Black Earth Farming Limited

Condensed Consolidated Interim Financial Information
for the six-month period ended June 30, 2007

Important events for the first half year 2007

- In the period 1 Jan 1, 2007 – Jun 30, 2007, total revenue amounted to 213,882 kRUR / 8,285 kUSD*. The revenues are primarily attributable to gains from a revaluation of the crop as of Jun 30, 2007 and which amounted to 199,606 kRUR / 7,732 kUSD*. The revaluation has been done in accordance with IAS 41. Gain on revaluation of biological assets represents the difference between the cost and the fair value of finished goods and work in progress (The Company did not revalue its biological assets in previous periods).

- Other revenues amounted from plowing and transportation services provided to third parties (total amount of other revenue amounted to 14,159 kRUR / 548 kUSD*). As the industry is subjected to seasonality the main revenue is expected in the second half of the year and especially in the forth quarter.

- Cost of sales consisted of direct and indirect costs and amounted to 12,374 kRUR / 479* kUSD (there was no cost of sales for the first half of 2006). Direct costs for the grain segment include costs for seeds, fertilizers, chemicals, fuels and outsourced services. Indirect costs include labour costs, depreciation, repayment and other.

- Loss before tax has decreased by 44,039 kRUR / 1,707 kUSD* and amounted to 13,461 kRUR / 521 kUSD* (57,500 kRUR/ 2,228* kUSD) for the first six months of 2007. During the period no dividends were neither paid out nor declared.

- Net loss for the first six months of 2007 amounted to 69,611 kRUR / 2,697 kUSD*.

- As of Jun 30, 2007 Black Earth Farming Limited (“BEF” or “The Company”) had approximately 236,000 hectares of land under its control, which constitutes an increase of approximately 107,000 hectares since the beginning of the year.

Important events for the second quarter 2007

- Total revenue for the period amounted to 204,155 kRUR / 7,909 kUSD* and was primarily attributable to gains from a revaluation of the crop as of Jun 30, 2007 and which amounted to 199,606 kRUR / 7,732 kUSD*.

- In the period from the March 1, 2007 until June 30, 2007 the group generated a net profit amounting to 42,313 kRUR / 1,641 kUSD*, which is mainly attributable to gains from revaluation of the biological assets as per Jun 30, 2007.

- Operating profit before income tax for the second quarter of 2007 comprised 101,127 kRUR / 3,919 kUSD* in comparison with the loss for the similar period of the last year (24,574 kRUR / 951 kUSD*).

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The Group

The Black Earth Farming Group consists of the Jersey parent company: Black Earth Farming Limited, the wholly owned Cypriot subsidiary: Planalto Enterprises Limited, and a number of wholly owned Russian subsidiaries under the joint name of Agro-Invest[1]. As of June 30, 2007 the Group had 1,470 full time employees.

Background

Black Earth Farming Ltd ("BEF") is a company that was formed in 2005 and whose business concept is to acquire and cultivate agricultural land assets in the Black Earth region in Russia. The Black Earth is considered one of the last commodity assets in Russia to be exploited and BEF provides its investors with a unique exposure to the large investment opportunities currently present in the Russian agricultural sector.

The Black Earth region is endowed with what perhaps is the world's most fertile soil. The agricultural sector in Russia however represents an under-developed and mismanaged sector that historically has been ignored by investors or that has not been open to them. The new Russian Land Code and the creation of a cadastre now allow the establishment and registration of title to land, which can be acquired at a significant discount in an international comparison, but with large appreciation potential. This, coupled with the strong economic growth in the region, low-cost labour, strong local demand for agricultural products and the positive global outlook for agricultural producers, presents a unique investment opportunity.

BEF was among the first foreign financed companies to make substantial investments in Russian agricultural land assets to exploit the large untapped potential. Because of its early establishment, BEF has now gained a strong market position in several Russian regions, richly endowed with black earth soil. BEF continues to build up the already impressive land bank of first class soil while ramping up agricultural operations. On June 30, 2007 The Company had approximately 236,000 hectares of land under its control and approximately 51,000 hectares of seeded land to be harvested.

Word from the Chairman

The last six months has been a period of constant development for The Company, we have greatly increased our land holdings since the beginning of the year and are closing in on the 300,000 hectares mark. At the same time we have moved into a second, more refined land acquisition stage, whereby new acquisitions are primarily targeted in proximity of the existing clusters of land, to create logistic efficiencies and other synergies and thereby fully take advantage of our large economies of scale opportunities. We are currently seeing an increased global interest and awareness of the agricultural sector, both among the media and especially among investors. This is partly due to these years soaring prices for agricultural products, driven by increased global population, drought in Australia, changing diets in developing regions and also because of the increased demand for agricultural raw materials from Biofuel producers. Despite the current high prices which have draw attention to the sector, I believe we are at the door step of a larger more fundamental revision of the agricultural sector, being appreciated as a de facto a modern and sophisticated industry which will emerge as a large new institutional sector. BEF is one of the players that will drive and benefit from this development, being a pioneer in its application of the most sophisticated agricultural equipment combined with international best practise and local know-how, to establish high and stable long term profitability in its operations. BEF currently employs agronomist and other agricultural professionals from Russia, South Africa, England, Sweden and France etc. Furthermore BEF is committed to attaining the full ownership rights of the land be able to benefit from the large value appreciation potential which exists, due to the fact that The Company acquires the fertile Black Earth soil at a fraction of the price for comparable land in for example Western- and most parts of Eastern Europe, a fact which is highly unlikely to remain forever...

[1] See note 20 for more detailed information.

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Market overview

Russian economy

Russia has undergone extensive structural changes in the last two decades. The Russian economic recovery began after the sharp devaluation of the Russian rouble in 1998 and since then, great progress has been made in restructuring the Russian economy. Stimulated by strong export growth, especially from the oil and gas sector, Russian real GDP grew by 6.4 percent in 2005 and by 6.7 percent in 2006. Nevertheless, the Russian GDP per capita as of 2006 is still only about 20 percent of the average GDP per capita in the Euro area, which indicates the Russian economy's potential. The overall growth of the economy also impacts the real income of households and individuals and thus their purchasing power.

