Black Earth Farming Ltd
Interim report
1 January – 30 June 2009

BLACK EARTH FARMING LTD.

Highlights for the six months reporting period

- **Sales volume** for the period 1 January to 30 June 2009 amounted to 311,455 tons, compared to 42,862 tons in corresponding period last year.
- **Total revenue and gains** from continuing operations rose 82% to RUR 1,303,124 thousand (USD* 41,646 thousand) compared with RUR 714,928 thousand (USD* 22,849 thousand) same period previous year. Gain on revaluation of biological assets and agricultural produce constituted 9.0% of total revenue, compared to 58.3% in the same period last year. Average price received from sales of crops in six months 2009 was 44% lower than same period last year.
- **Loss before income tax from continuing operations** was RUR 320,354 thousand (USD* 10,238 thousand) compared to a profit of RUR 268,037 thousand (USD* 8,566 thousand) last year.
- **Loss from continuing operations for the period** was RUR 338,490 thousand (USD* 10,818 thousand) compared to a profit of RUR 143,688 thousand (USD* 4,592 thousand) last year.
- **Loss for the period including discontinued operations** was RUR 395,986 thousand (USD* 12,655 thousand) compared to a profit of RUR 138,887 thousand (USD* 4,439 thousand) last year.
- **Basic loss per share from continuing and discontinued operations** was RUR 3.18 (USD* 0.10) compared with a profit per share of RUR 1.12 (USD* 0.04) same period last year.
- **Net cash from operating activities** was RUR -28,968 thousand (USD* -926 thousand) compared with RUR -980,805 thousand (USD* -31,346 thousand) same period previous year.
- As previously reported, on 14 April 2009 the Group signed the contract for the sale of two of its subsidiaries – ZAO “Agro-Invest Kaluga” and OOO “Rus’”. As a consequence of the divestment of the entities ZAO “Agro-Invest Kaluga” OOO “Rus’”, they are presented as a discontinued operation in this interim report and comparative information has been adjusted accordingly.
- On 22 June 2009 the Company’s shares were successfully listed on the Mid Cap segment on NASDAQ OMX Stockholm. Costs of a non-recurring nature directly related to the listing, amounted to RUR 27,973 thousand (USD* 894 thousand) in the current reporting period.
- The production forecast for 2009 has at this point not been changed.
- The target of EBITDA breakeven for full year 2009 remains unchanged.

Significant events after the end of the reporting period

- On 4 August 2009 Igor Smolkin – General Manager of the Company's Russian operational entity - Agro-Invest, resigned and Michael Shneyderman - the Black Earth Farming Group's Chief Financial Officer assumed the position of General Manager of Agro-Invest until further notice.
- The Company started harvesting on 14 July 2009 and as of 14 August 2009 the Group had harvested 98 thousand hectares and has thus far collected 316.5 thousand tons of crops.
- As of 15 August 2009 the Company had 180 thousand hectares held by ownership and at current total land holdings of 323 thousand hectares, the target of a majority of land in ownership by year end has hence already been reached.

** The USD equivalent figures are provided for information purposes only and do not form part of the interim consolidated financial statements – refer to note 2 (c).*

Reporting period in figures

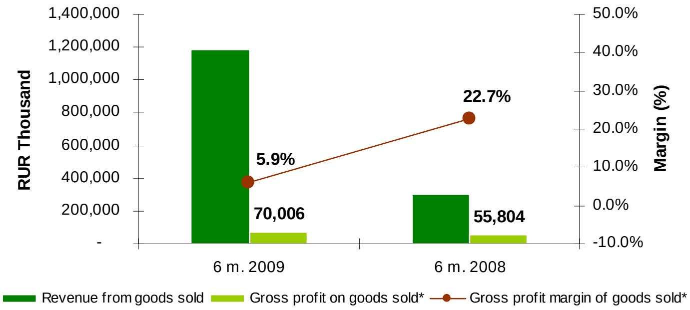
Result *In thousands of*	RUR 6 m. 2009	RUR 6 m. 2008	Year-on-year change	RUR 2Q 2009	RUR 2Q 2008	Year-on-year change
Revenue	1,186,468	297,963	298%	720,307	80,549	794%
Total revenue and gains	1,303,124	714,928	82%	834,758	465,137	79%
Gross profit[1]	186,662	67,566	176%	68,494	11,762	482%
Gross margin[2]	5.9%	22.7%	-74%	-6.4%	14.6%	-144%
Operating profit (loss)	(342,741)	78,342	-537%	(168,984)	166,965	-201%
Operating margin	-28.9%	26.3%	n/a	-23.5%	207.3%	-111%
Profit (loss) for the period from continuing operations	(338,490)	143,688	-336%	(399,447)	48,514	-923%
Profit (loss) for the period from discontinued operations	(57,496)	(4,801)	1098%	1,630	(3,090)	-153%
Profit (loss) for the period	(395,986)	138,887	-385%	(397,817)	45,424	-976%
Net margin in continuing operations	-28.5%	48.2%	-159%	-55.5%	60.2%	-192.07%
EBITDA	(79,495)	455,267	-117%	(233,807)	229,931	-202%
EBITDA Margin	-6.1%	63.7%	-110%	-28.0%	49.4%	-157%

Result *In thousands of*	USD* 6 m. 2009	USD* 6 m. 2008	Year-on-year change	USD* 2Q 2009	USD* 2Q 2008	Year-on-year change
Revenue	37,918	9,523	298%	23,020	2,574	794%
Total revenue and gains	41,646	22,848	82%	26,678	14,865	79%
Gross profit[1]	5,965	2,159	176%	2,189	376	482%
Gross margin[2]	5.9%	22.7%	-74%	-6.4%	14.6%	-144%
Operating profit (loss)	(10,954)	2,504	-537%	(5,401)	5,336	-201%
Operating margin	-28.9%	26.3%	n/a	-23.5%	207.3%	n/a
Profit (loss) for the period from continuing operations	(10,818)	4,592	-336%	(12,766)	1,550	-923%
Profit (loss) for the period from discontinued operations	(1,837)	-153	1098%	52	(99)	-153%
Profit (loss) for the period	(12,655)	4,439	-385%	(12,714)	1,452	-976%
Net margin in continuing operations	-28.5%	48.2%	-159%	-55.5%	60.2%	-192.07%
EBITDA	(2,541)	14,550	-117%	(7,472)	7,348	-202%
EBITDA Margin	-6.1%	63.7%	-110%	-28.0%	49.4%	-157%

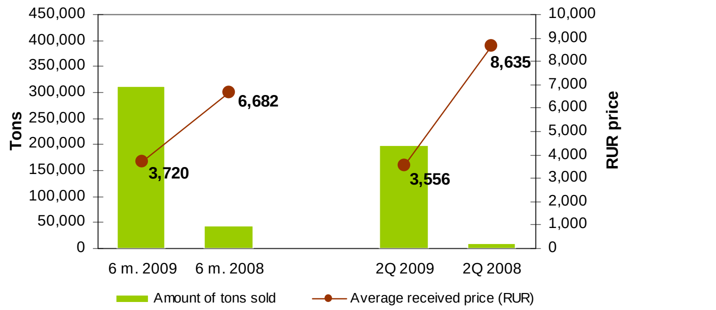
[1] Gross profit excluding Gain on revaluation of biological assets and agricultural produce

[2] Gross profit margin on sold goods and services excluding gain on revaluation of biological assets and agricultural produce

Revenue versus gross profitability



Sales volume versus average received price



***Excluding Gain on revaluation of biological assets and agricultural produce**

Production & sales	6 m. 2009	6 m. 2008	2Q 2009	2Q 2008	2008	2007
Harvested area (ha)	**n/a**	**n/a**	**n/a**	**n/a**	**141,933**	**53,451**
Year-on-year change	-	-	-	-	165.5%	805.9%
Commercial Gross Harvest (ton)	**n/a**	**n/a**	**n/a**	**n/a**	**437,127**	**109,724**
Year-on-year change	-	-	-	-	298.4%	1222.9%
Amount of tons sold	**311,455**	**42,862**	**197,547**	**8,605**	**117,066**	**58,274**
Year-on-year change	626.6%	-	2195.7%	-	100.9%	801.2%
Average received price (RUR)	**3,720**	**6,682**	**3,556**	**8,635**	**5,586**	**6,148**
Year-on-year change	-44.3%	-	-58.8%	-	-9.1%	71.7%

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Reporting period in figures

Land holdings (hectares)	30-Jun-09	30-Jun-08	31-Dec-08	31-Dec-07	31-Dec-06
Land in the process of ownership registration with the relevant authorities	123	252	214	247	115
Land in registered ownership	154	71	95	29	7
Land under long-term lease agreements	45	8	8	13	7
Total amount of controlled land	322	331	317	289	129

Personnel	2Q 2009	2Q 2008	2008	2007	2006
Full-time employees at the end of the period	2,023	1,647	1,942	1,180	37
Average number of employees during the period	1,920	1,602	2,095	799	50

Operational Storage Capacity	2009E	2008
Tons - on farm storage	204,000	82,000
Tons - Grain Elevator storage	100,000	80,000
Total capacity as % of actual/expected commercial production	48%	37%

During the first six month, the Company has continued to build out its own internal grain storage capacity by means of construction and/or renovating new/existing hangars and warehouses thereby adding 122,000 tons of on-farm storage capacity. The Company has also acquired an old, Soviet-era 20,000 tons elevator in the Novokhopersk region of Voronezh; this facility is now undergoing extensive renovation. In sum total, the Company currently has a grain storage capacity in excess of 300,000 tons.

CEO'S COMMENTS

We have had a rather disappointing financial performance during the second quarter of this year. Whereas our cost of goods sold per ton has actually decreased by 35% for six months 2009, the price per ton we have been able to receive for our grain have decreased by 44% as compared with the same period last year thereby negatively impacting our gross margin. Markets for both input material and soft commodities have been very volatile during the last two years and at times there has been a significant negative correlation in terms of input material and soft commodity price cycles. Therefore, prior period's negative correlation between high costs of input materials such as fertilizers, sprays and fuel and relatively lower sales prices for final product have resulted in depressed margins. That said, earlier cost reductions have been achieved; however, they were not large enough to shield gross margin against the current depressed prices thereby resulting in disappointing results for the six months 2009. Going forward, I and the rest of the senior management team have set for ourselves as key strategic priority towards aggressively reducing our direct and indirect costs in order to further protect the Company from unforeseen commodity price swings.

Only 18% of the 2008 harvest had been sold by year end 2008 and the rest - in 2009, the postponement was partly involuntarily because of a more or less dormant market during October – November 2008, and partly voluntary in the pursuit of higher market prices, a strategy which has proven unsuccessful and costly given consequently lower prices and larger external storage costs. For the 2009 harvest the Company has ensured an additional internal cheaper storage; however, management will also undertake aggressive sales strategy in order to guarantee budgeted revenue for this fiscal year and also lowering grain handling and storage expenses.

Even excluding one-off cost related to the NASDAQ OMX listing in June that inflated General and Administrative expenses, the G&A cost item increased about 10% year on year and pushed the financial result further into negative territory. General and administrative expenses are something that is currently given a great deal of senior management's attention in order to reduce aggressively through internal consolidation staff reductions in Moscow and the regions, which should have positive impact during this fiscal year..

The price differential in Russia between feed quality wheat and the higher milling quality wheat is still as much as 40 - 50%. Therefore, the Company has this year, with the risk of compromising yields, aimed for higher quality by means of later/delayed fertilization. Everything else equal, higher yields is of course an efficient way to raise revenue and reduce per unit production cost, but maximum yields is never a target in itself, maximum profitability per hectare and per unit given the market situation, weather conditions, fertilizer prices etc is always the penultimate target.

I am happy to report that we have been able to achieve excellent results in terms of the amount of land the Company has in ownership. As per 15 August Black Earth Farming had 180 thousand hectares, or 56% of the total controlled land, in ownership. Thereby the previously set target of having a majority in ownership by year end has already been reached. Some land however previously targeted for ownership has been redirected into long term lease.

As I mentioned earlier, the Company is continuing to ramp up its internal storage capacity and during the last six months has been actively constructing new hangars and warehouses as well as renovating the old warehouses resulting in an additional total 122,000 tons of on-farm storage capacity. The Company has also acquired an old grain elevator in Voronezh with technical capacity of 20,000, the facility is however currently undergoing renovation and modernization. Total internal storage capacity, including the Voronezh elevator being renovated, in relation to the 2009 commercial harvest target is 48%. In addition to above, there are three new grain elevator facilities which are currently under construction..

