

Black Earth Farming Ltd Financial Report

1 January – 31 December 2016



**BLACK
EARTH
FARMING LTD.**



Low prices and reduced quality drive 2016 net losses of AR USD -10,6 mn (14.3 mn)

Blended yield (excl. root crops) down 8% y-o-y although up 25% over the 5-year average. Production costs per ton stay 27% below 5 year average but increased by 7% y-o-y due to reduced crop area and lower yield. Net loss in 2016 year accounted for USD -10.6mn (14.3) due to significantly lower prices, lower quality of winter wheat and smaller cropped area.

12M 2016 Highlights (vs. 12M 2015)

- Total revenue and gains of USD 95.7mn (130.4)
- Sales volume of 511kt (474)
- Average sales price after distribution cost of USD 113.5 per ton (143.8)
- Gross profit after distribution costs of USD 3.6mn (40.2)
- EBITDA of USD 2.3mn (20 excluding swap effect)
- FX income of USD 6.8mn (-7.9)
- Net loss of USD -10.6mn (7.2 excluding swap)
- Loss per share of USD -0.05 (0.07)

Q4 2016 Highlights (vs. Q4 2015)

- Total revenue and gains of USD 32.4mn (75.1)
- Sales volume of 192.8kt (293)
- Average sales price after distribution cost of USD 92 per ton (146)
- Gross profit after distribution costs of USD -4.7mn (16.1)
- EBITA of USD -3.6mn (12.9)
- FX income of USD 2.2mn (-1.3)
- Net loss of USD -7.3mn (7.4)

2016 harvest Progress

Wheat, barley and potatoes are fully harvested, Sunflowers are 97% harvested with yields of 1.6 t/Ha. Corn is 99% harvested with yield of 5.2 t/ha

Subsequent Event

On the 13th of February, the Company entered into an agreement to sell its Russian operations to Volgo-DonSelkhozinvest LLC and distribute the proceeds to the shareholders. The purchaser has paid a USD 10mn deposit. The estimated purchase price is approximately USD 184mn in cash and closing is subject to approval by BEF's shareholders and regulatory approvals.

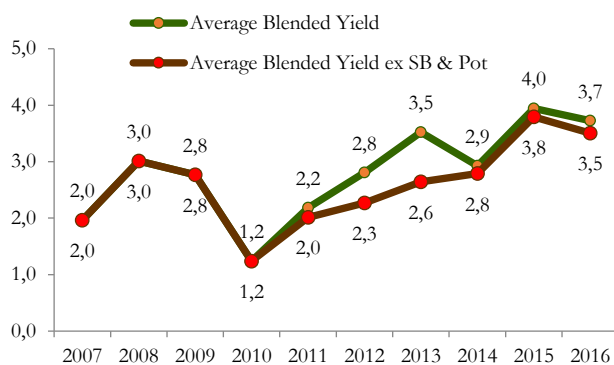
CEO Comment Highlights (p.2)	Financial Overview (p.5)					
	USD million	Q4 '16	Q4 '15	12M '16	12M '15	12M '15 Excl.* SWAP
• Market Development						
• 12M Results 2016	Crop Volumes Sold (ktons)	192.8	292.5	510.5	474.1	474.1
	Total Revenue & Gains	32.4	75.1	97.1	130.4	130.4
	Gross Profit after Distribution	-4.7	16.1	3.6	40.2	40.2
• Risks	G&A	-3.4	-4.8	-15.5	-19.1	-19.1
	EBITDA	-3.6	12.9	2.3	29.2	20.0
• Potential land & asset sale	EBIT	-6.0	9.2	-5.3	21.4	12.3
• Summary	FX income	2.2	-1.3	6.8	-7.9	-7.9
	Net profit	-7.3	7.4	-10.6	14.3	7.2

2016 net loss of USD -10.6mn (14.3mn), down USD 24.9mn y-o-y, driven by lower cropped area, prices and quality.

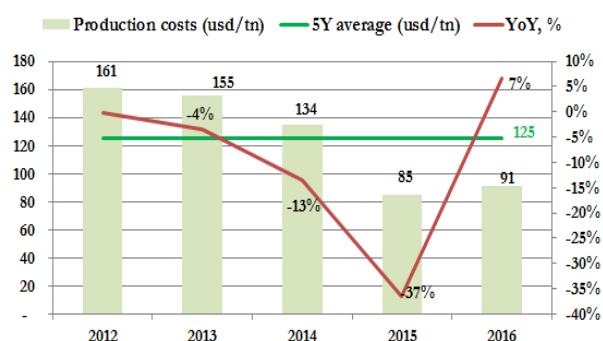
2016 Harvest Progress

Whilst 2016 was the second most productive year in the company's history at a blended yield of 3.5 tons per hectare (exc. beet and potatoes), prices were again lower and quality problems with wheat from a very wet August significantly reduced revenues. Feed Wheat and sunflower in particular were strongly down in hard currency terms in 2016. A reduced cropped area also pressured average production cost per ton, which increased 7%.

Historic Average yield development (t/Ha)



Average production cost per ton (USD/t)



Source: Company data

2016 Performance

During 2016 our farms experienced 63% higher rainfall than the five year average. Whilst this resulted in decent yields of wheat and corn crops at 4.3 and 5.2 t/ha respectively, it impacted negatively on wheat quality and harvest. Yields of Spring barley and sunflowers were disappointing.

Harvest conditions have been challenging with all the corn and sunflower crops harvested at much higher than average moisture levels and requiring drying. The costs of this wet and delayed harvest have however been controlled relatively well.

Four successive huge global harvests have inevitably resulted in a depressed price environment and a huge growth in stocks internationally. World grain production is up 4% y-o-y to a record high of 2,094mmt. In 2016, Russia also had a record grain harvest estimated at 118mn (vs. 104mn in 2015) tons. Corn and wheat prices are now at 10 and 6 year lows respectively and our actual received average price for wheat is down 43% y-o-y in hard currency terms. Sunflower prices have also proved weak since the year end. Potatoes and carrots yielded well with better quality but big domestic crops have again meant that prices have suffered in hard currency terms.

Our hedging activities in futures contracts resulted in a USD 1.5mn (4.4) gain and mitigated some of the weakness in prices.

2016 Results

Black Earth Farming experienced a tough year in 2016. Reasonable productivity and cost savings in harvest year production costs of USD 6mn and in G&A of USD 3.5mn not proving sufficient to mitigate difficult weather and very low prices. Revenue and gains of USD 97mn (130) was down by 25,4% due to a decline in prices and low quality of winter wheat.

Although the Company benefited from higher profit on grain hedges of USD 1.9mn (1.5), Other Income and Expense in 2016 has declined from 9.7M in 2015 to 1.1M in 2016, since 2015 value included a one-time benefit from the land swap transaction of USD 9.1mn. The Company benefited from positive FX on foreign denominated debt of USD 6.8mn.

(tons/hectare)	Net crop yield development (t/Ha)							
	2011	2012	2013	2014	2015	2016	2011-2016	2016 to Av.º
Winter wheat	2.4	2.1	3.3	4.0	3.5	4.3	3.3	30.6%
Spring wheat	1.6	2.6	1.9	3.6	2.3	n/a	2.4	
Spring barley	1.9	2.4	2.6	3.6	3.2	2.3	2.7	-14.3%
Corn maize	4.9	5.1	4.3	3.5	5.3	5.2	4.7	9.7%
Winter rape	n/a	n/a	n/a	0.7	n/a	n/a	0.7	
Spring rape	1.1	1.3	0.9	1.4	n/a	n/a	1.2	
Sunflower	2.0	1.9	2.0	1.9	2.0	1.6	1.9	-16.6%
Soya	0.9	1.2	0.9	0.5	0.6	n/a	0.8	
Sugar beet	25.6	25.3	24.3	n/a	n/a	n/a	25.1	
Potato	n/a	33.2	33.9	31.0	35.9	32.0	33.2	-3.7%
Carrot	n/a	n/a	n/a	n/a	65.0	48.1	56.5	-14.9%
Onion	n/a	n/a	n/a	n/a	29.0	22.6	25.8	-12.5%
Plant Potato	n/a	n/a	n/a	n/a		37.2	18.6	
Average Blended Yield ex Veg.	2.0	2.3	2.6	2.8	3.8	3.5	2.8	23.6%
Average Blended Yield	2.2	2.8	3.5	2.9	4.0	3.7	3.2	16.8%

At the end of 2016, the Company had a carry-over working capital position of finished goods of 192kt (227), valued at USD 30.2mn (32.7).

