial investments. Trade receivables increased by 603,386 thousand dinars, i.e. 15.98%; within trade receivables major increase was recorded in receivables on domestic market from third parties – 873,926 thousand dinars. Receivables from related parties were reduced by 486,256 thousand dinars as compared to the balance on December 31, 2011 since the receivables from Victoria Logistic recorded in the balance on December 31, 2011 was closed by delivery of soybean in January 2012. In the same time, buy-up of soybean grain during a year is made by sale of soybean meal to the related party Victoria Logistic.

Foreign trade receivables was higher by 215,716 thousand dinars on September 30, 2012 as compared to the balance on December 31, 2011 due to sales of higher volume and higher mean exchange rate of RSD to EUR and USD.

The item 'Short-term financial investments' was increased by 1,989,581 thousand dinars as compared to December 31, 2011. Due to more favorable interest condition on financial market free monetary assets, both in dinars and foreign currencies were deposited on fixed term increasing thereby income from interest and reducing balance of cash and cash equivalents.

Within equity and liabilities increase was recorded in the items 'Equity' and 'Long-term Provisions and Liabilities' and the item 'Short-term Liabilities' showed decrease in its value.

Equity of the Company was increased by 1,058,684 thousand dinars on September 30, 2012 as compared to the balance on December 31, 2011. Major increase was recorded in items 'Retained Profit' and 'Reserves' equal to total profit amount presented in the Annual Financial Statements 2011.

Long-term loans recorded increase by 3,319,435 thousand dinars as compared to the balance on December 31, 2011 resulting from new credits granted for the current assets financing and export stimulation.

Short-term financial liabilities were reduced by 1,693,134 thousand dinars as compared to the balance on December 31, 2011 as a result of timely payment of credit liabilities. Short-term financial liabilities balance on December 31, 2011 consisted of a portion of to long-term loans liabilities with maturity within a year and short-term credit granted by Komercijalna Banka, SocieteGenerale Bank and Credit Agricole Bank and they were paid within their maturity terms.

Operating liabilities were by 1,287,977 thousand dinars higher on September 30, 2012 as compared to the balance on December 31, 2011 and the major increase was recorded in the item ‘Trade Payables to Related Parties’, mainly to Victoria Logistic for supplied soybean grain – crop 2012 which should be considered together with receivables for prepayments made since the prepayments were conditioned for procurement of the soybean grain. Domestic trade payables were increased by 300,423 thousand dinars as compared to the balance on December 31, 2011 and the major increase was recorded on the account ‘Uninvoiced Soybean’ in the amount of 124,442 thousand dinars.

Profit tax liabilities increased by 53,182 thousand dinars and they were calculated to the realized profit amount in the first nine months and the final profit tax shall be determined at the end of the year after finally determined operating results.

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012 ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

