Black Earth Farming Ltd
Interim Report
1 January – 30 September 2012

Better Prices and Operational Progress Generates 9 Month Operating Profit

Spring crop yields up on average 21% y-o-y due to better conditions and improved execution.
Average realised Q3 crop price up 59% y-o-y as Russia leaves grain markets open for international trade.
Nine month operating profit of USD 10.6 million and cash flow from operations of USD* 3.3 million.*
PepsiCo cooperation agreement signed in October triggering SEK 530 million rights issue.

Q3 2012 Highlights (vs. Q3 2011)

- Sales volume of 199.2 thousand tons (131.4) at an average price of USD* 234 per ton (147)
- Sales revenue of USD* 46.9 million (19.7)
- USD* 14.2 million (1.1) gain on revaluation of biological assets
- Operating profit of USD* 14.9 million (-5.3)
- Net result of USD* 11.6 million (-15.8)
- Net result per share of USD* 0.09 (-0.13)

9M 2012 Highlights (vs. 9M 2011)

- Total revenue & gains of USD* 110.5 million (39.4)
- Operating profit of USD* 10.6 million (-14.0)
- Net result of USD* -2.5 million (-29.8)
- Net result per share of USD* -0.02 (-0.24)

Events after the Reporting Period

- PepsiCo cooperation agreement signed on 22 October
- SEK 530 million rights issue launched on 13 November following EGM approval

CEO Comment Highlights *(p.2)*

- 2012 Operational Progress
- Sales & Marketing
- PepsiCo Partnership
- Rights Issue
- Financial Review
- 2013 Crop

Financial Overview *(p.4)*

USD million*	Q3 '12	Q3 '11	9M '12	9M '11
Crop Volumes Sold	199,209	131,388	408,634	190,806
Av. Sales Price	234	147	212	157
Total Revenue & Gains	61.2	20.7	110.5	39.4
Gross Result	24.2	4.2	32.0	8.5
EBITDA	17.8	(8.8)	16.9	(11.9)
EBIT	14.9	(5.3)	10.6	(14.0)
Net Income	**11.6**	**(15.8)**	**(2.5)**	**(29.8)**

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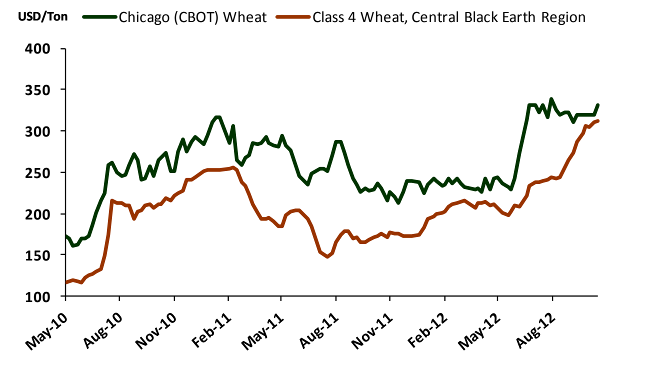
CEO Comment

Net Crop Yield Development

(tons/hectare)	2009	2010	2011	2012	% of 2012 area harvested
Winter wheat	3.5	1.9	2.4	2.2	*100%*
Spring wheat	2.3	1.4	1.6	2.6	*100%*
Spring barley	3.0	1.4	1.9	2.4	*100%*
Corn maize	3.4	0.7	4.9	5.1	*43%*
Spring rape	1.4	0.6	1.1	1.2	*100%*
Sunflower	1.8	0.8	2.0	1.9	*87%*
Soya	n/a	0.3	0.9	1.2	*99%*
Sugar beet	n/a	n/a	25.6	29.0	*86%*

International vs. Russian Domestic Wheat Price



2012 Operational Progress

90% of the 2012 crop area is now harvested and actual net crop yields are summarized in the table above. Whilst wheat was a disappointment, yields for spring wheat, corn, sunflower and soya crops are among the best ever achieved. Spring oilseed rape would have been a very good yield but suffered major losses from rain and wind storms immediately prior to harvest. On average springs crop yields are up 21% versus 2011. Winter wheat was badly affected by a late spring, immediately followed by a sharp increase in temperatures and consecutive weeks of dry weather in May. Conditions were more favourable from June onwards and this together with improved quality of field works has benefited later 2012 spring crop yields. Our management of logistics and storage is vastly improved and has worked well thus far. We still have sunflowers and the majority of our corn crop to harvest and management attention is firmly on completing harvest and using drying and transport resources effectively for the crops still to harvest.

Good progress has also been made during 2012 on the five crop yield initiatives; correcting soil pH and soil compaction, improving weed control, applying more of certain fertilizers and improving internal seed management techniques. 70% of the targeted area with low soil pH has so far been corrected and we have subsoiled 72 thousand hectares during 2012, twice the area in 2011. 110 thousand hectares have been sprayed with glyphosate to reduce weeds, down from over 200 thousand hectares in 2011. These initiatives will have had a relatively minor impact on 2012 crop yields and we expect steady yield improvements to come through as this multi-year process continues.

Sales & Marketing

Domestic crop prices have strengthened significantly during September and October and have now closed the gap to international prices. Despite initial fears the Russian government has not restricted trade via a ban or levy, letting domestic market prices rise to a level where Russian exports are now uncompetitive internationally. Our export program has been running smoothly but we are now looking to scale back this year´s planned export volumes to take advantage of domestic prices. Our efforts to manage price risk via forward sales have progressed well allowing for an increased proportion of fixed sales, often contracted directly with end customers. The strategic relationship with PepsiCo fits well here and will be a key element in managing price risk domestically going forward. We´re already in a good position as we expect to have approximately 30% of 2013 volumes priced forward at profitable levels.

PepsiCo Partnership

We announced the PepsiCo agreement on 22 October. This is a major strategic opportunity and aligns with several of our current initiatives but also provides a first step in the next strategic phase for the company. BEF will become a significant supplier of sunflower seeds and potatoes, used in the production of Frito-Lay's potato crisps as well as beet for sugar to be used in other PepsiCo products. The collaboration will have a major positive impact on the business as it offers the potential to fix prices in advance for a significant quantity of its production while also diversifying into competitively advantaged higher margin irrigated crops. I am keen to stress that this will not in any way reduce our focus on the current process of turning the core business around as the scale up of the area dedicated to PepsiCo will be gradual and within the capacity and competencies of the management team.

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CEO Comment

The chance to become a major supplier and strike a strategic partnership with such a prestigious global business as PepsiCo is compelling and a great prospect for BEF. Potatoes and sugar beet are crops that are competitively advantaged in our regions, they diversify risk and offer significant potential returns on capital and growth prospects. The PepsiCo contract could potentially represent 30 percent of our revenue by 2015 and this, combined with our export program, could enable approximately 60 percent of revenue to be contracted and priced before the planting season. This is a fundamentally different basis and proposition compared to our historical dependence on the domestic spot market.

Rights Issue

The changes and initiatives currently being undertaken are highly positive and vital to improve results going forward. In order to fund the investment and working capital needs required for PepsiCo and the operational turnaround, the Board of Directors decided to strengthen the equity base given the current capital structure and the inherent volatility of the business. As approved by an EGM on 13 November we decided to carry out a rights issue of maximum 83.1 million new shares at a subscription price of SEK 6.38 per share with preferential rights for the existing SDR holders of BEF. The two major shareholders have undertaken to subscribe for their share and all members of the Board and senior management team have committed to do the same. For more detailed information please see the prospectus available on our website.

Financial Review

Better spring crop yields together with high crop prices since this summer have impacted our result positively so far. A USD* 10.6 million operating profit for 9 months 2012 is a significant improvement compared with the USD* 14.0 million loss in 2011. We sold some 199 thousand tons of crops during Q3 at an average price of USD* 234 per ton, up 59% from 2011, which helped turn a loss in 2011 to an operating profit of USD* 14.9 million for the third quarter 2012. Although revaluation effects impacts the 9 month result greatly, we also generated USD* 3.3 million of operational cash flow in 2012 compared to USD* 30.8 million of outflows in 2011.

2013 Crop

Autumn seeding went well with 74 thousand hectares planted with winter wheat into good soil conditions and the crops are well established. We finished drilling by the end of September, 2 weeks earlier than in 2011 which improves yield potential and the ability to survive the winter safely. The total 2013 crop area is expected to be approximately 230 thousand hectares. The spring crop mix will be similar to 2012 but with increased areas planted with corn, sugar beet and potatoes.

