

Black Earth Farming Ltd Unaudited Interim Report

1 January – 31 March 2016



**BLACK
EARTH
FARMING LTD.**



Strong winter crop outlook, spring seeding in progress.

1Q16 revenue and gain is up to USD 19.9mn (13.5) on increased sales volume and higher average price. EBIT improved from USD -3.9mn to USD -3.6mn. Negative profitability in the first quarter is expected and reflects business seasonality. 1Q16 Net loss of USD -4.6mn (-2.1) differs from 1Q15 due to reduced positive effect from ruble revaluation: foreign exchange (FX) gain is USD 0.4mn versus USD 2.8mn in 1Q15.

Winter wheat outlook remains strong, virtually without winter kill. Seeding campaign is 72% completed. Very high rainfall so far in 2016 means soils are very wet.

2016 Highlights (vs 2015)

- Total revenue and gains of USD 19.9mn (13.5)
- Sales volume of 118.9kt (84.8)
- Average sales price of 166 USD/tn (162)
- Gross profit of USD 4.9mn (2.3), distribution cost USD 5.1mn (2.4)
- G&A of USD 3.2mn (4.3)
- Operating loss of USD -3.6mn (-3.9)
- FX income of USD 0.4mn (2.8)
- Net loss of USD -4.6mn (-2.1)
- Net debt less finished good inventory of USD 7mn (11.8)

Significant and subsequent events

- Strong winter wheat yield prospects, no identified winter kill
- Seeding campaign is 72% completed
- Bond buyback of SEK 29mn (USD 3.4mn) par value
- In April 2016, the Group agreed credit facility extension with VTB bank from RUR 800mn to RUR 2,400mn (from USD 11.8mn to USD 35.5mn).

CEO Comment Highlights (p.2)

- Market development
- Sales & marketing
- 1Q16 Results
- 2016 Crop
- 2016 Plan
- Summary & Outlook

Financial Overview (p.5)

<i>USD million</i>	Q1 '16	Q1 '15
Crop Volumes Sold (k tons)	118.9	84.8
Av. Sales Price	166	162
Total Revenue & Gains	19.9	13.5
Gross Profit	4.9	2.3
EBITDA	(2.3)	(2.4)
EBIT	(3.6)	(3.9)
FX income	0.4	2.8
Net loss	(4.6)	(2.1)

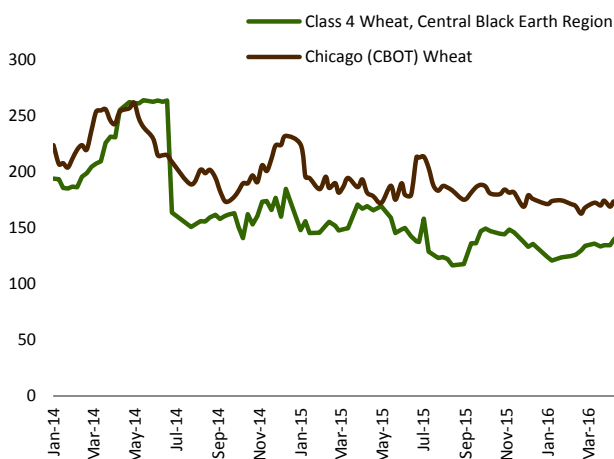
Introduction

There is limited activity in Q1 in terms of production. Sales of crop inventory, forex translations and any changes in G&A being the only factors that affect the financials.

Market Development

International and domestic grain prices have weakened during the quarter as predictions are for stocks to increase. Oilseeds have strengthened somewhat. The 2015 Russian grain harvest is estimated as a near record crop at 104mmt. 32mmt of exports are predicted. A warm winter has meant minimal winter kill of 2015 autumn sown crops and wet subsoils and cool conditions suggest potential is high for wheat and barley crops. Spring planting is somewhat later than normal due to rainfall to the end of April running at more than double the five year average for our farms.

CBOT vs Black Earth Region Wheat Price



Source: IKAR, CBOT

1Q16 Sales and Financials

The sales of 2015 crop have been made at average prices close to the 2015 year end valuations. Thus, first quarter results are mostly driven by G&A development and exchange rate effects.

Revenue and Gains of USD 19.9mn (13.5) reflect higher sales volume in 1Q16 of 118.9kt (84.8). Although market prices have weakened, 1Q16 average sales price of 166 USD/tn (162) demonstrated an increase y-o-y due to a higher share of more expensive export sales in sales mix. In 1Q16 export sales accounted for 49% (22%) of the total.

We value the year end finished good inventory to market at the end of Q4 and then sell it during Q1 and value the remaining Q1 stock at Q1 prices. The average price for Q1 end inventory mix of 160

USD/tn was marginally lower than the 2015 year end price of 161 USD/tn (comparable price based on Q1 2016 stock mix and exchange rate). Therefore, the Company books a small loss from sales, and a marginally negative change in net realizable value of USD -0.1mn (-0.6).

Gross profit of USD 4.9mn (2.3) in Q1 mostly reflects premium of export sales prices vs domestic prices (which are the basis for stock valuation). Gross profit increased by 113% in 1Q16 compared to 1Q15. Likewise, distribution costs grew by 110% y-o-y to USD 5.1mn from USD 2.4mn. In 1Q16 Gross profit less distribution in 2016 of USD -0.2mn (-0.1mn) is similar to that of 1Q15.

The operating profit (EBIT) improvement to USD -3.6mn (-3.9) is driven by a reduction in G&A costs.

In Q1 2016, the company benefited from FX revaluation in Q1, having booked FX income of USD 0.4mn, while FX revaluation positive effect was USD 2.8mn in Q1 2015.

The 1Q16 net result difference compared to 1Q15 is driven by the difference in FX income.

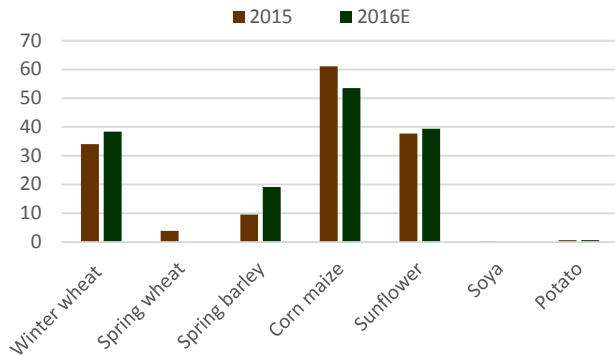
Net cash flow from operations amounted to USD 6.1mn (5.4). Investments into PP&E reduced from USD 2.3mn to USD 1.2mn. The company has spent USD 3.3mn on bond buy backs in 1Q 2016.