The growth in GDP in recent years is partly explained by high prices for raw materials, which have contributed to the Russian balance of payment going from a deficit of USD 80 million in 1997 to a surplus of USD 95.3 billion by the end of 2006. As the Russian economy has grown, national debt as a percentage of GDP has fallen from 67 percent in 1999 to 4.4 percent in 2006.

The early and mid-1990s saw a large-scale re-distribution of assets in the Russian raw materials sectors, predominantly in energy, metals and heavy industry, while the agricultural sector was left essentially untouched. Persistently slow legal reforms, land tenure rights questions, dwindling farm subsidies, old equipment and poor infrastructure continued to plague the farming economy during the 1990s.

In an attempt to address some of the fundamental reform issues of Russian agriculture, the Law on Peasant Farms and the Law on Land Reform were enacted under President Yeltsin. This allowed the former legalised private farms to operate alongside state and collective farms, to hire labour and to sell and produce without state supervision. The latter permitted land to be pledged but not bought or sold. The agricultural sector was officially forced to reorganise, respond to market forces and competition, and to endure the disappearance of state procurement and subsidies. However, once reforms were announced, further action was deferred because of competing interests, inertia and the sheer enormity of the task at hand.

Until the mid-1990s, the state continued to act as the chief marketing agent for the food sector by establishing fixed orders for goods, thus guaranteeing farmers a market. The state also subsidised farms through guaranteed prices. Following a price liberalisation in 1996, as the state withdrew from its role as price and market guarantor, there was a rapid drop in the purchasing power of the population and the corresponding growth of smaller (0.5 to 1 hectare lots) family or household plots.

Black Earth Region

The Black Earth Region is Russia's largest agricultural region covering an area approximately equal to half the size of Germany i.e. circa 49 million hectares. In this region of one of the world's two existing black earth belts is to be found, the other one is situated in Canada. The region has received its name from the black highly fertile soil, commonly referred to as "chernozem" or black earth. The belt of soil stretches from northeast Ukraine across the Russian central Black Earth Region (Voronezh, Tambov, Kursk, Lipetsk and Belgorod Oblasts) and southern Russia (Rostov, Krasnodar and Stavropol Oblasts) into Siberia. A special characteristic of the black soil is that it contains a very high percentage of organic matter in the form of humus, ranging from 3 to 15 percent. Further, the earth is rich in phosphoric acids, phosphorus and ammonia. The black earth layer is usually deep, often more than one meter but occasionally up to six meters. Apart from the large quantities of naturally present nutrients, the high humus content in black earth gives the soil a structure and moisture-retention capacity that makes it highly suitable for farming.

In Russia, grain production occupies more than 55 percent of total cropped land. Wheat is dominant in most grain producing areas. Barley, the second grain in terms of extent of cultivation, is grown mainly for animal feed and beer production in colder regions. Potatoes, a vital crop for food and production of vodka, are grown in regions between 50° and 60° north latitude. Sugar beet production has expanded in recent years and is mainly grown in the Russian part of the black earth belt.

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Russia is the world's fifth largest grain producer with circa 3.8 percent of the world output. Russia is the fourth largest producer of wheat globally and is also the largest producer of barley in the world. Russia's total grain production is estimated at 75 million tons for the Agricultural year 2006/2007. Wheat constitutes the largest part of the Russian grain output, estimated at 44.9 million tons (60 percent of Russia's grain output) for the same period.

The number of harvested hectares of grain in Russia has been decreasing steadily. However, the negative trend seems to have been broken in recent years and the number of harvested hectares of grain has stabilised at around 40 million. Between the Agricultural years of 1998/1999 and 2005/2006 the average grain yield has increased by 93 percent.

Lately, the Russian grain exports have risen significantly. In the Agricultural year 2001/2002, the country became a net exporter of grain and for the Agricultural year 2007/2008 the net export is estimated to about 12 million tons. Russia mainly exports wheat and barley, while grains such as oat and corn are consumed locally thus creating a partially isolated domestic grain market. Russian wheat is predominantly exported to North Africa, and Russian feed barley is mainly delivered to southern Europe and countries in the Middle East. During the first quarter of 2007 Russian wheat exports to countries outside the CIS rose by 17 percent compared to the same period 2006.

World prices

The world wheat production for the Agricultural year 2006/2007 is estimated to 594 million tons, which is about 27.9 million tons lower than in the Agricultural year 2005/2006 and 35.1 million tons lower than in the Agricultural year 2004/2005. This results in global ending stocks being forecasted to decrease by 28.2 million tons to 120.4 million tons for the Agricultural year 2006/2007, a decline from previous year's 148.6 million tons and the lowest stock level in 25 years. Furthermore, drought in Europe has decreased supplies and the demand has increased partly due to a rising consumption of ethanol and partly due to an amplified import from North Africa and the Middle East. The decrease in production has caused wheat market prices to increase substantially 2007 and as of July, 2007 wheat was trading at significantly higher levels compared to the last 10-year period price levels.

CONDENSED CONSOLIDATED STATEMENT OF INCOME IN USD*

In thousand of	**USD* Jan 1, 2007- Jun 1, 2007**	**USD* Jan 1, 2006- Jun 30, 2006**	**USD* 2006**	**USD* 2005**
Revenues	548	-	467	-
Other revenue	5	20	-	1
Gain on revaluation of biological assets	7,732	-	-	-
Total revenue	**8,285**	**20**	**467**	**1**
Cost of sales	(479)	-	(946)	-
Gross profit (loss)	**7,806**	**20**	**(479)**	**1**
General and administrative expenses	(5,482)	(1,634)	(4,890)	(685)
Selling expenses	(5)	-	(76)	-
Taxes other than income tax	(88)	(2)	(62)	(6)
Other expenses	(1,498)	(161)	(456)	(2)
Operating profit (loss)	**733**	**(1,777)**	**(5,963)**	**(692)**
Net financial items	(1,254)	(451)	(1,937)	74
Loss after financial items	**(521)**	**(2,228)**	**(7,900)**	**(618)**
Income tax credit	(2,176)	138	97	-
Net loss for the year	**(2,697)**	**(2,090)**	**(7,803)**	**(618)**

