INTERIM REPORT JANUARY–DECEMBER 2008

BLACK EARTH FARMING LTD.

Reporting period highlights

- **Net turnover** for twelve months 2008 amounted to RUR 717,748 thousand (USD* 24,430 thousand) which includes gain on revaluation of biological assets and agricultural produce in the amount of RUR 13,475 thousand (USD* 459 thousand). Net turnover in 2007 was equal to RUR 521,762 thousand (USD* 17,758 thousand) with gain on revaluation of biological assets and agricultural produce in the amount of RUR 139,188 thousand (USD* 4,737 thousand). As of 31 December 2008 the Company had sold approximately 18% of 2008's harvest, the rest being held in storage.

- **Operating loss** for twelve months 2008 amounted to RUR 781,180 thousand (USD* 26,588 thousand) compared to a loss of RUR 166,458 thousand (USD* 5,666 thousand) in 2007. The operating income was affected by general and administrative expenses in the amount of RUR 767,125 thousand (USD* 26,110 thousand), in comparison the general and administrative expenses amounted to RUR 348,539 thousand (USD* 11,863 thousand) in 2007. The largest expense item was personnel expenses – constituting about 55% of the total amount of general and administrative expense. As part of the operating loss, the Company reported a loss on land write-off in the amount of RUR 84,507 thousand (USD* 2,876 thousand); this reflects the Company's decision to discontinue any and all further land registration expenditures on the 16,852 hectares of land.

- **Loss after tax** for twelve months 2008 amounted to RUR 733,623 thousand (USD* 24,969 thousand) compared with a loss of RUR 387,553 thousand (USD* 13,191 thousand) in 2007.

- **Cash outflow from operating activities** for twelve months 2008 amounted to RUR 1,940,707 thousand (USD* 66,055 thousand) compared to RUR 727,396 thousand (USD* 24,758 thousand) in 2007. The result for the period has been adjusted by depreciation and amortization charges in the amount of RUR 182,747 thousand (USD* 6,220 thousand). The largest item that affected operating cash flow for the period was increase in inventories in the amount of RUR 1,154,566 thousand (USD* 39,297 thousand).

- **Cash outflows utilized by investing activities** for twelve months 2008 amounted to RUR 1,485,544 thousand (USD* 50,562 thousand) in comparison with RUR 2,602,907 thousand (USD* 88,594 thousand) in 2007. In 2008 the significant cash outflows were mainly concerned with acquisition of Property, Plant & Equipment and land plots in the combined total amount of RUR 1,527,357 thousand (USD* 51,985 thousand), compared to RUR 2,224,120 thousand (USD* 75,701 thousand) in 2007.

- **Cash inflow from financing activities** for twelve months 2008 amounted to RUR 401,238 thousand (USD* 13,657 thousand) compared to RUR 8,870,177 thousand (USD* 301,908 thousand) for the same period in 2007.

- **Basic loss per share** was equal to RUR 5.91 (USD* 0.20) twelve months 2008 compared to a loss per share of RUR 4.86 (USD* 0.17) in 2007.

- **Cash position** as of 31December 2008 was RUR 4,604,591 thousand (USD* 156,723 thousand). In light of the changing economic environment, the Black Earth Farming Ltd's ("Black Earth Farming" or "the Company") senior management continues to carefully evaluate its budgetary requirements given the challenging economic environment.

- As of 31 December 2008 the Company controlled 317 thousand hectares of land, including 95 thousand hectares in registered ownership and 8 thousand hectares of registered long term leases. A total of 16,852 hectares of non-owned land will as of 31 December 2008 be excluded from the calculation of total controlled land due to a decision to terminate the land registration process for land controlled by these two subsidiaries. More details can be found in the full report and in note 12 to the financial statements.

- The board has decided to instate Sture Gustavsson as formal president

- No dividend payment has been proposed.

Significant events after the end of the reporting period

- As of February 16, 2009 Black Earth Farming Ltd. is traded on First North Premier. First North Premier is a new segment within First North reserved for companies that comply with higher disclosure and accounting standards than the regular First North rules such as the main market disclosure rules.

** 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 (d).*

Summary of the reporting period

Profit & Loss (USD* thousand)	Jan-Dec 2008	Jan-Dec 2007
Total revenue	24,430	17,758
Gross profit/(loss)	11,807	8,279
Operating profit/(loss)	(26,588)	(5,666)
Profit/(loss) before income tax	(25,704)	(12,851)
Net profit (loss)	(24,969)	(13,191)

Balance Sheet (USD* thousand)	31 Dec 2008	30 Sep 2008[1]
Total assets	426,923	522,740
Property, plant and equipment	156,134	180,567
Cash and cash equivalents	156,723	209,202
Total equity	342,220	421,120
Non-current loans and borrowings	65,878	82,823

Investing Activities (USD* thousand)	Jan-Dec 2008	Jan-Dec 2007
Land plots	13,772	22,655
Property plant and equipment[1]	38,213	53,046

[1]*Excluding land plots, mainly production machinery and equipment*

Margins (%)	Jan-Dec 2008	Jan-Dec 2007
Gross margin[2]	47.3%	27.2%
Operating profit margin	Neg	Neg
Net profit margin	Neg	Neg

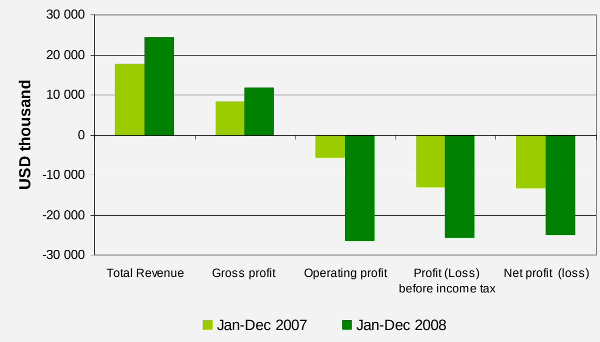
[2]*Gross margin on goods sold - excluding gain on revaluation of biological assets*

Land holdings (hectares)	31 Dec 2008	30 Sep 2008[1]
Land under control	317,000	332,600
Whereof		
Land in ownership registration	214,100	241,152
Land in registered ownership	94,800	83,348
Land in long term lease	8,100	8,100

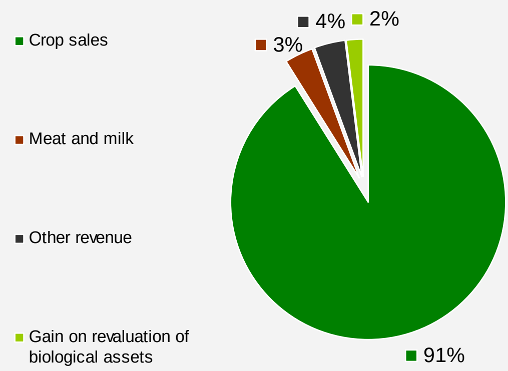
Ratios	Jan-Dec 2008	Jan-Dec 2007
Basic profit(loss) per share (USD*)	(0.20)	(0.17)
Average number of employees	2,095	799

	31 Dec 2008	30 Sep 2008[1]
Debt/Equity	19.3%	19.7%
Equity/Assets	80.2%	80.5%

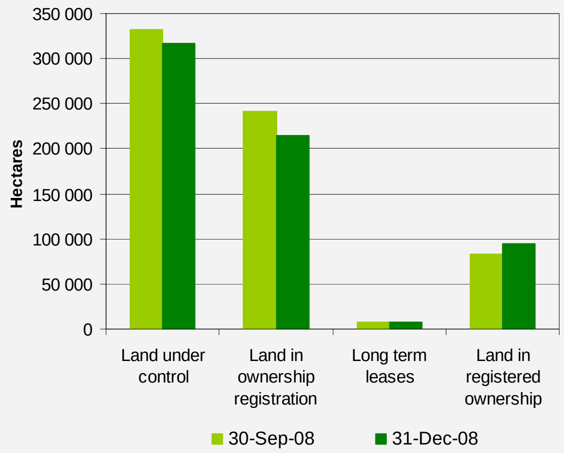
Result development year-on-year



Breakdown of total revenue for twelve months of 2008



Land development in the fourth quarter 2008



[1] *USD equivalent figure as per 30 September 2008 are translated from RUR to USD at the closing exchange rate at 30 September 2008 of RUR 25.2464 to USD 1*

* *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 (d).*

Management's summary

2008 saw a constantly changing environment for the global economy and the agricultural sector. The economic swings within the agricultural sector in Russia were significant. The first half of 2008 saw soft commodity prices at all time high levels and ever increasing investments into Russian agriculture, with fierce competition for land, western agricultural equipment and investors' capital as a consequence. Investor capital at the time seemed plentiful. The downturn however came quickly when the financial turmoil hit for real and it became clear that 2008 crop production would significantly overshoot 2008 consumption and lastly the Russian Rouble started to depreciate. Soft commodity prices tumbled and the competition for land in Russia all but disappeared and companies instead tried to free up cash by putting up for sale recently spoken for land assets. The Company had by the end of 2008 been offered to acquire control and/or title over some 1 million hectares of arable land from private and corporate parties in various regions of Russia. However, logically it is the lesser quality land which is put up for sale first. Although arable land is a finite-, and in many parts of the world a declining resource, capital is for now the scarcer resource.

Black Earth Farming continues to develop and has now completed its third full harvest cycle with ever increasing productivity, this year having harvested in total around 460,000 tonnes of crops on 141,933 hectares. Black Earth Farming will be one of the few large Russian players that will increase the production surface for 2009, currently planned at 180,490 hectares with expected gross output around 700,000 tonnes. Roughly 95,000 hectares of winter crops have already been successfully seeded and planting of spring crops is planned to begin in late march 2009.

Revenue increased about 84% in 2008 compared to 2007. The Company is still loss making on EBITDA and Net profit level, but profitability on goods sold increased substantially in 2008 despite the currently low soft commodity prices.

BEF is still well capitalised following the IPO in late December 2007 when it raised 300 MUSD and management continues to carefully evaluate its costs and planned investments for the purpose of cash conservation in the challenging economic environment.

As mentioned above, competition for land has disappeared in recent months and a lot of assets are up for sale. The Company will however focus almost exclusively on ownership registration of already controlled land in 2009. When the 2009 harvest might be in jeopardy because of capital shortage, spending money on land registration is a luxury some companies cannot afford right now and the competition for title registration has also reduced significantly. The Company is optimistic that it will have a majority of its land, which is not long term leased, in registered ownership by or around the end of 2009. As of 31 December 2008 the Company owned about 95 thousand hectares out of a total of 317 thousand hectares.

2008 has been a year of change for the Company, when it metaphorically speaking has shed its entrepreneurial skin and joined the ranks of top global agricultural producers. As part of this change there has been some necessary evolution of the Company's composition of senior management.

** 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 (d).*

The Market

Global market - A lot has changed… but a lot remains the same…

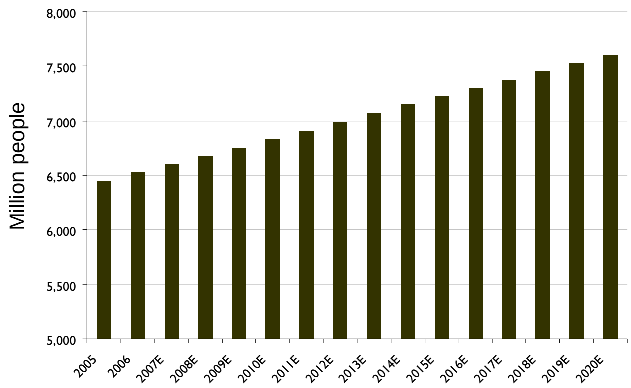
The global credit crisis has affected markets of all kinds in 2008, agriculture is not an exception, especially in emerging markets. To a large extent credit has dried up for the financially weak farmers. For the strong, credit has been delayed and interest rates are higher. At the same time, or partially because of - soft commodity prices and in many cases land prices as well, have fallen and remained low, lowering the value of the assets most commonly used as collateral by farmers, hence worsening the situation further.

Main demand and supply factors that drove prices high in 2007 still exists. World population is still growing which means more mouths to feed. Despite bumper wheat harvest in 2008, stock levels for wheat and other grains remain historically low with even declining stock-to-consumption ratios. Droughts have again hit Australia and Argentina and this year as much a 43% of the Chinese winter wheat crops have also has been negatively affected by drought.

On the supply side there are still constraints, such as regional lack of usable water for irrigation, limited and/or declining amount of arable land (in developed countries). Despite several scientific brake troughs in agricultural biotech such as GMOs, and new techniques such as no-till they are mostly concerned with cutting costs of production per geographic unit, not increasing the yield per unit.

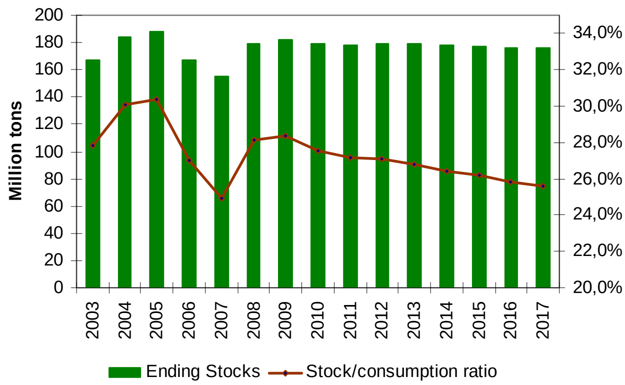
However, income growth has been a key driver for increased demand in recent years, and especially strong in the BRICS (Brazil, Russia, India and China). Letting people indulge themselves with higher protein food such as milk and meat. Increased meat consumption has a multiple effect on feed consumption. In the backdrop of the current financial turmoil and general economic slow down, this demand driver will certainly diminish for the near future. The question is how much. On the supply side we will likely see a reduction in global planted area for 2009 and/or reduction of inputs such as fertilizer, due to a lack of capital and profitability in the agricultural value chain, from retailers to processors to traders and finally to soft commodity producers.

World population estimates



Source: Census Bureau of the United States Department of Commerce

Global Supply-Demand tightness



Source: OECD, FAO Stat

The Market

Russian market - A lot has changed…

Historically a significant global player in wheat. Russia has in 2008 experienced the biggest harvest in 15 years which has contributed to falling prices, increasing the strain on farmers struggling to repay debts incurred to buy equipment, increase production surface and yields for 2008 harvest. Many farmers have been forced to unload their production at low prices to repay loans. In many cases this means selling grains at prices below cost of production, given the underlying input cost levels of 2007/early 2008. At the same time the land grab bubble has burst with little to now land transactions now taking place and machinery suppliers have seen their previous full orderbooks for Russia revert to nothing.