Clearly we have significantly benefited from higher prices so far. That said we have also made some significant operational improvements. This is now starting to come through in better yields and the ability to now sell at better prices because our improved management of storage and logistics has preserved crop quality. The wheat yield is the biggest disappointment of this year but we have plans to address this. We still have a lot to do in order to safely and cost effectively harvest the last of this year's crops. There is also a great deal of work in the years to come to get performance to the target levels we have set ourselves. The PepsiCo deal is a big step forward for the business. It fits very well in to the overall plans and strategy going forward and is a great opportunity for BEF.

On behalf of the Board - 22 November 2012
Richard Warburton CEO and President

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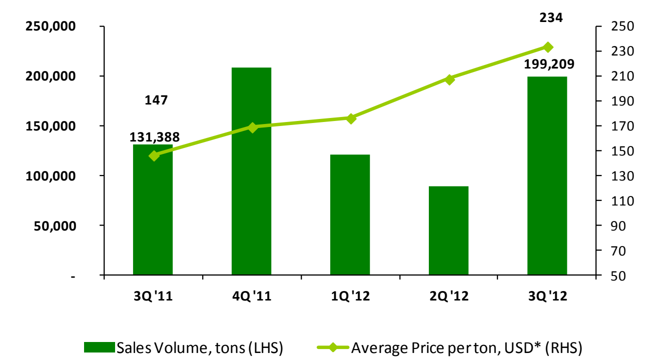
Revenue

Revenue from goods sold during the quarter increased by 139% y-o-y to USD* 46.9 million driven by higher volumes and prices. Crop volumes sold during Q3 amounted to 199.2 thousand tons, up 51% y-o-y at an average price of USD* 234 per ton, up 59% y-o-y and 12% q-o-q. The quarterly realised price is generally affected by the sales mix and during Q3 early harvested crops were sold as market prices increased steadily. The sales mix consisted mainly of wheat (56% of volumes), sugar beet (18%), oilseed rape (16%) and barley (9%). Wheat prices increased by 75% y-o-y to USD* 242 per ton as domestic grain and oilseed prices have been rising steadily during 2012 as a result of both dry spring conditions in several parts of Russia as well as higher global prices following the U.S. drought. See page 8 for more detail on sales volume and prices.

Sales Volumes & Price per Ton



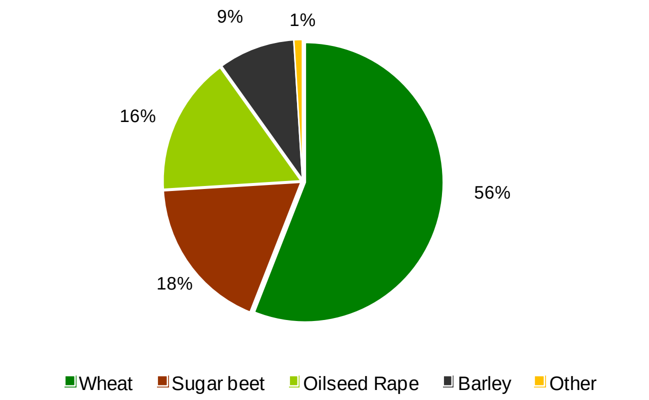
Inventory & Gain/Loss of Revaluation

As of 30 September 2012 133 thousand tons of crops harvested in 2012 were held in inventory with 33% of the volumes consisting of wheat, 29% barley, 15% soya beans and 11% rape. Market prices (excluding 10% VAT) detailed on page 8 have been used to determine the net realisable value of USD* 39.1 million. Biological assets (2012 crops still to be harvested) were revalued to estimated fair value at time of harvest less incurred production costs and estimated selling expenses (see page 7 for more detail regarding the accounting treatment of biological assets). The harvest of sunflower, soya, sugar beet and corn was as of the reporting date ongoing and an estimated total of 290 thousand tons were recorded in Biological Assets at estimated fair value. In addition costs incurred for seeding 2012 winter crops also added USD* 10.5 million to the total USD* 51.6 million fair value of biological assets. The revaluation resulted in a gain of USD* 14.2 million during 3Q as the crops moved closer to harvest and prices strengthened during the quarter.

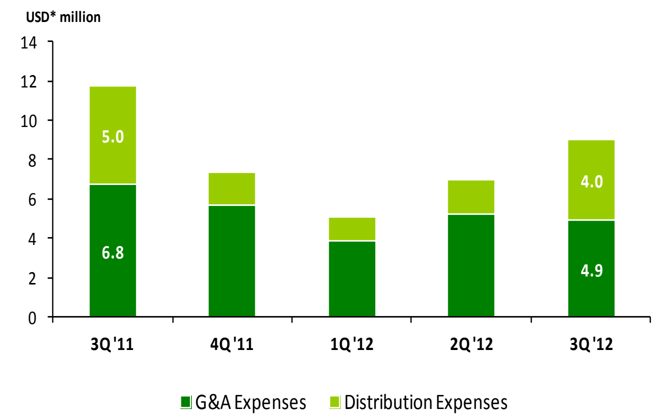
Costs

Q3 cost of goods sold consists mainly of the fair value estimate of 2012 crop in biological assets as of 30 June 2012. 9 month G&A expenses are down 8% y-o-y to USD* 14.1 million, partially due to reclassification of costs. Distribution expenses, consisting of both transportation as well as storage and handling costs, are up somewhat during 2012. This is a direct effect of the higher volumes sold in 2012 compared to 2011, but also due to more direct sales for exports including longer transport distances.

Q3 2012 Sales Mix



Quarterly Development of SG&A Expenses



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BLACK EARTH FARMING LTD.

Summarized Income Statement				
USD million*	Q3 '12	Q3 '11	9M '12	9M '11
Crop Volumes Sold	199,209	131,388	406,534	190,806
Av. Sales Price	234	147	212	157
Total Revenue & Gains	61.2	20.7	110.5	39.4
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EBITDA	17.8	(8.8)	16.9	(11.9)
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Net Income	**11.6**	**(15.8)**	**(2.5)**	**(29.8)**

Result

Higher 2012 crop volumes together with higher crop prices has resulted in a profit for Q3 2012. These factors also contributed to a 9M gross profit of USD* 32.0 million in 2012 vs. 8.5 million in 2011. The revaluation of biological assets (2012 crops to be harvested) generated a gain of USD* 22.0 million YTD which contributed to the improved gross result. Operating result improved to USD* 10.6 million for 9M 2012 vs. a USD* 14.0 million loss in 2011. The net result of USD* -2.5 million for 9M 2012 includes depreciation charges of USD* 10.2 million in total as well as USD* 9.2 million of interest expenses as well as a USD* 2.4 million loss on foreign exchange translation.

Statement of Financial Position		
USD million*	30 Sep 2012	31 Dec 2011
Land	*57.5*	*60.7*
Buildings	*71.5*	*72.1*
Machinery & Equipment	*59.5*	*52.9*
Land & Fixed Assets	202.9	202.2
Cash	*12.4*	*31.9*
Inventories	*57.8*	*61.8*
Biological Assets	*51.6*	*17.2*
Total Current Assets	150.6	126.2
Total Assets	**353.5**	**328.4**
Interest Bearing Debt	*105.0*	*105.6*
Total Liabilities	152.5	125.0
Equity	201.0	203.4
Total Equity & Liabilities	**353.5**	**328.4**

Financial Position

Fixed assets comprise of buildings (mainly storage facilities), 251 thousand hectares of fully owned land as well 15 thousand hectares in the ownership registration process plus machinery and equipment used in crop production. Inventories include both crops harvested 2012 and inputs to be used for 2013 crops which together amount to USD* 57.8 million. The Company had USD* 12.4 million in cash as of 30 September and interest bearing debt consisting mainly of a SEK 750mn bond maturing in July 2014. Net interest bearing debt amounted to USD* 105.9 million as of the end of the reporting period.

On 11 July 2012 a USD* 25 million working capital facility carrying an annual 11% interest rate was obtained from the two major shareholders, Kinnevik and Vostok Nafta. As of 30 September USD* 1 million was utilised of the facility as the majority was repaid during August and September as the harvest and sales of 2012 crops commenced. The parties have agreed that the amount outstanding if any, will be used as partial payment to subscribe for their pro rata share of the rights issue announced on 21 October.