In terms of global trends, the picture is somewhat "cloudy" with global wheat production down as compared to last year but not as much as initially expected and ending stock projections being revised upward. Russia is experiencing a big drop in wheat production but carryover stocks are large. In terms of coarse grains Russian Barley production is at record lows, while US corn production is at record highs. Rape seed and sunflower production are at record levels, while crushing demand from Europe is also at record levels. In summary global supply of the Company's relevant crops are slightly up while we are waiting for encouraging news on the demand side. Locally however the Russian government has voiced plans to engage in price supporting intervention buying this year as well.

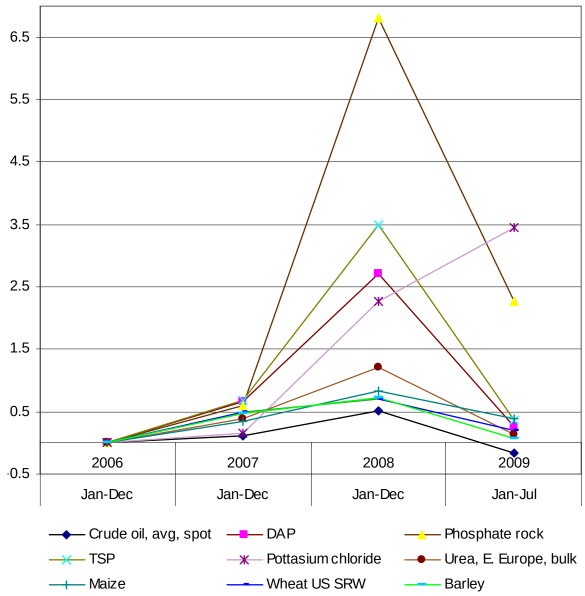
On behalf of the Board - 24 August 2009
Sture Gustavsson
CEO and President

The Market

During the last two years, agricultural commodities have been exhibiting significant volatility both in terms of output and prices including prices for certain high-demand fertilizers. As results of this cyclicality, the Company has benefited when the grains prices went up and has been negatively impacted when the price of key production inputs (e.g. fertilizers, fuel costs, etc.) had risen substantially. Below is a summary of price development of some of the most important agriculture related commodities. The six months mark in 2009 is special because, it is the first time the two production cycles which span these two volatile years are both fairly reflected in the financials. There is both sales of the 2008 harvest reflected in the financials and the 2009 harvest is for the first time revalued towards its current market value to determine indicative underlying gain. The table below shows the absolute annual averages of many commodities intricately connected with crop farming as well as their price development from 2006. Further below, Diagram 1 shows the magnitude of volatility in some of the commodities most relevant for Black Earth Farming and hence also incorporated into 2008 and 2009 production cycles. Generally both input and output prices have in 2009 retreated from the 2008 highs, except for Potassium chloride whose average price so far in 2009 is still above 2008's, although prices have been falling lately.

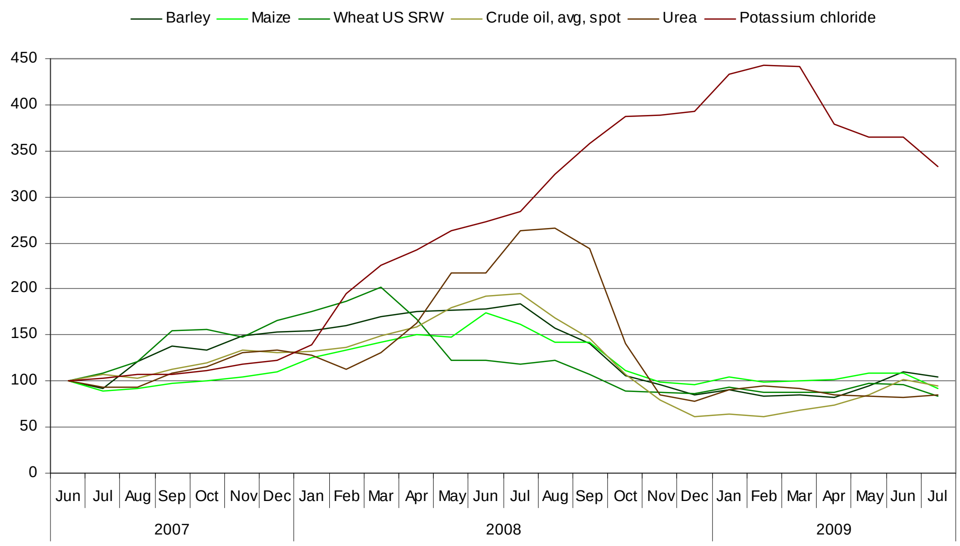
		Annual averages			
		Jan-Dec	Jan-Dec	Jan-Dec	Jan-Jul
Commodity	Unit	2006	2007	2008	2009
Energy					
Crude oil, avg, spot	$/bbl	64.29	71.12	96.99	53.51
Fertilizers					
DAP	$/mt	260.3	432.5	967.2	327.2
Phosphate rock	$/mt	44.2	70.9	345.6	144.3
Potassium chloride	$/mt	174.5	200.2	570.1	775.9
TSP	$/mt	201.6	339.1	905.1	276.0
Urea	$/mt	222.9	309.4	492.7	252.7
Grains					
Maize	$/mt	121.9	163.7	223.1	168.6
Wheat US SRW	$/mt	159.0	238.6	271.5	189.2
Barley	$/mt	116.6	172.4	200.5	125.4

Price development (%) from 2006 average



Source: World Bank commodity price data

Diagram 1 – Input and output price index from June 2007
(June 2007 average price = 100)



Source: World bank commodity price data

The Market

Wheat

The front-month contract for wheat just recently touched its 12-month lows around USD 4.8 per bushel (USD 178 per ton), breaking the important support level at $5 per bushel, as the USDA (U.S. Department of Agriculture) reported that favourable weather improved the prospects for spring crops in the U.S., the world's largest exporter of the grain. Projected U.S. 2009/10 ending stocks are up 37 million bushels from July and up 76 million bushels from 2008/09. USDA projects the American season-average price at $4.70 to $5.70 per bushel, down 10 cents on each end of the range from July. The season-average price for 2008/09 was a record $6.78 per bushel. Russian domestic prices for wheat followed the CBOT development from the updated USDA projections and fell. **Mid August prices in the central Black Earth Region in Russia** was around **4,300** roubles per ton for **3rd class wheat**, **3700** roubles per ton **for 4th class wheat** and **2,700** roubles for **feed class wheat.**

In USDA's latest "Wheat outlook" report released on 17 August 2009 world wheat 2009/10 production, consumption, and ending stocks are all projected higher compared to July estimates (see table below). The 2009/10 projection for world wheat production is increased by 0.4% since USDA's July projections, to 659.3 million tons. Such a quantity is 3.4% below last year's bumper harvest, but 7.9% above 2007 world production. The main contributor to the August increase in global projections is the U.S., whose production forecast is increased by 1.9 million tons, while foreign production is up by 0.9 million tons. This very small increase in foreign production is a result of sizeable offsetting changes in a number of countries. Considerable production increases for India, EU-27, China, Ukraine, and several other countries are largely offset by substantial drops in production for Russia, Argentina, Canada, Kazakhstan, and South Africa. Global wheat average yield and production is projected to be the second-highest in history after the exceptional 2008/09 marketing year. The largest production increase is projected in India where the 2009/10 wheat production is expected at the historical record of 80.6 million based on revised final government estimates. Wheat production in the EU-27 is projected up 1.6 million tons to 136.3 million. There are still problems with relentless dryness in Spain, Romania, Bulgaria, and Austria where production is further reduced. In Germany, Poland, and France, timely rains and ample soil moisture created excellent crop conditions and higher than expected yields.

Despite previous reports of severe droughts affecting China's wheat crop, China's projected wheat production is also up 1.0 million tons to 114.5 million, the second highest wheat production on record, and an increase of 2.0 million tons from 2008/09. Most of the crop (winter wheat) has already been harvested with both area and yields higher than previously projected. However, wheat quality this year is reported as being low.

The biggest projected drop in wheat production has occurred in Russia, where USDA output projections have been lowered to 55.5 million tons, compared to 63.7 million tons 2008. In July, the increase in the wheat production estimate by 1 million tons was driven by revisions in wheat area that appeared to be 1.2 million hectares higher than previously expected. This month, the revision and reduction in wheat production results from a combination of the latest amendment of area sown for spring grains (the decrease for wheat area estimated at 0.5 million hectares), and persistent dryness in several key wheat-producing areas in the Southern and Volga Valley Federal Districts. The drought that has spread across those districts has harmed an estimated 3.6 million hectares of grains, mainly by hurting winter wheat during its filling period, and resulted in substantial damage to winter wheat and corn, while also affecting spring wheat yield potential. Harvest reports as of early August indicate grain yields on average 20 percent lower than in 2008. Some rain in the south at the end of July came too late to improve grain conditions. The Russian Ministry of Agriculture is currently assessing the damage and planning compensatory measures. Several regions (such as Rostov-on-Don, Volgograd, Orenburg, Saratov, Samara, and several other) have declared a state of emergency.

In Siberia, which produces 45 percent of Russian spring wheat, weather conditions have been pretty good, and appear even better in July. A combination of better-than-average rain and an increase in spring grain area in Siberia, to some degree, counterbalances the unfavourable situation in the drought-affected regions in the rest of the country, and mitigates the drop in the Russian aggregate wheat production number. Though 2009/10 is generally unfavourable for grains, the current total wheat yields are just a little below the trend, and are similar to years with good weather conditions. This indicates that weather is not the sole reason why yields and production have been on such an upward trend in Russia during the 2000s. The other reason is an increase in both the quantity and productivity of input use.

The Market

Annual world food use is projected to continue to rise, now projected at 645.23 million tons. India recently pushed up the estimate with a growth of nearly 6 percent for that country between July and August projections. India accumulated huge wheat stocks last year, which more than doubled its ending stocks to 13.4 million tons. Weak monsoon rains in India will result in substantially lower rice output as sown areas are reduced substantially. Insufficient rice supplies will switch some consumption to wheat as a major alternative, particularly through the government distribution programs which subsidize staple foods in a country which is home to 17 percent (1.148 billion) of world population. India has already cancelled its plans to export about 2 million tons of wheat.

Wheat	Output	Total Supply	Trade World	Total use	Ending stocks
2007/08	610.95	737.93	117.47	616.12	121.81
2008/09 (Est.)	682.4	804.21	137.4	634.71	169.5
2009/10 (Proj.)					
July	656.48	823.84	124	642.56	181.28
August	659.29	828.8	123.38	645.23	183.56
July/August projection change	0.4%	0.6%	-0.5%	0.4%	1.3%
August projection vs 2008/2009	-3.4%	3.1%	-10.2%	1.7%	8.3%
August projection vs 2007/2008	7.9%	12.3%	5.0%	4.7%	50.7%

Corn and Barley

Corn production in the US was up 5% over 2008 levels and U.S. corn supplies are projected at a record 14.5 billion bushels, up 134 million from the previous record in 2007/08, while Corn production prospects are reduced for Mexico, Russia, South Africa, Ukraine, and EU-27. Corn use for 2009/10 is projected higher with rising supplies and lower expected prices. Despite reduced prospects for livestock production, feed and residual use is raised 100 million bushels with the higher yield and production expected to add to residual loss. Food, seed, and industrial use is raised 100 million bushels with higher expected use for ethanol supported by favourable ethanol producer returns and strong incentives for ethanol blending. The 2009/10 marketing-year average farm price is projected at $3.10 to $3.90 per bushel, down 25 cents on both ends of the range. The marketing-year average however reflects higher prices for corn sold for forward delivery over the past several months ahead of the sharp downturn in futures and cash market prices since early June. **Mid August price in the central Black Earth Region in Russia** was around **3,500** roubles**.**

Russian fields planted with Barley have fallen to record low levels in 2009. According to preliminary data from Rosstat planted area with Barley decreased 5.5% to 9082 thousand hectares. That is just marginally higher than all time low of 9082 in 2005. Incorporating the fact that Rosstat has a tendency to positively exaggerate such statistics that could mean that planted area is in fact below 9 million hectares. Consequently the Barley production in Russia is projected to decrease 26-29% according to the Russian market researcher Sovekon. Total Russian supply is expected to decrease 13% from 23.65 million tons to around 20.55, including large carryover stocks. At the same time local demand is expected to increase 2%. Together with some offsetting lower export projections, ending stocks are still expected to decrease to around 2 million tons, a full 45% drop against last years historically high carryover, still however above 2006/2007 marketing year ending stocks of 1.45 million tons. Potential for upwards price reactions exist foremost in central Russia where production is down and demand is expected above last year's average. Prices for Barley are however still depressed, especially for feed barley where **mid August prices in the central Black Earth Region** ranged from **2,100** to **2,300** roubles. No government intervention buying is currently expected for Barley.

