



SOJAPROTEIN

Quarterly report of the Sojaprotein a.d.
for the period from January to March

2014

Bečej, May 2014

Quarterly report of the Sojaprotein a.d.
for the period from January to March
2014

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REPORTS

Name of legal person:
"SOJAPROTEIN"

Registered office

Bečej

Company's

registration

number 8114072

Business code

1041

Tax Payer ID number
100741587

BALANCE SHEET
as of 31.03.2014

-in thousands of dinars-

Group of accounts	Item	Automated data processing	Amount	
			Current year	Last year
Account				
1	2	3	5	6
	ASSETS:			
	A. FIXED ASSETS (002+003+004+005+009)	.001	10.206.673	10.192.708
.00	I. UNPAID SUBSCRIBED CAPITAL	.002		
.012	II GOODWILL	.003		
.01 without 012	III. INTANGIBLE ASSETS	.004	13.089	13.668
	IV. REAL ESTATE, PLANTS, EQUIPMENT AND BIOLOGICAL RESOURCES (006+007+008)	.005	9.241.169	9.226.761
.020,022,023, .026,027(part of) 028 (part of),029	1.Real estate, plants and equipment	.006	8.808.310	8.793.828
.024,027(part of), .028 (part of)	2.Investment real estate	.007	430.374	430.374
.021,025,027(part of), 028(part of)	3.Biological resources	.008	2.485	2.559
	V. LONG-TERM FINANCIAL PLACEMENTS (010+011)	.009	952.415	952.279
.030to032,039part of	1.Share in capital	.010	951.550	951.551
.033to038,039part of minus 037	2.Other long-term financial placements	.011	865	728
	B. CIRCULATING ASSETS (013+014+015+021)	.012	13.068.434	13.099.428
10 to 13,15	I. INVENTORIES	.013	3.630.229	3.996.827
14	II.FIXED ASSETS DESIGNATED FOR SALE and ASSETS OF DISCONTINUED BUSINESS	.014		
	III. SHORT-TERM RECEIVABLES, PLACEMENTS AND CASH(016+017+018+019+020)	.015	9.438.205	9.102.601
20,21and 22,except 223	1.Accounts receivable	.016	2.419.630	2.706.528
223	2.Receivables on the account of overpayment of profit tax	.017	70.601	73.705
23 minus 237	3.Short-term financial placements	.018	5.724.296	6.015.291
24	4.Cash equivalent and cash	.019	908.040	96.083
27 and 28 except 288	4.Value added tax, prepayments and deferred expenditures	.020	315.638	210.994
288	IV. DEFERRED TAX ASSETS	.021		
	V. BUSINESS PROPERTY (001+012)	.022	23.275.107	23.292.136
29	G. LOSS ABOVE THE AMOUNT OF CAPITAL	.023		
	D. TOTAL ASSETS (022+023)	.024	23.275.107	23.292.136
88	Đ. Off-Balance Sheet assets	.025	18.833.209	19.349.934

Liabilities and capital					
	A. CAPITAL (102+103+104+105+106-107+108-109-110)	101		10.751.615	10.628.253
30	I. CAPITAL ASSETS AND OTHER CAPITAL	102		6.906.480	6.906.480
31	II. UNPAID SUBSCRIBED CAPITAL	103			
32	III. RESERVES	104		1.173.278	1.175.312
330 and 331	IV. REVALORIZATION RESERVES	105		2.358.354	2.358.356
332	V. UNREALIZED PROFIT ON THE ACCOUNT OF SECURITIES	106			0
333	VI. UNREALIZED LOSSES ON THE ACCOUNT OF SECURITIES	107		23.402	23.402
34	VII. RETAINED EARNINGS	108		1.875.630	1.744.133
35	VIII. LOSSES	109		1.151.293	1.151.293
037 and 237	IX. REDEMPTION OF OWN SHARES	110		387.432	381.333
	B. LONG-TERM PROVISIONS AND LIABILITIES (112+113+116)	111		12.114.823	12.255.214
40	I. Long-term provisions	112		78.110	136.090
41	II. Long-term liabilities(114+115)	113		0	0
414 and 415	1. Long-term credits	114		0	
41 without 414 and 415	2. Other long-term liabilities	115			0
	III. Short-term liabilities (117+118+119+120+/121+/12	116		12.036.713	12.119.124
42, except 427	1. Short-term financial liabilities	117		9.951.083	9.844.693
427	2. Liabilities on the account of assets designated for sale and assets of discontinued business	118			
43 and 44	3. Operational liabilities	119		1.972.801	2.225.134
45 and 46	4. Other short-term liabilities	120		66.016	38.304
47 and 48, except 481 and 49 except 498	5. Liabilities on the account of VAT and other public revenue dues and accrued costs	121		46.813	10.993
481	6. Liabilities on the account of profit tax	122			0
498	IV. Deferred tax liabilities	123		408.669	408.669
	G. Total liabilities and equity (101+111+123)	124		23.275.107	23.292.136
89	D. Off-balance sheet liabilities and equity	125		18.833.209	19.349.934

In Bečej, on 31.03.2014 Person responsible for drawing up Balance Sheet

Anđelković Dragana

(handwritten signature)

Dragana Anđelković

Director

James Patrick King

 **Sojaprotein**
AKCIONARSKO DRUŠTVO
ZA PRERADU SOJE
BEČEJ 21

Name of legal person: SOJAPROTEIN AD

Registered

office: BEČEJ

Company's

registration

number:

8114072

Business code: 1041

Tax Payer ID number: 100741587

Profit and Loss
Statement

For the period from 01.01.to
31.03.2014

-in thousands of dinars-

Group of accounts	Item	Auto mated data proce ssing	Note	Amount	
Account			No.	Current year	Last year
1	2	3	4	5	6
	A. Revenue and expenses from regular business operations				
	I. Business revenue (202+203+204-205+206)	201		2.942.471	2.462.120
60 and 61	1.Sales revenue	202		3.017.380	1.580.064
62	2.Revenue generated by activating outputs and merchandise	203		583	8.299
630	3.Increase of value of output inventories	204			859.182
631	4.Decrease of value of output inventories	205		87.977	
64 and 65	5.Other business revenue	206		12.485	14.575
	II Business expenses (208 to 212)	207		2.877.895	2.630.771
50	1.Procurement value of sold merchandise	208		2.600	121.099
51	2.Material expenses	209		2.358.370	2.088.148
52	3.Payroll expenses	210		150.971	132.390
54	4.Amortization expenses and provisions	211		100.963	76.932
53 and 55	5.Other business expenses	212		264.991	212.202
	III. Business profit (201-207)	213		64.576	
	IV. Business loss (207-201)	214			168.651
66	V. Financial revenue	215		273.655	175.818
56	VI. Financial expenses	216		178.728	109.934
67 and 68	VII. Other revenue	217		2.934	120.638
57 and 58	VIII. Other expenses	218		7.737	1.077
	IX. Profit from regular operations before taxes (213-214+215-216+217-218)	219		154.700	16.794
	X. Loss from regular operations before taxes (214-213-215+216-217+218)	220			
69-59	XI. Net profit of discontinued business	221			
59-69	XII. Net loss of discontinued business	222			
	B. Profit before taxes(219-220+221-222)	223		154.700	16.794
	V. Loss before taxes (220-219+222-221)	224			
	G.Profit tax				
721	1.Tax expenses for the period	225		23.205	2.519
722	2.Deferred tax expenses for the period	226			
722	3.Deferred tax income for the period	227			
723	D. Remuneration paid out to the employer	228			
	Đ. Net profit (223-224-225-226+227-228)	229		131.495	14.275
	E. Net loss (224-223+225+226-227+228)	230			
	ž.Net profit belonging to minority shareholders	231			
	Z.Net profit belonging to the owners of the parent company	232			
	I. Earnings per share				
	1.Basic earnings per share	233			

	2. Diluted earnings per share	234			
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In Bečej, on 31.03.2014.

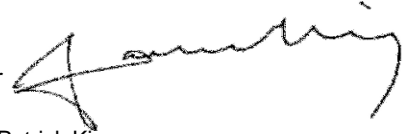
Person responsible for drawing up Profit and loss statement

Anđelković Dragana

(handwritten signature)

Director

James Patrick King

A handwritten signature in black ink, appearing to read 'James Patrick King', written over a horizontal line.

Name of legal person:

"SOJAPROTEIN Registered office:

BEČEJ

Company's registration number:

08114072

Business code: 1041

Tax Payer ID number: 100741587

Cash flow statement

for the period from 01.01.to 31.03.2014.

-In thousands of dinars-

Item	Auto mated data processing	Amount	
		Current year	Last year
1	2	3	4
A. Cash flow from business activities			
I. Cash inflow from business activities (1 to 3)	301	3.723.282	3.254.973
1. Sale and received advance payments	302	3.406.111	3.185.413
2. Recieved interest from business activities	303	100.519	58.750
3. Other revenue from regular business	304	216.652	10.810
II. Cash outflow from business activities (1 to 5)	305	3.043.668	2.018.170
1. Payment to suppliers and advance payments rendered	306	2.794.502	1.749.556
2. Payroll expenses	307	127.324	126.175
3. Paid interest	308	95.071	61.783
4. Profit tax	309	20.101	12.999
5. Payment on the account of other public revenue dues	310	6.670	67.657
III. Net cash inflow from business activities (I-II)	311	679.614	1.236.803
IV. Net cash outflow from business activities (II-I)	312		
B. Cash flows from investment activities			
I. Cash inflow from investment activities (1 to 5)	313	291.227	197
1. Sale of shares and holdings (net inflow)	314		
2. Sale of intangible assets, real estate, plants, equipment and biological resources	315	3	197
3. Other financial placements (net inflow)	316	291.224	
4. Received interest from financing activity	317		
5. Recieved dividends	318		
II. Cash outflow from investment activity (1 to 3)	319	131.342	655.775
1. Purchase of shares and holdings (net outflow)	320		
2. Purchase of intangible assets, real estate, plants, equipment and biological resources	321	131.342	53.715
3. Other financial placements (net outflow)	322		602.060
III. Net cash inflow from investment activity (I-II)	323		
IV. Net cash outflow from investment activity (II-I)	324	159.885	655.578
V. Cash flows from financing activity			
I. Cash inflow from financing activity (1 to 3)	325	0	275.030
1. Increase of capital assets	326		
2. Long-term and short-term credits (net inflow)	327		275.030
3. Other long-term and short-term liabilities	328		
II. Cash outflow from financing activity (1 to 4)	329	23.696	407.958
1. Redemption of own shares and holdings	330	8.133	407.890
2. Long-term and short-term credits and other liabilities (net outflow)	331	15.563	
3. Financial leasing	332		68
4. Paid out dividends	333		
III. Net cash inflow from financing activity (I-II)	334		
IV. Net cash outflow from financing activity (II-I)	335	23.696	132.928
G. Cash inflow total (301+313+325)	336	4.014.509	3.530.200
D. Cash outflow total (305+319+329)	337	3.198.706	3.081.903
Đ. NET cash inflow (336-337)	338	815.803	448.297
E. NET cash outflow (337-336)	339		0
Ž. Cash at the beginning of the calculation period	340	96.083	128.389

In Becej on 31.03.2014

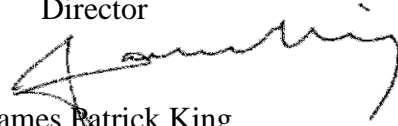
Z. Positive foreign exchange differences upon conversion of cash	341		3.894
I. Negative foreign exchange differences upon conversion of cash	342	3.846	
J. Cash at the end of the calculation period (338-339+340+341-342)	343	908.040	580.580

In Bečej, on 31.03.2014 Person responsible for drawing up Cash Flow Statement

Anđelković Dragana

Director

James Patrick King



Report of capital changes

For the period from 1.01.to 31.03.2014.

In thousands of dinars

Ordinal number	Description	Automated data processing	Capital assets (group 30 without 309)	Other capital (309)	Unpaid subscribed capital (group 31)	Emission of premiums (320)	Provision	Revalorization reserves	Unrealized profits on the account of securities (account 332)	Unrealized losses on the account of securities (account 332)	Retained earnings (group 34)	Loss up to the amount of capital Redemption of own shares and holdings (037,237)		Total (columns 2 +3+ 4+5+6+7+ 8+9+10-11-12)	Loss beyond the amount of capital (group 29)
							(321, 322)	(group 33)				(group 35)	(group 35)		
	1		2	3	4	5	6	7	8	9	10	11	12	13	14
1	Total as of 01.01.of the last year	401	6.906.480			875.438	553.322	2.359.864	0	23.817	1.778.085			12.449.372	
2	Correction of materially significant errors and changes of accounting policies from last year – increase	402												0	
3	Correction of materially significant errors and changes of accounting policies from last year -decrease	403												0	
4	Adjusted beginning balance as of 01.01. of the last year (1+2-3)	404	6.906.480	0	0	875.438	553.322	2.359.864	0	23.817	1.778.085		0	12.449.372	0
5	Total increase during last year	405					34.591		0		639	1.151.293	381.333	35.645	
6	Total decrease during last year	406				288.039		1.508	0	415	34.591			1.856.764	
7	Balance as of 31.12. of the last year. (4+5-6)	407	6.906.480	0	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
8	Correction of materially significant errors and changes of accounting policies during current year -increase	408												0	
9	Correction of materially significant errors and changes of accounting policies during current year-decrease	409												0	
10	Adjusted beginning balance as of 01.01. of the current year (7+8-9)	410	6.906.480	0	0	587.399	587.913	2.358.356	0	23.402	1.744.133	1.151.293	381.333	10.628.253	0
11	Total increase during current year	411									131.497		6.099	131.497	
12	Total decrease during current year	412				2.034		2				0		8.135	
13	Balance as of 31.12.of the current year (10+11-12)	413	6.906.480	0	0	585.365	587.913	2.358.354	0	23.402	1.875.630	1.151.293	387.432	10.751.615	0

In Bečej, on 31.12.2013.

Person responsible for drawing up the report
Anđelković Dragana

Director
James Patrick King



SOJAPROTEIN A.D. BEČEJ

NOTES ENCLOSED WITH BALANCE
SHEET AND PROFIT AND LOSS
STATEMENT

March 31, 2014

General information about the Company

Sojaprotein A.D. Bečej (hereinafter referred to as the "Company") represents the largest processor of soybean in Serbia and one among the most relevant processors in Central and Eastern Europe. The company was founded in 1977 as the start-up operating organization for industrial processing of soybean and final establishment ended in 1985.