1.3 Cash Flow

In '000 RSD

Reporting period: 01/01-09/30/2012		Y.T.D. REALIZED Jan-Sep 2012	Y.T.D. REALIZED Jan-Sep 2011	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2012	Y.T.D. REALIZED DIFFERENCES Jan-Sep 2011
Opening balance		**523,815**	**221,357**	**302,458**	**136.64%**
INFLOW	**ADP**	**11,657,303**	**9,056,686**	**2,600,617**	**28.71%**
1. Cash inflow from operating activities		**8,564,103**	**6,320,393**	**2,243,710**	**35.50%**
Sale of crude soybean oil	302	2,479,255	2,098,121	381,134	18.17%
Sale of refined soybean oil	302			0	
Sale of higher processing phases	302	2,512,259	1,792,182	720,077	40.18%
Sale of soybean meal	302	3,023,180	2,250,658	772,522	34.32%
Inflow from subsidies for oil sold	304		53,994	-53,994	-100.00%
Subsides from human program sold	304		54,444	-54,444	-100.00%
Other inflows (premiums, grants, leases, rec. from empl.)	304	160,063	70,994	89,069	125.46%
VAT refund		343,403	0	343,403	0.00%
SPC		45,943	0	45,943	0.00%
Other inflows		0	0	0	0.00%
2. Cash inflow from investment activities		**32,495**	**88,631**	**-56,136**	**-63.34%**
Disposal of shares and stakes	314	0	0	0	0.00%
Disposal of property, plant and equipment	315	0	0	0	0.00%
Other financial investments	316	32,495	88,631	-56,136	-63.34%
3. Cash inflow from financing activities		**3,060,705**	**2,647,662**	**413,043**	**15.60%**
Capital stock increase	326	0	0	0	0.00%
Long-term and short-term credits	327	3,060,705	2,647,662	413,043	15.60%
Other long-term and short-term liabilities	328	0	0	0	0.00%
OUTFLOW		**5,913,946**	**6,391,409**	**-477,463**	**-7.47%**
1. Cash outflow from operating activities		**1,908,662**	**1,468,451**	**440,211**	**29.98%**
Soybean buy-up	306	112,365	89,558	22,807	25.47%
Procurement of raw materials, packaging, fuel	306	168,494	90,953	77,541	85.25%
Short-term liabilities	306	587,773	464,619	123,154	26.51%
Payment to suppliers and prepayments made and other	306		50,715	-50,715	-100.00%
Salaries, salary compensations and other benefits	307	368,885	309,351	59,534	19.24%
Interest paid	308	169,518	114,332	55,186	48.27%
Profit tax	309	64,448	44,121	20,327	46.07%
Customs duties and other taxes (net of VAT)	310	86,365	227,955	-141,590	-62.11%
VAT	310	350,814	76,847	273,967	356.51%
2. Cash outflow from investment activities		**2,023,703**	**2,528,144**	**-504,441**	**-19.95%**
Acquisition of shares and stakes	320			0	
Acquisition of property, plant and equipment INVESTMENTS	321	770,547	2,476,070	-1,705,523	-68.88%
Other financial investments	322	73,521	52,074	21,447	41.19%
Other financial investments – fixed deposits – net amount	322	1,179,635	0	1,179,635	0.00%
3. Cash outflow from financing activities		**1,981,581**	**2,394,814**	**-413,233**	**-17.26%**
Bought-up treasury shares and stakes	330	0	1,517	-1,517	-100.00%
Long-term and short-term credits	331	1,980,969	2,392,556	-411,587	-17.20%
Financial lease	332	612	741	-129	-17.41%
Dividends paid	333	0	0	0	0.00%
Cash flow from operating activities		**6,665,411**	**4,851,912**	**1,803,499**	**37.17%**
Cash flow from investment activities		**1,991,208**	**-2,439,513**	**448,305**	**18.38%**
Cash flow from financing activities		**1,079,124**	**252,848**	**826,276**	**326.79%**
Cash flow – third parties		**5,743,357**	**2,665,277**	**3,078,080**	**115.49%**
Intercompany movements INFLOWS		**778,372**	**4,421,291**	**-3,642,919**	**-82.39%**
Intercompany movements OUTFLOWS		**6,764,144**	**7,007,169**	**-243,025**	**-3.47%**
Currency differential gains		**74,122**	**5,613**	**68,509**	**1,220.54%**
Currency differential losses		**33,402**	**6,225**	**27,177**	**436.58%**
Cash at the end of the period		**322,120**	**300,144**	**21,976**	**7.32%**
Compensations executed		2,863,175	2,118,424	744,751	35.16%

SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012 ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