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CONDENSED CONSOLIDATED BALANCE SHEET IN USD*

*In thousand of USD**	**Jun 30, 2007**	**Jan 1, 2007**	**Jun 30, 2006**	**Jan 1, 2006**
ASSETS				
Non-current assets				
Property, plant and equipment	69,799	30,035	7,323	50
Intangible assets	420	368	3,654	4
Financial assets	292	103	-	-
Other non-current assets	25,646	1,332	8	-
Deferred tax asset	439	176	129	-
TOTAL NON-CURRENT ASSETS	**96,596**	**32,014**	**11,114**	**54**
Current assets				
Inventories	22,625	5,542	1,396	116
Trade- and other receivables	9,548	5,287	3,347	35
Current financial assets	68	820	-	-
Cash and cash equivalents	56,800	74,105	33,199	6,175
TOTAL CURRENT ASSETS	**89,041**	**85,754**	**37,942**	**6,326**
TOTAL ASSETS	**185,637**	**117,768**	**49,056**	**6,380**
EQUITY AND LIABILITIES				
Equity				
Share capital	812	812	417	117
Share premium	124,370	124,370	49,544	6,776
Retained earnings	(11,264)	(8,567)	(1,723)	(618)
TOTAL EQUITY	**113,918**	**116,615**	**48,238**	**6,275**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	65,891	-	-	-
Deferred tax liabilities	2,411	5	-	-
Current liabilities				
Trade- and other payables	3,417	1,148	818	105
TOTAL LIABILITIES	**71,719**	**1,153**	**818**	**105**
TOTAL EQUITY AND LIABILITIES	**185,637**	**117,768**	**49,056**	**6,380**

- During the period from Jan 1, 2007 until Jun 30, 2007, the Company made net investments for the amount of RUR 1,636 million / 63 USD* million. The principal direction for investments are land acquisition at amount of RUR 344 million / 13 USD* million and machinery and equipment at amount of RUR 614 million / 24 USD* million. Part of investments amounted to RUR 589 million / 23 USD* million have been made as a prepayment for property plant and equipment. Investments done in 2007 were financed from private placement and bond proceeds.

- Accumulated amount of work in process by Jun 30, 2007 is 488,757 kRUR / 18,932 kUSD*.

- Equity in the group amounted to RUR 2,941 million / USD* 114 million. Interest-bearing liability amounted to RUR 1,701 million / USD* 66 million; other liabilities totaled RUR 88 million / USD* 3 million. The shareholders equity ratio was 61%.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS IN USD*

*In thousand of USD**	**Jan 1, 2007– Jun 30 2007**	**Jan 1, 2006- Jun 30, 2006**	**2006**	**2005[2]**
Cash flows utilised by operating activities	(19,230)	(5,821)	(15,785)	(754)
Cash flows utilised by investing activities	(63,390)	(11,797)	(31,689)	(55)
Cash flows from financing activities	65,396	46,333	116,282	6,984
Net increase in cash and cash equivalents	**(17,219)**	**28,715**	**68,808**	**6,175**
Effect of exchange rate fluctuations on cash and cash equivalents	(86)	197	(878)	-
Adjustment for bond discount amortization	-	-	-	-
Cash and cash equivalents at beginning of period	74,105	6,606	6,175	-
Cash and cash equivalents at end of period	**56,800**	**35,518**	**74,105**	**6,175**

- Cash flow (outflow) from operating activities was (496,335) kRUR / (19,230) kUSD*, compared with (150,267) kRUR / (5,821) kUSD* in the first six months of 2006, which is explained by the significant increase of operations in the second quarter of 2007 in comparison with the same period last year.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN USD*

*In thousand of USD**	**Share capital**	**Share premium**	**Retained earnings**	**Total**
Balance at Apr 20, 2005	-	-	-	-
Contribution by shareholders	117	6,776	-	6,893
Net loss for the year and total recognized income and expenses	-	-	(618)	(618)
Balance at Dec 31, 2005	**117**	**6,776**	**(618)**	**6,275**
Contribution by shareholders	695	117,594	-	118,289
Net loss for the year and total recognized income and expenses	-	-	(7,949)	(7,949)
Total effect	695	117,594	(7,949)	110,340
Balance at Dec 31, 2006	**812**	**124,370**	**(8,567)**	**116,615**
Contribution by shareholders	-	-	-	-
Net loss for the year and total recognized income and expenses	-	-	(2,697)	(2,697)
Total effect	-	-	(2,697)	(2,697)
Balance at Jun 30, 2007	**812**	**124,370**	**(11,264)**	**113,918**

[2] *From Apr 20, 2005 (date of incorporation) to Dec 31, 2005.*

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- Total number of ordinary shares outstanding as of Dec 31, 2005 was 11,666,667 shares; in 2006 the company issued additional 65,000,000 ordinary shares:

Shares issued in 2005	**Apr 1, 2005**	**Aug 1, 2005**	**Total**
Quantity	4,666,667	7,000,000	11,666,667
Par value (USD 0.01 per share)	0	0	0
Share capital	47	70	117
Share premium	153	6,623	6,776
Total (kUSD) - Dec 31, 2005	**200**	**6,693**	**6,893**

Shares issued in 2006	**Mar 28, 2006**	**Nov 1, 2006**	**Total**
Quantity	30,000,000	35,000,000	65,000,000
Par value (USD 0.01 per share)	0	0	0
Share capital	300	350	650
Share premium	45,938	71,701	117,639
Total (kUSD) - Dec 31, 2006	**46,238**	**72,051**	**118,289**

Total number of ordinary shares outstanding as of Jun 30, 2007 was 76,666,667.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2007

In thousand of	Note	RUR Jan 1, 2007- Jun 30, 2007	RUR Jan 1, 2006- Jun 30, 2006	USD* Jan 1, 2007- Jun 30, 2007	USD* Jan 1, 2006- Jun 30, 2006
Revenues	4	14,159	-	548	-
Other revenue		117	525	5	20
Gain on revaluation of biological assets	4	199,606	-	7,732	-
Total revenue		213,882	525	8,285	20
Cost of sales		(12,374)	-	(479)	-
Gross profit (loss)		201,508	525	7,806	20
General and administrative expenses	5	(141,510)	(42,172)	(5,482)	(1,634)
Selling expenses		(138)	-	(5)	-
Taxes other than on income tax		(2,280)	(55)	(88)	(2)
Other expenses		(38,706)	(4,143)	(1,498)	(161)
Operating profit (loss)		18,874	(45,845)	733	(1,777)
Net financial items	7	(32,335)	(11,655)	(1,254)	(451)
Loss after financial items		**(13,461)**	**(57,500)**	**(521)**	**(2,228)**
Income tax credit		(56,150)	3,562	(2,176)	138
Net loss for the year		**(69,611)**	**(53,938)**	**(2,697)**	**(2,090)**

The condensed consolidated interim statement of income is to be read in conjunction with the selected explanatory notes to and forming part of the condensed consolidated interim financial information set out on pages 15-24.