In 1991 the Company's management made the decision to issue internal shares and distribute them among employees and that way the Company transformed into the joint stock company. During the years of 2000 and 2001 the Company privatized the remaining public capital by issuing free shares, subscribed by employees and other physical persons which is in compliance with the provisions of the Law on proprietorship transformation from 1997.

Main business of the Company is processing of soybean generating series of oily and fat-free products in the shape of flour, gritses and textured forms as well as soybean oil, soybean meal and soybean lecithin. Additional segment of the Company's business activities represents provision of services in agricultural production, wholesale and retail and collection of agricultural produce.

Company's registered office is located in Bečej, Industrijska 1. As of the date when these reports are drawn up the Company had 402 employees.

Grounds for drawing up and presentation of financial reports and accounting method

Financial reports

Company's financial reports include Balance Sheet as of March 31, 2014, Profit and Loss Statement, Report on Capital Changes and Cash Flow Statement for the period until March 31, 2014 as well as the overview of significant accounting policies and estimates and finally, the notes enclosed with financial reports.

Grounds for drawing up and presentation of financial reports

Pursuant to the Law on accounting and audit ("Official Gazette of RS" no. 46 as of June 2, 2006 and no. 111 as of December 29, 2009) legal persons and entrepreneurs in the Republic of Serbia are obliged to perform maintenance of business books, recognition and estimation of property and liabilities, income and expenses, drafting, presentation, delivery and disclosure of financial reports in accordance with the legal and professional regulatory legislation which implies Framework for preparation and presentation of financial reports ("Framework"), International accounting standards ("IAS"), in other words International financial reporting standards ("IFRS"), as well as explanations which are an integral part of the standards in force as of December 31, 2002.

Amendments to IAS as well as new IFRS and relevant explanations issued by the Board for international accounting standards ("Board") and by the Committee for interpretation of international financial reporting standards ("Committee") during the period from December 31, 2002 until January 1, 2009 have been officially adopted by the Order issued by the Minister of finance of the Republic of Serbia ("Ministry") and published in the Official Gazette of the Republic of Serbia number 77 on October 25, 2010.

However, until the date when submitted financial reports are drafted, not all amendments to IAS/IFRS and IFRIC explanations have been translated, which are in force for annual periods commencing on January 1, 2009. In addition to that, submitted financial reports are presented

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

in the format prescribed by the Account Chart and Contents of Accounts Rules for companies, cooperatives, other legal persons and entrepreneurs (“Official Gazette RS” no. 114 as of December 22, 2006, no. 119 as of December 26, 2008, no. 9 as of February 6, 2009 and no. 4 as of January 29, 2010), which encompass legally defined complete collection of financial reports, but deviate from the one defined in IAS 1 “Presentation of financial reports”, and in certain parts deviate from the manner of presenting certain Balance Sheet items regulated by the noted standard. Published standards and interpretations in force during the current period which have not been officially translated and adopted as well as published standards and interpretations which are still not in use are disclosed in the notes 2.2 and 2.3.

According to above said, and having in mind potential material effects that deviation of the accounting regulations of the Republic of Serbia as opposed to IFRS and IAS, may have upon reality and objectivity of the Company’s financial statements, it calls for pointing out that submitted financial statements cannot be considered financial statements drawn up in compliance with the IFRS and IAS.

Financial reports are drafted in accordance with the principle of historic cost, unless it says otherwise in the accounting policies provided hereinafter.

In drawing up financial reports the Company applied accounting policies described in the note 3.

Financial reports of the Company are expressed in thousands of dinars. Dinar represents the official reporting currency in the Republic of Serbia.

Published standards and interpretations in force during the current period not yet officially translated and adopted

As of the day when these financial reports are published below noted standards and amendments to standards were issued by the International Accounting Standards Board and the following interpretations were published by the International Financial Reporting Interpretation Committee, but they have not been officially adopted in the Republic of Serbia for the annual periods commencing as of January 1, 2010:

- Amendment to IFRS 7 “Financial instruments: Disclosure” – Amendments which improve disclosure of fair value and liquidity risk (revised in March 2009, in force for the annual periods commencing as of or after January 1, 2009),
- Amendment to IFRS 1 “The first application of International Financial Reporting Standards” – Additional exemptions for the persons applying IFRS amendments for the first time and regarding assets in the oil and gas industry and determination whether the contracts contain leasing (revised in July 2009, in force for annual periods commencing as of or after January 1, 2010),
- Amendments to various standards and interpretations are the result of the Project of annual quality-related improvement of IFRS published on April 16, 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRIC 16 in first place for the purpose of removing inconsistency and for clarifying formulation in the text (amendments to standards enter into force for the annual periods commencing as of or after January 1, 2010 and amendment to IFRIC as of or after July 1, 2009),
- Amendment to IAS 38 “Intangible assets” (in force for annual periods commencing as of or after July 1, 2009),

- Amendment to IFRS 2 “Payment by way of shares”: Amendments as the result of the Project of annual quality-related improvement of IFRS (revised in April 2009, in force for annual periods commencing as of or after July 1, 2009) and amendment regarding payment transactions by way of Group’s shares based on cash (revised in June 2009, in force for annual periods commencing as of or after January 1, 2010);
- Amendment to IFRIC 9 “Reassessment of embedded derivatives” enters into force for annual periods commencing as of or after July 1, 2009 and IAS 39 “Financial instruments: Recognition and measurement” – Embedded derivatives (in force for annual periods commencing as of or after June 30, 2009),
- IFRIC 18 “Conveyance of assets from the purchasers” (in force for annual periods commencing as of or after July 1, 2009);

Published standards and interpretations not yet entering into force

As of the date when these financial reports are published, the following standards, their amendments and interpretations were published, but not yet in force:

- „Comprehensive framework for financial reporting for 2010“ which represents amendment to „Framework for preparation and presentation of financial statements“ (in force since the date of publishing, in other words since September 2010).
- IFRS 9 “Financial instruments” (in force for the annual periods commencing as of or after January 1, 2013),
- Amendment to IFRS 1 “The first application of International Financial Reporting Standards” – Limited exemption from comparative disclosures prescribed by IFRS 7 for persons applying IFRS for the first time (in force for annual periods commencing as of or after July 1, 2010),
- Amendment to IFRS 1 “The first application of International Financial Reporting Standards” – Large hyperinflation and removal of fixed dates for persons applying IFRS for the first time (in force for annual periods commencing as of or after July 1, 2011),
- Amendment to IFRS 7 “Financial instruments : disclosure”- Conveyance of financial assets (in force for annual periods commencing as of or after July 1, 2011),
- Amendment to IAS 12 „Profit taxes” – Deferred taxes: return of assets underlying taxes (in force for annual periods commencing as of or after January 1, 2012),
- Amendment to IAS 24 “Disclosures about related persons” – Simplified request for disclosure regarding person under significant control or influence by the Government and clarifying of the definition of the related person (in force for annual periods commencing as of or after January 1, 2011),
- Amendment to IAS 32 “Financial instruments: presentation”– Accounting coverage of preemption right for new shares (in force for annual periods commencing as of or after February 1, 2010).

**Grounds for drawing up and presentation of financial reports and accounting method
(continuation)**

Published standards and interpretations not yet entering into force (continuation)

- Amendments to various standards and interpretations „Improvements of IFRS (2010)“ are the result of the Project of annual quality-related improvement of IFRS published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) in first place with the purpose to remove inconsistency and to clarify the formulation in the text (majority of amendments shall enter into force for annual periods commencing as of or after January 1, 2011),
- Amendment to IFRIC 14 “IAS 19 – Restriction of defined income, minimal requests for financing and their interaction” Overpaid minimal requests for financing (in force for annual periods commencing as of or after January 1, 2011).
- IFRIC 19 “Fulfillment of financial liabilities by means of equity instruments” (in force for annual periods commencing as of or after July 1, 2010).

Comparative data

Comparative data are presented by the Company's financial reports as of 31.12.2013. for the Balance Sheet and for Profit and Loss Statement and Cash Flow Report comparative data are presented by Company's financial reports as of 31.03.2013.

Overview of significant accounting policies

Income and expenses

Sales revenue is recognized when the risk and benefit related to the proprietorship rights are conveyed to the purchaser and it implies the date when merchandise is delivered to the purchaser. Revenue generated by services is recognized when the service is performed.

Revenue is expressed per fair value of the assets which are received or will be received, in net amount upon deducting approved discounts and value added tax.

Revenue and expenses from interest are credited or debited against the calculation period they pertain to.

On same date when the revenue is booked the relevant expenses are booked as well (principle of causal relationship between income and expenses).

Fixed assets maintenance and repair expenses are covered from the revenue generated during the calculation period when they incur.

Conversion of assets and liabilities in foreign currency

Business changes occurring in foreign currency payment funds are converted to dinars per medium foreign exchange rate determined on interbank fx market valid as of the business change date.

NOTES ENCLOSED WITH FINANCIAL REPORTSMarch 31, 2014

Assets and liabilities expressed in foreign currency payment funds as of Balance Sheet date are converted to dinars per medium foreign exchange rate determined on interbank fx market valid for that date.

Positive and negative foreign exchange differences occurring upon business transactions in foreign currency payment funds and upon calculation of items on the Balance Sheet expressed in foreign currency payment funds are booked as credits or debits on Profit and Loss Statement, as profit or loss on the account of foreign exchange differences.

Overview of significant accounting policies (continuation)

Employees' benefits

a) Taxes and contributions to the Funds for social security of the employees

In accordance with the regulations applied in the Republic of Serbia, the Company is obliged to pay taxes and contributions to the Tax Administration and Government-run Funds securing social security of the employees. These covenants include taxes and contributions for employees payable by the employer in the amounts calculated per rates prescribed by regulations. Company is also obliged to deduct contributions off gross salaries of employees and to pay them to the Funds on behalf of the employees. Taxes and contributions payable by employer and taxes and contributions payable by the employees are booked against the expenses for the period they pertain to.

b) *Liabilities on the account of severance pay and jubilee awards*

Pursuant to the Labor Law the Company is obliged to pay severance pays to the employees upon termination of the employment in order to facilitate entitlement to the pension in the amount of three average salaries paid in the Republic according to the last published data of the Government office in charge of statistical affairs. In addition to that, the Company is also obliged to pay out jubilee awards depending on the years of uninterrupted service with the Company in the amount of one average salary paid out by the Company during the month which precedes the month when jubilee awards are distributed.

Taxes and
contributions

Profit tax

a) Current profit tax

Current profit tax represents the amount which is calculated and paid in compliance with the Law on Company's Profit Tax, in force in the Republic of Serbia.

Profit tax in the amount of 15% (in 2011 it was: 10%) is to be paid on the tax base determined by the tax balance. Tax base presented in the tax balance includes profit displayed in official Profit and Loss Statement and adjustments defined by the tax regulations of the Republic of Serbia.

Tax regulations in the Republic of Serbia do not provide for the opportunity to use tax losses from current period as the basis for the tax refund of the taxes paid in previous periods. However, losses from current period may be transferred to the profit account of the future calculation periods, but not longer than ten years.

Deferred profit tax is calculated by using the method of determining liabilities according to the Balance Sheet for temporary differences generated by the difference between tax basis of the assets and liabilities in the Balance Sheet and their bookkeeping value. Valid tax rates as of

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the Balance Sheet date are used for determining divided amount of the profit tax. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and effects of carried forward loss and tax credits upon tax balance which may be carried forward to the degree to which taxable profit is likely from which deferred tax assets may be utilized.

Overview of significant accounting policies (continuation)

Taxes and contributions
(continuation)

Profit tax (continuation)

b) Deferred profit tax

Deferred tax is debited or credited on Profit and Loss Statement, unless it pertains to the items which are booked directly against the capital as credit or debit entry and in such case the deferred tax is allocated within the capital.

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 according to various state and municipal regulations and bylaws. Other taxes and contributions are recognized as the expense in the period when they incur.

Real estate, investment real estate, plants and equipment

Initial measurement of real estate, plants and equipment which fulfill conditions for recognition of assets is done according to the procurement value or purchase price. Additional expenses for real estate, plants and equipment are recognized as assets only if such expenses improve the condition of the asset above its initially assessed standard performance. All other additionally incurred expenses are recognized as expenses in the period when they incur.

Upon initial evaluation, real estate (land and buildings) is expressed by revalorization amount which indicates its fair value on revalorization date, decreased by total amount of value adjustments on the basis of the amortization and by total amount of value adjustment on the basis of losses because of depreciation.

Fair value of the real estate is its market value which is determined by evaluation. Revalorization is done only when fair value of the revalorized asset is significantly different from its expressed value.

Upon initial recognition, plants and equipment are expressed by procurement price or purchase price deducted by total amount of the calculated amortization and total amount of loss due to the depreciation.

Gains or losses originating from the retiring of the assets or disposal of assets are recognized as income or expense in the Profit and Loss Statement.

Amortization

Amortization of the real estate, plants and equipment is calculated by proportional method during the estimated useful life of the asset. Useful life of the asset and amortization rates for the main groups of assets are as follows:

<u>Main groups of fixed assets</u>	<u>Rate (%)</u>
Construction buildings	1,5 – 5 %
Manufacturing equipment	5 – 25 %

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Trucks and passenger vehicles	10 – 20 %
Computers	20 – 33 %
Other equipment	1,5 – 50 %

Overview of significant accounting policies (continuation)

Real estate, investment real estate, plants and equipment (continuation)

Amortization (continuation)

Amortization rates are revised every year to determine such amortizations which reflect real wear and tear of these assets in the course of operations on the basis of remaining useful life.

Investment real estate

Investment real estate is real estate which the Company in the capacity of the owner holds to generate income from renting real estate or to increase value of the capital or for both reasons, and not for using it for service provision or for administration management or sale in the course of regular operations. Initial measurement of the investment real estate upon acquisition is done per procurement value or purchase price. Upon initial recognition, investment real estate is expressed by revalorization amount which indicates its fair value on revalorization date, in other words evaluation date deducted by total amount of value adjustment based on amortization and total amount of value adjustment on the basis of losses due to depreciation.

Intangible assets

Intangible assets refer to acquired software and brand and they are expressed by procurement value deducted by amortization. Intangible assets are written off by proportional method in the period from two to ten years.

Long-term financial placements

Long-term financial placements encompass share in capital of related legal persons, commercial banks and other legal persons expressed by way of procurement value method deducted by depreciation on the basis of estimate by the management in order to bring them down to their returnable value. These loans are expressed by nominal value.