On 31 March 2016, the Company had USD 35.2mn (33.9) in cash and USD 62.5mn (54.8) of interest bearing debt outstanding. Finished good balance increased by USD 11.2mn y-o-y to USD 20.3mn. The Company's liquidity has strengthened as net debt less finished good position improved from USD 11.3mn in 1Q15 to USD 7mn in Q2016.

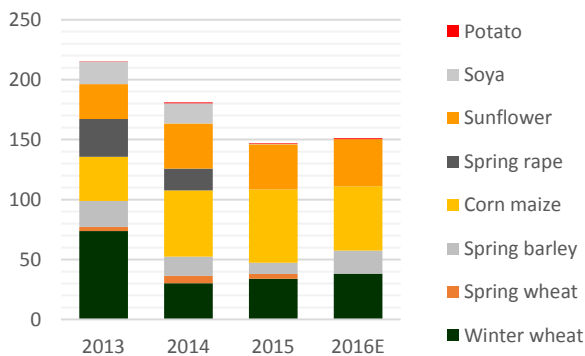
Spring Seeding and 2016 Crop Area

The spring of 2016 has been much wetter than normal with rainfall to the end of April at more than double the five year averages. Planting has consequently been frequently interrupted and on 15 May is 72% completed. Good establishment is expected and soil moisture is high. Our winter wheat crops remain in excellent condition and experienced virtually no winter kill. The 2016 crop area is planned to be circa 151k Ha.

Commercial Crop Area Development, k Ha



2013-2016 Crop area Breakdown, k Ha



Revenue Risk Management

98% of the 2015 harvest crop is now priced. Small volumes of potatoes and sunflowers remain. 190kt were exported. 45% of the 2016 harvest wheat and corn is hedged on CBOT futures.

Summary

Whilst 2016 harvest grain price prospects are currently low, the Company's winter crops are in excellent condition and have good potential. Spring seeding, whilst somewhat later than normal, has proceeded well and with high soil moisture to date and cool conditions should result in good establishment. Finishing seeding and ensuring that spray programs are executed well and on time over the next few weeks is vital in order to maintain footprint and yield potential.

19 May 2016

Richard Warburton CEO and President

Note on foreign exchange and FX income

RUR/USD fluctuations 2014-2016



Black Earth Farming uses USD as its presentation currency. The 1Q16 average RUR/USD rate, used to translate the income statement, was 74.63 vs 63.19 in 1Q15 (+18% y-o-y). The Company's operating results benefit from RUR devaluation as exports are foreign currency denominated and domestic prices highly correlated with export prices.

Applying ruble as functional currency, we translate FX denominated assets and liabilities to ruble at the closing rate, reflecting income and loss from this translation in the income statement.

1Q16 ruble closing rate strengthened 7.2% from 72.88 RUR/USD on 31 December 2015 to 67.61 RUR/USD on 31 March 2016, and strengthened by 4.9% vs SEK. As a result, the Company booked FX income on SEK denominated bond debt revaluation and an FX loss on mostly USD denominated cash. Net 1Q16 FX income accounted for USD 0.4mn.

In 1Q15 ruble weakened vs USD by 3.9%, however, strengthened vs SEK by 6.3%, therefore in 1Q15 the Company received significant positive FX income both on cash denominated in USD and on bond debt revaluation; total FX income amounted to USD 2.8mn in 1Q15.

Changes in closing exchange rate dynamics contributed to the most significant part of financial result difference 1Q15 vs 1Q16.

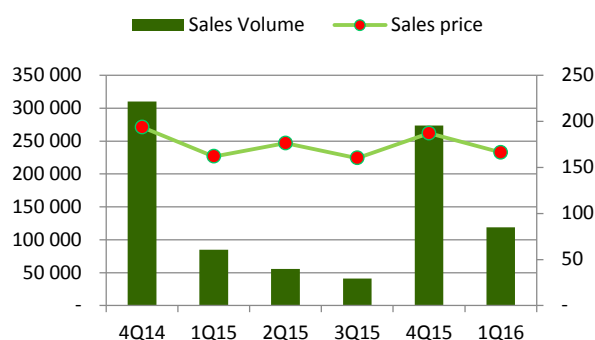
Revenue

Revenue from goods sold during 1Q16 increased by 41.6% y-o-y to USD 20.0mn as volumes sold were up 40.1% from 85kt in 1Q15 to 119kt in 1Q16. Weighted average price marginally increased from 162 USD/tn to 166 USD/tn, largely driven by a higher share of export sales in the mix: 49% in 1Q16 vs 22% in 1Q15.

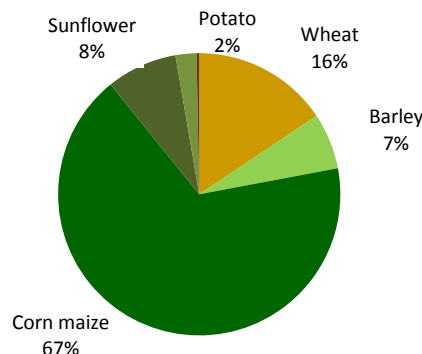
The 1Q16 volume sales mix consisted of corn (67%), wheat (16%), sunflower (8%) and barley (7%).

Compared to the inventory valuation on 31 December 2015, realized sales prices were generally higher. However, the export mark-up added on top of ex-work price was mostly offset by distribution cost increase. Thus, gross profit less distribution cost in 1Q16 accounts only for USD -0.2mn.

Sales Volumes & Realised Price per Ton



Q1 2016 Sales Mix (% of volumes)



Inventory & Gain/Loss of Revaluation

126.4kt of crops harvested in 2015 were held in inventory as of 31 March 2016 vs 227.4kt as of 31 December 2015. 55% of the end-of-period volumes consisted of corn, 16% of wheat and 15% of sunflower. Average December valuation inventory price for March inventory mix was 161 USD/tn vs 160 actual in March. Change in NRV resulted in a marginal loss of USD -0.1mn (-0.6). 1Q15 average prices, as well as prices used for inventory valuation are detailed on page 7.

Result

Gross profit less distribution was USD -0.2mn (-0.1), as a simultaneous increase in profit and distribution costs reflected a higher share of export sales.

1Q16 G&A expense of USD 3.2mn is USD 1.1mn lower than the expenses in 1Q15, supported by cost savings from Moscow office closure and other initiatives as well as by the benefit from ruble devaluation.

Other income and expenses decreased from USD 0.2mn to USD -0.3mn: largest difference was change in income from crop hedges of USD -0.2mn. EBIT improved from USD -3.9mn in 1Q15 to USD -3.6mn in 1Q16 supported by strong G&A performance.

Financial expenses increased by USD 0.2mn on higher debt position related to the additional credit facilities.

Gain on foreign exchange differences of USD 0.4mn was USD 2.4mn less than in 1Q15, driven by lower RUR appreciation to USD and SEK in comparison with 1Q15.