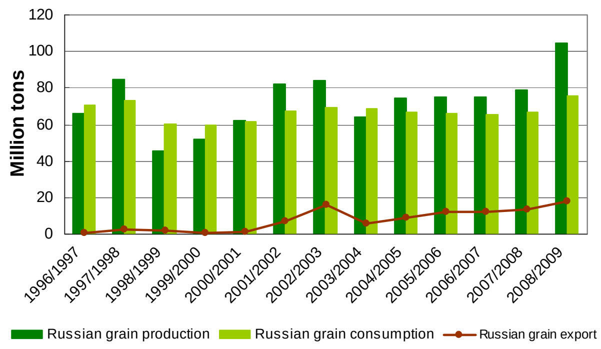
The lack of general storage capacity in Russia has become extra apparent with this year's record harvest, there simply is not enough to go around for everyone which creates extra localised volatility in prices around harvest. Many farmers have been forced to sell off field for low prices because they do not have storage facilities, nor have they been able to secure third party storage when competition for the existing has been high and prices for storage risen as a consequence.

A total of 108 million tons of grain was produced in Russia this year, up from 82 million tons in 2007. Although domestic consumption was higher in 2007, it did not rise on par with production. The rise in export could not either keep up, which why Russia has suffered from a localised oversupply which has put further downward pressure on domestic prises compared to global trade price depreciation. Local Rouble prices however started to rise in December 2008 and have continued to do so, partially influenced by a falling rouble rate.

Revival of the agricultural sector remains a government priority and the funds from the federal budget earmarked for agricultural support has increased and will increase further. The government has also shown active support by purchasing grain on the market in the end of 2008/ beginning 2009, at above market prices to support producers and influence prise levels. It has now acquired some 7 million tons of grain. It is unclear how they will use the acquired grain going forward but exporting it out of the country would be the best alternative for grain producers such as Black Earth Farming.

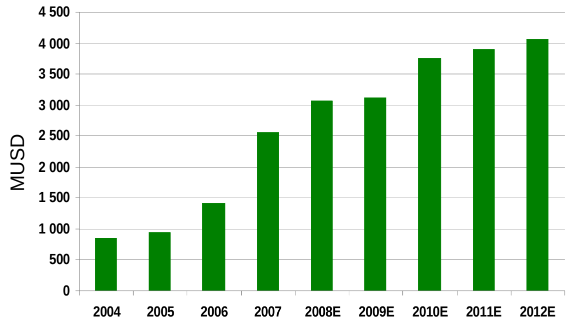
Given the capital shortage facing many Russian producers, the government has talked about supplying up to USD 3.5 billion in short term credits to the agricultural sector to avoid a large drop in spring crop area.

Russian main grain prod vs cons vs export



Source: USDA

Gov budget expenditures for agriculture



Source: Goskomstat, Russian National Program

Current price indications – *European* Russia

	Price (RUR/ton)		
Product	**31 Dec 2008**	**31 Jan 2009**	**13 Feb 2009**
Wheat 3rd class	**5,550**	**5,650**	**5,820**
Wheat 4th class	**4,550**	**4,500**	**4,870**
Wheat - Feed	**3,400**	**3,500**	**3,570**
Barley - Malting	**3,300**	**3,200**	**3,100**
Barley - Feed	**2,600**	**2,600**	**2,850**
Corn	**3,200**	**3,600**	**3,785**
Sunflowers	**7,500**	**9,050**	**10,000**

Source: Various Russian market sources

The window of effective interventions is narrowing given that planting starts in March, but if they succed there might again be a historically large crop in 2009, given that area planted with winter crops increased 1.5% according to statistics.

It remains to be seen if last years' sector development, which peaked with the 2008 bumper harvest in the midst of a crisis, is temporarily halted and will lead to some cleansing of weak and dubious players, or the current sector composition might be artificially sustained by the government for a while longer.

Financial performance

Sales

Revenue from realisation of goods and services	RUR thousand Jan-Dec 2008	RUR thousand Jan-Dec 2007	USD* thousand Jan-Dec 2008	USD* thousand Jan-Dec 2007
Revenues from sales of crop production	653,948	358,279	22,258	12,194
Revenue from sales of milk and meat	24,755	23,029	843	784
Revenues from sales of other goods and services	25,570	1,266	870	43
Total	**704,273**	**382,574**	**23,971**	**13,021**

As of 31 December 2008 the Company had sold about 18%, or 74,607 tons of the 2008 harvest, the rest about 335,600 is held in storage. Everything is sold domestically in RUR.

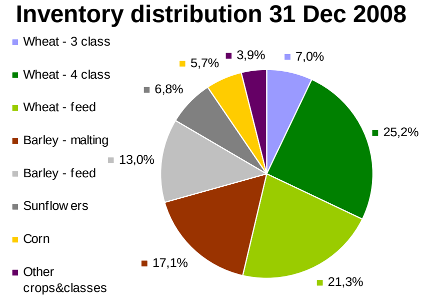
Sales of crops Jan-Dec 2008	From 2007 harvest RUR thousand	Tons	From 2008 harvest RUR thousand	Tons	Total RUR thousand	Tons	Average Price received 2008 (RUR/ton)	*Average price received 2007 (RUR/ton)*
Wheat	127,744	21,935	54,129	17,394	181,873	39,329	4,624	*5,523*
Spring barley	150,385	19,144	149,808	27,507	300,193	46,651	6,435	*5,032*
Winter rape			108,217	13,524	108,217	13,524	8,002	*7,290*
Spring rape			24,948	5,320	24,948	5,320	4,689	*7,290*
Sunflowers			20,174	2,892	20,174	2,892	6,976	*12,666*
Corn	41	15	5,097	1,727	5,138	1,742	2,949	*5,916*
Winter Barley			288	124	288	124	2,323	n/a
Waste grains	484	149	6,277	6,119	6,761	6,268	1,079	*1,445*
Rye	6,356	1,216	-	-	6,356	1,216	5,227	n/a
Total	**285,010**	**42,459**	**368,938**	**74,607**	**653,948**	**117,066**	**5,586**	*6,148*

Sales of crops Jan-Dec 2008	USD* thousand	Tons	USD* thousand	Tons	USD* thousand	Tons	Average Price received 2008 (USD/ton)	*Average price received 2007 (USD/ton)*
Wheat	127,744	21,935	1,843	17,394	6,191	39,329	157	*225*
Spring barley	150,385	19,144	5,099	27,507	10,218	46,651	219	*205*
Winter rape			3,683	13,524	3,683	13,524	272	*297*
Spring rape			849	5,320	849	5,320	160	*297*
Sunflowers			687	2,892	687	2,892	238	*516*
Corn	41	15	173	1,727	174	1,742	100	*241*
Winter Barley			10	124	10	124	81	*n/a*
Waste grains	484	149	214	6,119	230	6,268	37	*59*
Rye	6,356	1,216	-	-	216	1,216	178	n/a
Total	**285,010**	**42,459**	**12,558**	**74,607**	**22,258**	**117,066**	**190**	*250*

Gain on revaluation

As of 31 December 2008 the Company had about 335,600 tons of harvested crops held in storage and recorded in inventory as finished product. When calculating gain on revaluation of crop inventory - market prices per 31 December 2008 have been used for the different crops and crop classes. Below are the most important prices used for valuing current crops in inventory, as well as comparison with prices that were used to value inventory on 31 December 2007. See also **Note 6** to the financial statements.

Inventory distribution 31 Dec 2008



Crop	RUR/ton 31 Dec 2008	*RUR/ton 31 Dec 2007*	Crop	RUR/ton 31 Dec 2008	*RUR/ton 31 Dec 2007*
Wheat - 3 class	**5,550**	*5,730*	Barley - Malting	**3,300**	*7,270*
Wheat - 4 class	**4,550**	*5,550*	Barley - Feed	**2,600**	*5,450*
Wheat - 5 class/feed	**3,400**	*5,360*	Rape seed	**7,400**	*n/a*
Corn	**3,200**	*n/a*	Sunflowers	**7,500**	*n/a*

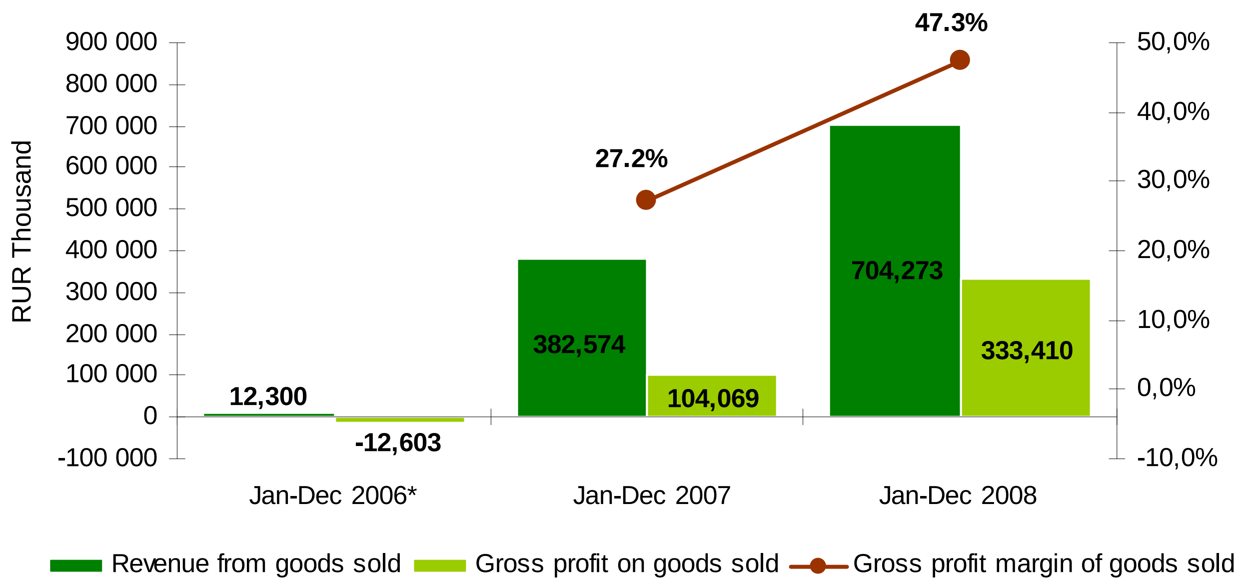
Financial performance

Result

Rouble Revenue from sales of goods and services for twelve months 2008 increased 84.1% compared to 2007. Prices for goods sold during the second half of 2008 were however significantly lower than average in 2007. Total revenue including gain on revaluation of biological assets increased 37.6% compared to 2007. Despite a much larger amount of crops in inventory at year end 2008 compared to 2007, low soft commodity prices as of 31 December 2008 have negatively affected resulting gain on inventory, being only about 10% of the size of gain on revaluation of biological assets as of 31 December 2007. Gross profit margin on sold goods and services improved substantially year-on-year, reaching 47.3% for twelve months 2008, to be compared with 27.2% in 2007. Operating loss increased from RUR 166,458 thousand (USD* 5,666 thousand) in 2007 to RUR 775,237 thousand (USD* 26,386 thousand) for twelve months 2008, mainly explained by the low recorded gains on biological assets in inventory, higher General and administrative expenses due to a larger organisation, higher commercial costs for storage and transport driven by higher storage prices coupled with larger crop volumes produced and stored in 2008. An extraordinary write off of certain land assets also affected the result negatively.

The Company is actively applying for any subsidies it is entitled to through its activities and in 2008 State Grants amounted to RUR 77,951 thousand (USD* 2,653 thousand) compared to RUR 1,641 thousand (USD* 56 thousand) in 2007. The Company will strive to become better at collecting available grants as the size of the government support for agriculture is set to increase.

Revenue, Gross profit on goods sold and Gross profit margin



* In 2006 the Company had negative Gross profit on Gods Sold and hence negative Gross profit margin

Financial performance

Costs

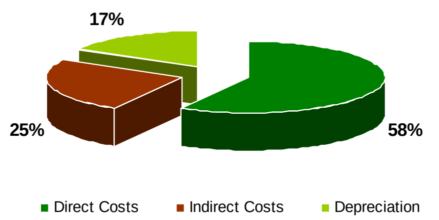
The Company is in essence a commodity producer and hence a Price-taker in the market. Management's focus is, and needs to be on controllable factors such as costs. In 2008 General and Administrative expenses increased 118% compared to 2007, at the same time planted area almost tripled compared to 2007, production out put increased 4 times. However, much of the created incremental value from the larger output was in 2008 offset by steep fall in soft commodity prices, resulting in an increase of total revenue of only about 84%, i.e. proportionally lower than G&A cost evolution. Reduction of Non-production related expenses is something that will receive extra attention in 2009. Gross profit was as mentioned improved.

Generally, in order to improve profitability by lower costs the company will focus on specific areas such as:

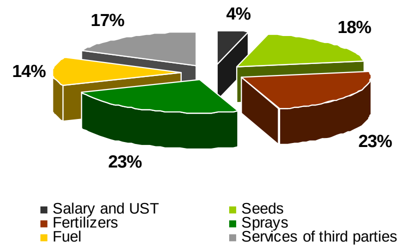
- Reaching economies of scale
  - -Spreading overhead costs on more producing hectares
  - -Maximizing machinery utilization, i.e. getting every machine to cover more hectares per year, reducing the machinery requirement per hectare
- Improving productivity per hectare given the same costs per hectare, hence lowering costs per ton produced
- Securing own storage facilities to reduce storage and handling costs
- Establishing production cost benchmarks against best-in-class global grain producers
- Improving logistics and planning, lowering the needed quantity for application of certain inputs by instead optimizing timing of application of the inputs
- Using non-grain storage capacity for timing purchases of material at price low points

About 90% of the Company's costs are incurred locally within Russia, in Russian roubles.

COGS breakdown

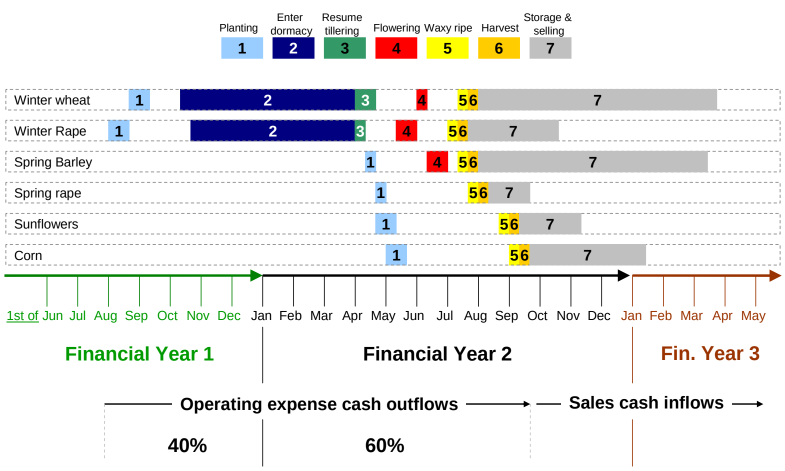


Direct cost items (as percentage of total direct costs)



The particularity of agriculture is such that about 40 percent of expenditures are incurred in the fall of the preceding year for any given harvest, and the remaining about 60% incurred during spring and summer the same year as the harvest. Hence, roughly 40% of the operating expense cash outflows related to planting and harvesting on 180,490 hectares in 2009 have already been incurred in 2008.