On 13 November 2012 an Extraordinary General Meeting authorised the Board of Directors to carry out a SEK 530 million rights issue where a maximum of 83.1 million new SDRs will be issued for SEK 6.38 per share. A strengthened equity base is needed to fund the planned capital investments relating to the strategic cooperation agreement signed with PepsiCo (announced on 21 October 2012) and working capital needs, given the current capital structure and the inherent volatility of the business.

Cash Flow

Cash flow from operations before changes in working capital amounted to USD* 7.5 million for 9M 2012, due to high sales volumes and crop prices. Outflows included increased net working capital of USD* 4.2 million and net investments into predominatly machinery of USD* 18.1 million. In addition interest payments of USD* 11.4 million as well as inflows of USD* 5.9 million from the sale of previously repurchased bonds together with USD* 1.0 million utilised from the above mentioned working capital facility resulted a total cash outflow of USD* 19.4 million during 9M 2012.

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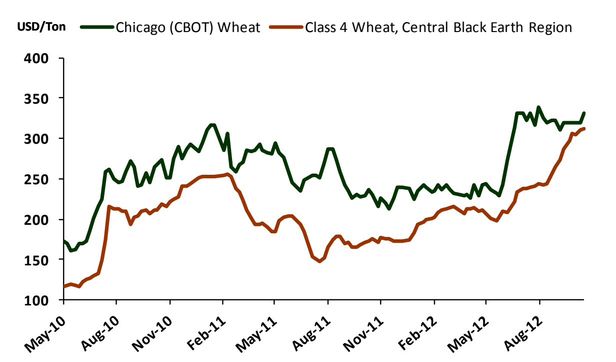
Grain & Oilseed Markets

International

Despite an uncertain macroeconomic backdrop, grain and oilseed prices have remained supported by a tight fundamental outlook. The worst draught in the US Midwest since the 1950s is severely impeding production in the world´s top exporter and has sent international prices for grains and oilseeds soaring since the summer. Further reductions have been made to the 2012/13 forecast for total global grains production, which is now expected to be 5% lower year on year. Reduced availabilities and higher prices are expected to ration demand, resulting in the first annual drop in global grain consumption since 1998/99. Global carryover stocks are expected to fall by 44 million tons (9% y-o-y) by the end of 2012/13. The IGC also expects ending grain stocks of world´s top exporting countries to fall 25% from last year to the lowest levels for 17 years. Better prospects for oilseeds, especially South American soybean production on the back of favourable weather, have reduced prices somewhat. In contrast the outlook for rapeseed/canola has tightened sharply owing to reduced crop prospects in Canada. Global ending stocks are expected to fall by almost one-quarter, including a steep decline in the two major exporting countries.

International vs. Russian Domestic Wheat Price



Source: IKAR, CBOT

Russia

Russian domestic crop prices have risen significantly during September and October 2012 and continued into November as international markets have remained more or less flat. The Russian government's decision not to impose any trade restrictions for grain so far has been a key factor in closing the price gap to international markets where Russian exports have now become uncompetitive. Russian export volumes have resided with thin volumes currently being shipped due to the more favourable price outlook on the domestic market. Although the official count of the 2012 Russian grain harvest has not been published, it likely yielded around 70 million tons, down from 94 million tons in 2011 and close to the approximately 70 million tons consumed domestically. Ending stocks will likely be at levels lower than they were in 2010 with supplies being particularly low in the southern export regions. Autumn seeding of winter crops in Russia has reached almost 16 million hectares which is in line with 2011, but below the record year of 2009 when close to 18 million hectares were drilled.

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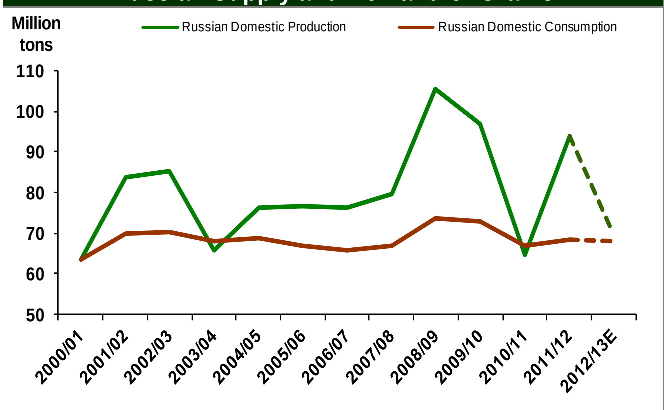
Russian Supply and Demand of Grains



Source: IGC, IKAR, USDA

Grains Stocks-to-Use Ratio, Russia vs. World

Source: IGC, IKAR, USDA

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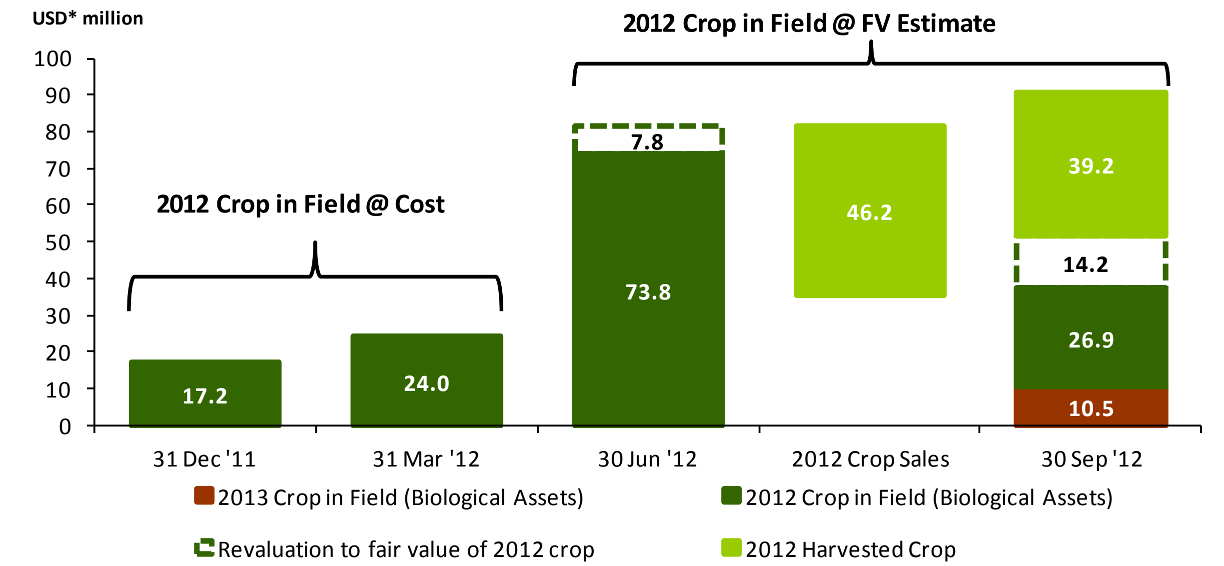
Biological Assets

Biological assets are recorded in the statement of financial position as an estimated value of crops in fields. A way to look at biological assets is as a work in process (WIP) inventory. Depending at what stage of the growth cycle the crop is in, the value is estimated either by incurred costs for field works (cultivations, seeding, fertilizer spreading, herbicide spraying etc.) or an estimate of revenue (harvest volume and price per crop) less production costs and selling expenses. The revaluation of biological assets is performed in accordance with the requirements of IAS 41 Agriculture which states that a biological asset shall be measured on initial recognition and at each balance sheet date at its fair value less estimated point-of-sale costs.

Crop Value in Statement of Financial Position 2012



Black Earth Farming values crops standing in field at incurred costs up until 30 June each year. At that point sufficient germination (biological transformation) has occurred, enabling estimates of crop yields and market prices less point-of-sale costs to determine an estimate of fair value at the time of harvest. The initial revenue estimate is attached a readiness percentage in the range 50-70% a/o 30 June depending on crop and time to harvest as significant risk to crop yield and price remain at the time. After harvest the crops are transferred to finished goods inventory where they are recorded at net realisable value determined by market prices.