1Q16 resulted in USD -4.6mn Net loss which is higher than in 1Q15 on reduced gain from exchange differences.

Financial Position

Company's Equity and total assets have increased in ruble, the functional currency, however, reduced in USD due to exchange rate differences.

Current assets increased by USD 5.3mn y-o-y to USD 99mn as of 31 March 2016, reflecting high cash and finished good balances due to strong FY 2015 results.

The Company's assets are held at historical cost in its functional currency in the Russian ruble. Given the depreciation of the ruble in 2014 and 2015, the Company believes that its land assets, in particular, are undervalued on its balance sheet. The Company is considering a review of its approach to accounting for its land assets.

Cash Flow

Net cash flow from operations amounted to USD 6.1mn (5.4) in 1Q16 driven by strong cash sales in the 1Q. Investments into PP&E of USD 1,2mn (2.3) are due to reduced investment into the irrigated crop project. The bond buyback in 1Q16 accounted for USD 3.3mn cash outflow. Net cash flow of USD 2.2mn (1.8) and foreign exchange difference on cash resulted in cash and equivalents of USD 35.2mn as of 31 March 2016 (33.9).

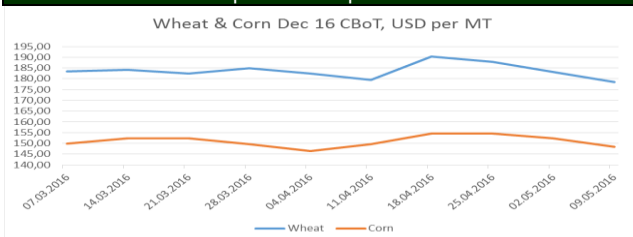
Statement of Financial Position

E-rate	RUR million		USD million	
	31-Mar-16	31-Mar-15	67.61 31-Mar-16	58.46 31-Mar-15
<i>Land</i>	2 150	1 590	31.8	27.2
<i>Buildings</i>	1 846	1 760	27.3	30.1
<i>Equipment & other</i>	1 663	1 766	24.6	30.2
<i>Investment property</i>	155	158	2.3	2.7
<i>Other</i>	101	170	1.5	2.9
Total Non-current assets	5 915	5 444	87.5	93.1
<i>Cash</i>	2 377	1 982	35.2	33.9
<i>Finished goods</i>	1 371	532	20.3	9.1
<i>Raw materials and consumables</i>	1 061	1 052	15.7	18.0
<i>Bio assets & cultivation</i>	1 217	994	18.0	17.0
<i>Receivables</i>	665	690	9.8	11.8
<i>Assets held for Sale</i>	-	228	-	3.9
Total Current Assets	6 691	5 478	99.0	93.7
Total Assets	12 606	10 922	186.5	186.8
<i>Total Debt</i>	(4 246)	(3 239)	(62.8)	(55.4)
<i>Trade and other payables</i>	(784)	(760)	(11.6)	(13.0)
<i>Other Liabilities</i>	(24)	(23)	(0.4)	(0.4)
<i>Equity</i>	(7 552)	(6 899)	(111.7)	(118.9)
Total Equity & Liabilities	(12 606)	(10 922)	(186.5)	(186.8)

International

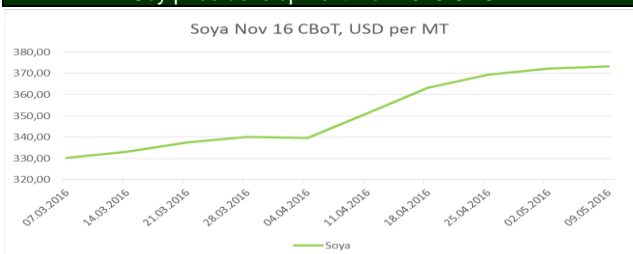
The Global market is now much more focused on crop 2016/17 prospects than the current year. The USDA in their May report adjusted 2015/16 ending stocks lower for soya but substantially increased for grains. Southern hemisphere lower harvest results reflect the yield losses due to excessive rain in Argentina and dryness in Brazil. The recent sharp increase in prices on the Chicago futures exchange (CBOT) has been driven by US soya. 2015/16 reduced stocks, increase in next year's crush demand (to a new record high) and a huge increase in exports to 39mmt. This raises the year on year US total demand by 4,7mmt and lowering of ending stock to 8mmt as opposed to the expected 11mmt, an unexpected fall of 3mmt. This coupled with soya production concerns in Brazil & Argentina down 3,5mmt, 99mmt (100mmt previously) and 56,5mmt (59mmt previously) has moved prices to highs last seen in 2014 since when stocks and production have been steadily increasing but failing now to keep pace with demand growth.

Wheat and Corn price development Dec 2016 CBOT



Source: CBOT

Soya price development Nov 2016 CBOT



Source: CBOT

Grain futures have followed soya to higher prices on CBOT but to a much more limited extent as stocks, production and demand are more balanced with a plentiful supply even after corn losses in South America of, Brazil 81mmt (82mmt previously) and Argentina 27mmt (34mmt previously). Global 2016 wheat production is expected to be 727mmt, down from the previous year of 734mmt. This includes a record US crop based on current high yield expectancy looking to equal or better the record 2013 production and increasing US ending stocks at potentially the highest level since 1987. Global 2015/16 ending stocks are estimated to increase to 257mmt from 243mmt. 2016/17 corn production is estimated to be 1,011mmt up from 969mmt this year and end stocks nearly unchanged at 207mmt unless there are renewed crop problems. International

physical prices are not currently following the CBOT futures prices higher. Grain crops in the EU and FSU are in excellent condition and have the potential to match or exceed last year. China has been a point of focus recently having announced a policy change on reserve purchases, cutting back subsidies and stock levels and although the details presently lack clarity, the changes could have a significant negative effect on world feed grain trade. Corn is included in these changes, stocks are estimated at between 100-200mmt, and China announced that they intend not just to cut back on subsidised imports but to actively reduce stocks by selling onto the world market, subject to WTO rules as these would effectively be subsidised exports. China has decided to also start selling soya out of reserve stocks starting end May until the end of 2016. If 100,000mt were sold each week, the Government's target, the total tonnage available would be 3,8mmt. The soya is not to be rotated or replaced as has been the case in prior years as China looks to curtail soya reserve holdings. The net effect could potentially reduce soya demand from China, which is currently running at a record 74mmt a year.