Schematic overview of one crop cycle



Financial performance

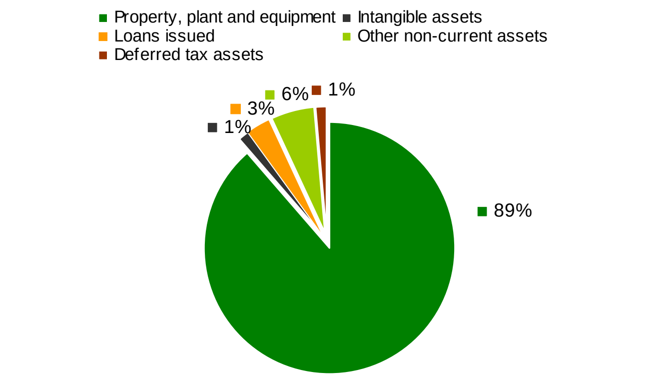
Assets

Almost 90% of the Company's non-current assets are made up of Property, Plant and equipment, which in turn is dominated by Land and Agricultural Machinery and Equipment. Owned Property plant and equipment is recorded at cost less accumulated depreciation and impairment losses (se note 3 for further description of accounting policies for Property, Plant and Equipment). In the last quarter of 2008 the Property, Plant and Equipment item has been adjusted by specific non-recurring actions such as the decision to terminate the land registration process at OOO Bezenchuk Agro-Invest and OOO Vorobyevka Agro-Invest (described more in depth in the Land section and note 12 to the financial statements). In sum total the write off constitutes 16,852 hectares to the sum of RUR 57,580 thousand (USD* 1,960 thousand). The Group has also made the decision to establish a contingency reserve in connection with potential future cases of land registration write-offs. As at 31 December 2008 the reserve amounted to RUR 26,927 thousand (USD* 916 thousand). Costs for the fixed assets have generally been incurred locally in Roubles whereby it is the original Rouble value of the assets which creates the accounting foundation.

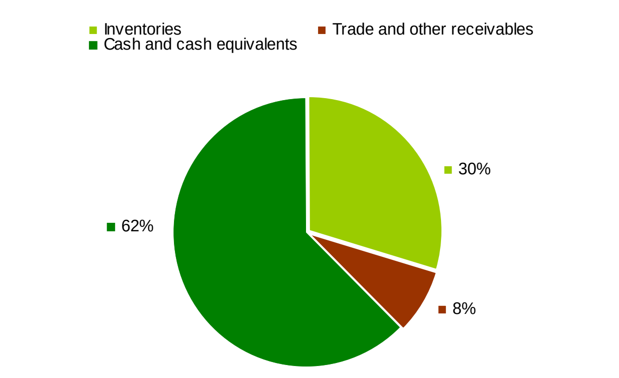
Given the recent depreciation of the Russian Rouble the net value of assets have decreased in dollar terms as shown in the convenience translation. From the last reporting date 30 September 2008 total assets have decreased 5.0% in Rouble terms from business combinations and 18.3% in dollar terms because of Rouble depreciation.

Given the Rouble depreciation and global financial turmoil the Company has actively monitored financial markets and managed its cash deposits by placing surplus funds on deposit in different currencies with a variety of established banks, in order to minimize foreign currency exposure and credit risk. As of 30 September 2008 deposits in Rouble accounted for 26% of total Cash and Cash Equivalents, as of 31 December 2008 this figure was 9%. The Group is exposed to currency risk on borrowings that are denominated in EUR, which differs from the respective functional currencies of Group entities, primarily Russian Rouble (RUR). The Group does not hedge this currency risk; however, the Group has more than sufficient Euro-denominated deposits in order to meet its interest payment obligation.

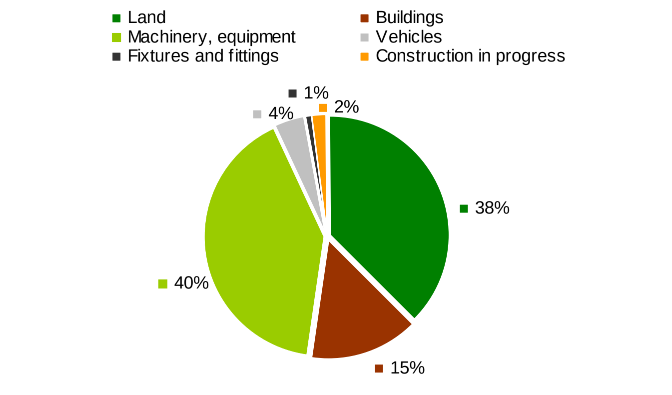
Non-current assets



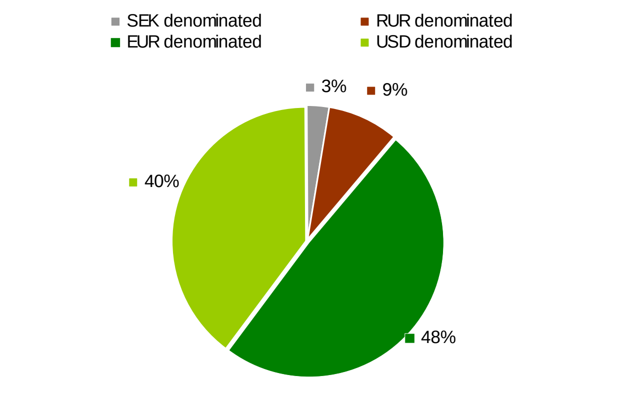
Current assets



Property, Plant and Equipment



Cash and cash equivalents



Financial performance

Investments

Black Earth Farming continues to register and acquire land and build up its production as well as real estate portfolio, the latter mainly consisting of grain storage and drying capacity. Hence the investment program for 2009-2010 can be divided into three main groups **Land**, **Production** and **Infrastructure**. In dollar terms the Capital Expenditures in 2008 amounted to USD 98,630 thousand, the majority being spent on production related investments.

Land

Investment in land includes acquisition of new land plots and registration of already controlled land plots. In 2008 the Company spent about USD 20,842 thousand on land related expenditures, including attributable funds in purchase of subsidiaries.

Production

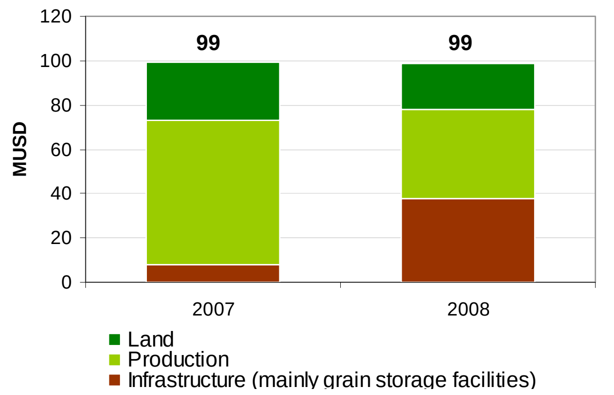
Investments into production predominantly consist of purchases of agricultural Machinery and Equipment but also Vehicles and Dairy & Meat farming expansion. The Company currently, including 2009 capex program, has approximately:

- tractor capacity for preparing and planting some 225,000 hectares. Every additional 20 000 ha planted area would require tractors for about 3.5 MUSD
- machine capacity for preparing and planting about 210,000 hectares. For every extra 20 000 ha planted area, machinery for about 7 MUSD is required. Recently a 15% import tax on foreign combine harvesters were implemented by the Russian government to stimulate purchases of domestic machinery, however, the Company signed existing machinery purchasing contracts for 2009 before that.

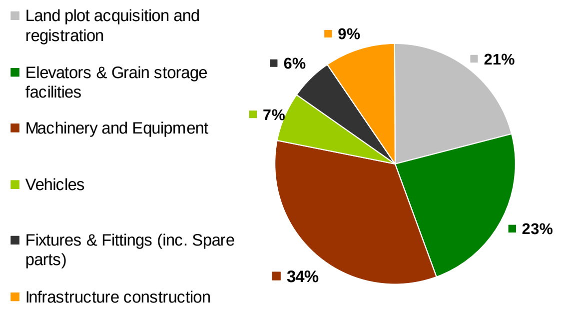
Infrastructure

Investment in infrastructure mainly concerns grain storing facilities, drying capacity and other facilities (machinery repair & storage, offices etc). IN 2008 the company incurred capital expenditures related to infrastructure in the amount of USD 37,984 thousand. The 2008 record Russian harvest has highlighted the scarce storage capacity in Russia. The deficit of storage created though competition for the existing facilities, with price increases for storage as a consequence. The Company now owns one large grain elevator with 60,000 tons storage capacity and in the fourth quarter 2008 it acquired an additional much smaller elevator with about 20,000 ton effective storage capacity. The Company furthermore has so called "on farm" storage capacity". The quality of such storage differs from "lean-to" (which is more or less a roof over asphalt) to closed warehouses with built in ventilation.

Capital Expenditures



Breakdown of 2008 Capital Expenditures



The holding periods for these "on farm" storage facilities varies from 1 month storage to 6 months storage, the limiting factor being moisture in harvested grain and facility ventilation. During 2008 the effective used capacity of on farm storage was 82,000 tons. On paper the Company's cumulative storage capacity of such facilities exceeds 82,000 but some were deemed not suitable for use until renovation had been carried out.

In order to improve its storage position the Company has, and will be upgrading as well as adding to its "on farm" storage capacity. Drying capacity will also be an important part of the infrastructure investments going forward. Having own storage makes the company less dependent on external parties and will reduce costs of storage. Grain not covered by the company's own facilities and in need of storage will be held at external parties.

Operational Performance

Land

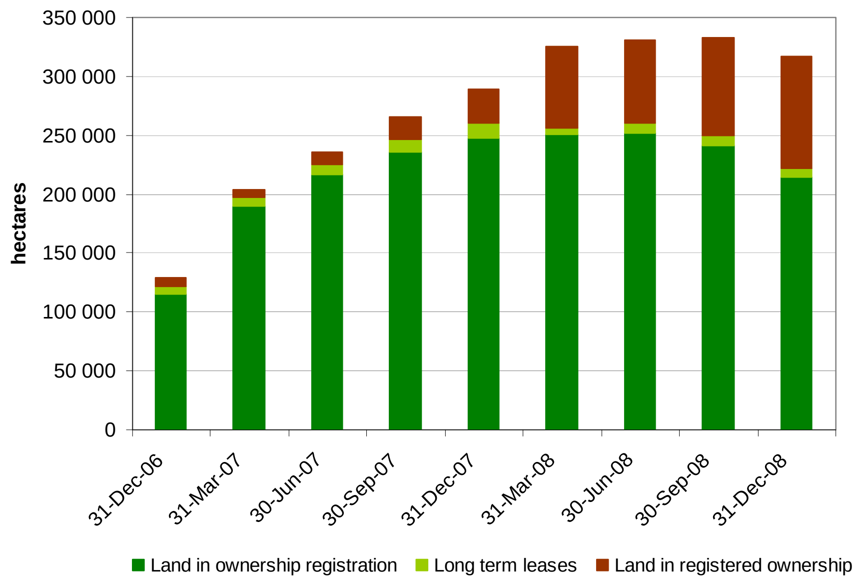
In line with the Company's current land acquisition strategy; the development of the Company's total land holdings has slowed down. The amount of land under control as of 31 December 2008 amounted to about 317,000 hectares which represents a decrease of 4.7 percent compared to 30 September 2008 and a 9.7 percent increase compared to 31 December 2007. The quarter on quarter decrease of total controlled land is due to a decision to terminate the process of land ownership registration within two of its subsidiaries. The decision to terminate the land registration process at OOO Vorobyevka Agro-Invest has been made due to originally faulty legal procedure related to the land purchase rights (pai) from the original owners, the land will consequently be abandoned. The decision to terminate the land registration process at OOO Bezenchuk Agro-Invest has been made because the quality of the land in question has been determined as unsuitable for agricultural purpose, if possible the purchase rights will be sold. The company will therefore henceforth exclude these two subsidiaries' land holdings from any calculation of Group land holdings. In sum total the land holdings in question constitutes 16,852 hectares. These represent two unique situations of which, to the best of management's knowledge, there are no equals within the group's other non-owned land holdings. As previously communicated it is possible that inter quarterly figures show a reduction in the total figure for land.

Consolidation and further improvement of the operational efficiencies in and around the existing production clusters are the company's key targets and divestment of some less beneficial land assets as well as potential swaps of land with other external parties is a possibility in the strive to improve the overall quality and value of the Company's asset base.

The amount of land in fully registered ownership as of 31 December 2008 amounted to 95,000 hectares which represents a 14 percent increase from 30 September 2008 and a 226.5 percent increase year-on-year. The Company is optimistic that ownership registration of a majority of its land will be completed by the end of 2009. However the process of obtaining the ownership rights to agricultural land in Russia is as previously described, complicated as well as time consuming and associated with certain risks.

In the backdrop of the ongoing global and local financial turmoil and low soft commodity prices, the Company has during the last six months been offered to acquire title and/or control of rather vast amounts of land assets in Russia. None of the assets for sale have offered high enough synergetic value for the company to engage in any transactions.

Land holdings

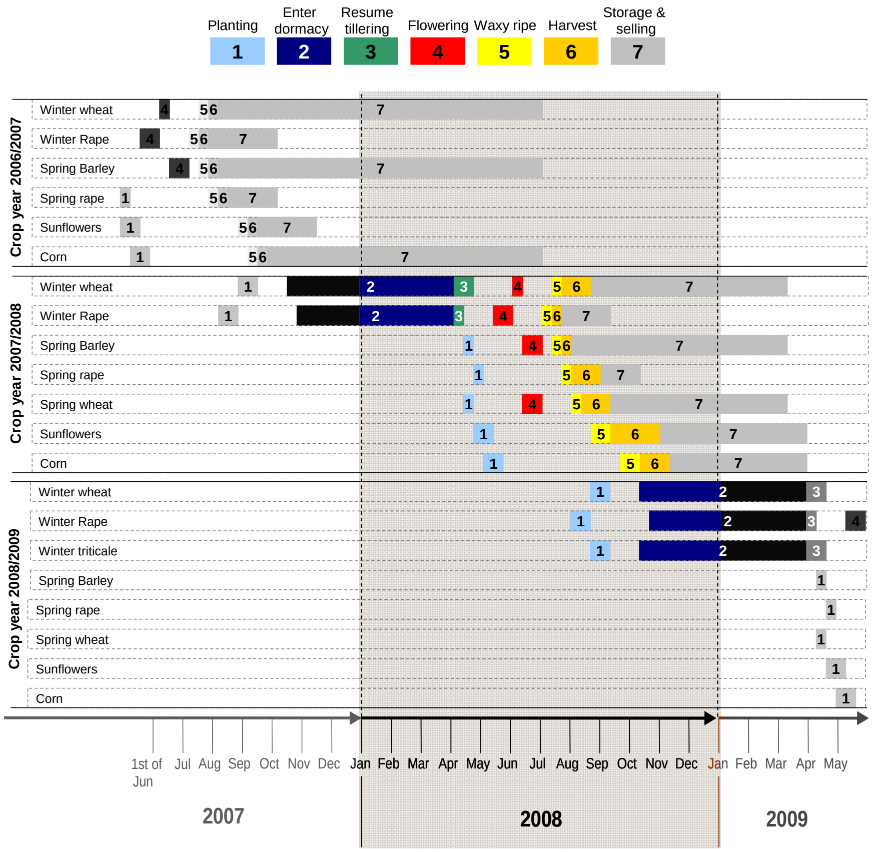


	31-Dec-06	31-Dec-07	31-Dec-08
Land under control	129,000	289,000	317,000
Y-on-Y change	-	124.0%	9.7%
Land in ownership	7,000	29,100	94,800
Y-on-Y change	-	315.7%	225.8%

Operational Performance

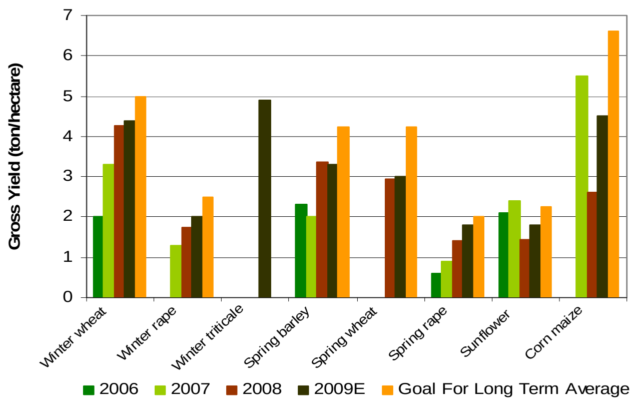
Production – 2008 Summary

Schematic overview of active crop cycles and activities during twelve months 2008



The Company started its 2008 harvest on July 15 in Voronezh and concluded harvesting the total area to be harvested, 141,933 hectares, in the beginning of November.