As of 30 September 2012 there was still a total area of 57.1 thousand hectares to be harvested including sunflower, corn, soya and sugar beet recorded in Biological Assets. The estimated total volume of 289.7 thousand tons had a fair value of USD* 41.1 million. The major driver of the change in estimated fair value of 2012 crop in field 30 September was a higher level of readiness attached to estimated revenue in addition to higher crop prices. This resulted in a USD* 14.2 million 3Q revaluation gain affecting Total Revenue and Gains in the income statement. As of 30 June only 50-70% of the expected revenues were recognized in the fair value estimate compared to 90-100% as of 30 September. Costs incurred for seeding 2013 winter wheat up until September 30 of USD* 10.5 million were also recorded in Biological Assets resulting in a total value of USD* 51.6 million compared to USD* 81.6 million as of 30 June 2012.

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Sales Development & Crop Inventory

BLACK EARTH FARMING LTD.

The Company values its inventory of finished goods at net realisable value to reflect the market value as at the end of the reporting period. A change in net realisable value affects Total Revenue and Gains in the income statement. In addition Cost of Goods Sold represents the carrying value of inventory as at the previous reporting date. The table below provides a breakdown of inventories as of 30 September 2012 as well as the development of crop sales during 2012. Note that all recorded prices exclude 10% VAT.

2012 Quarterly Sales Volume & Crop Inventory

	Quarterly Sales				Crop in Inventory	
	3Q '12	**2Q '12**	**1Q '12**	**4Q '11**	**30 Sep '12**	**31 Dec '11**
Volume, *k tons*						
Wheat	112.5	55.0	61.9	70.9	43.5	115.5
Barley	17.7	11.8	5.9	24.2	38.6	18.5
Corn	-	2.3	25.2	1.0	0.4	29.0
Rape	31.3	8.0	4.6	22.2	15.0	13.9
Sunflower	1.7	10.7	17.2	64.9	10.2	24.7
Soya	-	0.8	5.2	0.3	19.8	6.8
Sugar beet	34.9			24.4	4.8	
Other (seeds/forage)	1.1	0.3	0.5	0.8	0.7	3.5
Total Tons	**199.2**	**89.0**	**120.5**	**208.7**	**133.0**	**211.9**
Price, *USD*/ton*						
Wheat	242	177	159	139	243	162
Barley	206	175	156	131	215	171
Corn	-	130	125	74	228	124
Rape	410	386	187	282	409	258
Sunflower	500	281	282	224	456	310
Soya	-	307	309	308	485	323
Sugar beet	51			53	51	
Other	135					
Average Price	**234**	**196**	**166**	**159**	**295**	**186**

All prices are ruble denominated ex.10% VAT and have been translated to USD at USD/RUB 30.92

As of 30 September 2012 the Company recorded inventories at a total value of USD* 57.8 million. Total inventories include finished goods, i.e. crops harvested in 2012 held for sale, as well as raw materials to be used in production. Total crop inventory of finished goods included 133 thousand tons of crops harvested during 3Q 2012 valued at an average price of USD* 295 per ton resulting in total fair value estimate of USD* 39.2 million.

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Production Overview

Crop Area Breakdown

(hectares)	2007	2008	2009	2010	2011	2012
Winter wheat	16,805	48,636	84,698	72,677	93,627	73,912
Spring wheat	n/a	4,339	3,824	10,157	13,093	4,368
Spring barley	20,180	42,638	43,053	13,793	26,535	22,718
Corn maize	1,215	9,950	8,084	8,592	6,149	*26,000*
Winter triticale	n/a	n/a	2,740	302	n/a	n/a
Total Grains	**38,200**	**105,563**	**142,399**	**105,521**	**139,404**	**126,998**
Winter rape	5,005	875	7,045	536	n/a	n/a
Spring rape	7,035	13,149	7,132	29,051	33,494	36,597
Sunflower	2,541	19,378	26,466	36,761	46,518	*33,218*
Soya	n/a	n/a	n/a	7,899	7,863	18,187
Total Oilseeds	**14,581**	**33,402**	**40,643**	**74,247**	**87,875**	**88,002**
Sugar Beet	n/a	n/a	n/a	n/a	1,621	5,085
Potatoes	n/a	n/a	n/a	n/a	n/a	31
Total Commercial Area	**52,781**	**138,965**	**183,042**	**179,768**	**228,900**	**220,115**
Other / Forage crops	*670*	*2,968*	*381*	*1,013*	*1,951*	*1,675*
Total harvest area	**53,451**	**141,933**	**183,423**	**180,781**	**230,851**	**221,790**

Average Net Crop Yields

(tons/hectare)	2007	2008	2009	2010	2011	2012
Winter wheat	3.3	4.3	3.5	1.9	2.4	2.2
Spring wheat	n/a	2.9	2.3	1.4	1.6	2.6
Spring barley	2	3.4	3.0	1.4	1.9	2.4
Corn maize	5.5	2.6	3.4	0.7	4.9	5.1[1]
Winter triticale	n/a	n/a	2.3	0.8	n/a	n/a
Winter rape	1.3	1.8	1.6	0.5	n/a	n/a
Spring rape	0.9	1.4	1.4	0.6	1.1	1.2
Sunflower	2.4	1.4	1.8	0.8	2.0	1.9[2]
Soya	n/a	n/a	n/a	0.3	0.9	1.2[3]
Sugar beet	n/a	n/a	n/a	n/a	25.6	29.0[4]
Potatoes	n/a	n/a	n/a	n/a	n/a	38.3

[1]43% of area harvested [2]87% of area harvested [3]99% of area harvested [4]86% of area harvested

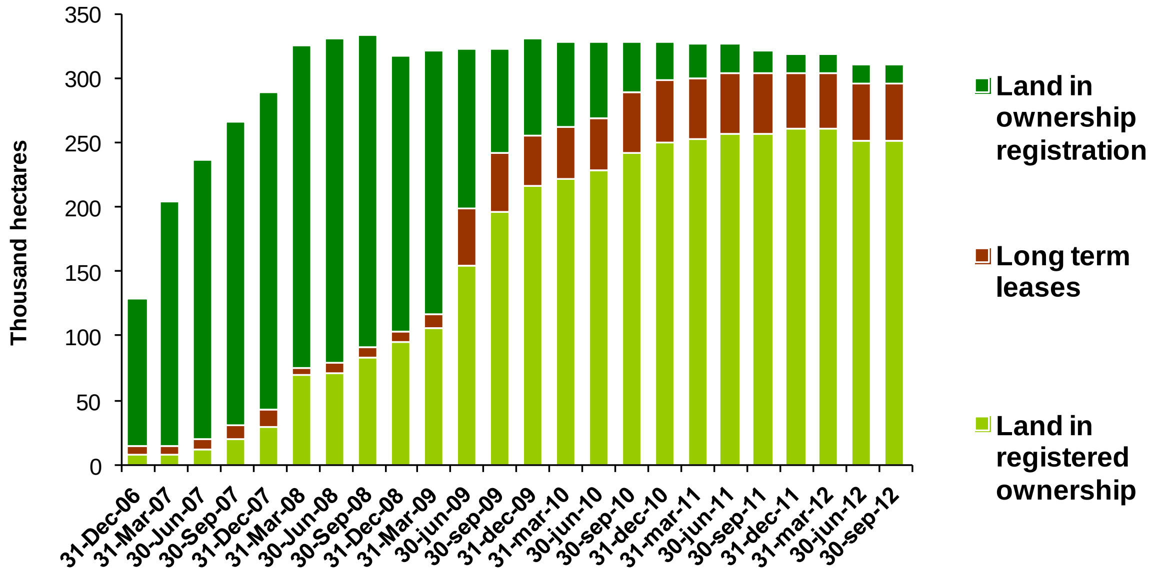
Net Harvest Volumes

(tons)	2007	2008	2009	2010	2011	2012
Winter wheat	49,262	206,961	292,657	141,145	220,608	159,628
Spring wheat	n/a	12,779	8,764	14,008	21,187	11,495
Spring barley	42,477	143,259	127,793	19,937	49,166	54,233
Corn	1,311	26,088	27,823	5,797	29,989	-
Winter triticale	n/a	n/a	6,432	249	n/a	n/a
Total Cereal Grains	**93,050**	**389,087**	**463,469**	**181,136**	**320,950**	**-**
Winter rape	n/a	1,536	11,527	293	n/a	n/a
Spring rape	12,859	18,761	9,708	16,822	36,887	45,615
Sunflower	3,815	27,742	46,602	30,849	92,805	-
Soya	n/a	n/a	n/a	2,306	7,114	-
Total Oilseeds	**16,674**	**48,039**	**67,837**	**50,270**	**136,806**	**-**
Sugar beet	n/a	n/a	n/a	n/a	41,531	-
Potatoes	n/a	n/a	n/a	n/a	n/a	1,188
Total Commercial Crops	**109,724**	**437,126**	**531,306**	**231,406**	**499,287**	**-**
Other/Forage crops	*2,659*	*22,928*	*3,381*	*3,686*	*14,597*	*11,270*
Total Output	**112,383**	**460,054**	**534,687**	**235,092**	**513,884**	**-**

** 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).*

As of 30 September 2012 Black Earth Farming held 251 thousand hectares of land in ownership, corresponding to 81% of the total controlled land bank of 310 thousand hectares. Consolidation and further improvement of the operational efficiencies in and around the existing farm blocks remains the Company's key target.