Russia

The 2015/16 grain crop has proved to be slightly higher than the last forecast due to wheat production at 62mmt up from 61mmt previously resulting in a potential total grain crop of 104mmt (105mmt record crop in 2014/15). Barley and corn account for just under 18mmt and 13mmt respectively, and 10mmt other grain crops. Exports to date are strong and expected to finalise at 24mmt wheat, 4mmt barley, 3mmt corn and 1mmt other giving a total of 32mmt. Grain prices are lower in both dollar and ruble terms compared to the beginning of 2016 although ruble prices have not fallen fully in line with the currency as the sellers of earlier export wheat & corn sales are having to pay up to cover their needs. Wheat & corn prices y-o-y are lower by -19% & -12% respectively in dollar terms and plus +6% and +15% in ruble terms and sunflower prices are now -8% in dollars and +21% in ruble terms. Crop 2016/17 autumn plantings have benefited from a warmer than normal winter with very low winter losses and the wheat crop has the potential to reach 62mmt, equal to this year, and possible higher given the excellent growing conditions currently. Spring planting is about a week later than last year as frequent rains have disrupted fieldwork, however, the sown area is now approaching 50% and the soil moistures are better than for many years which, combined with cooler weather, should promote good growth giving high yield potential. Prices for crop 2016/17 remain low in front of a potentially big harvest and producers are reluctant to sell in case the ruble weakens again and ruble prices rise. Prospects for oilseed prices remain positive as the 2016/17 production increase is expected to be modest, crush demand increase (including 1mmt of new plant

Grain & Oilseed Markets



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capacity) and the high cost of oilseed alternatives, soya and palm oil.

Sales Development & Crop Inventory



2016 Quarterly Sales Volume & Crop Inventory

	Quarterly Sales					Crop in Inventory	
	1Q '16	4Q '15	3Q '15	2Q '15	1Q '15	31 Mar '16	31 Dec '15
Volume, k tons							
Wheat	18.6	51.0	31.5	11.1	22.2	19.9	38.7
Barley	7.6	12.4	-	30.8	9.4	10.1	18.1
Corn	79.3	170.8	2.0	2.6	39.4	68.9	129.2
Rape	-	-	-	4.6	0.1	-	-
Sunflower	9.7	49.7	5.5	1.6	12.7	18.4	28.3
Soya	-	-	0.1	-	0.5	-	4
Potato	3.0	6.5	1.7	4.9	0.5	8.8	12.3
Other	0.8	1.4	0.3	-	0.1	0.1	0.9
Total Tons	118.9	292.5	41.1	55.7	84.8	126.4	227.4
Price, USD/ton							
Wheat	116	147	133	166	172	122	117
Barley	142	155	-	155	124	148	132
Corn	168	141	122	227	140	136	114
Rape	-	-	-	326	384	-	-
Sunflower	316	324	344	466	242	363	340
Soya	-	-	381	-	125	-	298
Potato	49	29	103	118	157	30	94
Other	49	159	92	-	71	40	88
Average Price	166	171	160	181	162	160	143*

**If March 2016 FG mix and exchange rate are used for December 2015 prices, the average price would be 161 USD/ton. Thus, NRV equals differences in prices (160 - 161) times stock 126.4kt, so NRV value is USD -0,1mnmn*

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. Contract or market prices are used to estimate net realisable value. A change in net realisable value affects total revenue and gains in the statement of comprehensive income. In addition, cost of goods sold represents the carrying value of inventory as at the previous reporting date. The table above provides a breakdown of inventories as of 31 March 2016 as well as the development of crop sales during 2016 and 2015.

As of 31 March 2016, the Company recorded total inventories at a value of USD 36mn (27.1). Total inventories include finished goods, i.e. crops harvested in 2015 held for sale, of USD 20.3mn (9.1) as well as raw materials to be used in production of USD 15.7mn (18.0). The crop inventory of finished goods included 126.4 thousand tons of crops harvested during 2015 and valued at an average price of USD 161 per ton resulting in total fair value estimate of USD 20.3mn. On 31 March 2015, the Company held 58.1 thousand tons of crops harvested during 2014 valued at an average price of USD 159 per ton, resulting in a total fair value estimate of USD 9.1 million.

Production Overview



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Crop Area Breakdown

(thousand hectares)	2011	2012	2013	2014	2015	2016
Winter wheat	93.6	73.9	73.7	30.2	34.1	38.4
Spring wheat	13.1	4.4	3.4	6.1	3.8	n/a
Spring barley	26.5	22.7	21.9	16.1	9.5	19.1
Corn maize	6.1	26.0	36.8	55.3	61.1	53.5
Total Grains	139.4	127.0	135.8	107.8	108.5	110.0
Winter rape	n/a	n/a	n/a	0.1	n/a	n/a
Spring rape	33.5	36.6	31.4	18.1	n/a	n/a
Sunflower	46.5	33.2	29.0	37.5	40.0	39.4
Soya	7.9	18.2	18.7	16.9	166.0	n/a
Total Oilseeds	87.9	88.0	79.1	72.6	40.1	39.4
Sugar Beet	1.6	5.1	8.8	n/a	n/a	n/a
Potatoes	n/a	0.1	0.2	0.9	0.6	0.6
Total Commercial Area	228.9	220.1	223.9	181.3	149.2	151.1
<i>Other / Forage crops</i>	2.0	1.7	2.0	2.9	0.1	0.2
Total harvest area	230.9	221.8	225.9	184.2	149.3	151.3