Weighted average gross yield for the crops were as previously reported and summarised on page 15 of this report. As shown in the graph below all crops but corn and sunflower (and spring wheat which is new for the 2008/2009 season) experienced a significant improvement compared to the 2007 harvest. This result is commendatory given the extra challenge of cropping and managing close to triple the production area compared to 2007. The quicker ramp up of yields is attributed to better and timelier work carried out by our ground staff as well as favourable weather, especially for grains such as wheat and barley. However, as stated before there is a large difference in productivity from fields in their first year of production after long fallow, and yields from fields in their second, third year of cultivation where biological and technological improvements have taken place as part of the Company's application of modern agronomy and equipment. Albeit assuming less beneficial weather for the 2008/2009 season, we still anticipate the average overall yield for 2009 harvest will improve compared to 2008. This will be thanks to even better field work and timelier application of material, as well as a larger proportion of fields having passed their first year of production.



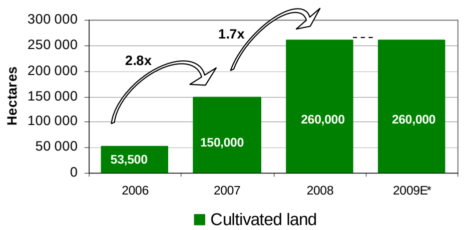
Operational Performance

Production – 2008 Summary

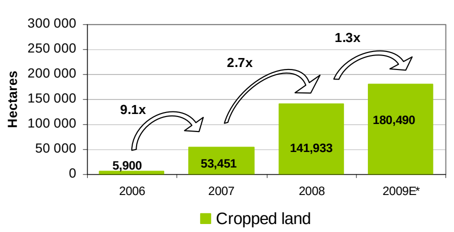
The harvested area in 2008 was almost triple the area in 2007, coupled with higher yields as described above the gross harvest increased by 4 times compared to 2007. Gross harvest is the first measure of operational performance, however, there is always some weight loss in terms of cleaning out waste material and low quality or damaged product from the harvested mass to establish the final amount of usable finished product. Natural or induced vaporisation of moisture in the crops further reduces the initial harvested weight.

As of the end of 2008 the Company has since its inception in 2005 broken long fallow on a total of 260,000 hectares, which have been brought back into cultivation. In 2009 the Company will focus on increasing and improving the production on already cultivated land. With 180,490 hectares planned for crops in 2009 the Company will utilize about 69% of currently cultivated area.

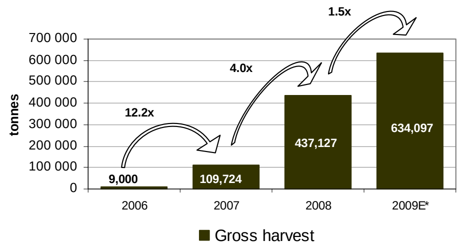
Cultivated land



Cropped land



Gross Commercial Harvest



*Latest company estimates

In line with rest of Russia and northern Europe, the Company's proportion of feed quality grain produced increased in 2008 compared to 2007, mainly because of the wet spring. Black Earth Farming is however in a better position than many other Russian producers when it comes to feed quality ratio for wheat and barley. In terms of barley the Company has in 2008 managed to produce a higher quantity of malting class barley, over 50% in 2008 versus about 25% in 2007, prices for both classes have however dropped significantly. In 2008 the proportion of the highest quality wheat dropped from about 30% in 2007 to about 13%. Because of the relative overproduction of feed quality wheat in 2008 those prices have dropped significantly more than class 3 and 4 wheat. The grain held in inventory as of 31 December 2008 was divided between following quality proportions:

Quality distribution for wheat and barley 31 December 2008

Crop	class	proportion		Crop	class	proportion
Wheat	3 class	13.0%		Barley	malting	52.8%
Wheat	4 class	46.9%		Barley	food	0.0%
Wheat	5 class/ feed	39.7%		Barley	feed	40.1%
Wheat	other*	0.3%		Barley	Other*	7.2%

**Includes unclassified product and/or seeds for own planting use and not for sale*

Operational Performance

Recent production activities

As previously reported the winter seeding for the 2008/2009 crop year was completed around 25 September, with a total of 95,000 hectares of winter crops successfully seeded. The last three months of 2008 and beginning of 2009 have included many important tasks, albeit not so much on the fields, such as: Cleaning and preparation of machinery for winter storage, repairs of some warehouses for seeds, fertilizers and chemicals, cleaning and treatment of cereal seeds for spring planting (our own saved from harvest 2008), receiving and distributing fertilizer for spring use to safe storage and countless hours of thought into work plans for this spring and summer.

After having worked as late as December 2008 the machinery is now parked up for winter. All machinery and trailed equipment have been inspected by foreign specialists, farm chief engineers and dealers during November 2008, in order to gather information on winter repairs and spare parts needed before the spring 2009. The Company is now progressing in necessary repairs and cleaning of combine harvesters and other equipment, in preparation of seeders and tillage equipment for spring work. We are preparing to begin a Claas combine training for both engineers and drivers.

The majority of field cultivation for intended spring crops has been completed. The Company is planning to begin spring seeding around March 18-20, depending somewhat on region, exact date for start is however solely dependant on the weather, date of the snowmelt and soil temperature.

Fall/Winter Weather and crop condition

Fall precipitation has varied somewhat throughout the regions, in Tambov the whole autumn was relatively dry while in the other areas there was relatively good moisture this fall.

In Tambov winter wheat has developed very well, for 75% of crops lots of tillers on strong plants, for 25% normal development - 2-3 tillers per plant and medium sized plants. In Kursk the wheat has enough but not too many tillers and the winter rape looks very good. In Voronezh, about 80% of the Wheat and Tritikale have between 3-5 tillers the other 20% have not tillered or have one or two tillers and will require some early nitrogen. The small amount of oil seed rape in Voronezh seems to be in good condition.

In conclusion the Company's winter crops at this stage of winter are in good shape, on average covered by 15-25cm of snow throughout all regions. One however needs to be cognizant of the fact that winter is not yet over, the most critical period is March when there might be large temperature variations, especially between night and day.

Operational Performance

Production

The total area harvested in 2008 was 141,933 hectares. The area to be planted in 2009 constitutes 180,490 hectares. Actual gross harvest figures for 2008 season as well as gross yield targets for 2009 season are shown below. As usual the forward looking targets for yields represent normal year estimates and are subject to influence from external non-controllable factors such as weather conditions.

Production expansion table

Planted area breakdown

(ha)	2006	2007	2008	2009E
Winter wheat	1,290	16,805	48,636	85,113
Winter rape	n/a	5,005	875	7,818
Winter triticale	n/a	n/a	n/a	2,798
Total winter crops	**1,290**	**21,810**	**49,511**	**95,729**
Spring Barley	1,763	20,180	42,638	41,938
Spring wheat	n/a	n/a	4,339	3,034
Spring rape	2,355	7,035	13,149	6,434
Sunflower	193	2,541	19,378	22,459
Corn maize	n/a	1,215	9,950	6,833
Total spring crops	**4,311**	**30,971**	**89,454**	**80,698**
Total commercial crops	**5,601**	**52,781**	**138,965**	**176,427**
Forage crops	*299*	*670*	*2,968*	*4,063*
Total planted area	**5,900**	**53,451**	**141,933**	**180,490**

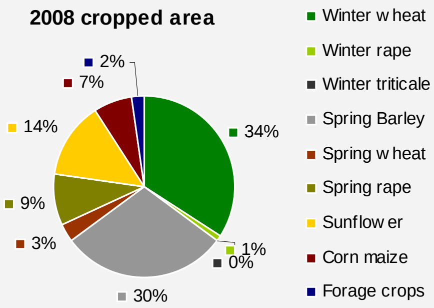
Average Gross Crop Yield

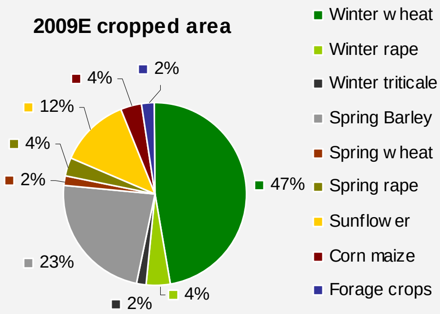
(ton/ha)	2006	2007	2008	2009E
Winter wheat	2.0	3.3	4.26	4.40
Winter rape	n/a	1.3	1.76	2.00
Winter triticale	n/a	n/a	n/a	4.90
Spring barley	2.3	2.0	3.36	3.30
Spring wheat	n/a	n/a	2.95	3.00
Spring rape	0.6	0.9	1.43	1.80
Sunflower	2.1	2.4	1.43	1.80
Corn maize	n/a	5.5	2.62	4.50

Gross harvest

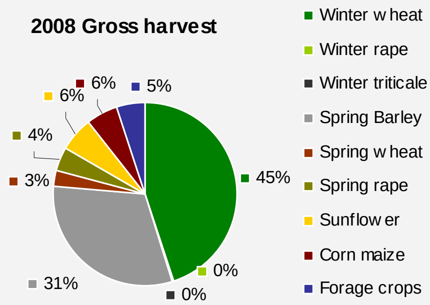
(ton)	2006	2007	2008	2009E
Winter wheat	2,528	49,262	206,961	374,497
Winter rape	0	0	1,536	15,636
Winter triticale	n/a	n/a	n/a	13,710
Total winter crops	**2,528**	**49,262**	**208,497**	**403,843**
Spring barley	4,000	42,477	143,259	138,395
Spring wheat	0	0	12,779	9,102
Spring rape	1,366	12,859	18,761	11,581
Sunflower	0	3,815	27,742	40,426
Corn	400	1,311	26,088	30,749
Total spring crops	**5,766**	**60,462**	**228,630**	**230,253**
Total commercial crops	**8,294**	**109,724**	**437,127**	**634,097**
Forage crops	*687*	*2,659*	*22,928*	*71,175*
Total output	**8,981**	**112,383**	**460,056**	**705,271**

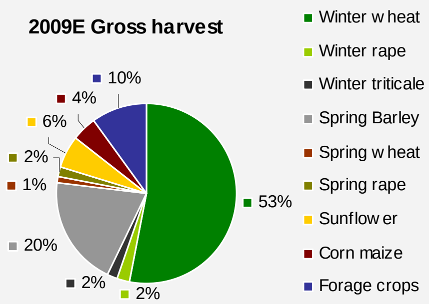
Breakdown of planted area





Breakdown of gross harvest





The Share

Outstanding shares

As of 31 December 2008 the amount of outstanding shares was 124,521,667

Compiled SDR information	
Official listing:	First North Market place in Stockholm (SSEFN), part of OMX NASDAQ group
Form of listing:	Swedish Depository Receipt ("SDR")
Round lot:	1
Sector:	Agricultural Products
Exchange ISIN code:	SE0001882291
Shortname:	BEF SDB
Reuters:	BEFsdb.ST
Bloomberg:	BEFSDB SS

Shareholders

The total number of shareholders, as of 31 December 2008, amounted to about 9,800.

Trade data for the period 28 Dec 2007 - 31 Dec 2008

Average Turnover (SEK)	Average No of Traded Shares	Average No of daily trades
25,476,807	583,481	389

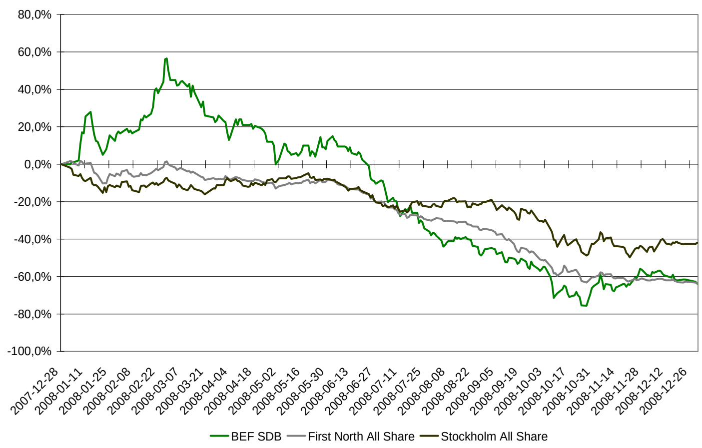
Source: NASDAQ OMX

Top 5 shareholders per 31 December 2008

Owner	% of votes & capital
VOSTOK NAFTA INVESTMENT LTD	**24,8%**
INVESTMENT AB KINNEVIK	**20,9%**
ALECTA PENSIONSFÖRSÄKRING	**8,0%**
UBS AG LND IPB SEGREGATED CLIENT A	**4,1%**
NORDEA BANK FINLAND ABP	**2,3%**

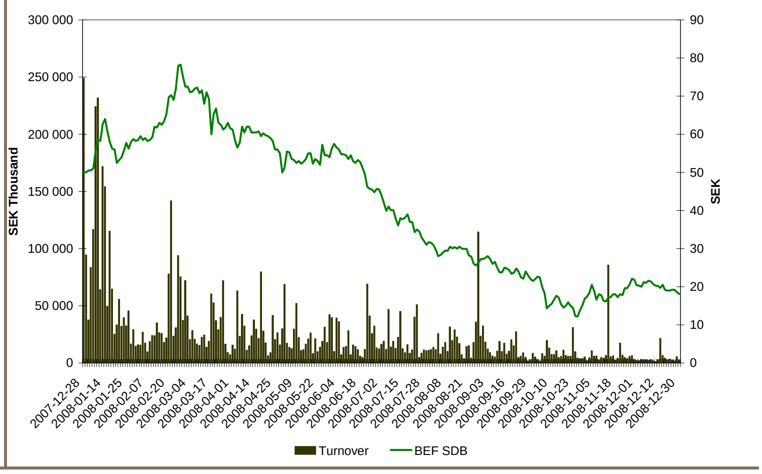
Source: VPC share registry & shareholders' reference