Barley production in Ukraine is expected to increase compared to last year, while Barley production is also lowered for Turkey, Canada, and EU-27. Barley exports are raised 0.4 million tons with a 1.5-million-ton increase for Ukraine, partly offset by smaller reductions for Australia, Canada, EU-27, and Kazakhstan.

USDA in their report on August 12, 2009 projected 8.3 million tons higher global coarse grain supplies for 2009/10 compared to their July projections.

World coarse grain imports and exports are both projected higher for 2009/10 mostly reflecting higher expected corn exports, up 2.6 million tons this month. Corn imports are raised 1.5 million tons for Mexico and 0.3 million tons for Taiwan. The 3.8-million-ton increase for U.S. corn exports is partly offset by a 0.5-million-ton reduction each for South Africa and Ukraine, and a 0.2-million-ton reduction for Russia.

The Market

Global coarse grain feeding is raised 1.7 million tons as increased U.S. corn feed and residual use and higher barley feeding in Australia is partly offset by reduced corn feeding in Russia and reduced barley and oats feeding in Canada. Global coarse grain ending stocks are projected higher, mostly reflecting a 2.3-million-ton increase in corn stocks.

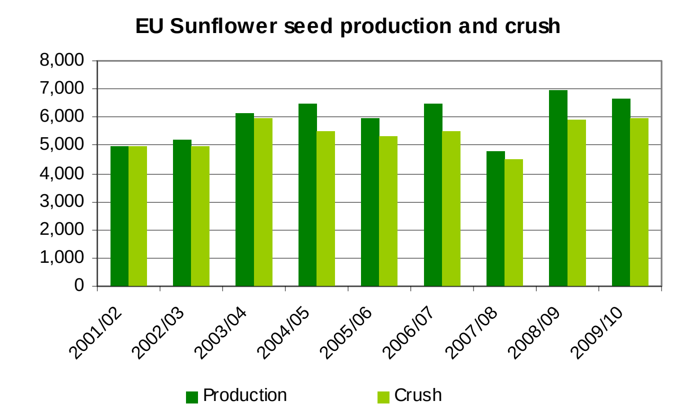
Coarse grains*	Output	Total Supply	Trade World	Total use	Ending stocks
2007/08	1,077.50	1,216.67	127.22	1,056.19	160.48
2008/09 (Est.)	1,100.10	1,260.58	107.38	1,073.80	186.78
2009/10 (Proj.)					
July	1,083.37	1,270.02	107.34	1,091.04	178.98
August	1,091.58	1,278.36	110.05	1,096.86	181.5
July/August projection change	0.8%	0.7%	2.5%	0.5%	1.4%
August projection vs 2008/2009	-0.8%	1.4%	2.5%	2.1%	-2.8%
August projection vs 2007/2008	1.3%	5.1%	-13.5%	3.9%	13.1%

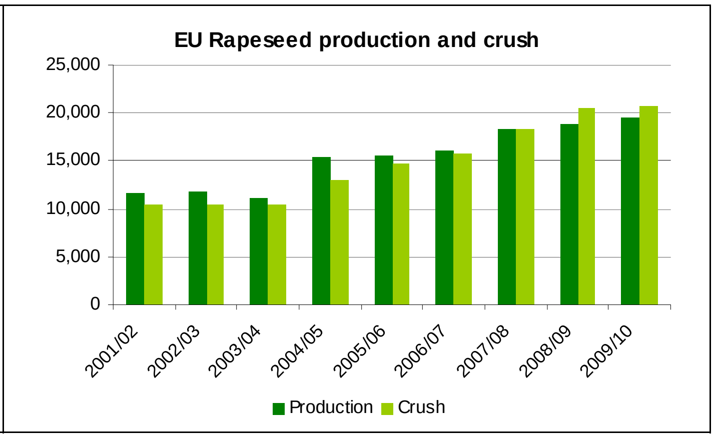
*(Corn, sorghum, barley, oats, rye, millet and mixed grains)

Oilseeds

Global oilseed production for 2009/10 is in USDA's August oilseed outlook projected at 422.6 million tons, down 0.9 million tons from July, but still record high. EU-27 rapeseed production is projected at a record 19.5 million tons, up 1.2 million from July estimates because rapeseed yields benefited from the timely arrival of precipitation from late May through June in northern Europe. Including carryover stocks and imports, the 2009/10 total supply of EU rapeseed is forecast at 23.4 million tons, which would eclipse last year's record by 200,000 tons. Much of the supply increase is seen supporting 2009/10 ending stocks at 1.6 million metric tons--down only 100,000 tons from the last year's record. Large beginning stocks and production may limit rapeseed export demand from Russia and Ukraine to EU-27. EU rapeseed crush is however also forecast 275,000 tons higher this month, to a record 20.7 million. **Mid August prices for rape seed in the central Black Earth Region in Russia was from 7,200-7,500 RUR per ton.**

Sunflower seed production in EU-27 is also expected higher in August compared to July estimates by USDA. **Mid August sunflower price in the central Black Earth Region in Russia** was around **8,300** roubles per ton.





Oilseeds	Output	Total Supply	Trade World	Total use	Ending stocks
2007/08	391.63	465.14	92.63	338.33	62.27
2008/09 (Est.)	394.35	456.62	91.22	338.31	53.73
2009/10 (Proj.)					
July	423.42	477.67	91.01	349.36	62.73
August	422.56	476.28	91.11	348.82	61.32
July/August projection change	-0.2%	-0.3%	0.1%	-0.2%	-2.2%
August projection vs 2008/2009	7.2%	4.3%	-0.1%	3.1%	14.1%
August projection vs 2007/2008	7.9%	2.4%	-1.6%	3.1%	-1.5%

Financial performance

Revenue

For the six months ended 30 June 2009 revenue from sales of goods and services increased significantly in comparison with the same period 2008, and amounted to RUR 1,186,468 thousand (USD* 37,918 thousand) up from RUR 297,963 thousand (USD* 9,523 thousand) for six months in 2008. Sales of crops constituted 97.5% of revenue from continuing operations.

Revenue from realisation of goods and services	RUR thousand Jan-Jun 2009	RUR thousand Jan-Jun 2008	Year on year change	RUR thousand Q2 2009	RUR thousand Q2 2008	Year on year change
Revenues from sales of crop production	1,158,457	286,384	304.5%	702,538	74,307	845.5%
Revenue from sales of milk and meat	12,311	13,199	-6.7%	6471	7,387	-12.4%
Revenues from sales of other goods and services	16,984	458	3608.3%	11450	13	87976.9%
Revenue from discontinued operations	*(1,284)*	*(2078)*	-38.2%	*(152)*	*(1158)*	-86.9%
Total	**1,186,468**	**297,963**	**298.2%**	**720,307**	**80,549**	**794.2%**

Revenue from realisation of goods and services	USD* thousand Jan-Jun 2008	USD* thousand Jan-Jun 2008	Year on year change	USD* thousand Q2 2009	USD* thousand Q2 2008	Year on year change
Revenues from sales of crop production	37,023	9,152	304.5%	22,452	2,375	845.5%
Revenue from sales of milk and meat	393	422	-6.7%	207	236	-12.4%
Revenues from sales of other goods and services	543	15	3608.3%	366	0	87976.9%
Revenue from discontinued operations	*(41)*	*(66)*	*-38.2%*	*(5)*	*(37)*	-86.9%
Total	**37,918**	**9,523**	**298.2%**	**23,020**	**2,574**	**794.2%**

The Company sold 197,547 tons during the second quarter 2009, which is 2195.7% more than the 8,605 tons sold during second quarter 2008. The large increase in sold volume is due to much larger harvest in 2008 than 2007 and delayed selling because of financial crisis. Average rouble prices received for crops sold in the second quarter 2009 were however 58.8% lower than same period 2008, the majority of crops sold was Wheat, Barley and Corn. For the first six months of 2009 sales volume increased 626.6% compared to 2008 and average received rouble price was 44.3% lower year-on-year.

During the second quarter 5,500 tons of 2008 product from the 31 March 2009 balance was reclassified into seeds for internal planting needs. A remainder of 19,657 tons from the 2008 harvest was left unsold as of 30 June 2009.

Financial performance

Sales of crops Jan-Jun 2009	2008 harvest		2009 harvest		Total		Average price 6m. 2009	*Average price 6m. 2008*
	RUR thousand	Tons	RUR thousand	Tons	RUR thousand	Tons	(RUR/ton)	*(RUR/ton)*
Wheat	641,321	173,020	-	-	641,321	173,020	3,707	*5,757*
Spring barley	235,774	92,665	-	-	235,774	92,665	2,544	*7,901*
Sunflowers	190,714	22,009	-	-	190,714	22,009	8,665	*n/a*
Corn	65,207	19,412	-	-	65,207	19,412	3,359	*2,733*
Waste grains	2,275	1,361	-	-	2,275	1,361	1,672	*3,426*
Spring rape seed	23,166	2,988	-	-	23,166	2,988	7,753	*n/a*
Total	**1,158,457**	**311,455**	**-**	**-**	**1,158,457**	**311,455**	**3,720**	***6,682***
Sales of crops Jan-Jun 2009	**USD* thousand**	**Tons**	**USD* thousand**	**Tons**	**USD* thousand**	**Tons**	**(USD/ton)**	*(USD/ton)*
Wheat	20,496	173,020	-	-	20,496	173,020	118	*245*
Spring barley	7,535	92,665	-	-	7,535	92,665	81	*337*
Sunflowers	6,095	22,009	-	-	6,095	22,009	277	*n/a*
Corn	2,084	19,412	-	-	2,084	19,412	107	*133*
Waste grains	73	1,361	-	-	73	1,361	53	*148*
Spring rape seed	740	2,988	-	-	740	2,988	248	*n/a*
Total	**37,023**	**311,455**	**-**	**-**	**37,023**	**311,455**	**119**	***285***

Sales of crops Q2 2009	2008 harvest		2009 harvest		Total		Average price Q2 2009	*Average price Q2 2008*
	RUR thousand	Tons	RUR thousand	Tons	RUR thousand	Tons	(RUR/ton)	*(RUR/ton)*
Wheat	487,994	129,455	-	-	487,994	129,455	3,770	*3273*
Spring barley	126,719	48,125	-	-	126,719	48,125	2,633	*8822*
Sunflowers	19,495	2,435	-	-	19,495	2,435	8,006	*n/a*
Corn	45,163	14,078	-	-	45,163	14,078	3,208	*n/a*
Waste grains	819	566	-	-	819	566	1,447	*3426*
Spring rape seed	22,348	2,888	-	-	22,348	2,888	7,738	*n/a*
Total	**702,538**	**197,547**	**-**	**-**	**702,538**	**197,547**	**3,556**	***8,635***
Sales of crops Q2 2009	**USD* thousand**	**Tons**	**USD* thousand**	**Tons**	**USD* thousand**	**Tons**	**(USD/ton)**	*(USD/ton)*
Wheat	15,596	129,455	-	-	15,596	129,455	120	*237*
Spring barley	4,050	48,125	-	-	4,050	48,125	84	*377*
Sunflowers	623	2,435	-	-	623	2,435	256	*n/a*
Corn	1,443	14,078	-	-	1,443	14,078	103	*n/a*
Waste grains	26	566	-	-	26	566	46	*148*
Spring rape seed	714	2,888	-	-	714	2,888	247	*n/a*
Total	**22,452**	**197,547**	**-**	**-**	**22,452**	**197,547**	**114**	***371***

Gain on revaluation (inventory)

As of 30 June 2009 the Company had about 19,657 tons of clean weight of harvested crops held in storage and recorded in inventory as finished product, compared to 236 tons at the same time in 2008. As of 30 June 2009 the harvesting of 2009 crops had not commenced and finished goods pertained solely to crops left from the 2008 harvest.

Finished product/crops in inventory	30-Jun-09	30-Jun-08	31-Dec-08	31-Dec-07	31-Dec-06
Tons	19,657	236	335,600	42,459	1,828

Gain on revaluation of biological assets and agricultural produce for the period Jan – Jun 2009 amounted to RUR 116,656 thousand (USD* 3,728 thousand) compared with RUR 416,965 thousand (USD* 13,326 thousand) same period previous year. Gain on revaluation of biological assets and agricultural produce only constituted 9.0% of net turnover in the period, compared to 58.3% in the same period last year.