With USD 26.8mn (31.9) of cash at 31 December 2016, the Company had net debt of USD 32.3mn (31.5) and a Debt/Equity rate of 49% (59%). Being restricted for the most of the year, we were able to perform only moderate bond buyback in 2016 of USD 3.4mn par value.

Agreement to sell the Russian operations

During 2016, the Company received a number of expressions of interest substantially above the undisturbed share price level of SEK 3.55 per share prior to the announcement on 9th August 2016 confirming that the Company were in talks with potential buyers. All were from prospective Russian buyers underpinning the higher value put on the Company by potential domestic purchasers.

On 9th August 2016, the Board of Directors of Black Earth Farming communicated by press release that the Company was in talks with potential buyers regarding a substantial land and asset sale in Russia. Having evaluated an asset sale versus other alternatives, the Board of Directors of Black Earth Farming has concluded that a divestment of AIMC LLC and AIRMC LLC (the two holding companies, owning assets in Russia) to Volgo-DonSelkhozInvest is the best alternative for the Company and its shareholders. Additionally the Board of Directors believes that this alternative is a better alternative for Black Earth Farming's shareholders than continued long-term operations. It has not been possible to solicit a public takeover offer for all depositary receipts in the Company on terms favorable than the terms of the Transaction

Risks

While the Company's business is not directly impacted by current geopolitical tensions, the Group is indirectly exposed to changes in its operating and financial environment. Sanctions on Russia could negatively impact the Russian economy and affect the Company's financial and operating environment. The ban on imports of certain foreign products is generally positive for the Company but the risks of a potential imposition of export levies increase uncertainty in the Company's operating environment.

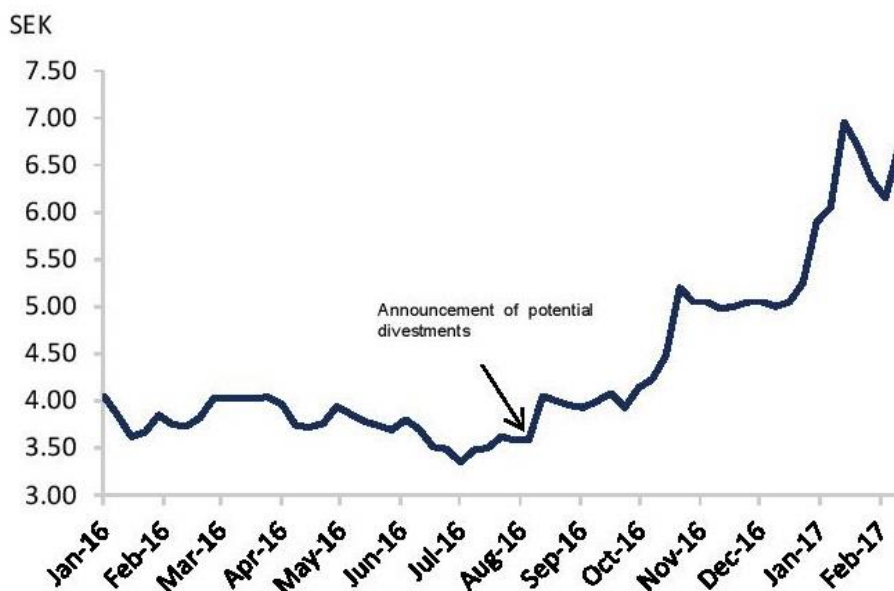
Specifically the proposed transaction is several weeks from completion and is exposed to exchange rates, market prices for remaining crops and other costs.

Summary

2016 has been a frustrating year both operationally and financially. I am however pleased to report that we have reached a conclusion from our negotiations with bidders with an agreement that we expect will deliver to shareholders between SEK 7.2 -7.5 per Swedish Depository receipt. This is a premium of between 96.5 and 104.7 per cent compared to the volume weighted average trading price for the three months preceding BEF's announcement of the negotiations.

On behalf of the Board - 24 February 2017
Richard Warburton CEO and President

Share price reaction after announcement of a divestment in August



Source: Pareto, Factset

2016 financial results translation

Due to significant exchange rate volatility in 2016, the Company has applied the respective quarterly average RUB/USD rates to convert the 1Q16 (74.63), 2Q16 (70.26), 3Q16 (68.37) and 4Q16 (67.03) results from its RUB functional currency to the USD presentation currency. Opening (72.88) and closing rates (60.66) have been used to translate the balance sheet in the 2016 reporting period. The Company uses the official rate of the Central Bank of Russia as reference.

Revenue & Gains

Exchange rate volatility



Revenue and gains were USD 97.0mn (130.4) in 2016. A USD 5.6mn y-o-y decline in sales was worsened by a decrease in gain on revaluation of biological assets and finished goods from USD 44,9mn in 2015 to USD 22.9mn in 2016. Revenue from goods sold in 2016 declined 7% y-o-y to USD 75.6mn (81.1) as sales volumes increased 8% to 510kt and the average sales price declined 17% y-o-y in USD terms to 146. Volume sales were up as a result of significant carry-over (227.4kt) of grain inventory in 2015.

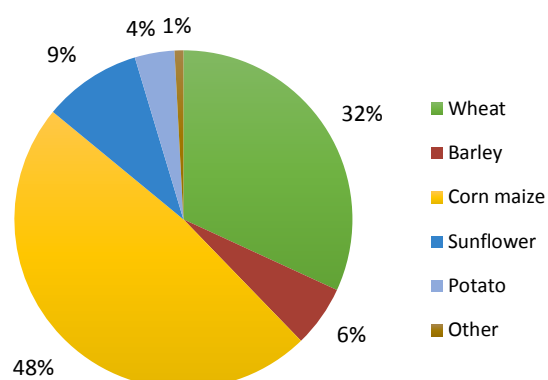
The decline in price was driven by overall commodity price pressure as well as lower quality of winter wheat.

Due to the bad weather conditions during the 2016 harvest period, the Company has got 53% of “no class” winter wheat with very high moisture percentage and lowest sales price. Estimated negative impact of winter wheat quality is 3.1 USD mn in 2016 vs 2015.

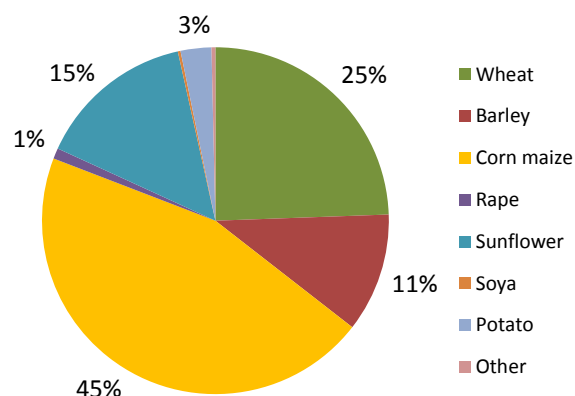
Like in 2016 the Company’s main crops are corn, wheat, sunflower and barley. In 2016, wheat, sunflower and corn represented 32%, 9% and 48% of volume sales respectively, vs 25%, 15%, and 45% in 2015.