Decrease of value

On every date of the Balance Sheet the Company evaluates bookkeeping amounts of its material property to determine if there are clues that losses occurred because of decrease in value of the said property. If there are such clues, returnable amount of the asset is evaluated in order to determine possible loss generated by decrease in value. If it is not possible to determine returnable amount of certain asset, the Company estimates returnable amount of the money generating unit that asset belongs to.

Returnable value is net sales price or value in use, depending which one is higher. For the needs of estimating value in use, estimated future cash flows are discounted to the present value by applying discount rate before taxes which reflects current market estimate of time value of the money and risks specific for that asset.

Overview of significant accounting policies (continuation)

Decrease of value (continuation)

If the estimated returnable amount of the asset (or money generating unit) is lesser than the bookkeeping amount, then the bookkeeping amount of that asset (or money generating unit) is decreased to the returnable amount. Losses due to decrease in value are recognized as expenses, unless the asset is land or building which is not used as investment real estate expressed by revalorization amount in which case the loss due to decrease is expressed as decrease in value due to revalorization of the asset.

Upon subsequent cancellation of the loss due to decrease in value, bookkeeping amount of the asset (money generating unit) is increased up to revised estimated returnable amount of that asset, while higher bookkeeping value does not exceed bookkeeping value which would be estimated if in previous years there were no recognized losses on that asset (money generating unit) due to decrease in value. Cancellation of the loss due to decrease in value is immediately recognized as income, unless the asset in question is expressed by estimated value in which case the cancellation of loss due to decrease in value is expressed as increase due to revalorization.

Inventories

Inventories are expressed by purchase price or by net sales value depending what is lower. Net expected sales value is the price at which the inventories may be sold under normal business conditions after the price is decreased by the sales expenses.

Value of stocks of material and spare parts is determined by the method of average procurement price. Procurement value includes value on the supplier's invoice, transportation and other related expenses.

Value of unfinished production and finished products includes all direct manufacturing expenses as well as allocated part of expenses related to the industrial overheads.

Stocks of merchandise in the warehouse are recorded by procurement prices and stocks of merchandise in retail by retail prices. At the end of the calculation period, one performs bringing down of value of inventories to the procurement value by allocating difference in price computed on average basis between the procurement value of the sold merchandise and merchandise in stock at the end of the year.

By debiting other expenses value adjustment of inventories is performed in cases when it is estimated that it is necessary to bring down their value to net expected sales value (including inventories with slow circulation, redundant and obsolete inventories). Damaged inventories and inventories not meeting quality standards are written off.

Financial instruments

Financial assets and financial liabilities are recorded in the Company's Balance Sheet since the moment when the Company is bound by the instrument by contractual provisions. Purchase or sale of financial assets is recognized by applying calculation on reconciliation date, in other words on the date when the asset is delivered to the opposite side.

Overview of significant accounting policies (continuation)

Financial instruments
(continuation)

Financial assets cease to be recognized when the Company loses the control over agreed upon rights with respect to such instruments which happens when the rights of using instruments are realized, expired, abandoned or assigned. Financial liability ceases to be recognized when the liability provided for by the contract is fulfilled, cancelled or expired.

a) Share in capital

Share in capital of the banks and other legal persons which are listed on Stock Exchange is initially assessed by procurement value. Subsequently, measurement is done at every date of the Balance Sheet in order to reconcile their value with market value.

Long-term financial placements encompassing share in capital of related legal persons, commercial banks and other legal persons which are not listed on the Stock Exchange are expressed by the method of procurement value which is decreased by depreciation on the basis of management assessment in order to reconcile them to their returnable value.

b) Accounts receivable from purchasers, short-term placements and other short-term receivables

Receivables from purchasers, short-term placements and other short-term receivables are expressed by their nominal value, decreased by value adjustment performed on the basis of management estimate of the ability to be collected.

v) Cash and cash equivalent

Cash and cash equivalent are presented in Company's financial reports as the cash held at the Treasury and balances in the current bank accounts and other pecuniary assets available for up to three months.

g) Financial liabilities

Financial liabilities instruments are classified in accordance with the essence of contractual provisions. Financial liabilities are expressed per nominal value, increased by the interest on the grounds of the executed contracts which corresponds to the effective interest rate.

d) *Liabilities from regular operations*

Liabilities towards suppliers and other liabilities from regular operations are estimated per value of received assets.

Overview of significant accounting estimates

Presentation of financial reports requires from the Company's management to use the best possible estimates and reasonable assumptions which have effect upon presented values of assets and liabilities as well as disclosure of potential receivables and liabilities as of the date when financial reports are drawn up and income and expenses during the reporting period. These estimates and assumptions are based on the information available as of the date when financial reports are drawn up.

Below are the key assumptions related to the future and other sources of estimating uncertainty as of Balance Sheet date which represent significant risk for material adjustment of amounts of items on the Balance Sheet in next financial year.

Amortization and amortization rates

Calculation of amortization and amortization rates is based on projected economic life of the equipment and intangible assets. Once per year, the Company estimates economic life on the basis of current forecast.

Value adjustment of receivables and short-term placements

Company performs impairment of doubtful accounts and bad debt from purchasers and other debtors on the basis of estimated losses occurring when the debtors are not capable of rendering payment. In estimating adequate amount of loss due to bad debt, the Company relies on age of the receivables, prior experience with write off, credit rating of the purchasers and changes in payment conditions. This requires estimates related to the future behavior of the purchasers and accordingly, future collection of due amounts. However, significant part of Company's receivables is regarding receivables from subsidiaries and based on estimates and experience so far, total current amount of these receivables can be collected.

Overview of significant accounting estimates (continuation)

Fair value

Business policy of the Company is to disclose information regarding fair value of assets, liabilities and equity for which there are official market information even when fair value differs dramatically from bookkeeping value. In the Republic of Serbia there is neither enough market experience, nor stability and liquidity with respect to purchasing and selling receivables and other financial assets, liabilities and equity since official market information is not available at every moment. Therefore, fair value cannot be reliably determined in the absence of active market. Company's management performs risk assessment and in cases when management assesses that the value under which the property is maintained in the business books cannot be realized, management performs value adjustments. According to the Company's management opinion, amounts disclosed in these financial reports reflect the value which is in given circumstances the most credible and the most useful for reporting needs.

Note-1

Sales revenue

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Revenue generated by selling merchandise:		

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- related legal persons	-	3.410
- other legal persons in-land	2.758	3.246
- other legal persons abroad	-	114.876
	<u>2.758</u>	<u>121.532</u>
Revenue generated by selling products and services		
- related legal persons	723.265	220.822
- other legal persons in-land	324.904	180.844
- other legal persons abroad	1.966.453	1.056.866
	<u>3.014.622</u>	<u>1.458.532</u>
	<u>3.017.380</u>	<u>1.580.064</u>

In the Profit and loss statement the Company expressed total sales revenue equaling **3.017.380** thousands of dinars. Stated amount consists of revenue generated by sale of commercial goods in the amount of **2.758** thousands of dinars and revenue generated by selling products and services in the amount of **3.014.622** thousands of dinars.

The most significant income from sale of commercial goods is generated by selling:

-Other legal persons

Toasted soybean meal	1.565 thousands of dinars
Other	1.193 thousands of dinars
Total	2.758 thousands of dinars

Revenue generated by selling products and services

-Related legal persons

Soybean meal	260.547 thousands of dinars
Crude soybean oil	380.301 thousands of dinars
Protein-based products	49.301 thousands of dinars
Other	33.116 thousands of dinars
Total	723.265 thousands of dinars

-Other legal persons

Soybean meal	100.004 thousands of dinars
Crude soybean oil	124.361 thousands of dinars
Protein-based products	85.059 thousands of dinars
Other	15.480 thousands of dinars
Total	324.904 thousands of dinars

-other legal persons abroad

Crude soybean oil	398.884 thousands of dinars
Protein-based products	1.200.554 thousands of dinars
Other	367.015 thousands of dinars
Total	1.966.453 thousands of dinars

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Note-2

Other business revenue

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Income from subsidies and incentives	-	86
Rental income	12.485	14.489
Other business income		
	<u>12.485</u>	<u>14.575</u>

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Note-3

Procurement value of sold merchandise

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Procurement value of sold merchandise	2.600	121.099

In the Profit and Loss Statement the Company expressed amount totaling 2.600 thousands of dinars regarding expenses of sold commercial goods. The most relevant amounts refer to the following:

Toasted soybean meal	1.565 thousands of dinars
Other	1.035 thousands of dinars
Total	2.600 thousands of dinars

Note-4

Material and energy expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Material expenses for manufacturing	2.198.057	1.913.085
Other material expenses	13.606	21.182
Fuel and energy expenses	146.707	153.881
	<u>2.358.370</u>	<u>2.088.148</u>

Note-5

Payroll expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Gross salaries' expenses	108.816	103.983
Contributions expenses payable by the employer	18.951	18.459
Reimbursement of expenses to the employees incurred during business trips	738	2.124
Reimbursement of transportation cost to the employees	4.730	4.903
Scholarships	41	113
Remuneration expenses per authorship agreements	2.865	570
Severance pays and jubilee awards	9.477	586
Remuneration payable to the members of the Board of Directors and Supervisory Board	675	136
Other personnel-related expenses and payments in lieu of income	4.678	1.516
Total	<u>150.971</u>	<u>132.390</u>

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Note-6

Amortization and provisions expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Amortization expenses	100.963	76.932

Note-7

Other business expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Banking fees and payment transactions processing services expenses	1.838	6.574
Maintenance service expenses	13.593	22.136
Lab services	31.419	33.348
Transportation expenses	102.027	30.066
Leasing expenses	10.611	5.411
Public utilities	5.886	6.827
Insurance premiums expenses	8.487	3.817
Indirect taxes and contributions	5.325	2.717
Brokers' services	40	71
Services by lawyers and consultants	186	198
Internet, phone and postal expenses	1.622	3.087
Business entertainment expenses	1.792	2.863
Trade fair and other exhibitions expenses	-	2.728
Advertising and public promotion expenses	442	473
Expenses of other production services	12.276	1.614
Other intangible expenses	69.447	90.272
	<u>264.991</u>	<u>212.202</u>

Note-8

Financial income

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Financial income – related legal persons	251.731	52.523
Positive foreign exchange differences	20.999	119.450
Income on the account of effects of currency clause	2	15
Interest income	923	3.830
Other financial income	-	-
	<u>273.655</u>	<u>175.818</u>

Note -9

Financial expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Negative foreign exchange differences	72.930	38.315
Interest expenses	103.760	69.313
Expenses on the account of effect of currency clause	105	2.304
Other financial expenses	1.933	2
	<u>178.728</u>	<u>109.934</u>

Note-10

Other revenue

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Gains on sale of equipment and intangible assets	1	1
Revenue on the account of value reconciliation	76	117.026
Surplus	1.529	1.006
Indemnity for damages payable by insurance companies	676	982
Gains on sale of materials	-	193
Other revenue	<u>652</u>	<u>1.430</u>
	<u>2.934</u>	<u>120.638</u>

Note-11

Other expenses

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Losses on sale of materials	-	202
Write-off of receivables on the account of advanced housing loans	-	342
Other expenses	<u>7.737</u>	<u>533</u>
	<u>7.737</u>	<u>1.077</u>

Note-12

Profit

- v) Reconciliation of the amount of profit tax in Profit and Loss Statement and products generating profits before taxes and prescribed tax rates

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.03.2013.</u>
Profit before taxes	<u>154.700</u>	16.794
Profit tax calculated per rate totaling 15%	23.205	2.519
Loss		
Profit after taxes	<u>131.495</u>	<u>14.275</u>
Effective tax rate	<u>15%</u>	<u>15%</u>

Note-13

Real estate, plants and equipment, biological resources, investment real estate and intangible assets

Land, construction buildings and biological resources	Equipment	Advance payments for fixed assets and ongoing investments	In thousands of dinars		
			Total	Investment real estate	Intangible assets-
Procurement value	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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Balance as of January 1, 2013	2.628.238	1.929.392	3.503.944	8.061.574	588.699	34.149
Increase during the year	-	2.622	1.550.305	1.552.927	-	10.746
Capitalized interest	-	-	-	-	-	-
Conveyances	477.717	2.883.806	(3.361.523)	-	-	(9.535)
Closing down of suppliers	-	-	(626.307)	(626.307)	-	-
Conveyance from investment real estate	158.311	-	-	-	158.311	(158.311)
Wearing out	-	(725)	-	(725)	(14)	-
Sale	-	(981)	-	(981)	-	-
Other- estimate	-	-	-	-	-	-
Balance as of December 31, 2013	<u>3.264.266</u>	<u>4.814.114</u>	<u>1.066.419</u>	<u>9.144.799</u>	<u>430.374</u>	<u>35.360</u>
Balance as of January 1, 2014	3.264.266	4.814.114	1.066.419	9.144.799	430.374	35.360
Increase during the year	-	-	122.152	122.152	-	211
Capitalized interest	-	-	-	-	-	-
Conveyances	29	1.602	(1.631)	-	-	-
Closing down of suppliers	-	-	(7.568)	(7.568)	-	-
Conveyance to investment real estate	-	-	-	-	-	-
Wearing out	-	-	-	-	-	-
- Sale	-	(4)	-	(4)	-	-
Other	-	-	-	-	-	-
Balance as of March 31, 2014	<u>3.264.295</u>	<u>4.815.712</u>	<u>1.179.372</u>	<u>9.259.379</u>	<u>430.374</u>	<u>35.571</u>
Value adjustment						
Balance as of January 1, 2013	3.578	-	-	3.578	-	17.712
Current year amortization	84.066	260.929	-	344.995	-	3.980
Conveyance to investment real estate	-	-	-	-	-	-
Sale	-	(22)	-	(22)	-	-
Wearing out	-	(139)	-	(139)	-	-
Other- estimate	-	-	-	-	-	-
Balance as of December 31, 2013	<u>87.644</u>	<u>260.768</u>	<u>-</u>	<u>348.412</u>	<u>-</u>	<u>21.692</u>
Value adjustment						
Balance as of January 1, 2014.	87.644	260.768	-	348.412	-	21.692
Current year amortization	21.968	78.204	-	100.172	-	790
Conveyance to investment real estate	-	-	-	-	-	-
Sale	-	(1)	-	(1)	-	-
Wearing out	-	-	-	-	-	-
Balance as of March 31, 2014	<u>109.612</u>	<u>338.971</u>	<u>-</u>	<u>448.583</u>	<u>-</u>	<u>22.482</u>
- March 31, 2014.	<u>3.154.683</u>	<u>4.476.741</u>	<u>1.179.372</u>	<u>8.810.796</u>	<u>430.374</u>	<u>13.089</u>
- December 31, 2013.	<u>3.176.622</u>	<u>4.553.346</u>	<u>1.066.419</u>	<u>8.796.387</u>	<u>430.374</u>	<u>13.668</u>

The Company expressed intangible assets in the amount totaling 13.089 thousands of dinars.