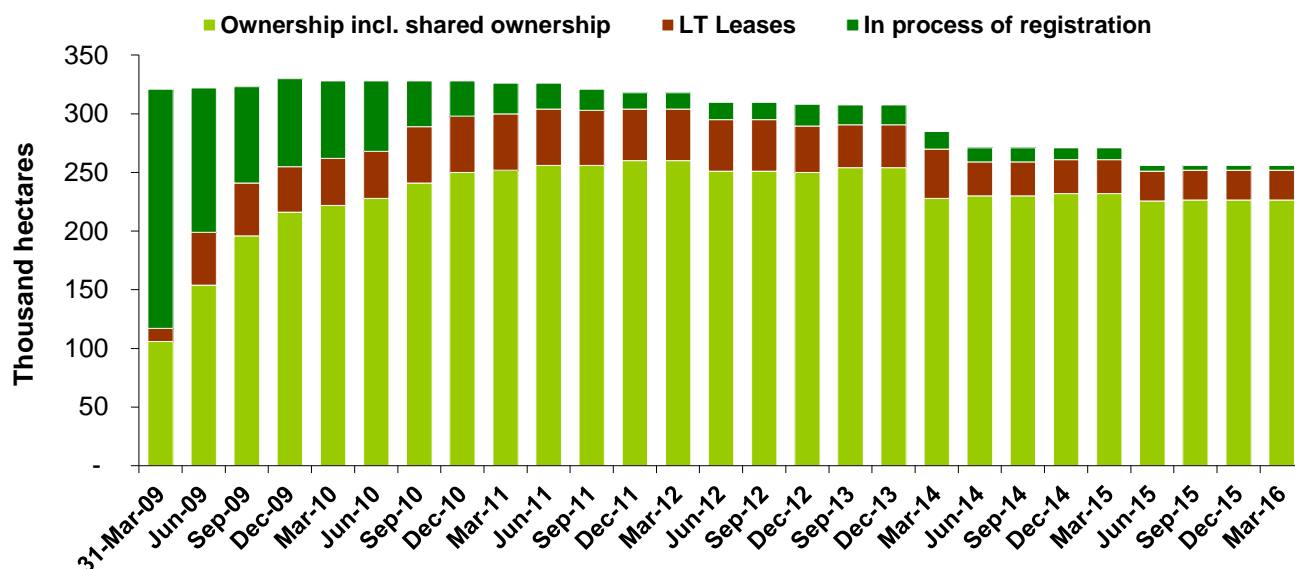
Average Net Crop Yields

(tons/hectare)	2011	2012	2013	2014	2015	
Winter wheat	2.4	2.1	3.3	4.0	3.5	
Spring wheat	1.6	2.6	1.9	3.6	2.3	
Spring barley	1.9	2.4	2.6	3.6	3.2	
Corn maize	4.9	5.1	4.3	3.5	5.3	
Winter rape	n/a	n/a	n/a	0.7	n/a	
Spring rape	1.1	1.3	0.9	1.4	n/a	
Sunflower	2.0	1.9	2.0	1.9	2.2	
Soya	0.9	1.2	0.9	0.5	0.6	
Sugar beet	25.6	25.3	24.3	n/a	n/a	
Potatoes	n/a	33.2	33.9	31.0	35.9	

Net Harvest Volumes

(thousand tons)	2011	2012	2013	2014	2015	
Winter wheat	220.6	157.6	243.2	121.2	119.1	
Spring wheat	21.2	11.5	6.6	22.4	8.6	
Spring barley	49.2	55.1	56.6	57.5	30.3	
Corn	30.0	132.8	159.0	195.7	321.9	
Total Cereal Grains	321.0	357.0	465.4	396.8	479.9	
Winter rape	n/a	n/a	n/a	0.1	n/a	
Spring rape	36.9	46.1	28.3	26.1	n/a	
Sunflower	92.8	62.8	58.0	70.9	83.2	
Soya	7.1	22.4	16.0	9.1	97.0	
Total Oilseeds	136.8	131.2	102.3	106.2	83.3	
Sugar beet	41.5	128.4	214.7	n/a	n/a	
Potatoes	n/a	1.0	6.6	27.4	21.3	
Total Commercial Crops	499.3	617.6	789.0	530.4	584.4	
<i>Other/Forage crops</i>	14.6	13.2	13.2	19.6	3.4	
Total Output	513.9	630.8	802.3	549.9	587.8	

227 Thousand Hectares in Ownership (89% of total controlled land)



As of 31 March 2016, Black Earth Farming held 227k Ha of owned and co-owned land, corresponding to 89% of the total controlled land bank of 256k Ha. 25k Ha were leased and 4k Ha were in the process of registration. 13k Ha in Samara, where operations have ceased, are partly leased to third parties and are classified as investment property in the balance sheet and held at a fair value of USD 2.3mn (2.2). Consolidation and further improvement of the operational efficiencies in and around the most efficient and profitable farm clusters remains a key objective to the Company in terms of its land holdings.

Russian agricultural land is in the Company's view still undervalued, both in comparison with land of similar quality in other countries and in relation to its inherent production potential, especially in the fertile Black Earth Region. Black Earth Farming holds the 197k Ha of land that is not leased at acquisition cost of USD 24.1mn (less Samara and certain Lipetsk and Tambov land after swap), as recorded in the statement of financial position as property, plant and equipment, which translates into a per hectare value of USD 122. 13k Ha in Samara are held at a fair value of USD 2.3mn, which translates into a per hectare fair value of USD 179. 22k Ha in Lipetsk and Tambov are held at fair value of USD 7.7mn, which translates into a per hectare value of USD 350.

The depreciation in the Russian RUR has resulted in a decline, in hard currency terms, in the value of the Group's assets, which are carried at historical cost in RUR (the Group's functional currency) on its balance sheet. As the Group believes that this nominal devaluation of the balance sheet potentially understates the underlying value of its real assets, the Group continues to review its approach to treating its land assets on its balance sheet with a potential move to fair value treatment.

The Black Earth Farming Share



Risks and Uncertainties

Risks and uncertainties are described in the annual report for 2015. The risks can be summarised as Risks relating to the Company, Risks relating to the Company's business and Risks relating to Russia. Risks and uncertainty factors that existed on 31 December 2015 also exist on 31 March 2016.

Outstanding shares

As of 31 March 2016 the amount of outstanding shares was 210,426,241.

The June 2015 2,756,796 new shares were issued as a result of the Company's management incentive program. The share-based incentive program remains open and outstanding as described in note 23 (c) in the 2015 Annual Report. The market capitalisation as of 31 March 2016 was approximately SEK 821 million or USD 101 million.

Shareholders

The total number of shareholders, as of 31 March 2016, amounted to 12,857.

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

Trading data for 1 Jan 2016 – 31 March 2016

Average Daily Turnover (SEK)	Average No of Traded Shares	Average No of daily trades
823,106	214,108	84

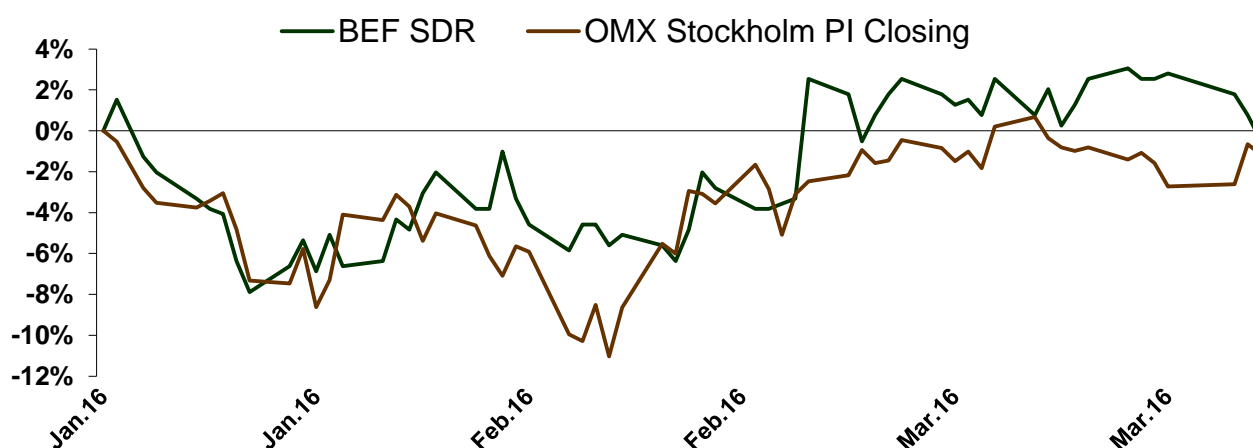
Source: NASDAQ OMX

Top 5 shareholders as of 31 March 2016

Owner	% of votes & capital
INVESTMENT AB KINNEVIK	24.62%
GOMOBILE NU AB	12.33%
ALECTA PENSION FUNDS	9.68%
AVANZA PENSION	4.49%
DANSKE INVEST FUNDS	3.30%