251 Thousand Hectares in Ownership (81% of total controlled land)



Russian agricultural land is in the Company's view still undervalued, both in terms of comparison with land of similar quality in other countries and also in relation to its inherent production potential, especially in the fertile Black Earth Region. Black Earth Farming holds all 266 thousand hectares of land that is not leased at acquisition cost, recorded in the statement of financial position at a value of USD* 57.5 million as of 30 September 2012.

** 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 Black Earth Farming Share

BLACK EARTH FARMING LTD.

Outstanding shares

As of 30 September 2012 the amount of outstanding shares was 124,601,667. The Company's market capitalisation was approximately SEK 1,526.4 million or USD 230 million. The Company is in the process of carrying out a rights issue where a maximum of 83,067,778 new shares represented by SDRs will be issued at a price of SEK 6.38 per SDR.

Shareholders

The total number of shareholders, as of 30 September 2012, amounted to about 8,000.

Compiled SDR information

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

Trade data for the period 1 Jan 2011 - 19 Nov 2012

Average Daily Turnover (SEK)	Average No of Traded Shares	Average No of daily trades
2,255,458	149,172	152

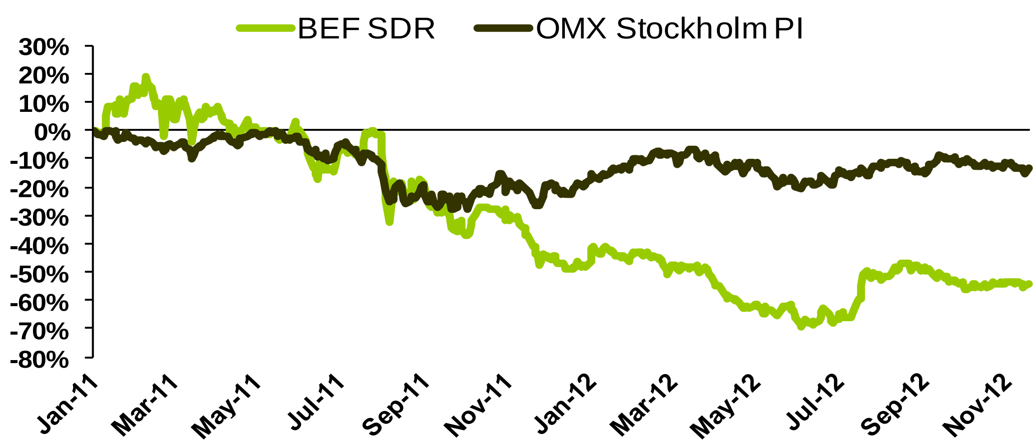
Source: NASDAQ OMX

Top 5 shareholders as of 30 September 2012

Owner	% of votes & capital
AB INVESTMENT KINNEVIK	24.9%
VOSTOK NAFTA INVESTMENT LTD	24.8%
ALECTA PENSION FUND	9.3%
LÄNSFÖRSAKRINGAR	7.6%
HOLBERG FUNDS	1.8%

Source: Euroclear Sweden share registry & shareholders' reference

Share Performance vs. OMX Stockholm index



Black Earth Farming SDR			
Price SEK/SDR 19 Nov 2012	Change 1 Month	Change 3 Months	52 Week High
9.90	1.0%	-14.0%	15.10
	Change 6 Months	Change 1 Year	52 Week Low
	30.7%	-25.9%	6.60

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

Risks and Uncertainties are described in the annual report for 2011. The risks can be summarised as Risks relating to the Company, Risks relating to the Company's business and Risks relating to Russia. All significant risks and uncertainty factors that existed on 31 December 2011 also exist on 30 September 2012.

** 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 thousands of	Notes	RUR	RUR	RUR	RUR
		Nine months ended		Three months ended	
		30 September 2012	**30 September 2011**	**30 September 2012**	**30 September 2011**
Revenue		2,705,582	963,346	1,450,498	607,525
Gain on revaluation of biological assets		679,434	399,152	437,926	33,278
Change in net realizable value of agricultural produce after harvest		29,917	(145,275)	2,139	(696)
Total revenue and gains	5	**3,414,933**	**1,217,223**	**1,890,563**	**640,107**
Cost of sales		(2,426,484)	(955,222)	(1,141,045)	(511,210)
Gross profit		**988,449**	**262,001**	**749,518**	**128,897**
Distribution expenses		(215,353)	(197,919)	(125,136)	(106,394)
General and administrative expenses		(434,608)	(474,604)	(152,911)	(208,880)
Taxes other than on income		(54,330)	(36,668)	(22,613)	(12,466)
Government grants		26,070	57,277	18,405	46,342
Other income and expenses		16,572	(44,397)	(7,133)	(11,074)
Operating profit/(loss)		**326,800**	**(434,310)**	**460,130**	**(163,575)**
Financial income		14,214	27,110	3,577	7,049
Financial expenses	9	(287,980)	(270,115)	(110,521)	(79,826)
Loss on foreign exchange differences		(75,281)	(178,487)	(14,953)	(186,927)
Loss before income tax		**(22,247)**	**(855,802)**	**338,233**	**(423,279)**
Income tax expense		(54,461)	(64,437)	20,580	(64,125)
Loss for the period and total comprehensive loss attributable to owners of the parent		**(76,708)**	**(920,239)**	**358,813**	**(487,404)**

Loss per share (amounts are indicated in RUR)	11	RUR	RUR	RUR	RUR
Loss per share, basic and diluted		(0.62)	(7.39)	2.88	(3.91)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 17 to 25.

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

In thousands of		USD*	USD*	USD*	USD*
		Nine months ended		Three months ended	
	Notes	**30 September 2012**	**30 September 2011**	**30 September 2012**	**30 September 2011**
Revenue		87,511	31,159	46,916	19,650
Gain on revaluation of biological assets		21,976	12,910	14,165	1,076
Change in net realizable value of agricultural produce after harvest		968	(4,699)	69	(23)
Total revenue and gains	5	**110,455**	**39,370**	**61,150**	**20,703**
Cost of sales		(78,484)	(30,896)	(36,907)	(16,535)
Gross profit		**31,971**	**8,474**	**24,243**	**4,168**
Distribution expenses		(6,966)	(6,402)	(4,047)	(3,441)
General and administrative expenses		(14,057)	(15,351)	(4,946)	(6,756)
Taxes other than on income		(1,757)	(1,186)	(731)	(403)
Government grants		843	1,853	595	1,499
Other income and expenses		536	(1,436)	(231)	(358)
Operating profit/(loss)		**10,570**	**(14,048)**	**14,883**	**(5,291)**
Financial income		460	877	116	228
Financial expenses	9	(9,314)	(8,736)	(3,575)	(2,582)
Loss on foreign exchange differences		(2,434)	(5,772)	(484)	(6,046)
Loss before income tax		**(718)**	**(27,679)**	**10,940**	**(13,691)**
Income tax expense		(1,763)	(2,083)	666	(2,074)
Loss for the period and total comprehensive loss attributable to owners of the parent		**(2,481)**	**(29,762)**	**11,606**	**(15,765)**

Loss per share (amounts are indicated in RUR)	11	USD*	USD*	USD*	USD*
Loss per share, basic and diluted		(0.02)	(0.24)	0.09	(0.13)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 17 to 25.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

BLACK EARTH FARMING LTD.