CONSOLIDATED STATEMENT OF INCOME FOR THE SECOND QUARTER OF 2007

In thousand of	RUR Apr 1, 2007- Jun 30, 2007	RUR Apr 1, 2006- Jun 30, 2006	USD* Apr 1, 2007- Jun 30, 2007	USD* Apr 1, 2006- Jun 30, 2006
Revenues	4,432	-	172	-
Other revenue	117	525	5	20
Gain on revaluation of biological assets	199,606	-	7,732	-
Total revenue	**204,155**	**525**	**7,909**	**20**
Cost of sales	(2,240)	-	(87)	-
Gross profit	**201,915**	**525**	**7,822**	**20**
General and administrative expenses	(71,482)	(6,957)	(2,769)	(269)
Selling expenses	(63)	-	(2)	-
Taxes other than on income tax	(1,188)	(55)	(46)	(2)
Other expenses	(30,442)	(2,638)	(1,179)	(102)
Operating profit (loss)	**98,740**	**(9,125)**	**3,826**	**(353)**
Net financial items	2,387	(15,449)	93	(598)
Profit (loss) after financial items	**101,127**	**(24,574)**	**3,919**	**(951)**
Income tax credit	(58,814)	2,805	(2,278)	109
Net profit/(loss) for the period	**42,313**	**(21,769)**	**1,641**	**(842)**

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- Revenue for the period in question was equal to 4,432 kRUR / 172 kUSD* and comprised of the following items:

BREAKDOWN OF REVENUE IN THE SECOND QUARTER OF 2007

In thousand of	RUR Apr 1, 2007- Jun 30, 2007	RUR Apr 1, 2006- Jun 30, 2006	USD* Apr 1, 2007- Jun 30, 2007	USD* Apr 1, 2006- Jun 30, 2006
Revenue from sales of crop	3,767	-	146	-
Revenue from sales of milk and meat	210	-	8	-
Other revenues	455	-	18	-
	4,432	-	172	-

- Profit before tax for the second quarter of 2007 has improved dramatically and comprised 101,127 kRUR / 3,919 kUSD* in comparison with the loss for the similar period of the last year (24,574 kRUR / 951 kUSD*).
- Net profit for the second quarter was 42,313 kRUR / 1,641 kUSD* in contrast to the loss for the similar period (21,769 kRUR / 842 kUSD*). The substantial difference is explained by the biological assets revaluation which was made in the second quarter of 2007 for the first time.
- The group did not declare dividends based on the result of the operations for the second quarter of 2007.

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

In thousand of	Note	*RUR* Jun 30, 2007	*RUR* Jan 1, 2007	*USD** Jun 30, 2006	*USD** Jan 1, 2007
ASSETS					
Non-current assets					
Property, plant and equipment	9	1,801,949	775,386	69,799	30,035
Intangible assets		10,850	9,502	420	368
Financial assets		7,533	2,660	292	103
Other non-current assets	11	662,081	34,390	25,646	1,332
Deferred tax assets		11,337	4,542	439	176
		2,493,750	826,480	96,596	32,014
Current assets					
Inventories	12	584,099	143,064	22,625	5,542
Trade and other receivables	13	246,468	136,472	9,548	5,287
Current financial assets		1,763	21,177	68	820
Cash and cash equivalents	14	1,466,364	1,913,118	56,800	74,105
		2,298,694	2,213,831	89,041	85,754
Total assets		4,792,444	3,040,311	185,637	117,768
EQUITY AND LIABILITIES					
Equity	*15*				
Share capital		20,967	20,967	812	812
Share premium		3,210,780	3,210,780	124,370	124,370
Loss brought forward		(290,793)	(221,182)	(11,264)	(8,567)
Total equity		2,940,954	3,010,565	113,918	116,615
LIABILITIES					
Non-current liabilities					
Non-current loans and borrowings	16	1,701,061	-	65,891	-
Deferred tax liabilities		62,275	127	2,411	5
		1,763,336	127	68,302	5
Current liabilities					
Trade and other payables		88,154	29,619	3,417	1,148
Total liabilities		1,851,490	29,746	71,719	1,153
Total equity and liabilities		4,792,444	3,040,311	185,637	117,768

The condensed consolidated interim balance sheet is to be read in conjunction with the selected explanatory notes to and forming part of the condensed consolidated interim financial information set out on pages 15-24.

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CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2007

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jan 1, 2007-Jun 30, 2007	Jan 1, 2006-Jun 30, 2006	Jan 1, 2007-Jun 30, 2007	Jan 1, 2006-Jun 30, 2006
OPERATING ACTIVITIES				
Net loss for the period	(69,611)	(53,938)	(2,697)	(2,090)
Adjustments for:				
Depreciation and amortisation	32,604	2,707	1,263	105
Loss on foreign exchange differences	2,213	18,339	85	710
Interest income	(33,765)	(6,684)	(1,308)	(259)
Interest expense	46,540	-	1,803	-
Income tax expense / (benefit)	56,150	(3,562)	2,176	(138)
Loss on disposal of property, plant and equipment	886	-	31	-
Change in value of biological assets	(199,606)	-	(7,732)	-
Operating loss before changes in working capital	(164,589)	(43,138)	(6,379)	(1,672)
Increase in other inventories	(280,285)	(35,351)	(10,857)	(1,369)
Increase in trade and other receivables	(109,996)	(91,470)	(4,261)	(3,543)
Increase in trade payables and other liabilities	58,535	19,692	2,267	763
Cash flows used by operating activities	(496,335)	(150,267)	(19,230)	(5,821)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,648,550)	(304,486)	(63,857)	(11,794)
Repayment of loans	19,414	-	752	-
Purchase of intangible assets	(2,483)	(112)	(96)	(3)
Purchases of investments available for sale	(4,873)	-	(189)	-
Cash flows used by investing activities	(1,636,492)	(304,598)	(63,390)	(11,797)