Share Performance - twelve months 2008 vs indexes



Source: NASDAQ OMX

Share Price and Turnover – twelve months 2008



Source: NASDAQ OMX

BEF SDB	IPO 28-Dec-07	31-Jan-08	29-Feb-08	31-Mar-08	30-Apr-08	30-May-08	30-Jun-08	30-Jul-08	31-Aug-08	30-Sep-08	31-Oct-08	30-Nov-08	31-Dec-08
Closing Price (SEK/SDR)	50.00	58.25	72.50	61.50	50.00	56.25	45.70	30.9	27.3	22.10	17.4	21.8	18.1
Development since IPO (%)	-	16.5%	45.0%	23.0%	0.0%	12.5%	-8.6%	-29.3%	-34.5%	-55.8%	-65.2%	-56.4%	-63.8%

CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2008

In thousand of	Notes	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
Revenue		704,273	382,574	23,971	13,021
Gain on revaluation of biological assets and agricultural produce	6	13,475	139,188	459	4,737
Total revenue and gains	6	717,748	521,762	24,430	17,758
Cost of sales	7	(370,863)	(278,505)	(12,623)	(9,479)
Gross profit		346,885	243,257	11,807	8,279
Distribution expenses	8	(242,126)	(42,438)	(8,241)	(1,444)
General and administrative expenses	9	(767,125)	(348,539)	(26,110)	(11,863)
Taxes other than on income		(18,513)	(7,691)	(630)	(262)
State grants and subsidies		77,951	1,641	2,653	56
Loss on land write-off and impairment of land	14	(84,507)	-	(2,876)	-
Other income and expenses	10	(120,982)	(12,688)	(4,118)	(432)
Operating income		(808,417)	(166,458)	(27,515)	(5,666)
Financial income	11	308,610	63,490	10,504	2,161
Financial expenses	11	(255,417)	(274,600)	(8,693)	(9,346)
Profit / (loss) before income tax		(755,224)	(377,568)	(25,704)	(12,851)
Income tax expense	12	21,601	(9,985)	735	(340)
Profit / (loss) for the period		**(733,623)**	**(387,553)**	**(24,969)**	**(13,191)**

Amounts are indicated in:	RUR	RUR	USD*	USD*
Basic loss per share	(5.91)	(4.86)	(0.20)	(0.17)
Diluted loss per share	(5.91)	(4.86)	(0.20)	(0.17)

The consolidated statement of income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 21 to 46.

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

In thousands of	Notes	RUR 31-Dec-08	RUR 31-Dec-07	USD* 31-Dec-08	USD* 31-Dec-07
ASSETS					
Non-current assets					
Property, plant and equipment	14	4,587,269	2,600,916	156,134	88,526
Intangible assets	15	70,382	6,886	2,396	234
Loans issued	16	152,478	10,684	5,190	364
Other non-current assets	17	292,218	261,496	9,946	8,900
Deferred tax assets	13	70,888	4,441	2,413	151
Total non-current assets		**5,173,235**	**2,884,423**	**176,079**	**98,175**
Current assets					
Inventories	18	2,185,031	838,684	74,369	28,546
Trade and other receivables	19	580,321	467,279	19,752	15,904
Other investments	20	-	463,523	-	15,777
Cash and cash equivalents	21	4,604,591	7,373,985	156,723	250,983
Other current assets		-	5,498	-	187
Total current assets		**7,369,943**	**9,148,969**	**250,844**	**311,397**
Total assets		**12,543,178**	**12,033,392**	**426,923**	**409,572**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,898	31,680	1,120	1,078
Share premium		11,269,910	10,366,308	383,586	352,831
Reserves		94,107	6,674	3,203	227
Retained earnings		(1,342,358)	(608,735)	(45,689)	(20,719)
Total equity	22	**10,054,557**	**9,795,927**	**342,220**	**333,417**
LIABILITIES					
Non-current liabilities					
Non-current loans and borrowings	23	1,935,503	1,899,525	65,878	64,653
Other non-current liabilities		-	856	-	29
Deferred tax liabilities	13	48,133	4,441	1,638	151
Total non-current liabilities		**1,983,636**	**1,904,822**	**67,516**	**64,833**
Current liabilities					
Current loans and borrowings	23	344,206	-	11,715	-
Trade and other payables	24	160,779	332,643	5,472	11,322
Total current liabilities		**504,985**	**332,643**	**17,187**	**11,322**
Total liabilities		**2,488,621**	**2,237,465**	**84,703**	**76,155**
Total equity and liabilities		**12,543,178**	**12,033,392**	**426,923**	**409,572**

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 21 to 46.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

In thousands of	Notes	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
OPERATING ACTIVITIES					
Profit / (loss) for the year		(733,623)	(387,553)	(24,970)	(13,191)
Adjustments for:					
Depreciation and amortisation	14	182,747	156,610	6,220	5,330
Foreign exchange (gain) / loss		10,686	79,007	364	2,689
Interest income		(281,373)	(63,490)	(9,577)	(2,161)
Interest expense		244,731	195,593	8,330	6,657
(Gain) / loss on disposal of property, plant and equipment and intangible assets		(22,380)	635	(762)	22
Income tax expense		(12,011)	9,985	(409)	340
Warrants expense		87,433	6,674	2,976	227
Loss on land write-off	14	57,580	-	1,960	-
Provision for losses of land	14	26,927	-	916	-
Change in value of biological assets		(13,475)	(139,188)	(459)	(4,737)
Operating loss before changes in working capital		(452,758)	(141,727)	(15,411)	(4,824)
Increase in inventories		(1,154,566)	(554,899)	(39,297)	(18,887)
Increase in trade and other receivables		(53,238)	(330,807)	(1,812)	(11,259)
Increase / (decrease) in trade payables and other short-term liabilities		(253,205)	303,024	(8,618)	10,314
Cash flows utilised by operating activities before income tax paid		(1,913,767)	(724,409)	(65,138)	(24,656)
Interest paid		(23,353)	-	(795)	-
Income tax paid		(3,587)	(2,987)	(122)	(102)
Cash flows utilised by operating activities	26	**(1,940,707)**	**(727,396)**	**(66,055)**	**(24,758)**
INVESTING ACTIVITIES					
Interest income		263,529	63,490	8,970	2,161
Acquisition of subsidiaries		(399,760)	-	(13,606)	-
Acquisition of land plots		(404,634)	(665,607)	(13,772)	(22,655)
Acquisition of property, plant and equipment		(1,122,723)	(1,558,513)	(38,213)	(53,046)
Acquisition of intangible assets		(4,961)	(3,132)	(169)	(107)
Acquisition of securities		-	(439,145)	-	(14,947)
Proceeds from disposal of securities		355,521	-	12,101	-
Loans issued		(141,794)	-	(4,826)	-
Change in other non-current assets		(30,722)	-	(1,047)	-
Cash flows utilised by investing activities	27	**(1,485,544)**	**(2,602,907)**	**(50,562)**	**(88,594)**
FINANCING ACTIVITIES					
Proceeds from the issue of shares		904,816	7,166,245	30,797	243,912
Proceeds from the issue of bonds / (Repurchase of bonds)		(113,375)	1,703,932	(3,859)	57,996
Loan repayment (AgroLipetsk)		(390,203)	-	(13,281)	-
Cash flows from financing activities	28	**401,238**	**8,870,177**	**13,657**	**301,908**
Net decrease in cash and cash equivalents		**(3,025,013)**	**5,539,874**	**(102,960)**	**188,556**
Cash and cash equivalents at beginning of year		7,373,985	1,913,118	250,983	65,115
Effect of exchange rate fluctuations on cash and cash equivalents		255,619	(79,007)	8,700	(2,689)
Cash and cash equivalents at end of the period		**4,604,591**	**7,373,985**	**156,723**	**250,982**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

In thousand of	RUR **Share capital**	RUR **Share premium**	RUR **Equity-settled employee benefits reserve**	RUR **Retained earnings**	RUR **Total**
Balance as at 31 December 2006	20,967	3,210,780	-	(221,182)	3,010,565
Issue of shares	10,713	7,155,528	-	-	7,166,241
Loss for the year	-	-	-	(387,553)	(387,553)
Recognition of share-based payments	-	-	6,674	-	6,674
Balance as at 31 December 2007	**31,680**	**10,366,308**	**6,674**	**(608,735)**	**9,795,927**
Issue of shares	1,218	903,602	-	-	904,820
Loss for the year	-	-	-	(733,623)	(733,623)
Recognition of share-based payments	-	-	87,433	-	87,433
Balance as at 31 December 2008	**32,898**	**11,269,910**	**94,107**	**(1,342,358)**	**10,054,557**

In thousand of	USD* **Share capital**	USD* **Share premium**	USD* **Equity-settled employee benefits reserve**	USD* **Retained earnings**	USD* **Total**
Balance as at 31 December 2006	714	109,283	-	(7,528)	102,469
Issue of shares	364	243,548	-	-	243,912
Loss for the year	-	-	-	(13,191)	(13,191)
Recognition of share-based payments	-	-	227	-	227
Balance as at 31 December 2007	**1,078**	**352,831**	**227**	**(20,719)**	**333,417**
Issue of shares	42	30,755	-	-	30,797
Loss for the year	-	-	-	(24,970)	(24,970)
Recognition of share-based payments	-	-	2,976	-	2,976
Balance as at 31 December 2008	**1,120**	**383,586**	**3,203**	**(45,689)**	**342,220**

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 21 to 46.

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 assets in Russia. The Group’s activities include farming, production of crops and dairy produce and distribution of 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.

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and in accordance with IAS 34 “Interim Financial Reporting”.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, 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.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (“RUR”), which is the Company’s functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in RUR has been rounded to the nearest thousand.

(d) 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 31 December 2008 of RUR 29.3804 to USD 1. All financial information in USD has been rounded to the nearest thousand.

(e) Use of judgments, estimates and assumptions

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with IFRSs. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

** 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 (d).*

3 Significant accounting policies

The following significant accounting policies have been applied in the preparation of these consolidated financial statements. These accounting policies have been consistently applied.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising in translation are recognised in profit or loss.

(c) Financial instruments

Non-derivative financial instruments comprise investments in debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for financial income and expenses is discussed in note 3 (p) below.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses.

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. Investments in equity securities that are not quoted on a stock exchange and where fair value cannot be estimated on a reasonable basis by other means are stated at cost less impairment losses.

** 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 (d).*

(d) Risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(e) Property, plant and equipment

(i) Owned assets

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site in which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property, plant and equipment are recognised net in other income in the income statement.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	10 to 30 years
• Elevators, silos, cowsheds	7 to 10 years
• Plant and agricultural equipment	5 to 10 years
• Trucks and Lorries	5 to 7 years
• Cars	3 to 5 years
• Fixtures and fittings	1 to 5 years

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

** 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 (d).*

(f) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

(g) Other intangible assets

(i) Cost

Other intangible assets, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date the asset is available for use. The estimated useful lives for the current and comparative periods vary from 1 to 5 years.

(h) Inventories

(i) Biological assets

Biological assets related to agricultural activity and agricultural produce are measured at fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss.

Point-of-sale costs include all costs that would be necessary to sell the assets.

(ii) Other inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs included in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

** 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 (d).*

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination acquisition, for the purposes of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Defined contribution pension plans

Obligations to defined contribution pension plans, including Russia's State pension fund, are recognised in profit and loss when they are due.

(k) Share-based payment transactions

The warrants program allows the Group's employees to acquire shares of the Company. The grant date fair value of warrants granted to employees is recognised as an employee expense with a corresponding increase in equity, in the period during which the employees become unconditionally entitled to the warrants. The amount recognised as an expense is adjusted to reflect the amount of the warrants that vest.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

** 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 (d).*

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Revenue from sales

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing involvement with the goods.

(o) Government grants

An unconditional government grant related to a biological asset is recognised in profit and loss when the grant becomes receivable.

Other government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit and loss on a systematic basis in the same period in which the expenses are recognised.

(p) Expenses

(i) Financial income and expenses

Financial income and expenses comprise interest income on funds invested, interest expense on borrowings and foreign exchange gains and losses.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of financial expenses.

(ii) Operating leases

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(q) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise warrants granted to employees.

** 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 (d).*

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group has one business segment – agricultural production – and all of the Group's operations are in the Black Earth region of Russia.

(s) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2008, and have not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will have an impact on Group's operations:

Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.

The Group plans to adopt this pronouncement when it becomes effective.

4 Changes in the Group structure

On the 14 February 2008 the Group acquired 100 percent of the shares in four companies in the Lipetsk region. The companies have the rights to land plots which could be used for production activities and also storage facilities. Total amount of consideration paid was equal to RUR 463,331 thousand (USD* 15,771 thousand) plus the assumption of liabilities in the amount of RUR 390,203 thousand (USD* 13,281 thousand):

Company name	kRUR	kUSD*
Storozhevoye	193,781	6,596
Usmanskaya zemlya	100,290	3,414
Agrolipetzk	118,571	4,036
Agroterminal	50,689	1,725
	463,331	**15,771**

The Group also created an entity – L'gov Agro-Invest LLC by investing RUR 18,046 thousand (USD* 614 thousand). The Group determined the fair values of the identifiable assets, liabilities and contingent liabilities of the acquired companies at the date of acquisition on a provisional basis. The provisional determination of the fair values of property, plant and equipment and intangible assets, and the allocation of the purchase price to the assets, liabilities and contingent liabilities were performed with the assistance of an independent appraiser.

On August 22, 2008 the Group has entered into agreement to purchase the company "Don". The purchase rights have been registered as of 28.12.2008. The total purchase price was RUR 10 thousand (USD* 340) plus the assumption of liabilities in the amount of RUR 10,486 thousand (USD* 357 thousand). Company "Don" is currently in the process of registering 2.3 thousand hectares of land.

