Annual Financial Statements of Sojaprotein a.d.
for the Year 2012

Becej,, April 2013

CONTENTS

Entered by: Legal Entity- Entrepreneur

08114072		
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

750								
123	19	20	21	22	23	24	25	26
Type of Business								

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

BALANCE SHEET
As of December 31, 2012

7005017644622 Barcode

- In thous. RSD -

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

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

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- In thous. RSD –

Group of Accounts. Account	ITEM	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
498	**C. DEFERRED TAX LIABILITIES**	123		371659	135636
	D. TOTAL LIABILITIES (101+111+123)	124		20838009	17294054
89	**E. OFF-BALANCE LIABILITIES**	125	*34*	10705965	10593951

In ***Becej***, this February 27, 2013

Person responsible for preparation of the financial statement	PLACE OF SEAL	Legal representative
Signature	**SOJAPROTEIN** Soybean Processing Joint Stock Company BECEJ	Sojaprotein *Signature*

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

Entered by: Legal Entity- Entrepreneur

08114072		
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

750								
123	19	20	21	22	23	24	25	26
Type of Business								

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

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

7005017644639 Barcode

- In thous. RSD -

Group of Accounts. Account	I T E M	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
	A. REVENUES AND EXPENSES FROM REGULAR OPERATIONS				
	I. OPERATING REVENUES (202+203+204-205+206)	201		14945270	12188506
60 and 61	1. Sales revenue	202	***5***	15091557	11669080
62	2. Revenues from activation of goods and effects	203		41501	49297
630	3. Increase in value of effects on stock	204		0	354653
631	4. Decrease in value of effects on stock	205		249379	0
64 and 65	5. Other operating revenue	206	***7***	61591	115476
	II. OPERATING EXPENSES (208 t0 212)	207		13056086	10980994
50	1. Cost of goods sold	208		1823015	1817512
51	2. Material cost	209	***8***	9732860	7915251
52	3. Salaries, salary compensations and other personal expenses	210	***9***	492693	410847
54	4. Depreciation and provisions	211	***10***	206562	191408
53 and 55	5. Other operating expenses	212	***11***	800956	645976
	III. OPERATING PROFIT (201 – 207)	213		1889184	1207512
	IV. OPERATING LOSS (207 – 201)	214			
66	**V. FINANCIAL INCOME**	215	***12***	725327	748737
56	**VI. FINANCIAL EXPENSES**	216	***13***	1462865	735778
67 and 68	**VII. OTHER REVENUE**	217	***14***	359589	39487
57 and 58	**VIII. OTHER EXPENSES**	218	***15***	745245	54874
	IX. PROFIT FROM REGULAR OPERATIONS BEFORE TAXATION (213-214+215-216+217-218)	219		765990	1205084
	X. LOSS FROM REGULAR OPERATIONS BEFORE TAXATION (214-213-215+216-217+218)	220			
69-59	**XI NET PROFIT FROM REGULAR OPERATION**	221			
59-69	**XII NET LOSS FROM DISCONTINUED OPERATIONS**	222			

- In thous. RSD -

Group of Accounts. Account	ITEM	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
	B. PROFIT BEFORE TAXATION (219-220+221-222)	223		765990	1205084
	C. LOSS BEFORE TAXATION (220-219+222-221)	224			
	D. PROFIT TAX				
721	1. Tax liabilities for the period	225	***16***	53603	62394
722	2. Deferred tax liabilities for the period	226	***16***	23387	0
722	3. Deferred tax assets for the period	227		0	142
723	**E. Employer's earnings paid**	228			
	F. NET PROFIT (223-224-225-226+227-228)	229		689000	1142832
	G. NET LOSS (224-223 + 225+226-227+ 228)	230			
	H. NET PROFIT OF THE MINORITY SHAREHOLDERS	231			
	I. NET PROFIT OF THE OWNERS OF PARENT LEGAL ENTITY	232			
	J. EARNINGS PER SHARE		*17*		
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

In ***Becej***, this February 27, 2013

Person responsible for preparation of the financial statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature

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Entered by: Legal Entity- Entrepreneur

08114072		
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

750								
123	19	20	21	22	23	24	25	26
Type of Business								

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

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

7005017644646 Barcode

- In thous. RSD -

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

- In thous. RSD -

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

In ***Becej***, this February 27, 2013

Person responsible for preparation of the financial statement

Signature

PLACE OF SEAL
SOJAPROTEIN
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Joint Stock Company
BECEJ

Legal representative

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Entered by: Legal Entity- Entrepreneur

08114072		
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

750								
123 Type of Business	19	20	21	22	23	24	25	26

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

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

7005017644660 Barcode

- In thous. RSD -

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

- In thous. RSD -

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

- In thous. RSD -

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

- In thous. RSD -

Ord. No.	DESCRIPTION	ADP	Losses over equity (Group 29)
	1		14
1	Balance as of January 1 of the previous year	557	
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	558	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	559	
4	**Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)**	560	
5	Total increase in the previous year	561	
6	Total reduces in the previous year	562	
7	**Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)**	563	
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	564	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	565	
10	**Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)**	566	
11	Total increase in the current year	567	
12	Total reduces in the current year	568	
13	**Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)**	569	

In ***Becej***, this February 27, 2013

Person responsible for preparation of the financial statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

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Entered by: Legal Entity- Entrepreneur

08114072		
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

750								
123	19	20	21	22	23	24	25	26
Type of Business								

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

STATISTICAL ANNEX
For the year 2012

7005017644653 Barcode

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

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

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

- in thous. RSD-

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

III STRUCTURE OF INVENTORIES

- in thous. RSD-

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

IV STRUCTURE OF THE ORIGINAL CAPITAL

- in thous. RSD-

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

V STRUCTURE OF SHARE CAPITAL

Number of shares in round numbers
in thous. RSD

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

VI RECEIVABLES AND PAYABLES

- in thous. RSD-

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

VII OTHER COSTS AND EXPENSES

- in thous. RSD-

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

- in thous. RSD-

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

VIII OTHER REVENUES

- in thous. RSD-

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

IX OTHER DATA

- in thous. RSD-

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

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

- in thous. RSD-

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

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

- in thous. RSD-

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

In *Becej*, this February 27, 2013

Person responsible for preparation of the financial statement

Signature

PLACE OF SEAL
SOJAPROTEIN
Soybean Processing
Joint Stock Company
BECEJ

Legal representative

Signature

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

SOJAPROTEIN A.D., BECEJ

Financial Statements as of
December 31, 2012

1. BASIC INFORMATION ABOUT THE COMPANY

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

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

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

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

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

2.1 Basis for Preparation and Presentation of Financial Statements

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

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

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

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

• At the opinion of the Ministry, the employees' participation in the profit should be recorded as decrease of retained profit and not by charging the results in the current period, as required by IAS 19 “Employees Benefits”.

• Currency differential gains and losses occurring when translating balance sheet items credited or debited in foreign currencies in the income statement were recorded as currency differential gains or losses. Currency differential gains and losses occurring in business transactions recorded in foreign currencies credited or debited in the income statement were recorded as currency differential gains or losses, except for currency differential gains or losses and the foreign currency clause effects calculated on receivables and payables not matured yet, which were recorded within other prepayments and accrued income in accordance with the amendments and supplements to the Rules. Pro-rata amount of accrued and deferred currency differential is reclassified to currency differential gains or losses on the date of maturity of the liability, i.e. receivable as they were calculated.

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

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

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

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

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

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

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

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

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

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

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

- Amendments to various standards and interpretations resulting from IFRS Annual Quality Improvement Project published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16) primarily intended to remove inconsistencies and clarify wording (amendments will be applied for annual periods beginning on or after January 1, 2010, and amendment to IFRIC will be applied on or after July 1, 2009),

- Amendments to IAS 38 “Intangible Assets” (effective for annual periods beginning on or after July 1, 2009),

- Amendments to IFRS 2 “Share-Based Payment”: Amendments resulting from IFRS Annual Quality Improvement Project (revised in April 2009, effective for annual periods beginning on or after July 1, 2009) and amendment relating to group cash–settled share-based payment transactions (revised in June 2009, effective for annual periods beginning on or after January 1, 2010);

- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” coming into force for annual periods beginning on or after July 1, 2009 and IAS 39 - “Financial Instruments: Recognition and Measurement” – Embedded Derivatives (effective for annual periods beginning on or after June 30, 2009),

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

- “Conceptual Framework for Financial Reporting in 2010” which represents the amendment to the “Framework for the Preparation and Presentation of Financial Statements” (effective for transfer of assets from customers received on or after September 2010).

- Supplements to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Limited Exemption from Comparative IFRS 7 Disclosures for IFRS First-Time Adopters (effective for annual periods beginning on or after July 1, 2010),

- Supplements to IAS 24 “Related Parties Disclosures” – Simplified Disclosure Requirements for Entities (significantly) controlled by or under the significant influence of the Government and Clarification of the Definition of a Related Party (effective for annual periods beginning on or after January 1, 2011),

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

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

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

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

- Supplements to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” - Prepayments of Minimum Funding Requirements (effective for annual periods beginning on or after January 1, 2011).

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

- Supplements to IFRS 1 “First-Time Adoption of International Financial Reporting Standards” – Major hyperinflation and elimination of fixed dates for persons doing the first-time adoption IFRS effective for annual periods beginning on or after July 1, 2011).

- Supplements to IFRS 7 “Financial Instruments: Disclosures” – Transfer of financial assets (effective for annual periods beginning on or after January 1, 2011).

- Supplements to IAS 12 “Profit Tax” – Deferred Tax: return of assets used for tax calculation effective for annual periods beginning on or after January 1, 2012).

2.3 Published Standards and Interpretations not yet in Effect

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

- IFRS 9 “Financial Instruments”(effective for the annual period beginning on or after January 1, 2015)

- Supplements to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Mandatory effectiveness and transitional disclosure (in effect for the annual periods beginning on or after January 1, 2015);

- Supplements to IFRS 10 “Consolidated Financial Statements” (in effect for the annual periods beginning on or after January 1, 2013);

- IFRS 11 “Joint Agreements” (in effect for the annual periods beginning on or after January 1, 2013);

- IFRS 12 “Disclosure of Interests in Other Entities” (in effect for the annual periods beginning on or after January 1, 2013);

- Supplements to IFRS 10, IFRS 11 and IFRS 12 - “Consolidated Financial Statements”, “Joint Agreements” “Disclosure of Interests in Other Entities”, respectively (effective for the annual periods beginning on or after January 1, 2013);

- IAS 27 (revised in 2011) “Consolidated and Separate Financial Statements (effective for annual period beginning on or after January 1, 2013);

- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures” (effective for annual period beginning on or after January 1, 2013);

- IFRS 13 “Fair Value Measurement” (effective for annual period beginning on or after January 1, 2013);

- Supplements to IAS 19 ”Employee Benefits” – Post-Employment Benefit Accounting Consideration” (effective for annual period beginning on or after January 1, 2013).

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income and Expenses

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

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

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

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

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

3.2 Translation of Assets and Liabilities Denominated in Foreign Currencies

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

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

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

3.3 Borrowing Costs

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

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

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

3.4 Employee Benefits

a) Taxes and Contributions to the Employees Social Security Funds

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Employee Benefits (continued)

b) Liabilities Related to Severance Pays and Jubilee Awards

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

3.5 Taxes and Contributions

3.5.1 Profit Tax

a) Current Profit Tax

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

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

b) Deferred Profit Tax

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

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

3.5.2 Taxes and Contributions Not Depending on Results

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property, Investment Assets, Plant and Equipment

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

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

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

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

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

3.6.1 Depreciation

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

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

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

3.6.2 Investment Assets

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

3.7 Intangible Investments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Long Term Financial Investments

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

3.9 Impairment

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

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

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

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

3.10 Lease

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

Company as Lessor

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

Company as Lessee

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Lease (continued)

Company as Lessee

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

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

3.11 Inventories

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

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

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

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

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

3.12 Financial Instruments

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

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

a) Stakes in Equity

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (continued)

c) Cash and Cash Equivalents

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

d) Financial Liabilities

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

e) Operating Liabilities

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

3.13 Disclosures on Relations with Related Parties

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

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

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

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

4. REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

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

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

4.1 Depreciation and Depreciation Rates

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

4.2 Provisions for Litigations

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

4. REVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES (continued)

4.3 Adjustment of Receivables and Short Term Investments

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

4.4 Fair Value

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

5. SALES INCOME

In thousand RSD

Year ending as of December 31

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

6. OPERATING AND MARKET SEGMENTATION

OPERATING AND MARKET SEGMENTATION (continued)

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

In thousand RSD

Year ending as of December 31

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

7. OTHER OPERATING INCOME

In thousand RSD
Year ending as of December 31

	2012	2011
Subsidies and Incentives	2,335	60,577
Rents	57,526	54,674
Other operating income	1,730	225
	61,591	115,476

8. COST OF MATERIALS AND ENERGY

In thousand RSD
Year ending as of December 31

	2012	2011
Materials consumed in production	9,168,474	7,421,016
Other materials	66,059	177,583
Electric power	157,220	126,454
Gas	130,126	102,309
Fuel and lubricants	14,829	83,679
Biomass	191,899	-
Other fuel and energy	4,253	4,210
	9,732,860	7,915,251

9. COST OF SALARIES, SALARY COMPENSATIONS AND OTHER BENEFITS

In thousand RSD
Year ending as of December 31

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

10. DEPRECIATION AND PROVISIONS

In thousand RSD
Year ending as of December 31

	2012	2011
Depreciation	206,562	186,654
Long-term provisions	-	4,754
	206,562	191,408

11. OTHER OPERATING EXPENSES

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

12. FINANCIAL INCOME

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

13. FINANCIAL EXPENSES

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

14. OTHER INCOME

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

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

15. OTHER EXPENSES

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

16. PROFIT TAX

a) Profit tax components

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

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

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

c) Deferred Tax Liabilities

As of December 31, 2012 the deferred tax liabilities amounted to 371,659 thousand dinars and related to the temporary difference at which the equipment and intangible investments were recognized in the tax balance and the amounts at which these assets were presented in the Financial Statements.

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

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

d) Used, Unused and Unrecognized Tax Credits

In thousand RSD

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

17. EARNINGS PER SHARE

In thousand RSD

Year ending as of December 31

	2012	2011
Net profit	689,000	1,142,832
Average weighted number of shares	14,895,524	11,788,513
Base / (diluted) earnings per share (in dinars)	46.26	96.94

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

In thousand RSD

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

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

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

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

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

As of December 31, 2012 the Company estimated value of property, plant and equipment in accordance with IAS 16. Independent appraiser made the assessment based on the market value and submitted its Report on Assessment with Effects and Results of the Assessment Procedure Performed.
In accordance with IAS 16, the Appraiser eliminated gross book values of property, plant and equipment and reduced the net value of each individual asset to its estimated value (current value).

19. STAKES IN EQUITY

In thousand RSD

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

20. INVENTORIES

In thousand RSD
Year ending as of December 31

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

21. RECEIVABLES

In thousand RSD
Year ending as of December 31

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

22. SHORT TERM FINANCIAL INVESTMENTS

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

23. CASH AND CASH EQUIVALENTS

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

24. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

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

25. ORIGINAL CAPITAL

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

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

In thousand RSD

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

26. MANDATORY RESERVES

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

27. STATUTORY RESERVES

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

28. LONG-TERM PROVISIONS

In thousand RSD

	Year ending as of December 31	
	2012	**2011**
Provisions for severance payments	15,642	45,136
Provisions for jubilee awards	9,173	4,754
	24,815	49,890

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

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

Disclosures

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

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

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

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

Long-Term Provisions

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

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

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

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

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

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

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

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

Long-Term Provisions for Severance Payments:

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

Long-Term provisions for Jubilee Awards

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

29. LONG-TERM LOANS

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

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

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

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

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

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

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

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

29. LONG-TERM LOANS (continued)

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

1. The ratio between EBIT and interest expense at the level not less than 3, subject to later adjustment of the Company’s profit for:

    - Any stake in profit or loss of any associate, except for dividends or other income which the Company has received in cash from the relevant associate or joint venture, and every income resulting from any other investments in fixed assets
    - All gains and losses which are directly associated with sales or cease of operations or disposal of fixed assets
    - All direct costs of any sort of fundamental reorganization or restructuring having material effect on the nature and focus of the Company’s operations
    - All amounts written-off relevant to the investments
    - Realized and non-realized currency differential gains and losses which do not refer to regular operations.

2. The interest expense implies all interests and expenses accrued with respect to the financial debt of the Company if the interest, costs and expenses are charged in the income statement of that entity.

3. The ratio between the debt and total capitalization should be maintained at the level not higher than 0.6 provided the debt implies only the debt but excluding any other debt secured by the Pledge Agreement on the Goods on Stock. Total capitalization means the sum of the presented value of the total share capital, accumulated deferred profit taxes, accumulated investment tax credits, minority stakes, contingency reserves and contributions supporting the construction.

4. Minimum own capital should not be less than EUR 15,000,000

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

30. SHORT-TERM FINANCIAL LIABILITIES

	December 31, 2012	**In thousand RSD** **December 31, 2011**
Current maturity of long-term loans (up to 1 year):	3,588,746	442,469
- Portion of long-term loans with maturity within the year	68	717
- Short-term domestic loans	909,747	1,902,812
	4,4988,561	**2,345,998**
Current maturities	*3,588,746*	*442,469*

30. SHORT-TERM FINANCIAL LIABILITIES (continued)

Short-term loans:

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

RIS – reference interest rate of the National Bank of Serbia

31. OPERATING LIABILITIES

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

32. OTHER SHORT-TERM LIABILITIES

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

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

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

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

34. OFF-BALANCE ASSETS/LIABILITIES

In thousand RSD

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

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

In thousand RSD

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

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

35. TRANSACTIONS WITH RELATED PARTIES

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

In thousand RSD

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

35. TRANSACTIONS WITH RELATED PARTIES (continued)

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

In thousand RSD

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

35. TRANSACTIONS WITH RELATED PARTIES (continued)

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

In thousand RSD

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

c) *Management Benefits*

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

In thousand RSD

	December 31, 2012	**December 31, 2011**
Management		
Salaries	23,185	17,322
Board of Directors		
Fees to the members of the Board of Directors	1,039	1,084
	24,224	18,406

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

Capital Risk Management

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

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

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

In thousand RSD

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

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

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

Significant Accounting Policies for Financial Instruments

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

Categories of Financial Instruments

In thousand RSD

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

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Financial Risks Management Objectives

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

Market Risks

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

Foreign Currency Risks

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

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

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

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

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

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

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Market risks (continued)

Interest Rate Fluctuation Risks

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

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

In thousand RSD

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

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks

Trade Receivables Management

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

The major customers are given in the following table:

In thousand RSD

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

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

In thousand RSD

	Gross Exposure	**Adjustment**	**Net Exposure**
Undue trade receivables	2,946,159	-	2,946,159
Due, adjusted trade receivables	446,781	(446,781)	-
Due, unadjusted trade receivables	931,349	-	931,349
	4,324,289	(446,781)	3,877,508

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

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks (continued)

Trade Receivables Management (continued)

Undue Trade Receivables

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

Due, Adjusted Trade Receivables

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

Due, Unadjusted Trade Receivables

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

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

In thousand RSD

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

Trade Payables Management

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

Liquidity Risks

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks

In thousand RSD
December 31, 2012

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

In thousand RSD
December 31, 2011

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

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks (continued)

Maturity of Financial Liabilities

In thousand RSD
December 31, 2012

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

In thousand RSD
December 31, 2011

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair value of financial Instruments

In thousand RSD

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

Assumptions for Assessment of the Current Fair Value of Financial Instruments

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

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

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

- Tier 1 – Assessment of the fair value results from listed market value (unadjusted) on active markets of the identical assets and liabilities.

- Tier 2 – Assessment of the fair value results from input parameters which differ from the listed market values within the Tier 1 and is visible from assets or liabilities, either directly (e.g. price) or indirectly (e.g. resulting from the price).

- Tier 3 - Assessment of the fair value results from assessment techniques which include input parameters of financial assets or financial liabilities, and which represent data unavailable in the market (unexplored input parameters).

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair Value of Financial Instruments (continued)

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

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

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

37. LEASE RELATED LIABILITIES

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

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

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

38. TAX RISKS

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

39. LITIGATIONS

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

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

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

40. EXCHANGE RATES

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

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

Sojaprotein

Chief Executive Officer
signature
Branislava Pavlovic

SEAL

SOJAPROTEIN A.D., BECEJ

Financial Statements
As of December 31, 2012, and
Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Sojaprotein a.d., Becej

We audited the accompanying financial statements (pages 2 to 42) of the company Sojaprotein a.d., Becej (hereinafter referred to as: the "Company") which include the balance sheet as of December 31, 2012 and the income statement, statement on changes in equity and cash flow statement for the year ended on that date and reviewed significant accounting policies and notes to the financial statements.

Responsibility of the Management for the Financial Statements

Management of the Company is responsible to prepare true and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Serbia, as well as for all internal controls which the Management considers necessary for preparation of the financial statements that are free of any material misstatements due to fraud or error.

Auditor's Responsibility

We are responsible to express our opinion on the accompanying financial statements based on the audit performed. We performed the audit in accordance with International Auditing Standards and the Law on Accounting and Auditing of the Republic of Serbia. These standards require that we comply with ethical standards and plan and perform the audit in the manner to obtain reasonable assurance that the financial statements are free of any substantially significant misstatements.

The audit includes procedures aimed to obtain audit evidence on amounts and disclosures in the financial statements. Procedures selected depend on the Auditor's judgment, including the assessment of risks of substantially significant misstatements as a result of fraud or errors. When assessing these risks, the Auditor considers internal controls relevant for preparation and true and fair presentation of financial statements in order to design the auditing procedures appropriate to the given circumstances, but not for expressing its opinion on the efficiency of the internal controls implemented by the legal entity. Furthermore, the audit includes an evaluation of the appropriateness of accounting policies applied as well as significant estimated made by the Management and assessment of the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate and provide the base for expressing our opinion.

Opinion

In our opinion, the financial statements present, in all substantially significant aspects, a true and fair financial position of the Company as of December 31, 2012 and results of its operations and cash flows in the year ending on that date, in accordance with the accounting regulations of the Republic of Serbia.

Other Issues

Financial Statements of the Company for the year 2011 were audited by another auditor who expressed its unqualified opinion thereon in its report dated April 27, 2012.

Belgrade, this 22nd Day of April of the Year 2013

Signature
Jovan Papic
Statutory Auditor

PLACE OF SEAL
UNY EKI REVIZIJA D.O.O.
BELGRADE

INCOME STATEMENT
For the period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	Note	2012	2011
OPERATING INCOME			
Sales	5	15,091,557	11,669,080
Income from undertaking of output and merchandise		41,501	49,297
(Decrease) / increase of output value on stock	20	(249,379)	354,653
Other operating income	7	61,591	115,476
		14,945,270	12,188,560
OPERATING EXPENSES			
Cost of goods sold		(1,823,015)	(1,801,512)
Material costs	8	(9,732,860)	(7,915,251)
Salaries, salary compensations and fringe benefits	9	(492,693)	(410,847)
Depreciation, amortization costs and provisions	10	(206,562)	(191,408)
Other operating expenses	11	(800,956)	(645,976)
		(13,056,086)	(10,980,994)
OPERATING INCOME		1,889,184	1,207,512
Financial income	12	725,327	748,737
Financial expenses	13	(1,462,865)	(735,778)
Other income	14	359,589	39,487
Other expenses	15	(745,245)	(54,874)
OPERATING INCOME BEFORE TAX		765,990	1,205,084
CORPORATE INCOME TAX:			
- Tax expenses of the period	16a	(53,603)	(62,394)
- Deferred tax (expenses) / income of the period	16a	(23,387)	142
		(76,990)	(62,252)
NET PROFIT		689,000	1,142,832
Base / (diluted) earnings per share (in dinars)	17	46.26	96.94

Notes given on the following pages
constitute and integral part hereto.

These financial statements were approved by the Company Management and, as such, filed with the Business Registers Agency of the Republic of Serbia on February 27, 2013.

Branislava Pavlovic
Director

Dragana Andjelkovic
Head of Accounting Department

BALANCE SHEET
As of December 31, 2012
(in thousands of dinars /RSD/)

	Note	December 31, 2012	December 31, 2011
ASSETS			
Fixed assets			
Intangible assets	18	16,437	13,787
Property, plant and equipment	18	8,055,231	6,781,872
Investment real estates	18	588,698	331,953
Biological assets	18	2,766	3,052
Interests in equity	19	831,179	855,688
Other long-term financial investments		1,186	904
		9,945,497	7,987,256
Working capital			
Inventories	20	5,531,714	4,744,120
Receivables	21	3,877,544	3,776,562
Receivables from overpaid corporate income tax		3,591	-
Short-term financial investments	22	1,784,961	128,804
Cash and cash equivalents	23	128,389	523,815
Value added tax and prepayments and accrued income	24	16,313	133,497
		11,342,512	9,306,798
Total assets		20,838,009	17,294,054
EQUITY AND LIABILITIES			
Equity			
Capital stock	25	6,906,480	6,906,480
Issue premium		875,438	875,438
Mandatory reserves	26	305,055	247,883
Statutory reserves	27	248,267	248,267
Unrealized (losses)/gains from securities		(23,817)	571
Revaluation reserves		2,359,864	1,837,936
Retained profit		1,778,085	1,143,440
		12,449,372	11,260,015
Long-term provisions	28	24,815	49,890
Long-term liabilities			
Long-term loans	29	2,306,316	2,895,503
Other long-term liabilities		-	63
		2,306,316	2,895,566
Short-term liabilities			
Short-term financial liabilities	30	4,498,562	2,345,998
Operating liabilities	31	689,578	521,683
Other short-term liabilities	32	392,802	32,794
Value added tax and other public duties and accruals and deferred income	33	104,905	29,618
Corporate income tax liabilities		-	22,854
		5,685,847	2,952,947
Deferred tax liabilities		371,659	135,636
Total equity and liabilities		20,838,009	17,294,054
Off-balance assets / liabilities	34	10,705,965	10,593,951

Notes given on the following pages
constitute and integral part hereto.

STATEMENT ON CHANGES IN EQUITY
For the Period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	Capital stock	Mandatory reserves	Statutory reserves	Revaluation reserves	Issue premium	Unrealized (losses)/gains from securities	Retained profit	Bought-up own shares	Total
Balance as of January 1, 2011	4,564,674	208,282	248,267	1,839,541	871,831	2,476	2,381,407	(20,412)	10,096,066
Conversion of retained earnings in capital	2,341,806	-	-	-	-	-	(2,341,806)	-	-
Issue premium from sale of own shares	-	-		-	4,309	-	-	-	4,309
Transfer from retained profit	-	39,601	-	-	-	-	(39,601)	-	-
Transfer from deferred tax liabilities	-	-	-	177	-	-	-	-	177
Equipment disposal and decommissioning	-	-	-	(1,782)	-	-	608	-	(1,174)
Sale of own shares	-	-	-	-	(702)	-	-	20,412	19,710
Decreases during the period	-	-	-	-	-	(1,905)	-	-	(1,905)
Net profit of the period	-	-	-	-	-	-	1,142,832	-	1,142,832
Balance as of December 31, 2011	6,906,480	247,883	248,267	1,837,936	875,438	571	1,143,440	-	11,260,015
Balance as of January 1, 2012	6,906,480	247,883	248,267	1,837,936	875,438	571	1,143,440	-	11,260,015
Transfer from retained profit	-	57,172	-		-	-	(57,172)	-	-
Presentation of unrealized losses from interests in equity of legal entities – Novosadski Sajam a.d., Novi Sad and Hotel Bela Ladja a.d., Becej	-	-	-	-	-	(24,389)	-	-	(24,389)
Increase of revaluation reserves on the basis of positive effects of estimates	-	-	-	747,547	-	-	-	-	747,547
Decrease of revaluation reserves on the basis of adverse effects of estimates	-	-	-	(9,653)	-	-	-	-	(9,653)
Cancellation of deferred tax liabilities based on estimates made in previous years	-	-	-	174,024	-	-	-	-	174,024
Decrease of revaluation reserves in based on calculated deferred tax liabilities in 2012 in accordance with IAS 12	-	-	-	(386,660)	-	-	-	-	(386,660)
Decrease of revaluation reserves based on equipment decommissioned	-	-	-	(3,420)	-	-	-	-	(3,420)
Increase of retained profit of the current period based on equipment decommissioned	-	-	-	-	-	-	2,817	-	2,817
Profit in the current period	-	-	-	-	-	-	689,000	-	689,000
Rounding adjustment	-	-	-	-	-	1	-		1
	6,906,480	305,055	248,267	2,359,864	875,438	(23,817)	1,778,085	-	12,449,372

Notes given on the following pages
constitute and integral part hereto.

CASH FLOW STATEMENT
For the Period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	2012	2011
Cash flows from operating activities		
Sales and prepayments received	15,787,653	13,118,111
Interest received from operating activities	311,979	244,050
Other inflows from operating activities	177,995	626,024
Trade payables and prepayments made	(14,365,620)	(13,457,839)
Salaries, salary compensations and fringe benefits	(477,120)	(402,977)
Interest paid	(220,695)	(155,126)
Corporate income tax	(80,048)	(54,906)
Payment of other public duties and levies	(17,844)	(18,261)
Net cash inflow / (outflow) from operating activities	1,116,300	(100,924)
Cash flows from investment activities		
Disposal of property, plant and equipment	1,202	11,070
Acquisition of shares and interests (net inflows)	-	24,019
Acquisition of intangible assets, property and equipment	(850,591)	(1,701,500)
Other financial investments (net outflows)	(1,750,302)	-
Net cash (outflow) from investment activities	(2,599,691)	(1,666,411)
Cash flows from financing activities		
Long-term and short-term loans - net inflow	1,088,564	2,066,773
Financial lease	(717)	(846)
Net cash inflow from financing activities	1,087,847	2,065,927
Net cash (outflow) / inflow	(395,544)	298,592
Cash at the beginning of the period	523,815	221,357
Exchange rate differences from cash translations - net	118	3,866
Cash at the end of the period	128,389	523,815

Notes given on the following pages
constitute and integral part hereto.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

1. 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 the Central and Eastern Europe. The Company was incorporated in 1977 as a work organization for industrial soybean processing in incorporation and its incorporation had been completed in 1985.

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

Core activity of the Company is soybean grain processing, whereby the whole range 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.

Registered office of the Company is located at 1, Industrijska Zona St., Becej. Identification number of the Company's is 08114072. Tax identification number (PIB) of the Company is 100741587.

On the date of the Balance Sheet the Company had 416 employees (December 31, 2011: 394 employees).

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

Pursuant to the Law on Accounting and Auditing ("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 obligated: 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 interpretations which make an integral part of standards in effect on December 31, 2002.

Amendments to IAS and the new IFRS and the 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 in the period from December 31, 2002 to January 1, 2009 and published in the Official Gazette of the Republic of Serbia no. 77 dated October 25, 2010.

But, however, until the date of preparation of the accompanying Financial Statements, all amendments to IAS/IFRS and the Committee's interpretations entering into force for annual periods beginning on January 1, 2009 have not been translated. Furthermore, the accompanying 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 and no. 3 dated January 24, 2011) 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 it deviates from the manner of presentation of certain balance items envisaged thereunder.

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

On the Financial Statements publishing date, amendments and supplements to the standards (IAS and IFRS) listed below were issued by the International Accounting Standards Board and obligatory to be applied in the current period, but, however, they were not officially translated and adopted in the Republic of Serbia. The amendments and supplements relate to the following standards:

- Amendments to IFRS 1 – “First-time Adoption of International Financial Reporting Standards” (in effect for annual periods beginning on or after January 1, 2010);
- Amendments to IFRS 7 – “Financial Instruments: Disclosures” (in effect for annual periods beginning on or after January 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” (first amendments in effect for annual period beginning on July 1, 2009 and the second amendment in effect for the annual period beginning on or after January 1, 2010);
- Amendments to IAS 24 - “Related Party Disclosures” (in effect for annual periods beginning on or after July 1, 2010);
- Amendments to IAS 32 - “Financial Instruments: Presentation” (in effect for annual periods beginning on or after February 1, 2010); and
- Amendments to various IFRSs and IASs (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39) resulting from the Annual Improvements to IFRS Project and should be in effect for annual periods beginning on or after January 1, 2010;
- Supplements to IFRS 1– “First-time Adoption of International Financial Reporting Standards” which shall be in effect for annual periods beginning on or after July 1, 2010 and July 1, 2011;
- Supplements to IAS 24 - “Related Party Disclosures” which shall be in effect for annual periods beginning on or after January 1, 2011;
- Supplements to IAS 32 - “Financial Instruments: Presentation” which shall be in effect for annual periods beginning on or after February 1, 2010;
- Amendments to IFRS 7 – “Financial Instruments: Disclosures” which shall be in effect for annual periods beginning on or after January 1, 2011;
- Supplements to IAS 12 – “Income Taxes” which shall be in effect for annual periods beginning on or after January 1, 2012.