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In thousand of	*RUR* Jan 1, 2007- Jun 30, 2007	*RUR* Jan 1, 2006- Jun 30, 2006	*USD** Jan 1, 2007- Jun 30, 2007	*USD** Jan 1, 2006- Jun 30, 2006
FINANCING ACTIVITIES				
Interest income	33,765	6,684	1,308	259
Proceeds from the issue of share capital	-	1,189,444	-	46,074
Proceeds from the issue of bonds	1,654,521	-	64,088	-
Cash flows from financing activities	1,688,286	1,196,128	65,396	46,333
		-		
Net (decrease) / increase in cash and cash equivalents	(444,541)	741,263	(17,219)	28,715
Cash and cash equivalents at beginning of period	1,913,118	170,540	74,105	6,606
Effect of exchange rate fluctuations on cash and cash equivalents	(2,213)	5,082	(86)	197
Cash and cash equivalents at end of period	1,466,364	916,885	56,800	35,518

The consolidated interim condensed statement of cash flows is to be read in conjunction with the selected explanatory notes to and forming part of the consolidated interim condensed financial information set out on pages 15-24.

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2007

In Thousand of RUR	Share capital	Share premium	Retained earnings	Total
Balance as at Jan 1, 2006	3,323	192,896	(15,730)	180,489
Net loss and total recognised income and expenses for the period	-	-	(53,938)	(53,938)
Balance as at Jun 30, 2006	3,323	192,896	(69,668)	126,551
Balance as at Jan 1, 2007	20,967	3,210,780	(221,182)	3,010,565
Net loss and total recognised income and expenses for the period	-	-	(69,611)	(69,611)
Balance as at Jun 30, 2007	20,967	3,210,780	(290,793)	2,940,954

*In Thousand of USD**	Share capital	Share premium	Retained earnings	Total
Balance as at Jan 1, 2006	129	7,472	(609)	6,992
Net loss and total recognised income and expenses for the period	-	-	(2,090)	(2,090)
Balance as at Jun 30, 2006	129	7,472	(2,699)	4,902
Balance as at Jan 1, 2007	812	124,370	(8,567)	116,615
Net loss and total recognised income and expenses for the period	-	-	(2,697)	(2,697)
Balance as at Jun 30, 2007	812	124,370	(11,264)	113,918

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the selected explanatory notes to and forming part of the consolidated interim condensed financial information set out on pages 15-24.

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

PARENT COMPANY INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2007

Black Earth Farming Limited (standalone)

In thousand of	*RUR* Jan 1, 2007- Jun 30, 2007	*RUR* Jan 1, 2006- Jun 30, 2006	*USD** Jan 1, 2007- Jun 30, 2007	*USD** Jan 1, 2006- Jun 30, 2006
Revenue	-	-	-	-
Cost of goods sold	-	-	-	-
Other revenues	-	-	-	-
Gain on revaluation of biological assets	-	-	-	-
Gross profit	-	-	-	-
General and administrative expenses	(19,188)	(15,456)	(743)	(599)
Cost of bond issue	-	-	-	-
Selling expenses	-	(202)	-	(8)
Taxes other than on income	-	-	-	-
Other operating expenses	(36,559)	(5)	(1,416)	-
Financial income	26,912	12,972	1,042	502
Financial expenses	(101,923)	(51,762)	(3,948)	(2,005)
Loss before income tax	(130,758)	(54,453)	(5,065)	(2,110)
Income tax	-	-	-	-
Net loss for the period	(130,758)	(54,453)	(5,065)	(2,110)

PARENT COMPANY BALANCE SHEET AS OF JUNE 30, 2007

Black Earth Farming Limited (standalone)

In thousand of	*RUR* Jun 30, 2007	*RUR* Dec 31, 2006	*USD** Jun 30, 2007	*USD** Dec 31, 2006
ASSETS				[G1]
Non-current assets				
Property, plant and equipment	-	-	-	-
Financial assets	-	-	-	-
Long-term investment, group balances	3,608,988	1,659,933	139,795	64,298
Deferred tax assets	-	-	-	-
	3,608,988	1,659,933	139,795	64,298
Current assets				
Inventories	-	-	-	-
Trade and other receivables	230	39	9	2
Cash and cash equivalents	1,078,487	1,454,255	41,776	56,331
	1,078,717	1,454,294	41,785	56,333
Total assets	4,687,705	3,114,227	181,580	120,631
EQUITY AND LIABILITIES				
Equity				
Share capital	20,966	20,966	812	812
Share premium	3,210,780	3,210,780	124,371	124,371
Retained earnings	(252,341)	(121,583)	(9,774)	(4,709)
Total equity	2,979,405	3,110,163	115,409	120,474

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LIABILITIES				
Non-current liabilities				
Non-current loans and borrowings	1,654,521	-	64,088	-
Deferred tax liabilities	-	-	-	-
	1,654,521	-	64,088	-
Current liabilities				
Trade and other payables	7,239	4,064	280	157
Current loans and borrowings	46,540	-	1,803	-
Total liabilities	1,708,300	4,064	66,171	157
Total equity and liabilities	4,687,705	3,114,227	181,580	120,631

1. Background

(a) Organization and operations

Black Earth Farming Limited (the "Company") is a limited liability company incorporated in Jersey, Channel Islands, on Apr 20, 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.

The Group is involved in the acquisition and subsequent management of agricultural assets in Russia. The Company'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 its subsidiaries were established in 2006 and had limited activities until 2007. Several newly formed subsidiaries had no agricultural operations as at Jun 30, 2007.

The Group is involved in arable farming in Russia. Crops are usually harvested during July and August. Although the Group's investment in growing crops are valued at fair value less point-of-sale costs, the Group's business is subject to seasonal fluctuations.