The revaluation of the biological assets and agricultural produce is done in accordance with the requirements of IAS 41 which states that a biological asset shall be measured on initial recognition and at each balance sheet date at its fair value less estimated point-of-sale costs. In accordance with the standard, gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs shall be included in the profit or loss for the period in which it arises. See the annual report 2008 Note 7 for more in depth description of Gain on revaluation of biological assets and agricultural produce calculation and other accounting principles.

When calculating fair value of crops in inventory and subsequently gain on revaluation of crop in inventory - market prices from the Chamber of Commerce and Industry as of the reporting date are used for the different crops and crop classes. Inventory values of agricultural produce as of 30 June 2009 were lower than end of first quarter 2009 because of finished goods being sold and at the same time the 2009 harvest was uncollected and not fully developed as of 30 June 2009 and therefore generally recognized at a somewhat discounted value in the Biological assets category. Except for wheat, valuation prices were lower across the board compared to 2008.

Inventories	RUR	RUR	USD*	USD*
In thousand of	**30-Jun-09**	**31-Mar-09**	**30-Jun-09**	**31-Mar-09**
Finished goods	77,199	833,185	2,467	26,627
Raw materials and consumables	270,368	502,736	8,641	16,067
Biological assets	1,701,410	796,702	54,375	25,462
Total	**2,048,977**	**2,132,623**	**65,483**	**68,156**

Below are the prices used for valuing the inventory of the most important crops as of 30 June 2009 compared to 30 June 2008.

Crop	**RUR/ton 30 Jun 2009**	*RUR/ton 30 Jun 2008*
Wheat	4,545	4,091
Corn	3,455	4545
Sunflowers	8,182	12,273

Crop	**RUR/ton 30 Jun 2009**	*RUR/ton 30 Jun 2008*
Barley	2,273	4,091
Rape seed	6,818	10,000

Gain on revaluation as per 30 June 2009 is comparatively low against 30 June 2008 especially given the larger expected harvest in 2009 than in 2008, this is mainly due to depressed prices compared to a year ago as well as input cost pressure from material sourced for the winter crops around July 2008 before the global financial turmoil hit for real and commodity prices fell. Although the Company sourced fertilizer at very good rates during Oct 2008 – Feb 2009, high input prices in connection with winter crop planting when fertilizer prices were especially high, are weighing down on margins (see diagram 3 on page 13).

	RUR Thousand		USD* Thousand	
	30 June 2009	**30 June 2008**	**30 June 2009**	**30 June 2008**
Gain on revaluation of biological assets and agricultural produce	116,656	416,965	3,728	13,326

Costs

Cost of sales for continuing operations for the period 1 January to 30 June 2009 amounted to RUR 1,116,462 thousand (USD* 35,681 thousand) in contrast to RUR 230,397 thousand (USD* 7,363 thousand) for the same period in 2008. Direct costs for materials, the largest single cost item constituting around 60% of cost of sales, increased 462% year on year. The large increase is connected to the 627% increase in sold volume but also from some higher underlying material prices from purchases made around Oct 2007 – Feb 2008 when the prices of agricultural input material rose along with soft commodity prices, and high fuel prices during the harvest 2008 (see diagram 2 on page 13). The Wheat and Barley crops accounted for 79.2% of the cost of sales. Below is a breakdown of accounting Cost of sales indicators per crop.

Financial performance
Costs

Cost of goods sold	RUR Thousand Jan-Jun 2009	RUR Thousand Jan-Jun 2008	USD Thousand* Jan-Jun 2009	USD Thousand* Jan-Jun 2008	Year on year change
Sunflowers	145,455	n/a	4,649	n/a	n/a
Wheat	614,064	118,055	19,625	3,773	420.1%
Spring barley	270,440	108,289	8,643	3,461	149.7%
Corn	50,609	129	1,617	4	39162.6%
Spring rape seed	19,296	n/a	617	n/a	n/a
Waste grains	1,369	351	44	11	290.3%
Other	15,229	3,573	486	114	326.2%
Total	1,116,462	230,397	35,681	7,363	384.6%

Cost of goods sold indicators per crop per ton	RUR Thousand Jan-Jun 2009	RUR Thousand Jan-Jun 2008	USD Thousand* Jan-Jun 2009	USD Thousand* Jan-Jun 2008	Year on year change
Sunflowers	6,609	n/a	211	n/a	n/a
Wheat	3,549	5,248	113	168	-32.4%
Spring barley	2,918	5,705	93	182	-48.8%
Corn	2,607	8,593	83	275	-69.7%
Spring rape seed	6,458	n/a	206	n/a	n/a
Waste grains	1,006	2,263	32	72	-55.6%
Average	**3,536**	**5,446**	**113**	**174**	**-35.1%**

Distribution expenses increased significantly in the six months ended 30 June 2009 compared to the same period 2008. The increase in distribution expenses of approximately 930% is explained by the large increase in tons stored and handled compared to 2008. The amount of crops in storage at the end of 2008 was almost 700 percent larger than at the end of 2007 and as of the end of three months 2009 the amount of crops still held in storage was over 2,600 percent larger than the crops still held in storage as of the end of three months 2008. Higher market rates for external storage capacity in 2009 compared to previous year also had an impact.

General and administrative expenses for continuing operations for six months ended 30 June 2009 amounted to RUR 403,871 thousand (USD* 12,907 thousand), in contrast to RUR 342,056 thousand (USD* 10,932 thousand) for the same period in 2008. The increase in general and administrative expenses of 18.1 percent in the six months ended 30 June 2009 compared to 2008 is mainly driven by 59.6 percent higher personnel expenses, while consulting and audit, Office and administration expenses as well as other service costs significantly decreased. General and administrative expenses for six months 2009 also included costs of a non-recurring nature directly related to the NASDAQ OMX listing, in the amount of RUR 27,973 thousand (USD* 894 thousand) in the current reporting period.

Result

Gross profit increased 176% year on year due to much larger volumes sold in six months 2009 compared to 2008. However, accounting gross margin decreased 79%, from 67.2% to 14.3%, between the six month periods ended 30 June 2009 and same period 2008. Gross margin on sold goods and services excluding gain on revaluation of biological assets and agricultural produce decreased 74% between the six month period ended 30 June 2009 and same period 2008, for the second quarter the Gross margin on sold goods and services excluding gain on revaluation of biological assets and agricultural produce was actually negative at -6.4%. Average price received for the period 1 January to 30 June 2009 was 44.3 percent lower than the same period in 2008, average price received in the second quarter was 11.2% lower than average price received in the first quarter, and a full 58.8% lower than the second quarter 2008. Margins suffered because of mismatch of some underlying high input prices versus low realised output price (see diagram 2 on page 13).

EBITDA was negative in the amount of RUR 79,495 thousand (USD* 2,541 thousand) however the target of being EBITDA positive for full year 2009 still stands. Cash flows utilised by operating activities before interest and income tax paid was actually positive in the amount of RUR 267,057 thousand (USD* 8,534 thousand) compared an outflow of RUR 974,951thousand (USD* 31,159 thousand) in 2008.

The operating result for the six months ended 30 June 2009 was negatively influenced by lower gross profit than in 2008, coupled with higher distribution and general and administrative expenses.

Thick plotted graph sections represent time periods when purchasing/selling is generally performed

Diagram 2 – Price index of input and output commodities affecting 2008 production

(June 2007 average price = 100, Source: World bank commodity price data)

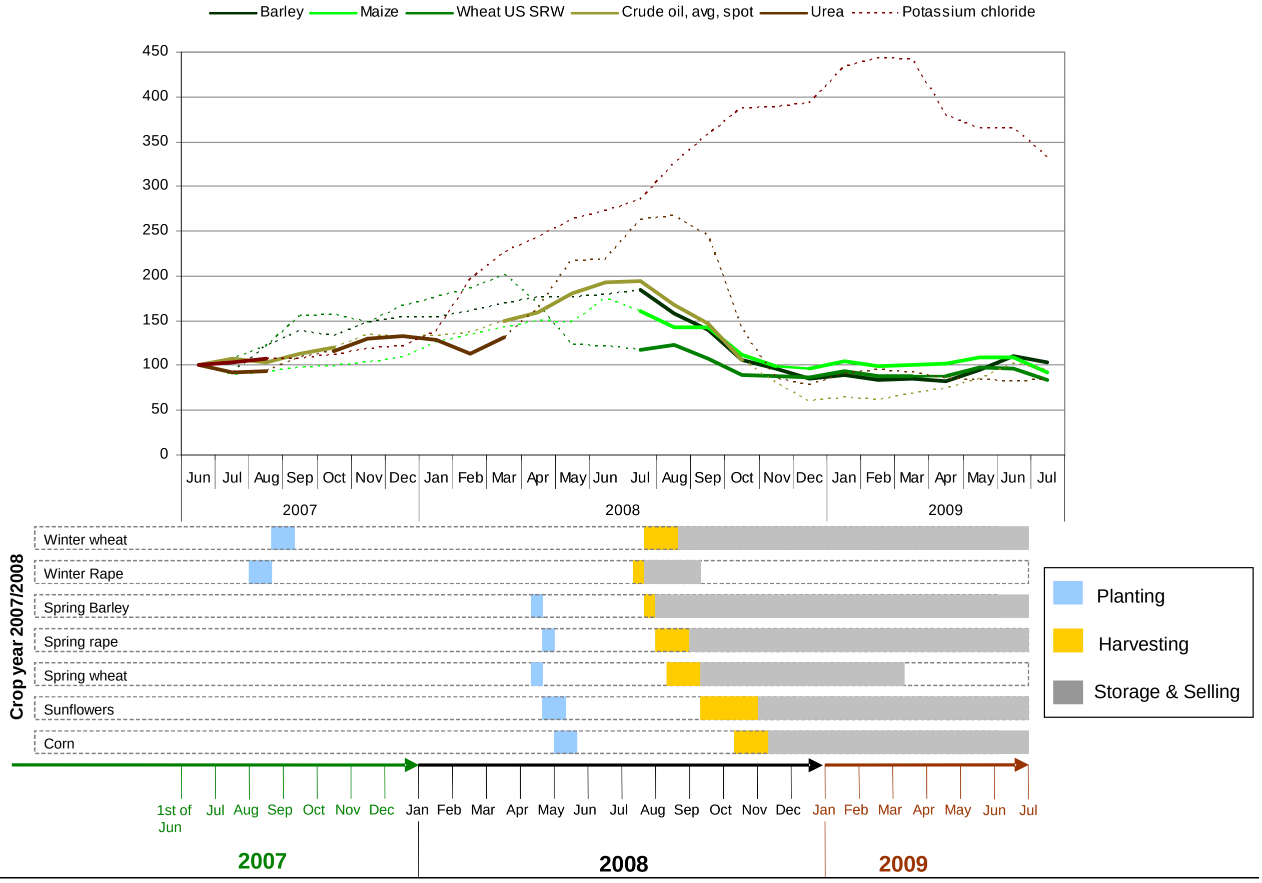
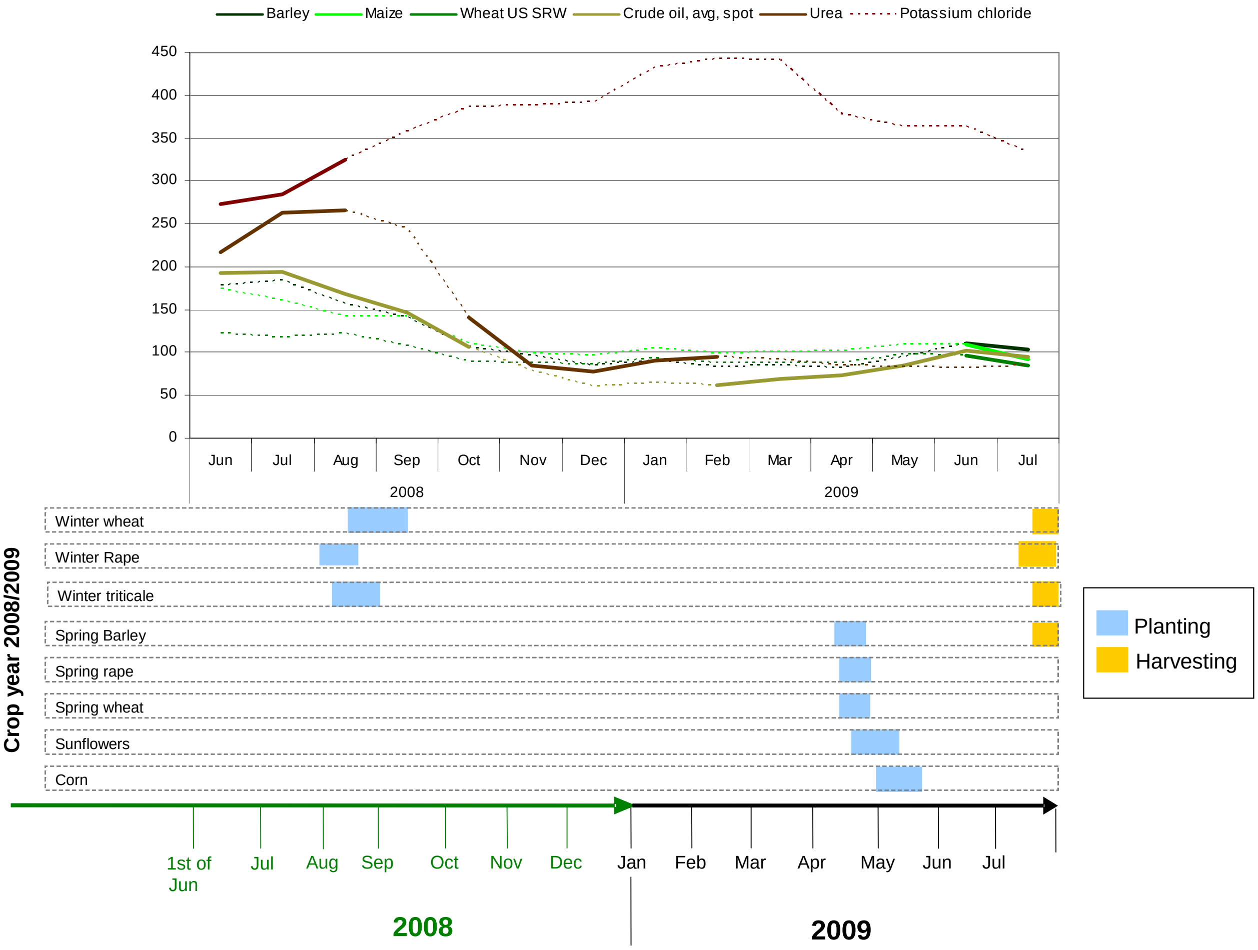