In accordance with the mentioned above and considering a potentially substantially significant effects of deviations of the accounting regulations in the Republic of Serbia from IFRSs and IASs on trueness and fairness of the Company’s financial statements, the accompanying Financial Statements may not be considered as financial statements prepared in accordance with IFRSs and IASs.

The accompanying Financial Statements were prepared in accordance with the historical cost principle, unless noted otherwise in the accounting policies presented below.

When preparing the Financial Statements, the Company applied accounting policies disclosed in Note 3 to the Financial Statements.

Financial Statements of the Company were presented in thousands of dinars. Dinar /RSD/ is the official reporting currency in the Republic of Serbia.

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Income and Expenses

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

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

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

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

Maintenance and repair costs of fixed assets are charged to the income of the accounting period in which they were incurred.

3.2. Translation of Assets and Liabilities Carried 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 currency were translated at the mean exchange rate prevailing at the Interbank Market on the Balance Sheet date.

Exchange rate difference gains and losses occurring in business transactions in foreign currency and at the time of translation of the Balance items carried in foreign currency were credited, i.e. debited in the Income Statement, as exchange rate difference gains, i.e. losses.

3.3. Borrowing Costs

Borrowing costs that may be directly assigned to acquisition, construction or production of assets and qualify and are included in the asset cost until the period when all activities necessary to prepare the asset for the intended use or sale are essentially completed. Qualified assets are assets which mandatory require significant time period to be prepared and ready for their intended use.

Investment income realized on the basis of temporary investment in borrowed assets is deducted from incurred borrowing costs earmarked for financing of the qualified assets.

All other borrowing costs are recognized in the Income Statements of the period they relate to.

3.4. 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 withheld 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.

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4. Employee Benefits

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 retirement for execution the right on pension equal to three average wages paid in the Republic of Serbia, in accordance 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 earned in the Company in a month preceding the month in which the jubilee award is to be paid.

3.5. Taxes and Contributions

3.5.1 Corporate Income Tax

a) Current Corporate Income Tax

Current corporate income tax represents an amount calculated applying the prescribed 10% tax rate on the tax base as determined in the Tax Balance which is the corporate income before tax less effects of income and expenses matching, in accordance with the governing tax regulations of the Republic of Serbia, reduced by the prescribed tax credits. In accordance with the amended tax regulations, 15% corporate income tax rate should be applied after January 1, 2013.

The Law on Corporate Income Tax of the Republic of Serbia does not envisage a possibility of use the tax losses in the current period as the base for recovery of the tax paid in previous periods. However, losses presented in tax balances up to the year 2009 may be used to reduce a tax base of future accounting periods within the next ten years from the date of exercising the right; losses presented in the tax balance for 2010 and on may be used for reduction of the tax base of accounting periods, provided that time period is limited up to five years.

b) Deferred Corporate Income Tax

Deferred corporate income tax was calculated by applying the Liability Method to Balance Sheet items related to temporary differences arising from a difference between the tax base of assets and liabilities presented in the Balance Sheet and their respective book values. Tax rates prevailing on the Balance Sheet date were used for determining the accrued 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 of the loss carried forward and tax credits that may be carried forward on the Tax Balance up the probable amount of taxable corporate income to be used for deferred tax assets.

Deferred tax is 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 is also included in the equity.

3.5.2. Taxes and Contributions Irrespective of the Results Achieved

Taxes and contributions irrespective of the results achieved include the property tax and other taxes and contributions to be paid in accordance with various Republic and municipal regulations. Other taxes and contributions were recognized as expense of the period in which they occurred.

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6. Property, Investment Property, Plant and Equipment

Initial measuring of property, plant and equipment fulfilling requirements for recognition as an asset is made at its acquisition price or cost. Additional expenses for property, plant and equipment are 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) are carried at their revaluated value which shows their fair value on the date of revaluation reduced for adjustments made with respect to their depreciation and total adjustments resulting from their impairment.

Fair value of a 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 are carried at their acquisition price or cost reduced for the amount of total accrued depreciation and amount of total losses resulting from their impairment.
Gains or losses resulting from decommissioning or disposal are recognized as income or expense in the Income Statement.

3.6.1 Depreciation

Depreciation of property, plant and equipment is calculated 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	20-33%
Other equipment	1.5-50%

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

3.6.2 Investment property

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

3.6.3 Intangible Assets

Intangible assets are purchased software and trade mark and they are carried at cost reduced by amortization. Intangible assets are written-off applying the straight-line method within the time period from two to eight years.

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8. Long-term Financial Investments

Long-term financial investments include interest in equity of related legal entities, commercial banks and other legal entities and they are carried at cost reduced for impairment based on the Management's estimates which reflect their recoverable value. In addition, the long-term financial investments also include long-term loans granted to farmers. These loans are carried at their nominal values.

3.9. Impairment

On each balance sheet date the Company reviews book values of its tangible property in order to establish if there are any indications of their impairment. If any such indication is observed the recoverable value is estimated to determine any potential losses due to impairment. If the recoverable value of an individual asset may not be estimated, the Company assesses a recoverable amount of the cash generating unit whereto the asset belongs.

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 applying a discount rate before tax which reflects the current market estimate of the time value of money and risks specific to the asset.

If the estimated recoverable value of an asset (or the cash generating unit) is lower than its book value then its book value (or of 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 and carried at their revaluated value – in this case the impairment loss is presented as reduced value resulting from the asset revaluation.

In case of subsequent reversal of impairment losses, the book value of the asset (cash generating unit) shall be increased 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 on the asset (cash generating unit) was recognized 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 due to revaluation.

3.10. Lease

The lease is classified as a financial lease in all cases when all risks and benefits deriving from the ownership on the asset are transferred to the customer to highest degree possible under the lease agreement. All other leases are classified as operating leases.

Company as a Lessor

Income from operating lease (rents) is recognized applying the straight-line method during the lease term. Indirect costs incurred during negotiations and contracting the operating lease are added to the asset's book and recognized on a pro rata basis during the lease period.

Company as a Lessee

Assets held under the contracts on financial lease are originally recognized as the Company assets at the present value of minimum lease installment defined at the beginning of the lease term. A corresponding liability to the Lessor is included in the Balance Sheet as a financial lease liability.

Payment of lease installments is allocated between financial costs and reduced lease liabilities with the aim to achieve a constant participation rate of the outstanding lease liability. Financial expenses are immediately recognized in the Income Statement, unless they may be directly assigned to preparation of the asset for use in which case they are capitalized in accordance with the general lease cost policy of the Company (Note 3.3).

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10. Lease (continued)

Company as Lessee (continued)
Installments of an operating lease are recognized as cost on a pro rata basis during the lease term, unless some other systemic base exists which would better reflect the time template of economic benefits consumption of the leased asset.

In case of a lease relief granting, it is included in the operating lease and recognized as a liability. Total relief benefit is recognized as reduction of the lease costs on a pro rata basis, unless some other systemic basis exists which better reflects the time structure of economic benefits consumption of the leased asset.

3.11. 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 environment after its reduction for the sale costs.

Value of material and spare parts on stock is determined applying the average cost method. Cost includes invoiced value of the supplier, transport and ancillary purchase 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 a 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 difference, calculated on an average base, between the cost of goods sold and inventories at the end of the year.

Debiting of inventory adjustments to 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 standards are written-off.

3.12. Financial Instruments

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

Financial assets cease to be recognized when the Company defeats control over the instrument's contracted rights; this happens when the utilization rights of the instrument are exercised, expired, waived or assigned. A financial liability ceases to be recognized when the liability defined by a contract is fulfilled, cancelled or expired.

a) Interests in Equity

Interests in equity of banks and other legal entities listed at an exchange stock 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 interests in equity of related legal entities, commercial banks and other legal entities listed at an exchange are carried at the cost method reduced for impairment based on estimates of the Management's 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 as assessed by the Management.

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12. Financial Instruments (continued)

c) Cash and Cash Equivalents

Cash and Cash Equivalents item in financial statements of the Company presents 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 by 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.

3.13. Related Parties Disclosures

For the purpose of these financial statements, legal entities are treated as related parties if one legal entity may control the other or has significant influence on financial and business decisions of the other entity, in accordance with provisions of IAS 24 – 'Related Party Disclosures'.

In terms of the standard mentioned above, the Company considers all companies which are members of the Victoria Group as related legal entities, as well as related parties of the Victoria Group and legal entities in which it has interests in equity.

The Company renders its services to related legal entities and in the same time it uses their services. Relations between the Company and related legal entities are regulated by the contract.

Related legal entities may enter transactions which unrelated legal entities would not perform and transactions with related legal entities may be performed under different terms and conditions and amounts as compared to the same transactions entered with unrelated legal entities.

Corporate service costs are corporate services provided by the Parent Company. Fee for the corporate services provided is determined at the level of operating expenses of the Parent Company reduced by provisions costs and increased by 5% margin. The margin is determined in accordance with the corporative analysis presented in the Transfer Price Study. Costs allocation principle of the Parent Company is determined either by direct or indirect allocation of costs, i.e. by costs assignment to actual services. Indirect costs allocation is made pro rata to participation of the Service User in the Group's income corrected by the amount of operating income of related legal entities not registered in the Republic of Serbia.

4. OVERVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

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

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 they are used to make material correction of the balance sheet item amounts in the next financial year.

4. OVERVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES (continued)

4.1. Depreciation and Amortization and Depreciation and Amortization Rates

Depreciation and amortization calculation and depreciation and amortization rates are based on the projected economic useful life of equipment and intangible assets. The Company estimates the economic useful life on the basis of current predictions once a year.

4.2 Provisions for Litigations

In general, provisions depend on assesments to a significant degree. Company assesses a probability of undesired events occurrence resulting from some previous events and estimates amounts required for settlement of liabilities. Although the Company observes the precautionary principle at the time of assessment, in certain cases actual results may differ from the estimates made due to high uncertainty.

4.3 Adjustments of Receivables and Short-term Investments

The Company makes impairment of bad trade receivables and other debts based on estimated losses to be incurred 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 legal entities which, based on estimates and former experience, should allow collectability of receivables in full.

4.4 Fair Value

Business policy of the Company is to disclose information on fair value of assets and liabilities for which official market information is available 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 organized 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.

5. INCOME FROM SALES

	In thousands of dinars /RSD/	
	Year ended as of December 31,	
	2012	2011
Income from sale of goods:	1,769,240	640,453
- Related legal entities (Note 35)	111,059	1,193,856
- Other legal entities in the country	1,880,299	1,834,309
Income from sale of products and services:		
- Related legal entities (Note 35)	1,852,467	1,001,923
- Other legal entities in the country	4,922,281	4,281,044
- Other legal entities abroad	6,436,510	4,551,804
	13,211,258	9,834,771
	15,091,557	11,669,080

6. BUSINESS AND MARKET SEGMENTATION

Products and Services within the Business Segments

The Company is organized in five Business Segments for the management purposes. These segments are the base for the Company's reporting on its primary information on segments. Key products and services within each of these segments are as follows:

Income from Sales by Business Segments

In thousands of dinars /RSD/

	Year ended as of December 31,	
	2012	**2011**
Production sites:		
Crude oil	4,214,524	3,514,717
Meal	4,862,023	3,790,963
Other	3,929,387	2,441,969
Merchandise	1,880,299	1,834,309
Services	205,324	87,122
	15,091,557	11,669,080

Result by Business Segments

In thousands of dinars /RSD/

	Year ended as of December 31,	
	2012	**2011**
Production sites:		
Crude oil	255,080	546,592
Meal	34,279	86,284
Other	389,596	419,805
Merchandise	13,372	5,968
Services	73,663	146,435
Income before tax	765,990	1,205,084
Tax expenses of the period	(53,603)	(62,394)
Deferred tax expenses of the period	(23,387)	142
Net profit	689,000	1,142,832

Other Information by Segments

	Acquisition of fixed assets and intangible assets		Depreciation and Amortization costs	
	2012	**2011**	**2012**	**2011**
Production sites:				
Crude oil	38,192	56,210	65,894	66,706
Meal	45,192	20,100	76,018	71,949
Other	641,384	127,899	61,436	46,345
Services	38,191	482	3,214	1,654
	762,959	204,691	206,562	186,654

6. BUSINESS AND MARKET SEGMENTATION (continued)

Income from Sale of Products, Goods and Services to Foreign Markets by Geographic Areas

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Bulgaria	1,568,578	944,348
Romania	209,196	148,362
Bosnia & Herzegovina	85,590	34,462
Poland	299,790	181,012
Czech Republic	58,130	44,661
Republic of Slovakia	42,134	37,431
Macedonia	63,641	91,994
France	206,439	110,246
Croatia	22,856	16,848
Italy	176,430	347,962
Germany	192,343	58,585
Moldova	12,350	14,115
Hungary	138,439	316,499
Spain	151,469	60,234
Slovenia	781,781	608,406
Greece	157,456	87,825
Israel	41,729	29,595
Portugal	19,046	16,382
Austria	17,665	18,411
Switzerland	229,896	574,879
Russia	330,933	219,642
Turkey	131,217	156,301
The Netherlands	1,151,398	-
United Kingdom	136,930	-
Others	211,074	433,604
Total	6,436,510	4,551,804

7. OTHER OPERATING INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Income from subsidies and incentives	2,335	60,577
Lease	57,526	54,674
Other operating income	1,730	225
	61,591	115,476

8. MATERIAL COSTS

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Material used for production	9,168,474	7,421,016
Other material	66,059	177,583
Electric power	157,220	126,454
Gas	130,126	102,309
Fuel and lubricants	14,829	83,679
Biomass consumption	191,899	-
Other fuel and energy	4,253	4,210
	9,732,860	7,915,251

9. SALARIES, SALARY COMPENSATIONS AND FRINGE BENEFITS

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Gross salaries	373,488	312,492
Contributions charged to the employer	66,013	55,779
Fees under author's contract	4,752	3,579
Fees to members of the BoD and SB	1,039	1,084
Business trip costs reimbursement to employees	12,063	9,792
Reimbursement of costs for coming to and going from work to employees	18,789	14,629
Scholarships	2,809	4,922
Redundancy pay and jubilee awards	6,678	2,034
Other personal benefits and allowances	7,062	6,536
TOTAL	**492,693**	**410,847**

10. COSTS OF DEPRECIATION AND AMORTIZATION AND PROVISIONS

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Depreciation and amortization (Note 18)	206,562	186,654
Long-term provisions	-	4,754
	206,562	191,408

11. OTHER OPERATING EXPENSES

In thousands of dinars /RSD/

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

12. FINANCIAL INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Financial income – related legal entities (Note 35)	454	218
Exchange rate difference – gains	586,713	578,701
Gains from the currency clause effects	28,553	4,125
Interest:		
- Related legal entities (Note 35)	67,933	158,317
- Other legal entities in the country	38,290	7,079
Other financial income	3,384	297
	725,327	748,737

13. FINANCIAL EXPENSES

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Exchange rate difference – losses	979,573	592,931
Interest	482,387	135,141
Losses from the currency clause effects	905	7,703
Other financial expenses	-	3
	1,462,865	735,778

Interest expenses amounted to 482,387 thousand dinars and mainly – 346,855 thousand dinars – related to the interest on loans refinanced to the Paris Club of creditors.

14. OTHER INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Gains from disposal of intangible assets, property, plant and equipment	1,040	228
Gains from disposal of material	8,522	3,957
Surpluses	4,852	8,293
Damage compensations from insurance companies	2,412	7,455
Proceeds from cancellation of long-term provisions	25,075	12,087
Gains from matching the value of property, plant and equipment with the estimates made	295,728	-
Proceeds from matching of receivable values	13,541	6,488
Other income	8,419	979
	359,589	39,487

15. OTHER EXPENSES

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Losses from decommissioning and disposal of intangible assets, property, plant and equipment	1,901	1,858
Losses from disposal of material	7,483	3,787
Shortfalls	20,479	496
Direct write-offs of receivables	21,970	145
Write-offs of granted housing credits	1,499	-
Impairment of biological assets	2,242	-
Impairment of property, plant and equipment based on estimates	142,702	-
Impairment of long-term financial investments	120	-
Impairment of material and goods on stock	129,912	-
Impairment of receivables and short-term financial investments	405,884	33,699
Other expenses	10,693	14,889
	745,245	54,874

16. CORPORATE INCOME TAX

a) Corporate Income Tax Elements

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Tax expenses of the period	53,063	62,394
Deferred tax expenses/(income) of the period	23,387	(142)
	76,900	62,252

b) Matching of Corporate Income Tax Presented in the Income Statement and Product of Profit Before Tax and the Prescribed Tax Rate

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Profit before tax	765,990	1,205,084
Corporate income tax calculated at 10% rate	76,599	120,508
Tax effects of expenses not recognized in the Tax Balance	30,607	4,208
Tax credit based on investment in fixed assets realized in the current year	(53,603)	(62,394)
Total tax expenses of the period	53,603	62,394
Deferred tax expenses/(income) of the period	23,387	(142)
	76,990	62,252
Effective tax rate	10.05%	5.17%

c) Deferred Tax Liabilities

As of December 31, 2012 deferred tax liabilities amounting to 371,659 thousand dinars related to the temporary deference at which property, plant, equipment and intangible assets were recognized in the tax balance and their value presented in financial statements.

Movements on the account 'Deferred Tax Liabilities' in 2012 and 2011, respectively, are presented in table below (in thousands of dinars)

	2012	2011
Balance as of January 1	135,636	135,955
Cancellation of deferred tax liabilities in favor of revaluation reserves based on the disposal of equipment	-	(177)
Increase of deferred tax liabilities in favor of revaluation reserves based on the estimate of fixed assets value	212,636	-
Deferred tax expenses / (income) of the period	23,387	(142)
Balance as of December 31	371,659	135,636

d) Realized, Unused and Unrecognized Tax Credit

In thousands of dinars /RSD/

Year of occurrence	Year of expiry	Tax credit carried forward	Unused tax credit	Remaining balance of tax credit carried forward
2003	2013	10,832	10,832	-
2004	2014	14,048	14,048	-
2005	2015	19,046	4,763	14,283
2006	2016	21,860	-	37,203
2007	2017	37,203	-	24,594
2008	2018	24,594	-	24,594
2009	2019	29,815	-	29,815
2010	2020	86,268	43,134	43,134
2011	2021	492,925	62,394	430,531
2012	2022	136,931	53,603	80,054
		872,982	188,774	684,208

17. EARNINGS PER SHARE

In thousands of dinars /RSD/

	Year ended as of December 31, 2012	2011
Net profit	689,000	1,142,832
Average weighted number of shares	14,895,224	11,788,513
Base / (diluted) earnings per share (in dinars)	46.26	96.94

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

	Land	Building facilities	Equipment	Fixed assets under construction	Prepayments for fixed assets	Total	Biological assets	Investment property	Intangible assets
Cost value									
Balance as of January 1, 2012	67,826	1,878,679	2,345,057	2,954,314	462,435	7,708,311	6,343	331,953	28,993
Acquisitions in the course of the year	-	-	-	867,181	-	867,181	-	-	5,575
Interest capitalized	-	-	-	86,724		86,724	-	-	-
Transfers from fixed assets under construction	43,149	458,528	258,227	(759,904)	-	-	-	-	-
Prepayments for fixed assets	-	-	-	-	486,947	486,947	-	-	-
Closing of prepayments for fixed assets	-	-	-	-	(593,843)	(593,843)	-	-	-
Transfers to investment property	-	(31,622)	(80)	-	-	(31,702)	-	27,144	-
Expenses	-	(48)	(24,973)	-	-	(25,021)	-	(38)	(601)
Disposal	-	-	(3,901)	-	-	(3,901)	-	-	-
Other transfers	-	-	-	90	-	90	-	(179)	-
Estimate effects - net	135,762	348,688	174,586	-	-	659,036	-	229,818	-
Equation to present value after evaluation	-	(279,067)	(819,524)	-	-	(1,098,591)	-	-	-
Balance as of December 31, 2012	246,737	2,375,158	1,929,392	3,148,405	355,539	8,055,231	6,343	588,698	31,149
Adjustments									
Balance as of January 1, 2012	-	234,839	691,600	-	-	926,439	3,291	-	15,206
Depreciation and amortization	-	48,753	154,416	-	-	203,169	286	-	3,107
Transfers to investment property	-	(4,487)	(71)	-	-	(4,558)	-	-	-
Expenses	-	(38)	(22,520)	-	-	(22,558)	-	-	(601)
Disposal	-	-	(3,901)	-	-	(3,901)	-	-	-
Equation to present value after evaluation	-	(279,067)	(819,524)	-	-	(1,098,591)	-	-	-
Balance as of December 31, 2012	-	-	-	-	-	-	3,577	-	17,712
Present value as of:									
December 31, 2012	246,737	2,375,158	1,929,392	3,148,405	355,539	8,055,231	2,766	588,698	16,437
January 1, 2012	67,826	1,878,679	2,345,057	2,954,314	462,435	7,708,311	6,343	331,953	28,993

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

As of December 31, 2012, the present value of mortgaged building facilities and land amounted to 2,222,461 thousand of dinars.

As of December 31, 2012 the present value of equipment amounted to 1,488,127 thousand dinars.

Fixed assets under construction were presented in total amount of 3,148,405 thousand dinars on December 31, 2012 and mainly related to investments in facilities and equipment of the Concentrates Plant with capacity of 70,000 tons. Estimated value of investment in the Concentrates Plant is EUR 26,2 million.

Land, building facilities and equipment of the Company were assessed by independent appraiser on December 31, 2012 in accordance with the international appraisal standards.

19. INTERESTS IN EQUITY

In thousands of dinars /RSD/

	Interests in %	**December 31, 2012**	**December 31, 2011**
Interests in equity of subsidiaries			
ZAO Vobeks – Intersoja, Russia	85.00%	1,112	1,112
Veterinarski Zavod Subotica a.d.	59.17%	783,617	783,617
		784,729	784,729
Interests in equity of related parties			
Hotel Bela Ladja a.d., Becej	31.83%	43,438	64,627
Interests in equity of banks		-	120
Novosadski Sajam a.d., Novi Sad		1,181	4,381
Interests in equity of other legal entities		1,831	1,831
		3,012	6,332
		831,179	855,688

20. INVENTORIES

In thousands of dinars /RSD/

	December 31, 2012	**December 31, 2011**
Material	3.803.535	2.140.423
Spare parts	24.623	140.999
Tools and consumables	46.068	43.201
Finished goods	422.324	678.331
Production in progress	76.025	69.397
Prepayments made	1.055.046	1.684.789
Merchandise	125.609	5.912
	5.553.230	4.763.052
Minus: Adjustments on inventories	(21.516)	(18.932)
	5.531.714	4.744.120

21. RECEIVABLES

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Trade receivables:		
- Related legal entities (Note 35)	1,745,496	2,235,680
- In the country	1,437,484	807,069
- Abroad	1,039,210	737,580
Receivables from specific transactions	59,335	4,626
Receivables from interest:		
- Related legal entities (Note 35)	3,169	118,845
- Others	15,150	4,587
Receivables from government bodies and organizations	32	3,280
Other overpaid taxes and contributions	4	182
Other receivables	24,445	13,599
	4,324,325	3,948,448
Adjustments:		
- Trade receivables in the country and abroad	(376,421)	(170,152)
- Receivables from specific transactions	(56,242)	(1,734)
- Other receivables	(14,118)	-
	(446,781)	(171,886)
	3,877,544	3,776,562

22. SHORT-TERM FINANCIAL INVESTMENTS

In thousands of dinars /RSD/

	December 31, 2012	December 31, 2011
Short-term borrowings to related legal entities		
- Victoria Group a.d., Beograd	1,474,862	-
Short-term loans - domestic	166,416	116,787
Credits for winter food stores	11,613	10,952
Portion of housing credits to employees due up to 1 year	732	1,065
Time cash deposits	229,133	-
Adjustments of short-term financial investments	(97,795)	-
	1,784,961	128,804

Short-term borrowings to the related legal entity Victoria Group a.d., Beograd amounted to 1,474,862 thousand dinars as of December 31, 2012 and they were approved under several loan contracts entered in 2012 for securing the current liquidity and with repayment term up to December 31, 2013 and at 11.75% annual interest rate.

Time cash deposits amounted to 229,133 thousand dinars as of December 31, 2012 and related to time cash assets up to January 11, 2013 at interest rate ranging between 4.17% and 5.25% on annual basis.

23. CASH AND CASH EQUIVALENTS

In thousands of dinars /RSD/

	December 31, 2012	December 31, 2011
Current account		
- in dinars /RSD/	22,342	212,733
- in foreign currency	102,773	307,808
Cash allocated for payments and letters of credit	19	19
Other cash assets	3,255	3,255
	128,389	523,815

24. VALUE ADDED TAX AND PREPAYMENTS AND ACCRUED INCOME

In thousands of dinars /RSD/

	December 31, 2012	December 31, 2011
Prepaid expenses up to one year	12,075	6,132
Value added tax paid in advance	-	124,100
Accrued value added tax	3,487	2,706
Other prepayments and accrued income	751	559
	16,313	133,497

25. CAPITAL STOCK

Issue of 10th shares issue based on distribution of retained profit in capital stock was made in accordance with the Decision of the Company Meeting dated June 30, 2011 and Decision No. 4/0-24-2926/5-11 dated July 14, 2011 of the Securities Committee. 5,050,680 shares with voting rights, no par value and individual book value equal to 463.661404 dinars were issued in total value of 2,341,806 thousand dinars. The shares of 10th issue were entered in the database of the Central Securities Depository and Clearing House on August 9, 2011.

Capital stock of the Company amounts to 6,906,480 thousand dinars after its increase as mentioned above and it is divided in 14,895,524 shares with no par value.

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

In thousands of dinars /RSD/

	December 31, 2012			December 31, 2011		
Stakeholders	Stakes in %	Number of shares	Value of capital	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
Mitrovic Zoran	6.07 %	904,675	419,463	-	-	-
Babovic Milija	6.02 %	897,835	416,291	-	-	-
Raiffeisen Banka AD – Custody account	5.89 %	876,626	406,458	-	-	-
Raiffeisenbank AD Beograd – C. Acc.	2.77 %	413,325	191,643	-	-	-
Raiffeisenbank AD Beograd – C. Acc.	1.62 %	241,082	111,780	2.99 %	445,149	206,398
Societe Generale Banka Srbija – Custody account	1.50 %	223,859	103,795	1.32%	196,131	90,938
S Gustaviadavegardh Fonder Aktie	1.13 %	168,137	77,959	-	-	-
Unicredit Bank Srbija AD – C. Acc.	1.10 %	163,135	75,639	1.37%	203,521	94,365
Polunin Discovery Funds	0.57 %	85,500	39,643	-	-	-
East capital asset management	-	-	-	2.15%	320,943	148,809
Erste Bank a.d., Novi Sad	-	-	-	1.53%	228,192	105,804
Gustavus Cap.Asset Mngt.	-	-	-	1.13%	168,137	77,959
Hypo Alpe Adria Bank a.d., Beograd	-	-	-	0.85%	126,825	58,804
DDOR A.D.O., Novi Sad	-	-	-	0.71%	105,139	48,749
NLB Banka a.d., Beograd	-	-	-	0.67%	99,688	46,221
Other legal entities and natural persons	22.39 %	3,333,847	1,545,777	24.34%	3,626,834	1,681,924
	100.00 %	14,895,524	6,906,480	100.00%	14,895,524	6,906,480
Acquired shares	-	23,466	-	-	23,466	-
Share capital	100.00 %	14,872,058	6,906,480	100.00%	14,872,058	6,906,480

25. CAPITAL STOCK (continued)

On the regular Company Meeting the Decision on disposal of 45,741 own shares, i.e. 0.46% of the total number of shares was passed. On the already acquired 45,741 own shares the Company also acquired 23,466 shares from the 10th issue based on its participation in increase of the capital stock and assets of the Company. Own shares are sold though an offer to all shareholders on a pro rata principle.

26. MANDATORY RESERVES

As of December 31, 2012 mandatory reserves of the Company amounted to 305,055 thousand dinars and they represent allocations from retained profit in accordance with the former Company Law whereby the Company has been obligated to allocate minimum 5% of net profit realized in a business year to the account of mandatory reserves until they reach 10% of the capital stock of the Company.

27. STATUTORY RESERVES

As of December 31, 2012, statutory reserves of the Company amounted to 248,267 thousand dinars. The Company makes allocations in statutory reserves in accordance with its Articles of Association, when distributing net profit of a business year. Company freely avails of statutory reserves and their use is not specifically defined in the current enactments of the Company.

28. LONG-TERM PROVISIONS

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
Provisions for redundancy pay	15,642	23,399
Provisions for jubilee awards	9,173	26,491
	24,815	49,890

Assumptions used by the Actuary's estimates were as follows:

	2012	**2011**
Nominal discount rate	7.11%	9.75%
Expected nominal rate of salary growth	6.20%	12%

Movement in long-term provisions in 2012 and 2011, respectively, were as follows:

In thousands of dinars /RSD/

	2012	**2011**
Balance as of January 1	49,890	45,136
Provisions in the course of the year	-	4,754
Cancellation of provisions in the course of the year	(25,075)	-
Balance as of December 31	24,815	49,890

29. LONG-TERM LOANS

	Amount in Euros	In thousands of dinars /RSD/ Dec. 31, 2012	Dec. 31, 2011
Long-term loans - domestic			
UniCredit Bank Srbija a.d., Beograd	15,965,430	1,815,562	1,562,157
Eurobank EFG a.d., Beograd	1,600,000	181,949	-
Societe Generale Banka Srbija a.d., Beograd	11,000,000	1,250,901	-
Banca Intesa a.d., Beograd	3,000,000	341,155	-
Banca Intesa a.d., Beograd	1,166,667	132,672	-
Banca Intesa a.d., Beograd	1,333,333	151,624	-
Eurobank EFG a.d., Beograd	-	400,000	-
		4,273,863	1,562,157
Long-term loans - abroad			
Vojvodjanska Banka a.d., Novi Sad	10,756,277	1,223,185	1,125,546
European Bank for Reconstruction and Development	1,0000,000	113,718	313,923
European Bank for Reconstruction and Development	2,500,000	284,296	336,346
		1,621,199	1,775,815
Current maturity		(3,588,746)	(442,469)
		2,306,316	2,895,503

Long-term loans in the country were granted for construction of the Concentrates Plant, financing non-current working capital and export deals financing. Grace periods granted are from three to six months; interest rate is equal to one-month and three-month EURIBOR increased by the percentage point ranging from 2.40% to 4.25% p.a.

Mortgage on real estates and movables, pledge on finished products and raw materials as well as blank promissory notes represent surety instruments for these loans.

Liabilities based on refinanced loans to the Paris Club of creditor amounting to 1,223,185 thousand dinars (EUR 10,756,277) represent the relevant principal of this debt which the Company presented in its financial statements on the basis of calculation delivered by Vojvodjanska Banka a.d., Novi Sad on March 22, 2002.

Negotiation between the Government of the Republic of Serbia and the Paris Club of creditors held in December 2001 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. The Law on 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 Paris Club of creditors and London Club of creditors 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 obligated to repay loans granted by the Paris Club of creditors to local banks under terms and conditions not less favorable than those defined under the agreement made with foreign creditors.

On the basis of liabilities under the refinanced loans of the Paris Club creditor, in the dispute against Vojvodjanska Banka a.d., Novi Sad, the second instance award in favor of the plaintiff was passed and, currently, the proceedings are pending before the Supreme Court of Appeals. According to the Rule of the Commercial Court in Novi Sad, the Company is obligated to pay to Vojvodjanska Banka a.d., Novi Sad the amount of EUR 10,756,277 for the debt principal increased by the accrued interest in the period from March 22, 2002 until the payment date (Note 41).

29. LONG-TERM LOANS (continued)

In accordance with the Loan Agreement entered with the European Bank for Reconstruction and Development and in compliance with requirements referred to under clause 5.10 “Financial Relations (Ratios)”, the Company is obligated to maintain, in accordance with the Financial Statements presented in full compliance with 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 in cash from the affiliate or a joint venture and income resulting from any other investments in fixed assets;
   - All gains and losses directly resulting from sales or discontinued operations or disposal of fixed assets;
   - All direct costs of any fundamental reorganization or restructuring having material effects to the nature and focus of the Company operations;
   - All investment amounts written-off;
   - Realized and unrealized exchange rate gains and losses which do not relate to regular operations.