The Company expressed the value of real estate, plants and equipment as of 31.03.2014 in the amount totaling 8.808.310 thousands of dinars.

Amortization is calculated by applying proportional method against procurement value.

Advanced payment for fixed assets and ongoing investment expressed as of 31.03.2014 in total amount equaling 1.179.372 thousands of dinars in major part relates to the investment into equipment for the factory of traditional soybean concentrates.

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Share in capital

In thousands of dinars

	<u>% of share</u>	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Share in capital of subsidiaries			
ZAO Vobeks - Intersoja, Russia	85,00%	1.112	1.112
Veterinary Institute Subotica a.d.	31,39%	783.617	783.617
		<u>784.729</u>	<u>784.729</u>
Share in capital of related legal persons			
Hotel Bela lađa a.d. Bečej	31,83%	43.438	43.438
		<u>43.438</u>	<u>43.438</u>
Share in capital of the banks			
Novi Sad Fairground a.d. Novi Sad		1.596	1.596
Share in capital - Atomic spa Trepča	9,4958%	119.956	119.956
Share in capital of other legal persons		1.831	1.831
		<u>123.383</u>	<u>123.383</u>
		<u>951.550</u>	<u>951.551</u>

Note-15

Other long-term financial placements

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Housing loans advanced to employees	865	728
	<u>865</u>	<u>728</u>

Note-16

Inventories

In thousands of dinars

	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Material	2.818.906	2.865.694
Spare parts	148.724	148.934
Tools and inventory	48.074	49.575
Finished products	645.040	943.068
Unfinished production	241.578	31.527
Given advance payments	106.407	76.673
Merchandise:		

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- in wholesale	15.180	14.668
- in the warehouses of other legal persons	-	-
	<u>4.023.909</u>	<u>4.130.139</u>
Minus: Value adjustment of material inventories	<u>(393.680)</u>	<u>(133.312)</u>
	<u>3.630.229</u>	<u>3.996.827</u>

In the Balance Sheet the Company expressed inventories in the amount totaling 3.630.229 thousands of dinars.

The most relevant items are stocks of raw materials and materials which total 2.818.906 thousands of dinars out of which basic raw materials (soy seed) equals 2.483.867 thousands of dinars in value, calculated by average procurement price, in other words 49.875.tons of JUS soy seed in quantity.

Note-17

Receivables

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Receivables from purchasers:		
- related legal persons	791.274	658.568
- in-land	507.110	709.752
- abroad	1.017.987	1.130.952
Receivables from exporters	-	-
Receivables from specific businesses	67.013	52.738
Receivables for interest-related legal persons	123.546	209.630
Receivables for interest - others	-	6.232
Overpaid other taxes and contributions	7	57
Other receivables	<u>203.969</u>	<u>250.435</u>
	<u>2.710.906</u>	<u>3.018.364</u>
Minus: value adjustment for receivables from purchasers	<u>(291.276)</u>	<u>(311.836)</u>
	<u>2.419.630</u>	<u>2.706.528</u>

Note-18

Short-term financial placements

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Short-term loans to related legal persons- Victoria Group	1.184.153	1.011.814
Short-term loan to related legal persons-Victoria Logistic	4.483.860	4.598.360
Short-term credits in-land	99.799	99.799
Credits for winter food and short-term housing loans	7.051	11.050
Term deposits	333	345.168
Value adjustment of short-term financial placements	<u>(50.900)</u>	<u>(50.900)</u>
	<u>5.724.296</u>	<u>6.015.291</u>

During the first three months of the year 2014 redemption of 16.333 shares from minority shareholders was executed per calculation value of 589,70 dinars per share.

Note-19

Cash and cash equivalent

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Current bank account		
- in dinars	23.236	3.373
- in foreign currency	309.046	88.080
Separated funds and letters of credit	575.708	4.630
Treasury	50	-
Other funds	-	-
	<u>908.040</u>	<u>96.083</u>

Note-20

Value added tax, prepayments and deferred expenditures

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Expenses paid in advance up to one year	25.599	20.047
Receivables on the account of VAT overpayment	44.790	134.038
Divided value added tax	12	6.765
Other prepayments and deferred expenditures	<u>245.237</u>	<u>50.144</u>
	<u>315.638</u>	<u>210.994</u>

Note-21

Off-Balance Sheet assets

Off-Balance Sheet assets as of 31.03.2014 equal 18.833.209 thousands of dinars .Amount totaling 18.409.058 thousands of dinars refers to the guarantees and security which Sojaprotein a.d. gave as guarantor. Amount totaling 424.151 thousands of dinars refers to the merchandise of others stored in our warehouses.

Off-Balance Sheet assets/liabilities and equity

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Assets of other persons	424.151	482.385
Given guarantees and security	<u>18.409.058</u>	<u>18.867.549</u>
	<u>18.833.209</u>	<u>19.349.934</u>

Note-22**Original stock**

Original stock of the Company totals 6.906.479.571,15 dinars and it is divided into 14.895.524 shares without nominal value with accounting value totaling 463,661404 dinars. Shares of X emission are registered in the data base of the Central Securities Register as of 09.08.2011.

Structure of share capital of the Company as of March 31, 2014 is as follows:

Description	31.03.2014.		
	<u>% of holdings</u>	<u>Number of shares</u>	<u>Value of capital</u>
Victoria Group AD	50,94%	7.587.503	3.518.032
Raiffeisenbank AD			
Beograd – Custody account	11,20%	1.668.483	773.611
Mitrović Zoran	6,07%	904.675	419.463
Babović Milija	6,03%	897.835	416.291
Raiffeisenbank AD			
Beograd – Custody account	5,89%	876.626	406.458
Sojaprotein AD Bečej	5,77%	859.061	398.313
Polunin Discovery Funds	0,57%	85.500	39.643
Unicredit Bank Srbija AD	0,29%	43.037	19.955
The Royal Bank of			
Scotland PLC	0,27%	40.389	18.727
EKSTRA-PET DOO	0,23%	34.245	15.878
Other legal and physical persons	12,74%	1.898.170	880.109
	<u>100,0 %</u>	<u>14895.524</u>	<u>6.906.480</u>
Own shares		<u>862.240</u>	
Share capital		<u>14033.284</u>	<u>6.906.480</u>

Legal provisions

Legal provisions of the Company expressed as of March 31, 2014 in the amount totaling 339.645 thousands of dinars represent allocation from retained earnings from previous years according to the Decision on allocation of profits generated during business year 2013 and adopted by the Shareholders Assembly according to which the Company allocated 5% of its net profit for the business year to the account of legal provisions as long as they achieve 10% of the Company's original stocks.

Statutory reserves

Statutory reserves of the Company as of March 31, 2014 total 248.267 thousands of dinars. Allocation to this type of reserves is done by the Company in accordance with the Statute in the course of allocating net profit for the business year. The Company handles statutory reserves free of any special restraints and existing internal acts do not define any special purpose for these funds. Reserve funds are not used.

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

Note-23

Long-term credits

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Long-term credits in-land	7.503.395	7.450.126
Long-term credits abroad	1.238.297	1.272.953
	<u>8.741.692</u>	<u>8.723.079</u>
Current maturity	<u>(8.741.692)</u>	<u>(8.723.079)</u>
	-	-

Long-term credits from abroad

	Currency	Amount in foreign currency	In thousands of dinars	
			<u>31.03.2014.</u>	<u>31.12.2013.</u>
Erste bank	EUR	3.718.000	386.100	426.239
European bank	EUR	5.000.000	206.044	204.718
IFC International financial corporation	EUR	5.600.000	646.153	641.996
			<u>1.238.297</u>	<u>1.272.953</u>
Current maturity			<u>(1.238.297)</u>	<u>(1.272.953)</u>
			-	-

Long-term credits in-land

	Currency	Amount in currency	In thousands of dinars	
			<u>31.03.2014.</u>	<u>31.12.2013.</u>
UniCredit bank	EUR	60.000.000	6.923.070	6.742.278
Societe Generale bank	EUR	5.000.000	490.384	573.210
Eurobank EFG	EUR	1.600.000	28.402	42.329
Eurobank EFG	RSD	400.000.000	61.538	92.308
			<u>7.503.395</u>	<u>7.450.125</u>
Minus:			<u>(7.503.395)</u>	<u>(7.450.125)</u>
Current maturity			-	-

Long-term credits in-land are approved for financing of construction of the concentrate manufacturing factory, for financing of permanent circulating assets and for financing of the export affairs.

Grace period is from three to six months, with interest rate totaling one month and three months EURIBOR, increased by percentage point in the range from 2,40% to 4,25% per annum.

Long-term credits agreements define business indicators on the level of the consolidated financial reports of the Group and accordingly, they are disclosed in the consolidated financial reports of the parent Company- Victoria Group – Beograd.

Note-24

Short-term financial liabilities

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Current maturity:		
- of long-term credits	8.741.692	8.723.079
Short-term credits	923.076	917.137
Short-term loan – Veterinary Institute	81.838	-
Other	<u>204.477</u>	<u>204.477</u>
	<u>9.951.083</u>	<u>9.844.693</u>

Short-term financial liabilities expressed with the balance as of March 31, 2014 and totaling 9.951.083 thousands of dinars in most part equaling 8.741.692 thousands of dinars refer to the due and outstanding liabilities on the account of long-term credits advanced by the banks. Based on preliminary financial reports for the year 2013 it is determined that the Company will not be capable of fulfilling certain financial and non-financial business indicators defined by the contracts of long-term credits and accordingly, all liabilities per stated credits are deemed due and outstanding as of March 31, 2014.

Amount totaling 204,477 thousands of dinars refers to obtained court settlement dated March 7, 2014 according to which Sojaprotein A.D. has the liability towards PIK Bečej in the amount totaling 2,000,000 EUR (pecuniary amount). According to this court settlement Sojaprotein A.D. undertakes to convey lien-free shares of the Hotel Bela Lađa A.D. Bečej which make up 31,83% out of total number of the issuer's shares.

Short-term credits:

Creditor:	Currency	Amount in currency	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Societe Generale Bank	EUR	3.000.000	346.154	343.926
Credit Agricole	EUR	5.000.000	576.922	573.211
			<u>923.076</u>	<u>917.137</u>

Short-term credits in-land are approved for financing of permanent circulating assets with the interest rate in the amount equal to one month EURIBOR increased by percentage point in the range from 3,90% to 4,30% per annum.

Security means for these credits are pledges over finished products and raw materials, guarantees and own blank bills of exchange.

Note-25

Operational liabilities

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Liabilities on the account of received advance payments	44.078	16.250
Liabilities towards suppliers:		
- parent company and subsidiaries	12.822	-
- other related legal persons	1.553.625	1.755.367
- domestic suppliers	284.026	363.568

NOTES ENCLOSED WITH FINANCIAL REPORTS**March 31, 2014**

- foreign suppliers	24.602	36.301
- other operational liabilities	<u>53.648</u>	<u>53.648</u>
	<u>1.972.801</u>	<u>2.225.134</u>

Note-26

Other short-term liabilities

In thousands of dinars

31.03.2014. **31.12.2013.**

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

Net salaries and remuneration in lieu of salaries	13.693	-
Taxes and contributions per salaries	8.304	-
Interest and financing costs	39.527	34.937
Liabilities for dividends	3.017	3.017
Liabilities towards physical persons for remuneration per contracts	162 350	
Net remuneration in lieu of salaries which are to be refunded	155	
Taxes and contributions per salaries which are to be refunded	100	-
Liabilities towards members of Board of Directors and Supervisory Board	1058	-
Other liabilities	-	-
	<u>66.016</u>	<u>38.304</u>

Note-27

Liabilities on the account of value added tax and other public revenue dues and accruals
In thousands of dinars

	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Liabilities for taxes, customs duties and other dues	-	334
Calculated income of future period	169	9.248
Divided liabilities for VAT	-	1.411
Other accruals	-	-
Expenses calculated in advance	<u>46.644</u>	<u>-</u>
	<u>46.813</u>	<u>10.993</u>

Financial instruments and objectives of risk management

Capital risk management

The objective of capital management is to enable the Company to retain the ability to continue doing business for an indefinite period of time in predictable future in order to keep optimal structure of the capital with the objective to decrease capital expenses and to secure capital yield to the owners. Structure of the Company's capital consists of debt, including long-term credits, other long-term liabilities, long-term and short-term placements, cash and cash equivalent and capital which is attributed to the owners and which includes holdings, other capital, reserves and accumulated profit.

Persons controlling finance matters on the level of the Company are examining the structure of the capital on the annual level.

Company's indebtedness indicators with the balance as of 31.03.2014:

	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Indebtedness a)	9.951.083	9.844.693

NOTES ENCLOSED WITH FINANCIAL REPORTS

	March 31, 2014	
Cash and cash equivalent	<u>908.040</u>	<u>96.083</u>
Net indebtedness	<u>9.043.043</u>	<u>9.940.776</u>
Capital b)	<u>10.620.120</u>	<u>10.628.253</u>
Ratio total indebtedness versus capital	<u>0,85</u>	<u>0,94</u>

a) Debt refers to long-term and short-term financial liabilities.

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

Financial instruments and objectives of risk management

(continuation)

Categories of financial instruments

	In thousands of dinars	
	31.03.2014.	31.12.2013.
Financial assets		
Share in capital	123.383	123.383
Other long-term financial placements	865	728
Receivables	2.419.623	2.706.471
Short-term financial placements	5.717.449	6.004.409
Cash and cash equivalent	<u>908.040</u>	<u>96.083</u>
	<u>9.169.360</u>	<u>8.931.074</u>
Financial liabilities		
Long-term and short-term credits	9.746.606	9.640.216
Liabilities towards suppliers	1.928.723	2.208.884
Other liabilities	<u>247.934</u>	<u>242.781</u>
	<u>11.923.263</u>	<u>12.091.881</u>

Main financial instruments of the Company are cash and cash equivalent, receivables, financial placements occurring directly from Company's operations as well as long-term loans, liabilities towards suppliers and other liabilities with the main purpose to finance Company's current operations. Under normal business conditions, the Company is exposed to the risks indicated below.