(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 condensed consolidated interim financial information for the six-month period ended Jun 30, 2007 reflects 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

This consolidated interim condensed financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

The consolidated interim financial information as of and for the six-month period ended Jun 30, 2007 has been prepared on a condensed basis, and therefore should be read in conjunction with the consolidated financial statements as of and for the year ended Dec 31, 2006, as this financial information provides an update of previously reported financial information.

All accounting policies described in the consolidated financial statements as of and for the year ended Dec 31, 2006 have been consistently applied in preparing this condensed consolidated interim financial information.

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

(b) Basis of measurement

The consolidated interim condensed financial information as of and for the six-month period ended June 30, 2007 is prepared on the historical cost basis, except that biological assets are measured at fair value less point-of sales costs.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Ruble ("RUR"), which is the Company's functional currency and the currency in which the consolidated interim condensed financial information is presented. All financial information presented in RUR has been rounded to the nearest thousand.

(d) Convenience translation

In addition to presenting the condensed consolidated financial information in RUR, supplementary information in USD has been presented for the convenience of the users of the consolidated interim condensed financial information.

All amounts in the consolidated interim condensed financial information, including comparatives, are translated from RUR to USD at the closing exchange rate at Jun 30, 2007 of RUR 25.8162 to USD 1.00. All financial information presented 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 this consolidated interim condensed financial information in conformity with International Financial Reporting Standards. Actual results may differ from those estimates.

3. Changes in the Group structure

During the period from Jan 1, 2007 – Jun 30, 2007 the Company established a number of new subsidiaries including:

OOO Olym AGRO-Invest (region of Kursk);
OOO Rashivez AGRO-Invest (region of Kursk);
OOO Volga AGRO-Invest (region of Samara);
OOO Starojurjevo AGRO-Invest (Region of Tambov);
OOO Novohopersk AGRO-Invest (Region of Voronezh).

4. Gain on revaluation of biological assets

The gain on revaluation of biological assets represents the difference between the cost and the fair value less point-of-sale costs of finished goods and investments in growing crops on Jun 30, 2007. Revenue from sales of finished goods for the three months period ended Jun 30, 2007:

In thousand of	*RUR* Apr 1, 2007-Jun 30, 2007	*RUR* Apr 1, 2006-Jun 30, 2006	*USD** Apr 1, 2007-Jun 30, 2007	*USD** Apr 1, 2006-Jun 30, 2006
Revenue from sales of crop	3,767	-	146	-
Revenue from sales of milk and meat	210	-	8	-
Other revenues	455	-	18	-
	4,432	-	172	-

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

5. General and administrative expenses

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jan 1, 2007- Jun 30, 2007	Jan 1, 2006- Jun 30, 2006	Jan 1, 2007- Jun 30, 2007	Jan 1, 2006- Jun 30, 2006
Office and administration expenses	60,118	11,350	2,330	440
Personnel expenses	56,005	16,930	2,169	656
Professional services	19,108	11,185	740	433
Depreciation and amortization	6,279	2,707	243	105
Total	141,510	42,172	5,482	1,634

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Apr 1, 2007- Jun 30, 2007	Apr 1, 2006- Jun 30, 2006	Apr 1, 2007- Jun 30, 2007	Apr 1, 2006- Jun 30, 2006
Personnel expenses	27,307	2,793	1,058	108
Professional services and administration expenses	39,971	3,718	1,548	144
Depreciation and amortization	4,204	447	163	17
Total	71,482	6,957	2,769	269

6. Personnel costs

Personnel costs are included in cost of sales and work in progress, and selling, general and administrative expenses as follows:

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jan 1, 2007- Jun 30, 2007	Jan 1, 2006- Jun 30, 2006	Jan 1, 2007- Jun 30, 2007	Jan 1, 2006- Jun 30, 2006
Cost of sales / work in progress	25,197	1,132	977	44
General and administrative	56,005	16,930	2,169	656
Selling	11	-	-	-
Total	81,213	18,062	3,146	700

7. Financial income and expenses

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jan 1, 2007- Jun 30, 2007	Jan 1, 2006- Jun 30, 2006	Six months ended 30 June 2007	Jan 1, 2006- Jun 30, 2006
Financial Income				
Interest income on deposits	33,765	6,684	1,308	259
Financial Expenses				
Interest expense	(46,540)	-	(1,802)	-
Bond issue and discount costs	(17,437)	-	(675)	-
Loss on foreign exchange differences	(2,123)	(18,339)	(85)	(710)
	(66,100)	(18,339)	(2,562)	(710)

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

In thousand of RUR	*RUR* Apr 1, 2007-Jun 30, 2007	*RUR* Apr 1, 2006-Jun 30, 2006	*USD** Apr 1, 2007-Jun 30, 2007	*USD** Apr 1, 2006-Jun 30, 2006
Financial income	-	-	-	-
Interest income on USD denominated overnight deposits (appx. at 4% per annum)	19,766	2,780	766	108
Interest income on RUR denominated overnight deposits (appx. at 3% per annum)	(458)	-	(18)	-
	19,308	2,780	748	108
Financial expenses	(46,540)	-	(1,804)	-
Bond issue and discount costs	(17,437)	-	(675)	-
Foreign exchange loss	(1,197)	(18,229)	(46)	(706)
	(45,866)	(15,449)	(1,777)	(598)

8. Income tax expense / (benefit)

The applicable corporate profits tax rate for the Company is 0% (2006: 0%).

Companies domiciled in Russia that do not have a status of agricultural producer are subject to a 24% (2006: 24%) corporate profits tax. Companies domiciled in Russia that do have a status of agricultural producer are exempt from corporate profits tax on profit realised from the sale of agricultural produce. Starting from 2008, companies with the status of agricultural producer in Russia are expected to be subject to a 6% corporate profit tax on profit realized from sale of agricultural produce.