2. Interest expense means all interest and costs incurred with respect to the financial debt of the Company if the interest, costs and expenses shall be charged in the income statement of the entity.

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

4. Minimum own capital must not be below EUR 15,000,000.

Maturity of long-term loans is presented in table below:

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
- Up to 1 year	3,588,746	442,469
- From 1 to 2 years	597,746	474,903
- From 2 to 3 years	999,064	370,262
- From 3 to 4 years	422,836	370,262
- From 4 to 5 years	286,670	332,890
- Over 5 years	-	1,347,186
	5,895,062	3,337,972

30. SHORT-TERM FINANCIAL LIABILITIES

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
Current maturities:		
- long-term loans	3,588,746	442,469
- other long-term liabilities	68	717
Short-term loans - domestic	909,747	1,902,812
Other	1	-
	4,498,562	2,345,998

30. SHORT-TERM FINANCIAL LIABILITIES (continued)

Short-term Loans – Domestic

			In thousands of dinars /RSD/
Creditor:	**Maturity**	**Amount in EUR**	**December 31, 2012**
Credit Agricole Srbija a.d., Novi Sad	June 20, 2013	5,000,000	568,592
Societe Generale Banka Srbija a.d., Beograd	Oct. 12, 2013	3,000,000	341,155
			909,747

Short-term loans – domestic, were granted for financing non-current working capital at interest rate equal to one-month EURIBOR increase by the percentage point ranging from 3.90% to 4.30%.

Pledge on finished products and raw materials, liens and blank promissory notes are surety instruments for these loans.

31. OPERATING LIABILITIES

		In thousands of dinars /RSD/
	December 31, 2012	**December 31,2011**
Liabilities based on received prepayments	26,376	65,479
Trade payables:		
- Parent and subsidiaries (note 35)	29,453	-
- Other related parties (note 35)	245,484	40,740
- Domestic suppliers	286,109	157,256
- Foreign suppliers	46,174	156,505
- Other operating liabilities	55,982	101,703
	689,578	521,683

32. OTHER SHORT-TERM LIABILITIES

		In thousands of dinars /RSD/
	December 31, 2012	**December 31,2011**
Net salaries and salary compensations	12,610	9,879
Taxes and contributions on salaries	7,857	6,222
Interest on refinanced loans from the Paris Club of cred.	346,855	-
Other Interest and financing costs	21,895	13,300
Dividends	3,017	3,017
Fees to natural persons engaged under contract	188	220
Refundable net salaries	217	65
Taxes and contributions on refundable salaries	81	18
Benefits to members of BoD and SB	30	60
Other liabilities	52	13
	392,802	32,794

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

	In thousands of dinars /RSD/	
	December 31, 2012	December 31,2011
Value added tax	85,072	-
Taxes, custom duties and other levies	119	168
Calculated income of the future period	256	327
Deferred value added tax liabilities	4,181	561
Other accruals and deferred income	15,277	28,562
	104,905	29,618

34. OFF-BALANCE ASSETS / LIABILITIES

	In thousands of dinars /RSD/	
	December 31, 2012	December 31,2011
Assets of other parties	117,236	455,717
Finished products on processing	6,423	236,330
Prepayments and guarantees made:		
- Related legal entities	10,279,318	7,817,910
- Other legal entities	302,988	2,083,994
	10,705,965	10,593,951

35. TRANSACTIONS WITH RELATED LEGAL ENTITIES

a) Income and expenses from transactions with related legal entities are presented in the below given overview:

In thousands of dinars /RSD/

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

35. TRANSACTIONS WITH RELATED LEGAL ENTITIES (continued)

a) Income and expenses from transactions with related legal entities are presented in the below given overview:

In thousands of dinars /RSD/

	2012	**2011**
Expenses		
Cost of goods sold		
Victoriaoil a.d., Sid	229,774	1,111,924
Veterinarski Zavod Subotica a.d., Subotica	256	500
Victoria Logistic d.o.o., Novi Sad	1,545,458	75,003
	1,775,488	1,187,427
Material costs		
Victoriaoil a.d., Sid	184,604	31,920
Victoria Logistic d.o.o., Novi Sad	6,625,934	2,611,591
Victoria Starch d.o.o., Zrenjanin	989	-
Veterinarski Zavod Subotica a.d., Subotica	9,156	-
	6,820,683	2,643,511
Other operating expenses		
SP Laboratorija a.d., Becej	66,287	80,341
Victoria Group a.d., Beograd	162,121	118,148
Victoria Logistic d.o.o., Novi Sad	70,731	28,848
Veterinarski Zavod Subotica a.d., Subotica	-	3,958
Sinteza Invest Group a.d., Beograd	-	19
Hotel Bela Ladja a.d., Becej	58	-
Victoriaoil a.d., Sid	16,587	-
	315,784	231,314
Other expenses		
Victoria Logistic d.o.o., Novi Sad	205	-
Veterinarski Zavod Subotica a.d., Subotica	449	-
	654	-
Total expenses	8,912,609	4,062,252
Net expenses	(5,168,123)	(2,208,823)

35. TRANSACTIONS WITH RELATED LEGAL ENTITIES (continued)

b) Receivable and liability balances from transactions with related legal entities are presented in table below:

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
Prepayments made		
Victoria Logistic d.o.o., Novi Sad	939,790	1,626,857
Receivables		
Trade receivables (note 21)		
Victoriaoil a.d., Sid	633,656	209,449
Fertil d.o.o., Backa Palanka	-	1,070
Victoria Logistic d.o.o., Novi Sad	436,845	1,860,967
Veterinarski Zavod Subotica a.d., Subotica	674,995	164,194
	1,745,496	2,235,680
Receivables from interest (note 21)		
Victoria Group a.d., Beograd	-	118,410
Sinteza Invest Group a.d., Beograd	3,156	435
Victoriaoil a.d., Sid	13	-
	3,169	118,845
Short-term financial investments		
Victoria Group a.d., Beograd	1,475,862	-
Sinteza Invest Group a.d., Beograd	26,100	-
	1,501,962	-
Total receivables	4,190,417	3,981,382
Liabilities		
Trade payables (note 31)		
Victoria Group a.d., Beograd	29,453	-
SP Laboratorija a.d., Becej	40,299	40,720
Victoria Logistic d.o.o., Novi Sad	204,683	20
Sinteza Invest Group a.d., Beograd	485	-
Hotel Bela Ladja a.d., Becej	17	-
	274,937	40,740
Other operating liabilities		
SP Laboratorija a.d., Becej	2,334	4,951
Victoria Logistic d.o.o., Novi Sad	53,648	-
	55,982	4,951
Other prepayments and accrued income		
Victoria Group a.d., Beograd	341,695	-
Total liabilities	341,695	45,691
Receivables - net	3,848,722	3,935,691

c) Contingence Liabilities

As of December 31, 2012 the Company presented in its off-balance records contingence liabilities to related legal entities deriving from sureties and guarantees in total amount of 10,279,318 thousand dinars (December 31, 2011 – 7,817,910 thousand dinars).

d) Management Benefits

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

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
Management		
Salaries	23,185	17,322
Board of Directors		
Fees to the members of BoD	1,039	1,084
	24,224	18,406

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

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 a foreseeable future in order to keep the optimal capital structure with minimum capital costs and to secure a capital yield to its owners. The structure of the Company capital consists of debts, long-term loans disclosed in note 29 including, other long-term liabilities, long-term and short-term investments, cash and cash equivalents and capital attributable to owners makes which includes interests, other capital, reserves and accumulated profit.

Persons in charge of the Company finances make reviews of the capital structure on annual basis.

Debt indicators of the Company with balance at the end of the year were as follows:

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Indebtedness [a]	6,804,878	5,241,563
Cash and cash equivalents	128,389	523,815
Net indebtedness	6,676,489	4,717,748
Equity [b]	12,449,372	11,260,015
Total debts to equity ratio	0.54	0.42

[a] Indebtedness relates to long-term and short-term financial liabilities.
[b] Equity includes share capital, reserves and accumulated profit.

Significant Accounting Policies Relevant for Financial Instruments

Details on significant accounting policies as well as criteria and bases for income and expenses recognition for all types of financial assets and liabilities are disclosed in note 3 hereof.

Financial Instrument Categories

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Financial assets		
Interests in equity	3,012	6,332
Other long-term financial investments	1,186	904
Receivables	3,877,508	3,773,100
Short-term financial investments	1,773,348	117,852
Cash and cash equivalents	128,389	523,815
	5,783,443	4,422,003
Financial liabilities		
Long-term and short-term loans	6,804,878	5,241,563
Trade payables	663,202	456,204
Other liabilities	371,955	16,537
	7,804,035	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. In usual operating environment, the Company is exposed to the below stated risks.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Financial Risk Management Objectives

Financial risks include market risks (currency risk and interest risk), credit risks and liquidity risks. Financial risks are assessed on a timely basis and they are evaded primarily by reducing the exposure of the Company to these risks. Company does not use any 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 through 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 any specific financial instruments as a protection measure against the risks since they are not common in the Republic of Serbia.

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

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

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

Company is sensitive to movement of Euro (EUR) and American dollar (USD) exchange rates. The table below shows detailed sensitivity analysis of the Company in case of 10% increase and decrease of exchange rate 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 currencies, 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/

	December 31, 2012	**December 31, 2011**
EUR currency	(625,461)	(482,311)
USD currency	49,740	46,945
GBP currency	1,007	2,180
CHF currency	-	(82)
Performance results in the current period	(574,714)	(433,268)

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

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Market Risks (continued)

Interest Risks

Company is exposed to interest risks 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.

Book value of financial assets and liabilities at the end of the observed period is shown in the overview below:

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Financial assets		
Interest free		
Long-term financial investments	3,012	6,332
Other long-term financial investments	1,186	904
Trade receivables	3,877,508	3,773,100
Short-term financial investments	43,253	91,752
Cash and cash equivalents	128,389	523,815
	4,053,348	4,395,903
Fixed interest rate		
Short-term financial investments	1,688,966	-
Variable interest rate		
Short-term financial investments	41,129	26,100
	5,783,443	4,422,003
Financial liabilities		
Interest free		
Trade payables	663,202	456,204
Other liabilities	371,955	16,537
	1,035,157	472,741
Fixed interest rate		
Long-term and short-term credits	181,949	647,121
Variable interest rate		
Long-term and short-term loans	6,622,929	4,594,442
	7,840,035	5,714,304

Sensitivity analysis presented below is based on exposure to interest rates movements of non-derivative instruments as of the Balance Sheet date. With respect to liabilities with variable rate, the analysis was made under the assumption that the remaining balance of assets and liabilities as of the Balance Sheet date did not change throughout the entire year. 1% increase or decrease was the Management's estimate of a reasonable potential change in interest rates. Should the interest rate increase/decrease by 1% and all other variables remain unchanged, the Company would suffer operating gain/(loss) amounting to 66,577 thousand dinars in the year ending on December 31, 2012. This situation is assigned to the Company's exposure to variable interest rates contracted for long-term loans.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks

Management of Trade Receivables

Company is exposed to credit risks which represent a risk that debtors shall not be able to settle their debts in full and on a timely basis and, therefore, the Company would suffer losses. On the balance sheet date, the Company was mainly exposed to credit risks limited to trade receivables. Trade receivables include numerous receivables of which the major portion relates to receivables from related legal entities (5 customers) – 47.2% of total trade receivables as of December 31, 2012, whereas receivables from third parties relate to 8 customers – 37.93% of total trade receivables as of December 31, 2012.

Trade receivables were as follows:

	In thousands of dinars /RSD/	
	2012	**2011**
Customers		
- Related legal entities (5 customers)	1,838,577	2,349,183
- Third parties (8 customers)	1,470,720	639,988
- Other receivables	568,211	783,929
	3,877,508	3,773,100

Structure of trade receivables as of December 31, 2012 is presented in table below:

			In thousands of dinars /RSD/
	Gross exposure	**Adjustment**	**Net exposure**
Undue trade receivables	2,946,159	-	2,946,159
Due and adjusted trade receivables	446,781	(446,781)	-
Due and unadjusted trade receivables	931,349	-	931,349
	4,324,289	(446,781)	3,877,508

tructure of trade receivables as of December 31, 2011 is presented in table below:

			In thousands of dinars /RSD/
	Gross exposure	**Adjustment**	**Net exposure**
Undue trade receivables	1,219,300	-	1,219,300
Due and adjusted trade receivables	171,886	(171,886)	-
Due and unadjusted trade receivables	2,553,800	-	2,553,800
	3,944,986	(171,886)	3,773,100

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks (continued)

Management of Trade Receivables (continued)

Undue Trade Receivables

Undue trade receivables presented as of December 31, 2012 in the amount of 2,946,159 thousand dinars (December 31, 2011: 1,219,300 thousand dinars) mainly 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 agreed payment terms.

Due and Adjusted Trade Receivables

In the observed period the Company impaired the value of due trade receivables by 446,781 thousand dinars (December 31, 2011: 171,886 thousand dinars) since it established that the financial standing of customers have changed and, therefore, the receivables shall not be collected in full.

Due and Unadjusted Trade Receivables

Company did not impair trade receivables amounting to 931,349 thousand dinars as of December 31, 2012 (December 31, 2011: 2,553,800 thousand dinars) since no change in financial standing of customers was established and due to the fact that major portion of these trade receivables are from related legal entities and the Company estimated that the present value of these trade receivables shall be collected in full.

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

In thousands of dinars /RSD/

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

Management of Trade Payables

As of December 31, 2012 trade payables were presented in the amount of 663,202 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 settlement term of trade payables was 16 days in 2012 (in 2011: - 43 days).

Liquidity Risks

The Company Management is finally responsible for the liquidity risk management; it implemented the appropriate system for the short-term, mid-term and long-term financing management of the Company and liquidity management. The Company manages liquidity risks by establishing adequate cash reserves based on continuous monitoring of budgeted and actual cash flows, as well as matching the maturity of financial assets and liabilities.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Credit Risks and Liquidity Risks

Tables below show detail of remaining agreed maturity terms of financial assets. The presented amounts are based on undiscounted cash flows in financial assets based on the earliest date on which the Company shall be allowed to collect its receivables.

Maturity of Financial Assets

In thousands of dinars
December 31, 2012

	Up to a month	1-3 months	From 3 month to one year	From 1 to 5 years	Total
Interest free	2,592,229	1,386,751	69,621	4,747	4,053,348
Fixed interest rate					
- Principal	214,104	-	1,474,862	-	1,688,966
- Interest	14,788	27,416	41,797	-	84,001
	228,892	27,416	1,516,659	-	1,772,967
Variable interest rate					
- Principal	41,129	-	-	-	41,129
- Interest	268	-	-	-	268
	41,397	-	-	-	41,397
	2,862,518	1,414,167	1,586,280	4,747	5,867,712

In thousands of dinars
December 31, 2011

	Up to a month	1-3 months	From 3 month to one year	From 1 to 5 years	Total
Interest free	622,784	1,956,727	1,805,732	10,660	4,395,903
Fixed interest rate					
- Principal	-	-	-	-	-
- Interest	-	-	118,410	-	118,410
	-	-	118,410	-	118,410
Variable interest rate					
- Principal	-	-	26,100	-	26,100
- Interest	-	-	435,	-	435,
	-	-	26,535	-	26,535
	622,784	1,956,727	1,950,677	10,660	4,540,848

Tables below show detailed remaining agreed maturity terms of the Company. Presented amounts are based on undiscounted cash flows in financial assets based on the earliest date on which the Company shall be obligated to settle these liabilities.

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Credit Risks and Liquidity Risks (continued)

Maturity of Financial Liabilities

In thousands of dinars
December 31, 2012

	Below one month	1-3 months	From 3 month to one year	From 1 to 5 years	Over 5 years	Total
Interest free	621,468	48,507	353,594	11,588	-	1,035,157
Fixed interest rate						
- Principal	-	13,996	125,965	41,988	-	181,949
- Interest	376	752	2,061	172	-	3,361
	376	14,748	128,026	42,160	-	185,310
Variable interest rate						
- Principal	261,336	969,221	3,128,044	2,264,328	-	6,622,929
- Interest	22,680	39,369	473,937	180,599	-	716,585
	284,016	1,008,590	3,601,981	2,444,927	-	7,339,514
	905,860	1,071,845	4,083,601	2,498,675	-	8,559,981

In thousands of dinars
December 31, 2011

	Below one month	1-3 months	From 3 month to one year	From 1 to 5 years	Over 5 years	Total
Interest free	344,392	123,205	1,885	3,259	-	472,741
Fixed interest rate						
- Principal	242,670	404,451	-	-	-	647,121
- Interest	2,981	4,424	-	-	-	7,405
	245,651	408,875	-	-	-	654,526
Variable interest rate						
- Principal	-	142,013	1,556,927	1,548,317	1,347,185	4,594,442
- Interest	14,582	50,377	72,726	206,547	6,266	350,498
	14,582	192,390	1,629,653	1,754,864	1,353,451	4,944,940
	604,625	724,470	1,631,538	1,758,123	1,353,451	6,072,207

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair Value of Financial Instruments

Table below shows present value of financial assets and financial liabilities and their fair value as of December 31, 2012 and December 31, 2011, respectively:

In thousands of dinars /RSD/

	December 31, 2012		December 31, 2011	
	Book value	**Fair Value**	**Book value**	**Fair Value**
Financial assets				
Interests in equity	3,012	3,012	6,332	6,332
Other long-term financial investments	1,186	1,186	904	904
Receivables	3,877,508	3,877,508	3,773,100	3,773,100
Short-term financial investments	1,773,348	1,773,348	117,852	117,852
Cash and cash equivalents	128,389	128,389	523,815	523,815
	5,783,443	5,783,443	4,422,003	4,422,003
Financial liabilities				
Long-term and short-term loans	6,804,878	6,804,878	5,241,563	5,241,563
Trade payables	663,202	663,202	456,204	456,204
Other liabilities	371,955	371,955	16,537	16,537
	7,840,035	7,840,035	5,714,304	5,714,304

Assumptions for Estimate of the Present 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, the discounted cash flow method was used. When adopting this evaluation method interest rates of financial instruments of similar characteristics are used with the aim to achieve relevant estimates of the market value of financial instruments on the Balance Sheet date.

Assumptions used for evaluation of the present 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 is within a relatively short time period.

Table below represents the analysis of evaluated financial instruments, after their initial recognition at fair value, and classified in levels 1-3, depending on the possibility of their fair value assessment.

- Level 1: Determining of the fair value is derived from the quoted market value (unadjusted) on the organized markets of identical assets and liabilities.

- Level 2: Determining of fair value is derived from input parameters, different from a quoted market value covered under the Level 1, which are visible from assets or liabilities, either directly (price, for example) or indirectly (derived from price, for example).

- Level 3: Determining of fair value is derived from evaluation techniques which include input parameters of financial assets or liabilities, but which are not available on the market (unsearched input parameters).

36. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair Value of Financial Instruments (continued)

In thousands of dinars /RSD/
December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale				
- Quoted securities (note 19)	831,179	-	-	831,179
Long-term loans granted to employees	1,186	-	-	1,186
Total	832,365	-	-	832,365

Table above includes only financial assets, since the Company had no financial liabilities which were presented after the initial recognition at their fair value.

Total gains / (losses) presented in total other results relate to financial assets available for sale and they were presented as the movement 'Unrealized Gains from Securities' within the item 'Equity'.

37. LIABILITIES ASSUMED ON THE BASIS OF LEASE

Callable operating lease relates to the lease of silo. Payment of due liabilities are recognized as operating expenses of the period.

Liabilities assumed by the Company based on callable operating lease contracts were as follows:

In thousands of dinars /RSD/
Year ended as of December 31,

	2012	2011
Up to one year (contracts on fixed time period)	38,225	70,965
From one to five years (contracts on fixed time period)	26,371	41,440
	64,596	112,405

38. TAX RISKS

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

39. DISPUTES

As of December 31, 2012 five disputes are pending against the Company whose estimated value is 29,280 thousand dinars.

On the basis of liabilities under the refinanced loans of the Paris Club creditor, in the dispute against Vojvodjanska Banka a.d., Novi Sad, the second instance award in favor of the plaintiff was passed and, currently, the proceedings are pending before the Supreme Court of Appeals. According to the Rule of the Commercial Court in Novi Sad, the Company is obligated to pay to Vojvodjanska Banka a.d., Novi Sad the amount of EUR 10,756,277 for the debt principal increased by the accrued interest in the period from March 22, 2002 until the payment date (Note 41).

As of December 31, 2012 sixty disputes are pending wherin the Company is a plaintiff and the estimated value of these disputes amounts to 88,021 thousand dinars and EUR 40,000.00.

40. EXCHANGE RATES

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

	December 31, 2012	December 31,2011
USD	86.1763	80.8662
GBP	139.1901	124.6022
EUR	113.7183	104.6409
CHF	94.1922	85.9121

41. EVENTS AFTER THE BALANCE SHEET DATE

a) Victoriaoil a.d., Sid, Sojaprotein a.d., Becej, Victoria Logistic d.o.o., Novi Sad, Victoria group a.d., Beograd and Fertil d.o.o., Backa Palanka have entered the Loan Agreement on EUR 57,000,000 with the International Finance Corporation (IFC) on January 31, 2013, of which the Sojaprotein a.d. is the credit beneficiary of the loan amounting to EUR 5,600,000. Grace period is 2 years and maturity period – 6 years. The Loan is earmarked for short-term and mid-term refinancing, increase of working capital and further upgrading of operations.

b) On April 3, 2013 the Company settled in full its liabilities to Vojvodjanska Banka a.d. Novi Sad with respect to its liabilities for refinanced loans from the Paris Club of creditors (note 39).

c) In 2013, the Company bought-up 495,481 shares from minority shareholders at the calculation value of 827.01 dinars per share. Buy-up of shares from minority shareholders has not been completed until the date of announcement of these financial statements.

„SOJAPROTEIN“ ADBECEJ

OPERATING REPORT

January - December 2012

April 2013

Contents

Operating Report for the Period January – December 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; from 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 all our products are manufactured from a genetically unmodified soybean grain originating from Serbia and it has the IP Certificate (Identity Preservation Program) whereby genetic purity from 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 has provided better results when the production assortment was widened 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 have been 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 import.

During 2012, dramatic turns in price occurred within the soy complex which undermined the global market in the short term with tendency of the medium term as well.

Great draughts in Serbia and the South America (reduced crop of Argentinean and Brazilian soybean by 8-9% of the global production) resulted in price growth of the soy complex in the world at the end of the first quarter and continued during the entire second quarter of 2012. This trend rapidly caused explosion of prices which reached their peak in the third quarter. At the end of July the soybean grain price reached its historical level (Rotterdam Stock on July 31, 2012: soybean of US origin–704 USD/t or 573 EUR/t, and the soybean grain of Brazilian origin even 738 USD/t or 601 EUR/t); it generated the growth of prices of soybean oil and soybean meal with its peak in August (Rotterdam Stock on August 31, 2012: soybean oil – 1,324 USD/t or 1,050 EUR/t; soybean meal of Brazilian origin – 676 USD/t or 536 EUR/t, and the soybean meal of Argentinean origin even 680 USD/t or 539 EUR/t.)

In September 2012 a drop in prices of the soybean complex was recorded when it was established that the US soybean crop shall not fail so much as it was assumed.

This trend of price decline, significantly milder to tell the truth, had continued until the end of 2012 and returned the soybean complex within the more stable framework (Rotterdam Stock on December 28, 2012: soybean of the US and Brazilian origin – 451 EUR/t; soybean oil – 863 EUR/t; soybean meal of Brazilian origin – 405 EUR/t and soybean meal of Argentinean origin – 428 EUR/t).

In 2012, the major investment was completed and the Soybean Protein Concentrate Plant with annual capacity of 70,000 tons was put into operation. Trial run commenced in AUGUST 2012, AND IN September the Plant was officially put into operation. Sale of this group of products is expected in 2013 and following years, mainly to foreign markets, when the financial effects of sales of soybean protein concentrates shall be visible as well since they are products of higher processing levels.

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

In 2012, total of 186,498 tons of Sojaprotein's final products was sold as compared to 180,213 tons in 2011 (3.49% growth). The growth would be significantly higher if, due to the reduced livestock and prolonged economic and financial crises on the local market in almost entire 2012, there was no drop in demand and, consequently, reduced sale of soybean meal by 11% as compared to 2011. Increase of the share products at higher processing level in the total sales structure of soybean products from 20.2% in 2011 to 25.1% in 2012,at the expense of soybean meal and soybean oil, was observed. The long-term orientation to export resulted in growth of the export in total sales of soybean products; share of export, by volume, is now 39.24% share as compared to 33.58% in 2011. The growth is mild but significant, since it is a result of increased export of higher processing level products. Considering financially, the income from sale of finished products on foreign markets in 2012 was 49.49%, whereas in the same period of the last year it was 46.67%.

In regional sales, export on the market of countries-members of EU/EFTA was dominant. The EU/EFTA market was predominant in all product groups, except for Sopromixes and soybean meal, and in case of soybean oil and SPC it was practically the only export market. On the market of EU/EFTA countries-members whole 59,600 tons of soybean products were marketed (of which 29,263 tons of higher processing levels), or 81.4% of total export. In terms of value, the share of EU/EFTA of EUR 49.4 million is even higher – 86.7%. Export of soybean products to Russia (10.9% in volume) is traditionally significant in the Sojaprotein's foreign trade operations. Higher processing levels are also predominant on other markets (CEFTA, BSISA); although with modest share in total export of 3.9% and 3.4%, respectively, these markets represent a long-term potential of the Company.

In 2012 and in terms of value, total export recorded significant growth and reached EUR 57 million or RSD 6,435 billion as compared to 2011 when it amounted to EUR 44.8 million or RSD 4,549 billion. Total financial increase of export was whole 41.5%.

In 2012, 23 new employees were employed, majority on work in the future SPC Plant. For the operation of the new SPC plant 35 new employees in total have been engaged.

In 2012, the System Management Center (SMC) has harmonized, applied and managed the operating procedures of SOJAPROTEIN AD with implemented and certified requirements of the Management System standards. Operating procedures were monitored, controlled and corrected when non-compliance with the Management System requirements was observed.

In 2012, a supervisory visit of the Certification House SGS was organized by the System Management Center. It referred to the inspection of the Food Safety Systems and safety at work in accordance with OHSAS 18001:2007 Standard which was successful; KOSHER Certificate was extended; the "Valid IT" Project was extended in March 2012; in July the Certification House SGS made successful certification inspection in accordance with the GMP+ Standard 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; the Halal Certificate was extended; the Certification House SGS supervised the Management System: Quality System in accordance with the ISO Standard 9001, Product Safety System in accordance with the requirements of ISO 22000 / HACCP and the Environment Protection System in accordance with the ISO Standard 14001; internal trainings of executives within SOJAPROTEIN AD were conducted in accordance with the training schedules; furthermore, the external training of HACCP team members and the validation team members in the area of good manufacturing practice in production of animal food was performed by SGS.

The System Management Center is engaged to provide evidence on the System functioning referring to enquiries and visits of old, new and potential customers and other interested parties.

The System Management Center verifies the results and evaluates the compliance of the Sojaprotein's finished products. In this respect, in 2012, 4 successful inspections in the area of the environment protection were performed (2 provincial and 2 republic).

SMC participated in the Allergen Absence Declaration Project organized by the Provincial Secretariat for Agriculture – Agricultural Products Export Promotion Fund as well as in the Project "Establishment of the Environment Protection Center" within the Agency for Environment Protection.

Trainings on the waste management within EMS System were conducted. Using the upgraded training system, all employees took test checks in the area of waste management.

Semi-annual measurement of emissions on outlets and quarterly measurement of effluent emission on collector were performed in accordance with the Environment Monitoring Plan. After completion of construction of new facilities at the site of Sojaprotein, measurement of the environmental noise was performed based on mandatory legal regulations.

In the area of safety at work and health protection (OHSAS System) the Rules on Risk Assessment were supplemented, work environment conditions were inspected in newly constructed facilities and the training of employees assigned to newly opened posts was conducted.

REALIZED PRODUCTION

	Production in kg realized in the period Jan.-Dec. 2012	***Production in kg realized in the period Jan.-Dec. 2011***	***% Increase/decrease 2012/2011***
Name of the group of products	180,071,990	190,196,242	
Soybean – crude oil	36,715,710	37,061,242	99.07
Soybean - meal	86,146,560	111,154,549	77.50
Concentrates	2,155,176	0	0.00
B&G	26,671,435	20,284,075	131.49
TSP	20,608,449	16,844,196	122.35
TSP-SPC	101,295	0	0.00
Mix	109,755	131,235	83.63
Soja Vita	58,859	55,567	105.92
Lecithin	1,100,200	1,004,050	1109.58
Other (shell+TSP+SH)	6,404,551	3,660,620	174.96

Program for human consumption	48,649,993	38,319,123	126.96

Consumed soybean grain JUS	192,411,981	200,680,569	95.88

In 2012 total of 217,553 tons of soybean grain had been processed, i.e. a bit more than in previous year – 200,681 tons. Own processing of soybean grain was 192,412 tons, whereas processing service was 25,141 tons.

Lower volume of processing was achieved when considering only the processing of own soybean grain; however, significant increase in production of white flakes needed for production of protein products was recorded. Total of 47,549 tons of the higher processing level products was manufacture, that is, significantly more as compared to 2011:37.315 tons, i.e. growth by 27.43%. Export of higher processing levels to foreign markets contributed the most.

Domestic soybean of the crop 2011 was processed. The soybean quality was good, although the lower moisture content resulting from the draught period prior to the harvest.

As already mentioned, in 2012 record results were achieved in the Protein part of production in almost all product types. TSP production increased to20,608 tons (22.35% growth as compared to 2011), whereas the flour and groats production increased to26,671 tons (31.49% growth as compared to 2011). Hence, total increase of human program was 26.96% as compared to the previous year. Products quality was at high level as a standard. Furthermore, in this period trials and changes in the Plant were made in order to qualify for production of textured soybean protein concentrates (TSPC). The production of this new class of articles is expected in 2013 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 monitored the production start-up in order to achieve the best performances of devices involved in alcoholic extraction. Total production of concentrates from the time the Plant was put into operation until the end of 2012 was not significant, but in 2013 full capacity production of the standard high quality products is expected.

Major investments realized in 2012 were: completion of construction 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 inspection certificates for SPC and boiler for molasses were obtained

The Project of construction of the Functional Soybean Protein Concentrates Production Plant is currently in the phase of obtaining the location permit after development of the Preliminary Design at the beginning of November, whereas the high-pressure pellet boiler is in the phase of completion of detailed designs.