Diagram 3 – Price index of input and output commodities affecting 2009 production

(June 2007 average price = 100, Source: World bank commodity price data)



Financial performance

Assets and investment

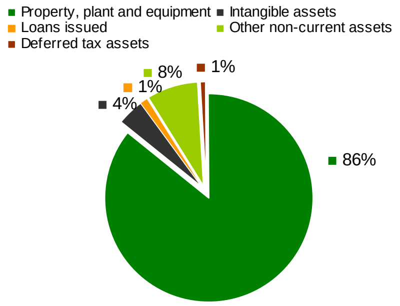
As of 30 June 2009 about 86% of the Company's non-current assets were made up of Property, Plant and equipment, which in turn is dominated by Land and Agricultural Machinery and Equipment.

Property, plant and equipment 30 June 2009	RUR Thousand	USD* Thousand
Land	1,744,715	55,759
Buildings	725,426	23,184
Machinery, equipment	2,026,054	64,750
Vehicles	216,207	6,910
Fixtures and fittings	15,079	482
Construction in progress	329,246	10,521
Total	5,056,727	161,606

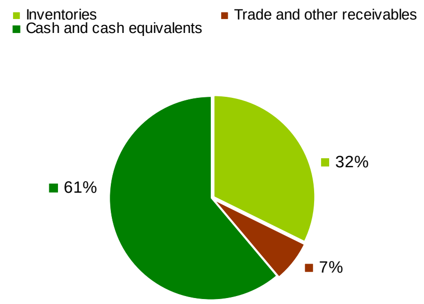
Current assets was as of 30 June 2009 firstly dominated by Cash and Cash equivalents and secondly by Inventory. The Company had as of 30 June 2009 Cash and Cash equivalents in the amount of RUR 3,890,499 thousand (USD* 124,335 thousand) placed on deposit in different currencies with a variety of established banks. As of 30 June 2009 deposits in Rouble accounted for 7% of total Cash and Cash Equivalents. See annual report 2008 Note 30 for more in depth description of financial risks and management of the same.

Cash flows utilised by investing activities amounted to RUR 871,961 thousand (USD* 27,867 thousand) for the six months ended 30 June 2009, compared to RUR 1,219,543 thousand (USD* 38,974 thousand) for the same period 2008. Investments were mainly directed at agricultural machinery and construction of grain storage and handling facilities, together answering for about 80% of invested funds but also acquisition/registration of land at about 16%.

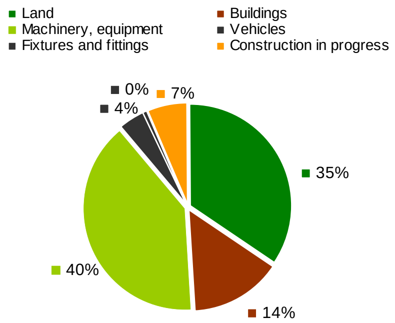
Non-current assets



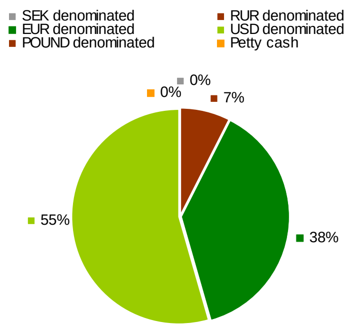
Current assets



Property, Plant and Equipment



Cash and cash equivalents



Equity

Ratios	30-Jun-09	30-Jun-08	31-Dec-08	31-Dec-07	31-Dec-06
Equity ratio, percent	79%	81.0%	80%	81%	99%
Debt /Equity ratio, percent	20.9%	19.2%	19.3%	19.7%	n/a

Share data	RUR 30-Jun-09	RUR 30-Jun-08	USD* 30-Jun-09	USD* 30-Jun-08
Net asset value (Equity) thousands	9,677,437	10,847,491	309,278	346,672
Net asset value per Share	77.72	87.72	2.48	2.80
Basic profit/(loss) per Share	(3.18)	1.12	(0.10)	0.04

Operational Performance

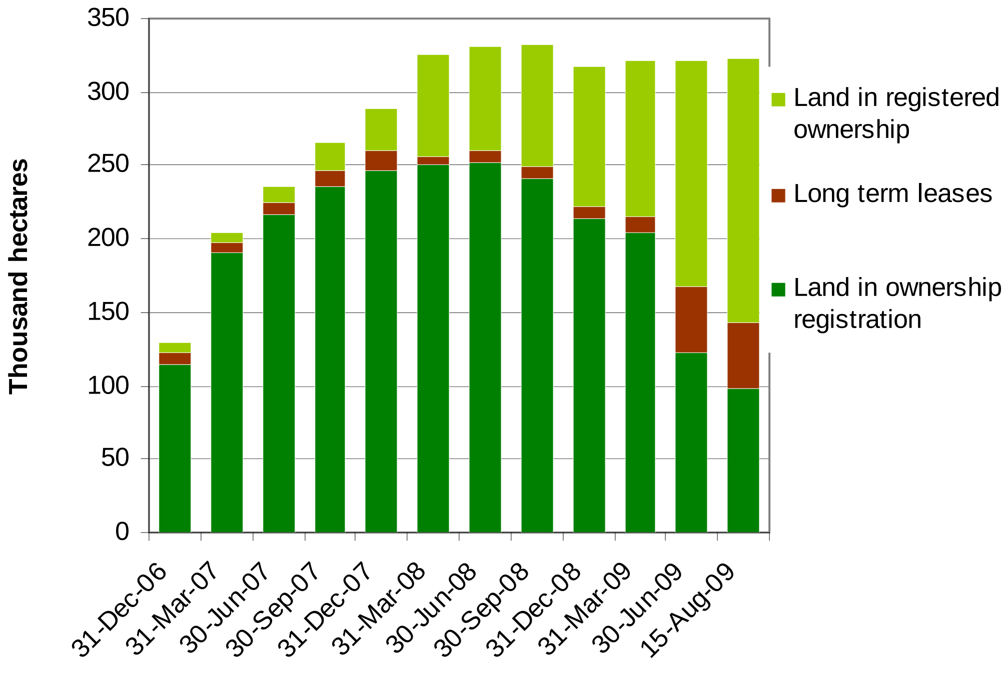
Land

Total land holdings remained more or less unchanged between first and second quarter and amounted to 322 thousand hectares as of 30 June 2009. The amount of land in ownership was successfully increased 45% to 154 thousand hectares as of 30 June 2009. In the second quarter a total of 34 thousand hectares were redirected from land being in the process of ownership registration to long term lease and will by all likelihood so remain for the foreseeable future. The reason is that the underlying cropping rights were initially acquired with certain local social obligations, conditional for fulfilment of ownership registration. The obligations are as such that in the current depressed land value environment long term lease of the same land is a more economically beneficial solution. This specific situation is unique within the Company's land holdings.

As of 15 August 2009 the Company had achieved 180 thousand hectares in ownership and at total land holdings of 323 thousand hectares, the target of a majority of land in ownership by year end had hence already been reached. The process of obtaining the ownership rights to agricultural land in Russia is however as previously described, complicated as well as time consuming and associated with certain risks. See risk section in Annual Report 2008 for a more comprehensive description of risk related to land acquisition and registration.

Consolidation and further improvement of the operational efficiencies in and around the existing farm blocks are the Company's key targets. Divestment of some less beneficial land assets as well as potential swaps of land with other external parties is a possibility in the strife to improve the overall quality and value of the Company's asset base, which may result in inter-quarterly figures showing a reduction in the total figure for land.

Land holdings



Land holdings (thousand hectares)	31-Dec-07	31-Mar-08	30-Jun-08	30-Sep-08	31-Dec-08	31-Mar-09	30-Jun-09	15-Aug-09
Land under control	289	325	331	333	317	321	322	323
Quarter-on-quarter change	*8.6%*	*12.5%*	*1.8%*	*0.5%*	*-4.7%*	*1.2%*	*0.3%*	*0.3%**
Land in long term lease	12.8	5	8.1	8.1	8.1	11	45	45
Quarter-on-quarter change	*28.0%*	*-60.9%*	*62.0%*	*0.0%*	*0.0%*	*35.8%*	*309.1%*	*0.0%*
Land in registered ownership	29	69	71	83	95	106	154	180
Quarter-on-quarter change	*45.5%*	*137.1%*	*2.9%*	*17.4%*	*14.0%*	*11.6%*	*45.3%*	*16.9%**

*1.5 month development

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

Operational Performance

Production

The area planned to be harvested in 2009 currently constitutes 181,053 hectares. Actual gross harvest figures for 2007-2008 season as well as gross harvest targets for 2009 are shown below. The Company started harvesting this year's crops on 14 July and as of 14 August the Group had harvested 98 thousand hectares and gathered 316.5 thousand tons of crops. The Company has chosen not to adjust yield and volume targets at this interim stage before the harvest is completed. Forward looking targets for yields represent normal year estimates and are subject to influence from external factors such as weather.