Source: Euroclear Sweden share registry & shareholders' reference

Share Performance vs OMX Stockholm index



BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

<i>in thousands of US Dollars</i>	Notes	Three months ended 31 Mar	
		2016	2015
Revenue	3	19,972	14,102
Gain on revaluation of biological assets to agricultural produce		20	44
Change in net realizable value of agricultural produce after harvest		(141)	(598)
Total revenue and gains	4	19,851	13,548
Cost of sales	5	(6,437)	(6,823)
Effect of revaluations (revaluation of biological assets to agricultural produce and change in net realizable value of agricultural produce after harvest)		(8,537)	(4,468)
Gross profit		4,877	2,257
Distribution expenses		(5,075)	(2,406)
General and administrative expenses		(3,194)	(4,285)
Taxes other than income		(266)	(196)
Government grants		478	647
Crop insurance net of insurance grants		(91)	(133)
Other income and expenses, net	6	(292)	235
Operating loss		(3,563)	(3,881)
Financial income		30	81
Financial expenses		(1,443)	(1,288)
Gain on foreign exchange differences		429	2,842
Loss before income tax		(4,547)	(2,246)
Income tax (expense) / benefit		(24)	178
Loss for the period attributable to owners of the parent		(4,571)	(2,068)
<i>Loss per share (amounts are indicated in USD)</i>			
Loss per share, basic and diluted		(0.02)	(0.01)

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

<i>in thousands of US Dollars</i>	Three months ended 31 Mar	
	2016	2015
Loss for the period	<u>(4,571)</u>	<u>(2,068)</u>
Other comprehensive loss		
Translation difference	7,982	(4,661)
Other comprehensive income/(loss) for the period	<u>7,982</u>	<u>(4,661)</u>
Total comprehensive income/(loss) for the period attributable to owners of the parent	<u>3,411</u>	<u>(6,729)</u>

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

In thousands of US Dollars

	Notes	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		83,663	78,146
Intangible assets		147	105
Biological assets (livestock)		502	327
Other non-current assets		433	115
Deferred tax assets		391	322
Investment property		2,333	2,164
Total non-current assets		<u>87,469</u>	<u>81,179</u>
<i>Current assets</i>			
Finished goods		20,296	32,765
Raw materials and consumables		15,706	9,562
Biological assets (crop production)		10,225	8,277
Land cultivation works		7,769	6,677
Trade and other receivables	7	9,793	10,737
Cash and cash equivalents		35,196	31,959
Total current assets		<u>98,985</u>	<u>99,977</u>
Total assets		<u>186,454</u>	<u>181,156</u>
EQUITY AND LIABILITIES			
<i>Equity attributable to owners of the parent</i>			
Share capital		2,105	2,105
Share premium		525,904	525,904
Reserves		4,443	4,249
Accumulated deficit		(223,038)	(218,516)
Translation reserve		(197,680)	(205,662)
Total equity		<u>111,734</u>	<u>108,080</u>
LIABILITIES			
<i>Non-current liabilities</i>			
Non-current loans and borrowings	8	48,963	51,058
Non-current finance lease liabilities		48	111
Deferred tax liabilities		276	253
Total non-current liabilities		<u>49,287</u>	<u>51,422</u>
<i>Current liabilities</i>			
Current loans and borrowings	8	13,549	12,064
Trade and other payables		11,624	9,356
Current finance lease liabilities		260	234
Total current liabilities		<u>25,433</u>	<u>21,654</u>
Total liabilities		<u>74,720</u>	<u>73,076</u>
Total equity and liabilities		<u>186,454</u>	<u>181,156</u>

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

In thousands of US Dollars

	Share capital	Share premium	Reserves	Accumulated deficit	Translation reserve	Total equity attributable to owners of the parent
Balance as at 1 January 2015	2,077	524,771	4,868	(232,853)	(174,914)	123,949
Loss for the period	-	-	-	(2,068)	-	(2,068)
Other comprehensive loss						
Translation differences	-	-	(114)	-	(4,661)	(4,775)
Total comprehensive loss	-	-	(114)	(2,068)	(4,661)	(6,843)
Recognition of share-based payments	-	-	858	-	-	858
Balance as at 31 March 2015	2,077	524,771	5,612	(234,921)	(179,575)	117,964
Balance as at 1 January 2016	2,105	525,904	4,249	(218,516)	(205,662)	108,080
Loss for the period	-	-	-	(4,571)	-	(4,571)
Other comprehensive loss						
Translation differences	-	-	-	-	7,982	7,982
Total comprehensive loss	-	-	-	(4,571)	7,982	3,411
Reclassification from Reserves to Accumulated deficit	-	-	(49)	49	-	-
Recognition of share-based payments	-	-	243	-	-	243
Balance as at 31 March 2016	2,105	525,904	4,443	(223,038)	(197,680)	111,734

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

In thousands of US Dollars

	Three months ended	
	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(4,571)	(2,068)
<i>Adjustments for:</i>		
Income tax expense	24	(178)
Depreciation and amortization	1,311	1,484
Change in allowance for doubtful debts	11	(17)
Foreign exchange gain	(429)	(2,842)
Interest income	(30)	(81)
Interest expense	1,443	1,288
Gain on disposal of property, plant and equipment	(36)	(74)
Share based payments	243	858
Change in value of biological assets and agricultural produce	121	554
Effect of revaluations on cost of goods sold	8,537	4,468
	6,624	3,392
Movements in working capital:		
Decrease/(increase) in inventories	62	(384)
Increase in biological assets	(1,904)	(3,194)
Decrease in trade and other receivables	1,527	2,330
Increase in trade payables and other short-term liabilities	1,524	3,993
Cash generated from operations	7,833	6,137
Interest paid	(1,575)	(1,464)
Income tax recovered/(paid)	(128)	707
Net cash generated from operating activities	6,130	5,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	30	81
Acquisition of land plots	(57)	(15)
Acquisition of property, plant and equipment	(1,128)	(2,260)
Proceeds from disposal of property, plant and equipment	89	112
Acquisition of intangible assets	(75)	(188)
Net cash used in investing activities	(1,141)	(2,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	583	-
Repurchase of bonds	(3,276)	-
Settlement of obligations under finance lease agreements	(79)	(1,329)
Net cash used in financing activities	(2, 771)	(1,329)
Net increase in cash and cash equivalents	2,218	1,781
Cash and cash equivalents at the beginning of the period	31,959	32,888
Currency translation differences on cash and cash equivalents	(1,427)	246
Effect of foreign currency exchange differences	2,446	(970)
Cash and cash equivalents at the end of the period	35,196	33,945

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

1. Background

(a) Organization 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, Guernsey (Channel Islands) and the Russian Federation. Hereinafter the Company and its subsidiaries are together referred to as the “Group”.