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

REALIZATION OF THE SOJAPROTEIN PRODUCTS PRESENTED BY VOLUME in kg

	REALIZATION Jan.-Dec. 2012	***REALIZATION Jan.-Dec. 2011***	***Difference Jan.-Dec. 2012 / Jan.-Dec. 2011***	***Difference in %***	% share in total sales 2012	% share in total sales 2011
Sale on domestic market	113,316,609	119,691,646	-5,375,536.54	-5.33%	60.76%	66.42%
Soybean – crude oil	10,005,580	10,078,300	-72,720	-0.72%	5.36%	5.59%
Soybean - meal	92,687,730	104,004,440	-11,316,710	-10.88%	49.70%	57.71%
SPC	671,380	0	671,380	0%	0.36%	0.00%
B&G	2,499,345	2,080,305	419,040	20.14%	1.34%	1.15%
TSP	2,181,951	1,813,390	368,561	20.32%	1.17%	1.01%
Mix	67,065	65,070	1,995	3.07%	0.04%	0.04%
Soja Vita	45,938	52,141	-6,203	-11.90%	0.02%	0.03%
Lecithin	296,720	330,700	33,980	-10.28%	0.16%	0.18%
Shell	4,247,960	1,184,460	3,063,500	258.64%	2.28%	0.66%
Oil residue	90,480	82,840	7,640	9.22%	0.05%	0.05%
TSP-SH+molasses+soybean samples	521,960	0	521,960	0%	0.28%	0.00%
Human program	5,091,019	4,341,606	749,413	17.26%	2.73%	2.41%
Sale on foreign markets	73,182,137	60,521,768	13,660,368.7	20.92%	39.24%	33.58%
Soybean – crude oil	28,954,460	26,113,960	2,840,500	10.88%	15.53%	14.49%
Soybean - meal	1,124,180	1,487,980	-363,800	-24.45%	0.60%	0.83%
SPC	815,630	0	815,630	0%	0.44%	0.00%
B&G	23,586,395	17,452,665	6,133,740	35.15%	12.65%	9.68%
TSP	17,981,843	14,835,436	3,146,407	21.21%	9.64%	8.23%
TSP-SPC	315	0	315	0%	0.00%	0.00%
Mix	71,340	46,770	24,570	52.53%	0.04%	0.03%
Soja Vita	3,314	3,867	-553	-14.31%	0.00%	0.00%
Lecithin	644,660	581,000	63,560	10.94%	0.35%	0.32%
Human program	42,287,552	32,919,828	9,367,724	28.46%	22.67%	18.27%
Sales - TOTAL	186,498,246	180,213,414	6,284,832.18	3.49%	100.00%	100.00%
Soybean – crude oil	38,960,040	36,192,260	2,767,780	7.65%	20.89%	20.08%
Soybean - meal	93,811,910	105,492,420	-11,380,510	-11.07%	50.30%	58.54%
Concentrates	1,487,010	0	1,487,010	0%	0.80%	0.00%
B&G	26,085,740	19,532,960	6,552,780	33.5%	13.99%	10.84%
TSP	20,163,794	16,648,826	3,514,968	21.11%	10.81%	9.24%
TSP-SPC	315	0	315	0%	0.00%	0.00%
Mix	138,405	111,840	26,565	23.75%	0.07%	0.06%
Soja Vita	49,252	56,008	-6,756	-12.06%	0.03%	0.03%
Lecithin	941,380	911,800	29,580	3.24%	0.50%	0.51%
Shell	4,247,960	1,184,460	3,063,500	258.64%	2.28%	0.66%
Oil residue	90,480	82,840	7,640	9.22%	0.05%	0.05%
TSP-SH,	521,960	0	521,960	0%	0.28%	0.00%
Human program	47,378,571	37,261,434	10,117,137	27.15%	25.40%	20.68%

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

REALIZATION OF THE SOJAPROTEIN PRODUCTS EXPRESSED IN VALUE

	REALIZATION Jan.-Dec. 2012	***REALIZATION Jan.-Dec. 2011***	***Difference Jan.-Dec. 2012 / Jan.-Dec. 2011***	***Difference in %***	% share in total sales 2012	% share in total sales 2011
Sale on domestic market	6,569,423,505	5,198,483,359	1,370,940,145	26.37%	50.51%	53.33%
Soybean – crude oil	1,126,829,647	1,040,329,681	86,499,966	8.31%	8.66%	10.67%
Soybean - meal	4,816,833,464	3,739,299,507	1,077,533,957	28.82%	37.04%	38.36%
SPC	54,652,830	0	54,652,830	0%	0.42%	0.00%
B&G	174,774,840	142,202,088	32,572,752	22.91%	1.34%	1.46%
TSP	238,678,497	176,570,685	57,107,812	32.34%	1.80%	1.81%
Mix	13,610,109	13,024,464	567,645	4.35%	0.10%	0.13%
Soja Vita	22,057,858	21,337,017	720,841	3.38%	0.17%	0.22%
Lecithin	54,417,142	53,117,777	1,299,365	2.45%	0.42%	0.54%
Shell	60,571,940	12,294,200	48,277,740	392.69%	0.47%	0.13%
Oil residue	542,880	289,940	252,940	87.24%	0.00%	0.00%
TSP-SH+molasses+soybean samples	11,454,298	0	11,454,298	0%	0.09%	0.00%

Human program	498,538,446	406,270,031	92,268,415	22.71%	3.83%	4.17%

Sale on foreign markets	6,436,510,419	4,549,166,224	1,887,344,194	41.49%	49.49%	46.67%
Soybean – crude oil	3,087,694,421	2,474,097,805	613,596,616	24.80%	23.74%	25.38%
Soybean - meal	45,189,666	51,663,210	-6,473,543	-12.53%	0.35%	0.53%
SPC	89,899,627	0	89,899,627	0.00%	0.69%	0.00%
B&G	1,590,753,947	933,878,703	656,875,244	70.34%	12.23%	9.58%
TSP	1,509,056,660	1,001,290,684	507,765,976	50.71%	11.60%	10.27%
TSP-SPC	50,194	0	50,194	0%	0.00%	0.00%
Mix	14,370,374	9,557,043	4,813,331	50.36%	0.11%	0.10%
Soja Vita	1,310,616	1,143,100	167,516	14.65%	0.01%	0.01%
Lecithin	98,184,914	77,535,679	20,649,235	26.63%	0.75%	0.76%

Human program	3,213,676,511	2,023,405,209	1,190,271,301	58.83%	24.71%	20.76%

Sales - TOTAL	13,005,933,924	9,747,649,583	3,258,294,341	33.43%	100.00%	100.00%
Soybean – crude oil	4,214,524,068	3,514,427,486	700,096,582	19.92%	32.40%	36.05%
Soybean - meal	4,862,023,130	3,790,962,717	1,071,060,414	28.25%	37.38%	38.89%
Concentrates	144,552,457	0	144,552,457	0.00%	1.11%	0.00%
B&G	1,765,528,787	1,076,080,791	689,447,996	64.07%	13.57%	11.04%
TSP	1,742,735,157	1,177,861,369	564,873,788	47.96%	13.40%	12.08%
TSP-SPC	50,194		50,194	0%	0.00%	0.00%
Mix	27,980,483	22,599,507	5,380,976	23.80%	0.22%	0.23%
Soja Vita	23,368,474	22,480,117	888,357	3.95%	0.18%	0.23%
Lecithin	152,602,056	130,653,456	21,948,600	16.80%	1.17%	1.34%
Shell	60,571,940	12,294,200	48,277,740	392.69%	0.47%	0.13%
Oil residue	542,880	289,940	252,940	87.24%	0.00%	0.00%
TSP-SH,	11,454,298	0	11,454,298	0%	0.09%	0.00%

Human program	3,712,214,957	2,429,675,240	1,282,539,716	52.79%	28.54%	24.93%

In 2012 as compared to 2011 growth in sale of the Sojaprotein products assortment was achieved by 3.49% in volume and by 33.43% in value. Sale on domestic market, i.e. sales to third parties and related parties, was reduced by 5.33%, whereas the sale on foreign markets recorded 20.92% growth. Significant drop in sale of soybean meal of 11,316.71 tons, i.e. 10.88% as compared to 2011 was observed in the domestic market. It was caused by reduced livestock, high price and reduced demand for this component in the forage production, as well as commencement of operation of the TSPC Production Plant. Sale of soybean oil in the domestic marked was lower by 72.72 tons, i.e. 0.72% since the annual contract on goods exchange (crude soybean oil for the soybean grain) was entered for smaller quantities than in the previous year. B&G recorded sales growth as compared to the previous year by 419.04 tons (20.14%) due to increased sales to confectioneries.

Sales of TSP increased by 368.56 tons (20.32%) as compared to 2011 due to smaller import of soybean flakes to the domestic market. Sales of Mix were by 2.00 tons (3.07%) higher than in 2011 due to lower import of soybean concentrates and isolates. Sales of Soja Vita products recorded a drop of 6.20 tons (11.90%) as a result of reduced public consumption. Sales of lecithin were lower by 33.98 tons (10.28%) due to reduced production in the confectionery industry as well as orientation to production of less expensive products.

In 2012 as compared to 2011, a significant sales growth on foreign markets was recorded – total sales of soybean products of 73,182 tons against 60,522 tons in 2011 – i.e. by 12,660 tons or 20.92%. Contrary to the reduced sale of crude soybean oil on the domestic market, its sale on foreign markets recorded a growth at the level of 28,954 tons, i.e. by 2,841 tons higher as compared to 2011 (10.9% growth). It is mainly the result of the decision of Sojaprotein to reorient to sales of crude soybean oil on foreign markets having in mind favorable market conditions in the regional and global markets.

Major expansion and, hence, impact on the total exported soybean products increase in 2012, was recorded in sales of the higher processing level products (B&G, TSP, Mixes, Soja Vita). High growth of foreign trade in TSP and B&G resulted from growing global demand for NON GMO quality of soybean products on all more significant markets, as well as a result of the expanded assortment provided after several major investments in the production plant of products for human consumption in former periods, i.e. timely supplies of additional quantities demanded by the market. Considering the regional sales, export on the market of the EU/EFTA country-members was dominant. The EU/EFTA market was predominant in all product groups, except for Sopromixes and soybean meal, and in case of soybean oil and SPC it was practically the only export market. On the market of EU/EFTA countries-members whole 59,600 tons of soybean products were marketed (of which 29,263 tons of higher processing levels), or 81.4% of total export. In terms of value, the share of EU/EFTA of EUR 49.4 million is even higher – 86.7%. Export of soybean products to Russia (10.9% in volume) is traditionally significant in the Sojaprotein's foreign trade operations. Higher processing levels are also predominant on other markets (CEFTA, BSISA); although with modest share in total export of 3.9% and 3.4%, respectively, these markets represent a long-term potential of the Company.

Considering the value, total revenues from sale of Sojaprotein products were higher by 33.43% in 2012 as compared to the previous year. After longer period of stagnation, selling prices of finished products were increased in the third and fourth quarter of 2012. Price increase resulted from significant growth in price of the main raw material, i.e. as preparation for increased production costs when processing the soybean purchased at the higher price.

In spite of recorded decline of soybean meal sales on the domestic market in term of volume, the total income, however, was by RSD 1,077,533.96 thousand (28.82%) higher than in 2011 as a result of significantly higher average selling price achieved as compared to the previous year.

In terms of value, sales of soybean oil on the domestic market were higher by RSD 86,499.97 thousand (8.31%) due to higher average selling price as compared to the previous year.

Revenues from sales of B&G were higher by RSD 32,572.75 thousand (22.91%) due to increased sales of this group of products and higher average selling price.

Revenues from sales of TSP were higher by RSD 57,107.82 thousand (32.34%) than in the previous year and this correlates to higher realization by volume and higher average selling price.

Sales of Mix was higher by RSD 567.65 thousand (4.35%) and this correlates to a higher realization by volume.

Soja Vita recorded growth by RSD 720.84 thousand (3.38%) as a result of higher average price than in the previous year.

Value of the sold lecithin was higher by RSD 1,299.36 (2.45%) as a result of higher average price as compared to the previous year.

Thanks to good physical results achieved in sales on foreign markets in 2012 and favorable conditions existing on the international market the value of exported soybean products (RSD 6,436,510 thousand) was significantly higher than in 2011 (RSD 4,549,166 thousand), whereby a growth by RSD 1,887,344 thousand or whole 41.49% was recorded.

High growth in realized volume and significant increase of realized average prices on foreign markets, particularly of higher processing level products followed by depreciated exchange rate of RSD against EUR had the impact on increase of the exported soybean products by over 41%. Therefore, the achieved results in foreign trade by value were higher in 2012 than in 2011.

Such a progressive growth of exported soybean products in 2012 which reached EUR 57 million had considerably contributed to total positive results of the Company in 2012.

Export of higher processing level product to foreign markets together with significant increase of exported soybean oil contributed the most to increased realized value of exported soybean products in 2012 as compared to 2011. Export of the crude soybean oil increased by 10.88% in volume, but the realized revenues were higher by 24.80% as compared to 2011 due to favorable price of this product on the world exchange stocks. Within the higher processing level products, the most significant growth was recorded for flours and groats (70.34%), followed by textured soybean products with increased value by RSD 507,765 thousand.

BUSINESS WITH RELATED PARTIES

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

	Business transactions period (sales expressed in kg)	
	01/01-12/31/2011	01/01-12/31/2012
Toasted meal	25,547,111	29,416,770
Crude soybean oil	25,800	136,560
Higher processing levels	5,199,712	5,701,869
Other (TSP+SH+shell)	0	173,140
Commercial goods	17,491,938	40,196,432
Total	48,264,561	75,624,771

	Business transactions period (sales expressed in ‘000 RSD)	
	01/01-12/31/2011	01/01-12/31/2012
Toasted meal	954,165	1,767,177
Crude soybean oil	2,816	15,111
Higher processing levels	225,184	346,769
Other (TSP+SH+shell)	0	9,280
Commercial goods	640,453	1,769,240
Total	1,822,618	3,907,577

Volume, Structure and Value of Sales to Related Parties in the Period January-December 2012

Related party	**Soybean meal**		**Crude soybean oil**		**Higher processing phases (B&G, Mix, TSP, Soja Vita, SPC)**		**Other (TSP-SH, shell)**	
	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	7,833	422,557	47	5,346	260	15,763	173	9,280
Victoria Logistic DOO Novi Sad	18,694	1,177,449	90	9,765	0	0	0	0
Victoria Oil AD Sid	2,720	157,750	0	0	0	0	0	0
Fertil DOO B. Palanka	170	9,421	0	0	0	0	0	0
VobexIntersoya Moscow	0	0	0	0	5,442	331,006	0	0
Total	**29,417**	**1,767,177**	**137**	**15,111**	**5,702**	**346,769**	**173**	**9,820**

Related party	**COMMERCIAL GOODS**					
	Soybean grain		**Mineral fertilizers**		**Crude soybean oil**	
	Qty in t	**Value in ‘000 RSD**	**Qty in t**	**Value in ‘000 RSD**	**Qty in t**	**Value in ‘000 RSD**
VeterinarskiZavod AD Subotica	2,572	104,244	0	0	0	0
Victoria Logistic DOO Novi Sad	613	26,841	1,005	37,780	0	0
Victoria Oil AD Sid	34,851	1,480,735	0	0	1,155	119,640
Fertil DOO B. Palanka	0	0	0	0	0	0
VobexIntersoya Moscow	0	0	0	0	0	0
Total	**38,036**	**1,611,820**	**1,005**	**37,780**	**1,155**	**119,640**

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

In total sales of finished products in the period January-December 2012 the share of trade with related parties measured by volume indicators was 19% and by revenues from the sold products was16.44%. In the period January-December 2012 the trade of finished products with related parties measured in volume of finished products sold was higher by 15.13% as compared to the same period of the previous year, whereas the realization presented in value increased by 80.88% as compared to the same period of the previous year. Soybean grain was sold to related parties of which to Victoria Oil AD Sid in higher quantities in the period January-December. Sold soybean grain did not meet high quality criteria required for production at higher processing levels.

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 the sales segment and income from sales with respect to transactions specified in the last financial statements for the period January-December 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-Dec 2012	Trade Credit balance Jan-Dec 2012	Balance as of December 31, 2012
VeterinarskiZavod Subotica	164,194	675,158	164,357	674,995
VobexIntersoy Moscow	113,505	331,220	351,644	93,081
Victoria Group Novi Sad	-	2,131	2,131	0
FertilBackaPalanka	1,070	11,186	12,256	0
SPLaboratorija	-	14,471	14,471	0
Luka BackaPalanka DOO	-	152	152	0
Victoria Oil AD Sid	209,449	1,949,464	1,511,168	647,745
Victoria Logistic DOO Novi Sad	1,860,967	1,571,363	2,995,485	436,845
Victoria Ligistic DOO Novi Sad Prepayments	1,757,005	12,095,086	12,837,118	1,014,973

Receivables from Victoria Logistic with balance as of December 31, 2011 amounting to RSD 1,860,967 thousand and receivables for the prepayment made in the amount of RSD 1,757,005 thousand were used for settlement of the liability for invoiced soybean grain in January 2012. During the year, Sojaprotein has made prepayment to the supplier – Victoria Logistic to finance the soybean grain procurement and share of proceeds is secured in exchange for products, mainly soybean meal.

Receivables from Victoria Logistic presented as of December 31, 2012 amounting to RSD 1,302,246 thousand originate from sales of soybean grain and they shall be settled by bank transfers and exchange for sunflower shell used as fuel for the boiler to biomass.

Receivables from the subsidiary VeterinarskiZavod Subotica shall be settled in the next period by bank transfers.

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-Dec 2012	Credit balance Jan-Dec 2012	Balance as of December 31, 2012
VeterinarskiZavod Subotica	-	11,309	11,309	-
Victoria Group	-	156,187	185,640	29,453
SPLaboratorija	40,719	79,008	78,588	40,299
Hotel BelaLadja	-	41	58	17
SIG Sinteza Invest Group	-	347	831	484
Fertil DOO BackaPalanka	-	-	-	-
Victoria Oil AD Sid	-	851,439	851,439	-
Victoria Logistic DOO Novi Sad	20	13,336,750	13,541,413	204,683
Victoria Starch Zrenjanin	-	2,353	2,353	-

Victoria Logistic DOO Novi Sad is the major supplier of soybean grain – basic raw material of Sojaprotein. In the period January-December 2012 Victoria Logistic invoiced to Sojaprotein228,408 tons of JUS quality soybean grain of the crop 2011 and 2012 in the amount of RSD 11,386,285 thousand net5 of value added tax. In this manner the liability to Victoria Logistic for supplied soybean grain was closed with receivables based on the products sold, mainly soybean meal, and prepayments made or bank transfers. As of December 31, 2012, the balance of prepayments made by Victoria Logistics amounted to RSD 1,014,973 thousand and the liability balance amounted to RSD 204,683 thousand.

Liabilities to SPLaboratorija relate to the soybean grain and finished products quality testing services 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 at the arm's length and changes that occurred in transactions as compared to the transactions disclosed in the last Annual Financial Statements had insignificant impact on the financial standing and operating results of the Company in the current business year.

In the period January-December 2012 the structure of stakes in equity of Sojaprotein has changed. The stake of the parent – Victoria Group with stakes of its two related natural persons amounted to 62.94% as of December 31, 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 – DECEMBER 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: 01/01-12/31/2012	**Y.T.D.** REALIZED Jan-Dec 2012	**Y.T.D.** REALIZED Jan-Dec 2011	**Y.T.D.** REALIZED DIFFERENCES (1-2)	**Y.T.D.** REALIZED DIFFERENCES in %
	1	2	3	4
Operating income	**14,945,269**	**12,188,506**	**2,756,763**	**22.62%**
Sales of goods, products and services	**15,091,556**	**11,669,080**	**3,422,476**	**29.33%**
Sales to domestic market – third parties	**5,033,340**	**5,474,900**	**-441,560**	**-8.08%**
Crude soybean oil	1,111,719	1,037,513	74,206	7.15%
Soybean meal	3,049,656	2,785,134	264,522	9.50%
Concentrates	51,112	0	51,112	0.00%
Flour and groats	162,552	142,202	20,350	14.31%
Textured soybean products	233,679	171,052	62,627	36.61%
Mix	13,610	13,042	568	4.36%
Soja Vita	22,058	21,306	752	3.53%
Lecithin	54,417	53,118	1,299	2.45%
Other	82,088	29,869	52,219	174.83%
Commercial goods	111,059	1,193,856	-1,082,797	-90.70%
Services	141,390	27,808	113,582	0.00%
Income from sales to foreign markets	**6,436,510**	**4,551,804**	**1,884,706**	**41.41%**
Crude soybean oil	3,087,694	2,474,098	613,596	24.80%
Soybean meal	45,190	51,663	-6,473	-12.53%
Concentrates	89,900	0	89,900	0.00%
Flour and groats	1,590,754	933,879	656,875	70.34%
Textured soybean products	1,509,057	1,001,291	507,766	50.71%
Textured concentrates	50	0	50	0.00%
Mix	14,370	9,557	4,813	50.36%
Soja Vita	1,310	1,143	167	14.61%
Lecithin	98,185	75,535	20,650	26.63%
Services	**0**	2,638	-2,638	-100.00%
Income from sales to related parties	**3,621,706**	**1,642,376**	**1,979,330**	**120.52%**
Crude soybean oil	15,111	2,816	12,295	436.61%
Soybean meal	1,767,177	954,165	813,012	85.21%
Concentrates	3,540	0	3,540	0.00%
Flour and groats	12,223	0	12,223	0.00%
TSP	0	5,519	-5,519	0.00%
Soja Vita	0	32	-32	0.00%
Other (shell+TSP-SH)	9,280	0	9,280	0.00%
Commercial goods	1,769,240	640,453	1,128,787	176.25%
Services	45,135	39,391	5,744	14.58%
Discounts (rebates)	0	0	0	0.00%
Revenue from undertaking of output and merchandise	41,501	49,297	-7,796	-15.81%
Increase in value of undertaking of output and merchandise	6,852	1,082,765	-1,075,913	-99.37%
Decrease in value of undertaking of output and merchandise	256,231	728,112	-471,881	-64.81%
Other operating income	**61,591**	**115,476**	**-53,885**	**-46.66%**
640 – Subsidies, grants, donations	2,335	60,577	-58,242	-96.15%
650 – Lease	57,526	54,674	2,852	5.22%
65x – Other operating income	1,730	225	1,505	668.89%
659 – Income from rebilling	0	0	0	0.00%

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Operating expense	**12,849,524**	**10,794,339**	**2,055,185**	**19.04%**
Cost of goods sold	**1,823,015**	**1,817,512**	**5,503**	**0.30%**
Material costs	**9,732,860**	**7,915,251**	**1,817,609**	**22.96%**
511 – Raw materials	8,865,397	7,373,635	1,491,762	20.23%
511 – Ancillary material	107,207	34,807	72,400	208.00%
511 – Packaging material	179,530	132,655	46,875	35.34%
511 – Other	15,447	11,510	3,937	34.21%
512 – Spare parts	55,994	36,982	19,012	51.41%
512 – Other (overhead) materials	10,958	9,010	1,948	21.62%
513 – Fuel and energy	498,327	316,652	181,675	57.37%
Salaries, salary compensations and fringe benefits	**492,693**	**410,847**	**81,846**	**19.92%**
520 – Salaries and salary compensations	373,488	312,492	60,996	19.52%
521 – Contributions charged to the employer	66,013	55,778	10,235	18.35%
52X – Fees under contracts entered	5,791	4,665	1,126	24.14%
529 – Other fringe benefits	47,401	37,912	9,489	25.03%
Other operating expenses	**800,956**	**650,729**	**150,227**	**23.09%**
530 – Services for undertaking of output and merchandise	0	267	-267	0.00%
531 – Transport services	175,353	152,949	22,404	14.65%
532 – Maintenance services	110,980	64,275	46,705	72.66%
533 – Rents	65,856	58,662	7,194	12.26%
534 – Fairs and shows	9,479	8,283	1,196	14.44%
535 – Advertising and promotion	2,538	3,121	-583	-18.68%
539 – Other services	96,677	106,374	-9,697	-9.12%
550 – Non-production services	226,128	135,581	90,547	66.78%
551 – Entertainment	22,195	13,019	9,176	70.48%
552 – Insurance premiums	19,602	25,245	-5,643	-22.35%
553 – Payment transactions	24,009	42,881	-18,872	-44.01%
554 – Membership fees	2,080	2,112	-32	-1.52%
- 555 – Taxes	23,328	16,697	6,631	39.71%
556 – Contributions	3,044	2,445	599	24.50%
559 – Other intangible expenses	19,687	18,818	869	4.62%
E.B.I.T.D.A.	**2,095,745**	**1,394,167**	**701,578**	**50.32%**
Other income	**359,589**	**39,487**	**320,102**	**810.65%**
67 – Sales gains	50,320	32,999	17,321	52.49%
68 – Value equation gains	309,269	6,488	302,781	4,666.78%
69 – Income from suspended operations	0	0	0	0.00%
Other expenses	**745,245**	**54,874**	**690,371**	**1,258.10%**
57 – Losses / Decommissioning expenses	52,193	6,287	45,906	730.17%
579 – Other expenses not mentioned elsewhere	12,192	14,888	-2,696	-18.11%
58 – Property impairment	680,860	33,699	647,161	1,920.42%
59 – Losses from suspended operations	0	0	0	0.00%
Depreciation and amortization	**206,562**	**186,655**	**19,907**	**10.67%**
E.B.I.T.	**1,503,527**	**1,192,125**	**311,402**	**26.12%**
Financial income	**725,328**	**748,737**	**-23,409**	**-3.13%**
Currency differential gains	586,713	578,701	8,012	1.38%
Currency differential gains – IC	0	0	0	0.00%
Interest	38,478	7,078	31,400	443.63%
Interest – IC	67,993	158,317	-90,324	-57.05%
Other net financial income	31,955	4,423	27,532	622.47%
Other net financial income – IC	189	218	-29	0.00%
Financial expense	**1,462,865**	**735,778**	**727,087**	**98.82%**
Currency differential losses – credits	815,428	449,629	365,799	81.36%
Currency differential losses – other	164,145	143,302	20,843	14.54%
Currency differential losses – IC	0	0	0	0.00%
Interest paid – credits	134,464	134,235	229	0.17%
Interest paid – other	347,923	906	347,017	38,302.10%
Interest paid – IC	0	0	0	0.00%
Other net financial expenses	905	7,706	-6,801	-88.26%
Other net financial expenses – IC	0	0	0	0.00%
Corporate income before tax	**765,990**	**1,205,084**	**-439,094**	**-36.44%**
Profit tax	**76,990**	**62,252**	**14,738**	**23.67%**
Corporate income after tax	**689,000**	**1,142,832**	**-453,832**	**-39.71%**

EBITDA resulting from difference between operating income and operating expense amounted to RSD2,095,745 thousand in the period January-December 2012 and it was higher by RSD 701,578 thousand, i.e. 50.32% as compared to the same period of the previous year.

In the observed period both operating income and operating expenses recorded an increase. Operating income was higher by RSD 2,756,763 thousand, i.e. 22.62% and operating expenses by RSD 2,055,185 thousand, i.e. 19.04% as compared to the year 2011. In sales of goods, products and services recorded increase by RSD 3,422,476 thousand, i.e. 29.33% as compared to the previous year.

Most significant increase by RSD 1,884,706 thousand, i.e. 41.41% was achieved in the income from sales to foreign markets. Sale of soybean oil was dominant and increased by RSD 613,596 thousand, i.e. 24.80% as compared to the previous year. Most significant percentage growth was achieved in sale of flours and groats – by 70.34%, i.e. RSD 656,875 thousand, followed by sale of textured soybean products–50.71%, i.e. RSD 507,766 thousand; mixes – 50.36%, i.e. RSD 4,813 thousand and lecithin – 26.63%, i.e. RSD 20,650 thousand. Reduction in sales of soybean meal by 12.53%, i.e. RSD 6,473 thousand was recorded.

Income growth in sales of these products on foreign markets resulted from increased realized volume in case of soybean oil by 10.88%; in case of flours and groats by 35.15%; TSP – by 21.21%; mixes by 52.53% and lecithin by 10.94%.Higher prices of these products on the market as compared to the previous year had contributed as well; furthermore, movements of the exchange rate RSD against EUR and USD had impact on the income - in 2012, calculated at the mean rate of the National Bank of Serbia, average exchange rate RSD against EUR was 113.0415whereas in 2011 the average mean exchange rate was 101.9653.

Share of income from sales of product on foreign markets in the total income from sales of the Sojaprotein production assortment shows growth trends: in 2010 - 32.47%, in 2011 – 46.67% and in 2012 - 49.49%. Introduction of the soybean protein concentrate in the assortment as a finished product and planned export of the entire production to foreign markets would result 70% to 80% share of export in income. This is significant due to much faster collection of receivables from foreign customers (foreign receivables collection ratio is much better than the domestic receivables collection ratio) and securing foreign currency funds for repayment of credit lines carried either in foreign currency or with a currency clause. In case of sales on foreign markets exposure to a rate risk is present as a result of dinar appreciation or depreciation against the invoicing foreign currency, since the government did not introduce any incentive mechanisms for export oriented legal entities.

Income from sales on domestic market was lower in 2012 as compared to 2011 by RSD 441,560 thousand, i.e. 8.07%. However, if only the sales of Sojaprotein products are considered, without income from sales of commercial goods which recorded the major decline, it may be concluded that the growth of income by RSD 527,655 thousand, i.e. 12.41% was achieved. Major increase in the income value was achieved in sales of soybean meal which was higher by RSD 264,522 thousand, i.e. 9.50% as compared to the previous year. Globally, share of the soybean meal sold shall significantly drop in the next period due to production of traditional soybean concentrates.

In the category of income from services provided, growth of processing services to RSD 134,896 thousand in 2012 against RSD 23,995 thousand in the previous year should be noted.

Income from sales to related parties increased by RSD 1,979,330 thousand, i.e. 120.52%. However, the major percentage growth was recorded in sales of commercial goods which should be observed together with their procurement costs. In 2012, soybean grain was traded with related parties – Victoria Oil and it related to the soybean grain of inadequate quality for high quality standards required in production of higher processing level products. In the income from sales of Sojaprotein products a growth in sale of soybean meal by RSD 813,012 thousand, i.e. 85.21% was recorded – it was earmarked for financing the procurement of soybean grain.

In 2012 value of own goods and products on stock was reduced by RSD 249,379 thousand – contrary to the previous year when their increase by RSD 354,653 thousand was recorded. Reduced value of own goods and products on stock mainly resulted due smaller inventory balance as of December 31, 2012 as compared to the inventories balance as of December 31, 2011.

Other operating income was lower by RSD 53,885 thousand, i.e. 46.66%as compared to the previous year. Reduction in other operating income resulted from reduced subsidies. In 2012, subsidies amounted to RSD 2,335 thousand, whereas in 2011 they amounted to RSD 60,577 thousand. Due to the lack of funds for these purposes in the Budget of the Republic of Serbia the Decree on the right on export incentives was abolished and the outstanding receivables from the previous period were recorded to the subsidies account.

In 2012, the material costs were higher by RSD 1,817,609 thousand, i.e. 22.96% as compared to the previous year. Major increase occurred in the item 'Raw Material Costs' which increased by RSD 1,491,762 thousand, i.e. 20.23% as compared to the previous year.

Costs of ancillary material increased by RSD 72,400 thousand, i.e. 208.00% as compared to 2011. In addition to the hexane costs, when the concentrate production plant commenced its operations, the costs of ethanol as an ancillary material were incurred resulting in higher value of this cost group. In addition to the higher volume of consumed hexane, the exchange rate movements RSD against EUR also made caused higher costs of hexane since it is imported.

Packaging material costs were higher by RSD 46,875 thousand, i.e. 35.34% in 2012 as compared to the previous year. It resulted from the increased physical volume of its consumption and increase of its prices.

Costs of spare parts in 2012 were higher than in 2011 as a result of adjustments made to the already existing equipment for the new Traditional Soybean Concentrates Production Plant.

Fuel and energy costs were higher by RSD 181,675 thousand, i.e. 57.37% in 2012 as compared to 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 RSD 81,846 thousand, i.e. 19.92% in 2012 as compared to the previous year.

Other operating costs showed increase by RSD 150,227 thousand, i.e. 23.09% in 2012 as compared to the previous year. Major increase was recorded in the accounts group 550 – Costs of non-production services which were higher by RSD 90,547 thousand, i.e. 66.79% in 2012 as compared to 2011 and the accounts group 532 – Maintenance services which were higher by RSD 46,705 thousand. Costs of non-production services include corporative costs which were higher in 2012 than in 2011.

Maintenance services costs in the period January-December 2012 were higher by RSD46,705 thousand, i.e. 72.66%. Building maintenance costs and equipment maintenance costs increased due to adjustments made for the new concentrates production plant.

Rental costs were higher by RSD 7,194 thousand, i.e. 12.26% as compared to the previous year due to increased volume of soybean grain on stock which had to be stored outside of the Sojaprotein's storing capacities. With respect to other rental costs a lower amount was recorded as compared to the previous year.

As a result of movements in operating income and operating expense realized EBITDA amounted to RSD2,095,745 thousand and it was higher by RSD 701,578 thousand, i.e. 50.32% as compared to the previous year.

Other income was higher by RSD 320,102 thousand, i.e. 810.65%, and other expenses were higher by RSD 690,371 thousand, i.e. 1,258.2%. In 2012, on the account groups 68 and 58 significant amounts were recorded as a result of evaluation of property, plant and equipment and impairment of receivables.

Depreciation and amortization costs were higher by RSD 19.907 thousand, i.e. 10.67% as compared to the previous year. A part of the newly procured equipment was put in use and posted in the accounted records resulting in depreciation cost calculated to increased base value.

Realized EBITDA increased for other income and reduced for other expenses and depreciation and amortization showed EBIT amounting to RSD 1,503,527 thousand and it was by 26.21% higher than in 2011.

Realized financial income in 2012 was by RSD 23,409 thousand, i.e. 3.13% higher as compared to the previous year.

Major percentage increase within financial income was recorded on the account 'Interest from third parties'. Interest income from third parties, in addition to interest on time deposits and interest on ordinary deposits, includes the interest collected on adjusted sued claim recorded as interest income. Remaining net financial income recorded growth of RSD 25,532 thousand, i.e. 622.47% and included gains based on the currency clause effects and other financial income.