Production expansion table

Planted area breakdown

(hectares)	2007	2008	2009E[1]
Winter wheat	16,805	48,636	84,700
Winter rape	5,005	875	7,700
Winter triticale	n/a	n/a	2,798
Total winter crops	**21,810**	**49,511**	**95,198**
Spring Barley	20,180	42,638	41,938
Spring wheat	n/a	4,339	3,034
Spring rape	7,035	13,149	7,375
Sunflower	2,541	19,378	24,900
Corn maize	1,215	9,950	6,833
Total spring crops	**30,971**	**89,454**	**84,080**
Total commercial crops	**52,781**	**138,965**	**179,278**
Forage crops	*670*	*2,968*	*1,775*
Total planted area	**53,451**	**141,933**	**181,053**

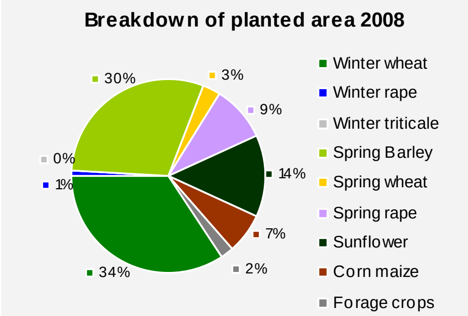
Average Gross Crop Yield

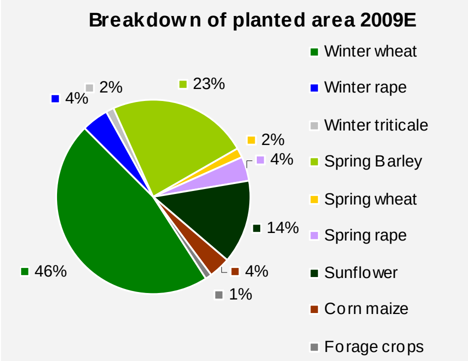
(ton/hectare)	2007	2008	2009E[1]
Winter wheat	3.3	4.26	4.4
Winter rape	1.3	1.76	2
Winter triticale	n/a	n/a	4.5
Spring barley	2	3.36	3.3
Spring wheat	n/a	2.95	3
Spring rape	0.9	1.43	1.8
Sunflower	2.4	1.43	1.8
Corn maize	5.5	2.62	3.8

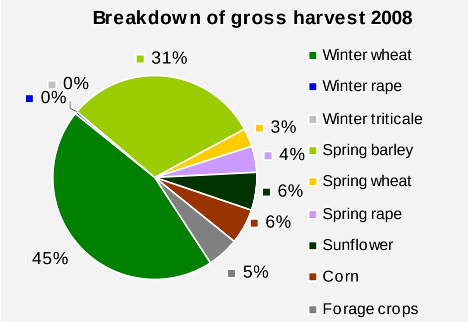
Gross harvest

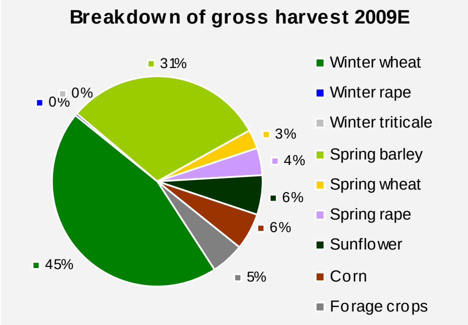
(ton)	2007	2008	2009E[1]
Winter wheat	49,262	206,961	372,680
Winter rape	0	1,536	15,400
Winter triticale	n/a	n/a	12,591
Total winter crops	**49,262**	**208,497**	**400,671**
Spring barley	42,477	143,259	138,395
Spring wheat	0	12,779	9,102
Spring rape	12,859	18,761	13,275
Sunflower	3,815	27,742	44,820
Corn	1,311	26,088	25,965
Total spring crops	**60,462**	**228,630**	**231,558**
Total commercial crops	**109,724**	**437,127**	**632,229**
Forage crops	*2,659*	*22,928*	*56,217*
Total output	**112,383**	**460,056**	**688,445**

[1]Latest Company estimates









The Share

Outstanding shares

As of 30 June 2009 the amount of outstanding shares was 124,521,667

Compiled SDR information	
Official listing:	Nasdaq OMX Stockholm
Form of listing:	Swedish Depository Receipt ("SDR")
Round lot:	1
Sector:	Agricultural Products
Exchange ISIN code:	SE0001882291
Short name:	BEF SDB
Reuters:	BEFsdb.ST
Bloomberg:	BEFSDB SS

Shareholders

The total number of shareholders, as of 30 June 2009, amounted to about 9,000.

Trade data for the period 1 Jan 2009 - 14 Aug 2009

Average Turnover (SEK)	Average No of Traded Shares	Average No of daily trades
4,891,991	203,191	177

Source: NASDAQ OMX

Top 5 shareholders per 30 June 2009

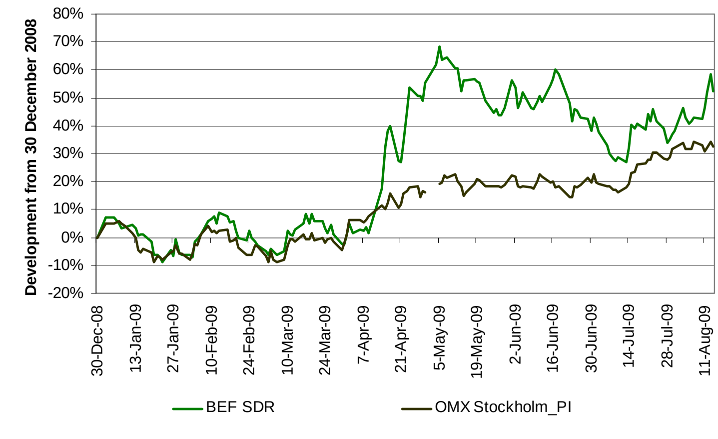
Owner	% of votes & capital
VOSTOK KOMI (CYPRUS) LTD[1]	**24.8%**
KINNEVIK NEW VENTURES AB	**20.9%**
ALECTA PENSIONSFÖRSÄKRING	**8.0%**
GLOBAL FARMS GROUP LIMITED	**3.2%**
SIX SIS AG, W8IMY[1]	**2.1%**

Source: Euroclear Sweden share registry & shareholders' reference

[1] *Subsidiary of Vostok Nafta Investment Ltd.*

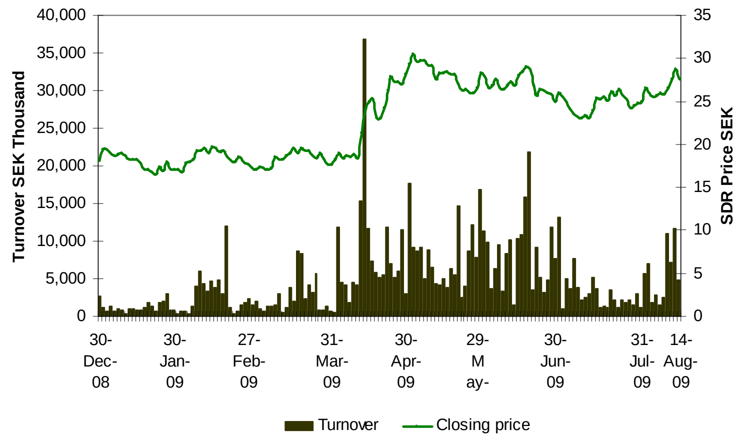
[2] *In its capacity as nominee.*

Share Performance vs Stockholm index



Source: NASDAQ OMX

Share Price and Turnover



Source: NASDAQ OMX

BEF SDB	30-Dec-08	30-Jan-09	27-Feb-09	31-Mar-09	30-Apr-09	31-May-09	30-Jun-09	31-Jul-09	14-Aug-09
Closing Price (SEK/SDR)	18.1	17.0	17.6	17.7	28.1	26.5	25	25	27.6
Development since 31 Dec 2008 (%)	-	-6.1%	-2.8%	-2.2%	55.2%	46.4%	47.1%	42.0%	55.9%

More historic share data and information, including current list of analysts following Black Earth Farming, can be found on the Company's website – www.blackearthfarming.com.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009

In thousands of	Notes	RUR Six months ended **30 June 2009**	RUR **30 June 2008**	RUR Three months ended **30 June 2009**	RUR **30 June 2008**
Continuing operations					
Revenue		1,186,468	297,963	720,307	80,549
Gain on revaluation of biological assets and agricultural produce		116,656	416,965	114,451	384,588
Total revenue and gains		1,303,124	714,928	834,758	465,137
Cost of sales		(1,116,462)	(230,397)	(766,264)	(68,787)
Gross profit		186,662	484,531	68,494	396,350
Distribution expenses		(85,792)	(8,321)	(19,161)	(5,357)
General and administrative expenses		(403,871)	(342,056)	(220,591)	(185,819)
Taxes other than on income		(9,238)	(5,394)	(4,095)	(5,159)
Other gains and losses		9,198	-	9,140	-
Other income and expenses		(39,700)	(50,418)	(2,771)	(33,050)
Operating profit (loss)		(342,741)	78,342	(168,984)	166,965
Financial income		188,245	333,091	(139,586)	68,711
Financial expenses		(165,858)	(143,396)	(75,678)	(67,852)
Profit / (loss) before income tax		(320,354)	268,037	(384,248)	167,824
Income tax expense		(18,136)	(124,349)	(15,199)	(119,310)
Profit / (loss) for the period from continuing operations		**(338,490)**	**143,688**	**(399,447)**	**48,514**
Discontinued operations					
Loss for the period from discontinued operations	4	(57,496)	(4,801)	1,630	(3,090)
Profit / (loss) for the period		**(395,986)**	**138,887**	**(397,817)**	**45,424**
Other comprehensive income		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(395,986)**	**138,887**	**(397,817)**	**45,424**

Earnings per share (amounts are indicated in)		RUR	RUR
From continuing and discontinued operations:	8		
Earnings / (loss) per share, basic		(3.18)	1.12
Earnings / (loss) per share, diluted		(3.15)	1.12
From continuing operations:	8		
Earnings / (loss) per share, basic		(2.72)	1.16
Earnings / (loss) per share, diluted		(2.69)	1.16

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 23 to 18.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009

In thousands of	Notes	USD* Six months ended 30 June 2009	USD* Six months ended 30 June 2008	USD* Three months ended 30 June 2009	USD* Three months ended 30 June 2008
Continuing operations					
Revenue		37,918	9,523	23,020	2,574
Gain on revaluation of biological assets and agricultural produce		3,728	13,326	3,658	12,291
Total revenue and gains		41,646	22,849	26,678	14,865
Cost of sales		(35,681)	(7,363)	(24,489)	(2,198)
Gross profit		5,965	15,486	2,189	12,667
Distribution expenses		(2,742)	(266)	(612)	(171)
General and administrative expenses		(12,907)	(10,932)	(7,050)	(5,939)
Taxes other than on income		(295)	(172)	(131)	(165)
Other gains and losses		294	-	292	-
Other income and expenses		(1,269)	(1,611)	(89)	(1,056)
Operating profit (loss)		(10,954)	2,505	(5,401)	5,336
Financial income		6,017	10,644	(4,461)	2,196
Financial expenses		(5,301)	(4,583)	(2,419)	(2,168)
Profit / (loss) before income tax		(10,238)	8,566	(12,281)	5,364
Income tax expense		(580)	(3,974)	(486)	(3,813)
Profit / (loss) for the period from continuing operations		**(10,818)**	**4,592**	**(12,767)**	**1,551**
Discontinued operations					
Loss for the period from discontinued operations	4	(1,837)	(153)	52	(99)
Profit / (loss) for the period		**(12,655)**	**4,439**	**(12,715)**	**1,452**
Other comprehensive income		**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(12,655)**	**4,439**	**(12,715)**	**1,452**

Earnings per share (amounts are indicated in)		USD*	USD*
From continuing and discontinued operations:	8		
Earnings / (loss) per share, basic		(0.10)	0.04
Earnings / (loss) per share, diluted		(0.10)	0.04
From continuing operations:	8		
Earnings / (loss) per share, basic		(0.09)	0.04
Earnings / (loss) per share, diluted		(0.09)	0.04

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 23 to 18.

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

In thousands of	Notes	RUR 30-Jun-09	RUR 31-Dec-08	USD* 30-Jun-09	USD* 31-Dec-08
ASSETS					
Non-current assets					
Property, plant and equipment		5,056,727	4,407,639	161,606	140,862
Intangible assets		249,370	250,012	7,970	7,990
Loans issued		59,876	152,478	1,914	4,873
Other non-current assets		474,856	292,218	15,176	9,339
Deferred tax assets		48,586	70,888	1,553	2,265
Total non-current assets		**5,889,415**	**5,173,235**	**188,219**	**165,329**
Current assets					
Inventories		2,048,977	2,185,031	65,482	69,830
Trade and other receivables		420,091	580,321	13,425	18,546
Cash and cash equivalents		3,890,499	4,604,591	124,335	147,157
Total current assets		**6,359,567**	**7,369,943**	**203,242**	**235,533**
Total assets		**12,248,982**	**12,543,178**	**391,461**	**400,862**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,898	32,898	1,051	1,051
Share premium		11,269,910	11,269,910	360,171	360,171
Reserves		112,973	94,107	3,610	3,008
Retained earnings		(1,738,344)	(1,342,358)	(55,555)	(42,900)
Total equity		**9,677,437**	**10,054,557**	**309,277**	**321,330**
LIABILITIES					
Non-current liabilities					
Non-current loans and borrowings	9	2,020,876	1,935,503	64,585	61,856
Deferred tax liabilities		36,547	48,133	1,168	1,538
Total non-current liabilities		**2,057,423**	**1,983,636**	**65,753**	**63,394**
Current liabilities					
Current loans and borrowings	9	180,097	344,206	5,756	11,000
Trade and other payables		334,025	160,779	10,675	5,138
Total current liabilities		**514,122**	**504,985**	**16,431**	**16,138**
Total liabilities		**2,571,545**	**2,488,621**	**82,184**	**79,532**
Total equity and liabilities		**12,248,982**	**12,543,178**	**391,461**	**400,862**

The condensed consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 23 to 18.