Objectives of financial risks management

Financial risks include market risk (currency-related and interest-related) and credit risk.

Financial risks are evaluated on the grounds of time periods and primarily they are avoided by decreasing Company's exposure to such risks. The Company does not use any financial instruments to avoid the impact of financial risks upon business simply because these instruments are neither widely used, nor there is organized market of such instruments in the Republic of Serbia.

Market risk

While doing business the Company is exposed to the financial risks involving change of foreign exchange rates of currencies and change of interest rates. Exposure to market risk is viewed by way of sensitivity analysis. There are neither significant changes in the Company's exposure to market risk, nor with respect to the ways Company is managing or measuring such risk.

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

Currency risk

The Company is exposed to the currency risk in first place through cash and cash equivalent, receivables from purchasers, long-term credits and liabilities towards the suppliers denominated in foreign currency. The Company does not use special financial instruments as the protection against the risk considering that these instruments are not common in the Republic of Serbia.

Stability of the economic environment where the Company does business depends to a great degree to the measures proclaimed by the Government and regulating economy and they include establishment of adequate legal and legislative framework.

Financial instruments and objectives of risk management

Market risk

Currency risk

Bookkeeping value of the pecuniary assets and liabilities expressed in foreign currency as of the reporting date is as follows:

	Assets		Liabilities	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>	<u>31.03.2014.</u>	<u>31.12.2013.</u>
EUR	1.177.831	1.315.512	9.991.635	10.029.893
USD	770.711	260.232	755	-
GBP	48.157	38.038	-	-
	<u>1.996.699</u>	<u>1.613.782</u>	<u>9.992.390</u>	<u>10.029.893</u>

The Company is sensitive to the changes of foreign exchange rates of EUR and US dollar (USD). The table below represents details of analysis of the sensitivity of the Company to the increase and decrease of 10% of the fx rate of dinar versus foreign currency. Sensitivity rate of 10% is used upon internal presentation of the currency risk and it represents estimate by the management of reasonably expected changes of foreign exchange rates of foreign currencies. Sensitivity analysis includes just due and outstanding receivables and liabilities expressed in foreign currency and it reconciles their conversion at the end of the period for the change of 10% in the foreign exchange rates of foreign currencies. Positive figure from the table indicates increase of results for the current period in cases when the dinar goes down as opposed to the currency in question. In case of dinar devaluation totaling 10% in comparison to the foreign currency in question, the impact upon result of the current period would be the opposite to the one indicated in previous example.

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
EUR currency	(881.312)	(871.437)
USD currency	76.995	26.023
GBP currency	4.816	3.804
Result of the current period	<u>(799.501)</u>	<u>(841.610)</u>

Sensitivity of the Company to the changes in foreign currency is increased during current period, mainly as the consequence of increased credit-related liabilities.

Risk of interest rates changes

The Company is exposed to the risk of interest rates changes for assets and liabilities where the interest rate is variable. This risk depends on financial market and therefore, the Company does not have available instruments to mitigate its impact.

Financial instruments and objectives of risk management

Market risk

Risk of interest rates changes

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Financial assets		
Not interest bearing		
Long-term financial placements	123.383	123.383
Other long-term financial placements	865	728
Receivables from purchasers	2.419.623	2.706.471
Short-term financial placements	49.103	49.338
Cash and cash equivalent	908.040	96.083
	<u>3.501.014</u>	<u>2.976.003</u>
Fixed interest rate		
Short-term financial placements	5.668.013	5.954.687
Variable interest rate		
Short-term financial placements	333	384
	<u>9.169.360</u>	<u>8.931.074</u>
Financial liabilities		
Non-interest bearing		
Liabilities towards suppliers	1.928.723	2.208.884
Other liabilities	247.934	242.781
	<u>2.176.657</u>	<u>2.451.665</u>
Fixed interest rate		
Long-term and short-term credits	28.402	42.329

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

Variable interest rate		
Long-term and short-term credits	9.718.204	9.597.887
	<u>11.923.263</u>	<u>12.091.881</u>

Sensitivity analyses presented in the text below are established on the grounds of exposure to the interest rates changes for non-derivative instruments as of Balance Sheet date. For liabilities with variable rate, analysis is drawn up under the assumption that remaining amount of assets and liabilities as of Balance Sheet date was unchanged during entire year. Increase or decrease by 1% represent estimate by the management regarding realistically possible change of interest rates. If the interest rate is 1% higher/lower and all other variables remain the same, the Company would generate operational profit (loss) for the year ending on March 31, 2014 in the amount of more or less 97.179 thousands of dinars. This situation is attributed to the exposure of the Company based on variable interest rates which are calculated for long-term credits.

Credit risk

Managing receivables from purchasers

The Company is exposed to credit risk which represents the risk that the debtors will not be able to satisfy debts to the Company in full and on time which would result in financial loss for the Company. Exposure of the Company to this risk is limited to the amount of receivables from purchasers as of Balance Sheet date. Receivables from purchasers refer to the related legal persons to a significant degree.

Financial instruments and objectives of risk management

Credit risk

Managing receivables from purchasers

Receivables from purchasers relate to:

<u>Clients</u>	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
- related legal persons	865.829	743.208
- third legal persons	1.226.124	1.511.084
-other receivables from third parties	22.600	7.168
- other receivables from related legal persons	305.070	445.011
	<u>2.419.623</u>	<u>2.706.471</u>

Structure of receivables from purchasers as of March 31, 2014 is presented in the table below:

	In thousands of dinars		
	Gross exposure	Value adjustment	Net exposure
Receivables from purchasers not yet due	1.699.668		1.699.668
Due and adjusted receivables from purchasers	311.761	(311.761)	
Due and not adjusted receivables from purchasers	<u>719.955</u>		<u>719.955</u>
	<u>2.731.384</u>	<u>(311.761)</u>	<u>2.419.623</u>

Structure of receivables from the purchasers as of December 31, 2013 is presented in the table below:

	Gross exposure	In thousands of dinars Value adjustment	Net exposure
Receivables from purchasers not yet due	1.130.238		1.130.238
Due and adjusted receivables from purchasers	311.836	(311.836)	
Due and not adjusted receivables from purchasers	<u>1.576.233</u>	<u>-</u>	<u>1.576.233</u>
	<u>3.018.307</u>	<u>(311.836)</u>	<u>2.706.471</u>

Financial instruments and objectives of risk management

Credit risk Managing receivables from purchasers

Receivables from purchasers not yet due

Receivables from purchasers not yet due and expressed as of March 31, 2014 in the amount totaling 1.699.668 thousands of dinars (on 31.12.2013. amount of 1.130.238 thousands of dinars) for the most part refer to the receivables from purchasers for the sale of crude soybean oil, soybean texturates and soybean flour. These receivables are mainly due within 60 days since the invoice date, depending on contractually agreed payment terms.

Due and adjusted receivables from purchasers

During previous periods the Company depreciated receivables from purchasers for due receivables in the amount totaling 311.761 thousands of dinars (in 2013 the amount of 311.836 thousands of dinars), for which the Company determined that changes in credit worthiness of the clients occurred and such receivables would not be collected in full amount.

Due and not adjusted receivables from purchasers

The Company did not depreciate due receivables expressed as of March 31, 2014 in the amount of 719.955 thousands of dinars (on 31.12.2013. the amount of 1.576.233 thousands of dinars) considering that no changes in credit worthiness of the clients were determined as well as such receivables mostly refer to the receivables from related legal persons; part of receivables is regarding delivered soybean oil with deferred payment and the management is of the opinion that total current value of such receivables will be collected.

Due and not adjusted receivables from purchasers (*continuation*)

Age structure of due and not adjusted receivables is presented in the following table:

NOTES ENCLOSED WITH FINANCIAL REPORTS

March 31, 2014

	In thousands of dinars	
	<u>31.03.2014.</u>	<u>31.12.2013.</u>
Less than 30 days	174.902	774.035
31 - 90 days	280.568	233.407
91 - 180 days	60.461	64.071
181 - 365 days	190.017	490.708
Over 365 days	<u>14.007</u>	<u>14.012</u>
	<u>719.955</u>	<u>1.576.233</u>

Managing liabilities towards suppliers

Liabilities towards suppliers as of March 31, 2014 are expressed in the amount of 1.928.723 thousands of dinars (on 31.12.2013. amount of 2.208.723 thousands of dinars). Suppliers do not charge default interest on due liabilities, but the Company fulfills due liabilities towards suppliers in a timely fashion, in compliance with the managing financial risks policy. Average time to fulfill liabilities towards suppliers during the first quarter of 2014 is 65 days (during 2013 it was 54 days).

Financial instruments and objectives of risk management (continuation)

Fair value of financial instruments (continuation)

Assumptions for evaluation of current fair value of financial instruments

Considering the fact that there are not enough market experience, stability and liquidity in purchasing and selling financial assets and liabilities as well as considering the fact that market information which can be used for disclosure of fair value of financial assets and liabilities are not available, the method of discounting cash flows is used. In the course of using this valuation method, interest rates for financial instruments with similar features are used with the objective to obtain relevant evaluation of market value of financial instruments as of Balance Sheet date.

Assumption used for evaluation of current fair value is also bookkeeping value of short-term receivables from purchasers and liabilities towards suppliers because they are approximate to their fair value since they are due for collection/payment in relatively short period of time.

Tax-related risks

Tax laws of the Republic of Serbia are often subject to various interpretation and they change frequently. Interpretation of tax laws by tax authorities regarding transactions and activities of the Company may differ from the interpretation by the management. Although the management is of the opinion that tax liabilities are correctly calculated and recorded, there is a risk that tax authorities may have different views on interpretation of tax issues.

Disputes heard before the Courts

As of March 31, 2014 four court proceedings are pending against the Company and the assessed amount totals 23.430 thousands of dinars.

In dispute with Vojvođanska banka a.d. Novi Sad (hereinafter referred to as the „Bank“), on the grounds of liabilities per refinanced credits from Paris Club of Creditors in the amount of EUR 13,206,878 , the Supreme Court of Cassation by means of its judgment no. Prev 75/2013 dismissed the appeal submitted by the Company against the judgment of the Commercial Appellate Court no. PŽ 870/12, rendered in favor of the Bank. On April 3, 2013 the Company fulfilled liabilities towards the Bank on the grounds of this judgment in full. Once payment was remitted, the Company lodged the complaint before the Constitutional Court of the Republic of Serbia to protect its rights violated in this proceeding. Proceeding before the Constitutional Court is pending.

As of March 31, 2014 the Company has 26 proceedings where it appears to be the plaintiff and the amount of which is assessed to be 91,216 thousands of dinars and 147,740 EUR.

Event after Balance Sheet date

Parent company Victoria Group a.d. Beograd and five members of the Group (including the Company) signed the Agreement of dormancy of liabilities (Agreement) with the Banks-creditors which entered into force on April 7, 2014 with the validity period equaling 30 days. The Agreement determines total exposure of the Group towards the banks-creditors on the basis of advanced credits and potential liabilities for issued guarantees and letters of credit with the balance as of February 1, 2014, along with defined exceptions. In compliance with the Agreement, the banks-creditors consent that during the period of dormancy of liabilities, irrespective of the maturity of principal and/or occurrence or continuation of any event representing breach of covenants from the original credit agreement, none of the banks-creditors shall initiate the payment procedure or any other enforcement action which is provided for by the original contract or by the law.

During the dormancy period the Group is obliged to keep the level of indebtedness on the level defined by the Agreement and to ask for consent by the banks-creditors for certain activities such as investments and change of proprietorship structure. Also, liabilities on the basis of regular and default interest as well as banks' service charges shall be divided and paid in compliance with the provisions of the Agreement.

During the dormancy period, agreement is supposed to be negotiated to continue dormancy period and to restructure total liabilities of the Group towards the Banks.

Foreign exchange rates

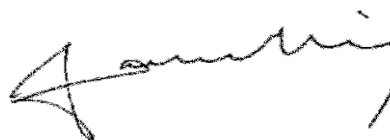
Medium rates for currencies, determined on interbank currency market, applied for conversion of foreign currency items on the Balance Sheet into dinars, for certain major currencies are as follows:

	31.03.2014.	<u>31.12.2013.</u>
USD	83,8855	83,1282
GBP	139,5049	136,9679
EUR	115,3845	114,6421
CHF	94,5620	93,5472

In Bečej, on 31.03. 2014

Person with authority to bind the Company

James King
Director





SOJAPROTEIN

„SOJAPROTEIN“ AD BEČEJ

Business report

January - March 2014

May 2014

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Overview of development and business results of the Company with data regarding financial state of affairs and data relevant for Company's property evaluation

The Company „Sojaprotein“ A.D. Bečej occupies leadership position in the soy seed processing in Serbia, regional market as well as in Southeastern Europe and represents solid business partner and reliable supplier of high quality soybean products for food industry and pharmaceutical industry, and since the third quarter of 2012 of high protein content products (traditional soy protein concentrate) for intensive breeding of livestock animals and human consumption.

„Sojaprotein“ does business as open corporation and has been listed on Prime Market of Belgrade Stock Exchange since 2007. Domestic production of soy seed and soybean is the major raw material basis for processing in our factory and all products are made from non-genetically modified soy seed originating in Serbia and they are awarded IP certificate (Identity preservation programme) which secures preservation of genetic purity from soy seed to the delivery of final product. Limitation of domestic market in terms of scope, structure and market placement opportunities compared to payment abilities of the demand as well as orientation to placement of protein products applied in food industry directed production of final soybean products to the international market. Tendency of export increase commencing in previous periods intensifies every year and generates better results targeting expansion by way of introducing new production program which is taking place upon activation of new production plant.

Despite presence of continuing financial and economic crisis sale on international market takes up key position in total sales due to changed structure of production program. Sales of soy products on domestic market happen under the conditions of decreased demand due to smaller processing capacities and decreased placement opportunities as well as serious hardships when it comes to the liquidity of purchasers. The gravest consequences are present in livestock industry which may be the potential user of soy concentrate as the component for livestock industry, but due to high prices of such product during the period under review, low demand and low payment ability of potential purchasers, this product so far has low placement on domestic market.

During the first quarter of the year 2014 42.735 tons of soy seed were processed which is significantly higher as opposed to last year when during the same period only 27.961 tons were processed.

In line with increased processing of soybean, the larger quantity of produced crude soybean oil was accomplished, totaling 7.490 t for the first three months of the current year as opposed to the same period last year when it was produced only 4.744 t.

During last year, there were no opportunities to produce soybean meal. In the first quarter of the year 2014, the opportunity arises to produce soybean meal again and supply of domestic market commences. Result of this is the production increase by 5.712 t i.e. accomplished production for the period under review is 6.228t as opposed to year 2013 when only 516t were produced.