In 2012, financial expenses were by RSD 727,087 thousand, i.e. 98.82% higher as compared to the previous year. Highest growth in financial expenses was recorded in the item Credit currency differentials and it increased by RSD 367,799 thousand, i.e. 81.36% as compared to 2011. Currency differential gains and losses depend on the credit indebtedness and movements in exchange rate of RSD against the foreign currency in which the credit is carried (EUR in this concrete case). According to the data of the National Bank of Serbia the mean exchange rate of EUR as of December 31, 2011 and as of December 31, 2012 amounted to RSD 104.6409 and RSD 113.7183, respectively. Since the credit translations is made at the end of each month, in September, October and November currency differentials gains were posted due the lower mean exchange rate at the end of these months as compared to the previous months.

Within the item Interest expenses – interest of RSD 346,854 thousand accrued on the debt to Vojvodjanska Banka whereon the litigation is pending.

EBIT adjustment by financial income and financial expense resulted in profit before tax of RSD765,990 thousand which was by RSD 439,094 thousand dinars, i.e. 36.44% lower as compared to the previous year.

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1.2 Balance Sheet

In '000 RSD

Reporting period: 01/01-12/31/2012	**Y.T.D.** REALIZED Jan-Dec 2012	**Y.T.D.** REALIZED Jan-Dec 2011	**Y.T.D.** REALIZED DIFFERENCES 2012/2011	**Y.T.D.** REALIZED DIFFERENCES % 2012/2011
NON-CURRENT ASSETS	**9,495,497**	**7,987,256**	**1,508,241**	**18.88%**
I. SUBSCRIBED CAPITAL UNPAID			0	
II. GOODWILL			0	
III. INTANGIBLE ASSETS	16,437	13,787	2,650	19.22%
IV. PROPERTY, PLANT, EQUIPMENT AND BIOL. ASSETS	8,646,695	7,116,877	1,529,818	21.50%
1. Property, plant and equipment	8,055,230	6,781,872	1,273,358	18.78%
2. Investment property	588,699	331,953	256,746	77.34%
3. Biological assets	2,766	3,052	-286	-9.37%
V. LONG-TERM FINANCIAL INVESTMENTS	832,365	856,592	-24,227	-2.83%
1. Stakes in equity	831,179	855,688	-24,509	-2.86%
2. Other long-term financial investments	1,186	904	282	31.19%
CURRENT ASSETS	**11,342,512**	**9,306,798**	**2,035,714**	**21.87%**
I. INVENTORIES	5,531,714	4,744,120	787,594	16.60%
- Commercial goods	125,609	8,914	119,695	2,023.93%
- Raw materials	3,740,999	2,084,640	1,656,359	79.46%
- Ancillary material	24,639	9,063	15,576	171.86%
- Packaging material	22,013	23,015	-1,002	-4.35%
- Other material (101700+101750+102+102-packaging material)	65,059	188,971	-123,912	-65.57%
- Production in progress	76,025	69,397	6,628	9.55%
- Finished products	422,324	678,331	-256,007	-37.74%
- Prepayments	1,055,046	1,684,789	-629,743	-37.38%
- Other	0	0	0	0.00%
II. ASSETS HELD FOR TRADE		0	0	0.00%
III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH	5,810,798	4,562,678	1,248,120	27.35%
1. Receivables	**3,877,544**	**3,776,562**	**100,982**	**2.67%**
Receivables on domestic market – third parties	1,106,493	664,559	441,934	66.50%
Receivables from related parties	1,748,665	2,354,526	-605,861	-25.73%
Receivables on foreign markets	1,022,386	757,477	264,909	34.97%
2. Receivables from overpaid profit tax	3,591	0	3,591	0.00%
3. Short-term financial investments	1,784,961	128,804	1,656,157	1,285.80%
4. Cash and cash equivalents	128,389	523,815	-395,426	-75.49%
5. Value added tax and prepayments and accrued income	16,313	133,947	-117,184	-87.78%
C. DEFERRED TAX ASSETS	0	0	0	0.00%
TOTAL ASSETS	**20,838,009**	**17,294,054**	**3,543,955**	**20.49%**
OFF-BALANCE ASSETS	10,705,965	10,593,951	112,014	1.06%
EQUITY AND LIABILITIES				
EQUITY	**12,449,372**	**11,260,015**	**1,189,357**	**10.56%**
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	57,127	4.17%
IV. REVALUATION RESERVES	2,359,864	1,837,936	521,928	28.40%
V. UNREALIZED GAINS ON SECURITIES	0	571	-571	-100.00%
VI. UNREALIZED LOSSES ON SECURITIES	23,817	0	23,817	0.00%
VII. RETAINED PROFIT	1,778,085	1,143,440	634,645	55.50%
VIII. LOSSES		0	0	0.00%
IX. BOUGHT-UP TREASURY SHARES		0	0	0.00%
LONG-TERM PROVISIONS AND LIABILITIES	**8,388,637**	**6,034,039**	**2,354,598**	**39.02%**
I LONG-TERM PROVISIONS	24,815	49,890	-25,075	-50.26%
II. LONG-TERM LIABILITIES	2,306,316	2,895,566	-589,250	-20.35%
1. Long-term loans	2,306,316	2,895,503	-589,187	-20.35%
2. Other long-term liabilities	0	63	-63	-100.00%
III. SHORT-TERM LIABILITIES	5,685,847	2,952,947	2,732,900	92.55%
1. Short-term financial liabilities	4,498,562	2,345,998	2,152,564	91.75%
2. Liabilities for assets held for trade	0	0	0	0.00%
3. Operating liabilities	**689,578**	**521,683**	**167,895**	**32.18%**
Liabilities on domestic market – third parties	312,485	319,487	-7,002	-2.19%
Liabilities to related parties	330,919	45,691	285,228	624.25%
Liabilities on foreign markets	46,174	156,505	-110,331	-70.50%
4. Other short-term liabilities	392,802	32,794	360,008	1,097.79%
5. VAT and other public duties, accruals and deferred income	104,905	29,618	75,287	254.19%
6. Profit tax	0	22,854	-22,854	-100.00%
C. DEFERRED TAX LIABILITIES	371,659	135,636	236,023	174.01%

TOTAL EQUITY AND LIABILITIES	**20,838,009**	**17,294,054**	**3,543,955**	**20.49%**
OFF-BALANCE LIABILITIES	10,705,965	10,593,951	112,014	1.06%

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

As of December 31, 2012 the value of assets and liabilities amounted to RS 20,838,009 thousand and it was higher by RSD 3,543,955 thousand, i.e. 20.49% as compared to the Balance as of December 31, 2011.

Major increase within assets occurred in the following items: non-current assets, short-term receivables, investments and cash, and within liabilities in short-term liabilities.

Non-current assets were higher by RSD 1,508,241 thousand, i.e. 18.88% as compared to the year 2011. Within non-current property the item –Property, plant and equipment and biological assets' increase amounted to RSD 1,519,818 thousand, i.e. 21.50%. The increase was caused by evaluation of property, plant and equipment as of December 31, 2012. The assessment was carried out by the authorized company and on the basis of evaluation made the current value of equipment was increased by RSD 177,922 thousand; value of property by RSD 348,688 thousand and the value of land by RSD 135,762 thousand as compared to then current book value of these items. The item "Investment property' was increased by RSD 226,481.

During 2012, majority of investment referred to completion of the Soybean Protein Concentrates Production Plant. New equipment was purchase as follows: packaging machine for TCP, big-bag packaging machine. In addition, the investments were made in the reconstruction of the meal plant, in high-bay warehouse for finished products, B&G aspiration; furthermore investments in installation of the new extruder and Ushell mill were completed. Also, registration of the new TRADKONSPC trade mark and international registration of SOPROTEX, SOPROLEC and SOPRO trade marks was made resulting in increase of intangible assets by RSD 2,650 thousand. Furthermore, the animal food certificate – for soybean concentrates and soybean oil (GMP$^+$) has been obtained.

Major percentage increase within the current property was recorded in the item 'Commercial goods on stock and ancillary material on stock'. In 2012, in addition to hexane, ethanol which is used as the ancillary material in alcoholic extraction in the soybean protein concentrates production procedure appeared as well, increasing the value of ancillary materials on stock.

Balance of raw material on stock as of December 31, 2012 was higher by RSD 1,656,359 thousand as compared to the year 2011. The increase related to soybean grain on stock which in 2012 was higher by 5,337 tons.

The recorded reduction of production in progress and finished products on stock in the amount of RSD 249,379 thousand resulted from reduced volume of products on stock: soybean meal by 8,078 tons and soybean oil by 2,268 tons.

As of December 31, 2012 the balance of receivables from third parties on domestic market was higher by 66.50% as compared to the previous year. Increase of receivables resulted from sales of crude soybean oil in November and December with the deferred payment term.

As of December 31, 2012 receivables from related parties were reduced by RSD 605,861 thousand as compared to 2011. As of December 31, 2012 receivables from related parties were from three legal entities: Veterinarski Zavod Subotica with the major debt, followed by Victoria Oil and Victoria Logistic.

As of December 31, 20123 foreign trade receivables were higher by RSD 264,909, i.e. 34.97% thousand as compared to 2011 due to sales of larger volume of products, higher selling prices achieved and movements of exchange rate of RSD against the export currency.

Major increase within the current assets, in the absolute amount, was recorded in the item 'Short-term financial investments' which was in 2012 by RSD 1,656,157 thousand higher than as of December 31, 2011 and it mainly referred to the receivable from the Victoria Group.

As of December 31, 2012 the equity of the Company was higher by RSD 1,189,357 thousand, i.e. 10.56% as compared to the balance in 2011. Major increase was recorded in items 'Revaluation reserves' and 'Retained profit. The balance of revaluation reserves was higher by RSD 521,928 thousand, i.e. 28.40% as compared to the previous year and resulted from posting of the evaluation effects of the property, plant and equipment. The retained profit was higher by RSD 634,645 thousand, i.e. the net realized profit in 2012. On the basis of the actuary's report and in accordance with International Accounting Standard 19, provisions for employee benefits – severance pays and jubilee awards were reduced which resulted in lower balance of the long-term provisions as of December 31, 2012 by RSD 25,075 thousand, i.e. 50.26% as compared to the previous year.

As of December 31, 2012 the balance of long-term and short-term loans was higher by RSD 1,563,376 thousand as compared to the previous year. In addition to the increased value of liabilities carried in RSD, the loan liabilities carried in EUR showed increase as well. In addition to the increased credit debt carried in Euros, movements in exchange rate of RSD against EUR also made impact to the presented balance; as of December 31, 2012 the mean exchange rate of the National Bank of Serbia was RSD 113.7183 RSD against EUR 1, and on the same day of the previous year it was RSD 104.6409 against EUR 1.

As of December 31, 2012 liabilities to related parties were increased by RSD 285,228 thousand as compared to 2011. In the balance of liabilities to related parties as well as in receivables from related parties a debt to and receivable from Victoria Logistic were recorded (debt in the amount of RSD 204,683 thousand and receivable in the amount of RSD 436,845 thousand); these amounts could be compensated and in that case the liabilities as compared to the previous year would insignificantly differ.

As of December 31, 2012 liabilities for VAT, other public duties and levies and accruals and deferred income were higher by RSD 75,287 thousand as compared to 2011. Major item are VAT liabilities which amounted to RSD 85,072 thousand contrary to 2011 when a receivable from overpaid VAT was presented. In 2012 the former VAT amounted to RSD 1,359,171 thousand and the value added tax liabilities amounted to RSD 1,438,244 thousand. As of December 31, 2012 short-term liabilities were higher by RSD 360,008 thousand as compared to the previous year since they included the interest to Vojvodjanska Banka in the amount of RSD 346,854 thousand.

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

1.3 Cash Flows

In ‘000 RSD

Reporting period: 01/01-12/31/2012		**Y.T.D.** REALIZED Jan-Dec 2012	**Y.T.D.** REALIZED Jan-Dec 2011	**Y.T.D.** REALIZED DIFFERENCES Jan-Dec 2012/2011	**Y.T.D.** REALIZED DIFFERENCES % Jan-Dec2012/2011
Opening balance		**523,815**	**221,357**	**302,458**	**136.64%**
INFLOWS	**ADP**	**16,433,771**	**12,625,875**	**3,807,896**	**30.16%**
1. Cash inflows from operating activities		**11,663,281**	**8,917,187**	**2,746,094**	**30.80%**
Sale of crude soybean oil	302	3,615,81	2,744,271	871,600	31.76%
Sale of refined soybean oil	302	0	0	0	0.00%
Sale of higher processing levels	302	3,601,609	2,418,789	1,182,821	48.90%
Sale of soybean meal	302	3,456,740	3,156,211	300,529	9.52%
Sale of other goods	302	40,170	0	40,170	0.00%
Inflows from subsidies for oil sold	304	0	53,994	-53,994	0.00%
Subsides from human program sold	304	0	54,444	-54,444	0.00%
Other inflows (premiums, grants, leases, rec. from empl.)	304	314,795	104,698	210,097	200.67%
VAT recovery		483,022	384,781	98,241	25.53%
SPC		151,074	0	151,074	0.00%
Other inflows		0	0	0	0.00%
2. Cash inflows from investment activities		**1,375,921**	**176,549**	**1,199,372**	**679.34%**
Disposal of shares and stakes	314	0	25,508	-25,508	0.00%
Disposal of property, plant and equipment	315	1,039	0	1,039	0.00%
Other financial placements – loan repayment	315	32,495	151,041	-118,546	-78.49%
Other financial placements – time deposits – net amount	316	1,342,387	0	1,342,387	0.00%
3. Cash inflow s from financing activities		**3,394,569**	**3,532,139**	**-137,570**	**-3.89%**
Capital stock increase	326	0	0	0	0.00%
Long-term and short-term credits	327	3,394,569	3,532,139	-137,570	-3.89%
Other long-term and short-term liabilities	328	0	0	0	0.00%
OUTFLOWS		**7,346,075**	**7,912,236**	**-566,161**	**-7.16%**
1. Cash outflows from operating activities		**2,470,378**	**2,034,105**	**436,273**	**21.45%**
Soybean buy-up	306	112,365	89,558	22,807	25.47%
Procurement of raw materials, packaging, fuel	306	239,494	122,514	116,980	95.48%
Short-term liabilities	306	835,699	678,488	157,211	23.17%
Payment to suppliers and prepayments made and other	306	0	50,715	-50,715	0.00%
Salaries, salary compensations and fringe benefits	307	506,559	425,510	81,049	19.05%
Interest paid	308	230,608	162,943	67,665	41.53%
Profit tax	309	80,045	54,905	25,140	45.79%
Customs duties and other taxes (except for VAT)	310	114,794	371,068	-256,274	-69.06%
VAT	310	350,814	76,847	273,967	356.51%
Other outflows	310	0	1,557	-1,557	0.00%
2. Cash outflows from investment activities		**2,565,572**	**3,230,197**	-664,625	**-20.58%**
Acquisition of shares and stakes	320			0	
Acquisition of property, plant and equipment INVESTMENTS	321	920,530	3,091,045	-2,170,515	-70.22%
Other financial placements – loan	322	73,521	139,152	-65,631	-47.16%
Other financial investments – time deposits – net amount	322	1,571,521	0	1,571,521	0.00%
3. Cash outflow from financing activities		**2,310,125**	**2,647,934**	-337,809	**-12.76%**
Bought-up treasury shares and stakes	330	0	1,517	-1,517	0.00%
Long-term and short-term credits	331	2,309,307	2,645,490	-336,183	-12.71%
Financial lease	332	818	927	-109	-11.76%
Dividends paid	333	0	0	0	0.00%
Cash flows from operating activities		**9,192,903**	**6,883,082**	**2,309,821**	**33.56%**
Cash flows from investment activities		**-1,189,651**	**-3,053,648**	**1,863,997**	**61.04%**
Cash flows from financing activities		**1,084,444**	**884,205**	**200,239**	**22.65%**
Cash flows – third parties		**9,087,696**	**4,713,639**	**4,374,057**	**92.80%**
Intercompany movements INFLOWS		**1,693,071**	**4,819,184**	**-3,126,113**	**-64.87%**
Intercompany movements OUTFLOWS		**11,192,171**	**9,236,099**	**1,956,072**	**21.18%**
Currency differential gains		**86,617**	**19,495**	**67,122**	**344.30%**
Currency differential losses		**70,639**	**13,761**	**56,878**	**413.33%**
Cash at the end of the period		**128,389**	**523,815**	**-395,426**	**-75.49%**
Compensations executed		4,072,069	3,350,888	721,181	21.52%

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

- Total volume of oil sold in 2012 increased by 7.65% as compared to 2011, whereas its value in the same period was increased by 20%.
  Increase by 31.76% in cash flows related to the crude soybean oil resulted from exchange of the Contract on exchange of goods for payment in cash. In the same time inflows were increased due to increased sales on foreign markets;
- Inflow from higher processing levels recorded growth of 48.90% 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 RSD 53,994 thousand and subsidies for human program amounted to RSD 54,444 thousand. In the second half of 2011 inflow from subsidies was cancelled since there were no more assets in the Budget of the Republic of Serbia for these purposes. In 2012 the trend of lack of assets in the Budget continued and, therefore, no inflow was recorded;
- Increase of other inflows by 200.67% in 2012 as compared to 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 December 31, 2012 Sojaprotein AD has realized inflow from VAT recovery in total amount of RSD 483,022 thousand, i.e. by 25.53% higher than in 2011 due to invoicing of 135,474 tons of soybean grain – crop 2011 in January 2012 and increased investments during 2012. In the same period of 2011 inflows from VAT recovery was recorded amounted to RSD 384,781 thousand;
- Inflows from sales of concentrates within the SPC production program amounted to RSD 151,074 thousand dinars in the period as a result of commenced production in the new plant at the beginning of September 2012;
- Other financial investment recorded drop by 78.49% in the current 2012 as compared to 2011 resulting from credits taken in previous years and repaid in 2011;

- Outflows related to buy-up of soybean grain – crop 2011 recorded increase by 25.47% in 2012 when the procurement was made and the soybean grain invoiced in January 2012 resulting in higher cash outflow for these purposes as compared to the same period of previous year;
- Growth of short-term liabilities by 23.17% as compared to the previous year resulted from increased consumption of gas and electric power in the new SPC Plant;
- Procurement of raw materials, packaging and fuel recorded increase by 95.48% as compared to the previous year due to higher needs for alcohol – as raw material for the new SPC Plant - in the amount of RSD 53,640thousand and higher volumes and prices of packaging material resulting from increased sales of the higher processing level products;
- Sojaprotein AD recorded drop in credit activities and lower debt after re-transferring of credit debt for procurement of raw materials to Victoria Logistic; from now on Sojaprotein shall make borrowings solely required for its own core business.
  In 2012, this resulted in lower cash outflows for long-term and short-term credits by 12.71% as well as lower cash outflows for procurement of machinery and equipment by 70.22%. In the same time, cash outflow for payment of interest accrued on the investment loan granted by Unicredit Bank for investing in construction of the Traditional Soybean Concentrates Production Plant and interest accrued on new loan tranches withdrawn in 2012 increased by 41.53%.
- Increased cash outflow by 45.79% for paid profit tax resulted from increase of the realized profit in 2011 as compared to 2010
- More intensive investments in 2011 and their reduction in 2012 resulted in decreased cash outflow for customs duties by 69.06% as compared to the previous year.
- In some months Sojaprotein has sold higher volumes 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 356.51% as compared to 2011.
- Final SPC phase resulted in increased outflow by 47.16% for other financial investments allocated for completion of all investments and start-up the plant as soon as possible. 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 – DECEMBER 2012 ACHIEVED AGAINST THE PLANNED OPERATING RESULTS

SUMMARY

In 2012 the most significant investment - Traditional Soybean Concentrates Production Plant with annual capacity of 70,000 tons - was completed whereby the production program of Sojaprotein has significantly expanded. In Trial production of soybean protein concentrates has commenced in August 2012 and continued until the end of 2012. Since it was not possible to secure SPCs of the required export quality (strict requirements for low content of Antigen in SPC of end users) only marginal sales were realized. Therefore, at the end of 2012 elimination of observed non-compliance of a storage part of the plant and transportation of SPC commenced and no significant production and, hence no sale of SPC were realized in 2012. In the meantime Selling and Pricing Policies by SPC types/markets were 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 by major key accounts as well as the procedure of providing full offers to major distributors and customers of SPC.

With respect to the current program the expansion of higher processing level products export which commenced several years ago has been continued. Although the impact of a new wave of the global financial crisis, followed by ever increasing recession, had contributed to reduction or stagnation of sales in individual regions or countries, the achieved results exceeded expectations, particularly in sale of higher processing level products to the EU market. Results achieved in sales of human products assortment should be particularly noted. 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, the Serbian crop of NON GMO soybean was drastically reduced. Therefore, although the area under soybean remained at the same level as in the last year, the crop recorded drop by 42% as compared to 2011. Nevertheless, sufficient quantity 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, the end users are those who imply terms and conditions of exclusively NON GMO soybean products procurement and this represents the significant comparative advantage of Sojaprotein.

Hence, secured sufficient volume of NON GMO soybean of Serbian origin provide conditions for continuance of the commenced export expansion of existing products within the Human program, as well as all types of SPC, both for animal and human consumption (TSPC). All the more so since the advantages of SPC of Serbian origin are obvious – for implementation of the entered Free Trade Agreements (with EU, Russia and Belarus, CEFTA countries, EFTA, Turkey) and duty free treatment traceability and Serbian origin are necessary, and for some types of SPC/TSPC individual performance are required (low content of iron, light color, etc.) if continuity of export expansion of already existing (B&G, TSP, Mixes, Soja Vita, Lecithin) and future products (SPC/TSPC) is to be secured with high profit margins. This fact is particularly important in newly created conditions when come of competitors (CARGILL, SOLAE) have partially or in full withdrawn from the EU market (some types of B&G, TSP, traditional SPC), i.e. when the competition on the SPC market for animal consumption is more and more stronger due to aggressive appearance of Brazilian, Chinese, Danish and Finnish manufacturers, i.e. appearance of SPCs produced by different but less costly technology than our (HAMLET PROTEIN). After installation of the last state of the art equipment for production of high processing level products intended for the food industry and significant increase of their quality it is imperative that Sojaprotein should insist on the Policy of guaranteed IP NON GMO soybean products free of any allergens by securing Gluten Free Quality, with logistic support of Vitoria Group.

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

KEY OPERATING INDICATORS

A. Profitability

Gross Profit Rate	**18.86%**	**(Operating income-cost of goods-cost of materials/operating income)**
EBITDA Margin	**14.06%**	**EBITDA/Income from core activity**
EBIT Margin	**10.09%**	**EBIT/Income from core activity**
EBT Margin	**5.14%**	**EBT/Income from core activity**
Net profit Margin	**4.62%**	**Profit after tax/Income from core activity**
Return on Equity (ROE)	**5.81%**	**Net profit in the last 12 months/opening equity + closing equity in the period)/2**
Return on Total Assets (ROA)	**3.61%**	**Net profit in the last 12 months/(Opening assets +closing assets of the period)/2**

B. Liquidity Indicators

General Liquidity Ratio	**1..99**	**Current assets/Short-term liabilities**
Reduced Liquidity Ratio or Rigorous Liquidity Ratio	**1.02**	**(Current assets-inventories)/short-term Liabilities**
Current Liquidity Ratio or Cash Liquidity Ratio	**0.02**	**Cash/short-term liabilities**
Daily Liquidity Ratio	**151.57**	**(Receivables + cash and cash equivalents)/ (Cost of goods + material costs + salary costs + other operating expense + interest + tax)/365)**

C. Property Management Efficiency

Trade receivables turnover ratio	**4.05**	**(Sales income + other revenues)/(trade receivables closing balance /c.b./ + trade receivables opening balance /o.b.//2)**
Inventories turnover ratio	**3.02**	**(Cost of goods sold + material costs)/ material on stock c.b. + production in progress c.b. + goods on stockc.b. + finished products on stockc.b. + material on stockc.b. PS + production in progressc.b. PS + goods on stockc.b.PS + finished products on stockc.b.PS)/2)**
Trade liabilities ratio	**28.70**	**Procurement (material + goods)/(operating liabilities at the end of the period + operating liabilities PS)/2)**

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

Non-current assets turnover ratio	**1.74**	**(Sales income + revenue from undertaking of output and merchandise + other operating income)/(non-current assets c.b. + non-current assets o. b.)/2)**
Net non-current assets turnover ratio	**2.53**	**(Sales income+revenue from undertaking of output and merchandise + other operating income)/(net non-current assets c. b. + net non-current assets o. b.)/2)**
Total assets turnover ratio	**0.80**	**(Sales income + revenue from undertaking of output and merchandise + other operating income)/(non-current assets c. b. + non-current assets o. b.)/2)**
Average number of days of receivables collection	**120.89**	**365/inventories turnover ratio**
Average number of days of trade payables payment	**12.72**	**365/inventoriesturnover ratio**

D. Solvency

Financial Leverage	**1.61**	**(Assets c.b. + Assets PS)/2/Equity c.b. + Equity PS)/2**

Sojaprotein
AKCIONARSKO DRUŠTVO
ZA PRERADU SOJE
BEČEJ 61

Logo

Republic of Serbia
Business Registers Agency

Register of Financial Statements
and Data on Credit Solvency

APPLICATION FOR THE FINANCIAL STATEMENTS REGISTRATION

Bar Code

DATA ABOUT THE SUBMITTER

Business Name: SOJAPROTEIN AD

Registry Number: 08114702 Tax Identification No. 100741587 Municipality BECEJ

Place: BECEJ ZIP Code: 21220

Street: INDUSTRIJSKA Number 1

SORT OF FINANCIAL STATEMENT:

Consolidated financial statements for the year 2012

CLASSIFICATION:

Pursuant to Article 7 of the Law on Accounting and Auditing and based on data referred to under Financial Statements for the year 2012 the Submitter was classified as a **xxxx** legal entity.

MANNER OF SERVICING THE NOTIFICATION ON ESTABLISHED DEFICITS/CONFIRMATION OF THE REGISTRATION

Manner of servicing: **To the Submitter on its registered address**

Name:

Municipality:

Place: ZIP Code:

Street: Number:

DATA ABOUT THE PERSON RESPONSIBLE FOR PREPARATION OF FINANCIAL STATEMENTS

First Name and Surname/Name: Personal identification number 1405968855046 DRAGANAANDJELKOVIC

Place: ZRENJANIN

Street: RADNICKA Number: 49

E-mail: dragan.andjelkovic@sojaprotein.rs

Telephone: 021/6915-311

STATEMENT: I warrant the accuracy of the data entered.

Legal representative of the Submitter:

Signature: *signature, sgd.* SEAL

First Name: BRANISLAVASOJAPROTEIN

Surname: PAVLOVIC Joint Stock Company

Personal Identification Number: 0405957835015 for Soybean Processing

Becej

Application number: 437743

Entered by: Legal Entity- Entrepreneur

08114072		100741587
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

850

1 2 3 19 20 21 22 23 24 25 26

Type of Business

Name: **SOJAPROTEIN AD**
Registered office: **BECEJ, INDUSTRIJSKA 1**

BALANCE SHEET – consolidated

7005018097991 *Bar Code*

As of December 31, 2012

- In thousands of dinars /RSD/ -

Group of Accounts. Account	I T E M	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
	ASSETS				
	A. NON-CURRENT ASSETS (002+003+004+005+009)	001		9,494,392	9,034,600
00	I. SUBSCRIBED CAPITAL UNPAID	002			
012	II. GOODWILL	003		0	201,033
01 without 012	III. INTANGIBLE INVESTMENTS	004		16,437	48,475
	IV. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	*18*	8,646,702	8,646,428
020,022,023, 026,027(part), 028(part),029	1. Property, plant and equipment	006	*18*	8,055,238	8,329,129
024,027(part),028 (part)	2. Investment property	007		588,698	314,247
021,025,027 (part),028 (part)	3. Biological assets	008		2,766	3,052
	V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009		831,253	138,664
030 to 032, 039 (part)	1. Interests in equity	010	*19*	830,067	72,585
033 to 038, 039 (part) minus 37	2. Other long-term financial investments	011	*20*	1,186	86,079
	B. WORKING CAPITAL (013+014+015)	012		11,361,715	10,770,591
10 to 13, 15	I. INVENTORIES	013	*21*	5,546,744	5,220,530
14	II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	014			
	III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015		5,814,971	5,550,061
20,21 and 22 excl. 223	1. Receivables	016	*22*	3,843,544	4,668,630
223	2. Receivables from overpaid corporate income tax	017		3,591	139
23 minus 237	3. Short-term financial investments	018	*23*	1,784,961	154,624
24	4. Cash and cash equivalents	019	*24*	166,400	582,718

- In thousands of dinars /RSD/ -

Group of Accounts. Account	I T E M	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
27 and 28 excl. 288	5. Value added tax and prepayments and accrued income	020		16,475	143,950
288	C. **DEFERRED TAX ASSETS**	021		20,856,107	19,805,191
	D. **OPERATING ASSETS** (001+012+021)	022			
29	E. **LOSS OVER CAPITAL**	023		20,856,107	19,805,191
	F. **TOTAL ASSETS** (022+023)	024		10,705,965	20,476,875
88	G. **OFF-BALANCE ASSETS**	025			
	LIABILITIES				
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101		12,458,069	13,002,855
30	I. OORIGINAL CAPITAL	102		6,906,541	7,292,899
31	II. SUBSCRIBED CAPITAL UNPAID	103			
32	III. RESERVES	104		1,428,909	1,589,277
330 and 331	IV. REVALUATION RESERVES	105		2,362,112	2,512,500
332	V. UNREALIZED PROFIT FROM SECURITIES	106		0	571
333	VI. UNREALIZED LOSSES ON SECURITIES	107		23,817	0
34	VII. RETAINED PROFIT	108		1,784,324	1,607,608
35	VIII. LOSSES	109			
037 and 237	IX. REPURCHASED OWN SHARES	110			
	B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		8,026,570	6,621,851
40	I. LONG-TERM PROVISIONS	112		24,815	59,269
41	II. LONG-TERM LIABILITIES (114+115)	113		2,306,316	3,172,862
414, 415	1. Long-term credits	114		2,306,316	3,172,862
41 without 414 and 415	2. Other long-term liabilities	115		0	63
	III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116		5,695,439	3,389,720
42 excl. 427	1. Short-term financial liabilities	117		4,498,562	2,509,902
427	2. Liabilities for assets held for sale and assets from operations to be suspended	118			
43 and 44	3. Operating liabilities	119		698,338	765,376
45 and 46	4. Other short-term liabilities	120		392,802	56,875
47, 48 excl. 481 and 49 excl. 498	5. Value added tax liabilities and other public duties, accruals and differed income	121		105,737	31,129
481	6. Profit tax liabilities	122		0	26,438

- In thousands of dinars /RSD/ -

Group of Accounts. Account	ITEM	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
498	**C. DEFERRED TAX LIABILITIES**	123		371,468	180,845
	D. TOTAL LIABILITIES (101+111+123)	124		20,856,107	19,805,191
89	E. **OFF-BALANCE LIABILITIES**	125	*33*	10,705,965	20,476,875

In **Becej**, this 25th Day of the Year 2013
March 2013

Person responsible for preparation of financial statement *Signature*	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	**Legal representative** *Signature*

Entered by: Legal Entity- Entrepreneur

08114072		100741587
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

850

1 2 3 19 20 21 22 23 24 25 26

Type of Business

Name: **SOJAPROTEIN AD**
Registered office: **BECEJ, INDUSTRIJSKA 1**

INCOME STATEMENT – consolidated

7005018098004

Bar Code

For the Period from January 1, 2012 to December 31, 2012

- In thousands of dinars /RSD/ -

Group of Accounts. Account	I T E M	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
	A. OPERATING INCOME AND EXPENSES **I. OPERATING REVENUES** (202+203+204-205+206)	201		17,632,126	15,157,432
60 and 61	Income from sales	202	*6*	17,768,508	14,584,107
62	2. Revenues from undertaking of output and merchandise	203		42,179	56,703
630	3. Increase in value of output and merchandise on stock	204		11,502	402,867
631	4. Decrease in value of output and merchandise on stock	205		249,379	0
64 and 65	5. Other operating income	206	*7*	59,316	113,755
	II. OPERATING EXPENSES (208 to 212)	207		15,505,781	13,717,734
50	1. Cost of goods sold	208		2,042,224	2,563,559
51	2. Material cost	209	*8*	11,409,012	9,330,379
52	3. Salaries, salary compensations and fringe benefits	210	*9*	762,415	722,857
54	4. Depreciation and amortization and provision costs	211	*10*	304,633	300,114
53 and 55	5. Other operating expenses	212	*11*	987,497	800,825
	III. OPERATING PROFIT (201 – 207)	213		2,126,345	1,439,698
	IV. OPERATING LOSSES (207 – 201)	214			
66	**V. FINANCIAL INCOME**	215	*12*	803,014	827,086
56	**VI. FINANCIAL EXPENSES**	216	*13*	1,587,933	875,115
67, 68	**VII. OTHER INCOME**	217	*14*	382,299	51,616
57, 58	**VIII. OTHER EXPENSES**	218	*15*	809,136	156,376
	IX. OPERATING PROFIT BEFORE TAX (213-214+215-216+217-218)	219		914,589	1,286,909
	X. OPERATING LOSSES BEFORE TAX (214-213-215+216-217+218)	220			
69-59	**XI NET GAINS FROM DISCONTINUED OPERATIONS**	221			
59-69	**XII NET LOSSES FROM DISCONTINUED OPERATIONS**	222		0	303