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

In thousands of	RUR Share capital	RUR Share premium	RUR Equity-settled employee benefits reserve	RUR Retained earnings	RUR Total
Balance as at 1 January 2008	31,680	10,366,308	6,674	(608,735)	9,795,927
Issue of shares	1,218	903,602	-	-	904,820
Profit for the period	-	-	-	138,887	138,887
Recognition of share-based payments	-	-	7,857	-	7,857
Balance as at 30 June 2008	**32,898**	**11,269,910**	**14,531**	**(469,848)**	**10,847,491**
Balance as at 1 January 2009	**32,898**	**11,269,910**	**94,107**	**(1,342,358)**	**10,054,557**
Issue of shares	-	-	-	-	-
Profit for the period	-	-	-	(395,986)	(395,986)
Recognition of share-based payments	-	-	18,866	-	18,866
Balance as at 30 June 2009	**32,898**	**11,269,910**	**112,973**	**(1,738,344)**	**9,677,437**

In thousand of	USD* Share capital	USD* Share premium	USD* Equity-settled employee benefits reserve	USD* Retained earnings	USD* Total
Balance as at 1 January 2008	1,012	331,294	213	(19,454)	313,065
Issue of shares	38	28,878	-	-	28,916
Profit for the period	-	-	-	4,439	4,439
Recognition of share-based payments	-	-	251	-	251
Balance as at 30 June 2008	**1,050**	**360,172**	**464**	**(15,015)**	**346,671**
Balance as at 1 January 2009	**1,051**	**360,171**	**3,008**	**(42,900)**	**321,330**
Issue of shares	-	-	-	-	-
Profit for the period	-	-	-	(12,655)	(12,655)
Recognition of share-based payments	-	-	602	-	602
Balance as at 30 June 2009	**1,051**	**360,171**	**3,610**	**(55,555)**	**309,277**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 23 to 18.

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2009

In thousands of	Notes	RUR 6m. 2009	RUR 6m. 2008	USD* 6m. 2009	USD* 6m. 2008
OPERATING ACTIVITIES					
Profit / (loss) for the year		(395,986)	138,887	(12,655)	4,439
Adjustments for:					
Depreciation and amortisation		132,497	214,053	4,234	6,841
Foreign exchange (gain) / loss		(134,878)	(188,262)	(4,311)	(6,017)
Interest income		(53,367)	(132,533)	(1,706)	(4,236)
Interest expense		165,858	143,396	5,301	4,583
Loss on disposal of property, plant and equipment and intangible assets		(17,349)	2,194	(554)	70
Income tax expense		18,066	124,349	577	3,974
Warrant expense		18,866	8,021	603	256
Loss on disposal of subsidiaries		31,238	-	998	-
Change in value of biological assets		(116,656)	(416,965)	(3,728)	(13,326)
Operating loss before changes in working capital		(351,711)	(106,860)	(11,241)	(3,416)
Increase in inventories		298,938	(612,870)	9,554	(19,587)
Increase in trade and other receivables		150,630	(269,456)	4,814	(8,611)
Increase in trade payables and other short-term liabilities		171,853	14,235	5,492	455
Cash flows utilised by operating activities before income tax paid		269,710	(974,951)	8,619	(31,159)
Interest paid		(299,206)	(2,931)	(9,562)	(94)
Income tax paid		528	(2,923)	17	(93)
Net cash from operating activities		**(28,968)**	**(980,805)**	**(926)**	**(31,346)**
INVESTING ACTIVITIES					
Interest received		63,865	132,533	2,041	4,236
Acquisition of subsidiaries		-	-	-	-
Acquisition of land plots		(139,055)	(652,665)	(4,444)	(20,858)
Acquisition of property, plant and equipment		(693,304)	(1,054,117)	(22,157)	(33,688)
Acquisition of intangible assets		(5,445)	(1,123)	(174)	(36)
Proceeds from disposal of securities		-	350,023	-	11,186
Proceeds from the repayment of loans issued		92,602	-	2,959	-
Prepayments for property, plant and equipment and other non-current assets		(193,277)	5,806	(6,177)	186
Cash flows from investing activities		**(874,614)**	**(1,219,543)**	**(27,952)**	**(38,974)**
FINANCING ACTIVITIES					
Proceeds from the issue of shares		-	904,820	-	28,917
(Repurchase of bonds) / Proceeds from the issue of bonds	9	(78,484)	-	(2,508)	-
Cash flows from financing activities		**(78,484)**	**904,820**	**(2,508)**	**28,917**
Net decrease in cash and cash equivalents		**(982,066)**	**(1,295,528)**	**(31,386)**	**(41,403)**
Cash and cash equivalents at beginning of year		4,604,591	7,373,985	147,157	235,663
Effect of exchange rate fluctuations on cash and cash equivalents		267,974	188,262	8,564	6,017
Cash and cash equivalents at end of the period		**3,890,499**	**6,266,719**	**124,335**	**200,277**

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2009

1 Background

(a) Organisation and operations

Black Earth Farming Limited (the "Company") is a limited liability company incorporated in Jersey, Channel Islands, on 20 April 2005. The Company is the holding company for a number of legal entities established under the legislation of Cyprus and the Russian Federation. Those entities are together referred to as the "Group".

The Company's registered office is 8 Church Street, St. Helier, Jersey, JE4 OSG, Channel Islands.

The Group is involved in the acquisition and subsequent management of agricultural companies in Russia. The Group's activities include farming, production of crops and dairy produce and the distribution of related products in the Russian Federation. The Group commenced operations in 2005. The majority of the subsidiaries was established in 2006 and had limited activities.

(b) Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(c) Seasonality

Agricultural sector exhibits obvious seasonal behavior. During the winter period, i.e. December to March, the organic growth of the crops is minimal. Due to this no major inputs are made in the production.

During the spring period, i.e. April to June, the crops undergo active germination phase. There are a lot of works related to tilling, seeding, and fertilizing. At the end of June crops production is big enough to define its fair value according IAS 41. Therefore the Group shows its planted crop at fair value less point-of-sales costs under "Biological assets" in the Balance Sheet. Gain on revaluation of biological assets and agricultural produce is calculated as difference between the crop's fair value and accumulated costs for its production.

During the first six months the Group sold the major part of its crop production harvested in 2008.

2 Basis of preparation

(a) Statement of compliance

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRSs") and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

(b) Functional and presentation currency

The currency of the Russian Federation is the Russian Rouble ("RUR"), which is the Group's functional currency and the currency in which these consolidated financial statements are presented. The Group's main activities are RUR denominated. All financial information presented in RUR has been rounded to the nearest thousand.

(c) Convenience translation

In addition to presenting the consolidated financial statements in RUR, supplementary information in United States dollars ("USD") has been presented for the convenience of users of the consolidated financial statements.

All amounts in the consolidated financial statements, including comparatives, are translated from RUR to USD at the closing exchange rate at 30 June 2009 of RUR 31.2904 to USD 1. All financial information in USD has been rounded to the nearest thousand.

3 Significant accounting policies

The condensed financial statements have been prepared under historical cost convention, except that financial investments classified as available-for-sale are stated at fair value and biological assets measured at fair value less estimated point-of-sale costs.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards described below.

- *IFRS 8 Operating Segments*

IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group reportable segments, but had no impact on the report results or financial position of the Group.

- *Amendment to IAS 1 Presentation of Financial Statements*

The revised Standard has had no impact on the report results or financial position of the Group.

4 Discontinued operations

In early 2006, as part of the land acquisition activities, the Group has also acquired small milk and dairy operations; namely OOO "Rus" which owned 2.6 thousand hectares of land. The total consideration paid by the Group totaled RUR 15,269 thousand (USD* 488 thousand). The management intended to cultivate the land; however, further investigation revealed that the land is not suitable for grain cultivation; as a result, the Group sustained losses while attempting to turn this into a profitable meat and dairy farming business (in the course of two years OOO "Rus'" has accumulated losses in the amount of RUR 38,172 thousand (USD* 1,220 thousand)).

On 14 April 2009 the Group signed the contract for the sale of two subsidiaries – ZAO "Kaluga Agro-Invest" and OOO "Rus'". ZAO "Kaluga Agro-Invest" was an inoperative company which was the parent company to OOO "Rus'". The price stated in the contract is RUR 13 thousand (USD* 415).

(a) Result for the period from discontinued operations

The results of the discontinued operations included in the income statement are set out below. The historical loss for discontinued operations for the six months ended 30 June 2008 has been presented solely for comparative purposes.

In thousands of	RUR	RUR	USD*	USD*
	6 m. 2009	**6 m. 2008**	**6 m. 2009**	**6 m. 2008**
Revenue	1,284	2,078	41	66
Expenses	(21,783)	(6,879)	(696)	(219)
Loss on disposal	(37,067)	-	(1,184)	-
Loss before income tax	(57,566)	(4,801)	(1,839)	(153)
Income tax benefit	70	-	2	-
Loss for the period from discontinued operations	**(57,496)**	**(4,801)**	**(1,837)**	**(153)**

Loss on disposal besides the complete write-off of net assets pertaining to OOO "Rus" and ZAO "Kaluga Agro-invest" includes write-off of two promissory notes which were issued by ZAO "Kaluga Agro-Invest", then bought by the Group and which the Group does not expect to call back.

The disclosure of the loss on disposal is presented in the table below:

In thousands of	RUR	USD*
	30-Jun-09	**30-Jun-09**
Revenue from selling subsidiaries	13	0
Promissory notes written off	(5,621)	(180)
Net assets write-off		
- Property, plant and equipment	(14,825)	(473)
- Other non-current assets	(10,709)	(342)
- Inventories	(13,157)	(420)
- Trade and other receivables	(1,540)	(49)
- Cash and cash equivalents	(221)	(7)
- Trade and other payables	8,993	287
	(37,067)	**(1,184)**

5 Acquisition of subsidiaries

In 2009 the Group has created an entity – Selino Agro-Invest LLC by investing RUR 100 thousand (USD* 3.195 thousand). Selino Agro-Invest has been created for the facilitation of land registration in Kursk region.

In 2008, the Group has obtained 100% ownership in five entities. A preliminary valuation of assets and liabilities was conducted on a provisional basis. During the reporting period, independent appraisers have concluded their formal valuation of these entities.

As a result of this valuation, the provisional value of identifiable net assets as at the date of acquisition decreased by RUR 185,419 thousand (USD* 5,926 thousand). As a result, goodwill increased from the provisional accounting of RUR 58,534 thousand (USD* 1,871 thousand) to the adjusted amount of RUR 238,164 thousand (USD* 7,611 thousand). The previously reported balance sheet as at 31 December 2008 has been adjusted in order to properly to reflect the final values from the date of acquisition.

The difference between the published and adjusted results is presented in the table below:

In thousands of RUR	**Storozhevoye Agro**	**Usmanskaya zemlya**	**Agrolipetzk**	**Agroterminal**	**Don**	**Total**
Provisional accounting:						
Property, plant and equipment	198,345	108,282	232,731	296,447	8,596	**844,401**
Net assets at date of acquisition	**199,570**	**99,856**	**64,510**	**47,355**	**(696)**	**410,595**
Consideration paid	**193,781**	**100,290**	**167,938**	**1,322**	**10**	**463,341**
Goodwill	-	434	54,061	3,333	706	**58,534**
Profit recognized in Income statement	5,789	-	-	-	-	**5,789**
Adjusted results:						
Property, plant and equipment	109,348	99,463	195,005	246,570	8,596	**658,982**
Net assets at date of acquisition	**110,573**	**91,037**	**26,784**	**(2,521)**	**(696)**	**225,177**
Consideration paid	**193,781**	**100,290**	**167,938**	**1,322**	**10**	**463,341**
Goodwill	83,208	9,253	141,154	3,843	706	**238,164**
Profit recognized in Income statement	-	-	-	-	-	**-**

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In thousands of USD	**Storozhevoye Agro**	**Usmanskaya zemlya**	**Agrolipetzk**	**Agroterminal**	**Don**	**Total**
Provisional accounting:						
Property, plant and equipment	6,339	3,461	7,438	9,474	275	**26,986**
Net assets at date of acquisition	**6,378**	**3,191**	**2,062**	**1,513**	**(22)**	**13,122**
Consideration paid	**6,193**	**3,205**	**5,367**	**42**	**0**	**14,808**
Goodwill	-	14	1,728	107	23	**1,871**
Profit recognized in Income statement	185	-	-	-	-	**185**
Adjusted results:						
Property, plant and equipment	3,495	3,179	6,232	7,880	275	**21,060**
Net assets at date of acquisition	**3,534**	**2,909**	**856**	**(81)**	**(22)**	**7,196**
Consideration paid	**6,193**	**3,205**	**5,367**	**42**	**0**	**14,808**
Goodwill	2,659	296	4,511	123	23	**7,611**
Profit recognized in Income statement	-	-	-	-	-	**-**

The acquired companies comprise a contiguous modern agro-industrial enterprise located in the Lipetsk region. The consideration paid for this combination reflects management's prior experience by creating viable agro-industrial clusters thru synergies and economies of scale.