- Increase by 34% in cash flows related to soybean meal resulted from increase in price of soybean meal and higher cash advances;
- Sales of soybean oil increased also in value and due to increase in price the inflow was higher by 18%;
- Inflow from higher processing phases recorded growth of 40% as compared to the same period of the previous year due to increased inflow from sales on domestic and foreign markets;
- Subsidies represent income linked to export stimulation and they are regulated under the Decree on subsidies to manufacturers of agricultural and food products. In the first nine months 2011 inflow from subsidies for the oil sold amounted to 53.994 thousand dinars and subsidies for human program amounted to 54,444 thousand dinars. In the second half of 2011 inflow from subsidies was cancelled since there was no more assets in the Budget of the Republic of Serbia for these purposes. In the first nine months 2012 the Decree was abolished due to lack of assets in the Budget and, therefore, no inflow was recorded;
- Increase of other inflows by 125% in the first three quarters 2011 as compared to the same period of the previous year resulted from partial collection of bed and disputed receivables, partial excise refunding from CVPO for the procured hexane, as well as inflow from performed soybean grain processing services;
- Up to September 30, 2012 Sojaprotein AD has realized inflow from VAT recovery in total amount of 343,403 thousand dinars due to invoicing of 135,474 tons of soybean grain – crop 2011 in January 2012 and increased investments in the first nine months 2012. In the same period of 2011 nor inflows from VAT recovery was recorded;
- Inflows from concentrates within the SPC production program amounted to 45,943 thousand dinars in the period as a result of commencement of production in the new plant at the end of August 2012;
- Other financial investment recorded drop by 63% in the current 2012 as compared to 2011 resulting from credits taken in previous years and repaid in 2011;
- Inflow from financing activities on the basis of long-term and short-term credits were higher by 413,043 thousand dinars since the price of soybean – crop 2012 has significantly increased and financing of raw materials demanded more funds;
- Outflow related to buy-up of soybean grain – crop 2011 in January 2012 recorded increase by 25% in 2012 when the procurement was made and the soybean grain invoiced resulting in higher cash outflow for these purposes as compared to the same period of previous year;
- Growth of short-term liabilities by 27% as compared to the same period of previous year resulted from increased consumption of fuel and electric power in the new SPC plant;
- Procurement of raw materials, packaging and fuel recorded increase by 85% as compared to the same period of previous year due to higher needs for alcohol – as raw material for the new SPC plant - in the amount of 36,968 thousand dinars and higher volumes and prices of packaging resulting from increased sale of the higher processing phase products.
- Payments of long-term and short-term credits recorded decrease as compared to the same period of previous year due to lower financial liabilities charged in the nine-month period of the current year. Therefore, lower cash outflow by 17% in the first nine months for long-term and short-term credits was recorded. Lower cash outflow for acquisition of property, plant and equipment by 69% was a result of reduced investment activities in this period as compared to the same period of previous year. In the same period increase of cash outflow by 48% was recorded in payment of interest due and payable on the investment credit granted by Unicredit Bank for construction of the Traditional Soybean Concentrates Plant.
- More intensive investments in 2011 and their reduction in 2012 resulted in decreased outflow for customs duties by 62% as compared to the same period of previous year.
- In some months Sojaprotein has sold higher volume of soybean grain – intercompany transactions – due to genetic modifications and higher content of gluten in grain and, therefore, cash outflow for VAT increased in 2012 by 357% as compared to the same period 2011.
- Final SPC phase resulted in increased outflow by 41% for other financial investments in order to complete as soon as possible all investments and start-up the plant. All of its free cash Sojaprotein has deposited on one-week fixed term with commercial banks and realized income from interest.

**SOJAPROTEIN AD BECEJ – OPERATING REPORT JANUARY – SEPTEMBER 2012
ACHIEVED AGAINST THE PLANNED OPERATING RESULTS**

SUMMARY

The most significant investment - Traditional Soybean Concentrates Plant – with annual capacity of 70,000 tons had been completed in the period January-September 2012 whereby the production program of Sojaprotein has significantly expanded. Production of different types of SPC has commenced as well as sale of first quantities of non-standard quality SPCs. In the meantime a Selleing and Pricing Policies by SPC types/markets was defined, that is, Logistic Options for major markets were developed in detail.SPC samples were delivered to the major markets and certification of their quality is going on by major key accounts as well as the procedure of providing full offers to major distributors and customers.

With respect to the current program the expansion of higher processing phase products export has been continued which commenced several years ago. Although the impact of a new wave of the global financial crisis, followed by ever increasing recession, had contributed to reduction of stagnation of sales in individual regions or countries, the achieved results exceeded expectations, particularly in sale of higher processing phase product to the EU market. Obviously, a long-term strategy of SOJAPROTEIN focused on production of NON GMO soybean products now provides actual results when the global demand of these products has been increased.