In thousands of	Notes	RUR 30-Sep-12	RUR 31-Dec-11	USD* 30-Sep-12	USD* 31-Dec-11
ASSETS					
Non-current assets					
Property, plant and equipment		6,139,702	6,019,548	198,589	194,701
Investment property	6	42,584	-	1,377	-
Intangible assets		3,608	6,845	117	221
Biological assets (livestock)		22,828	23,514	738	761
Other non-current assets		42,634	88,646	1,379	2,867
Deferred tax assets		21,602	111,766	699	3,615
Total non-current assets		**6,272,958**	**6,250,319**	**202,899**	**202,165**
Current assets					
Inventories		1,787,871	1,910,709	57,828	61,801
Biological assets (crop production)		1,593,771	532,598	51,550	17,227
Trade and other receivables	7	889,855	474,074	28,782	15,334
Cash and cash equivalents		384,442	985,452	12,435	31,874
Total current assets		**4,655,939**	**3,902,833**	**150,595**	**126,236**
Total assets		**10,928,897**	**10,153,152**	**353,494**	**328,401**
EQUITY AND LIABILITIES					
Equity					
Share capital		32,921	32,921	1,065	1,065
Share premium		11,275,731	11,275,731	364,711	364,711
Reserves		179,982	178,189	5,821	5,763
Accumulated deficit		(5,274,629)	(5,197,921)	(170,607)	(168,126)
Total equity attributable to owners of the parent		**6,214,005**	**6,288,920**	**200,990**	**203,413**
LIABILITIES					
Non-current liabilities					
Non-current loans and borrowings	8	3,245,090	3,265,713	104,962	105,629
Deferred tax liabilities		1,459	42,153	47	1,363
Total non-current liabilities		**3,246,549**	**3,307,866**	**105,009**	**106,992**
Current liabilities					
Current loans and borrowings	8, 9	413,694	165,166	13,381	5,342
Trade and other payables		1,054,649	391,200	34,114	12,654
Total current liabilities		**1,468,343**	**556,366**	**47,495**	**17,996**
Total liabilities		**4,714,892**	**3,864,232**	**152,504**	**124,988**
Total equity and liabilities		**10,928,897**	**10,153,152**	**353,494**	**328,401**

The condensed consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the interim consolidated financial statements set out on pages 17 to 25.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

BLACK EARTH FARMING LTD.

In thousands of	RUR Share capital	RUR Share premium	RUR Equity-settled employee benefits reserve	RUR Accumulated deficit	RUR Total equity attributable to owners of the parent
Balance as at 1 January 2011	**32,921**	**11,275,731**	**152,556**	**(3,855,813)**	**7,605,395**
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	(920,239)	(920,239)
Recognition of share-based payments	-	-	15,423	-	15,423
Balance as at 30 September 2011	**32,921**	**11,275,731**	**167,979**	**(4,776,052)**	**6,700,579**
Balance as at 1 January 2012	**32,921**	**11,275,731**	**178,189**	**(5,197,921)**	**6,288,920**
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	(76,708)	(76,708)
Recognition of share-based payments	-	-	1,793	-	1,793
Balance as at 30 September 2012	**32,921**	**11,275,731**	**179,982**	**(5,274,629)**	**6,214,005**

In thousands of	USD* Share capital	USD* Share premium	USD* Equity-settled employee benefits reserve	USD* Accumulated deficit	USD* Total equity attributable to owners of the parent
Balance as at 1 January 2011	**1,065**	**364,711**	**4,934**	**(124,715)**	**245,995**
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	(29,765)	(29,765)
Recognition of share-based payments	-	-	499	-	499
Balance as at 30 September 2011	**1,065**	**364,711**	**5,433**	**(154,480)**	**216,729**
Balance as at 1 January 2012	**1,065**	**364,711**	**5,763**	**(168,126)**	**203,413**
Loss for the period and total comprehensive loss attributable to owners of the parent	-	-	-	(2,481)	(2,481)
Recognition of share-based payments	-	-	58	-	58
Balance as at 30 September 2012	**1,065**	**364,711**	**5,821**	**(170,607)**	**200,990**

The condensed 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 17 to 25.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2012

BLACK EARTH FARMING LTD.

In thousands of	Notes	RUR 9 m. 2012	RUR 9 m. 2011	USD* 9 m. 2012	USD* 9 m. 2011
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period		(76,708)	(920,239)	(2,481)	(29,765)
Adjustments for:					
Income tax expense		54,461	64,437	1,763	2,083
Depreciation and amortization		314,556	256,544	10,174	8,298
Bad debt expense		19,071	18,438	617	596
Foreign exchange loss		75,281	178,487	2,434	5,773
Financial income		(14,214)	(27,110)	(460)	(877)
Financial expense		284,929	257,759	9,215	8,337
(Gain) / loss on disposal of property, plant and equipment and intangible assets		(35,617)	4,132	(1,152)	134
Warrant expense / (income)		1,793	15,423	58	499
Impairments		-	9,496	-	307
Change in value of biological assets and inventory		(709,351)	(253,877)	(22,944)	(8,211)
Effect of revaluations on cost of sales		318,366	148,472	10,297	4,802
		232,567	**(248,038)**	**7,521**	**(8,024)**
Movements in working capital:					
Increase in inventories		(65,790)	(435,858)	(2,128)	(14,098)
Increase in biological assets		(381,053)	(541,968)	(12,325)	(17,530)
Increase in trade and other receivables		(361,430)	(262,074)	(11,690)	(8,477)
Increase in trade and other payables		679,189	536,319	21,968	17,347
Cash from / (used) in operations		**103,483**	**(951,619)**	**3,346**	**(30,782)**
Interest paid		(353,696)	(330,202)	(11,440)	(10,680)
Income tax paid		(5,067)	(273)	(163)	(9)
Net cash used in operating activities		**(255,280)**	**(1,282,094)**	**(8,257)**	**(41,471)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		14,395	33,648	466	1,088
Acquisition of land plots		-	(41,204)	-	(1,333)
Acquisition of property, plant and equipment		(655,910)	(494,917)	(21,215)	(16,008)
Proceeds from disposal of property, plant and equipment		84,340	17,672	2,728	572
Acquisition of intangible assets		(2,690)	(3,445)	(87)	(111)
Proceeds from disposal of investments		-	1,288	-	42
Net cash used in investing activities		**(559,865)**	**(486,958)**	**(18,108)**	**(15,750)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from sale of bonds	8	183,099	-	5,922	-
Repurchase of bonds		-	(268,330)	-	(8,679)
Proceeds from borrowings[1]	9	30,917	-	1,000	-
Net cash from / (used in) financing activities		**214,016**	**(268,330)**	**6,922**	**(8,679)**
Net decrease in cash and cash equivalents		**(601,129)**	**(2,037,382)**	**(19,443)**	**(65,900)**
Cash and cash equivalents at beginning of period		985,452	2,982,817	31,874	96,479
Effect of exchange rate fluctuations on cash and cash equivalents		119	(29,142)	4	(942)
Cash and cash equivalents at end of the period		**384,442**	**916,293**	**12,435**	**29,637**

[1] *Proceeds from borrowings represents the net amount of cash inflows and outflows.*

The condensed consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 17 to 25.

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

1 Background

(a) Organisation and operations

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

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

The Group is involved in the acquisition and subsequent management of agricultural companies in Russia. The Group's activities include farming, production of crops and dairy produce and the distribution of related products in the Russian Federation and exporting to other countries. The Group commenced operations in 2005.

(b) Russian business environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Russia and Russia's economy in general.

Laws and regulations affecting businesses in Russia continue to change rapidly. Tax, currency and customs legislation within Russia are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Russia. The future economic direction of Russia is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt Russia's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Because Russia produces and exports large volumes of oil and gas, Russia's economy is particularly sensitive to the price of oil and gas on the world market which has fluctuated significantly during 2012 and 2011.

(c) Seasonality

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

During the spring period, i.e. April to June, the crops undergo active germination phase. There are a lot of works related to tilling, seeding, and fertilizing thus the majority of costs are accrued during second and third quarters. At the end of June crop development has progressed enough to define its fair value according to IAS 41. Therefore the Group shows its planted crop at fair value less point-of-sales costs under "Biological assets" in the balance sheet. Gain on revaluation of biological assets and agricultural produce is calculated as difference between the crops and livestock fair value and accumulated costs for its production.