- In thousands of dinars /RSD/ -

Group of Accounts. Account	ITEM	ADP	Note No.	Amount	
				Current Year	Previous Year
1	2	3	4	5	6
	B. PROFIT BEFORE TAX (219-220+221-222)	223		914,589	1,286,606
	C. LOSSES BEFORE TAX (220-219+222-221)	224			
	D. PROFIT TAX				
721	1. Tax liabilities of the period	225	*17*	71,943	70,839
722	2. Deferred tax expenses of the period	226		23,197	0
722	3. Deferred tax income of the period	227		0	1,653
723	**E. Employer's benefits paid**	228			
	F. NET PROFIT (223-224-225-226+227-228)	229		819,449	1,217,420
	G. NET LOSSES (224-223 + 225+226-227+ 228)	230			
	H. NET PROFIT OF THE MINORITY SHAREHOLDERS	231		60,348	28,628
	I. NET PROFIT OF THE OWNERS OF PARENT LEGAL ENTITY	232		759,101	1,188,792
	J. EARNINGS PER SHARE		*16*		
	1. Basic earnings per share	233			
	2. Diluted earnings per share	234			

In **Becej**, this 25th Day of the Year 2013
March 2013

Person responsible for preparation of financial statement *Signature*	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	**Legal representative** *Signature*

Form prescribed under the Rules on Content and Form of the Financial Statements Forms for Companies, Cooperatives, Other Legal Entities and Entrepreneurs ("Official Gazette of the Republic of Serbia", Nos. 114/06, 5/07, 119/08 and 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur

08114072		100741587
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

850

1 2 3 19 20 21 22 23 24 25 26

Type of Business

Name: **SOJAPROTEIN AD**
Registered office: **BECEJ, INDUSTRIJSKA 1**

CASH FLOW STATEMENT – consolidated

7005018098011 *Bar Code*

For the Period from January 1, 2012 to December 31, 2012

- In thousands of dinars /RSD/ -

I T E M	ADP	Amount	
		Current Year	Previous Year
1	2	3	4
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Cash inflows from operating activities (1 to 3)	301	18,780,608	17,229,982
1. Sales and prepayments received	302	18,239,688	16,279,901
2. Interest received through operating activities	303	329,825	274,271
3. Other operating inflows	304	211,095	675,810
II. Cash outflows from operating activities (1 to 5)	305	17,609,280	17,056,401
1. Trade payables and prepayments made	306	16,434,818	16,003,138
2. Salaries, salary compensations and fringe benefits	307	739,152	704,042
3. Interest paid	308	253,028	226,972
4. Corporate income tax	309	89,993	61,283
5. Other public duties	310	92,289	60,966
III. Net cash inflows from operating activities (I-II)	311	1,171,328	173,581
IV. Net cash outflows from operating activities (II-I)	312		
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
I. Cash inflows from investment activities (1 to 5)	313	167,341	317,817
1. Disposal of shares and interests (net inflows)	314	0	24,019
2. Disposal of intangible assets, property, plant, equipment and biological assets	315	1,202	24,883
3. Other financial investments (net inflows)	316	166,139	268,915
4. Interest received through investment activities	317		
5. Dividends received	318		
II. Cash outflows from investment activities (1 to 3)	319	3,575,087	1,770,613
1. Acquisition of shares and interest (net outflows)	320	0	1,185
2. Acquisition of intangible assets, property, plant, equipment and biological assets	321	854,245	1,768,978
3. Other financial investments (net outflows)	322	2,720,842	0
III. Net cash inflows from investment activities (I-II)	323		
IV. Net cash outflows from investment activities (II-I)	324	3,407,746	1,452,346

- In thousands of dinars /RSD/ -

ITEM	ADP	Amount	
		Current Year	Previous Year
1	2	3	4
C. CASH INFLOWS FROM FINANCING ACTIVITIES			
I. Cash inflows from financing activities (1 to 3)	325	1,965,485	2,066,773
1. Increase of the capital stock	326	820,000	0
2. Long-term and short-term loans (net inflows)	327	1,088,564	2,066,733
3. Other long-term and short-term liabilities	328	56,921	0
II. Cash outflows from financing activities (1 to 4)	329	152,103	444,005
1. Repurchase of own shares and interests	330		
2. Long-term and short-term loans and other liabilities (net outflows)	331	151,386	442,718
3. Financial lease	332	717	1,287
4. Dividends paid	333		
III. Net inflows from financing activities (I-II)	334	1,813,382	1,622,768
IV. Net outflows from financing activities (II-I)	335		
D. TOTAL CASH INFLOWS (301+313+325)	336	20,913,434	19,614,572
E. TOTAL CASH OUTFLOWS (305+319+329)	337	21,336,470	19,270,569
F. NET CASH INFLOW (336-337)	338	0	344,003
G. NET CASH OUTFLOW (337-336)	339	423,036	0
H. OPENING CASH BALANCE OF THE PERIOD	340	582,718	234,972
I. EXCHANGE RATE DIFFERENCE - GAINS	341	8,098	4,867
J. EXCHANGE RATE DIFFERENCE - LOSSES	342	1,380	1,124
K. CLOSING CASH AT BALANCE OF THE PERIOD (338-339+340+341-342)	343	166,400	582,718

In **Becej**, this 25th Day of the Year 2013
March 2013

Person responsible for preparation of financial statement Signature	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	**Legal representative** Signature

Form prescribed under the Rules on Content and Form of the Financial Statements Forms for Companies, Cooperatives, Other Legal Entities and Entrepreneurs ("Official Gazette of the Republic of Serbia", Nos. 114/06, 5/07, 119/08 and 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur

08114072		100741587
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

850								
1 2 3	19	20	21	22	23	24	25	26
Type of Business								

Name: **SOJAPROTEIN AD**
Registered office: **BECEJ, INDUSTRIJSKA 1**

STATEMENT ON CHANGES IN EQUITY - consolidated

7005018098035 *Bar Code*

For the period from January 1 to December 31, 2012

- In thousands of dinars /RSD/ -

Ord. No.	DESCRIPTION	ADP	Capital Stock (group 30 without 309)	ADP	Other capital (acct. 309)	ADP	Subscribed capital unpaid (group 31)	ADP	Issue premium (acc. 320)
	1		2		3		4		5
1	Balance as of January 1 of the previous year	401	4.938.700	414	12.393	427		440	1.252.010
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	402		415		428		441	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	403		416		429		442	
4	**Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)**	404	4,938,700	417	12,393	430		443	1,252,010
5	Total increase in the previous year	405	2,341,806	418		431		444	4,309
6	Total reduces in the previous year	406		419		432		445	754
7	**Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)**	407	7,280,506	420	12,393	433		446	1,255,565
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	408		421		434		447	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	409		422		435		448	
10	**Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)**	410	7,280,506	423	12,393	436		449	1,255,565
11	Total increase in the current year	411		424		437		450	
12	Total reduces in the current year	412	373,965	425	12,393	438		451	217,540
13	**Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)**	413	6,906,541	426		439		452	1,038,025

- In thousands of dinars /RSD/ -

Ord. No.	DESCRIPTION	ADP	Reserves (acc. 321, 322)	ADP	Revaluation reserves (acc. 330 and 331)	ADP	Unrealized gains on securities (acc. 332)	ADP	Unrealized losses on securities (acc. 333)
	1		6		7		8		9
1	Balance as of January 1 of the previous year	453	294,080	466	2,515,122	479	2,476	492	
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	454		467		480		493	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	455		468		481		494	
4	**Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)**	456	294,080	469	2,515,122	482	2,476	495	
5	Total increase in the previous year	457	39,632	470		483		496	
6	Total reduces in the previous year	458		471	2,622	484	1,905	497	
7	**Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)**	459	333,712	472	2,512,500	485	571	498	
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	460		473		486		499	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	461		474		487		500	
10	**Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)**	462	333,712	475	2,512,500	488	571	501	
11	Total increase in the current year	463	57,172	476	751,387	489	2,629	502	23,817
12	Total reduces in the current year	464		477	901,775	490	3,200	503	
13	**Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)**	465	390,884	478	2,362,112	491		504	23,817

- In thousands of dinars /RSD/ -

Ord. No.	DESCRIPTION	ADP	Retained profit (group 34)	ADP	Losses up to the equity (group 35)	ADP	Bought-up treasury shares and stakes (acc. 037, 237)	ADP	Total (col.2+3+4+5+6+7+8+ 9+10-11-12)
	1		10		11		12		13
1	Balance as of January 1 of the previous year	505	2,773,837	518		531	20,521	544	11,768,097
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	506		519		532		545	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	507		520		533		546	
4	**Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)**	508	2,773,837	521		534	20,521	547	11,768,097
5	Total increase in the previous year	509	1,215,178	522		535	796	548	3,600,129
6	Total reduces in the previous year	510	2,381,407	523		536	21,317	549	2,365,371
7	**Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)**	511	1,607,608	524		537		550	13,002,855
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	512		525		538		551	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	513		526		539		552	
10	**Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)**	514	1,607,608	527		540		553	13,002,855
11	Total increase in the current year	515	1,835,406	528		541		554	2,622,777
12	Total reduces in the current year	516	1,658,690	529		542		555	3,167,563
13	**Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)**	517	1,784,324	530		543		556	12,458,069

- In thousands of dinars /RSD/ -

Ord. No.	DESCRIPTION	ADP	Losses over equity (Group 29)
	1		14
1	Balance as of January 1 of the previous year	557	
2	Adjustment of fundamental errors and change of accounting policies in the previous year - increase	558	
3	Adjustment of fundamental errors and change of accounting policies in the previous year – reduce	559	
4	**Adjusted opening balance as of Jan. 1 of the previous year (Ord. No. 1+2-3)**	560	
5	Total increase in the previous year	561	
6	Total reduces in the previous year	562	
7	**Balance as of Dec. 31 of the previous year (Ord. No. 4+5-6)**	563	
8	Adjustment of fundamental errors and change of accounting policies in the current year - increase	564	
9	Adjustment of fundamental errors and change of accounting policies in the current year – reduce	565	
10	**Adjusted opening balance as of Jan. 1 of the current year (Ord. No. 7+8-9)**	566	
11	Total increase in the current year	567	
12	Total reduces in the current year	568	
13	**Balance as of Dec. 31 of the current year (Ord. No. 10+11-12)**	569	

In____**Becej**______, this 25th Day of the Year 2013
March 2013

Person responsible for preparation of financial statement Signature	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	**Legal representative** Signature

Form prescribed under the Rules on Content and Form of the Financial Statements Forms for Companies, Cooperatives, Other Legal Entities and Entrepreneurs ("Official Gazette of the Republic of Serbia", Nos. 114/06, 5/07, 119/08 and 2/10, 101/12 and 118/12).

Entered by: Legal Entity- Entrepreneur

08114072		100741587
Identification Number	Activity Code	Tax ID No.

Entered by the Business Registers Agency

850								
1 2 3	19	20	21	22	23	24	25	26
Type of Business								

Name: **SOJAPROTEIN AD**
Registered office: **BECEJ, INDUSTRIJSKA 1**

STATISTICAL ANNEX – CONSOLIDATED

7005018098028 *Bar Code*

For the year 2012

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

ITEM	ADP	Current Year	Previous Year
1	2	3	4
1. Number of months of business operation (designation 1 to 12)	601	12	12
2. Designation for size (designation from 1 to 3)	602	3	3
3. Designation of ownership (designation from 1 to 5)	603	2	2
4. Number of foreign (natural or legal) persons having share in the capital	604	274	370
5. Average headcount of employees based on the status at the end of each month (round number)	605	417	715

II GROSS CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Gross	Value adjustment	Net (Col. 4-5)
1	2	3	4	5	6
01	**1. Intangible assets**				
	1.1 Opening balance	606	335,395	85,887	249,508
	1.2 Increase (acquisition) during the year	607	5,756	xxxxxxxxxxxx	5,756
	1.3 Decrease during the year	608	306,402	xxxxxxxxxxxx	238,827
	1.4 Revaluation	609		xxxxxxxxxxxx	
	1.5 Closing balance (606+607- 608+609)	610	34,749	18,312	16,437
02	**2. Property, plant, equipment and biological assets**				
	2.1 Opening balance	611	10,208,961	1,562,533	8,646,428
	2.2 Increase (acquisition) during the year	612	2,345,776	xxxxxxxxxxxx	2,345,776
	2.3 Decrease during the year	613	3,904,458	xxxxxxxxxxxx	2,345,502
	2.4 Revaluation	614		xxxxxxxxxxxx	
	2.5 Closing balance (611+612-613+614)	615	8,650,279	3,577	8,646,702

III STRUCTURE OF INVENTORIES

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
10	1. Material on stock	616	3,852,710	2,554,717
11	2. Production in progress	617	76,025	149,582
12	3. Finished products	618	422,324	797,584
13	4. Mercandise	619	140,639	30,982
14	5. Non-current assets held for sale	620		
15	6. Prepayments	621	1,055,046	1,687,665
	7. TOTAL (616+617+618+619+620+621 = 013+014)	622	5,546,744	5,220,530

IV STRUCTURE OF CAPITAL STOCK

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
300	1. Share capital	623	6,906,541	7,280,506
	Within it: foreign capital	624	585,975	397,637
301	2. Interests of the limited liability company	625		
	Within it: foreign capital	626		
302	3. Interests of partnership and limited partnership members	627		
	Within it: foreign capital	628		
303	4. State capital	629		
304	5. Socially-owned capital	630		
305	6. Interests of cooperatives	631		
309	7. Other capital stock	632	0	12,393
30	**TOTAL (623+625+627+629+630+631+632=102)**	**633**	6,905,541	7,292,899

V STRUCTURE OF SHARE CAPITAL

Number of shares in round numbers
- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
	1. Ordinary shares			
	1.1 Number of ordinary shares	634	14,895,524	15,818,136
part of 300	1.2 Par value of ordinary shares - total	635	6,906,541	7,280,506
	2. Preferential shares			
	2.1 Number of preferential shares	636		
part of 300	2.2 Par value of preferential shares - total	637		
300	**3. TOTAL – Par value of shares (635+637=623)**	**638**	6,906,541	7,280,506

VI RECEIVABLES AND PAYABLES

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
20	1. Trade receivables (closing balance 639 < = 016)	639	3,809,544	4,668,630
43	2. Operating liabilities (closing balance 640 < = 119)	640	698,338	765,376
part of 228	3. Claims from insurance companies for damages (debit transactions net of opening balance) during the year	641	2,086	988
27	4. VAT – previous tax (annual amount by tax returns)	642	135,171	1,708,069
43	5. Operating liabilities (credit transactions net of opening balance)	643	18,386,563	25,974,248
450	6. Net salaries, salary compensations (credit transactions net of opening balance)	644	468,484	390,175
451	7. Tax on salaries and salary compensations charged to employee (credit transactions net of opening balance)	645	40,233	58,375
452	8. Contributions on salaries and salary compensations charged to employee (credit transactions net of opening balance)	646	66,013	94,803
461, 462 and 723	9. Dividends to be paid, share in profit and employer's benefits (credit transactions net of opening balance)	647		
465	10. Liabilities to natural persons based on fees under contracts (credit transactions net of opening balance)	648	3,258	12,808
47	11. VAT liabilities (annual amount by tax returns)	649	1,438,244	1,386,535
	12. Control sum (from 639 to 649)	**650**	26,271,934	35,060,007

VII OTHER COSTS AND EXPENSES

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
513	1. Fuel and energy	651	595,831	516,964
520	2. Salaries and salary compensations (gross)	652	574,730	541,105
521	3. Taxes and contributions on salaries and salary compensations charged to the employer	653	99,400	96,642
522,523, 524 and 525	4. Fees to natural persons (gross) based on contracts	654	23,675	17,336
526	5. Fees to members of BoD and Supervisory Board (gross)	655	1,039	3,614
529	6. Other fringe benefits	656	63,571	64,160
53	7. Production services	657	410,664	465,830
533, part of540 and part of 525	8. Leases	658	65,855	82,014
Part of 533, part of 540 and part of 525	9. Land lease	659		
536, 537	10. Research and development	660		
540	11. Depreciation and amortization	661	304,633	299,845
552	12. Insurance premiums	662	25,251	34,121
553	13. Payment transaction costs	663	25,627	46,253

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
554	14. Membership fees	664	3,508	3,845
555	15. Taxes	665	23,328	24,625
556	16. Contributions	666	10,032	2,445
562	17. Interest	667	513,928	207,758
Part of 560, part of 561 and 562	18. Interest costs and share of financial expenses	668	513,928	207,758
part of 560, part of 561 and part of 562	19. Interest accrued on loans and share of financial expenses	669	347,923	179,934
part of 579	20. Expenses for humanitarian, cultural, health, educational, scientific and religious purposes, for environment protection and sports purposes	670	947	382
	21. Control sum (from 651 to 670)	**671**	3,603,870	2,794,631

VIII OTHER INCOME

- In thousands of dinars /RSD/ -

Account Groups, Account	ITEM	ADP	Current Year	Previous Year
1	2	3	4	5
60	1. Income from sale of merchandise	672	2,421,564	3,030,600
640	2. Income from premiums, subsidies, endowments, recourse, compensations and return of tax dues	673	0	55,307
641	3. Income from conditional grants	674	2,335	5,998
part of 650	4. Income from land lease	675		
651	5. Income from membership fees	676		
part of 660, part of 661, 662	6. Interest gains	677	80,423	165,360
part of 660, pat of 661 and part of 662	7. Interest gains on accounts and deposits with banks and other financial institutions	678	38,478	7,589
part of 660, part of 661 and part of 669	8. Income from dividends and share in the profits	679		
	9. Control sum (672 to 679)	**680**	254,800	3,264,854

IX OTHER DATA

- In thousands of dinars /RSD/ -

ITEM	ADP	Current Year	Previous Years
1	2	3	4
1. Excise duty (according to computed excise duty on annual base)	681		
2. Accounted customs and other import duties (total computed annual amount).	682	3.232	14.259
3. Capital subsidies and other state grants for construction and procurement of fixed assets and intangible assets	683		
4. State allocations for premiums, recourse and the current operating costs	684		
5. Other state allocations	685		
6. Received grants from abroad and other nonrecurring assets in cash or in kind from foreign natural persons and legal entities	686		
7. Benefits of entrepreneurs from net profit (filled in by entrepreneurs only)	687		
8. Control sum (from 681 to 687)	**688**	3.232	14.259

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

- In thousands of dinars /RSD/ -

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

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

- In thousands of dinars /RSD/ -

ITEM	ADP	Current Year	Previous Years
1	2	3	4
1. Opening balance of deferred net effects of contracted foreign currency clause	697		
2. Deferred net effects of contracted foreign currency clause	698		
3. Pro rata portion of cancelled deferred net effect of contracted foreign currency clause	699		
4. Remaining amount of deferred net effect of contracted foreign currency clause (ord. no. 1+ ord. no. 2- ord. no.3)	700		
5. Opening balance of deferred net effect of exchange rate differences	701		
6. Deferred net effect of exchange rate differences	702		
7. Pro rata portio of cancelled deferred net effect of exchange differences	703		
8. Remaining amount of deferred net effect of exchange differences (ord. no. 5+ ord. no. 6 – ord. no. 7)	704		

In **Becej**, this 25th Day of the Year 2013
March 2013

Person responsible for preparation of financial statement *Signature*	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	**Legal representative** *Signature*

Form prescribed under the Rules on Content and Form of the Financial Statements Forms for Companies, Cooperatives, Other Legal Entities and Entrepreneurs ("Official Gazette of the Republic of Serbia", Nos. 114/06, 5/07, 119/08 and 2/10, 101/12 and 118/12).

SOJAPROTEIN A.D. BECEJ

Consolidated Financial Statements
As of December 31, 2012

CONSOLIDATED INCOME STATEMENT
For the period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	Note	2012	*Corrected* 2011
OPERATING INCOME			
Sales		17,768,508	14,584,107
Income from undertaking of output and merchandise		42,179	56,703
(Decrease) / increase of inventories		(237,877)	402,867
Other operating income		59,316	113,755
		17,632,126	15,157,432
OPERATING EXPENSES			
Cost of goods sold		(2,042,224)	(2,563,559)
Material costs		(11,409,012)	(9,330,379)
Salaries, salary compensations and fringe benefits		(762,415)	(722,857)
Depreciation, amortization costs and provisions		(304,633)	(300,114)
Other operating expenses		(987,497)	(800,825)
		(15,505,781)	(13,717,734)
OPERATING INCOME		2,126,345	1,439,698
Financial income		803,014	827,086
Financial expenses		(1,587,933)	(875,115)
Other income		382,299	51,616
Other expenses		(809,136)	(156,679)
INCOME FROM REGULAR OPERATIONS		914,589	1,286,606
CORPORATE INCOME TAX:			
- Tax expenses of the period		71,943	(70,839)
- Deferred tax income / (expenses) of the period		23,197	1,653
NET PROFIT		819,449	1,217,420
SHARE OF NET PROFIT BELONGING TO MINORITY INTEREST		60,348	28,628
SHARE OF NET PROFIT BELONGING TO OWNERS OF THE PARENT		759,101	1,188,792
Base earnings per share (n dinars)		55.01	100.84

CONSOLIDATED BALANCE SHEET
As of December 31, 2012
(in thousands of dinars /RSD/)

	December 31, 2012	December 31, 2011
ASSETS		
Fixed assets		
Intangible assets	16,437	48,475
Goodwill	-	201,033
Property, plant and equipment	8,058,004	8,332,181
Investment property	588,698	314,247
Interests in equity	830,067	72,585
Other long-term financial investments	1,186	66,070
	9,494,392	9,034,600
Working capital		
Inventories	8,546,744	5,220,530
Receivables	3,843,544	4,668,630
Receivables from overpaid corporate income tax	3,591	139
Short-term financial investments	1,784,961	154,624
Cash and cash equivalents	166,400	582,718
Value added tax and prepayments and accrued income	16,475	143,950
	11,361,715	10,770,591
Total assets	20,856,107	19,805,191
EQUITY AND LIABILITIES		
Equity		
Share capital	6,906,480	6,906,480
Reserves	553,653	496,386
Revaluation reserves	2,359,864	2,109,437
Issue premiums	875,256	875,256
Unrealized (losses)/gains from securities	(23,817)	571
Retained profit	1,786,633	1,245,931
Repurchased own shares		-
Minority interests	1,429,142	1,368,794
	12,458,069	13,002,855
Long-term liabilities		
Long-term provisions	24,815	59,269
Long-term loans	2,306,316	3,172,799
Other long-term liabilities	0	63
	2,331,131	3,232,131
Short-term liabilities		
Short-term financial liabilities	4,498,562	2,509,902
Operating liabilities	698,338	765,376
Other short-term liabilities and accruals and deferred income	392,802	56,875

Value added tax and other public duties	105.737	31,129
Corporate income tax liabilities	0	26,438
	5,695,439	3,389,720
Deferred tax liabilities	371,468	180,485
Total equity and liabilities	20,856,107	19,805,191
Off-balance assets / liabilities	10,705,965	20,476,875

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY
For the Period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	Share Capital	Issue premium	Mandatory and statutory reserves	Revaluation reserves	Unrealized gains from securities held for sale	Unrealized losses from securities held for sale	Retained profit	Repurchased own shares	Minority interests	Loss of control of minority interests	Total
Balance as of January 1, 2011	4,564,674	871,701	456,785	2,112,617	2,476	-	2,444,379	(20,521)	1,335,986	-	11,768,097
Conversion of retained profit in capital	2,341,806	-	-	-	-	-	(2,341,806)	-	-	-	-
Revaluation reserves cancellation based on disposal and decommissioning	-	-	-	(2,278)	-	-	-	-	-	-	(2,278)
Issue premium from sale of own shares	-	4,309	-	-	-	-	-	-	-	-	4,309
Sale of own shares	-	(754)	-	-	-	-	-	21,317	-	-	20,563
Transfers from retained profit	-	-	39,601	-	-	-	(39,601)	-	-	-	-
Other	-	-	-	(558)	-	-	(5,833)	-	4,180	-	(2,211)
Net profit of the period	-	-	-	-	-	-	1,188,792	-	28,628	-	1,217,420
	6,906,480	875,256	496,386	2,109,437	571	-	1,245,931	-	1,368,794	-	13,002,855
Balance as of January 1, 2012	6,906,480	875,256	496,386	2,109,437	571	-	1,245,931	-	1,368,794	-	13,002,855
Conversion of retained profit in capital	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserves cancellation based on disposal and decommissioning	-	-	-	-	-	-	-	-	-	-	-
Issue premium from sale of own shares	-	-	-	-	-	-	-	-	-	-	-
Loss of control	-	-	-	(673,657)	-	-	(1,194,625)	-	-	(60,348)	(1,868,282)
Decrease during the year	-	-	-	(228,118)	(571)	-	-	-	-	-	(228,689)
Sale of own shares	-	-	-	-	-	-	-	-	-	-	-
Transfers from retained profit	-	-	57,118	-	-	-	(57,118)	-	-	-	-
Increase based on evaluation of fixed assets	-	-	-	751,387	-	-	-	-	-	-	751,387
Other	-	-	-	(5,116)	-	23,817	-	-	-	-	(18,651)
Net profit of the current year	-	-	-	-	-	-	759,101	-	60,348	-	819,499
	6,906,480	875,256	553,504	1,964,215	0	23,817	753,289	-	1,429,142	-	12,458,069

Notes given on the following pages
constitute and integral part hereto.

CONSOLIDATED CASH FLOW STATEMENT
For the Period from January 1 to December 31, 2012
(in thousands of dinars /RSD/)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows from operating activities		
Sales and prepayments received	18,239,688	16,279,901
Interest received from operating activities	329,825	274,271
Other inflows from operating activities	211,095	675,810
Cash outflows from operating activities		
Trade payables and prepayments made	(16,434,818)	(16,003,138)
Salaries, salary compensations and fringe benefits	(739,152)	(704,042)
Interest paid	(253,028)	(226,972)
Corporate income tax	(89,993)	(61,283)
Payment of other public duties and levies	(92,289)	(60,966)
Net cash inflow from operating activities	1,171,328	173,581
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash inflows from investment activities		
Disposal of shares and interests (net inflow)	-	24,019
Disposal of intangible assets, property, plant, equipment and biological assets	1,202	24,883
Other financial investments (net inflows)	166,139	269,915
Cash outflows from investment activities		
Acquisition of shares and interests (net outflow)		(1,185)
Acquisition of intangible assets, property, plant, equipment and biological assets	(854,245)	(1,768,978)
Other financial investments (net outflows)	(2,720,842)	-
Net cash outflow from investment activities	(3,407,746)	(1,452,346)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	820,000	
Capital stock increase		
Long-term and short-term loans (net inflows)	1,088,564	2,066,773
Other long-term and short-term liabilities	56,821	-
Cash outflows from financing activities		
Repurchase of own shares		-
Long-term and short-term loans and other liabilities (net outflow)	(151,386)	(442,718)
Financial lease	(717)	(1,287)
Net cash inflow/outflow) from financing activities	1,813,382	1,622,768
Net cash inflow	(423,036)	344,003
Cash at the beginning of the period	582,718	234,972
Exchange rate differences – gains/(losses) - net	6,718	3,743
Cash and cash equivalents at the end of the period	166,400	582,718

Notes given on the following pages
constitute and integral part hereto.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

1. BUSINESS ACTIVITIES

Sojaprotein A.D. Becej ("Group") is the leading soybean processor in Serbia and one of the major processors in the Central and Eastern Europe. The Group was established in 1977 as a work organization for industrial soybean processing in incorporation and its incorporation had been completed in 1985.

Core activity of the Group is soybean grain processing, whereby the whole range 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.

Registered office of the Company is located at 1, IndustrijskaZona St., Becej.

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

2.1 Consolidation Base

Consolidated Financial Statements include statements of the Parent Company Sojaproteina.d., Becej and the following subsidiaries in the country and abroad.

	Percentage of interests in equity	
	December 31, 2012	**December 31, 2011**
1. VeterinarskiZavod Subotica a.d., Subotica	31.39%	59.18%
2. ZAOVobeks – Intersoja, Russia	85.00%	85.00%
3. ActivexD.O.O., Subotica		77.25%

Loss of Control
On October 24, 2012 the Company Sojaprotein ad, Becej reduced its interests in the equity of its subsidiary – "VeterinarskiZavod Subotica" from Subotica from the majority interests of 59.18% to 31.39%. However, the "Victoria Group" became the owner of 44.19% by repurchase of shares (takeover bid), and later on even of 52.83%, whereas the interests of Sojaprotein has dropped to 31.39%.

Consolidated Balance Sheet of the "VeterinarskiZavod Subotica" as of December 31, 2012 is presented at the end of notes.

On December 31, 2012 the Company had 417 employees.

All materially significant amounts of intercompany transactions between the subsidiaries mentioned above were eliminated in the consolidated financial statements. The method of full consolidation was applied in preparation of the consolidated financial statements.

Company assets and liabilities abroad were translated in dinars at the rate prevailing on the balance sheet date. Income statement and cash flows were translated in dinars at the official mean exchange rates of the National Bank of Serbia.

Official mean exchange rate was used for translation of the value of subsidiary abroad in the Income Statement, and the average exchange rate was used for translations of transactions in the Income Statement and the Cash Flow Statement.

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

2.1 Financial Statements Preparation and Presentation Bases

Pursuant to the Law on Accounting and Auditing ("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 obligated: 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 interpretations which make an integral part of standards in effect on December 31, 2002.

Amendments to IAS and the new IFRS and the 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 to January 1, 2009 and published in the Official Gazette of the Republic of Serbia no. 77 dated October 25, 2010.

But, however, until the date of preparation of the accompanying Financial Statements, all amendments to IAS/IFRS and the IFRIC interpretations which came in effect for annual periods beginning on January 1, 2009 have not been translated. Furthermore, the accompanying 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" nos. 114 dated December 22, 2006 to 3/ 2011) whereby the entire set of financial statements defined under the Law has been determined and differed from the set of financial statements defined under IAS 1- "Presentation of Financial Statements" and, furthermore, in individual parts it deviates from the manner of presentation of certain balance items envisaged thereunder. Published standards and interpretations in effect in the current period which have not been yet officially translated and adopted , as well as published standards and interpretations which have not been imp[lamented yet, are disclosed in notes 2.2 and 2.3.

In addition, the Republic accounting regulations deviate from IFRS in the following provisions:

- In the Ministry's opinion employees participation in profit should be recorded as reduction of the retained profit and not charge to results of the current period as required in IAS 19 – "Employee Benefits".

- Exchange rate difference gains and losses resulting from translations of the Balance Sheet items carried in foreign currency were credited or debited in the Income Statement either as exchange rate difference gains or losses. Exchange rate difference gains and losses resulting from business transactions carried in foreign currency were credited or debited in the Income Statement either as exchange rate difference gains or losses, except for exchange rate differences and effects of the currency clauses calculated on undue receivables and liabilities, which were presented in other prepayments and accrued income in accordance with amendments and supplements to the Rule. Pro rata amount of accrued exchange rate difference is carried forward to exchange rate difference gains or losses as of the maturity date of a receivable, i.e. liability they were calculated on.

In accordance with the mentioned above and considering a potentially materially significant effects of deviations of the accounting regulations in the Republic of Serbia from IFRSs and IASs on trueness and fairness of the Company Financial Statements, the accompanying Financial Statements may not be considered as financial statements prepared in accordance with IFRSs and IASs.

The Company prepared these nonconsolidated financial statements on the basis and in accordance with the requirements of current laws and regulations in the Republic of Serbia whereby the investments in subsidiaries were presented at cost reduced by a potential impairment. More detailed financial position of the Company may be obtained reviewing the Consolidated Financial Statements which the Company is obligated to prepare and file with the Business Register Agency until April 30, 2013.