In thousand of	*RUR* Jan 1, 2007-Jun 30, 2007	*RUR* Jan 1, 2006-Jun 30, 2006	*USD** Jan 1, 2007-Jun 30, 2007	*USD** Jan 1, 2006-Jun 30, 2006
Current tax expense	31	-	1	-
Deferred tax expense / (benefit)	56,119	(3,562)	2,175	(138)
Total	56,150	(3,562)	2,176	(138)

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9. Property, plant and equipment

In thousand of RUR	Land		Buildings		Machinery, equipment		Vehicles		Fixtures and fittings		Construction in progress		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Cost														
As at Jan 1	434,467	-	34,701	-	261,607	-	39,503	487	7,947	325	13,512	-	791,737	812
Additions	344,001	-	42,160	-	614,197	190 365	14,973	7,907	4,488	1,895	39,896	-	1,059,715	200,167
Disposals	-	-	(298)	-	(706)	-		-	(35)	-		-	(1,039)	-
Transfers between groups of fixed assets	-	-	3,749	-	20,362	-	(20,821)	-	424	-	(3,714)	-	-	-
As at Jun 30	778,468	-	80,312	-	895,460	190 365	33,655	8,394	12,824	2,220	49,694	-	1,850,413	200,979
Accumulated depreciation														
As at Jan 1	-	-	(23)	-	(12,337)	-	(3,585)	(27)	(406)	-	-	-	(16,351)	(27)
Depreciation charge	-	-	(1,819)	-	(25,551)	(2,031)	(3,566)	(108)	(1,330)	(514)	-	-	(32,266)	(2,653)
Adjustment to depreciation of disposed fixed assets	-	-	81	-	69	-	-	-	3	-	-	-	153	-
Adjustment to depreciation transferred between groups of fixed assets	-	-	-	-	(1,893)	-	1,893	-	-	-	-	-	-	-
As at Jun 30	-	-	(1,761)	-	(39,712)	(2,031)	(5,258)	(135)	(1,733)	(514)	-	-	(48,464)	(2,680)
Net book value														
As at Jan 1	434,467	-	34,678	-	249,270	-	35,918	460	7,541	325	13,512	-	775,386	785
As at Jun 30	778,468	-	78,551	-	855,748	188 334	28,397	8,259	11,091	1,706	49,694	-	1,801,949	198,299

Property, plant and equipment (continued)

*In thousand of USD**	Land		Buildings		Machinery, equipment		Vehicles		Fixtures and fittings		Construction in progress		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Cost														
As at Jan 1	16,829	-	1,345	-	10,133	-	1,530	19	308	13	523	-	30,668	32
Additions	13,325	-	1,633	-	23,791	7,371	580	306	174	73	1,545	-	41,048	7,750
Disposals	-	-	(12)	-	(27)	-	-	-	(1)	-	-	-	(40)	-
Transfers between groups of fixed assets	-	-	145	-	789	-	(806)	-	16	-	(144)	-	-	-
As at Jun 30	30,154	-	3,111	-	34,686	7,371	1,304	325	497	86	1,924	-	71,676	7,782
Accumulated depreciation														
As at Jan 1	-	-	-	-	(478)	-	(139)	(1)	(16)	-	-	-	(633)	(1)
Depreciation charge	-	-	(70)	-	(990)	(79)	(138)	(4)	(53)	(20)	-	-	(1,251)	(103)
Adjustment to depreciation of disposed fixed assets	-	-	3	-	3	-	-	-	1	-	-	-	7	-
Adjustment to depreciation transferred between groups of fixed assets	-	-	-	-	(73)	-	73	-	-	-	-	-	-	-
As at Jun 30	-	-	(67)	-	(1,538)	(79)	(204)	(5)	(68)	(20)	-	-	(1,877)	(104)
Net book value														
As at Jan 1	16,829	-	1,345	-	9,655	-	1,391	18	292	13	523	-	30,035	31
As at Jun 30	30,154	-	3,044	-	33,148	7,292	1,100	320	429	66	1,924	-	69,799	7,678

In 2007 the Group pledged machinery and equipment in favor of one of its suppliers. As at Jun 30, 2007 the amount of pledged assets totaled RUR 45 421 thousand. Pledging periods vary from four to six months and will terminate in November 2007. The total amount of fixed (NBV) comprised 1,801,949 kRUR / 69,799 kUSD as of Jun 30, 2007. The fixed assets are mainly presented by machinery and equipment (47%), land (43 %), buildings (4%) and other fixed asset items.*

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10. Land

As of Jun 30, 2007 the Group had about 236 thousand hectares of land under its management (129 thousand on Jan 1, 2007), of which:

	Jun 30, 2007	Jan 1, 2007
Land in the process of ownership registration with the relevant authorities, hectares	217	115
Land in registered ownership, hectares	11	7
Land under long-term lease agreements, hectares [(1)]	8	7

[(1)] Long-term lease agreements are cancellable lease agreements up to 49 years. Since the leases do not provide the transfer of the title to the plots at the end of the lease term or any preferential purchase options, the Group classifies contracts as operating leases.

11. Other non-current assets

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
Prepayments for property, plant and equipment	599,477	10,642	23,221	413
Investment in growing crops – 2008, 2009 harvests	39,760	2,790	1,540	108
Dairy livestock	22,019	20,845	853	807
Other non-current assets	825	113	32	4
Total	662,081	34,390	25,646	1,332

12. Inventories

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
Work in progress, investment in growing crops	488 757	106 385	18 932	4 121
Raw materials and consumables	90 978	24 974	3 524	967
Finished goods	2 264	3 726	88	145
Other inventories	2 100	7 979	81	309
Total	584 099	143 064	22 625	5 542

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13. Trade and other receivables

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
VAT receivables	200,941	84,265	7,784	3,264
Advances paid for goods and services	15,175	9,669	588	375
Trade receivables	1,417	17,871	55	692
Other prepayments and receivables	28,935	24,667	1,121	956
Total	246,468	136,472	9,548	5,287

14. Cash and cash equivalents

In thousand of	*RUR*	*RUR*	*USD**	*USD**
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
Call deposits, overnight EUR denominated at 3-4% per annum	1,167,889	-	45,238	-
Call deposits, overnight USD denominated at approximately 4% per annum	239,952	1,319,957	9,294	51,128
Call deposits, overnight RUR denominated at 1-3% per annum	19,300	-	748	-
Bank balances, RUR denominated accounts	32,907	60,816	1,275	2,356
Bank balances, USD denominated accounts	2,914	530,001	113	20,530
Bank balances, EUR denominated accounts	2 782	-	108	-
Other cash	620	2 344	24	91
Total	1,466,364	1,913,118	56,800	74,105

15. Equity

Share capital

The authorized share capital of the Company as at Jan 1, 2007 and June 30, 2007 comprised of 100,000,000 shares (Jan 1, 2006 and Jun 30, 2006: 50,000,000 shares) with a par value of USD 0.01 per share. All ordinary shares rank equally with regard to the Group's residual assets. The issued share capital of the Company as at Jan 1, 2007 and June 30, 2007 was 76,666,667 shares (Jan 1, 2006: 11,666,667 shares, Jun 30, 2006: 41,666,667 shares).