** 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 (d).*

5 Acquisition of subsidiaries

In thousand of RUR	Storozhevoye Agro	Usmanskaya zemlya	Agrolipetzk	Agroterminal	Don	Total
Non-current assets:						
Property, plant and equipment	198,345	108,282	232,731	296,447	8,596	**844,401**
Deferred tax assets	-	-	261	17,015		**17,276**
Current assets:						
Inventories	-	-	41,009	2,124	431	**43,564**
Trade and other receivables	1,984	-	30,449	5,065	211	**37,709**
Cash and cash equivalents	9	131	12,468	48,611	2,362	**63,581**
Liabilities						
Deferred tax liabilities	-	-	-	(6,398)		**(6,398)**
Current loans and borrowings	-	(8,500)	(241,253)	(247,790)	(12,036)	**(509,579)**
Trade and other payables	(768)	(57)	(11,155)	(67,719)	(260)	**(79,959)**
Net assets at date of acquisition	**199,570**	**99,856**	**64,510**	**47,355**	**(696)**	**410,595**
Goodwill	-	434	54,061	3,333	706	**58,534**
Profit	5,789	-	-	-		**5,789**
Consideration paid (in cash)	**193,781**	**100,290**	**118,571**	**50,689**	**10**	**463,341**
Less:						
cash acquired	(9)	(131)	(12,468)	(48,611)	(2,362)	**(63,581)**
Net cash out flow on acquisition of subsidiaries	**193,772**	**100,159**	**106,103**	**2,078**	**(2,352)**	**399,760**

*In thousand of USD**	Storozhevoye Agro	Usmanskaya zemlya	Agrolipetzk	Agroterminal	Don	Total
Non-current assets:						
Property, plant and equipment	6,751	3,686	7,921	10,090	293	**28,741**
Deferred tax assets	-	-	9	579	-	**588**
Current assets:						
Inventories	-	-	1,396	72	15	**1,483**
Trade and other receivables	68	-	1,036	172	7	**1,283**
Cash and cash equivalents	-	4	425	1,656	80	**2,165**
Liabilities						
Deferred tax liabilities	-	-	-	(218)	-	**(218)**
Current loans and borrowings	-	(289)	(8,211)	(8,434)	(410)	**(17,344)**
Trade and other payables	(26)	(2)	(380)	(2,305)	(9)	**(2,722)**
Net assets at date of acquisition	6,793	3,399	2,196	1,612	(24)	**13,976**
Goodwill	-	15	1,840	113	24	**1,992**
Profit	197	-	-	-	-	**197**
Consideration paid (in cash)	6,596	3,414	4,036	1,725	-	**15,771**
Less:						
cash acquired	-	(4)	(425)	(1,656)	(80)	**(2,165)**
Net cash out flow on acquisition of subsidiaries	6,596	3,410	3,611	69	(80)	**13,606**

The acquisition accounting is presented on provisional basis. The Group is in the process of ascertaining the fair value of these assets.

** 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 (d).*

6 Revenue and gains

In thousand of	RUR	RUR	USD*	USD*
	12m. 2008	**12m. 2007**	**12m. 2008**	**12m. 2007**
Revenue from sales of crop production	653,948	358,279	22,258	12,194
Revenue from sales of milk and meat	24,755	23,029	843	784
Revenue from sales of other goods and services	25,570	1,266	870	43
Gain on revaluation of biological assets and agricultural produce	13,475	139,188	459	4,737
	717,748	**521,762**	**24,430**	**17,758**

The total amount of the revaluation of biological assets and agricultural produce in 2008 amounted to RUR 13,475 thousand (USD* 459 thousand). The Company used reports from the Chamber of Commerce and Industry for the market price of agricultural produce less estimated point-of-sale expenses.

In accordance with the IAS 41, the resulting amount of revaluation of biological assets and agricultural produce is based on valuation of the harvested crop. the revaluation amount is calculated on the basis of difference between the planned revenue - based on the prevailing market price times the actual yield - less estimated point-of-sale costs. The sum total of the revaluation amount is subsequently reduced by the actual revenue realized during the prior reporting period.

In thousand of	RUR	USD*
Fair value of harvested crop less point-of-sale costs	1,175,737	40,018
Actual production costs	(1,020,463)	(34,733)
Revaluation of harvested agricultural produce	**155,274**	**5,285**
Revaluation of dairy and meat livestock	**(2,611)**	**(89)**
Less FY2007 revaluation amount	(139,188)	(4,737)
Total sum of revaluation of biological assets in 2008	**13,475**	**459**

7 Cost of sales

In thousand of	RUR	RUR	USD*	USD*
	12m. 2008	**12m. 2007**	**12m. 2008**	**12m. 2007**
Depreciation and amortization charge	137,335	70,339	4,674	2,394
Salary and social taxes	75,756	49,469	2,578	1,684
Materials	72,384	105,398	2,464	3,587
Taxes	1,660	1,161	57	40
Other expenses	83,728	52,138	2,850	1,774
	370,863	**278,505**	**12,623**	**9,479**

Other expenses in cost of sales contain third parties services related to seeding, harvesting, cultivating the land, repairing of farming plant and operating leasing of equipment.

Cost of sales for the 2008 amounted to RUR 370,863 thousand (USD* 12,623 thousand) compared to cost of sales of RUR 362,492 thousand (USD* 12,338 thousand) for the first nine months of 2008. The cost of sales for the nine months of 2008 included in it the amount of RUR 123,309 thousand (USD* 4,197 thousand) which accounted for expenses related to cost of conversion of the fallow land into production mode thereby overstating the actual production expenses by the same amount. For the full year reporting, this amount has been properly recast from the cost of sales figure.

** 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 (d).*

8 Distribution expenses

In thousand of	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
Storage services	104,671	25,936	3,563	883
Transportation & Delivery services	68,587	9,752	2,334	332
Materials	762	420	26	14
Salary and social taxes	688	948	23	32
Other services	67,418	5,382	2,295	183
	242,126	**42,438**	**8,241**	**1,444**

Other expenses in distributional expenses contain elevators' services related to drying, cleaning and other proper conditioning for harvested crops.

9 General and administrative expenses

In thousand of	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
Personnel expenses	421,655	153,791	14,352	5,235
Consulting and audit	102,865	37,210	3,501	1,266
Office and administration expenses	110,035	114,930	3,745	3,912
Rent expenses	67,174	18,146	2,286	618
Other services	32,906	8,995	1,120	306
Depreciation and amortization	32,490	15,467	1,106	526
	767,125	**348,539**	**26,110**	**11,863**

10 Other income and expenses

In thousand of	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
Compensation received	3,063	-	104	-
Bad debt provision	277	-	9	-
Depreciation in operating expenses	(12,922)	(1,742)	(440)	(59)
Result on disposal of PPE	(16,591)	(657)	(565)	(22)
Charity	(19,713)	-	(671)	-
Gains and losses related to disposal of other assets	(20,562)	1,145	(700)	39
Loss on crops	(22,088)	-	(752)	-
Other income and expenses	(32,446)	(11,434)	(1,103)	(390)
	(120,982)	**(12,688)**	**(4,118)**	**(432)**

11 Financial income and expenses

In thousand of	RUR 12m. 2008	RUR 12m. 2007	USD* 12m. 2008	USD* 12m. 2007
Financial Income				
Interest income on hold-to-maturity investments	5,623	2,685	191	91
Interest income on deposits	275,750	60,805	9,386	2,070
Income from repurchase of bonds	27,237	-	927	-
	308,610	63,490	10,504	2,161
Financial Expenses				
Interest expense	(10,005)	-	(341)	-
Bond interest and discount amortisation	(234,726)	(195,593)	(7,988)	(6,657)
Loss on foreign exchange differences	(10,686)	(79,007)	(364)	(2,689)
	(255,417)	(274,600)	(8,693)	(9,346)
Net financial items	**53,193**	**(211,110)**	**1,811**	**(7,185)**

** 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 (d).*

12 Income tax

Black Earth Farming Limited (the Head Company in Jersey) and Planalto Enterprises Limited (a subsidiary in Cyprus) are subjected to the following tax rates: in Jersey is 0% and in Cyprus 10%, respectively.Companies domiciled in Russia that do not have the status of an agricultural producer are subject to a 24% (2007: 24%) corporate income tax. Companies domiciled in Russia that do have the status of an agricultural producer are exempt from corporate income tax on profits realised from the sale of agricultural produce. The majority of local operating companies have been granted the status of agricultural producers thereby enabling them to receive the favorable income tax treatment of 0% income tax rate.

In thousand of	RUR **12m. 2008**	RUR **12m. 2007**	USD* **12m. 2008**	USD* **12m. 2007**
Current tax expense	1,154	5,570	39	190
Deferred tax expense	(22,755)	4,415	(774)	150
Income tax	**(21,601)**	**9,985**	**(735)**	**340**

The income tax reconciliation is presented below:

In thousand of	RUR **12m. 2008**	RUR **12m. 2007**	USD* **12m. 2008**	USD* **12m. 2007**
Loss before income tax	(755,224)	(377,568)	(25,705)	(12,851)
Income tax at applicable tax rate	(181,254)	(90,616)	(6,169)	(3,084)
Losses taxed at lower tax rates	(166,190)	81,278	(5,656)	2,766
Effect of non-deductible expenses and other non-	70,985	-	2,415	-
Change in unrecognised deferred tax assets	254,858	19,323	8,674	658
	(21,601)	**9,985**	**(736)**	**340**

13 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
In thousand of RUR	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Property, plant and equipment	29,194	14,986	(25,192)	(3,321)	4,002	11,665
Intangible assets	-	-	-	(1,120)	-	(1,120)
Investments	-	828	-	-	-	828
Inventory	33,422	-	(21,144)	-	12,278	-
Trade and other receivables	1,676	2,123	(293)	-	1,383	2,123
Trade and other payables	6,596	3,030	(1,504)	-	5,092	3,030
Allowance	-	(16,526)	-	-	-	(16,526)
Net tax assets/(liabilities)	**70,888**	**4,441**	**(48,133)**	**(4,441)**	**22,755**	**-**

	Assets		**Liabilities**		**Net**	
*In thousands of USD**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Property, plant and equipment	993	510	(857)	(113)	136	397
Intangible assets	-	-	-	(38)	-	(38)
Investments	-	28	-	-	-	28
Inventory	1,138	-	(720)	-	419	-
Trade and other receivables	57	72	(10)	-	47	72
Trade and other payables	225	103	(51)	-	173	103
Allowance	-	(562)	-	-	-	(562)
Net tax assets/(liabilities)	**2,413**	**151**	**(1,638)**	**(151)**	**775**	**-**

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In thousands of	RUR **12m. 2008**	RUR **12m. 2007**	USD* **12m. 2008**	USD* **12m. 2007**
Deductible temporary differences	394	16,526	13	562
Tax losses carried forward	294,791	23,801	10,034	810
	295,185	**40,327**	**10,047**	**1,372**

Deferred tax assets have not been recognised in respect of these items due to management's assessment of low probability in terms of utilization of these benefits.

** 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 (d).*

14 Property, plant and equipment

In thousand of	RUR Land	RUR Buildings	RUR Machinery, equipment	RUR Vehicles	RUR Fixtures and fittings	RUR Construction in progress	RUR Total
Cost							
As at 1 January 2007	434,467	34,701	261,607	39,503	7,947	13,512	791,737
Acquisitions through business combinations	-	9,519	242	192	4	5,516	15,473
Additions	645,200	141,833	1,093,012	27,767	22,895	36,659	1,967,366
Disposals		(514)	(1,181)	-	(154)	(24)	(1,873)
Reclassification of fixed assets	-	3,749	20,362	(20,821)	424	(3,714)	-
As at 31 December 2007	**1,079,667**	**189,288**	**1,374,042**	**46,641**	**31,116**	**51,949**	**2,772,703**
Acquisitions through business combinations	317,453	330,871	146,343	20,489	20,649		835,805
Additions	413,022	187,466	682,961	189,028	45,765	72,987	1,591,229
Disposals	-	(1,339)	(8,826)	(3,867)	(44,354)	-	(58,386)
Loss on land write-off and impairment of land	(84,507)	-	-	-	-	-	(84,507)
Reclassification of fixed assets	208	14,618	21,930	1,296	132	(38,184)	-
As at 31 December 2008	**1,725,843**	**720,904**	**2,216,450**	**253,587**	**53,308**	**86,752**	**5,056,844**
Accumulated depreciation							
As at 1 January 2007	-	(23)	(12,337)	(3,585)	(406)	-	(16,351)
Depreciation charge	-	(35,370)	(103,137)	(11,073)	(6,201)	-	(155,781)
Adjustment to depreciation of disposed fixed assets	-	121	196	-	28	-	345
Reclassification of fixed assets	-	-	(1,893)	1,893	-	-	-
As at 31 December 2007	**-**	**(35,272)**	**(117,171)**	**(12,765)**	**(6,579)**	**-**	**(171,787)**
Depreciation charge	-	(31,228)	(226,437)	(53,051)	(32,544)	-	(343,260)
Adjustment to depreciation of disposed fixed assets	-	12,406	4,490	2,761	25,815	-	45,472
As at 31 December 2008	**-**	**(54,094)**	**(339,118)**	**(63,055)**	**(13,308)**	**-**	**(469,575)**
Net book value							
As at 1 January 2007	434,467	34,678	249,270	35,918	7,541	13,512	775,386
As at 31 December 2007	1,079,667	154,016	1,256,871	33,876	24,537	51,949	2,600,916
As at 31 December 2008	**1,725,843**	**666,810**	**1,877,332**	**190,532**	**40,000**	**86,752**	**4,587,269**

** 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 (d).*

In thousand of	USD* Land	USD* Buildings	USD* Machinery, equipment	USD* Vehicles	USD* Fixtures and fittings	USD* Construction in progress	USD* Total
Cost							
As at 1 January 2007	14,788	1,181	8,904	1,345	270	460	26,948
Acquisitions through business combinations	-	324	8	7	-	188	527
Additions	21,960	4,827	37,202	945	779	1,248	66,961
Disposals	-	(17)	(40)	-	(5)	(1)	(63)
Reclassification of fixed assets	-	128	693	(709)	14	(126)	-
As at 31 December 2007	**36,748**	**6,443**	**46,767**	**1,588**	**1,058**	**1,769**	**94,373**
Acquisitions through business combinations	10,805	11,262	4,981	697	703	-	28,448
Additions	14,058	6,381	23,245	6,434	1,558	2,484	54,160
Disposals	-	(46)	(300)	(132)	(1,510)	-	(1,988)
Loss on land write-off and impairment of land	(2,876)	-	-	-	-	-	(2,876)
Reclassification of fixed assets	7	498	746	44	4	(1,299)	-
As at 31 December 2008	**58,742**	**24,538**	**75,439**	**8,631**	**1,813**	**2,954**	**172,117**
Accumulated depreciation							
As at 1 January 2007	-	(1)	(420)	(122)	(14)	-	(557)
Depreciation charge	-	(1,204)	(3,510)	(377)	(211)	-	(5,302)
Adjustment to depreciation of disposed fixed assets	-	4	7	-	1	-	12
Reclassification of fixed assets	-	-	(64)	64	-	-	-
As at 31 December 2007	**-**	**(1,201)**	**(3,987)**	**(435)**	**(224)**	**-**	**(5,847)**
Depreciation charge	-	(1,063)	(7,707)	(1,806)	(1,108)	-	(11,684)
Adjustment to depreciation of disposed fixed assets	-	422	153	94	879	-	1,548
As at 31 December 2008	**-**	**(1,842)**	**(11,541)**	**(2,147)**	**(453)**	**-**	**(15,983)**
Net book value							
As at 1 January 2007	14,788	1,180	8,484	1,223	256	460	26,391
As at 31 December 2007	36,748	5,242	42,780	1,153	834	1,769	88,526
As at 31 December 2008	**58,742**	**22,696**	**63,898**	**6,484**	**1,360**	**2,954**	**156,134**

** 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 (d).*

Land

As at 31 December 2008, the Group has exercised effective control on 317 thousand hectares of land. Approximately 214 thousand hectares were in the process of registration with the relevant authorities. Until the Group completes the registration process it will not be able to fully exercise its rights of ownership.

On 31 December 2008 the Group leased 8 thousand hectares under long-term cancellable lease contracts. The Group had 95 thousand hectares in fully registered ownership.