During the first six months the Group sold its crop production harvested in 2011 and stored at the end of 2011 financial year and 2012 crop following harvest which commenced in July 2012.

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

2 Basis of preparation

(a) Statement of compliance

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

(b) Significant accounting policies

The condensed consolidated financial statements have been prepared under historical cost convention, except for biological assets measured at fair value less estimated point-of-sale costs at date of harvest and except for agricultural produce measured at net realizable value at the end of each reporting period.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011, except for the recognition and measurement of investment property as of the reporting date which is a new asset for the Group (details are provided in note 6).

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are also measured at cost value with depreciation and impairment recognised in profit or loss in the period in which they arise.

(c) Functional and presentation currency

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

(d) Convenience translation

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

All amounts in the condensed consolidated financial statements, including comparatives, are translated from RUR to USD at the closing exchange rate at 30 September 2012 of RUR 30.9169 to USD 1. All financial information in USD has been rounded to the nearest thousand.

3 Prior year changes

Last year the Group conducted a detailed analysis of its expenditures with a view to improve classification of such expenditures between cost of sales and distribution expenses, taking into account that costs incurred to operate the new elevators produce storage capacity mainly for internal needs. As a result of such analysis, it was concluded that a portion of costs incurred to operate the elevators relating to intergroup revenue should be presented as distribution costs.

Moreover, the Group thoroughly considered the essence of the general and administrative expenses and it was concluded that the list of expenses related to security measures and internal warehouses should be included in cost of sales.

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Due to these two changes certain comparative information, presented in the condensed consolidated financial statements for the nine months period ended 30 September 2011, has been reclassified in order to achieve comparability with the current period presentation.

The details of the reclassifications made are as follows:

In thousands of RUR	Before reclassification	Recast	Difference
Condensed Consolidated Statement of Comprehensive Income for the nine months period ended 30 September 2011			
Cost of sales	936,777	955,222	18,445
Distribution expenses	216,364	197,919	(18,445)

*In thousands of USD**	Before reclassification	Recast	Difference
Condensed Consolidated Statement of Comprehensive Income for the nine months period ended 30 September 2011			
Cost of sales	30,300	30,896	596
Distribution expenses	6,998	6,402	(596)

4 Segment Information

The operating segments definitions were developed by senior management in order to enable effective and efficient operating performance based on the geographic and sub-climactic split of the cropped areas in the four Black Earth regions: Voronezh, Kursk, Lipetsk and Tambov. The Group also has one operating entity in Samara region; however, for segment reporting purposes it was included in Tambov, as the entity's result is not material as a single operating segment.

The Elevator segment consists of two legal entities: LLC Agroterminal (with working elevator containing 60 thousand tons of capacity) and LLC Agro-Invest Nedvizhimost (with new working elevators containing 120 thousand tons of capacity). Elevators are mainly used for storing internally produced crops with small portion of external sales.

The management company is registered in Moscow and located in Moscow, with branch offices in Voronezh, Tambov, Lipetsk, Kursk. The management company does not produce anything itself and manages the selling of crops harvested by the Group's companies. It sets the general policies for all entities, collects the data and controls implementation of all management decisions therefore it bears the majority of general and administrative expenses.

The parent company Black Earth Farming Ltd. is not included in any of the operating segments, as it does not generate revenue, therefore its assets and expenses have been reflected in the corporate segment of the assets and expenses.

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

(a) Segment revenues and results

In thousands of	RUR Revenue from external sales **9 m. 2012**	RUR Inter-segment revenue **9 m. 2012**	RUR Depreciation and amortisation **9 m. 2012**	RUR Net result **9 m. 2012**
Agricultural companies				
- Voronezh region	628,536	41,329	64,777	34,127
- Kursk region	859,691	37,223	75,300	86,441
- Lipetsk region	834,016	19,046	77,169	9,629
- Tambov region	375,426	19,377	59,572	1,221
Elevators	7,913	134,596	31,649	(149,603)
Management company (Moscow)	-	42,515	6,089	(208,396)
Total	**2,705,582**	**294,086**	**314,556**	**(226,581)**
Gain on revaluation of biological assets				679,434
Change in net realizable value of agricultural produce				29,917
Central administrative costs, including directors' salaries				(155,970)
Financial expenses, net				(349,047)
Profit before income tax				**(22,247)**

In thousands of	RUR Revenue from external sales **9 m. 2011**	RUR Inter-segment revenue **9 m. 2011**	RUR Depreciation and amortization **9 m. 2011**	RUR Net result **9 m. 2011**
Agricultural companies				
- Voronezh region	105,011	53,068	53,840	(57,438)
- Kursk region	194,863	19,638	45,447	(67,074)
- Lipetsk region	403,470	45,945	54,292	(30,721)
- Tambov region	132,243	7,889	43,373	(48,893)
Elevators	70,032	107,299	52,024	(62,042)
Management company (Moscow)	57,727	42,384	7,568	(291,980)
Total	**963,346**	**276,223**	**256,544**	**(558,148)**
Gain on revaluation of biological assets				399,152
Change in net realizable value of agricultural produce				(145,275)
Central administrative costs, including directors' salaries				(121,393)
Other income and expenses				(8,646)
Financial expenses, net				(421,492)
Loss before income tax				**(855,802)**

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

In thousands of	USD* Revenue from external sales 9 m. 2012	USD* Inter-segment revenue 9 m. 2012	USD* Depreciation and amortization 9 m. 2012	USD* Net result 9 m. 2012
Agricultural companies				
- Voronezh region	20,330	1,337	2,095	1,105
- Kursk region	27,807	1,204	2,436	2,796
- Lipetsk region	26,976	616	2,496	311
- Tambov region	12,143	627	1,927	39
Elevators	256	4,353	1,024	(4,839)
Management company (Moscow)	-	1,375	196	(6,740)
Total	**87,512**	**9,512**	**10,174**	**(7,328)**
Gain on revaluation of biological assets				21,976
Change in net realizable value of agricultural produce				968
Central administrative costs, including directors' salaries				(5,046)
Financial expenses, net				(11,288)
Profit before income tax				**(718)**

In thousands of	USD* Revenue from external sales 9 m. 2011	USD* Inter-segment revenue 9 m. 2011	USD* Depreciation and amortization 9 m. 2011	USD* Net result 9 m. 2011
Agricultural companies				
- Voronezh region	3,397	1,716	1,742	(1,858)
- Kursk region	6,303	635	1,470	(2,169)
- Lipetsk region	13,050	1,486	1,756	(994)
- Tambov region	4,277	255	1,403	(1,581)
Elevators	2,265	3,471	1,683	(2,007)
Management company (Moscow)	1,867	1,371	245	(9,722)
Total	**31,159**	**8,934**	**8,299**	**(18,331)**
Gain on revaluation of biological assets				12,910
Change in net realizable value of agricultural produce				(4,699)
Central administrative costs, including directors' salaries				(3,928)
Financial expenses, net				(13,631)
Loss before income tax				**(27,679)**

The accounting policies of the reportable segments are the same as the Group's accounting policies according to IFRS. Segment profit represents the profit earned by each segment without allocation of central administrative costs and directors' salaries (Black Earth Farming Ltd.), other income and expenses and net financial results.

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(b) Segment assets

In thousands of	RUR 30-Sep-12	RUR 31-Dec-11	USD* 30-Sep-12	USD* 31-Dec-11
Agricultural companies				
- Voronezh region	2,239,918	1,825,922	72,450	59,059
- Kursk region	2,550,175	2,241,161	82,485	72,490
- Lipetsk region	2,428,567	2,123,407	78,551	68,681
- Tambov region	1,836,490	1,229,073	59,401	39,754
Elevators	1,499,084	1,670,075	48,488	54,018
Management company (Moscow)	261,487	571,648	8,458	18,490
Total segment assets	**10,815,721**	**9,661,286**	**349,833**	**312,492**
Corporate assets	113,176	491,866	3,661	15,909
Consolidated total assets	**10,928,897**	**10,153,152**	**353,494**	**328,401**

(c) Revenues from major products

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

In thousands of	RUR 9 m. 2012	RUR 9 m. 2011	USD* 9 m. 2012	USD* 9 m. 2011
Wheat	1,442,915	786,215	46,670	25,429
Sunflowers	269,846	-	8,728	-
Spring rape seed	519,423	8,585	16,801	278
Corn	106,891	3,577	3,457	116
Spring barley	209,550	73,888	6,778	2,390
Soya	57,811	21,819	1,870	706
Sugar beet	54,894	27,939	1,776	904
Milk and meat	26,781	25,484	866	824
Waste grains	5,947	2,094	192	69
Other goods and services	11,524	13,745	373	443
	2,705,582	**963,346**	**87,511**	**31,159**

(d) Geographical information

The Group's business operations are concluded in the Russian Federation. The Group has a head office in Jersey, UK; however the head office owns no non-current assets and generates only financial income and expenses, and incurs administration costs and director salaries expenses. All non-current assets are located in Russia and all of the Group's operating activities are performed in Russia.