16. Bonds issued

On March 15, 2007 the Group issued 5,500 bonds with a par value of EUR 10 thousand each maturing in May 2011. The bonds were issued at a discount of RUR 219,572 thousand /USD* 8,505 thousand of the nominal value or RUR 39.92 thousand/ USD* 1.55 thousand per bond. In addition, the Group incurred RUR 52,219 thousand / USD* 2,023 thousand as direct costs for the bond issue.

The bonds bear no interest in year one and will accrue 13% per annum in years 2-4. As at June 30, 2007 interest on bonds issued amounted to RUR 46,540 Thousand/ USD* 1,802 thousand. The fair value of the bonds as at June 30, 2007 approximated their book value.

The Group is required to maintain debt a to equity ratio of 75% or lower and not have any debt that would rank preferent in right of payment to the bonds in excess of RUR 774,486 thousand / USD* 30,000 thousand.

17. Financial instruments

(a) Foreign currency risk

The Group incurs foreign currency risk on financial assets and liabilities denominated in a currency other than the functional currencies of the respective Group entities. Currencies giving rise to this risk are EUR and USD. Management does not hedge the Group's exposure to foreign currency risk.

The carrying amounts of the Group's assets and liabilities denominated in USD and EUR as at June 30, 2007 and Dec 31, 2006 were as follows:

Financial instruments denominated in USD:

In Thousand of	RUR	RUR	USD*	USD*
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
Cash and equivalents	242,866	1,849,958	9,408	71,659
Trade and other receivables	630	442	24	17
Trade and other payables	(7,589)	(4,838)	(294)	(187)
	235,907	1,845,562	9,138	71,489

Financial instruments denominated in EUR:

In Thousand of	RUR	RUR	USD*	USD*
	Jun 30, 2007	Jan 1, 2007	Jun 30, 2007	Jan 1, 2007
Cash and equivalents	1 170,671	-	45 346	-
Bonds payable	(1,701,061)	-	(65,891)	-
	(530,390)	-	(20,545)	-

(b) Fair values

Management believes that at the balance sheet date the fair values of the Group's financial assets and liabilities approximate their carrying amounts.

18. Related party transactions

The Group has a controlling relationship with all of its subsidiaries (refer to the note 20 for the list of significant subsidiaries).

Management remuneration for the six-month period ended Jun 30, 2007 amounted to RUR 15,609 thousand / USD* 606 thousand, including salary tax (RUR 4,502 / USD* 174 thousand for the comparable period of 2006). The amount is included in administrative expenses.

Group accounts payable to related parties as at June 30, 2007 amounted to RUR 8,823 thousand / USD * 342 thousand.

19. Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterized 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.

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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 condensed consolidated interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

20. Significant subsidiaries

		Ownership and voting interest	
	Country of incorporation	Jun 30, 2007	Dec 31, 2006
Planalto Enterprises Limited	Cyprus	100%	100%
OOO Managing Company Agro-Invest (Kursk), limited liability company	Russia	100%	100%
OOO Managing Company Agro-Invest (Moscow), limited liability company, limited liability company	Russia	100%	100%
ZAO Dmitriev Agro-Invest, closed joint stock company	Russia	100%	100%
ZAO Gorshechnoje Agro-Invest, joint stock company	Russia	100%	100%
OOO Sosnovka Agro-Invest, limited liability company	Russia	100%	100%
OOO Stanovoje Agro-Invest, limited liability company	Russia	100%	100%
ZAO Kastornoje Agro-Invest, closed joint stock company	Russia	100%	100%
ZAO Agro-Invest Kshen, closed joint stock company	Russia	100%	100%
ZAO Kursk Agro-Invest, closed joint stock company	Russia	100%	100%
OOO Bezenchuk Agro-Invest, limited liability company	Russia	100%	100%
OOO Verhnaja Hava Agro-Invest, limited liability company	Russia	100%	100%
OOO Ostrogorzhsk Agro-Invest, limited liability company	Russia	100%	100%
OOO Podgornoje Agro-Invest, limited liability company	Russia	100%	100%
OOO Rus, limited liability company	Russia	100%	100%
OOO Gribanovka Agro-Invest, limited liability company	Russia	100%	100%
OOO Kalach Agro-Invest, limited liability company	Russia	100%	100%
OOO Morshansk Agro-Invest, limited liability company	Russia	100%	100%

21. Significant events after the reporting period

As at and for the six-month period ending June 30, 2007, the Group continued the restructuring process. In the process of restructuring, the Group started liquidation of one of the subsidiaries, OOO Managing Company Agro-Invest (Kursk). Management does not expect any material losses related to the liquidation since major assets and liabilities of OOO Managing Company Agro-Invest (Kursk) will be transferred to OOO Management Company Agro-Invest (Moscow).

On Sep 12, 2007 the company issued additional 9.3 millions of ordinary shares of 0.01 USD cents each (USD 93 thousand - par value). The share was issued with bonus as the shareholder paid 30 SEK per share. The additional share issue made the total number of ordinary shares equal to 85,966,667.
Calculation of the amount of money received for additional share issue:

Shares issued Sep 12, 2007	**Issued**
Quantity	9,300,000
Par value (USD 0.01 per share)	0
Share capital	93
Share premium	41,611
Total (kUSD) – Sep 28, 2007	**41,704**

** The USD equivalent figures are provided for information purposes only and it does not constitute The Company's functional currency, which is RUR– refer to note 2 (d).*

Approval of the interim report

The Board of directors declares that the undersigned six months interim report provides a true and fair overview of the Parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Parent Company and other companies in the group.

Moscow, Sep 28, 2007

Michel Orloff ______________________________

Member of the Board of Directors

Alexander Polischuk ______________________________

Chief Financial Officer

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