In 4Q16, revenue and gains were USD 32.4mn (75.1). A USD 42.7mn decline in sales was partly balanced by a total USD 13.9mn gain on revaluation of biological assets and inventory. In 4Q16, sales revenue declined 48% y-o-y to USD 25.6mn (49.5) as sales volume was down 34% and average prices moved -24% y-o-y.

2016 sales mix structure (by volume)



2015 sales mix structure (by volume)



Inventory & Gain/Loss of Revaluation

In 2016, as a result of a lower yields, higher production costs per ton and decreased RUB prices, the Company posted a USD 22.0mn (44.9) gain on its biological asset (its harvest). At the end of 2016, the Company still had 3,606 Ha of unharvested corn and 2,504 Ha of unharvested sunflowers (as for the 20th of February there are still unharvested 362 Ha of corn and 1023 Ha of sunflowers) in the field and 44,628 Ha of 2017 winter wheat, carried on balance at estimated market value of USD 0.6mn, 2.2mn and 8.5mn respectively.

On December 31, the Company had 192kt (227) of finished goods inventory (crop in storage) at an estimated value of USD 30.2mn (32.8).

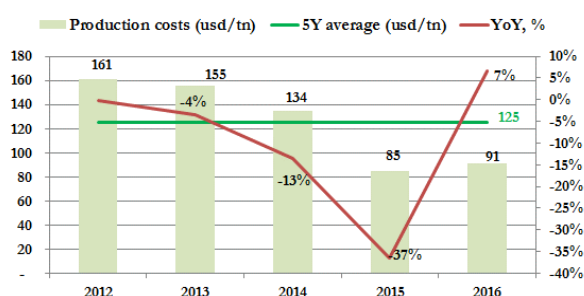
Please refer to pages 9 and 10 for more detail on the accounting treatment of biological assets and crop inventory respectively.

Costs

Average production cost per ton is estimated at 91 USD (85), up 7% y-o-y. Although in absolute value production costs demonstrated decrease from USD 50mn to USD 44mn (13%), smaller harvest area decreased by 10% and yield reduction of 7.5% led to rise of production cost per tn.

Production cost per tn remains 27.2% below 5 year average of 125 USD.

Average production cost per ton (USD/t)

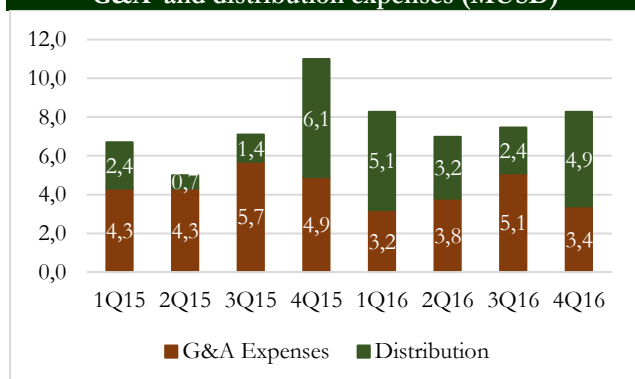


Total distribution expenses increase from USD 10.6 mn to USD 16.5 mn was driven by export sales growth from 118ktn in 2015 to 158ktn in 2016 (34%) and export sales tariff increase.

G&A costs were down 21% y-o-y to USD 15.5mn.

Key factor to G&A decrease has been cost of personnel reduction of USD 2.6mn in 2016 vs 2015. The estimated savings related to Moscow office closure amounted to USD 0.7mn

G&A and distribution expenses (MUSD)



Other income and expenses (OIE) in 2016 of USD 1,3mn (9.7) includes USD 1.9mn (1.5) income on grain hedges. OIE in 2015 held significant positive result from land swap of USD 9.1mn.

Closing Ruble rate appreciation from December 31 2015 to December 31 2016 vs USD and vs SEK, resulted in FX income of USD 6.8mn (-7.9).

Result

Cost of sales grew to USD 48.7 mn (41.6) or 17% y-o-y related to grow is sales volume from 474 in 2015 to 510 in 2016 and translation forex.

Largely driven by decrease in Revenue and Gains (As a result of decreased crop prices, lower quality of winter wheat and lower harvest area) 2016 Gross Profit after Distribution costs declined to USD 3.6mn (40.2).

G&A costs improved to USD 15.5mn (19), 19% reduction y-o-y. Other income and expenses in 2016 of USD 1,3mn (9.7) included USD 1.9mn (1.5) income on grain hedges. OIE in 2015 held significant positive result from land swap of USD 9.1mn.

Closing Ruble rate appreciation from December 31 2015 to December 31 2016 vs USD and vs SEK, resulted in FX income of USD 6.8mn (-7.9).

In 2016 the company booked Net loss of USD -10.6mn (7.2 excluding swap effect).

Negative income result was primarily caused by overall commodity price decrease, crop area decline related to spring weather and negative impact of lower quality of winter wheat on revenue.

Cash Flow

During 2016, the Company generated USD -0.8mn (-0.6) net cash flow from operating activities.

Cash used in investing activities reduced from USD -6.9mn in 2015 to USD -1.3mn in 2016, primarily due to decreased capital expenditures investment in Root Crop project and inflow generated by Sale of Samara region land unused in operations.

Financial position

The Company's non-current assets of USD 92.4mn comprise of buildings (mainly storage facilities), land (218k Ha) of owned and co-owned land, as well as machinery and equipment used in crop production. At 31 December 2016, finished goods include crops harvested in 2016 and valued at a net realisable value of USD 30.2mn (32.7). Raw materials of USD 11.7mn (9.6) include inputs to the 2017 crop.

At 31 December 2016, the Company held USD 26.8mn (31.9) in cash and equivalents on it's accounts. Interest bearing debt stood at USD 59mn (63.1) included bond debt of USD 45.6mn and VTB working capital loan of USD 13.4mn. The Company's bonds carry 9.4% annual coupon rate and mature in October 2017. As of 31 December 2016, the Company had a net debt position of USD 32.3mn (31.5). Total debt to total equity ratio stood at 49% (59%).

Statement of Financial Position				
	RUR million		USD million	
E-rate			60,66	72,88
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Land	2 172	2 155	35,8	29,6
Buildings	2 226	1 786	36,7	24,5
Equipment & other	1 140	1 691	18,8	23,2
Investment property	12	160	0,2	2,2
Other	56	115	0,9	1,6
Total Non-current assets	5 606	5 907	92,4	81,1
Cash	1 623	2 332	26,8	32,0
Finished goods	1 831	2 391	30,2	32,8
Raw materials and consumables	710	700	11,7	9,6
Bio assets & cultivation	1 165	1 093	19,2	15,0
Receivables	315	780	5,2	10,7
Promissory note	-	-	-	-
Assets held for sale	-	-	-	-
Other	11	(7)	0,2	(0,1)
Total Current Assets	5 655	7 289	93,3	100,0
Total Assets	11 261	13 196	185,7	181,1
Total Debt	(3 591)	(4 628)	(59,2)	(63,5)
Trade and other payables	(412)	(685)	(6,8)	(9,4)
Other Liabilities	(4)	(15)	(0,1)	(0,2)
Equity	(7 256)	(7 879)	(119,6)	(108,1)
Total Equity & Liabilities	(11 263)	(13 207)	(185,7)	(181,2)