5 Revenue and gains

In thousands of	RUR 9 m. 2012	RUR 9 m. 2011	USD* 9 m. 2012	USD* 9 m. 2011
Revenue from sales of crop production	2,667,277	924,117	86,272	29,890
Revenue from sales of milk and meat	26,781	25,484	866	824
Revenue from sales of other goods and services	11,524	13,745	373	445
Gain on revaluation of biological assets	679,434	399,152	21,976	12,910
Change in net realizable value of agricultural produce after harvest	29,917	(145,275)	968	(4,699)
	3,414,933	**1,217,223**	**110,455**	**39,370**

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6 Investment Property

During first quarter 2012 the Group concluded several lease agreements on its land in Samara region. The Group does not use the land plots in Samara in its current agricultural activity and intents to earn rentals instead. The Group classifies the land as investment property and measures it applying cost model therefore the transfer from owner-occupied property to investment property did not influence profit and loss for the period.

The fair value of the land classified as investment property is estimated at RUR 75,212 thousand (USD* 2,292 thousand).

Balance cost of investment property

In thousands of	RUR **30-Sep-12**	USD* **30-Sep-12**
Cost		
Balance at the beginning of year	-	-
Additions	42,584	1,377
Balance at the end of period	**42,584**	**1,377**

The Group recognised the following amounts in profit and loss related to investment property:

In thousands of	RUR **9 m. 2012**	USD* **9 m. 2012**
Rental income from investment property	3,043	98
Land tax expenses	(3,043)	(98)
	-	**-**

7 Trade and other receivables

In thousands of	RUR **30-Sep-12**	RUR **31-Dec-11**	USD* **30-Sep-12**	USD* **31-Dec-11**
VAT receivables	254,767	187,654	8,240	6,070
Advances paid for goods and services	190,120	188,028	6,149	6,082
Trade receivables	337,922	91,222	10,930	2,951
Income tax receivable	6,704	4,388	217	142
Other prepayments and receivables	151,661	21,043	4,906	681
Allowance for doubtful debts	(51,319)	(18,261)	(1,660)	(592)
	889,855	**474,074**	**28,782**	**15,334**

8 Repurchase and repayment of debt securities

In 2010, the Group issued Bonds with a nominal amount of SEK 750,000,000. The Bonds bear an interest coupon of 10%, payable annually on the anniversary date (1 July). The Bonds are due to be redeemed in 2014 and are listed on the Nasdaq OMX Stockholm exchange. As at 30 September 2012, the Group is in compliance with all covenants stipulated in the bond agreement.

In first quarter 2012 the Group sold SEK 40.0 million of its bonds that were purchased during the first half of 2011. The Group received a total of RUR 183,099 thousand (USD* 5,992 thousand) from the sale.

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9 Working Capital Facility

As announced on 11 July 2012, the Company entered into a loan agreement with its main shareholders, AB Investment Kinnevik and Vostok Nafta Investment Ltd, for a USD 25 million one year revolving working capital facility at an interest rate of 11%. The majority was repaid during August and September as the harvest and sales of 2012 crops commenced wherefore USD 1 million of the facility was utilised as of 30 September. The parties have agreed that the amount outstanding if any will be used as partial payment to subscribe for their pro rata share of the rights issue announced on 21 October 2012.

10 Dividends

During the nine months period ended 30 September 2012 no dividends were paid or declared.

11 Earnings/(Loss) per share

The amounts are indicated in	RUR **9 m. 2012**	RUR **9 m. 2011**	USD* **9 m. 2012**	USD* **9 m. 2011**
Loss for the period	(76,708,000)	(920,239,000)	(2,481,000)	(29,762,000)
Weighted average number of ordinary shares	124,601,667	124,601,667	124,601,667	124,601,667
Effect of dilutive share options	1,939,000	1,311,866	1,939,000	1,311,866
Weighted average number of shares for the purpose of diluted earnings per share	126,540,667	125,913,533	126,540,667	125,913,533
Basic earnings/(loss) per share (RUR/share, USD*/share)	(0.62)	(7.39)	(0.02)	(0.24)
Diluted earnings/(loss) per share (RUR/share, USD*/share)	(0.62)	(7.39)	(0.02)	(0.24)

12 Contingencies and commitments

In thousands of	RUR **9 m. 2012**	USD* **9 m. 2012**
Commitments for acquisition of materials	477,395	15,441
Commitments for acquisition of property, plants and equipment	83,064	2,687
Commitments for lease agreements	89,326	2,889
	649,785	**21,017**

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13 Subsequent events

On 21 October 2012 the Company announced a strategic cooperation agreement with PepsiCo in Russia. Black Earth Farming will become a significant supplier of sunflower seeds and potatoes, both used in the production of Frito-Lay's potato crisps as well as beet for sugar to be used in other PepsiCo products. The intended investments to increase the production area of potatoes and sugar beet involves a capital requirement which is intended to be financed via a rights issue with preferential rights for current shareholders.

Black Earth Farming's Board of Directors resolved on 13 November 2012, with support of the authorisation from the extraordinary general meeting held on 13 November 2012, to carry out a rights issue of maximum 83,067,778 new shares represented by Swedish Depository Receipts ("SDRs") at a subscription price of SEK 6.38 with preferential rights for the existing SDR holders. The total issue amount corresponds to a maximum amount of approximately SEK 530 million before issue expenses. BEF has received subscription undertakings from SDR holders representing in the aggregate 50.4 percent of the Rights Issue, including Vostok Nafta and Kinnevik, as well as all members of the Board of Directors and senior management of BEF who currently hold SDRs in the Company.

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Black Earth Farming Ltd. is a leading farming company, publicly listed on Nasdaq OMX Stockholm and operating in Russia. It acquires, develops and farms agricultural land assets primarily in the fertile Black Earth region in southwest Russia. The Company has gained a strong market position in the Kursk, Tambov, Lipetsk and Voronezh regions, controlling some 310,000 hectares of what perhaps is the world's most fertile soil.

In 2012 Black Earth Farming plans to harvest approximately 222,000 hectares, effectively making it one of the world's largest public farming companies by cropped area. The Company's main products are wheat, barley, sunflower and rapeseed.

The Board of Directors and the CEO 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.

Jersey, 22 November 2012

Vigo Carlund

Per Brilioth

Alex Gersh

Henrik Persson

Poul Schroeder

Magnus Unger

Richard Warburton

Financial Calendar:

Year End Report January – December 2012 22 February 2013

For further information contact

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NOMINATION COMMITTEE FOR THE 2013 ANNUAL GENERAL MEETING

In accordance with the resolution of the 2012 Annual General Meeting, a Nomination Committee has been convened consisting of members representing the three largest shareholders in the Company. The Nomination Committee is comprised of Per Brilioth, on behalf of Vostok Nafta Investment Ltd, Anders Kronborg, on behalf of Kinnevik New Ventures AB (a subsidiary of Investment AB Kinnevik), and Leif Törnvall, on behalf of Alecta. Per Brilioth is Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee should do so in writing to the Chairman Per Brilioth via e-mail nominationcommittee@blackearthfarming.com or by mail, Black Earth Farming Ltd, attention Nomination Committee, PO Box 781, 8 Church Street, JE4 OSG ST Helier, Jersey. Proposals should be submitted not later than March 1st, 2013.

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Terms & 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"
A 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.

"EBITDA"
EBITDA represents net income (loss) before interest expense, interest income, income tax expense (benefit), depreciation of property and equipment, amortization of intangible assets, and extraordinary or non-recurring income and expenses.

"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, corn 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"
Pareto Öhman AB, company registration number 556206-8956,Box 7415, SE-103 91, Stockholm, Sweden.