The Company’s registered office is Nautilus House, La Cour des Casernes, St. Helier JE1 3NH, Channel Islands.

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.

The Company’s shares are listed in the form of Swedish Depository Receipts (“SDR”) on the Mid Cap segment on NASDAQ OMX Stockholm.

(b) Russian business environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During the period Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country’s economic recession and a decline in gross domestic product. The financial markets continue to be volatile and are characterized by frequent significant price movements and increased trading spreads. Russia’s credit rating was downgraded to below investment grade (as per S&P and Moody’s). This operating environment has a significant impact on the Group’s operations and financial position. Management is taking measures to ensure sustainability and growth of the Group’s operations. However, the future effects of the current economic situation are difficult to predict and management’s current expectations and estimates could differ from actual results.

(c) Seasonality

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

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRSs”) as endorsed by the European Union and following the principles of International Accounting Standard (IAS) 34 Interim Financial Reporting.

(b) Significant accounting policies

The condensed consolidated interim financial statements are prepared on the historical cost basis, except for biological assets measured at fair value less estimated point-of-sale costs, investment property and financial instruments measured at fair value, and agricultural produce measured at net realizable value.

**BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016**

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

Segment information (continued)

(c) Functional and presentation currency

Functional currency of the Group entities is considered to be the Russian Ruble (“RUR”), the currency of the primary economic environment in which the Group operates.

The financial statements are presented in US Dollars (“USD”) which is the Company's presentation currency. All the financial information in these condensed consolidated interim financial statements, including comparative information, has been translated from RUR into USD using the exchange rates set by the Central Bank of the Russian Federation, as follows:

- Assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;
- Share capital and other equity components are translated at historic rates;
- Income and expenses are translated at exchange rates at the dates of the transactions (or at average exchange rates that approximate the translation using the actual transaction date rates);
- All resulting exchange differences are recognized as a separate component of equity.

The period-end exchange rates and the average exchange rates for the respective reporting periods are indicated below.

	<u>2016</u>	<u>2015</u>
RUR/USD for the three months period ended 31 March	74.6283	63.1919
RUR/USD as at 31 March (31 December in 2015)	67.6076	72.8827
RUR/SEK for the three months period ended 31 March	8.8351	7.5710
RUR/SEK as at 31 March (31 December in 2015)	8.2952	8.7260

3. 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-climatic 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 and one in Kaliningrad region, however, for segment reporting purposes these entities were included in the Tambov and Lipetsk segments respectively, as the results of these entities are not material as separate operating segments.

The Group also recognizes a separate segment related to elevator activity. The Elevator segment consists of two legal entities: Agroterminal (one working elevator with 55 thousand tons of capacity) and Nedvizhimost’ (three elevators with 160 thousand tons of capacity). The elevators mainly work for internal needs, however, they provide services to third parties if there is spare capacity.

Land plots classified as investment property as of 31 March 2016 and 31 December 2015, are located in Samara region and attributed to Tambov segment.

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 have been reflected as corporate assets

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

Segment information (continued)

(a) Segment revenues and results

In thousands of US Dollars

	Three months ended 31 Mar 2016			
	Revenue from external sales	Inter-group revenue	Depreciation and amortization	Net result
Agricultural companies				
– Voronezh region	3,699	29	133	
– Kursk region	4,710	169	363	
– Lipetsk region	4,218	889	301	
– Tambov region	7,285	7	271	
Elevators	60	910	191	
Total	19,972	2,004	1,259	(792)
Central administrative costs and director's salaries				(2,503)
Other income and expenses				(292)
Net financial expenses and foreign exchange difference				(984)
Loss before income tax				(4,571)

In thousands of US Dollars

	Three months ended 31 Mar 2015			
	Revenue from external sales	Inter-group revenue	Depreciation and amortization	Net result
Agricultural companies				
– Voronezh region	2,157	908	63	
– Kursk region	5,425	260	34	
– Lipetsk region	3,975	2,759	664	
– Tambov region	2,459	2,569	88	
Elevators	86	370	553	
Total	14,102	6,866	1,402	169
Central administrative costs, including directors' salaries				(4,285)
Other income and expenses				235
Net financial expenses and foreign exchange difference				1,635
Loss before income tax				(2,246)

The accounting policies of the reportable segments are the same as the Group's accounting policies according to IFRS as adopted by the European Union. Segment result represents the profit earned by each segment without allocation of central administrative costs and directors' salaries, other income and expenses and net financial expenses.

(b) Segment assets

In thousands of US Dollars

	31 Mar 2016	31 Dec 2015
Agricultural companies		
– Voronezh region	13 416	15,401
– Kursk region	40 434	37,089
– Lipetsk region	38 781	43,758
– Tambov region	37 051	32,455
Elevators	16 841	16,986
Total segment assets	146 523	145,689
Corporate assets	39 931	35,467
Consolidated total assets	186 454	181,156

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

Segment information (continued)

(c) Revenues from major products

<i>In thousands of US Dollars</i>	Three months ended 31 Mar	
	2016	2015
Corn	13,302	5,392
Sunflowers	3,048	3,080
Wheat	2,154	3,821
Barley	1,085	1,159
Potatoes	148	72
Other and Waste grains	40	5
Spring rape seed	-	135
Soya	-	64
Milk and meat	125	152
Other goods and services	70	222
	19,972	14,102

(d) Geographical information

The parent company of the Group is located in Jersey. However the parent does not own any non-current assets and generates only financial income and expenses in addition to administration costs and Directors' salaries. All non-current assets are located in Russia and all of the Group's operating activities are in Russia.