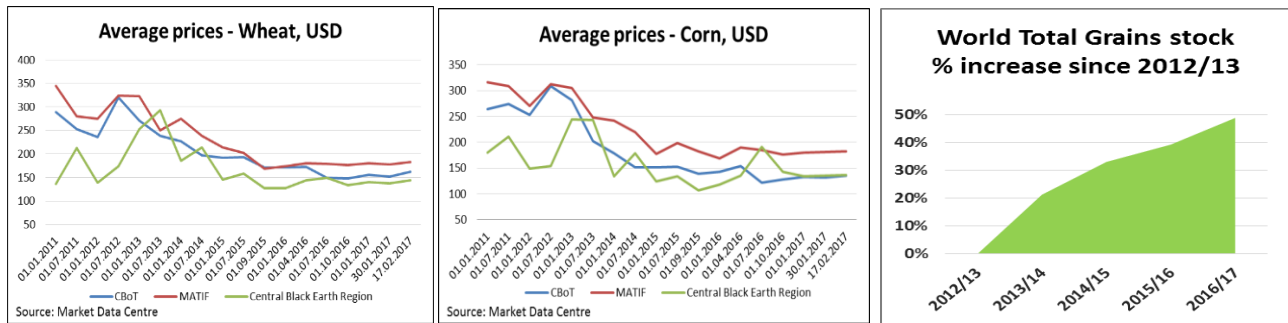
Significant and subsequent events

- Harvesting progress: Wheat, barley and potatoes are fully harvested, Sunflowers are 97% harvested with yields of 1.6 t/Ha. Corn is 99% harvested with yield of 5.2 t/ha.
- Transactions: In October 2016 the Company signed a sales and Purchase agreement to sell 13k ha of mostly fallow land in the Samara region. The land has been held as investment property for over 3 years and has never been part of the company's operations. A net loss of USD 0.6mn was recognized in 9M16 as a result of revaluating this land plot to sales price.
- RUB credit facility: In May 2016, the Group agreed a RUB 2400mn working capital credit facility with a leading Russian state bank. At the end of the year 807mn or 13.3 mUSD had been drawn under this credit facilities. The Group has committed to pledge certain assets as collateral under terms of the agreement
- Bond buybacks: During 2016 the Group had repurchased an additional SEK 29mn (USD 3.4mn).
- Land swap 2015: As a result of land and storage swap in 2015 and the Company booked a USD 9.1mn positive effect in Other Income and Expenses, pre-tax profit increased by USD 9.1mn, Net profit grew by USD 7.1mn.

INTERNATIONAL

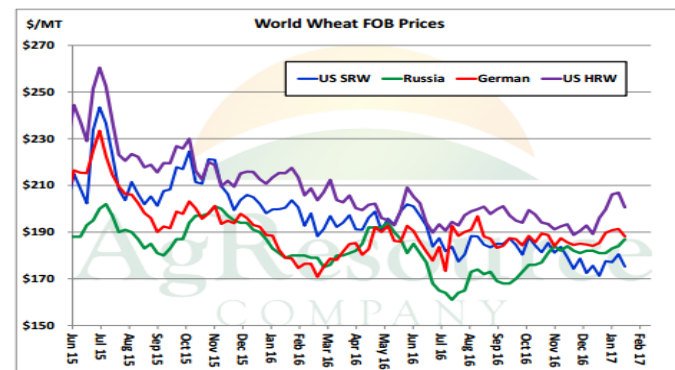
The record large grain crop in Australia currently being harvested (+30% y-o-y) has lifted the total World grain production estimate by a further 10mmt to 2,094mmt (+4% y-o-y) and is easily the largest crop on record according to the International Grains Council (IGC). The increased production has pushed stocks higher to an unprecedented 507mmt (up by almost 50% from 2012/13) which is maintaining pressure on prices with the benchmark Chicago futures market fell 13% during 2016 to 10-year lows.

Grains – Low grain prices are promoting increased consumption estimated to be up 4% and exceeding 2bln for the first time at



2.062mmt. Growth is mainly in the feed

and energy sectors with US ethanol production currently running at the highest ever levels resulting in increased domestic corn usage



US SRW 11.5 protein, others 12.5 protein

Source: AgResource

330mmt (+5%), leaves projected end of season soya stocks only slightly higher at 80mmt according to the USDA. These stocks are largely in the US where supply is tightening as domestic crushing and exports continue at their highest level for 6 years. The South American 2017 soya harvest estimates have been subject to weather concerns over the last 2 months but recent improvements have seen an increase from the lower crop estimates originally forecast.

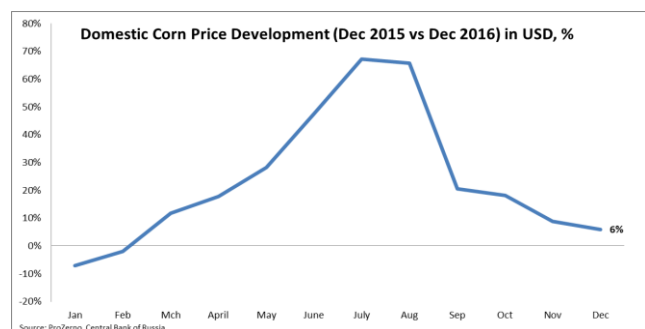
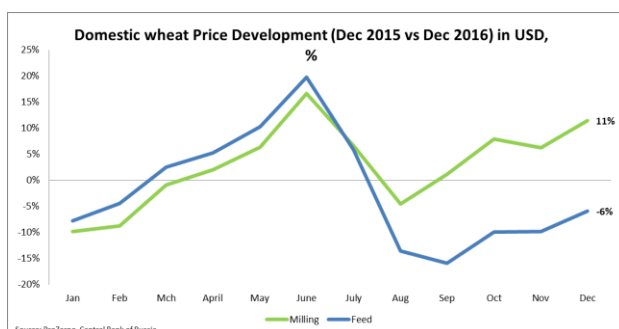
as well as a resurgence of exports (+67% y-o-y) due to the competitive prices following the record harvest. Lower overall EU wheat exports by 10mmt y-o-y has resulted in increases from other origins, particularly the US where exports are running at record levels (+36% y-o-y). Although Russia remains one of the most competitive milling wheat sellers, the discount to other origins is now much smaller. Winter wheat plantings for the 2017/18 crop are 10% down in the US, the lowest since 1909, plus 6% in the EU and 10% higher in Russia y-o-y.

Oilseeds – The 2016/17 global oilseed crop is revised upwards to 554mmt (+6% y-o-y) with soya accounting for 336mmt, an all-time high and 7% more than the previous year. Increased soya consumption, raised to

RUSSIA

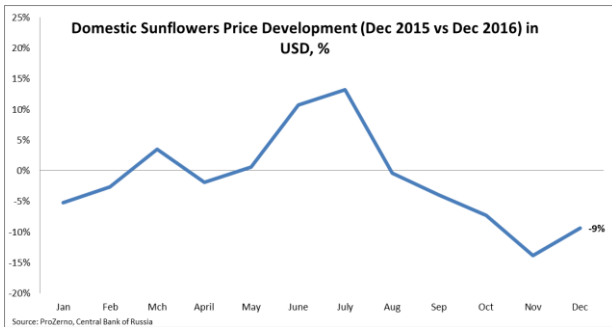
Grains – The latest 2016/17 IKAR crop estimate projects a further increase to the already highest ever grain production figure to 118mmt, +13% y-o-y and 14mmt above the previous record crop last year. Wheat accounts for 72mmt (+16%), barley 18mmt (+3%) & corn 15mmt (+5%). Exports at end-January (7 months) are the same as at this time last year (23mmt) despite a record January volume and a higher crop. An export volume of 36-38mmt for the year (36mmt last year), as forecast by the Ministry of Agriculture, is only possible providing the current pace of export sales is maintained. Estimated increase in domestic demand is a modest 3%, mainly for animal feed, and exports at current levels implies an increase in end of season stocks of 54% y-o-y to 20mmt from 13mmt last year.