The accompanying Financial Statements were prepared in accordance with the historical cost principle, unless noted otherwise in the accounting policies presented below.
When preparing the Financial Statements, the Company applied accounting policies disclosed in note 3 to the Financial Statements.
Financial Statements of the Company were presented in thousands of dinars. Dinar /RSD/ is the official reporting currency in the Republic of Serbia.

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

On the publishing date of these Financial Statements, the below listed standards and amendments thereto were issued by the International Accounting Standards Board and the following interpretations were published by the International Financial Reporting Interpretations Committee but, however, not officially adopted in the Republic of Serbia.

- Amendments of IFRS 7 – “Financial Instruments: Disclosures” – Amendments wherbyy disclosures on fair value and liquidity risks are improved (revised in March 2009, in effect for the annual period beginning on or after January 1, 2009);

- Amendments of IFRS 1 – “First-time Adoption of International Financial Reporting Standards” - Additional exemptions for entities who for the first-time adopted IFRS. Amendments relate to the oil and gas industry and determining if agreements include lease (revised in July 2009, in effect for the annual periods beginning on or after January 1, 2010);

- Amendments of various standards and interpretations resulting from the Improvements to Annual Improvements to IFRSs 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 inconsistences and text clarifications (amendments of the standards shall be in effect for the annual periods beginning on or after January 1, 2010 and the amendment of IFRIC on or after July 1, 2009);

- Amendments of IAS 38 – “Intangible Assets” (in effect for the annual periods beginning on or after July 1, 2009);

- Amendments of 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 a Group share based payments in cash (revised in June 2009, in effect for annual periods beginning on or after January 1, 2010);

- Amendments of IFRIC 9 – “Reassessment of Embedded Derivatives” – shall be in effect for the 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 the annual periods beginning on or after July 1, 2009);

- “Conceptual Framework for Financial Reporting 2010” whereby the “Framework for Preparation and Presentation of Financial Statements” was amended (in effect for Transfer of Assets from Customers received on or after September 2010);

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

- 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 the annual periods beginning on or after January 1, 2011);

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

- Supplements to various standards and interpretations “Improving IFRSs 2010” resulting from the Annual Improvements to IFRSs Project 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 inconsistences and text clarifications (majority of supplements shall be in effect for the annual periods beginning on or after January 1, 2011);

- Supplements 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 the annual periods beginning on or after January 1, 2011);

- IFRIC 19 – “Extinguishing Financial Liabilities with Equity Instruments” (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 who for the first-time adopted IFRS (in effect for annual periods beginning on or after July 1, 2011.

- Supplements to IFRS 7 - "Financial Instruments Disclosures" – Transfer of financial assets (in effect for the annual periods beginning on or after January 1, 2011);

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

2.3. Published Standards and Interpretations not in Effect Yet

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

- IFRS 9 - "Financial Instruments" (in effect for the annual periods beginning on or after January 1, 2015);

- Supplements to IFRS 9 – "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Mandatory coming into force and transitional disclosures (in effect for the annual periods beginning on or after January 1, 2015);

- IFRS 10 – "Consolidated Financial Statements" (in effect for the annual periods beginning on or after January 1, 2013);

- IFRS 11 – "Joint Arrangements" (in effect for the annual periods beginning on or after January 1, 2013);

- IFRS 12 – "Disclosures of Interests in other Entities" (in effect for the annual periods beginning on or after January 1, 2013).

3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Income and Expenses

Sales income is recognized when risks and benefits related to proprietary rights are transferred to the customer, that is, on the delivery date of a product to a customer. Income is carried at fair value received or shall be received, in net amount after deduction of discounts granted and value added tax.

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

Expenses are calculated applying the accrual basis of accounting.

Current maintenance and repair costs of fixed assets are charged in the Income Statement the period inwhich they were incurred.

3.2. Translation of Assets and Liabilities Carried in Foreign Currency

Business transactions in foreign currencies were translated in dinars at the official mean exchange rate prevailing on the date of each change.

All items of assets and liabilities carried in foreign currency were translated in their dinar equivalent at the official mean exchange rate prevailing on the Balance Sheet date.

Exchange rate difference gains and losses from translations ofoperating changes in assets and liabilities carried in foreign currency were credited or debited in the Income Statement.

3.3. Borrowing Costs

Borrowing costs that may be directly assigned to acquisition, construction or production of assets qualified are included in the asset cost until the period when all activities necessary to prepare the asset for the intended use or sale are essentially completed. Qualified assets are assets which mandatory require significant time period to be preparedand ready for their intended use.

Investment income realized on the basis of temporary investment of borrowed assets is deducted from incurred borrowing costs earmarked for financing of the qualified assets.

All other borrowing costs are recognized in the Income Statement of the period they relate to.

3.4 Employee Benefits

a) Taxes and Contributions to the Employee Social Security Funds

Pursuant to governing regulations of the Republic of Serbia, the Group is obligated to pay taxes andcontributions 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 Group is also obligated to withheld 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 for Severance Pay and Jubilee Awards

Pursuant to provisions of the Labor Law, the Group is obligated to pay to its employees a redundancy pay at the time of retirement in accordance with theirpension rightswhich is equal to three average wages paid in the Republic of Serbia, in accordance with the last data published by the Republic authority in charge of statistics.

In addition, the Group is obligated to pay jubilee awards to its employees, depending on the years of continuous service with the Group, equal to one average wage earned in the Group in a month preceding the month in which the jubilee award is to be paid. In the opinion of the Group Management provisions mentioned above has no materially significant impact on the Consolidated Financial Statements.

3.5. Fair Value

International Accounting Standards 32 – “Financial Instruments – Disclosure and Presentation” enivisagesdisclosures of fair value of financial assets and financial liabilities in notes to the consolidated financial statements. For this purpose the fair value is defined as an amount for which an asset may be exchanged, or a liability settled, in a transaction entered by well informed and willing parties. The Group is obligated to disclose all information relevant to a fair value of assets, receivables and liabilities for which market information is available and with identified materially significant difference between their book value and their fair 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 as well as other financial instruments, since the official market information is not always available. Therefore, it is impossible to determine a reliable fair value in the absence of an organized market as required under IASs and IFRSs. In the Management’s opinion, amounts presented in the Consolidated Financial Statements reflect the real value which is, in the given circumstances, most accurate and adequate for reporting purposes. Adjustment of value, based on the decision of the Group Management, is made equal to the amount of identified estimated risks that the book value shall not be recoverable.

3.6. Taxes and Contributions

3.6.1 Corporate Income Tax

Current Corporate Income Tax

Current corporate income tax represents an amount calculated applying the prescribed 10% tax rate on the base determined in the Tax Balance which is the corporate income before tax less effects of income and expenses matching, in accordance with the governing tax regulations of the Republic of Serbia, reduced by the prescribed tax credits.

The Law on Corporate Income Tax of the Republic of Serbia does not envisage a possibility of use the tax losses in the current period as a base for recovery of the tax paid in previous periods. However, losses presented in tax balances up to the year 2009 may be used for reduction of a tax base of future reporting periods within the next ten years from the date of exercising the right; losses suffered and presented in the tax balance for the year 2010 andon may be used for reduction of a tax base of future reporting periods, provided that time period is limited up to five years.

Deferred Corporate Income Tax

Deferred corporate income tax is calculated applying the Liability Method to the Balance Sheet items related to temporary differences arising from a difference between the tax base of assets and liabilities presented in the Balance Sheet and their respective book values. Tax rates in effect on the Balance Sheet date were used for determining the accrued corporate income tax amount. Deferred tax liabilities were recognized for all taxable temporary differences. Deferred tax liabilities were recognized for all taxable temporary differences. Deferred tax assets were recognized for all deductible temporary differences and effects of theloss carried forward and tax credits that may be carried over in the Tax Balance up a probable amount of taxable corporate income to be used for deferred tax assets.

Deferred tax is 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 is also included in the equity.

3.6.2. Taxes and Contributions Irrespective of the Results Achieved

Taxes and contributions irrespective of the results achieved include the property tax and other taxes and contributions to be paid in accordance with various Republic and municipal regulations.

3.7. Property, Plant and Equipment

Property, plant and equipment acquired before December 31, 2005 were carried at the value determined on the basis of assessment made by independent licensed appraisers on December 31, 2005.

Initial measuring of property, plant and equipment fulfilling requirements for recognition as an asset is made at its acquisition value or cost. Additional expenses for property, plant and equipment are 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 reflects their fair value on the date of revaluation reduced for allowances made with respect to their depreciation and total impairment allowances.

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

After initial recognition, plant and equipment are carried at their acquisition value or cost reduced for the amount of total accrued depreciation and total impairment losses.

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

3.8 Depreciation

Depreciation of property, plant and equipment is calculated 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- 10%
Manufacturing equipment	1.7 - 46%
Field and passenger vehicles	6.7 - 50%
Computers	5.9 - 42%
Other equipment	1.5-50%

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

3.9 Investment Property

Investment property of the Group is the property which the Group as the owner holds to achieve income from its lease or to increase the value of equity or for both reasons, but not to use it for services rendering or administrative purposes or its disposal in regular activities of the Group. Initial measurement of the investment property at the time of its acquisition is made at its acquisition value or cost. After initial recognition, subsequent measurement of investment property is performed at its acquisition value or cost reduced for total depreciation allowances and total impairment allowances.

3.10 Goodwill and Intangible Assets

As of December 31, 2009 the Group presented in its books a goodwill resulting from acquisition of the company “Symbiofarm” d.o.o., Beograd at the price higher than the value of purchased net assets of the Company. After initial recognition, the Group evaluated and posted impairment of goodwill on the Balance Sheet date.

Intangible assets relate to purchased software and trade mark and they are carried at purchase value reduced for amortization; they are written off applying the straight line method within the time period of two to eight years.

3.11 Impairment

On each balance sheet date the Group reviews book values of its tangible property in order to establish if there are any indications of its impairment. If any such indication is observed the recoverable value is estimated to determine any potential losses due to impairment. If the recoverable value of an individual asset may not be estimated, the Group assesses a recoverable value of the cash generating unit whereto the asset belongs.

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

If the estimated recoverable value of the asset (or the cash generating unit) is lower than its book value than its book value (or of 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 and carried at their revaluated value – in this case the impairment loss is presented as reduced value determined by the asset revaluation.

In case of subsequent reversal of impairment losses, the book value of the asset (cash generating unit) is 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 on the asset (cash generating unit) was recognized 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 due to revaluation.

As of December 31, 2011 and based on the Group Management estimates, there are no indications on impairment of property, plant and equipment.

3.12 Lease

Lease is classified as a financial lease in all cases when all risks and benefits deriving from the ownership on the asset are transferred to the customer to the highest extent possible under the lease agreement. All other leases are classified as operating leases.

Group as a Lessor

Income from operating lease (rents) is recognized applying the straight-line method during the lease term. Indirect costs incurred during negotiations and contracting the operating lease are added to the asset’s book value and recognized on a pro rata basis during the lease period.

Group as a Lessee

Assets held under contracts on financial lease are originally recognized as the Group assets at the present value of minimum lease installment determined at the beginning of a lease term. A related liability to the Lessor is included in the Balance Sheet as a financial lease liability.

Payment of lease installments is allocated between financial costs and reduced lease liabilities with the aim to achieve a constant participation rate of the outstanding lease liability. Financial expenses are immediately recognized in the Income Statement, unless they may be directly assigned to preparation of the assets for exploitation in which case they are capitalized in accordance with the general borrowing costs policy of the Group (Note 3.3).

Installments of an operating lease are recognized as cost on a pro rata basis during the lease term, unless some other systemic base exists which reflects better the time template of economic benefits consumption of the leased asset.

In case of a lease relief granting, it is included in the operating lease and recognized as a liability. Total relief benefit is recognized as reduction of the lease costs on a pro rata basis, unless some other systemic basis exists which reflects better the time structure of economic benefits consumption of the leased asset.

3.13 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 environment after its reduction for the sale costs.

Value of material and spare parts on stock is determined applying the average cost method. Cost includes invoiced value of the supplier, transport and ancillary purchase 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 a 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 difference, calculated on an average base, between the cost of goods sold and inventories at the end of the year.

Debiting of adjustments of inventories to 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 standards are written-off.

3.14 Financial Instruments

All contractual rightsresulting in financial asset or financial liability or equity instrument is recognized as a financial instrument on the settlement date.

At the time of initial recognition, financial assets and financial liabilities are measured at their acquisition value which represents a fair value of indemnification given (in case of an asset) or received (in case of a liability).

Long-term Financial Investments

After initial recognition, long-term financial investments are measured:

- At fair value, if held for trade
- At amortized value, if with fixed maturity term
- At acquisition value if no fixed maturity term is agreed.

Long-term financial investments held for trade whose market value may not be established due to lack of the organized market are carried at their acquisition value.

Short-term Receivables and Investments

Short-term receivables and investments include trade receivables and other receivables as well as short-term borrowings to employees and farmers.
Trade receivables from sale of finished products, services and goods are measured at the value specified in original invoices. Interest invoiced with respect to sales of goods and services are recognized as other receivables and presented in the income of the period they ocured.
Other receivables and investments of the company are measured at their depreciated and amortized values.

3.14 Financial Instruments

All differences between the presented amount and subsequent measurement are recognized as profit or loss of the period they occurred.

Impairment of Financial Assets

On each balance sheet date assessment of objective evidence on assets value is made analyzing the expected net cash inflows.

All receivables with established reasonable doubt that they shall not be collected in their nominal value are adjusted accordingly. Direct write-off is made only after completion of the respective dispute or pursuant to a decision passed nby a management body.

Cash and Cash Equivalents

Cash and cash equivalents are included in cash on accounts maintained with banks and petty cash.

Financial Liabilities

Financial liabilities include long-term liabilities (long-term loans and other long-term liabilities), short-term financial liabilities (short-term loans and other short-term financial liabilities), short-term operating liabilities and other liabilities.
Initially, financial liabilities are recognized in the amount of assetsreceived. After the initial recognition, financial liabilities are carried in the amount of initially recognized value of the liability reduced by paid principal, increased by the capitalized interest and reduced by any write-offs approved by creditors. Liabilities from interest accrued on financial liabilities are charged in financial expenses of the period they relate to and they are recognized in other short-term liabilities and accruals and deferred payment.

3.15 Related Parties Disclosures

For the purpose of these financial statements, legal entities are treated as related parties if one legal entity may control the other or has significant influence on financial and business decisions of the other entity, in accordance with provisions of IAS 24 – 'Related Party Disclosures'.
In terms of the standard mentioned above, the Grouptreats all legal entities wherein it has interests in equity, i.e. legal entities with interests in equity of the Group as related parties.
Related legal entities may enter transactions which unrelated legal entities maybe would not perform and transactions with related legal entities may be performed under different terms and conditions and amounts as compared to the same transactions entered with unrelated legal entities.
The Group renders services to related parties and it is simultaneously the user of services provided by related parties. Relations between the Group and related parties are regulated under contracts and in accordance with market terms and conditions.

4. OVERVIEW OF SIGNIFICANT ACCOUNTING ESTIMATES

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

4.1 Estimates and Assumptions

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 they are used to make material correction of the balance sheet item amounts in the next financial year.

4.2 Depreciation and Depreciation Rates

Calculation of depreciation and depreciation rates are based on the projected economic useful life of property, plant and equipment. The Groupevaluates the economic useful life based on current predictions once a year.

4.3. Provisions for Litigations

In general, provisions depend on assessments to a significant degree. The Group assesses a probability of undesired events occurrence due to some previous events and estimates amounts required for settlement of liabilities. Although the Group observes the precautionary principle at the time of assessment, in certain cases actual results may differ from the estimates made due to high uncertainty.

4.4 Adjustments of Receivables and Short-term Financial Investments

The Group makes impairment of bad trade receivables and short-term financial investments based on estimated losses to be incurred when debtors are incapable to make payments. When estimating a loss resulting from impairment of bad receivables, the Group 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.

4.5 Fair Value

Business policy of the Group is to disclose information on fair value of assets and liabilities for which official market information is available 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 organized market. The Group Management estimates risks and when it evaluates that the book value at which the assets are carried may not be achieved it makes corresponding adjustments. In the opinion of the Group Management, amounts presented in these Consolidated Financial Statements reflect the value which is, under the circumstances, most accurate and adequate for reporting purposes.

5. INCOME FROM SALES

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Income from sale of goods:		
- Related legal entities	1,674,652	621,063
- Other legal entities in the country	640,328	2,404,590
- Other legal entities abroad	496,602	-
Income from sale of products and services:		
- Related legal entities	1,147,406	771,657
- Other legal entities in the country	7,181,724	6,267,753
- Other legal entities abroad	6,627,796	4,519,044
	17,768,508	14,584,107

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Products and Services within the Business Segments

The Group is organized in five business segments for the management purposes. These segments arethe base for the Group's reporting on its primary information on segments. Key products and services within each of these segments are as follows:

Finished products – Crude Soybean Oil – production and sale of crude soybean oil.

Finished Products – Other –production and sale of other finished products: Sopro-Peab, Sopro-ptb, soybean flour, Sporotex-textures, soybean lecithin, Sopro Mixes, Soja-Vita program.

Mechandise – retail trade and wholesale of merchandise.

Services – Other – providing storing services.

In thousands of dinars /RSD/

	External sales		**Intergroup sales**		**Total**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Production sites:						
Crude oil	4,214,524	3,511,611	-	2,816	4,214,524	3,514,427
Meal	4,526,792	3,514,049	335,231	276,914	4,862,023	3,790,963
Other	4,320,780	2,956,990	361,326	219,634	4,682,106	3,176,624
Feedstuff	1,498,315	1,336,829	248,909	4,947	1,747,224	1,341,776
Merchandise	2,965,179	3,105,794	104,245	12,554	3,069,424	3,118348
Services	242,918	158,834	11,045	4,882	253,963	163,716
Total in all segments	17,768,508	14,584,107	1,060,756	521,747	18,829,264	15,105,854
Elimination of Intergroup sales					(1,060,756)	(521,747)
Consolidated income from sales					17,768,508	14,584,107

Results by Business Segments

In thousands of dinars /RSD/
Year ended as of December 31,

	2012	**2011**
Production sites:		
Crude oil	255,080	546,592
Meal	34,279	86,284
Other	431,221	458,919
Feedstuff	96,621	23,447
Merchandise	23,640	19,415
Services	76,622	149,080
Total in all segments	917,463	1,283,737
Eliminations	(2,874)	2,869
Income before tax	914,589	1,286,606

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Other Information by Segments

In thousands of dinars /RSD/

	Acquisition of fixed assets and intangible assets		Depreciation costs	
	2012	**2011**	**2012**	**2011**
Production sites:				
Crude oil	65.894	56.210	65.894	66.706
Meal	76.018	20.100	76.018	71.949
Other	61.436	200.487	156.434	109.325
Merchandise	-	-	-	14.498
Services	3.214	8.547	6.287	27.487
	206.562	285.344	304.633	289.965

Income from Sales of Products, Goods and Service on Foreign Markets by Geographical Areas

In thousands of dinars /RSD/
Year ended as of December 31,

	2012	**2011**
Albania	1,835	8,386
United Kingdom	136,930	72,245
Iraq	-	1,495
Morocco	-	1,547
The Netherlands	1,151,398	275,325
Syria	-	6,508
Turkey	131,217	156,301
Bulgaria	1,568,578	956,315
Belarus	144,729	38,852
Romania	209,196	173,727
Bosnia & Herzegovina	85,590	128,823
Poland	299,790	181,012
Czech Republic	58,130	44,661
Republic of Slovakia	42,134	37,431
Macedonia	63,641	107,797
France	206,439	110,246
Latvia	14,929	9,771
Croatia	22,856	24,258
Italy	176,430	347,962
Montenegro	7,647	35,689
Germany	192,343	58,585
Moldova	12,349	14,115
Hungary	138,439	316,499
Spain	151,469	60,234
Slovenia	781,781	608,406
Ukraine	13,262	2,391
Greece	157,456	87,825
Israel	41,279	29,595
Portugal	19,046	16,382
Egypt	-	11,262
Austria	17,665	18,411
Switzerland	229,896	574,879

Others	553,411	2,646
	6,630,135	4,519,044

7. OTHER OPERATING INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Income from premiums, subsidies and grants	2,335	61,305
Lease	55,244	52,225
Other	1,737	225
	59,316	113,755

8. MATERIAL COSTS

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Material used for production	10,651,621	8,722,765
Other material	161,608	190,650
Energy	595,783	416,964
	11,409,012	9,330,379

9. SALARIES, SALARY COMPENSATIONS AND FRINGE BENEFITS

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Gross salaries	575,056	541,108
Contributions charged to the employer	99,400	96,643
Fees under author's contract	-	9,288
Costs based on contracts on temporary and occasional jobs	-	1,674
Fees to natural persons based on other contracts	22,234	6,371
Fees to members of the BoD and SB	2,154	3,614
Transport costs and per diems on business trips	12,063	21,544
Reimbursement of costs for coming to and going from work	18,789	23,833
Scholarships	2,809	5,061
Redundancy pay and jubilee awards	6,678	9,022
Other	23,232	4,699
	762,415	722,857

10. COSTS OF DEPRECIATION AND AMORTIZATION AND PROVISIONS

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Depreciation	304,633	295,361
Provisions for allowances and other benefits to employees	-	4,753

	304,633	300,114

11. OTHER OPERATING EXPENSES

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	 2011
Services for output production	680	955
Transportation services	214,075	181,900
PTT services	8,575	4,808
Maintenance services	118,504	74,277
Lease costs	99,130	75,607
Fair costs	11,119	8,283
Advertising and promotion	2,538	5,966
Other services	16,998	24,115
Laboratory services	62,086	80,341
Water supply and other utility services	28,665	16,999
Non-production services	982	28,794
Corporate analysis services costs	153,222	136,725
Entertainment costs	28,814	19,531
Insurance premiums	25,251	34,121
Payment transaction costs	25,627	26,341
Banking services for guarantees issue	1,069	3,913
Agents' commissions	29,811	16,585
Membership fees	1,428	3,845
Indirect taxes and contributions	33,361	27,071
Other	125,562	30,648
	987,3497	800,825

12. FINANCIAL INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	 2011
Financial income from related legal entities	454	165,578
Exchange rate difference – gains	651,920	649,475
Interest	118,652	7,589
Gains from effects of currency clause	28,553	4,134
Other	3,435	310
	803,014	827,086

13. FINANCIAL EXPENSES

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	 2011
Exchange rate difference – losses	1,071,854	658,836
Interest	513,928	207,757
Losses from effectsof currency clause	905	7,708
Other	1,246	814
	1,587,933	875,115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

14. OTHER INCOME

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Surpluses	5,639	9,008
Gains from disposal of material	25,075	861
Written-off receivables collected	-	790
Revenues from disposal of equipment	1,449	713
Damage compensations from insurance companies	2,931	8,443
Revenues from disposal of material	8,580	4,064
Revenues from reduction of liabilities	-	6,712
Gains from equating the value of receivables and short-term financial investments	13,541	6,488
Proceeds from equating the value property, plant and equipment	295,729	-
Other	29,355	14,537
	382,299	51,616

15. OTHER EXPENSES

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Shortfalls	20,479	9,560
Losses from equipment disposal and decommissioning	1,901	1,944
Direct write-offs of receivables	21,970	3,109
Impairment of:	680,860	
- Receivables	-	80,356
- Material and goods	-	-
- Intangible assets – goodwill	-	800
Losses from disposal of material	7,3861	3,893
Net losses from discontinued operations	-	303
Other	76,065	56,714
	809,136	156,769

16. EARNINGS PER SHARE

	In thousands of dinars /RSD/ 2012	2011
Net profit	819,449	1,188,792
Average weighted number of shares	14,895,524	11,785,513
Base earnings per share (in dinars)	55.01	100.84

17. CORPORATE INCOME TAX

a) Corporate Income Tax Elements

	In thousands of dinars /RSD/ Year ended as of December 31, 2012	2011
Tax expenses of the period	53,603	(70,839)
Deferred tax income/(expenses) of the period	23,387	1,653

	76,690	(69,186)

17. CORPORATE INCOME TAX (continued)

b) Equating Corporate Income Tax Presented in the Income Statement and Product of Profit Before Tax and the Prescribed Tax Rate

	In thousands of dinars /RSD/ 2012	2011
Net income before tax	914,589	1,286,606
Corporate income tax calculated at 10% rate	91,459	128,661
Tax effects of expenses not recognized in the tax balance	-	9,209
Tax credit based on investment in fixed assets, plant and equipment	(53,603)	(69,872)
Other	-	2,841
Tax expenses of the period	53,603	70,839
Deferred tax (income) / expenses of the period	23,197	(1,653)
Loss of control	(42,713)	
Total tax expenses of the period	71,943	69,186
Effective tax rate		5.38%

c) Deferred Tax Liabilities

As of December 31, 2012 deferred tax liabilities amounting to 371,468 thousand dinars related to the taxable temporary deference between book value of property, plant, equipment and intangible assets and their value recognized for tax purposes.

Movements on the account ‘Deferred Tax Liabilities’ in 2012 and 2011, respectively, are presented in table below (in thousands of dinars)

	2012	2011
Balance as of January 1	180,485	182,314
Cancellation of deferred tax liabilities in favor of revaluation reserves based on:		
- Disposal of equipment	167,786	(176)
Deferred tax expenses / (income) of the period	23,197	(1,653)
Balance as of December 31	371,468	180,485

16. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

In thousands of dinars /RSD/

	Land and buildings	Equipment	Advances in fixed assets and investments in progress	Investments in fixed assets of others	Total fixed assets	Investment property	Goodwill	Intangible assets	Intangible assets in progress
Acquisition value									
Balance – Jan. 1, 2011	3,002,136	3,182,363	514,453	18,437	6,717,389	315,760	201,833	118,787	-
Acquisitions in the period	129,220	117,219	6,450,890	-	6,697,329	-	-	3,264	9,596
Transfers	6,813	952	(201,772)	-	(193,962)	-		-	(2,964)
Disposal & decommissioning	-	(42,440)	-	-	(42,440)	(81)	-	-	-
Prepayments closing	-	-	(3,320,975)	-	(3,320,975)	-	-	-	-
Capitalized interest	11,671	24,270	-	-	35,941	-	-	-	-
Impairment of goodwill	-	-	-		-	-	(800)	-	-
Balance – Dec 31, 2011	3,149,840	3,282,364	3,442,641	18,437	9,893,282	315,679	201,033	122,051	6,632
Balance – Jan. 1, 2012	3,149,840	3,282,364	3,422,641	18,437	9,893,282	315,679	201,033	122,051	6,632
Acquisitions in the period	501,531	258,235	1,472,329	-	2,232,095	26,965		2,854	5,756
Transfers	3,052	(3,052)	(760,104)	-	(760,104)	-			(2,854)
Transfers to investment property	(31,622)	(80)	-	-	(31,702)	-			
Disposal & decommissioning	(48)	(28,874)	-	-	(28,922)	(38)		(601)	
Prepayments closing	-	-	(711,608)	-	(711,608)	-			
Capitalized interest	146	-	86,578	-	86,724	-			
Evaluation	205,383	(644,938)	-	-	(439,555)	229,819			
Impairment of goodwill	-	-	-	-	-	-			
Other	(325)	325	-	-	0	-			
Loss of control	(1,1814,627)	(936,597)	(25,893)	(18,437)	(2,162,554)	16,274	(201,033)	(120,584)	
Balance – Dec. 31, 2012	2,646,330	1,927,382	3,503,944	0	8,077,656	588,699	0	3,720	9,534
Adjustments									
Balance – Jan. 1, 2011	376,329	919,648	-	2,959	1,298,936	778	-	69,441	
Depreciation&amortiz.	79,549	208,203	-	2,203	289,955	654	-	10,762	
Disposal & decommissioning	-	(27,790)	-	-	(27,790)	-	-	-	
Other	-	-	-				-	5	
Balance – Dec. 31, 2011	455,878	1,100,061		5,162	1,561,101	1,432	-	80,208	
Balance – Jan. 1, 2012	455,878	1,100,061	-	5,162	1,561,101	1,432	-	80,208	
Depreciation&amortiz.	49,039	154,417	-	-	203,456			3,107	
Transfers to investment property	-	(72)	-	-	(72)				
Disposal & decommissioning	(4,525)	(26,421)	-	-	(30,946)			(601)	
Evaluation	(279,067)	(819,523)	-	-	(1,098,590)				
Other	-	-	-	-	-				
Loss of control	(199,656)	(410,478)	-	(5,162)	(615,296)	(1,432)		(85,896)	
Balance – Dec. 31, 2012	21,669	(2,016)	-	-	19,653			(3,182)	
Balance – January 1, 2012 – net	**2,693,962**	**2,182,302**	**3,442,642**	**13,275**	**9,332,181**	**314,247**	**201,033**	**41,843**	**6,632**
Balance – December 31, 2012 - net	**2,624,661**	**1,929,398**	**3,503,944**	**0**	**8,058,003**	**588,699**		**6,902**	**9,534**

The entire property and equipment of the Group, in its capacity of the pledger, is mortgaged, i.e. pledged as a security for regular and timely settlement of loan liabilities of the company Victoria Logistic d.o.o., Novi Sad to UniCredit Bank a.d., Beograd.

As of December 31, 2012, prepayments for fixed assets and investments in progress were presented in the total amount of 3,503,944 thousand dinars and they mainly relate to investments in facilities and equipment of the Concentrates Plant of annual capacity of 70,000 tons.

As of December 31, 2012 the Company made assessment of property, plant and equipment in accordance with IAS 16. The assessment was made by the independent appraiser based on market values. The appraiser delivered its Report on Assessment and Effects and Results of the assessment performed.

In accordance with IAS 16, the appraiser eliminated the gross book value of net individual values and equated the net individual value of each asset to the estimated value (present value).

19. INTERESTS IN EQUITY

In thousands of dinars /RSD/

	% interests 2012	December 31, 2012	% interests 2011	December 31, 2011
Interests in equity of related parties				
Hotel BelaLadjaa.d., Becej	31.83%	64,626	31.83%	64,626
NovosadskiSajama.d., Novi Sad		4,381		6,286
Interests in equity of other legal entities		1,950		3,508
Interests in equity of banks		-		120
VeterinarskiZavod Subotica	39.39%	783,618		-
		854,576		74,540
Adjustments of interests		(24,508)		(1,955)
		830,067		72,585

20. OTHER LONG-TERM FINANCIAL INVESTMENTS

In thousands of dinars /RSD/
Year ended as of December 31,

	2012	2011
Long-term loans granted to employees	1,186	8,336
Other	-	57,743
	1,186	66,079

As of December 31, 2012 long-term loans granted to employees amounted to 1,186 thousand dinars and they were granted on the 5-year period for solving the housing needs of employees.

21. INVENTORIES

In thousands of dinars /RSD/

	December 31, 2012	December 31, 2011
Material	3,803,535	2,355,240
Spare parts	24,623	146,072
Tools and consumables	46,068	85,336
Production in progress	76,025	149,582
Finished goods	422,324	797,585
Marketable merchandise:		
- Wholesale trade	104,491	21,861
- Retail trade	148	5,481
- Stored with other legal entities		3,638
Prepayment for inventories and services	1,055,046	1,687,665
	5,568,260	5,252,460
Adjustment:		
- Material on stock	(21,516)	(31,930)
	5,546,744	5,220,530

22. RECEIVABLES

	In thousands of dinars /RSD/ December 31, 2012	December 31,2011
Trade receivables:		
- Related legal entities	1,745,496	2,074,494
- Other legal entities in the country	1,437,484	1,755,041
- Other legal entities abroad	988,386	845,349
Receivables from exporters	-	-
Receivables from specific transactions	5,687	4,626
Receivables from interest	-	133,480
Receivables from government bodies	18,319	3,280
Other overpaid taxes and contributions	37	182
Other receivables	24,445	73,829
	4,219,854	4,890,281
Adjustments:		
- Trade receivables	(376,310)	(213,873)
- Other receivables		(7,778)
	(376,310)	(221,651)
	3,843,544	4,668,630

23. SHORT-TERM FINANCIAL INVESTMENTS

	In thousands of dinars /RSD/ December 31, 2012	December 31, 2011
Short-term borrowings:		
- Victoria Group a.d., Beograd	1,474,862	
- Related legal entities		-
- In the country	396,100	122,040
Portion of long-term loans maturing within a year	181	6,763
Other short-term investments	11,613	76,311
	1,882,756	205,114
Adjustments:		
- Other short-term financial investments	(97,795)	(50,490)
	1,784,961	154,624

As of December 31, 2012 short-term borrowing to the Parent Company amounted to 1,474,862 thousand dinars.