In total, 37.604 tons of products were produced which represent the increase equaling 66,57% compared to year 2013 when only 22.576 tons were produced.

Protein part of production achieved good results during the first quarter of 2014 with

the quantity totaling 18.436 t which is 51,13 % more than the production of higher phases of soybean products during 2013.

For the period under review the volume of production of TSP is 4.382 tons, while flour and gritses exceeded last year volume by 125,65 % , i.e. 10.258 t were produced as opposed to 4.549 t in 2013; reason for such large production volume is the fact that international market experienced expansion of sales of flour and gritses during the last period.

New plant for production of SPC accomplishes the production which meets demand of sales. Increase of production is expected during next quarter because of putting into operation of new mill for ground SPC (CMR and HC).

As of March 31, 2014 number of employees at Sojaprotein totals 402 compared to number of employees totaling 416 on March 31, 2013.

Activities of management system center during 2014 consist of series of activities. In January targets for year 2014 were set. These objectives encompass quality assurance systems (ISO 22000, HACCP, ISO 9001), health and safety in the workplace (OHSAS 18001) and protection of environment (ISO 14001).

Halal certification for soy protein concentrates was finished in February.

Various internal trainings for employees were conducted as well as external training on Declarations for food products and supplements for EU and Serbian markets.

Certification process according to ISCC standard commenced and relevant documentation was prepared.

Preparation process for SEDEX/SMETA audit commenced; this is one of ethical standards adopted by many European companies and for Sojaprotein it represents advantage in terms of positive evaluation of our business integrity, working conditions, environment and health and safety in the workplace.

Sojaprotein made the decision to improve quality assurance system by switching from ISO 22000 to FSSC 22000 standard.

Internal checking of OHSAS system was done from March 19 to March 20, 2014 as the preparation for recertification audit by SGS which took place in April.

Documentation is prepared for renewal of Kosher certificate.

During the period from January to March 2014 significant increase of sales took place and therefore, total realized sales equal 36.776 tons of various products compared to 18.023 t in 2013. (increase of 204,6%).

During the first quarter of 2014 all categories of the products accomplished increase of market realization; result of such a good market placement is doubled sales as opposed to the same period last year.

During the first three months of 2014 domestic market participates in total sales with 41 % (15.052 t) while 59 % (21.698 t) are regarding product placement on international market. During the first three months in 2014 financial effects of export participate in the sales of soy products with 67,8% while domestic market participates with 32,2 % of total financial results of the sales.

same reporting period last year)

1. Financial indicators
(realization compared to the

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1.1 Profit and Loss Statement

In 000 RSD

	1	2	3	4
	Y.T.D realized jan-mar 2014	Y.T.D realized jan-mar 2013	Y.T.D differences (O-B) (1-2)	Y.T.D Differences in %
Reporting period: 01.01-31.03.2014.				
Business income	2.942.471	2.462.120	480.351	19,51%
Revenue generated by selling merchandise, products and services	3.017.380	1.580.064	1.437.316	90,97%
Sales revenue on domestic market - 3 persons	327.661	184.089	143.572	77,99%
Crude soybean oil	124.361	38.568	85.793	222,45%
Soybean meal	100.005	16.575	83.430	503,35%
Concentrates	5.665	0	5.665	0,00%
Flour and gritses	39.534	32.779	6.755	20,61%
Textured soybean products	36.965	41.732	-4.767	-11,42%
SPC-texturates	256	0	256	0,00%
Mix	3.167	5.135	-1.968	-38,33%
Soja vita	2.815	4.056	-1.241	-30,60%
Lecithin	7.391	8.384	-993	-11,84%
Other (Sojashop, Wet TSP, molasses, shell I category)	3.903	32.778	-28.875	-88,09%
Revenue generated by commercial goods	2.756	3.246	-490	-15,10%
Service revenue	192	286	-94	-32,87%
Other revenue (shell of III category and waste material)	651	550	101	18,36%
Sales revenue on international market	2.008.993	1.229.627	779.365	63,38%
Crude soybean oil	398.884	301.781	97.103	32,18%
Soybean meal	0	0	0	0,00%
Concentrates	389.774	68.203	321.571	471,49%
Flour and gritses	680.409	311.929	368.480	118,13%
Textured soybean products	479.905	407.003	72.902	17,91%
Texturates of concentrate	38.480	7.007	31.473	449,17%
Mix	1.567	1.445	122	8,41%
Soja vita	190	59	131	222,03%
Lecithin	16.915	17.324	-409	-2,36%
Other	2.869	0	2.869	0,00%
Revenue generated by commercial goods	0	114.876	-114.876	-100,00%
Revenue by sales to related legal persons	680.727	166.347	514.380	309,22%
Crude soybean oil	380.302	6.216	374.086	6018,11%
Soybean meal	260.546	130.217	130.329	100,09%
Concentrates	0	2.733	-2.733	-100,00%
Flour and gritses	6.761	1.580	5.181	327,91%
TSP	0	1.407	-1.407	-100,00%
Soja vita	0	0	0	0,00%
Lecithin	0	0	0	0,00%
Other (shell +TSP-SH, molasses)	28.250	13.911	14.339	103,08%
Revenue by sale of commercial goods	0	3.410	-3.410	-100,00%
Service revenue	4.868	6.873	-2.005	-29,17%
Discounts	0	0	0	0,00%
Revenue generated by activating outputs and merchandise	583	8.299	-7.716	-92,98%
Value increase of outputs inventories	0	859.182	-859.182	-100,00%
Value decrease of outputs inventories	87.977	0	87.977	0,00%
Other business income	12.485	14.575	-2.090	-14,34%
640 – Subsidy, grants, donations	0	86	-86	-100,00%
650 – Rental income	12.485	14.489	-2.004	-13,83%
65x – Other business income	0	0	0	0,00%
659 – Income by cost pass-through	0	0	0	0,00%

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Business expenses	2.776.932	2.553.839	223.093	8,74%
Procurement value of sold merchandise	2.600	121.099	-118.499	-97,85%
Material expenses	2.358.370	2.088.148	270.222	12,94%
511 Raw materials	2.130.210	1.861.028	269.182	14,46%
511 Supplemental material	17.563	10.681	6.882	64,43%
511 Packaging material	45.413	34.816	10.597	30,44%
511 Other	4.767	6.403	-1.636	-25,55%
512 Spare parts expenses	9.801	19.464	-9.664	-49,65%
512 Expenses of other overheads	3.910	1.875	2.035	108,53%
513 Fuel and energy expenses	146.707	153.881	-7.174	-4,66%
Payroll expenses	150.971	132.390	18.581	14,04%
520 Expenses of salaries and payments in lieu of salaries	108.816	103.983	4.833	4,65%
521 Contributions payable by employer	18.951	18.459	492	2,67%
Remuneration payable per contracts	7.243	1.024	6.219	607,32%
529 Other personnel-related expenses	15.961	8.924	7.037	78,85%
Other business expenses	264.991	212.202	52.789	24,88%
530 Expenses of services for output production	3.997	0	3.997	0,00%
531 Transportation expenses	103.649	33.153	70.496	212,64%
532 Maintenance expenses	13.593	22.136	-8.543	-38,59%
533 Rental expenses	10.611	5.411	5.200	96,10%
534 Trade fair and exhibitions expenses	0	2.728	-2.728	-100,00%
535 Advertising and public promotion expenses	442	473	-31	-6,55%
539 Expenses of other services	45.585	41.789	3.797	9,09%
550 Expenses of other than production services	67.536	84.343	-16.807	-19,93%
551 Business entertainment expenses	1.792	2.863	-1.071	-37,41%
552 Insurance premiums expenses	8.487	3.817	4.670	122,35%
553 Payment transactions processing expenses	1.838	6.574	-4.736	-72,04%
554 Membership fees	338	333	5	1,50%
555 Tax expenses	3.981	1.943	2.038	104,89%
556 Contributions expenses	1.343	774	569	73,51%
559 Other non-material expenses	1.799	5.866	-4.067	-69,33%
E.B.I.T.D.A.	165.540	-91.719	257.259	-280,49%
Other revenues	2.934	120.638	-117.704	-97,57%
67 Sales profit	2.858	3.611	-753	-20,85%
68 Income on the account of value adjustment	76	117.027	-116.951	-99,94%
69 Revenue of discontinued business	0	0	0	0,00%
Other expenses	7.737	1.078	6.659	617,72%
57 Losses/expenses of retired assets	0	202	-202	-100,00%
579 Other expenses not mentioned elsewhere	7.737	876	6.861	783,22%
58 Expenses of property depreciation	0	0	0	0,00%
59 Losses of discontinued business	0	0	0	0,00%
Amortization	100.963	76.932	24.031	31,24%
E.B.I.T.	59.774	-49.091	108.865	-221,76%
Financial income	273.655	175.818	97.837	55,65%
Income per foreign exchange rate differences	20.999	119.449	-98.450	-82,42%
Income per foreign exchange rate differences - IK	0	0	0	0,00%
Income on the account of interest	922	3.830	-2.908	-75,93%
Income on the account of interest - IK	251.731	52.524	199.207	379,27%
Other net financial income	2	15	-13	-84,07%
Other net financial expenses - IK	0	0	0	0,00%
Financial expenses	178.728	109.934	68.794	62,58%
Expenses on the account of fx differences - credits	62.045	0	62.045	0,00%
Expenses on the account of fx differences – other	10.885	38.315	-27.430	-71,59%
Expenses on the account of fx differences - IK	0	0	0	0,00%
Interest expenses - credits	102.770	59.744	43.027	72,02%
Interest expenses - other	319	9.570	-9.251	-96,67%
Interest expenses - IK	672	0	672	0,00%

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Other net financial expenses	2.037	2.306	-269	-11,67%
Other net financial expenses - IK	0	0	0	0,00%
Profit before taxes	154.700	16.793	137.907	821,23%
Profit tax	23.205	2.519	20.686	821,20%
Deferred tax expenses for the period	0	0	0	0,00%
Profit after tax	131.495	14.274	117.221	821,23%

As a result of the differences between business income and business expenses during the period from January to March 2014 EBITDA totaling 165.540 thousands of dinars is achieved and it is greater than the one for the same period last year when it equaled -91.719 thousands of dinars.

During the period under review growth of both business income and business expenses happened, but percentage-wise larger growth of business income is recorded.

Revenue generated by selling merchandise, products and services during the period from January to March 2014 totals 3.017.380 thousands of dinars and it is larger than the revenue generated during the same period last year by 1.437.316 thousands of dinars, in other words by 90,97%.

In the sales structure on domestic market increase of revenue with respect to sale of soybean oil and soybean meal is achieved in the largest percentage. During the period from January to March 2013 production of soybean meal was discontinued due to the management decision to replace production of soybean meal with traditional concentrates and accordingly, during that period there were no significant sales of soybean meal.

Increase of sales of soybean oil on domestic market compared to the same period last year occurred as the result of execution of contracts to sell this product. Decrease in sales of textured soybean products, mixes, soja vita products, lecithin and other products from the production program of Sojaprotein is not relevant in absolute figures, but percentage-wise decrease is relevant.

On international market during the reporting period revenue is generated in the amount of 2.008.993 thousands of dinars and it is greater than the revenue from the same period last year by 779.365 thousands of dinars, in other words by 63,38%.

Amount of generated income on international market is impacted by the fluctuations of foreign exchange rate of dinar compared to EUR and USD, that is to say compared to the currencies in which transactions are done with the purchasers. Average medium foreign exchange rate for EUR according to NBS data for the period January to March 2014 totals 115,7015 RSD for EUR, but during the same period last year it totaled 111,7373 RSD for EUR. Average medium foreign exchange rate for RSD versus USD in 2014 totaled 84,4474 RSD for 1 \$, but in 2013 it was 84,6448RSD .

On international market percentage-wise the highest growth of income was achieved by sales of concentrates which is higher than the income from the last year by 321.571 thousands of dinars. Increase of this type of income is to be viewed taking into consideration the time period, that is to say the fact that production of concentrates commenced in last quarter of the year 2012 and accordingly, significant sale of concentrates was not to be expected during the first quarter of 2013. Viewed in terms of percentages, sale of textured concentrates is greater by 449,17% and in absolute amounts by 31.473 thousands of dinars. Soybean concentrates and soybean textured concentrates are new products in the production program of Sojaprotein and their significant realization is expected in the future periods.

Crude soybean oil is a commodity which was realized for the most part on international market during last year. Because of that, sale of oil depends on offer and demand conditions on world Stock Exchanges which has effect upon amount of income generated by the oil. Revenue by sale of crude soybean oil on international market is greater by 97.103 thousands of dinars, in other words by 32,18% and increase is achieved as a result of larger quantities sold. Revenue by sale of flour and gritses is greater by 368.480 thousands of dinars, in other words by 118,13% . Increase of revenue resulted from larger quantities sold. Revenue by sale of other products from production program of Sojaprotein records growth in lesser percentages.

Volume of turnover in commercial goods decreased during the first quarter of 2014 and therefore, income from commercial goods generated in 2013 totals 2.756 thousands of dinars versus 121.532 thousands of dinars which was generated during the same period of the preceding year, which is in line with determination that Sojaprotein pursues exclusively its core business.

During the first quarter of 2014 the figures show decrease of value of outputs inventories in the amount of 87.977 thousands of dinars compared to the same period in 2013 which recorded increase of inventories value. Structure of inventories of finished products and prices according to which inventories are valued have impact upon increase/decrease of value of outputs inventories.

Business expenses incurred during 2013 are greater by 223.092 thousands of dinars compared to the same period of the preceding year, i.e. by 8,74%.

Within business expenses procurement value of the commercial goods records decrease by 118.499 thousands of dinars, in other words by 97,85%; material expenses are higher by 270.222 thousands of dinars, in other words by 12,94%; payroll expenses are higher by 18.581 thousands of dinars, in other words by 14,04% and other business expenses are higher by 52.789 thousands of dinars.

In the group of material expenses the most significant absolute increase is expressed in the item raw materials expenses in the amount of 269.182 thousands of dinars, i.e. increase by 14,46% , packaging material expenses in the amount of 10.597 thousands of dinars, i.e. 30,44%, expenses of supplemental material in the amount of 6.882 thousands of dinars, i.e. 64,43% and expenses of other material in the amount of 2.035 thousands of dinars. Expenses of raw materials and supplemental materials are larger because of greater processing of soybean during the first quarter compared to the same period in 2013 (percentage-wise the increase totals 52,84%). Larger volume processing and greater realization of finished products impacted the increase of packaging materials expenses.