Domestic prices are under pressure from the current disappointing pace of exports relative to increased supply & stocks, absence of consumer buying having already purchased 18% more of their total requirements compared to last year according to Agroconsult



and ruble appreciation 21% against the dollar during 2016. Domestic grain ruble prices (USD) y-o-y in the CBS region according to ProZerno: feed wheat and barley -16% (\$-6%), milling wheat -1% (\$+11%) and corn -12% (\$+6).

International wheat export prices are 4% higher since harvest whilst Russian, due to farmers holding grain off the market recently, has increased by 8% and is now only the Worlds cheapest quality wheat by a small margin. March forward, however, Russian export wheat is priced at a discount to the current, higher, prices reflecting expected farmer selling which should move prices lower and regain Russian competitiveness. Winter wheat plantings increased by 10% y-o-y with very good snow cover protecting crops in all regions.



Oilseeds –The current crop estimate is 10,6mmt (+14% y-o-y) and crushing has been at maximum since harvest with a record 60% of the crop being processed by the year end benefiting from high margins supported by previously stronger international soya & palm oil prices. Prices are lower y-o-y by 19% in ruble terms, 9% in USD's, according to ProZerno as farmers sold increased volumes of their record crop before the end of the year. The increased supply of oil & meal carried into the new-year has suppressed January & February sunflower prices further and any price recovery will depend on future crush volumes, sunflower availability and the international vegetable oil market for the balance of the season.

Biological assets are recorded in the statement of financial position as an estimated value of crops standing in fields. A way to look at biological assets is as a work in process (WIP) inventory. Depending on 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 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.

Black Earth Farming values crops in the fields at incurred costs up until 30 June each year. At that point, sufficient germination (biological transformation) has occurred to enable estimates of crop yields. Market prices less point-of-sale costs and yield are used to determine an estimate of fair value at the time of harvest. The initial revenue estimate is adjusted with a completion factor, typically in the range of 50-80% as of June 30, depending on crop and incurred vs forecasted expenses, as significant risk to crop yield and price remains. At 30 September, average completion typically moves towards 70-90%. After harvest, the crops are transferred to finished goods inventory, where they are recorded at net realisable value determined by market prices or, where available, contracted prices.

As at 31 December 2016, the Company's biological assets included 2,504 Ha and 3,606 Ha of unharvested corn and sunflower in the field respectively, valued at an estimated USD 2.8mn on average harvested yields and market prices. The biological assets also included 44,628 Ha of winter wheat, carried at cost at USD 8.5mn.

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 statement of comprehensive income. 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 31 December 2016 as well as the development of crop sales during 2016. Note that all recorded prices exclude 10% VAT.

2016 Quarterly Sales Volume & Crop Inventory										
	Quarterly Sales							Crop in Inventor		
	4Q '16	3Q '16	2Q '16	1Q '16	4Q '15	3Q '15	2Q '15	1Q '15	31 Dec '16	31 Dec '15
Volume, k tons										
<i>Wheat</i>	54.1	71.0	18.9	18.6	51.0	31.5	11.1	22.2	31.2	38.7
<i>Barley</i>	11.6	5.0	5.9	7.6	12.4	-	30.8	9.4	21.8	18.1
<i>Corn</i>	96.8	12.1	57.9	79.3	170.8	2.0	2.6	39.4	91.2	129.2
<i>Rape</i>	-	-	-	-	-	-	4.6	-	-	-
<i>Sunflower</i>	19.6	0.2	18.5	9.7	49.7	5.5	1.6	12.7	38.8	28.3
<i>Soya</i>	-	-	-	-	-	0.1	-	-	-	-
<i>Potato</i>	8.1	0.7	7.6	3.0	6.5	1.7	4.9	0.5	8.2	12.3
<i>Other</i>	2.5	0.5	0.5	0.8	1.4	0.3	-	-	1.0	0.9
Total Tons	192.7	89.5	109.3	118.9	292.5	41.1	55.7	84.2	192.2	227.5
Price, USD/ton										
<i>Wheat</i>	72	78	125	116	147	133	166	172	126	117
<i>Barley</i>	124	131	156	142	155	-	155	124	143	132
<i>Corn</i>	122	175	181	168	141	122	227	140	118	114
<i>Rape</i>	-	-	-	-	-	-	326	384	-	-
<i>Sunflower</i>	293	345	346	316	324	344	466	242	311	340
<i>Soya</i>	-	-	-	-	-	381	-	-	-	-
<i>Potato</i>	65	117	45	49	29	103	118	157	94	94
<i>Other</i>	59	41	53	49	159	92	-	71	38	88
Average Price	122	95	188	166	171	160	181	162	160	143

As of 31 December 2016, the Company recorded inventories at a total value of USD 41.9mn. Total inventories include finished goods, i.e. crops harvested in 2016 held for sale, as well as raw materials to be used in production. Total crop inventory of finished goods included 192 thousand tons of crops harvested during 2016 and valued at an average price of USD 160 per ton, resulting in total fair value estimate of USD 30.2mn. By comparison, in 2015, total crop inventory of finished goods included 227 thousand tons of crops harvested during 2015 and valued at an average price of USD 143 per ton, resulting in total fair value estimate of USD 32.8mn. The change in balance sheet date exchange rate had a significant impact on the valuation of the Company's inventory.

Production Overview



**BLACK
EARTH
FARMING LTD.**

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	17.6
Corn maize	6.1	26.0	36.8	55.3	61.1	39.7
Total Grains	139.4	127.0	135.8	107.8	108.5	95.7
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	37.9
Soya	7.9	18.2	18.7	16.9	0.2	n/a
Total Oilseeds	87.9	88.0	79.1	72.6	40.1	37.9
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
Onion	n/a	n/a	n/a	n/a	0.03	0.01
Carrot	n/a	n/a	n/a	n/a	0.04	0.04
Total Commercial Area	228.9	220.1	223.9	181.3	149.2	134.1
Other / Forage crops	2.0	1.7	2.0	2.9	0.1	0.7
Total harvest area	230.9	221.8	225.9	184.2	149.3	134.9

Average Net Crop Yields

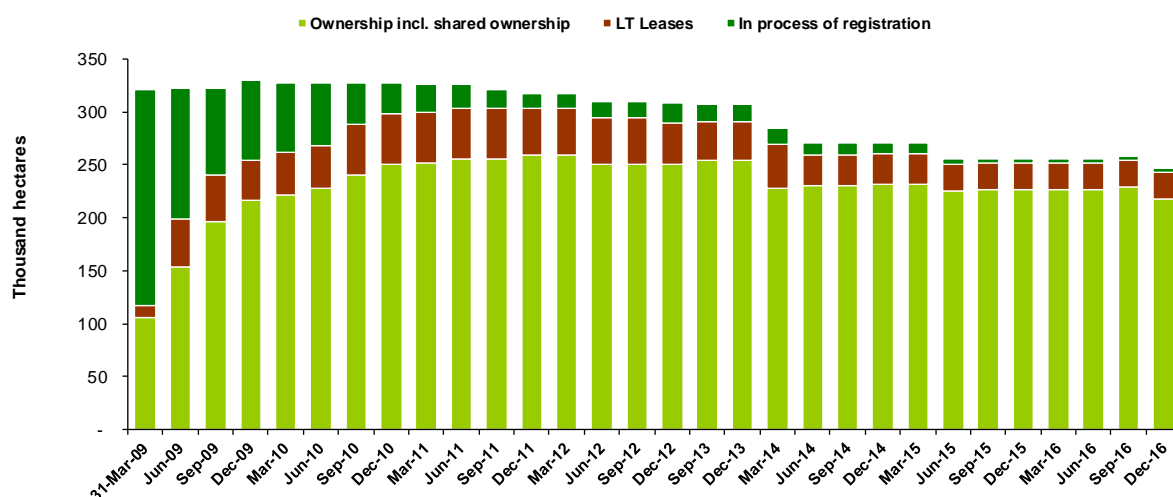
(tons/ha)	2011	2012	2013	2014	2015	2016
Winter wheat	2.4	2.1	3.3	4.0	3.5	4.3
Spring wheat	1.6	2.6	1.9	3.6	2.3	n/a
Spring barley	1.9	2.4	2.6	3.6	3.2	2.3
Corn maize	4.9	5.1	4.3	3.5	5.3	5.2
Winter rape	n/a	n/a	n/a	0.7	n/a	n/a
Spring rape	1.1	1.3	0.9	1.4	n/a	n/a
Sunflower	2.0	1.9	2.0	1.9	2.2	1.6
Soya	0.9	1.2	0.9	0.5	0.6	n/a
Sugar beet	25.6	25.3	24.3	n/a	n/a	n/a
Potatoes	n/a	33.2	33.9	31.0	35.9	32.0
Onion	n/a	n/a	n/a	n/a	29.0	22.6
Carrot	n/a	n/a	n/a	n/a	65.0	48.1