24. CASH AND CASH EQUIVALENTS

	In thousands of dinars /RSD/ December 31, 2012	December 31, 2011
Current account		
- in dinars /RSD/	22,342	218,042
- in foreign currency	140,784	359,911
Allocated cash and letters of credit	19	19
Petty cash	-	-
Other cash assets	3,255	4,746
	166,400	582,718

29. EQUITY

Capital Stock

Capital stock of the Group amounts to 6,906,480 thousand dinars and it is divided in 14,895,524 shares with no par value.
As of December 31, 2012 the structure of the Group's share capital was as follows:

In thousands of dinars /RSD/

	December 31, 2012			**December 31, 2011**		
Stakeholders	**Stakes in %**	**Number of shares**	**Value of capital**	**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
GustavusCap.AssetMngt.	-	-	-	1.13%	168,137	77,959
East capital asset management	-	-	-	2.15%	320,943	148,809
Raiffeisenbank AD Beograd	1.48%	221,082	102,507	2.99%	445,149	206,398
Societe Generale Bankaa.d. Beograd	1.50%	223,859	103,795	1.32%	196,131	90,938
Erste Bank a.d., Novi Sad	-	-	-	1.53%	228,192	105,804
Unicredit Bank Srbijaa.d., Beograd	1.10%	163,135	75,639	1.37%	203,521	94,365
Hypo AlpeAdria Bank a.d., Beograd	-	-	-	0.85%	126,825	58,804
DDORA.D.O., Novi Sad	-	-	-	0.71%	105,139	48,749
NLBBankaa.d., Beograd	-	-	-	0.67%	99,688	46,221
Other legal entities and natural persons	44.98%	6,699,945	3,105,507	24.34%	3,626,834	1,681,624
	100%	14,895,524	6,906,480	100%	14,895,524	6,906,480
Repurchased own shares						
Free shares of 10th issue		23,466			(23,466)	
Share capital	100%	14,872,058	6,906,480	100%	14,872,058	6,906,480

26. MANDATORY AND STATUTORY RESERVES

As of December 31, 2012, mandatory and statutory reserves amounted to 553,321 thousand dinars and mainly related to distribution of retained profit in accordance with the decision that the Group should allocate at least 5% of net profit realized in a business year to the account of mandatory reserves until they reach 10% of the Group's capital stock.

The Group freely avails of statutory reserves and their use is not specifically defined under the current enactments. The reserve funds were not used.

27. LONG-TERM PROVISIONS

In thousands of dinars /RSD/

	December 31, 2012	**December 31,2011**
Provisions for redundancy pay	15,642	32,778
Provisions for jubilee awards	9,173	26,491
	24,815	59,269

Movements

Assumptions used by the Actuary's estimates were as follows:

	2012	**2011**
Nominal discount rate	7.11%	9.75%
Expected nominal rate of salary growth	6.20%	12%

Movements in long-term provisions in 2012 and 2011, respectively, were as follows:

	In thousands of dinars /RSD/	
	2012	2011
Balance as of January 1	49,890	45,136
Provisions in the course of the year	(25,075)	4,754
Provisions used		(861)
Other		-
Balance as of December 31	24,815	59,269

28. LONG-TERM LOANS

	Amount in foreign currency	In thousands of dinars /RSD/	
		Dec. 31, 2012	Dec. 31, 2011
Hypo Group Netherlands Corporate Finance BV	543,848	-	56,909
VojvodjanskaBankaa.d., Novi Sad	10,756,277	1,223,185	1,125,546
European Bank for Reconstruction and Development	1,0000,000	113,718	313,923
European Bank for Reconstruction and Development	2,500,000	284,296	336,346
Banca Intesa Beograd	1,333,333	151,624	-
KomercijalnaBankaa.d., Beograd	2,948,369	-	308,520
UniCredit Bank Srbijaa.d., Beograd	15,965,430	1,815,562	1,562,157
Banca Intesa a.d., Beograd	1,166,667	132,672	-
Banca Intesa a.d., Beograd	3,000,000	341,155	-
Eurobank EFGa.d., Beograd	1,600,000	181,949	
Eurobank EFGa.d., Beograd	-	400,000	
Societe Generale BankaSrbijaa.d., Beograd	11,000,000	1,250,901	
Minus:		5,895,062	3,703,401
Current maturity		(3,588,746)	(530,602)
		2,306,316	3,172,799

Long-term loans in the country were granted for construction of the Concentrates Plant, financing non-current working capital and export deals financing. Grace periods granted are from three to six months; interest rates are equal to one-month and three-month EURIBOR increased by the percentage point ranging from 2.40% to 4.25% p.a.

Mortgage on real estates and movables, pledge on finished products and raw materials as well as blank promissory notes represent surety instruments for these loans.

Liabilities based on refinanced loans to the Paris Club of creditor amounting to 1,223,185 thousand dinars (EUR 10,756,277) represent the relevant principal of this debt which the Company presented in its financial statements on the basis of calculation delivered by Vojvodjanska Banka a.d., Novi Sad on March 22, 2002.

Negotiation between the Government of the Republic of Serbia and the Paris Club of creditors held in December 2001 resulted in significant reduction of liabilities (principal, interest and default interest accrued up to 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. The Law on 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 Paris Club of creditors and London Club of creditors 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 obligated to repay loans granted by the Paris Club of creditors to local banks under terms and conditions not less favorable than those defined under the agreement made with foreign creditors.

On the basis of liabilities under the refinanced loans of the Paris Club creditor, in the dispute against Vojvodjanska Banka a.d., Novi Sad, the second instance award in favor of the plaintiff was passed and, currently, the case has been revised before the Supreme Court of Appeals.

According to the Rule of the Commercial Court in Novi Sad, on April 3, 2013 the base principal with the accrued interest and ancillary costs was paid to the plaintiff -Vojvodjanska Banka a.d., Novi Sad.

Maturity of long-term loans is presented in table below:

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
- Up to 1 year	2,365,561	530,602
- From 1 to 2 years	597,746	559,523
- From 2 to 3 years	999,064	435,491
- From 3 to 4 years	422,836	440,905
- From 4 to 5 years	286,670	389,694
- Over 5 years	-	221,640
- Loan from Vojvodjanska Banka a.d., Novi Sad – up to 1 year	1,223,185	1,125,546
	5,895,062	3,703,401

29. SHORT-TERM FINANCIAL LIABILITIES

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Current maturities:		
- long-term loans	3,588,746	530,602
- other long-term liabilities	68	717
Short-term loans	909,747	1,977,812
Other short-term financial liabilities	-	771
	4,498,561	2,509,902

29. SHORT-TERM FINANCIAL LIABILITIES (continued)

Creditor:	Maturity	Amount in EUR	In thousands of dinars /RSD/ December 31, 2012	December 31, 2012
SocieteGenerale Banka	October 12, 2013	3,000,000	341,155	
Komercijalna Banka a.d., Beograd	March 30, 2012	6,184,207	-	647,121
Societe Generale Bankaa.d., Beograd		7,000,000	-	432,486
Credit AgricoleSrbija AD, Novi Sad	June 20, 2013	8,000,000	568,591	823,205
Komercijalna Banka a.d., Beograd	March 15, 2012	716,737	-	75,000
			909,746	1,977,812

Short-term loans in the country were granted for financing non-current working capital at interest rate equal to one-month EURIBOR increased by the percentage point ranging from 3.90% to 4.30%.

Pledge on finished products and raw materials, liens and blank promissory notes are surety instruments for these loans.

30. OPERATING LIABILITIES

	In thousands of dinars /RSD/ December 31, 2012	December 31,2011
Liabilities based on received prepayments	26,376	66,142
Trade payables:		
- Related legal entities	274,937	164,423
- In the country	286,109	257,900
- Abroad	54,934	174,472
Liabilities to importer	-	-
Other operating liabilities	55,982	102,419
	698,338	765,376

31. OTHER SHORT-TERM LIABILITIES

	In thousands of dinars /RSD/ December 31, 2012	December 31,2011
Net salaries	12,610	22,919
Taxes and contributions on salaries	7,858	14,600
Interest	368,750	13,300
Dividends	3,017	4,389
Refundable liabilities to employees	216	798
Benefits to members of BoD and SB	299	200
Other liabilities	52	689
	392,802	56,875

32. VALUE ADDED TAX AND OTHER PUBLIC TAXES AND DUTIES AND ACCRUAL AND DEFERRED INCOME

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Value added tax	85,904	308
Contributions charged in expenses	-	-
Other taxes, contributions and duties and levies	119	631
Accrued income in future period	256	327
Deferred value added tax	4,181	909
Other accruals and deferred income	15,277	28,954
	105,737	31,129

33. OFF-BALANCE ASSETS/LIABILITIES

In thousands of dinars /RSD/

	December 31, 2012	December 31,2011
Goods of other parties stored	117,236	716,999
Prepayments and guarantees made	10,582,306	19,383,659
Other off-balance assets/liabilities	6,423	376,217

a) Prepayments and Guarantees Made

As of December 31, 2012, prepayments and guarantees included prepayments and guarantees made for needs of related legal entities in the amount of 10,279,318 thousand dinars and for needs of other legal entities in amount of 302,988 thousand dinars.

34. TRANSACTIONS WITH RELATED LEGAL ENTITIES

a) Income and expenses from transactions with related legal entities are presented in the below given overview:

In thousands of dinars /RSD/

	2012	2011
Income		
Sales		
Victoriaoila.d., Sid	1,773,053	623,410
Victoria Group d.o.o., Novi Sad	888	6,101
Fertild.o.o., BackaPalanka	9,552	1,058
Victoria Logistic d.o.o., Novi Sad	1,277,411	747,377
SPLaboratorijaa.d., Becej	12,301	7,910
Luka BackaPalankaa,d,, BackaPalanka	13	132
MacvankaBogatic	145	-
Victoria Phosphate d.o.o., Bosilegrad	-	5,400
VeterinarskiZavod Subotica a.d., Subotica	87,408	-
Victoria Zorkad.o.o., Sabac	-	575
Riboteks, Ljubovija	493	757
	3,161,290	1,392,720
Financial income		
Victoria Group d.o.o., Novi Sad	65,448	165,142
SPLaboratorijaa.d., Novi Sad	-	7
Fertild.o.o., BackaPalanka	-	-
Victoriaoila.d., Sid	41	-
VeterinarskiZavod Subotica a.d., Subotica	453	-
SIG SintezaInvest Group, Beograd	2,721	435
Victoria logistic d.o.o., Novi Sad	51,509	48,769
Luka, BackaPalanka	1,817	120
	121,989	214,473

Other income		
Victoria group d.o.o., Novi Sad		228
Victoria Logistic d.o.o., Novi Sad	205	925
SPLaboratorijaa.d., Novi Sad		20
Victoria Oil a.d., Sid	82	-
Fertild.o.o., BackaPalanka		-
Total income	3,283,566	1,608,366

34. TRANSACTIONS WITH RELATED LEGAL ENTITIES

a) Income and expenses from transactions with related legal entities are presented in the below given overview:

In thousands of dinars /RSD/

	2012	**2011**
Expenses		
Cost of goods sold		
Viuctoria Oil a.d., Sid	229.774	1.124.773
Victoria Logistic d.o.o., Novi Sad	1.550.013	75.003
	1.779.787	1.199.776
Material costs		
Victoria Oil a.d., Sid	307.762	161.387
Victoria Logistic d.o.o., Noviu Sad	6.628.607	2.685.572
Victoria Starch	989	-
	6.937.358	2.846.959
Other operating expenses		
SPLaboratorijaa.d., Novi Sad	67.326	82.079
Fertild.o.o., BackaPalanka		19
Victoria oil a.d., Sid	16.586	-
Victoria Group d.o.o., Novi Sad	200.780	139.015
VeterinarskiZavod Subotica	1.186	
Victoria Logistic d.o.o.. Novi Sad	70.759	29.346
BelaLadjaa.d., Becej	58	317
SIG Sinteza Invest Group, Beograd	779	757
	357.474	251.533
Other expenses		
Victoria Logistic d.o.o., Novi Sad	206	-
VeterinarskiZavod Subotica	449	
Victoria Oil a.d., Sid	61	1.539
Victoria Group d.o.o., Novi Sad	31	
Total expenses	9.075.366	4.299.807
Net income	(5.791.800)	(2.691.441)

34. TRANSACTIONS WITH RELATED LEGAL ENTITIES (continued)

b) Balances of receivables and liabilities from transactions with related legal entities are presented in table below:

	In thousands of dinars /RSD/	
	December 31, 2012	**December 31,2011**
Receivables		
Prepayments		
Victoria Logistic d.o.o., Novi Sad	939,790	1,757,005
Trade receivables (note 21)		
Victoria Oil a.d., Sid	633,656	212,449
VeterinarskiZavod Subotica a.d., Subotica	674,995	-
Fertild.o.o., BackaPalanka	-	1,070
Victoria Logistic d.o.o., Novi Sad	436,845	1,860,967
SPLaboratorijaa.d., Novi Sad	-	7
Luka BackaPalankaa.d., BackaPalanka	-	1
Vetzavod, Skoplje	-	-
Victoria Zorkad.o.o., Sabac	-	-
Victoria Phosphate d.o.o., Bosilegrad	-	-
	1,745,496	2,235,680
Loans to related parties		
Victoria Group a.d., Novi Sad	1,475,862	-
SIG Sinteza Invest Group a.d., Beograd	26,100	26,100
	1,501,962	26,100
Receivables from interest		
Victoria Group a.d., Novi Sad	-	125,453
Fertild.o.o., BackaPalanka	-	-
Victoria Oil, Sid	13	-
SIG Sinteza Invest Group a.d., Beograd	3,156	435
	3,169	125,888
Total receivables	4,190,417	3,983,487
Liabilities		
Trade payables		
Victoria Group d.o.o., Novi Sad	29,453	21,015
SPLaboratorijaa.d., Novi Sad	40,299	40,720
Victoria Logistic d.o.o., Novi Sad	204,683	20
Victoria Oil a.d., Sid	-	102,668
SIG Sinteza Invest Group a.d., Beograd	484	-
Hotel BelaLadjaa.d., Becej	17	-
	274,936	164,423
Short-term liabilities		
SPLaboratorijaa.d., Becej	2,334	4,951
Liabilities	277,270	169,374
Receivables - net	3,913,147	3,814,113

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES

Capital Risks Management

The objective of the capital risk management is to maintain the going concern of the Group operations within unlimited time period in a foreseeable future in order to keep the optimal capital structure with minimum capital costs and to secure a capital yield to its owners. The structure of the Group's capital consists of debts, long-term loans disclosed in a separate noteincluding, other long-term liabilities, long-term and short-term investments, cash and cash equivalents and capital attributable to owners which includes interests, other capital, reserves and accumulated profit.

Persons in charge of the Group finances make review of the capital structure on annual basis.

Capital Risks Management

Debt indicators of the Group with balance at the end of the yearwere as follows:

	In thousands of dinars /RSD/	
	December 31, 2012	December 31,2011
Indebtedness [a)]	6,804,877	5,682,701
Cash and cash equivalents	(166,400)	(582,718)
Net indebtedness	6,638,477	5,099,983
Equity [b)]	12,458,069	13,002,855
Total debts to equity ratio	0.54	0.39

[a)] Indebtedness relates to long-term and short-term financial liabilities.
[b)] Equity includes share capital, reserves and accumulated profit.

Categories of Financial Instruments

	In thousands of dinars /RSD/	
	December 31, 2012	December 31,2011
Financial assets		
Long-term financial investments	830,067	72,585
Other long-term financial investments	1,186	66,079
Trade receivables	3,843,544	4,668,630
Short-term financial investments	1,784,961	154,624
Cash and cash equivalents	166,400	582,718
	6,626,158	5,544,638
Financial liabilities		
Long-term financial liabilities	2,306,316	3,172,799
Short-term financial liabilities	4,498,562	2,509,902
Trade payables	671,962	699,214
Other liabilities	371,955	44,880
	7,848,795	6,426,795

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

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Financial Risks Management Objectives

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

Market Risks

In its operations the Group is directly and pro rata exposed to financial risks resulting from fluctuations of exchange rates and interest rates.

Exposure to the market risks is assessed through the sensitivity analysis of market movements. Neither significant changes in exposure of the Group to market risks were observed nor in the manner in which the Group manages or measures the market risks.

Currency Risks

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

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

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

	Assets		**Liabilities**	
	December 31, 2012	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
EUR	912,723	575,329	7,210,093	5,400,791
USD	497,399	320,821	-	-
GBP	10,074	19,268	-	816
	1,420,196	915,418	7,210,093	5,401,607

Group is sensitive to movements of Euro (EUR) and American dollar (USD) exchange rates. Table below shows detailed sensitivity analysis of the Group in case of 10% increase and decrease of exchange rate 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 currencies, 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/	
	December 31, 2012	**December 31, 2011**
EUR currency	(629,737)	(506,846)
USD currency	49,740	46,945
CHF currency	1,007	(82)
GBP currency	-	2,180
Performance results in the current period	(578,990)	(457,803)

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Market Risks (continued)

Interest Risks

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

Book value of financial assets and liabilities at the end of the observed period is shown in the overview below:

	In thousands of dinars /RSD/	
	December 31, 2012	**December 31,2011**
Financial assets		
Interest free		
Long-term financial investments	830,067	72,585
Other long-term financial investments	1,186	66,079
Trade receivables	3,843,544	4,668,630
Short-term financial investments	54,865	128,524
Cash and cash equivalents	166,400	582,718
	4,884,449	5,518,536
Fixed interest rate		
Short-term financial investments	1,688,966	-
Variable interest rate		
Short-term financial investments	41,130	26,100
	6,626,158	5,544,636
Financial liabilities		
Interest free		
Trade payables	671,962	699,214
Other liabilities	371,955	44,880
	1,043,917	744,094
Fixed interest rate		
Long-term financial liabilities	181,949	674,764
Short-term financial liabilities		1,006,146
	181,949	1,680,910
Variable interest rate		
Long-term financial liabilities	2,124,367	2,498,035
Short-term financial liabilities	4,498,562	1,503,756
	6,622,929	4,001,791
	7,841,795	6,426,795

Sensitivity analyses presented below are based on exposure to interest risks on the balance sheet date. With respect to liabilities with variable rate, the analysis was made under the assumption that the remaining balance of assets and liabilities on the Balance Sheet date did not change throughout the entire year. 1% increase or decrease was the Management's estimate of a reasonable potential interest rate changes. Should the interest rate increase/decrease by 1% and all other variables remain unchanged, the Group would suffer operating gain/(loss) amounting to 65,818 thousand dinars in the year ending on December 31, 2012 (December 31, 2011: 55,095 thousand dinars). This situation is assigned to the Group's exposure to variable interest rates contracted for long-term loans.

Credit Risks

Trade Receivables Management

Group is exposed to credit risks which represent a risk that debtors shall not be capable to settle their debts in full and on a timely basis and, therefore, the Group would suffer financial losses. On the balance sheet date, the Group was mainly exposed to credit risks limited to trade receivables. Trade receivables mainly consist of trade receivables from related legal entities.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks (continued)

Trade Receivables Management (continued)

Structure of trade receivables as of December 31, 2012 is presented in table below:

In thousands of dinars /RSD/

	Gross exposure	**Adjustment**	**Net exposure**
Undue trade receivables	2.465.384		2.465.384
Due and adjusted trade receivables	446.781	(446.781)	
Due and unadjusted trade receivables	931.349		931.349
	3.843.544	(446.781)	3.843.544

Structure of trade receivables as of December 31, 2011 is presented in table below:

In thousands of dinars /RSD/

	Gross exposure	**Adjustment**	**Net exposure**
Undue trade receivables	1.796.855		1.796.855
Due and adjusted trade receivables	213.976	(213.976)	
Due and unadjusted trade receivables	2,871,775		2,871,775
	4.882.606	(213.976)	4.668.630

Undue Trade Receivables

Undue trade receivables presented as of December 31, 2012in the amount of 2,465,384 thousand dinars (December 31, 2011: 1,796,855 thousand dinars) mainly relate to trade receivables from sale of finished products. Maturity of these trade is in average60 days from the date of invoicing, depending on the contracted payment terms.

Due and Adjusted Trade Receivables

In the observed period the Group impaired the value of due trade receivables by 446,781 thousand dinars (2011: 213,976 thousand dinars) since it established that the financial standing of customers have changed and, therefore, the receivables shall not be collected in full.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Credit Risks (continued)

Trade Receivables Management (continued)

Due and Unadjusted Trade Receivables

As of December 31, 2012due and unadjusted trade receivableswere presented in the amount of2,465,384 thousand dinars (2011: 1,796,885 thousand dinars).

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

	In thousands of dinars /RSD/ December 31, 2012	December 31,2011
Less than 30 days	144,648	750,691
31-90 days	333,704	282,943
91-180 days	9,258	478,373
181-365 days	426,745	1,340,823
Over 365 days	16,994	18,945
	931,349	2,871,775

Management of Trade Payables

As of December 31, 2012trade payables were presented in the amount of 671,962 thousand dinars (December 31, 2011: 699,214 thousand dinars). Suppliers do not calculate a default interest on due and outstanding payables; however, the Group settles its due liabilities within the agreed time period. Average settlement term of trade payables was 16 days in 2012 (in 2011: - 45 days).

Liquidity Risks

The Group Management is finally responsible for the liquidity risk management; it implemented the appropriate system for the short-term, mid-term and long-term financing management of the Group and liquidity management. The Group manages liquidity risks by establishing adequate cash reserves based on continuous monitoring of budgeted and actual cash flows, as well as matching the maturity of financial assets and liabilities.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks

Tables below show details of remaining agreed maturity terms of financial assets. Presented amounts are based on undiscounted cash flows in financial assets on the earliest date on which the Group shall be able to collect its receivables.

Maturity of Financial Assets

In thousands of dinars
December 31, 2012

	Up to a month	1-3 months	From 3 month to one year	From 1 to 5 years	Total
Interest free	2,592,229	1,386,751	69,620	4,747	4,053,347
Variable interest rate					
- Principal	41,130	-	-	-	41,130
- Interest	268	-	-	-	268
	41,398	-	-	-	41,398
Fixed interest rate					
- Principal	214,104	-	1,474,862	-	1,688,966
- Interest	14,788	27,416	41,797	-	84,001
	228,892	27,416	1,516,659	-	1,772,967
	2,862,519	1,414,167	1,586,279	4,747	5,867,712

In thousands of dinars
December 31, 2011

	Up to a month	1-3 months	From 3 month to one year	From 1 to 5 years	Total
Interest free	3,169,486	1,471,420	780,949	96,681	5,518,536
Fixed interest rate					
- Principal	-	-	26,100	-	26,100
- Interest	-	-	435	-	435
	-	-	26,535	-	26,535
Variable interest rate					
- Principal					
- Interest	3,169,486	1,741,420	807,484	96,681	5,545,071

Tables below show detailed remaining contracted maturity terms of the Group. Presented amounts are based on undiscounted cash flows in financial assets on the earliest date on which the Group shall be obligated to settle these liabilities.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Liquidity Risks (continued)

Tables of Liquidity Risks and Credit Risks (continued)

Maturity of Financial Liabilities

In thousands of dinars
December 31, 2012

	Below one month	1-3 months	From 3 month to one year	From 1 to 5 years	Over 5 years	Total
Interest free	621,468	48,507	353,594	11,588	-	1,035,157
Fixed interest rate						
- Principal	-	13,996	125,965	41,988	-	181,949
- Interest	376	752	2,061	172	-	3,361
	376	14,748	128,026	42,160	-	185,310
Variable interest rate						
- Principal	261,336	969,221	3,128,042	2,264,328	-	6,622,928
- Interest	22,680	39,369	473,937	190,599	-	716,585
	905,860	1,071,845	4,083,600	2,498,675	-	8,559,980

In thousands of dinars
December 31, 2011

	Below one month	1-3 months	From 3 month to one year	From 1 to 5 years	Over 5 years	Total
Interest free	372,294	209,617	158,924	3,259	-	744,094
Fixed interest rate						
- Principal	-	-	1,006,146	674,764	-	1,680,910
- Interest	7,004	14,008	63,034	101,215	-	185,261
	7,004	14,008	1,069,180	775,979	-	1,866,171
Variable interest rate						
- Principal	-	142,013	1,361,743	2,498,035	-	4,001,791
- Interest	16,674	33,348	150,067	374,705	-	574,794
	16,674	175,361	1,511,810	2,872,740	-	4,576,585
	395,972	398,986	2,739,914	3,651,978	-	7,186,850

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES (continued)

Fair Value of Financial Instruments

Table below shows present value of financial assets and financial liabilities and their fair value as of December 31, 2012 and December 31, 2011, respectively:

In thousands of dinars /RSD/

	December 31, 2012		December 31, 2011	
	Book value	**Fair Value**	**Book value**	**Fair Value**
Financial assets				
Long-term financial investments	830,065	830,065	72,585	73,305
Other long-term financial investments	1,186	1,186	66,079	9,877
Trade receivables	3,843,544	3,843,544	4,668,630	5,554,389
Short-term financial investments	1,773,348	1,773,348	154,624	1,641,627
Cash and cash equivalents	166,400	166,400	582,718	234,972
	6,626,158	6,626,158	5,544,636	7,514,170
Financial liabilities				
Long-term financial liabilities	2,306,316	2,306,316	3,172,799	2,158,726
Short-term financial liabilities	4,498,526	4,498,526	2,509,902	3,119,713
Trade payables	671,962	671,962	699,214	2,464,713
Other liabilities	371,955	371,955	44,880	26,512
	7,841,795	7,841,795	6,426,795	7,769,159

Assumptions for Estimate of the Present Fair Value of Financial Instruments

Discounted cash flow method was usedconsidering 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. When applying this evaluation method interest rates of financial instruments of similar characteristics are used with the aim to achieve relevant estimates of the market value of financial instruments on the balance sheet date.

Assumptions used for evaluation of the present fair value included also the assumption that the book value of short-term trade receivables and trade payables represent their approximated fair value since their payment/collection maturity is within a relatively short time period.

Table below presents the Consolidated Balance Sheet of “VeterinarskiZavod” Subotica as of December 31, 2012 (loss of control).

Consolidated Balance Sheet of VeterinarskiZavod Subotica
As of December 31, 2012

In thousands of dinars /RSD/

ITEM	**ADP**	**CONSOLIDATED on December 31,2012**	**CONSOLIDATED on December 31,2011**
1	2	3	4
ASSETS **A. NON-CURRENT ASSETS**(002+003+004+005+009)	001	1,874,991	1,921,130
I. SUBSCRIBED CAPITAL UNPAID	002	0	0
II. GOODWILL	003	201,033	201,033
III. INTANGIBLE ASSETS	004	112,539	108,434
IV. PROPERTY, PLANT AND EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	005	1,495,195	1,544,862
1. Property, plant and equipment	006	1,484,307	1,533,446
2. Investment property	007	10,888	11,416
3. Biological assets	008	0	0
V. LONG-TERM FINANCIAL INVESTMENTS (010+011)	009	66,224	66,801
1. Interests in equity	010	1,613	1,626
2. Other long-term financial investments	011	64,611	65,175
B. CURRENT ASSETS (013+014+015)	012	3,294,270	1,603,438
I. INVENTORIES	013	516,639	470,239
II. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS FROM DISCONTINUED OPERATIONS	014	0	0
III. SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (016+017+018+019+020)	015	2,777,631	1,133,199
1. Receivables	016	1,910,626	1,091,513
2. Receivables from overpaid value added tax	017	159	139
3. Short-term financial investments	018	794,387	25,820
4. Cash and cash equivalents	019	34,660	6,816
5. Value added tax and prepayments and accrued income	020	37,799	8,911
C. DEFERRED TAX ASSETS	021	0	0
D. OPERATING ASSETS (001+012+021)	022	5,169,261	3,524,568
E. LOSS OVER CAPITAL	023	14,701	0
F. TOTAL ASSETS (022+023)	024	5,183,962	3,524,568
E. OFF-BALANCE ASSETS	025	4,959,827	9,882,924

In thousands of dinars /RSD/

ITEM	ADP	CONSOLIDATED on December 31,2012	CONSOLIDATED on December 31,2011
1	2	3	4
EQUITY AND LIABILITIES			
A. EQUITY(101+102+103+104+105++106-107+108-109+110)	101	3.573.460	2.605.492
I. CAPITAL STOCK	102	1.766.476	946.477
II. SUBSCRIBED CAPITAL UNPAID	103	0	0
III. RESERVES	104	532.926	532.926
IV. REVALUATION RESERVES	105	584.892	584.892
V. UNREALIZED GAINS FROM SECURITIES	106	0	0
VI. UNREALIZED LOSSES FROM SECURITIES	107	0	0
VII. RETAINED PROFIT	108	689.166	541.197
VIII. LOSS	109	0	0
IX. REPURCHASED OWN SHARES	110	0	0
B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111	1.565.654	874.227
I. LONG-TERM PROVISIONS	112	9.379	9.379
II. LONG-TERM LIABILITIES (114+115)	113	300.199	277.296
1. Long-term loans	114	300.199	277.296
2. Other long-term liabilities	115	0	0
III. SHORT-TERM LIABILITIES (117+118+119+120+121+122)	116	1.256.076	587.552
1. Short-term financial liabilities	117	21.254	163.904
2. Liabilities for assets held for sale and assets from discontinued operations	118	0	0
3. Operating liabilities	119	1.194.178	394.879
4. Other short-term liabilities	120	24.253	24.081
5. Value added tax and other public duties and levies and accruals and deferred income	121	5.592	1.104
6. Corporate income tax	122	10.799	3.584
C. DEFERRED TAX LIABILITIES	123	44.848	44.849
D. TOTAL EQUITY AND LIABILITIES (101+111+123)	124	5.183.962	5.324.568
E. OFF-BALANCE LIABILITIES	125	4.959.827	9.882.924

37. TAX RISKS

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

38. EXCHANGE RATES

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

	December 31, 2012	December 31,2011
USD	86.1763	80.8662
EUR	113.7183	104.6409
GBP	139.1901	124.6022

	SEAL SOJAPROTEIN Joint Stock Company for Soybean Processing Becej	Chief Executive Officer BranislavaPavlovic *Signature*

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARATION OF THE REPORT

To our best knowledge, the annual financial report has been prepared in accordance with the appropriate international standards of financial reporting and provides accurate and objective data on assets, liabilities, finacial position and business operations, income and losses, cash flows and changes in equity of the public company, including the companies included in the consolidated statements. Persons responsible for preparations of the annual report:

"Sojaprotein" A.D. Bečej, Industrijska No.1, 21220 Bečej
General Manager BSc. Lawyer Branislava Pavlović
Executive Manager of Finance Department: BSc.Ecc. Ankica Nikolić
Chief of Accounting: Econ. Dragana Anđelković

ASSEMBLY DECISION ON THE APROVAL OF THE COMPANY CONSOLIDATED ANNUAL FINANCIAL REPORT*

Note*:

Finacial Report „Sojaprotein" AD Bečej for the year 2012 was approved and accepted on Febrary 26, 2013 by the Board of Directors of the issuer and timely delivered to the Business Registers Agency on February 26,2013.

Consolidated Finacial Report „Sojaprotein" AD Bečej for the year 2012 was approved and accepted on April 25, 2013 by the Board of Directors of the issuer and timely delivered to the Business Registers Agency on April 25,2013.

By the time of reporting the Audit Report of the Consolidated Financial Statements has not yet been completed and submitted. The Companyshall immediately upon delivery and acceptance of the Audit Report, submit the same to the Commission and publish it on its website.

Annual Report of the company at the time of publication has not yet been approved by the Company s competent authority (Shareholders Assembly). The Company shall subseguently publish the full decision of the competent authority on the adoption of the Annual Report.

DECISION OF THE GENERAL ASSEMBLY OF SHAREHOLDERS ON DISTRIBUTION OF PROFIT*

Note*

Decision on distribution of profit of the Company for the year 2012 shall be issued on a regular annual Assembly of Shareholders. The Company shall subsequently publish the Decision of the competent authority on distribution of the Company profit.

The public company is obliged to prepare the Annual Report, publish it to the public and and submit it to the Commission, and this report shall be submitted to the regulated market i.e. MTP, if the securities of the Company have been involved in trading, not later than four months after the end of each fiscal year, and is also obliged to ensure that the Annual Financial Report is made available to the public during at least five years from the date of publication.

The Company is responsible for the accuracy and truthfulness of the information specified in the Annual report.

Persons responsible for preparations of the Annual Report:

„Sojaprotein" A.D. Bečej, Industrijska No.1, 21220 Bečej
General Manager BSc. Lawyer Branislava Pavlović
Executive Manager of Finance Department: BSc.Ecc. Ankica Nikolić
Chief of Accounting: Econ. Dragana Anđelković