Thousand hectares of land	**31-Dec-08**	**31-Dec-07**
Land in the process of ownership registration with the relevant authorities, hectares	214	247
Land in registered ownership, hectares	95	29
Land under long-term lease agreements, hectares	8	13
	317	**289**

As at 31 December 2008, the Group has made the decision to terminate the process of land ownership registration within two of its subsidiaries: OOO Vorobyevka Agro-Invest and OOO Bezenchuk Agro-Invest. The decision to terminate the land registration process at OOO Vorobyevka Agro-Invest has been made due to originally faulty legal procedure related to the land purchase rights (pai) from the original owners. The decision to terminate the land registration process at OOO Bezenchuk Agro-Invest has been made due to bad quality of land which has been determined as unsuitable for agricultural purpose. In sum total the write off constitutes 16 thousand hectares for the cost of RUR 57,580 thousand (USD* 1,960 thousand).

A further RUR 26,927 thousand (USD* 916 thousand) impairment was made to land currently in the process of ownership registration, due to probable write-offs.

Vehicles

Lorries were included in Machinery and equipment category at 31 December 2007. These assets have been properly reclassified into Vehicle category as 2008 year end.

In thousand of	RUR	USD
Cost as at 31 December 2007	93,587	3,185
Accumulated depreciation at 31 December 2007	(13,908)	(473)
Net book value at 31 December 2007	79,679	2,712

Depreciation

The depreciation accrued for the period consists of two parts – one part is allocated to current expenses and another is allocated to WIP (work in progress) and finished goods balance.

In thousand of	RUR	USD
Total depreciation charge	343,260	11,684
Depreciation and amortization charge in cost of sales	137,335	4,674
Depreciation and amortization charge in administrative expenses	32,490	1,106
Depreciation and amortization charge in other expenses	12,922	440
Depreciation in WIP and finished goods balance	160,513	5,464

** 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 (d).*

15 Intangible assets

In thousand of RUR	**Land use right**	**Goodwill**	**Other**	**Total**
Cost				
As at 1 January 2007	9,392	-	125	9,517
Additions	-	-	3,132	3,132
Disposals	(4,848)	-	(84)	(4,932)
As at 31 December 2007	**4,544**	**-**	**3,173**	**7,717**
Additions	-	58,534	14,506	73,040
Disposals	(4,544)	-	(884)	(5,428)
As at 31 December 2008	**-**	**58,534**	**16,795**	**75,329**
Accumulated amortisation				
As at 1 January 2007	-	-	(15)	(15)
Amortisation charge	-	-	(829)	(829)
Disposals	-	-	13	13
As at 31 December 2007	**-**	**-**	**(831)**	**(831)**
Amortisation charge	-	-	(5,000)	(5,000)
Disposals	-	-	884	884
As at 31 December 2008	**-**	**-**	**(4,947)**	**(4,947)**
Net book value				
As at 1 January 2007	9,392	-	110	9,502
As at 31 December 2007	4,544	-	2,342	6,886
As at 31 December 2008	**-**	**58,534**	**11,848**	**70,382**

*In thousand of USD**	**Land use right**	**Goodwill**	**Other**	**Total**
Cost				
As at 1 January 2007	320	-	4	324
Additions	-	-	107	107
Disposals	(165)	-	(3)	(168)
As at 31 December 2007	**155**	**-**	**108**	**263**
Additions	-	1,992	495	2,487
Disposals	(155)	-	(30)	(185)
As at 31 December 2008	**-**	**1,992**	**573**	**2,565**
Accumulated amortisation				
As at 1 January 2007	-	-	(1)	(1)
Amortisation charge	-	-	(28)	(28)
Disposals	-	-	-	-
As at 31 December 2007	**-**	**-**	**(29)**	**(29)**
Amortisation charge	-	-	(170)	(170)
Disposals	-	-	30	30
As at 31 December 2008	**-**	**-**	**(169)**	**(169)**
Net book value				
As at 1 January 2007	320	-	3	323
As at 31 December 2007	155	-	79	234
As at 31 December 2008	**-**	**1,992**	**404**	**2,396**

Goodwill has been established as a result of the AgroLipetsk acquisition upon final determination of fair value of the acquired assets in February of 2008 (note 5).

** 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 (d).*

16 Loans issued

In thousand of	RUR	RUR	USD*	USD*
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
Loan to OOO "Vostok-Invest"	135,075	-	4,598	-
Employee loans	4,468	1,478	152	50
Other loans	12,935	9,206	440	314
	152,478	**10,684**	**5,190**	**364**

All loans which have been outstanding as of reporting date, have been issued on short-term (e.g. less than one year) and unsecured basis. The loan to OOO “Vostok-Invest” has been issued in connection with purchasing and delivery of fertilizers for Group’s local subsidiaries; with six (6) months duration and interest rate of 5%.

Other loans are extended with connection with purchase of land plots.

Loans to employees were issued in 2007-2008. The average interest rate is approximately 14%. The management made a decision to discontinue such practice.

17 Other non-current assets

In thousand of	RUR	RUR	USD*	USD*
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
Prepayments for property, plant and	261,936	239,281	8,915	8,143
Dairy livestock	28,225	20,818	961	709
Other non-current assets	2,057	1,397	70	48
	292,218	**261,496**	**9,946**	**8,900**

18 Inventories

In thousand of	RUR	RUR	USD*	USD*
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
Finished goods	1,175,896	240,895	40,022	8,199
Biological assets	688,558	328,971	23,436	11,198
Raw materials and consumables	320,577	265,376	10,911	9,032
Other inventories	-	3,442	-	117
	2,185,031	**838,684**	**74,369**	**28,546**

Biological assets are the planned crop of 2009. The 2009 crop has recently been seeded and therefore, is currently undergoing its planned biological transformation which takes its due course until spring/summer of 2009; therefore, this – planned harvest – is currently valued on the basis of actual incurred costs.

19 Trade and other receivables

In thousand of	RUR	RUR	USD*	USD*
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
VAT receivables	321,504	240,110	10,943	8,172
Advances paid for goods and services	72,732	118,800	2,476	4,044
Trade receivables	147,855	25,070	5,032	853
Other prepayments and receivables	38,230	83,299	1,301	2,835
	580,321	**467,279**	**19,752**	**15,904**

20 Other Investments

At the beginning of 2008 financial year the Group had current financial assets primarily consists of promissory notes of SberBank in the Russian Federation of RUR 350,023 thousand (USD* 14,922 thousand). The other items are short-term loans amounting RUR 113,500 thousand (USD* 4,838 thousand). The current financial assets were realized during the first quarter of 2008:

In thousand of	RUR	RUR	USD*	USD*
	31-Dec-08	**31-Dec-07**	**31-Dec-08**	**31-Dec-07**
Securities of SberBank	-	350,023	-	11,914
Loan to Usmanskay Zemlya and other entities	-	113,500	-	3,863
	-	**463,523**	**-**	**15,777**

** 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 (d).*

21 Cash and cash equivalents

In thousand of	RUR 31-Dec-08	RUR 31-Dec-07	USD* 31-Dec-08	USD* 31-Dec-07
Call deposits, overnight EURO denominated at 4-4.35% per annum	2,221,695	215,644	75,618	7,340
Call deposits, overnight USD denominated at approximately 3% per annum	1,827,304	110,409	62,195	3,758
Call deposits, overnight RUR denominated at 4-8% per annum	348,000	337,200	11,845	11,477
Call deposits, overnight SEK denominated at approximately 4-5% per annum	95,185	169,265	3,240	5,761
Bank balances, RUR denominated accounts	52,928	49,424	1,801	1,682
Bank balances, SEK denominated accounts	27,593	-	939	-
Bank balances, EURO denominated accounts	23,322	107,738	794	3,667
Bank balances, USD denominated accounts	8,365	6,383,706	285	217,278
Bank balances, POUND denominated accounts	40	-	1	-
Petty cash	159	599	5	20
	4,604,591	**7,373,985**	**156,723**	**250,983**

22 Equity

(a) Share capital and share premium

The Group has only one class of share. Each share is entitled to one vote at the general meeting and carries an equal right to the Group's assets and profits. The shares are denominated in USD and have a nominal value of USD 0.01 per share. According to the Articles of Association, the Group's authorized share capital is USD 2,000 thousand divided into 200,000,000 shares.

The Group had 119,566,667 shares outstanding as at 31 December 2007. During the period from 1 January 2008 to 31 December 2008 there were four share issues:

on 21 January 2008 the Group made a private placement (warrants vested) of 75,000 ordinary shares;

on 28 January 2008 an Initial Public Offering of 4,800,000 additional shares were issued;

on 1 April 2008 the Group made a private placement (warrants vested) of 50,000 ordinary shares;

on 2 May 2008 the Group made a private placement (warrants vested) of 30,000 ordinary shares.

There were no unpaid shares and a result the total amount of share capital increased by RUR 1,218 thousand (USD* 41 thousand) and amounted to RUR 32,898 thousand (USD* 1,120 thousand) as at 31 December 2008.

There have been commissions and expenses accrued of RUR 10,240 thousand (USD* 348 thousand) thousand which have been accounted for as a reduction of share premium.

There have been expenses paid regarding the exercise of the share options of RUR 26,485 thousand (USD* 901 thousand) which have been accounted for as an addition to the share premium.

Number of ordinary shares	
Shares issued at incorporation	4,666,667
Shares issued in August 2005	7,000,000
Outstanding as at 31 December 2005	11,666,667
Issued in March 2006	30,000,000
Issued in November 2006	35,000,000
Outstanding as at 31 December 2006	76,666,667
Issued in September 2007	9,300,000
Initial Public Offering in December 2007	33,600,000
Outstanding as at 31 December 2007	119,566,667
Issued in January 2008	75,000
Initial Public Offering in January 2008	4,800,000
Issued in March 2008	50,000
Issued in May 2008	30,000
Outstanding as at 31 December 2008	**124,521,667**

** 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 (d).*

(b) Share premium

Share premium increased by RUR 903,602 thousand (USD* 30,755 thousand) during the financial period. The total share premium amounted to RUR 11,269,910 thousand (USD* 383,586 thousand) as at 31 December 2008.

In thousand of	RUR	USD*
Consideration received	888,575	30,243
Increase in share capital	(1,218)	(41)
	887,357	30,202
Warrants vesting during the period	26,485	901
Professional fees related to share issue	(10,240)	(348)
	903,602	**30,755**

(c) Dividends

In accordance with Jersey legislation, the Company's (i.e. Black Earth Farming Ltd) distributable reserves are limited to the balance of the Company's retained earnings. As at 31 December 2008 the Company had a retained deficit of RUR 1,915,925 thousand (USD* 65,211). The Company is not also permitted to pay dividends until the bonds have been redeemed.

(d) Warrants

The Group has granted its key management warrants that can be converted into ordinary shares. The terms and conditions of the warrants are presented below:

		Number of warrants in thousands					
Grant date	**Employee entitled**	**Outstanding as at 1 January 2008**	**Exercised during the period**	**Granted during the period**	**Forfeited during the period**	**Outstanding as at 31-Dec-2008**	**Contractual life of warrants in years**
11 August 2005	Michel Orlov	1,000	-	-	(250)	750	-
11 August 2005	Anna Shtrevensky	150	(75)	-	(75)	-	-
1 December 2006	Simon Cherniavsky	250	(50)	-	(150)	50	-
1 July 2007 / 20	Robert Coleman	150	-	100	-	250	8
18 October 2007	Sture Gustavsson	350	-	-	-	350	8
18 October 2007	Viktor Leskonog	250	-	-	(250)	-	-
18 October 2007	Mark Lewis	150	(30)	-	(120)	-	-
18 October 2007	Alexander Polischuk	150	-	-	(150)	-	-
25 October 2007	Marc Antoine Parra	150	-	-	(150)	-	-
25 October 2007	Rimma Khaliullina	150	-	-	-	150	8
21 December 2007	Alex Gersh	100	-	-	-	100	8
21 December 2007	Vladimir Averchev	100	-	-	-	100	8
20 May 2008	Michael Shneyderman	-	-	350	-	350	7
20 May 2008	Zorigto Sakhanov	-	-	250	-	250	7
20 May 2008	Alexander Kim	-	-	200	-	200	7
20 May 2008	Gustav Wetterling	-	-	100	-	100	7
20 May 2008	Dmintry Kozelkov	-	-	100	-	100	7
1 September 2008	Igor Smolkin	-	-	600	-	600	7
17 September 2008	Vyacheslav Bakaev	-	-	350	-	350	7
17 September 2008	Ilya Shestakov	-	-	350	-	350	7
12 December 2008	Michael Shneyderman	-	-	200	-	200	7
12 December 2008	Alexander Kim	-	-	100	-	100	7

The warrants are granted to key management employees in accordance with a personal schedule of proportional yearly tranches. Each tranche of warrants can be vested a year after the date of granting of the warrants. During the 2008 year 155,000 warrants were vested. On 20 May 2008 the Group granted to key management 1,100,000 warrants. The Group also granted to key management 1,300,000 warrants in September 2008 and 300 warrants in December 2008. During 2008 year seven employees have left the company and 1,145,000 warrants were forfeited.

** 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 (d).*

The number and weighted average exercise prices of the warrants are as follows:

In thousand of warrants	Weighted average exercise price 12m. 2008	Number of warrants, in thousands 12m. 2008	Weighted average exercise price 12m. 2007	Number of warrants, in thousands 12m. 2007
Outstanding as at 1 January 2008	USD 2.32	2,950	USD 0.28	1,400
Forfeited during the period	USD 2.63	(1,145)	USD 0.00	-
Exercised during the period	USD 1.44	(155)	USD 0.00	-
Granted during the period	USD 1.27	2,700	USD 4.17	1,550
Outstanding as at 31 December 2008	USD 1.61	4,350	USD 2.32	2,950
Exercisable as at 31 December 2008	USD 1.10	997	USD 0.25	625

The fair value of services received in return for warrants granted is based on the fair value of warrants granted, measured using the Black-Scholes model. Exercise prices of warrants are stipulated by the warrant certificates. All exercise prices are denominated in US dollars and range from USD 2.50 to USD 12.00.

Fair value of warrants and assumptions	**Issued in December 2008**	**Issued in May-September 2008**	**Issued in 2007**
Fair value at grant date	USD 0.55	USD 1.71	USD 3.12
Share price	USD 2.49	USD 7.17	USD 6.10
Exercise price	USD 7.00	USD 8.88	USD 4.28
Expected volatility (weighted average volatility)	72%	35%	35%
Option life (expected weighted average life)	2.94	3.67	4.33
Expected dividends	0%	0%	0%
Risk-free interest rate (based on government bonds)	1%	2%	4%

The Company has never declared nor paid any dividends on its shares and does not anticipate paying dividends in the foreseeable future. Consequently, the expected dividend assumption is set at zero.