Net Harvest Volumes

(thousand tons)	2011	2012	2013	2014	2015	2016
Winter wheat	220.6	157.6	243.2	121.2	119.1	163.3
Spring wheat	21.2	11.5	6.6	22.4	8.6	n/a
Spring barley	49.2	55.1	56.6	57.5	30.3	39.9
Corn maize	30.0	132.8	159.0	195.7	321.9	205.4
Total Grains	321.0	357.0	465.4	396.8	479.9	408.6
Winter rape	n/a	n/a	n/a	0.1	n/a	n/a
Spring rape	36.9	46.1	28.3	26.1	n/a	n/a
Sunflower	92.8	62.8	58.0	70.9	83.2	59.8
Soya	7.1	22.4	16.0	9.1	0.1	0.0
Total Oilseeds	136.8	131.2	102.3	106.2	83.3	59.8
Sugar Beet	41.5	128.4	214.7	n/a	n/a	n/a
Potatoes	n/a	3.3	6.6	27.4	21.3	19.9
Onion	n/a	n/a	n/a	n/a	0.7	0.2
Carrot	n/a	n/a	n/a	n/a	2.6	2.0
Total Commercial Crops	499.3	617.6	789.0	530.4	587.8	490.5
<i>Other / Forage crops</i>	<i>14.6</i>	<i>13.2</i>	<i>13.2</i>	<i>19.6</i>	<i>n/a</i>	<i>12.2</i>
Total Output	513.9	630.8	802.3	549.9	587.8	502.7

As of 31 December 2016, Black Earth Farming held 218k Ha of owned and co-owned land, corresponding to 89% of the total controlled land bank of 246k Ha. 25k Ha were leased and 4k Ha were in the process of registration. 11 k Ha of land Plots in Samara have been sold at the end of the year. The rest 2k Ha in Samara are subject for further re-registration and transfer to the customer and are classified as investment property in the balance sheet and held at a fair value of USD 0.2mn (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.

218 Thousand Ha in Ownership (89% of total controlled land)



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 187k Ha of land that is not leased at acquisition cost of USD 26.0mn (less Samara and certain 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 131. 2k Ha in Samara are held at a fair value of USD 0.2mn, which translates into a per hectare fair value of USD 120. 22k Ha in Lipetsk and Tambov are held at fair value of USD 8.6mn, which translates into a per hectare value of USD 390.

The depreciation in the Russian RUB has resulted in a decline, in hard currency terms, in the value of the Group's assets, which are carried at historical cost in RUB (the Group's functional currency) on its balance sheet.

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 December 2016.

Outstanding shares

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

In 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 December 2016 was approximately SEK 1 242 million or USD 136 million.

Shareholders

The total number of shareholders, as of 31 December 2016, amounted to approximately 12,161.

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 2015 – 31 December 2016

Average Daily Turnover (SEK)	Average No of Traded Shares	Average No of daily trades
1,539,751,747	363,831	112

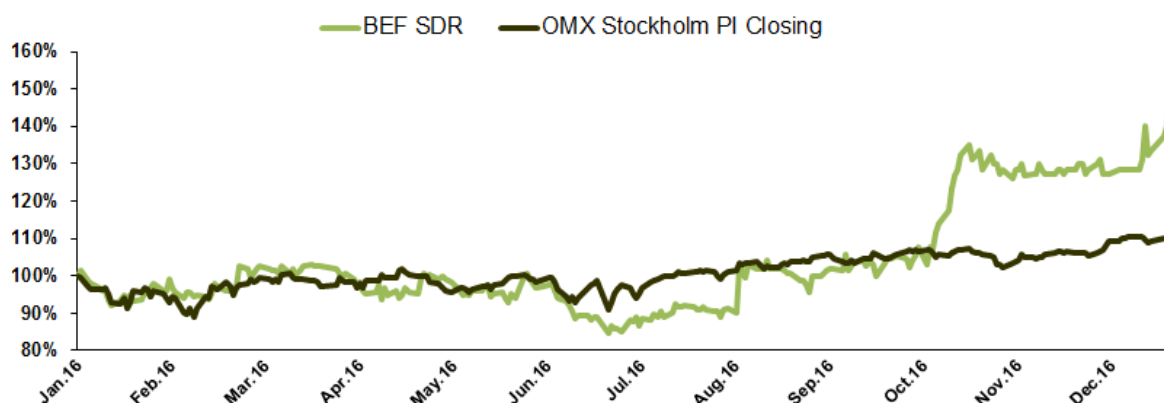
Source: NASDAQ OMX

Top 5 shareholders as of 31 December 2016

Owner	% of votes & capital
KINNEVIK NEW VENTURES AB	24.62%
GOMOBILE NU AB	12.33%
ALECTA PENSIONSFORSAKRING	9.68%
EUROCLEAR BANK S.A/N.V	5.24%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	4.03%

Source: Euroclear Sweden share registry & shareholders' reference

Share Performance vs. OMX Stockholm index



Black Earth Farming SDR

Price SEK/SDR 30 Dec 2016	Change 1 Month	Change 3 Months	52 Week High
5.90	15.69%	42.51%	6.15
	Change 6 Months	Change 1 Year	52 Week Low
	75.07%	15.69%	3.40

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of US Dollars

	Notes	Year ended		Three months ended	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Revenue	5	75,551	81,102	25,575	49,458
Gain on revaluation of biological assets	4	22,043	44,918	7,693	21,620
Change in net realisable value of agricultural produce after harvest		(500)	4,375	(829)	4,040
Total revenue and gains	5	97,094	130,395	32,439	75,118
Cost of sales	6	(48,702)	(41,608)	(19,883)	(25,120)
Effect of revaluations (revaluation of biological assets to agricultural produce and change in net realizable value of agricultural produce after harvest)		(28,224)	(37,923)	(11,331)	(27,748)
Gross profit		20,168	50,864	1,225	22,250
Distribution expenses	7	(16,525)	(10,620)	(5,899)	(6,106)
General and administrative expenses	8	(15,499)	(19,139)	(3,393)	(4,788)
Taxes other than income		(1,242)	(1,336)	(400)	(179)
State grants and subsidies		858	1,232	78	157
Crop insurance net of insurance grants		(951)	(1,336)	(353)	(239)
Other income and expenses, net	9	1,078	9,687	500	(627)
Operating (loss)/profit		(12,113)	29,352	(8,242)	10,468
Financial income		339	273	68	36
Financial expenses		(5,429)	(5,168)	(1,515)	(1,832)
Foreign exchange gain/(loss)		6,819	(7,936)	2,228	(1,312)
(Loss)/profit before income tax		(10,384)	16,521	(7,461)	7,360
Income tax (expense)/benefit		(172)	(2,207)	203	37
(Loss)/profit for the year		(10,556)	14,314	(7,258)	7,397
(Loss)/earnings per share, basic and diluted, in USD	12	(0.05)	0.07	(0.03)	0.04