Salaries expenses are greater by 18.581 thousands of dinars, i.e. by 14,04% during the reporting period in 2014 as opposed to the same period in 2013. Number of employees on March 31, 2013 totaled 416 employees as opposed to 402 employees as of March 31, 2014.

Other business expenses during the reporting period are higher by 52.789 thousands of dinars, i.e. by 24,88% compared to the same period in 2013. The largest increase of expenses is expressed in the items transportation services expenses, insurance premiums expenses, tax expenses, but on other items encompassing maintenance services, other than production services, payment transactions processing expenses decrease of expenses is recorded.

Increase of expenses in transportation service happened as the result of larger realization of the products on international market compared to 2013. Incurred expenses of transportation for final products on international market are calculated into sales price of finished products and on that basis transportation expenses are compensated.

Tax expenses during reporting period are greater by 2.038 thousands of dinars, i.e. by 104,89% as opposed to the same period last year. In this group of accounts the following expenses are booked: property tax and tax for protection and improvement of environment for local Government. During the previous period, these expenses were booked on the grounds of the Order that Tax Administration delivered to the Tax Payers in the month of June.

Percentage-wise decrease totaling 69,33% expressed in the group of accounts 559 happened as the result of lesser using of the services provided by Youth Employment Agencies. Payment transactions processing expenses are lower in 2013 by 4.736 thousands of dinars because of change in booking service charges for processing of loans which were booked in the group of accounts payment transactions processing expenses in 2013, but in 2014 they are booked in the group of accounts financial expenses.

Maintenance expenses are lower by 8.543 thousands of dinars, i.e. 38,59 % because during the first quarter of 2013 there was a necessity for additional

investment with the objective to adjust new plant for soy concentrates production to the ongoing production process which generated higher maintenance expenses during that period.

As the result of movements of business income and business expenses EBITDA was accomplished in the amount of 165.540 thousands of dinars compared to -91.719 thousands of dinars from the same period last year.

Group other revenues during the reporting period in 2014 is lower compared to the same reporting period in 2013 by 117.704 thousands of dinars, i.e. by 97,57% due to the fact that during the first quarter in 2013 receivables on the basis of court judgment are collected which make up 78,88% of revenue in this group of accounts.

Amortization expenses during the reporting period are greater by 24.031 thousands of dinars, i.e. 31,24% as opposed to the same period last year. Increase of amortization is the result of increased calculation basis, in other words larger value of real estate, plants and equipment by the amount of value of executed investments and by increase of the amount of capitalization.

Accomplished EBITDA increased by other revenues and decreased by other expenses and amortization gives EBIT totaling 59.774 thousands of dinars compared to -49.091 thousands of dinars during the first quarter of 2013.

Achieved financial income during the period from January to March 2014 is greater by 97.837 thousands of dinars, i.e. 55,65 % compared to the last year.

Revenue generated on the grounds of foreign exchange differences is lower compared to the last year by 98.450 thousands of dinars, i.e. 82,42%. Amount of foreign exchange rates differences is impacted by the foreign exchange rate as of the last day of the business year and as of the last day of the reporting period (as of 31.12.2013 medium fx rate for 1 EUR according to NBS data totaled 114,6420RSD and as of 31.03.2014 medium fx rate for 1 EUR totaled 115,3845RSD versus 111,9575 RSD for EUR as of 31.03.2013). In the structure of positive foreign exchange rate differences in 2013 the most significant amount refers to the realized positive fx differences on the grounds of repaid loans and unrealized fx differences per loans which are outstanding as of 31.03.2014.

Increase of interest-based inter-company income in 2014 totals 199.207 thousands of dinars and it is greater than in 2013 by 379,27% and it is generated on the grounds of calculating interest for given loans to the related legal persons. Increase of interest-based income happens in first place because of larger amount of receivables per short-term financial placements and higher interest rate compared to the same reporting period last year.

Financial expenses in reporting period in 2014 are greater by 68.794 thousands of dinars, i.e. by 62,58% compared to the first quarter of 2013. The largest absolute increase of financial expenses happens on the item expenses per foreign exchange rates differences-credits and expenses per interest-credits. Increase of negative foreign exchange rate differences in 2013 compared to the same reporting period in 2013 totals 62.045 thousands of dinars, and the amount of foreign exchange rate differences is impacted by the medium foreign exchange rate of EUR and amount of credit indebtedness.

Interest expenses per credits are greater by 72,02% as opposed to the same period last year. Amount of interest is impacted by the movement of credit indebtedness, changes of EURIBOR interest rate and movement of dinar fx rate versus EUR.

By adjusting EBIT with financial expenses and financial income the profit before taxes is generated in the amount of 154.700 thousands of dinars and it is greater than the same item from the same period last year by 137.907 thousands of dinars.

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1.2 Balance Sheet

	Y.T.D generated jan-mar 2014	Y.T.D generated jan-mar 2013	Y.T.D generated differences jan-mar 2014/2013	In 000 RSD Y.T.D differenc es in %
Fixed assets	10.206.673	9.466.262	740.411	7,82%
I. Unpaid subscribed capital	0	0	0	0,00%
II				
GOODWILL	0	0	0	0,00%
III.				
Intangible assets	13.089	15.577	-2.488	-15,97%
IV. Real estate, plants, equipment and biological resources	9.241.169	8.618.366	622.803	7,23%
1. Real estate, plants and equipment	8.808.310	8.185.284	623.026	7,61%
2. Investment real estate	430.374	430.388	-14	0,00%
3. Biological resources	2.485	2.694	-209	-7,76%
IV. Long-term financial placements	952.415	832.319	120.096	14,43%
1. Share in capital	951.550	831.179	120.371	14,48%
2. Other long-term financial placements	865	1.140	-275	-24,12%
Circulating assets	13.068.434	12.045.238	1.023.196	8,49 %
Inventories	3.630.229	6.546.088	-2.915.859	-44,54%
- Commercial goods	15.180	4.570	10.610	232,17%
- Raw materials	2.485.762	5.034.770	-2.549.008	-50,63%
- Supplemental material	37.527	27.050	10.477	38,73%
- Packaging material	17.159	26.527	-9.368	-35,31%
- Other material	81.576	84.022	-2.446	-2,91%
- Unfinished production	241.578	467.821	-226.243	-48,36%
- Finished products	645.040	889.710	-244.670	-27,50%
- Advance payments	106.407	11.618	94.789	815,88%
- Other	0	0	0	0,00%
II. Fixed assets designated for sale	0	0	0	0,00%
Short-term receivables, placements and cash	9.438.205	5.499.150	3.939.055	71,63%
1. Receivables	2.419.630	2.433.110	-13.480	-0,55%
Receivables on domestic market - 3 persons	305.300	717.387	-412.087	-57,44%
Receivables on related legal persons	1.096.343	893.516	202.827	22,70%
Receivables on international market	1.017.987	822.207	195.780	23,81%
2. Receivables on the account of overpaid profit tax	70.601	14.071	56.530	401,75%
3. Short-term financial placements	5.724.296	2.268.963	3.455.333	152,29%
4. Cash and cash equivalent	908.040	580.580	327.460	56,40%
5. Value added tax, prepayment and deferred expenditures	315.638	202.426	113.212	55,93%
C. Deferred tax assets	0	0	0,00%	
Total assets	23.275.107	21.511.500	1.763.607	8,20%
Off-Balance sheet assets	18.833.209	10.426.825	8.406.384	80,62%
Liabilities and equity				
CAPITAL	10.751.615	12.054.995	-1.303.380	-10,81%
I. Original capital	6.906.480	6.906.480	0	0,00%
II. Unpaid subscribed capital	0	0	0	0,00%
III. Provisions	1.173.278	1.249.324	-76.046	-6,09%
IV. Revalorization reserves	2.358.354	2.358.583	-229	-0,01%
V. Unrealized gains on securities	0	0	0	0,00%
VI. Unrealized losses on securities	23.402	23.817	-415	-1,74%
VII. Retained earnings	1.875.630	1.792.879	82.751	4,62%
VIII. Loss	1.151.293	0	1.151.293	0,00%
IX. Redemption of own shares	387.432	228.454	158.978	69,59%
Long term provisions and liabilities	12.114.823	9.084.846	3.029.977	33,35% I
Long-term provisions	78.110	24.815	53.295	214,77% II
Long-term liabilities	0	2.898.997	-2.898.997	-100,00%
1. Long-term credits	0	2.898.997	-2.898.997	-100,00%
2. Other long-term liabilities	0	0	0	0,00%
III. Short-term liabilities	12.036.713	6.161.034	5.875.679	95,37%
1. Short-term financial liabilities	9.951.083	3.969.268	5.981.815	150,70%
2. Liabilities on the account of assets designated for sale	0	0	0	0,00%
3. Operational liabilities	1.972.801	1.762.259	210.542	11,95%
Liabilities on domestic market - 3 persons	302.380	315.442	-13.062	-4,14%
Liabilities towards related legal persons	1.620.095	1.356.759	263.336	19,41%
Liabilities on international market	50.326	90.058	-39.732	-44,12%
4. Other short-term liabilities	66.016	401.910	-335.894	-83,57%
5. Liabilities for VAT, other public revenue dues and accruals	46.813	27.597	19.216	69,63%

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6.Liabilites on the account of profit tax	0	0	0	0,00%
C. Deferred tax liabilities	408.669	371.659	37.010	9,96%
Total liabilities and equity	23.275.107	21.511.500	1.763.607	8,20
Off-Balance Sheet assets	18.833.209	10.426.825	8.406.384	80,62%

The value of assets and value of liabilities and equity as of March 31, 2014 totals 23.275.107 thousands of dinars and it is greater than the balance as of March 31, 2013 by 1.763.607 thousands of dinars, i.e. by 8,20%.

Fixed assets value is greater than the balance as of March 31, 2013 by 740.411 thousands of dinars, i.e. by 7,82%. The largest increase is expressed in the item real estate, plants and equipment on the account of investments.

Within circulating assets which as of March 31, 2014 are greater by 1.023.196 thousands of dinars, i.e. by 8,49% compared to the balance as of March 31, 2013 the largest absolute decrease is expressed in the item of raw materials inventories, inventories of finished products and unfinished production, and the largest increase is expressed in the item short term financial placements. Balance of the raw materials inventories as of 31.03.2014 totals 2.485.762 thousands of dinars and it is lesser than the balance as of 31.03.2013 by 2.549.008 thousands of dinars, i.e. by 50,63% because of larger consumption of soybean, smaller quantities of procured seed as opposed to the quantity procured during the same period last year and because of price difference underlying valuation of inventories.

Inventories of unfinished production are lesser by 226.243 thousands of dinars, i.e. by 48,36% compared to the balance as of 31.03.2013 while the inventories of finished products are lesser by 244.670 thousands of dinars. Decrease of value of inventories of unfinished production and finished products is impacted by smaller quantities of products kept in stock and by price differences underlying valuation of inventories.

Short-term receivables, placements and cash are greater by 3.939.055 thousands of dinars, i.e. 71,63% as of 31.03.2014 compared to the balance as of 31.03.2013. Within this group of circulating assets, individually assessed, the most significant decrease happens in the item of receivables on domestic market from third persons because the largest part of sale of finished products is directed to the international market. Receivables from related legal persons are greater than the balance as of 31.03.2013 because of increased turnover during the first quarter of 2014 compared to the same period in 2013. Short-term financial placements as of 31.03.2014 as opposed to the balance as of 31.03.2013 are greater by 3.455.333 thousands of dinars with the purpose to secure funds to finance collection of soybean.

Increase is expressed in the item value added tax, prepayments and deferred expenditures occurring for the most part on the grounds of calculated computed income.

Value of capital as of 31.03.2014 is lesser compared to the balance as of 31.03.2013 by 1.303.380 thousands of dinars, i.e. by 10,81% . The most relevant change is expressed in the item operational losses which relate to the result from last year. In February 2014 the Supervisory Board of the Company adopted the Decision on redemption of own shares on organized market which led to purchase of 12.350 own shares during the period from January to March 2014. Total value of redeemed own shares together with redemption from previous years per nominal value totals 387.432 thousands of dinars and the difference up to the value on which the redemption is done is booked in the account emission premium.

Liabilities per short-term credits expressed with the balance as of March 31, 2014 in the amount of 9.951.083 thousands of dinars for the most part, in the amount of 8.723.079 thousands of dinars refer to due and outstanding liabilities per long-term credits from the banks. Based on performance indicators from 2013 it was determined that the Company was not capable of fulfilling certain financial and non-financial business indicators defined by long-term credit contracts and therefore, all liabilities per such credits were transferred to the category of short-term financial liabilities.

Operational liabilities with the balance as of 31.03.2014 are greater by 210.542 thousands of dinars, i.e. by 11,95% as opposed to the balance as of 31.03.2013. Increase of liabilities is expressed only with respect to liabilities towards related legal persons as opposed to the decrease of liabilities towards creditors on domestic and international markets. In the balance of liabilities towards related legal persons the greatest part of liabilities refers to liabilities for procured soy seed.

Other short-term liabilities (consisting of calculated salaries, payments in lieu of salaries and

calculated taxes and contributions underlying salaries, liabilities on the grounds of interest and other short-term liabilities) are lesser by 335.894 thousands of dinars compared to the balance as of 31.03.2013. Value of decrease is made up of fulfilled liability in the month of April 2013 towards Vojvođanska banka for the interest per debt to the Paris club of creditors which is calculated as of 31.12.2012. Increase of balance for the value added tax liabilities, other public revenue dues and accruals in the amount of 19.216 thousands of dinars, i.e. 69,63 % happens due to larger amount of accruals than the expressed balance as of 31.03.2013.

2. Performed production

Due to returned opportunity to produce soybean meal, continuing hexane extraction is enabled and switching from soybean meal to white flakes contributed to the decrease of expenses (lack of delays due to plenty of stocks in the warehouse).

During the first quarter of 2014 new plant for SPC production started to get clear contours regarding volume in all four segments of this group of products (CMR, Piglet, Aqua feed, HC). It is regarding in first place the ground materials (CMR and HC).