4. Revenue and gains

<i>In thousands of US Dollars</i>	Three months ended 31 Mar	
	2016	2015
Revenue from sales of crop production	19,777	13,729
Revenue from sales of milk and meat	125	152
Revenue from sales of other goods and services	70	221
Gain on revaluation of biological assets	20	44
Change in net realizable value of agricultural produce after harvest	(141)	(598)
	19,851	13,548

5. Cost of sales

<i>In thousands of US Dollars</i>	Three months ended 31 Mar	
	2016	2016
Materials	4,191	4,754
Depreciation and amortization charge	1,016	1,063
Salary and social taxes	704	560
Third party crop handling services	123	165
Operating leasing	64	123
Taxes	56	72
Repair expenses	44	42
Crops not harvested due to damages on fields	40	17
Other expenses	199	27
	6,437	6,823

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

6. Other income and expenses, net

<i>In thousands of US Dollars</i>	Three months ended 31 Mar	
	2016	2015
Movement on grain hedge	(95)	121
Fines and penalties paid	(86)	-
Other income and expenses	(111)	114
	(292)	235

7. Trade and other receivables

<i>In thousands of US Dollars</i>	31 Mar 2016	31 Dec 2015
Advances paid for goods and services	3,579	2,678
VAT receivables	1,962	1,612
Trade receivables	2,829	3,844
Income tax receivable	90	170
Other prepayments and receivables	1,971	3,023
Allowance for doubtful debts	(638)	(590)
	9,793	10,737

8. Borrowings

<i>in thousands of US Dollars</i>	31 Mar 2015	31 Dec 2015
SEK bonds		
Non-current	48,963	51,058
Current	1,627	1,578
	50,590	52,636
Other borrowings - current		
Bank VTB	11,922	10,486
	11,922	10,486
Total borrowings	62,512	63,122

On October 2013 the Group issued a SEK 750 million (USD 118,030 thousand translated at the exchange rate at that date) senior unsecured bonds, each of a nominal amount of SEK 1,000,000, which is also the minimum round lot. The bonds have a fixed annual coupon of 9.40% and mature after 4 years. Interest will be paid on 30 January, 30 April, 30 July and 30 October each year, with the first interest payment on 30 January 2014 and the last on 30 October 2017. The bonds are listed on the NASDAQ OMX Stockholm exchange.

Up to 31 March 2016, the Group repurchased SEK 338 million (USD 41,625 thousand) of bonds in order to manage interest expense and foreign exchange exposure.

In August 2015, the Group agreed a credit facility agreement with Bank VTB for up to RUR 800 million with an interest rate of 14.3%. The credit facility was intended to finance working capital and was available for a period of up to twelve months. At 31 March 2016, USD 11,832 thousand (RUR 799,919 thousand) had been drawn under this credit facility.

As at 31 March 2016 the Group is in compliance with all covenants stipulated in the bond and loan agreements.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

9. Dividends

During the three months period ended 31 March 2016 the Board of Directors proposed no dividends to be paid or declared.

10. Loss per share

The amounts are indicated in US Dollars

Loss for the period

Weighted average number of ordinary shares

Basic and diluted loss per share (USD/share)

Three months ended 31 Mar	
2016	2015
(4,571,000)	(2,068,000)
<u>210,426,241</u>	<u>207,669,445</u>
(0.02)	(0.01)

11. Related party balances and transactions

In thousands of US Dollars

Purchase of services from related parties

TerraVost Ltd (formerly KinnAgri Ltd)

KCM International Ltd

Less: subcontracted to third parties

TerraVost Ltd (formerly KinnAgri Ltd)

KCM International Ltd

Purchase of services from related parties, net of subcontractors

TerraVost Ltd (formerly KinnAgri Ltd)

KCM International Ltd

Total

Three months ended 31 Mar	
2016	2015
232	193
208	312
<u>440</u>	<u>505</u>
(38)	-
-	-
<u>(38)</u>	<u>-</u>
194	193
208	312
<u>402</u>	<u>505</u>

Accounts payable to related parties

TerraVost Ltd (formerly KinnAgri Ltd)

KCM International Ltd

31 Mar 2016	31 Dec 2015
225	404
204	401
<u>429</u>	<u>805</u>

TerraVost Ltd (formerly KinnAgri Ltd) provided consultancy services related to budgeting and forecasting process, production planning, harvest, storage and logistics. KCM International provided crop technical information and consultancy services. KCM International is a subsidiary of TerraVost Ltd.

In December 2014, KinnAgri Ltd completed a buyback of the shares of Investment AB Kinnevik in KinnAgri Ltd. Investment AB Kinnevik fully exited the shareholder structure of KinnAgri Ltd, which was subsequently renamed TerraVost Ltd. As a result of the transaction, Richard Warburton, the CEO of the Group, became the majority shareholder of TerraVost Ltd.

12. Contingencies and commitments

(a) Legal proceedings

From time to time and in the normal course of business, claims against the Group may arise. On the basis of its own estimates and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of the provisions that have been made in these condensed consolidated interim financial statements.

(b) Tax contingencies

Russian tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Russian tax authorities is increasingly vigilant, amongst other on tax transactions without a clear business purpose or with counterparties that are not tax compliant. Authorities can challenge tax filings of up to three calendar years preceding the year of review. Under certain circumstances, tax reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and certain types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated. However, it may be significant to the financial position and/or the overall operations of the Group. Starting from 1 January 2015, the "de-offshorisation law" came into force introducing broader rules for determining the tax residency of legal entities, which could have an impact on the Group's operations. In particular, more specific and detailed rules were put in place for establishing when foreign entities can be viewed as managed from Russia and consequently can be deemed Russian tax residents. Russian tax residency implies that such a legal entity's worldwide income should be taxed in Russia.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group were determined on the assumption that these companies were not subject to Russian profit tax, as they did not have a permanent establishment in Russia and were not Russian tax residents by way of application of the new tax residency rules. This interpretation of the relevant legislation in regard to the Group companies incorporated outside of Russia could be challenged. The impact of any such challenge cannot be reliably estimated currently. It may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk of an outflow of resources, should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated. It may be significant to the financial position and/or the overall operations of the Group.

As at 31 March 2016, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions are appropriate and can be sustained.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2016

13. Subsequent events

As at 13 May 2016, the Group repaid the full amount of borrowings from Bank VTB, which were outstanding as at 31 March 2016.

In April 2016, the Group agreed new credit facility with Bank VTB for up to RUR 2,400 million, as part of which credit agreements in total amount of RUR 180 million with an interest rate of 12.9% were signed. The credit facility is intended to finance working capital and is available for a period of up to twelve months.

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 256,000 hectares of what perhaps is the world's most fertile soil.



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, 19 May 2016

Per Åhlgren, Chairman

Camilla Öberg, Non-executive Director

Dmitry Zavgorodniy, Non-executive Director

Franco Danesi, Non-executive Director

Poul Schroeder, Non-executive Director

This report has not been subject to review of the auditors of the Company

Future financial reports:

Annual General Meeting
2Q/1H 2016 report
3Q/9M 2016 report
4Q/FY 2016 Year-end report

20 May 2016
12 August 2016
11 November 2016
24 February 2017

For further information, please contact:

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