On 30 June 2009 the Group assessed the recoverable amount of goodwill, and determined that goodwill has been not impaired. Goodwill has been allocated for impairment testing purposes to the Agroterminal and AgroLipetsk cash-generating units. AgroLipetzk cash-generating unit includes four companies – one operating company, AgroLipetzk, and three land holding companies Storozhevoye Agro, Usmanskaya zemlya and Usman'. Furthermore, the recoverable amount of the cash generating units have been calculated in accordance with the discounted cash flow methodology (applying 15% discount rate) and based upon prospective cash inflows for the next 7 years.

As a result of these calculations, management has concluded that any reasonable detrimental change in the key assumptions on which the recoverable amount has been calculated will not in effect exceed the aggregate recoverable amount of the cash-generating unit.

6 Segment information

The Group has not adopted IFRS 8 Operating Segments previously, so these financial statements include the first adoption of IFRS 8.

The operating segments definitions were developed by senior management in order to enable effective and efficient operating performance based of the geographic and sub-climactic split of the cropped areas in the four Black Earth regions; namely, Kursk, Lipetsk, Tambov and Voronezh. The Group also has one operating company in Samara region, however, for segment reporting purposes it was included in Tambov, as the company's result is not material as a single operating segment. The management company is located in Moscow. The parent company Black Earth Farming Ltd. is not included in any of the operating segments, as it does not generate any revenue, therefore its assets and expenses have been reflected in the corporate segment of the assets and expenses.

The Group does not have reliable comparative data. The prior year segment reports included the result of the current year harvest (without last year stored goods and their sales), therefore the information is incommensurable, especially for the first and second quarter of 2008.

(a) Segment revenues and results

In thousands of	RUR Revenue 6 m. 2009	RUR Net result 6 m. 2009	USD* Revenue 6 m. 2009	USD* Net result 6 m. 2009
Agricultural companies				
- Voronezh region	329,885	29,664	10,543	948
- Kursk region	230,610	(12,187)	7,370	(389)
- Lipetsk region	262,107	(12,910)	8,377	(413)
- Tambov region	50,403	(22,472)	1,611	(718)
Management company			-	-
- Moscow	296,478	(302,598)	9,475	(9,671)
Revenues from sales of other goods and services	16,984	-	543	-
Total	**1,186,468**	**(320,503)**	**37,376**	**(10,243)**
Gain on revaluation of biological assets and agricultural produce		116,656		3,728
Prior year revaluation of biological assets in cost of goods sold		(115,975)		(3,706)
Additional administrative costs and director's salaries		(94,467)		(3,019)
Bad debt provision		(7,597)		(243)
Other income and expenses		21,649		692
Finance income, net		22,387		715
Profit before tax		**(377,850)**		**(12,076)**

The accounting principles of the reportable segments are not exactly the same as the Group's accounting policies according to IFRS. The profit before tax for the reportable segments was reconciled to the reported profit before tax as the accounting policies of the segments differ in the following areas:

- There is no revaluation of biological assets and agricultural produce in segment reporting, therefore segment reports do not include current gain on revaluation in Revenue and do not deduct previous (prior year) revaluation from Cost of sales;
- Segment reporting does not include additional administrative expenses related to BEF (standalone).

(b) Segment assets

In thousands of	RUR 30-Jun-09	RUR 31-Dec-08	USD* 30-Jun-09	USD* 31-Dec-08
Agricultural companies				
- Lipetsk region	2,533,392	2,059,775	80,964	65,828
- Voroneg region	2,027,651	1,984,530	64,801	63,423
- Kursk region	1,810,647	1,608,046	57,866	51,391
- Tambov region	1,276,648	1,123,386	40,800	35,902
Management company				
- Moscow	1,107,435	1,305,316	35,392	41,716
Total segment assets	**8,755,773**	**8,081,053**	**279,823**	**258,260**
Corporate assets	3,493,209	4,462,125	111,638	142,604
Consolidated total assets	**12,248,982**	**12,543,178**	**391,461**	**400,864**

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

(c) Revenues from major products

The Group's revenues from its major products were as follows:

In thousands of	RUR	USD*
	6 m. 2009	**6 m. 2009**
Wheat	641,321	20,496
Spring barley	235,774	7,535
Sunflowers	190,714	6,095
Corn	65,207	2,084
Spring rape seed	23,166	740
Milk and meat	12,311	393
Waste grains	2,275	73
Other goods and services	16,984	543
	1,187,752	**37,959**

(d) Geographical information

The Group operates in the Russian Federation. The Group has a head office in Jersey; however the head office does not own any non-current assets and generates only financial income and expenses in addition to administration costs and directors' salaries. Therefore all non-current assets locate in Russia and all of the Group's operations are in Russia.

7 Dividends

The Company is not permitted to pay dividends until the bonds have been redeemed. Therefore, during the six months period no dividends were neither paid out nor declared.

8 Earnings per share

The amounts are indicated in	RUR	RUR	USD*	USD*
	6 m. 2009	**6 m. 2008**	**6 m. 2009**	**6 m. 2008**
Profit/(loss) for the purpose of basic and diluted earnings per share				
Profit / (loss) for the period from continuing and discontinued operations	(395,986,000)	138,887,000	(12,655,191)	4,438,646
Profit / (loss) for the period from continuing operations	(338,490,000)	143,688,000	(10,817,695)	4,592,079
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	124,521,667	123,650,834	124,521,667	123,650,834
Effect of dilutive share options	1,266,666	570,000	1,266,666	570,000
Weighted average number of shares for the purpose of diluted earnings per share	125,788,333	124,220,834	125,788,333	124,220,834
Earnings per share from continuing and discontinued operations:				
Basic	(3.18)	1.12	(0.10)	0.04
Diluted	(3.15)	1.12	(0.10)	0.04
Earnings per share from continuing operations:				
Basic	(2.72)	1.16	(0.09)	0.04
Diluted	(2.69)	1.16	(0.09)	0.04

** The USD equivalent figures are provided for information purposes only and do not form part of the condensed consolidated financial statements – refer to note 2 (c).*

9 Repurchase and repayment of debt and equity securities

During first six months 2009, the Group has repurchased a total of 200 units of its bonds at a weighted average of 88% of its nominal value. The Group has spent a total of RUR 82,116 thousand (USD* 2,624 thousand) which represented a total nominal value of RUR 78,484 thousand (USD* 2,508 thousand) and accrued interest of RUR 3,632 thousand (USD* 116 thousand). As a result of these transactions, the Group has realized a net gain of RUR 8,553 thousand (USD* 273 thousand).

On 15 March 2009 the first Interest Payment Date occurred and the Group paid annual interest payment at the amount of RUR 295,575 thousand (USD* 9,446 thousand).

As of 30 June 2009 the Group has in total repurchased 605 out of 5,500 bonds issued in 2007.

10 Contingencies and commitments

The Group continues to register and acquire land and build up its production as well as real estate portfolio, the latter mainly consist of grain storage and drying capacity. Investment in land includes mainly registration towards ownership of already controlled land plots. In 2009 the Group intends to spend about RUR 438,754 thousand (USD* 14,022 thousand) on land related expenditures. Investments into production predominantly consist of purchases of agricultural machinery and equipment and vehicles. According to 2009 capex program the Group plans to spend RUR 554,748 thousand (USD* 17,729 thousand) on production investment. Investment in infrastructure mainly concerns grain storing facilities, internal drying capacity and other grain handling infrastructure. In 2009 the Group plans capital expenditures related to infrastructure in the amount of RUR 1,815,928 thousand (USD* 58,035 thousand).

11 Subsequent events

-On 4 August 2009 Igor Smolkin – General Manager of the Company's Russian operational entity - Agro-Invest, resigned and Michael Shneyderman - the Black Earth Farming Group's Chief Financial Officer assumed the position of General Manager of Agro-Invest until further notice.

-The Company started harvesting on 14 July 2009 and as of 14 August 2009 the Group had harvested 98 thousand hectares and has thus far collected 316.5 thousand tons of crops.

-As of 15 August 2009 the Company had 180 thousand hectares in ownership and at current total land holdings of 323 thousand hectares, the target of a majority of land in ownership by year end has hence already been reached.

The Board of Directors and the managing director hereby confirm that the interim report gives a true and fair view of the group's operations, financial position and results of operations and describes significant risks and uncertainties the Company is exposed to. This report has not

Jersey, August 24, 2009

Per Brilioth	Sture Gustavsson
Alex Gersh	Henrik Persson
Vladimir Averchev	Paul Wojciechowski

This report for the period 1 January 2009 – 30 June 2009 has not been subject to review by the Company's auditors.

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Terms and Definitions

Units
1 hectare (ha) = 2.47105 acres
1 hectare (ha) = 10,000 square meters

1 metric ton = 2,204.622 pounds (lb)
1 metric ton = 10 centners
1 metric ton of wheat = 36.74 bushels of wheat
1 metric ton of corn = 39.37 bushels of corn

"AGRO-Invest Group"
The Company's subsidiary OOO Management Company AGRO-Invest and its subsidiaries, including OOO Management Company AGRO-Invest-Regions.

"Black Earth"
A soil type which contains a very high percentage of organic matter in the form of humus, rich in phosphorus.

"Black Earth Farming" or the "Company"
Black Earth Farming Limited, a company incorporated in Jersey, Channel Islands, under the 1991 Law with company registration number 89973, including its subsidiaries, unless otherwise is apparent by the surrounding context.

"Black Earth Region"
A territory located in parts of Russia, Ukraine and Kazakhstan endowed with Black Earth.

"Cadastre"
A Russian state register of real property including details of the area owned, the owners and the value of the land.

"CIS"
Commonwealth of Independent States which consists of the former republics of the Soviet Union, excluding the Baltic States. The following countries are included Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan (associated member), Ukraine and Uzbekistan.

"Crop year"
An crop year in Europe typically begins in late summer with the seeding of winter crops and ends approximately one and a half years later depending on when the crops is being harvested and sold.

"Debt/Equity Ratio"
Total amount of long term borrowings divided by total shareholders equity.

"Earnings per Share"
Net profit attributable to shareholders holding ordinary shares divided by the number of shares issued.

"Equity/Assets Ratio"
Total shareholders equity divided by total assets.

"EU-27"
The following EU membership countries: Austria, Belgium, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden the United Kingdom, Bulgaria and Romania.

"Fallow land"
Land which is not being cultivated.

"FOB"
Free On Board - an export pricing term where the seller covers all costs up to and including the loading of goods aboard a vessel, but not following freight/shipping costs.

"Grains"
Generic name for wheat, barley, oats, rye, rye-wheat, durra millet, maize and rice

"Grain elevator"
Building or complex of buildings for drying, cleaning, storage and shipment of grain.

"Land in Ownership"
Land where the Company has obtained the, in the central Cadastre, registered rights of ownership to the land.

"Land under control"
Refers to all land under the Company's control, including fully registered ownership, long term leased land and acquired cropping rights (Pais) in the process of being registered as ownership rights.

"Oblast"
An administrative region of Russia.

"Oilseeds"
A wide variety of seeds which are grown as a source of oils, e.g. cottonseed, sesame, rape seed, sunflower and soybean. After extraction of the oil the residue is a valuable source of protein, especially for animal feedstuffs.

"OOO"
"Closed joint stock company", the Russian equivalence to a limited liability company.

"Operating Margin"
Operating income divided by net sales.

"Pai"
A share in jointly-owned land received by a farm worker (in the Company's transactions often comprising approximately 2 to 17 hectares of undefined land).

"Russian Export taxes"
There are currently no export taxes for wheat or barley. For Sunflowers and Oil seed rape there is a 20% export tax.

"SDR"
The Swedish depository receipts issued representing the Shares according to the general terms and conditions for depository receipts in Black Earth Farming.

"VPC"
VPC AB, the Swedish central securities depository and clearing house with address Regeringsgatan 65, Box 7822, SE-103 97, Stockholm, Sweden.

"Öhman"
E. Öhman J:or Fondkommission AB, company registration number 556206-8956,
Box 7415, SE-103 91, Stockholm, Sweden.