Sale of Sojaprotein products expressed in quantities per kg

		Realization (kg) - JANUARY - MARCH		Difference 2014-2013		Sale structure of products	
		2014	2013	kg	%	2014	2013
Total sales	kg	36.750.280	16.882.829	19.867.451	217,7%	100,0%	100,0%
Soybean-crude oil	kg	11.031.740	3.241.200	7.790.540	340,4%	30,0%	19,2%
Soybean meal	kg	6.066.400	2.156.280	3.910.120	281,3%	16,5%	12,8%
SPC	kg	3.419.545	574.580	2.844.965	595,1%	9,3%	3,4%
BiG	kg	9.179.885	4.079.595	5.100.290	225,0%	25,0%	24,2%
TSP	kg	4.762.448	4.199.289	563.159	113,4%	13,0%	24,9%
SPC- texturates	kg	205.965	45.990	159.975	447,8%	0,6%	0,3%
Mix	kg	22.250	33.300	-11.050	66,8%	0,1%	0,2%
Soja Vita	kg	6.182	7.700	-1.518	80,3%	0,0%	0,0%
Lecithin	kg	155.460	146.520	8.940	106,1%	0,4%	0,9%
Shell	kg	1.334.600	1.719.020	-384.420	77,6%	3,6%	10,2%
Molasses	kg	277.580	457.620	-180.040	60,7%	0,8%	2,7%
Wet TSP	kg	45.480	40.560	4.920	112,1%	0,1%	0,2%
Dry TSP	kg	231.745	171.075	60.670	135,5%	0,6%	1,0%
SPL samples of soy	kg	11.000	6.320	4.680	174,1%	0,0%	0,0%
Oil sediment	kg	0	0	0	0,0%	0,0%	0,0%
Flakes	kg	0	3.780	-3.780	0,0%	0,0%	0,0%
Human consumption program	kg	14.450.900	8.548.604	5.902.296	169,0%	39,3%	50,6%

Growth of sale of soybean meal during the first quarter of 2014 totaling 3.910 tons compared to the same period last year, i.e. 281,3% is caused by returning to the production of soybean meal which was discontinued during 2013 due to the management decision to discontinue production of soybean meal temporarily which was necessary in order to separate permanently production and transportation lines of soybean meal from SPC lines and this arrangement facilitated improvement of SPC quality.

Quantity of sales of soybean oil during the period under review of the current year tripled in comparison to the year 2013. Realized quantity of soybean oil for the first quarter of 2014 totals 11.032 t, while in 2013 3.241 t were sold which is 340,4 % better result of quantitative realization of this product on the market.

Upon standardization of the production quality with respect to SPC product, sales result for the first quarter of the current year is greater by 3.420 t or by 595,1% than the result for 2013 when 575 t were sold.

Doubled sales of BiG or growth of 225% as opposed to the same period last year are the result of high demand for these products, in other words increased global demand for NON GMO quality of soybean products on every relevant market.

Sale of TSP is greater by 563 tons (113,4%) compared to the same period last year.

Sale of Mix decreased by 11 tons as opposed to the same period last year and such decreased sale is caused by lower sales prices of the competitors on the market.

Regarding sale of Soja Vita products, it decreased by 1,5 t which is caused by drop in general public spending.

Sale of lecithin is greater by 8,94 tons (106,1%) due to stabilization of the demand for this product on domestic market.

Realization of Sojaprotein products in terms of value

		Realization - JANUARY - MARCH		Difference 2014-2013		Sale structure of products	
		2014	2013	Rsd	%	2014	2013
Total sales	Rsd	3.008.638.280	1.447.667.946	1.560.970.334	207,8%	100,0%	100,0%
Crude soybean oil	Rsd	903.546.964	346.565.182	556.981.782	260,7%	30,0%	23,9%
Soybean meal	Rsd	360.550.005	146.792.400	213.757.605	245,6%	12,0%	10,1%
SPC	Rsd	395.438.986	70.936.133	324.502.853	557,5%	13,1%	4,9%
BiG	Rsd	726.703.962	346.287.423	380.416.540	209,9%	24,2%	23,9%
TSP	Rsd	516.870.013	450.141.698	66.728.316	114,8%	17,2%	31,1%
SPC- texturates	Rsd	38.735.697	7.006.851	31.728.847	552,8%	1,3%	0,5%
Mix	Rsd	4.734.220	6.579.989	-1.845.769	71,9%	0,2%	0,5%
Soja Vita	Rsd	3.004.745	4.115.635	-1.110.891	73,0%	0,1%	0,3%
Lecithin	Rsd	24.305.760	25.708.185	-1.402.425	94,5%	0,8%	1,8%
Shell	Rsd	17.214.822	26.755.340	-9.540.518	64,3%	0,6%	1,8%
Molasses	Rsd	2.256.216	4.118.580	-1.862.364	54,8%	0,1%	0,3%
Wet TSP	Rsd	591.240	527.280	63.960	112,1%	0,0%	0,0%
Dry TSP	Rsd	14.410.650	11.975.250	2.435.400	120,3%	0,5%	0,8%
SPL soy samples	Rsd	275.000	158.000	117.000	174,1%	0,0%	0,0%
Oil sediment	Rsd	0	0	0	0,0%	0,0%	0,0%
	Rsd	0	0	0	0,0%	0,0%	0,0%
Human consumption program	Rsd	1.325.790.465	844.119.524	481.670.941	157,1%	44,1%	58,3%

Total generated income from sale of soybean products for the first quarter of 2014 totals 3.008.638 thousands of dinars which is greater by 1.560.970 thousands of dinars (207,8%) compared to the year 2013.

Growth of income from sale of soybean meal totals 213.757 thousands of dinars (245,6%); it happened as the result of repeated ability of the Sojaprotein to produce soybean meal.

In terms of value sale of soybean oil is greater by 556.982 thousands of dinars (260,7%); it is the result of larger volume in processing of soybean and accordingly, larger opportunities for market placement of the oil.

Income generated by sale of BiG is greater by 380.416 thousands of dinars (209,9%), and the reason for that is that average sales prices are higher and quantity of sale of this product doubled.

In terms of value sale of TSP is greater by 66.728 thousands of dinars (114,8%) as opposed to the same period last year which corresponds to the quantity of sales.

Sale of Mix is lesser by 1.845 thousands of dinars compared to the same period last year and it corresponds to the quantity of sales.

Soja Vita records drop equaling 1.111 thousands of dinars resulting from decreased sale than the sale during the first quarter last year.

Value of sold lecithin is lesser by 1.402 thousands of dinars and it is caused by decreased sales as opposed to the first quarter last year.

Expected development of the Company in future period, changes of Company's business policies and main risks and threats Company is exposed to

The Company, in terms of development, strives to increase its market share on the market of sophisticated high in protein products by selling traditional soy protein concentrates in EU countries.

By realizing investment of building factory for traditional soy protein concentrates Sojaprotein accomplished its first development objective in terms of increase of share of protein products with high degree of finalization in processing, enabled conditions for achieving vertically integrated processing of soybean and made an important step toward the position of the leading European producer of soybean products for human consumption and sophisticated soybean products for animal feed. Also, the Company plans to build plant for production of functional soy protein concentrates – II phase of building SPC factory.

While doing business the Company encounters the risk of availability of enough quantity of raw materials and fluctuation of their prices.

Market risk

In the course of its operations the Company is exposed to the financial risks such as changes of foreign exchange rates of currencies and changes of interest rates. The exposure to market risk is reviewed by way of sensitivity analysis. There were no relevant changes with respect to Company's exposure to market risk or ways in which Company manages or measures such risk.

Foreign currency risk

The Company is exposed to the foreign currency risk in first place regarding cash and cash equivalent, receivables from purchasers, long-term credits and liabilities towards suppliers which are denominated in foreign currency. The Company does not use any special financial instruments to protect from this risk considering that such instruments are not common in the Republic of Serbia.

Stability of economic environment in which the Company does business depends to a great degree on measures that Government implements in the industry, including establishment of adequate legal and legislative framework.

The Company is sensitive to the changes in foreign exchange rates of EUR and USD. The following table presents details of analysis of Company's sensitivity to the decrease and increase of 10% of the fx rate of dinar versus noted currencies. Sensitivity rate totaling 10% is used for internal presentation of foreign currency risk and it represents assessment by the management of reasonably expected changes in foreign exchange rates. Sensitivity analysis includes only outstanding receivables and liabilities expressed in foreign currency and adjusts their conversion at the end of the period taking into account 10% change of foreign exchange rates. In case of dinar devaluation totaling 10% versus foreign currency in question, impact upon result of the current period will be the opposite from the one expressed in previous example.

Company's sensitivity to foreign exchange rates changes is increased during the current period as the result of increased credit liabilities.

Interest rate changes risk

The Company is exposed to the risk of interest rates changes in assets and liabilities where the interest rate is variable. This risk depends on financial market and therefore, the Company does not have available instruments to mitigate the impact.

Credit risk

Managing receivables from purchasers

The Company is exposed to the credit risk which represents the risk that the debtors will not be capable to fulfill liabilities towards the Company in full and on time and accordingly, this will lead to financial loss for the Company. Exposure of the Company to such risk is limited to the amount of receivables from purchasers as of the balance sheet date.

Receivables from purchasers not yet due

Receivables not yet due and expressed as of March 31, 2014 in the amount totaling 1.699.668 thousands of dinars (31.12.2013.: 1.130.238 thousands of dinars) for the most part refer to receivables from purchasers on the grounds of sale of crude soybean oil, soybean texturates and soy flour. These receivables are due within 60days since the invoice date, depending on the agreed upon payment terms.

Due and adjusted receivables from purchasers

During the previous periods the Company depreciated receivables from purchasers for due receivables in the amount totaling 311.761 thousands of dinars (in 2013: 311.836 thousands of dinars) for which the Company determined that the creditworthiness of the clients deteriorated and such receivables are not going to be collected in full amount.

Due, but not adjusted receivables from the purchasers

The Company did not depreciate due receivables expressed as of 31.03.2014 in the amount totaling 719.955 thousands of dinars (31.12.2013: 1.576.233 thousands of dinars) considering that no changes of clients' creditworthiness are established and such receivables for the most part refer to receivables from related legal persons, part of receivables to the given soybean oil under deferred payment condition and accordingly, the Company is of the opinion that all these receivables will be collected in full current amount.

Managing liabilities towards the suppliers

Liabilities towards the suppliers as of 31.03.2014. are expressed in the amount totaling 1.928.723 thousands of dinars (31.12.2013: 2.208.723 thousands of dinars). Suppliers do not charge default interest on due liabilities, but the Company fulfills due liabilities on time, in accordance with the policy on managing financial risks. Average payment term for fulfillment of liabilities towards suppliers during the first quarter of

2014 is 65 days (during 2013: 54 days).

Liquidity risk

The Company is managing liquidity risk by maintaining adequate pecuniary provisions, by continuing supervision of projected and real cash flows and by maintaining adequate correlation between maturity of financial assets and liabilities.

Tax-related risks

Tax laws of the Republic of Serbia are often subject to different interpretation and they change frequently. Interpretation of tax laws by tax authorities with respect to transactions and activities of the Company may differ from interpretation by the management. As the result of above said, transactions may be disputed by the tax authorities and the Company may be ordered to pay additional taxes, penalties and interest. Lapse of limitation period for tax liabilities equals 5 years. In reality it means that tax authorities may require payment of due liabilities within 5 years since the date they incurred.

Important business events upon expiry of reporting period

The parent company Victoria Group AD Beograd and five members of the Group (including the Company) signed the Agreement of dormancy of liabilities (the Agreement) with the banks-creditors which entered into force on 07.04.2014 and with the term equaling 30 days. The Agreement determines total exposure of the Group against banks-creditors on the grounds of advanced credits and potential liabilities for issued guarantees and letters of credit with the balance as of February 1, 2014 along with defined exceptions. In accordance with the Agreement, the banks-creditors consent not to initiate payment procedure or any other enforcement proceeding during the dormancy period allowed by the original contract or the law irrespective of maturity of the principal and/or occurrence or continuation of certain event which constitutes breach of covenants from original credit contract.

During the dormancy of Group's liabilities period, the Group is to maintain the level of indebtedness defined by the Agreement and to require consent from the banks-creditors for certain activities such as investments and change of proprietorship structure. Also, liabilities on the grounds of regular and default interest as well as banking service charges will be divided and paid in compliance with the Agreement provisions.

During the dormancy period, agreement is supposed to be reached to extend dormancy period and to restructure total liabilities of the Group versus banks.

Research and development activities of the Company

With regards to research and development, the Company is using accomplishments and achievements available on the market. The focus of development policy is heading towards application of soy protein concentrates in food for human beings and animal feed.

Doing business with related legal persons

Volume, structure and value of sales to related legal persons during the period January to March 2014

	Soybean meal		Crude soybean oil		Higher phases of processing (BiG,mix,TSP,salt)		Other (TSP-SH,shell)	
	Quantity in tons	Value in 000 rsd	Quantity in tons	Value in 000 rsd	Quantity in tons	Value in 000 rsd	Quantity in tons	Value in 000 rsd
Total - related persons:	4.426	260.546	4.810	380.302	135	6.761	1.389	28.338

	Commercial goods	
	Quantity in tons	Value in 000 rsd
Total-related persons	0	0

Balance of receivables and turnover with related legal persons on the grounds of sale of products and given advance payments:

In thousands of dinars-

	Balance as of 31.03.2014
Total-related persons:	1.096.343

-In thousands of dinars-

	Balance as of 31.12.2013
Total – related persons	893.516



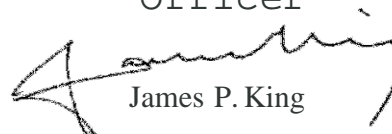
Balance of liabilities and turnover with related legal persons:

	-In thousands of dinars-
	Balance as of 31.03.2014
Total-related persons:	1.620.095

	-In thousands of dinars-
	Balance as of 31.12.2013
Total – related persons:	1.356.759

Business with related legal persons is done under usual market conditions and occurred changes in transactions as opposed to transactions stated in the last annual report did not affect significantly the financial standing and business results during current business year.

Chief Executive
Officer



James P. King

Statement by the persons responsible for drawing up quarterly report

According to our best knowledge, the quarterly financial report is drawn up by applying adequate international financial reporting standards and it provides true and objective information about the property, liabilities, financial standing and business, gains and losses, cash flows and changes in capital of the Company.

Persons responsible for drawing up quarterly report :

"Sojaprotein" A.D. Bečej, Industrijska no.1,21220 Bečej

Chief Executive Officer James Patrick King

  **Sojaprotein**
AKCIONARSKO DRUŠTVO
ZA PRERADU SOJE
BEČEJ 21

Executive Director of the Finance Sector: Nikolić Ankica,
Faculty of Economy graduate



Accounting supervisor: Anđeković Dragana, economist