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of US Dollars

	Notes	Year ended		Three months ended	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
(Loss)/profit for the year		(10,556)	14,314	(7,258)	7,397
Other comprehensive income/(loss)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Translation difference		20,857	(31,012)	4,570	(11,473)
Other comprehensive income/(loss) for the year		20,857	(31,012)	4,570	(11,473)
Total comprehensive income/(loss) for the year attributable to owners of the parent		10,301	(16,698)	(2,688)	(4,076)

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

In thousands of US Dollars

	Notes	31 Dec 2016	31 Dec 2015
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		-	78,146
Intangible assets		-	105
Biological assets (livestock)	4	-	327
Other non-current assets		-	115
Deferred tax assets		-	322
Investment property		-	2,164
Total non-current assets		-	81,179
<i>Current assets</i>			
Property, plant and equipment		91,344	-
Finished goods		30,231	32,765
Raw materials and consumables		11,700	9,562
Biological assets (crop production)	4	11,308	8,277
Land cultivation works		7,928	6,677
Trade and other receivables		5,229	10,737
Investment property		240	-
Biological assets (livestock)	4	492	-
Deferred tax assets		176	-
Intangible assets		25	-
Other current assets		146	-
Cash and cash equivalents		26,832	31,959
Total current assets		185,651	99,977
Total assets		185,651	181,156
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		4,858	4,249
Accumulated deficit		(228,641)	(218,516)
Translation reserve		(184,640)	(205,662)
Total equity		119,586	108,080
LIABILITIES			
<i>Non-current liabilities</i>			
Non-current loans and borrowings	10	-	51,058
Lease payables		-	111
Deferred tax liabilities		-	253
Total non-current liabilities		-	51,422
<i>Current liabilities</i>			
Current loans and borrowings	10	59,043	12,064
Trade and other payables		6,751	9,356
Deferred income		130	-
Lease payables		120	234
Deferred tax liabilities		21	-
Total current liabilities		66,065	21,654
Total liabilities		66,065	73,076
Total equity and liabilities		185,651	181,156

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of US Dollars

	Share capital	Share premium	Share-based payments reserve	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
Profit for the year	-	-	-	14,314	-	14,314
Other comprehensive loss						
Translation differences	-	-	(264)	-	(30,748)	(31,012)
Total comprehensive (loss)/income	-	-	(264)	14,314	(30,748)	(16,698)
Reclassification from Share-based payments reserve to Accumulated deficit	-	-	(23)	23	-	-
Recognition of Share-based payments	-	-	726	-	-	726
Shares issued	28	1,133	(1,058)	-	-	103
Balance as at 31 December 2015	2,105	525,904	4,249	(218,516)	(205,662)	108,080
Balance as at 1 January 2016	2,105	525,904	4,249	(218,516)	(205,662)	108,080
Loss for the year	-	-	-	(10,556)	-	(10,556)
Other comprehensive income						
Translation differences	-	-	(165)	-	21,022	20,857
Total comprehensive (loss)/income	-	-	(165)	(10,556)	21,022	10,301
Reclassification from Share-based payments reserve to Accumulated deficit	-	-	(431)	431	-	-
Recognition of Share-based payments	-	-	1,205	-	-	1,205
Balance as at 31 December 2016	2,105	525,904	4,858	(228,641)	(184,640)	119,586

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of US Dollars

	Notes	Year ended	
		31 Dec 2016	31 Dec 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		(10,556)	14,314
<i>Adjustments for:</i>			
Income tax expense		172	2,207
Depreciation, amortisation and impairment		7,664	7,700
Change in allowance for doubtful debts		175	(275)
Change in provision for inventory		48	667
(Gain)/loss on foreign exchange differences		(6,819)	7,936
Interest income		(339)	(273)
Interest expense		5,429	5,168
Gain on disposal of property, plant and equipment	9	(521)	(246)
Non-cash gain on the land swap deal	9	-	(9,080)
Loss/(gain) on revaluation of investment property	9	578	(12)
Long-term employee benefits		1,205	831
Loss on disposal of other assets	9	182	-
Write-off of accounts receivable or payable, net	9	(132)	-
Change in value of biological assets and agricultural produce		(21,543)	(49,293)
Effect of revaluations on cost of goods sold		28,224	37,923
		3,767	17,567
Movements in working capital:			
Increase in inventories		(1,016)	(10,813)
Decrease/ (increase) in biological assets		317	(3,603)
Decrease in trade and other receivables		6,590	972
(Decrease)/increase in trade and other payables		(4,746)	3,214
Cash generated from operations		4,912	6,878
Interest paid		(5,474)	(6,194)
Income tax paid		(261)	(1,304)
Net cash used in operating activities		(823)	(620)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		158	272
Acquisition of land plots		(513)	(638)
Acquisition of property, plant and equipment		(3,396)	(7,363)
Proceeds from disposal of property, plant and equipment		797	1,298
Acquisition of intangible assets		(97)	(297)
Proceeds from sale of investment property		1,774	-
Acquisitions of subsidiaries, net of cash acquired		-	(173)
Net cash used in investing activities		(1,277)	(6,901)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payment of short-term borrowings		(11,789)	-
Proceeds from borrowings		13,119	11,662
Repurchase of bonds		(3,276)	(3,487)
Settlement of obligations under finance lease agreements		(373)	(255)
Net cash (used in)/from financing activities		(2,319)	7,920
Net (decrease)/increase in cash and cash equivalents		(4,419)	399
Cash and cash equivalents at the beginning of the year		31,959	32,888
Effect of exchange rate fluctuations on cash and cash equivalents		(4,879)	4,485
Effect of foreign currency exchange differences		4,171	(5,813)
Cash and cash equivalents at the end of the year		26,832	31,959

Non-cash transactions

During the year ended 31 December 2015, the Group entered into a land swap deal realizing a gain of USD 9,080 thousand (Note 9).

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 Black Earth Farming Limited, 3rd Floor, 37 Esplanade, St Helier JE2 3QA Jersey.

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 Small Cap segment on NASDAQ OMX Stockholm.

As described in Note 15, in February 2017, the Group entered into a framework share purchase agreement to sell all its Russian operating subsidiaries to a third party buyer for a consideration exceeding the carrying value of the respective net assets. It is expected that, upon completion of the sale transaction, the Board of Directors is going to propose that an Extraordinary General Meeting resolves on a voluntary liquidation of the Company as soon as practically possible after the Company has repurchased its outstanding bonds and distributed excess proceeds to the shareholders. Accordingly, these condensed consolidated financial statements are not prepared on a going concern basis. Because, in management’s judgement, at the reporting date, the sale transaction did not meet the International Financial Reporting Standard 5 “Non-current assets held for sale and discontinued operation” definition of being highly probable, the assets and liabilities being disposed of are not classified as held for sale. The statement of income represents operations that have been discontinued as a result of the transaction, subsequent to the reporting date.

(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 2016 the 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.

(c) Seasonality

Agricultural sector exhibits obvious seasonal behavior. During the period from December to March, the organic growth of the crops is minimal and no major inputs are made in the production. During the summer period the Group sold all of its previously harvested grain, which led to significant decrease of finished goods in stock.

2. BASIS OF PREPARATION

(a) Statement of compliance and basis of preparation

As stated in Note 1, these condensed consolidated financial statements are not prepared on a going concern basis.

Nevertheless, these condensed consolidated financial statements are still prepared in compliance with IAS 34, “Interim financial reporting” and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, prepared in accordance with IFRS.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. BASIS OF PREPARATION (CONTINUED)

(b) Significant accounting policies

These condensed consolidated 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.