(e) Loss per share

The loss for the year ended 31 December 2008 was RUR 733,623 thousand (USD* 24,969 thousand) and in 2007 the loss was equal to RUR 387,553 thousand (USD* 13,191 thousand). The weighted average number of shares outstanding during the 2008 financial year was 124,090,417 ordinary shares in comparison with 76,666,667 ordinary shares in 2007. The basic loss per share in 2008 is RUR 5.91 as compared to loss per share in 2007 – RUR 4.86. The calculation is presented below:

The amounts are indicated in	RUR **12 m. 2008**	RUR **12 m. 2007**	USD* **12 m. 2008**	USD* **12 m. 2007**
Profit / (loss) for the year	(733,623,000)	(387,553,000)	(24,969,810)	(13,190,869)
Weighted average number of shares outstanding	124,090,417	79,766,667	124,090,417	79,766,667
Basic loss per share (RUR/share, USD*/share)	(5.91)	(4.86)	(0.20)	(0.17)

The effect of the Company's potentially dilutive securities is anti-dilutive. Accordingly, the diluted loss per share is the same as the basic loss per share for the years ended 31 December 2008 and 2007.

23 Borrowings

The total amount of loans and borrowings was RUR 2,279,709 thousand (USD* 77,593 thousand) as at 31 December 2008. This amount represents bonds payable and interests accrued (13% - stated interest rate) and other borrowings. The bonds are due to be redeemed in 2011.

** 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 (d).*

Borrowings

In thousand of	RUR 31-Dec-08	RUR 31-Dec-07	USD* 31-Dec-08	USD* 31-Dec-07
Unsecured – at amortised cost	2,279,709	1,899,525	77,593	64,653
Eurobonds	**2,269,223**	**1,899,525**	**77,236**	**64,653**
- Current	339,596	-	11,558	-
- Non-current	1,929,627	1,899,525	65,678	64,653
Other borrowings	**10,486**	**-**	**357**	**-**
- Current	4,610	-	157	-
- Non-current	5,876	-	200	-

During December 2008, the Group has repurchased a total of 4,050 of its bonds at weighted average discount of 80% of its nominal value. The Group has spent a total of RUR 126,823 thousand (USD* 4,316) which represented a total nominal value of RUR 113,375 thousand (USD* 3,859) and accrued interest of RUR 13,448 thousand (USD* 458 thousand). As a result of these transactions, the Group has realized a net gain of RUR 27,237 thousand (USD* 927 thousand).

The issued bonds are subject to certain covenants as stipulated in the bond agreement. The main covenants are:

- the ratio of Total debt to Total shareholders' equity should not exceed 75%

- the Group should not incur or have outstanding at any time, on a consolidated basis, any debt or indebtedness of any nature that ranks senior or pari passu in right of payment to the Bonds in excess of an amount equal to USD 30,000,000, subject to the Total debt to Total shareholders' equity ratio

- the Company or its subsidiaries should not declare a dividend or distribution of capital (whether in cash or specie), redeem or purchase any of its shares or make other similar distributions to shareholders or otherwise reduce its capital.

The Group complied with all covenants stipulated in the bond agreement during 2008.

24 Trade and other payables

In thousand of	RUR 31-Dec-08	RUR 31-Dec-07	USD* 31-Dec-08	USD* 31-Dec-07
Trade payables	85,423	26,979	2,907	918
Payable to personnel	3,328	2,036	113	69
Other payables	38,224	30,670	1,301	1,044
Taxes other than on income payable	33,274	6,598	1,133	225
Income tax payable	530	516	18	18
IPO related accounts payable	-	265,844	-	9,048
	160,779	**332,643**	**5,472**	**11,322**

25 Financial risk management

(a) Categories of financial instruments

In thousands of	RUR 12 m. 2008	RUR 12 m. 2007	USD* 12 m. 2008	USD* 12 m. 2007
Financial assets				
Held-to-maturity investments	-	350,023	-	11,913
Loans and receivables, including:	5,337,390	7,965,448	181,665	271,114
- Cash and cash equivalents	4,604,591	7,373,985	156,723	250,983
- Loans issued	152,478	10,684	5,190	364
- Trade and other receivables	580,321	467,279	19,752	15,904
- Other investments	-	113,500	-	3,863
Financial liabilities				
Amortised cost including:	2,440,488	2,232,168	83,065	75,975
- Loans and borrowings	2,279,709	1,899,525	77,593	64,653
- Trade and other payables	160,779	332,643	5,472	11,322

** 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 (d).*

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's investment securities.

Trade and other receivables. Most of the sales are made on a prepayment or cash on delivery basis. The Group is accordingly, not significantly exposed to credit risk in relation to receivables.

Investments. The Group limits its exposure to credit risk by placing surplus funds on deposit with a variety of established banks in Russia and abroad. Management does not expect any counterparty to fail to meet its obligations.

Guarantees. There are no guarantees provided by the Group.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In thousands of	RUR	RUR	USD*	USD*
	12 m. 2008	**12 m. 2007**	**12 m. 2008**	**12 m. 2007**
Held-to-maturity investments	-	350,023	-	11,913
Loans and receivables	5,337,390	7,965,448	181,665	271,114
	5,337,390	**8,315,471**	**181,665**	**283,027**

The ageing analysis of trade and other receivables, loans issued is presented in the table below.

In thousands of RUR	**12 m. 2008**		**12 m. 2007**	
	Gross amount	**Impairment**	**Gross amount**	**Impairment**
Not past due	660,636	-	422,625	-
Past due	80,133	(7,969)	55,338	-
less than six months	66,985	(2,479)	37,459	-
over six month	13,148	(5,490)	17,878	-
	740,768	**(7,969)**	**477,963**	**-**

*In thousands of USD**	**12 m. 2008**		**12 m. 2007**	
	Gross amount	**Impairment**	**Gross amount**	**Impairment**
Not past due	22,486	-	14,385	-
Past due	2,727	(271)	1,883	-
less than six months	2,280	(84)	1,275	-
over six month	448	(187)	609	-
	25,213	**(271)**	**16,268**	**-**

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

** 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 (d).*

2008	Average interest rate					
In thousands of RUR	Contractual	Effective	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Total
Fixed interest rate instruments						
Loans and borrowings	13%	14.20%	274,485	274,485	2,385,909	2,934,879
Non-interest bearing						
Trade and other payables	-	-	160,779	-	-	160,779

2008	Average interest rate					
*In thousands of USD**	Contractual	Effective	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Total
Fixed interest rate instruments						
Loans and borrowings	13%	14.20%	9,342	9,342	81,208	99,892
Non-interest bearing						
Trade and other payables	-	-	5,472	-	-	5,472

2007	Average interest rate					
In thousands of RUR	Contractual	Effective	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Total
Fixed interest rate instruments						
Loans and borrowings	13%	13.20%	-	256,922	2,490,171	2,747,093
Non-interest bearing						
Trade and other payables	-	-	332,643	-	-	332,643

2007	Average interest rate					
*In thousands of USD**	Contractual	Effective	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Total
Fixed interest rate instruments						
Loans and borrowings	13%	13.20%	-	8,745	84,756	93,501
Non-interest bearing						
Trade and other payables	-	-	11,322	-	-	11,322

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

In recent months a number of major economies around the world have experienced volatile capital and credit markets. Several major global financial institutions have been placed into bankruptcy, taken over by other financial institutions and/or received significant government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in Russia, notwithstanding any potential economic stabilization measures that may be put into place by the Russian Government, there exists as at the date of release of this financial information a number of economic uncertainties surrounding the continual availability, and cost, of credit both for the entity and its counterparties and the potential for economic uncertainties continuing in the foreseeable future. Due to these uncertainties there is a risk that assets may not be recovered at their carrying amount in the ordinary course of business which could have a corresponding impact on the entity's profitability. As at the date when this consolidated financial information was authorized for issue, the effect of the current market condition on the Group's operations has been limited, and no impairment losses have been identified.

** 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 (d).*

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUR). The currency in which such borrowings primarily are denominated is Euro.

The Group does not hedge currency risk; however, the Group has sufficient Euro-denominated deposits in order to meet its interest payment obligation.

Exposure to currency risk

The Group's exposure to foreign currency exchange rate risk determined as the net monetary position in respective currencies was as follows:

In thousand of	RUR	RUR	USD*	USD*
	2008	**2007**	**2008**	**2007**
USD/RUR	1,847,439	(266,861)	62,880	(9,083)
EUR/RUR	(34,692)	(1,899,525)	(1,181)	(64,653)
Other currencies/RUR	122,818	-	4,180	-

The following significant exchange rates applied during the year:

	RUR 2008	**RUR 2007**
1 USD	29.3804	24.5462
1 EURO	41.4411	35.9332

Sensitivity analysis

A 10% strengthening of the RUR against the following currency at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

In thousand of	RUR	RUR	USD*	USD*
2008	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
USD	184,744	184,744	6,288	6,288
EURO	(3,469)	(3,469)	(118)	(118)
2007				
USD	(26,686)	(26,686)	(908)	(908)
EURO	(189,953)	(189,953)	(6,465)	(6,465)

A 10% weakening of the RUR against the above currency at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group adopts a policy of limiting its exposure to changes in interest rates by borrowing on a fixed rate basis.

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

** 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 (d).*

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(f) Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and for disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Biological assets

Biological assets are measured at fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Management believes that the fair value of the Group's financial assets and liabilities approximates their carrying amounts.

The interest rates used to discount estimated cash flows, where applicable, were as follows:

	2008	**2007**
Loans and borrowings	13%	13%

26 Operating activities

Cash outflow from operating activities amounted to RUR 1,940,707 thousand (USD* 66,055 thousand) compared to RUR 727,396 thousand (USD* 24,758 thousand). Such significant increase in operating activities in 2008 was explained by large increase in total amount of hectares cropped in comparison with prior period. The loss for the period was adjusted by the total of the depreciation and amortisation charges which amounted to RUR 182,747 thousand (USD* 6,220 thousand). The other large amounts that affected the result for the period were the increase in trade and other receivables on the amount of RUR 253,205 thousand (USD* 8,618 thousand) and increase in inventories on the amount of RUR 1,154,566 thousand (USD* 39,297 thousand).

** 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 (d).*

27 Investing activities

Cash outflows utilized by investing activities amounted to RUR 1,485,544 thousand (USD* 50,562 thousand) in comparison with RUR 2,602,907 thousand (USD* 88,594 thousand). In 2008 the significant cash outflows were concerned with acquisition of fixed assets and land plots on the amounts of RUR 1,122,723 thousand (USD* 38,213 thousand) and RUR 404,634 thousand (USD* 13,772 thousand). The cash inflow from investing activities resulted from maturing of SberBank notes for the amount of RUR 355,521 thousand (USD* 12,101 thousand) and issuing other loans for the amount of RUR 141,794 thousand (USD* 4,826 thousand).

28 Financing activities

Cash inflow from financing activities for the year 2008 amounted to RUR 401,238 thousand (USD* 13,657 thousand) compared to RUR 8,870,177 thousand (USD* 301,908 thousand) in 2007. In 2007 the Company issued bonds (face value amount of 55,000,000 Euro) with 13 percent interest payable annually. During 2008 the Company made additional issuance of ordinary shares. During this period, the Group has acquired 100 of the shares in four companies in the Lipetsk region. As part of this acquisition, the Group has repaid the loan in the amount RUR 390,203 thousand (USD* 13,281). The Group has spent on repurchasing bonds in total of RUR 126,823 thousand (USD* 4,316) which represented a total nominal value of RUR 113,375 thousand (USD* 3,859) and accrued interest of RUR 13,448 thousand (USD* 458 thousand).

29 Contingencies

(a) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for all tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

** 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 (d).*

30 Significant subsidiaries

	Country of incorporation	Ownership and voting		Principal activity
		31-Dec-08	31-Dec-07	
Planalto Enterprises Limited	Cyprus	100%	100%	Management
OOO Management Company Agro-Invest (Kursk), limited liability company	Russia	100%	100%	Management
OOO Management Company Agro-Invest (Moscow), limited liability company	Russia	100%	100%	Management
ZAO Dmitriev Agro-Invest	Russia	100%	100%	Agriculture
ZAO Gorshechnoje Agro-Invest	Russia	100%	100%	Agriculture
OOO Sosnovka Agro-Invest	Russia	100%	100%	Agriculture
OOO Stanovoje Agro-Invest	Russia	100%	100%	Agriculture
ZAO Kastornoje Agro-Invest	Russia	100%	100%	Agriculture
ZAO Agro-Invest Kshen	Russia	100%	100%	Agriculture
ZAO Kursk Agro-Invest	Russia	100%	100%	Agriculture
OOO Bezenchuk Agro-Invest	Russia	100%	100%	Agriculture
OOO Verhnaja Hava Agro-Invest	Russia	100%	100%	Agriculture
OOO Ostrogorzhsk Agro-Invest	Russia	100%	100%	Agriculture
OOO Podgornoje Agro-Invest	Russia	100%	100%	Agriculture
OOO Rus’	Russia	100%	100%	Agriculture
OOO Raskhovets Agro-Invest	Russia	100%	100%	Agriculture
OOO Usman’ Agro-Invest	Russia	100%	100%	Agriculture
OOO Staroyur’evo Agro-Invest	Russia	100%	100%	Agriculture
OOO Olym Agro-Invest	Russia	100%	100%	Agriculture
OOO Volga Agro-Invest	Russia	100%	100%	Agriculture
OOO Novokhopersk Agro-Invest	Russia	100%	100%	Agriculture
OOO Vorobyevka Agro-Invest	Russia	100%	100%	Agriculture
OOO Gribanovka Agro-Invest	Russia	100%	100%	Agriculture
OOO Kalach Agro-Invest	Russia	100%	100%	Agriculture
OAO Kalacheevskaya selkhozhimia	Russia	100%	100%	Agriculture
ZAO Cheremisinovo Agro-Invest	Russia	100%	100%	Agriculture
OOO Belgorodka Agro-Invest	Russia	100%	100%	Agriculture
OAO Kastorenskaya MTS	Russia	100%	100%	Agriculture
OOO Shatsk Agro-Invest	Russia	100%	100%	Agriculture
OOO Chelnovaya Agro-Invest	Russia	100%	100%	Agriculture
OOO Morshansk Agro-Invest	Russia	100%	100%	Agriculture
OOO Izmalkovo Agro-Invest	Russia	100%	100%	Agriculture
OOO Storozhevoye Agro	Russia	100%		Agriculture
OOO Usmanskaya zemlya	Russia	100%		Agriculture
OOO Agrolipetzk	Russia	100%		Agriculture
OOO Agroterminal	Russia	100%		Agriculture
OOO L’gov Agro-Invest	Russia	100%		Agriculture
OOO Don	Russia	100%		Agriculture

31 Subsequent event

As of February 16, 2009 Black Earth Farming Ltd. is traded on First North Premier. First North Premier is a new segment within First North reserved for companies that comply with higher disclosure and accounting standards than the regular First North rules such as the main market disclosure rules.

** 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 (d).*

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.

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

This report for the period 1 January 2008 – 31 December 2008 has not been subject to review by the Company's auditors.

Black Earth Farming’s interim report for the period 1 January 2009 – 31 March 2009 is planned to be published on 26 May 2009.

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.

BLACK EARTH FARMING LTD.

PO Box 781
8 Church Street, St Helier
Jersey JE4 0SG
Channel Islands

Reg No. 89973

www.blackearthfarming.com