However, after unprecedentedly severe draught this year crop of NON GMO soybean was drastically reduced. Athough the area under soybean remained at the same level as in the last year, the crop recorded decrease by 42% as compared to 2011. Nevertheless, volume of domestic soybean grain required for annual production of human program and new SPC production has been secured. Market demands for traceability and genetic purity of soybean products (IP NON GMO) have not been reduced on all strategic markets of Sojaprotein, but, to the contrary, they are even more intensified. Although the EU regulative for NON GMO requires <0.9%, more and more countries demand frequently NON GMO<0.1% - not only the customers in food industry but forage producers and fish feeding producers as well.Unlike its competitors worldwide, Sojaprotein may meet in full strict requirements of final users related to traceability and NON GMO due to NON GO soybean grain of guaranteed Serbian origin. Even on markets where legal regulations on NON GMO does not exist or is not regulated in detail, final users are those who imply terms and conditions of exclusively NON GMO soybean products procurement and this represents the significant comparative advantage of Sojaprotein.

After installation of the last state of the art equipment for production of high p processing phase products intended for the food industry and significant increase in quality of the products it is imperative that Sojaprotein should insist on the Policy of guaranteed IP NON GMOsoybean products free of any allergensby securing Gluten Free Quality, with logistic support of Vitoria Group.

Only then additional conditions assumptions shall be created for long-term increase of export of Sojaprotein products both within its current production program and its future production program (functional SPC).

KEY OPERATING INDICATORS

A. Profitability

Gross Profit Rate	21.09%	(Operating income-cost of goods-cost of materials/operating income)
EBITDA Margin	15.98%	EBITDA/Income from core activity
EBIT Margin	14.74%	EBIT/Income from core activity
EBT Margin	10.79%	EBT/Income from core activity
Net profit Margin	9.71%	Profit after tax/Income from core activity
Return on Equity (ROE)	10.06%	Net profit in the last 12 months/opening equity + closing equity in the period)/2
Return on Total Assets (ROA)	5.99%	Net profit in the last 12 months/(Opening assets +closing assets of the period)/2

B. Liquidity Indicators

General Liquidity Ratio	4.93	Current assets/Short-term liabilities
Reduced Liquidity Ratio or Rigorous Liquidity Ratio	2.69	(Current assets-inventories)/short-term Liabilities
Current Liquidity Ratio or Cash Liquidity Ratio	0.12	Cash/short-term liabilities
Liquidity Ratio	265.50	(Receivables + cash and cash equivalents)/ (Cost of goods + material costs + salary costs + other operating expense + interest + tax)/365)

C. Solvency

Financial liabilities/Equity	0.72	(Long-term liabilities – short-term liabilities)/equity
Financial Leverage	1.64	(Assets at the end of period + Assets PS)/2/Equity at the end of period + Equity PS)/2
Interest Coverage Ratio	18.08	Operating profit/Total interest costs

CHIEF EXECUTIVE OFFICER
Signature
BranislavaPavlović

Sojaprotein
AKCIONARSKO DRUŠTVO
PLACE OF STAMP
BEČEJ 01

STATEMENTS OF PERSONS RESPONSIBLE FOR THE REPORT PREPARATION

To our best knowledge the quarterly Financial Statements for the third Quarter 2012 and data for the period January-September 2012 were prepared in compliance with the corresponding International Financial Reporting Standards and provide true and fair data on assets, liabilities, financial standing and operations, profit and losses, cash flow and changes in equity of the Public Company.

Persons responsible for preparation of the Annual Financial Statements of
"Sojaprotein" A.D. Becej, 1, Industrijska St., 21220 Becej

Chief Executive Officer, PavlovicBranislava, graduate jurist *signature, sgd.*

Executive Director of Finances: NikolicAnkica, graduate oec. *signature, sgd.*

Head of Accounting: AndjelkovicDragana, oec. *Signature, sgd.*

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
Becej5