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 2015, except for classification of all assets and liabilities of the Group at 31 December 2016 as current, including those previously treated as non-current, due to the fact that these assets and liabilities are in the process of realisation, as described in Note 1, even if it was not certain that all these net assets will be realised within 12 months of the balance sheet date. No adjustments to the carrying values of assets and liabilities are necessary, as the sale price is higher than the net assets of the disposal group.

(c) Functional and presentation currency

The functional currency of the Group entities is the Russian Ruble ("RUB"), the currency of the primary economic environment in which the Group operates.

The Group's presentation currency is the US Dollar ("USD") which the Group management considers most representative for the users of these condensed consolidated financial statements. All the financial information in these condensed consolidated financial statements, including comparative information, has been translated from RUB 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 rate of the actual transaction dates);
- All resulting exchange differences are recognized in other comprehensive income and accumulated as a separate component of equity.

Due to the volatility of the RUB exchange rate, quarterly exchange rates were used to translate income and expenses of all subsidiaries with the Russian rouble as a functional currency for the year ended 31 December 2016. The average rates for each quarter of 2016 are indicated below:

	2016
RUB/USD for the first quarter	74.6283
RUB/USD for the second quarter	65.8883
RUB/USD for the third quarter	64.6245
RUB/USD for the fourth quarter	63.0685

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

	2016	2015
RUB/USD for the year ended 31 December	67.0349	60.9579
RUB/USD as at 31 December	60.6569	72.8827
RUB/SEK for the year ended 31 December	7.8555	7.2434
RUB/SEK as at 31 December	6.6674	8.7260

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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: LLC Agrotterminal (one working elevator with 55 thousand tons of capacity) and LLC 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 December 2015, are located in Samara region and attributed to Tambov segment. On 1 November 2016 most part of the investment property was sold (Note 9).

The Company and two subsidiaries, Planalto Enterprises Limited and LLC Management Company Agro-Invest, are not included in any of the operating segments, as they do not generate revenue; therefore, their assets as well as assets of the trading company Black Earth Trading International that cannot be attributed to the operating segments, have been reflected as corporate assets.

The segments are consistent with the internal management reporting to the senior management team, which is the chief operating decision maker as defined by IFRS 8 "Operating segments".

(a) Segment revenues and results

In thousands of US Dollars

	Year ended 31 December 2016			Net result
	Revenue from external sales	Inter-segment revenue	Depreciation and amortization	
Agricultural companies				
– Voronezh region	11,583	268	794	
– Kursk region	23,226	233	2,194	
– Lipetsk region	18,003	3,122	2,050	
– Tambov region	22,612	202	1,431	
Elevators	127	4,479	1,059	
Total	75,551	8,304	7,528	781
Central administrative costs and directors' salaries				(13,972)
Other income and expenses, net				1,078
Net financial income and gain on foreign exchange differences				1,729
Loss before income tax				(10,384)

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. SEGMENT INFORMATION (CONTINUED)

<i>In thousands of US Dollars</i>	Year ended 31 December 2015			
	Revenue from external sales	Inter-segment revenue	Depreciation and amortization	Net result
Agricultural companies				
– Voronezh region	11,212	1,072	711	
– Kursk region	29,720	1,053	2,301	
– Lipetsk region	18,110	1,397	1,925	
– Tambov region	21,896	591	1,257	
Elevators	164	3,705	1,419	
Total	81,102	7,818	7,613	35,819
Central administrative costs and directors' salaries				(16,154)
Other income and expenses, net				9,687
Net financial expenses and loss on foreign exchange differences				(12,831)
Profit before income tax				16,521

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

(b) Segment assets

<i>In thousands of US Dollars</i>	31 Dec 2016	31 Dec 2015
Agricultural companies		
– Lipetsk region	50,588	43,758
– Kursk region	40,605	37,089
– Tambov region	33,319	32,455
– Voronezh region	15,195	15,401
Elevators	20,966	16,986
Total segment assets	160,673	145,689
Corporate assets	24,978	35,467
Consolidated total assets	185,651	181,156

(c) Revenues from major products

<i>In thousands of US Dollars</i>	Year ended	
	31 Dec 2016	31 Dec 2015
Corn	38,872	30,735
Sunflowers	15,663	22,055
Wheat	14,339	17,079
Barley	4,210	7,480
Potatoes	1,124	966
Milk and meat	632	612
Spring rape seed	-	1,421
Soya	-	70
Other and Waste grains	237	252
Other goods and services	474	432
	75,551	81,102

(d) Geographical information

All of the Group's non-current assets are located and all operating activities are performed in the Russian Federation. The Group has the head office in Jersey, Channel Islands; however, the head office does not own any non-current assets, generates only financial income and expenses and incurs administration costs and director salaries expenses.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. BIOLOGICAL ASSETS

Current biological assets comprise the winter wheat crop of 2017 in the amount of USD 8,505 thousand and unharvested corn and sunflower crop of 2016 in the amount of USD 2,765 thousand. The 2017 crop was seeded during September-November 2015 and is currently undergoing biological transformation, which is a process that runs until the spring/summer of 2017. Due to the fact that little biological transformation of this winter crop has taken place as of 31 December, this “planned harvest” is currently valued on the basis of actual incurred costs.

Biological assets – Crop production

<i>in thousands of US Dollars</i>	Year ended	
	31 Dec 2016	31 Dec 2015
At the beginning of the year	8,277	6,066
Increase due to cost inputs	49,021	52,920
Change in fair value less estimated point-of-sale costs	22,014	44,970
Harvested crops transferred to finished goods	(69,076)	(94,558)
Effect of foreign exchange differences	1,072	(1,121)
At the end of the year	11,308	8,277

Biological assets – Livestock

<i>in thousands of US Dollars</i>	Year ended	
	31 Dec 2016	31 Dec 2015
At the beginning of the year	327	431
Increase due to cost inputs	757	177
Change in fair value less estimated point-of-sale costs	29	(52)
Sales	(695)	(129)
Effect of foreign exchange differences	74	(100)
At the end of the year	492	327

5. REVENUE AND GAINS

in thousands of US Dollars

	Year ended	
	31 Dec 2016	31 Dec 2015
Revenue from sales of crop production	74,445	80,055
Revenue from sales of milk and meat	632	612
Revenue from sales of other goods and services	474	435
Gain on revaluation of biological assets	22,043	44,918
Change in net realizable value of agricultural produce after harvest	(500)	4,375
	97,094	130,395

6. COST OF SALES

in thousands of US Dollars

	Year ended	
	31 Dec 2016	31 Dec 2015
Materials	32,588	27,564
Depreciation and amortization charge	6,238	6,421
Personnel expenses	6,071	4,413
Third party crop handling services	1,414	918
Operating lease costs	615	417
Crops lost due to poor quality of seed material	378	500
Taxes	344	402
Repair expenses	315	300
Other expenses	739	673
	48,702	41,608

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. DISTRIBUTION EXPENSES

in thousands of US Dollars

	Year ended	
	31 Dec 2016	31 Dec 2015
Transportation and delivery services	9,153	5,538
Storage and other elevator services	3,740	2,280
Depreciation and amortization charge	1,132	980
Personnel expenses	980	885
Materials	668	410
Other services	852	527
	16,525	10,620

8. GENERAL AND ADMINISTRATIVE EXPENSES

in thousands of US Dollars

	Year ended	
	31 Dec 2016	31 Dec 2015
Personnel expenses	8,709	11,320
Consulting and audit	4,499	4,160
Office and administration expenses	869	1,452
Travel expenses	356	379
Rent expenses	149	525
Depreciation and amortization	294	402
Termination payments	-	375
Other services	623	526
	15,499	19,139

9. OTHER INCOME AND EXPENSES, NET

In thousands of US Dollars

	Year ended	
	31 Dec 2016	31 Dec 2015
Income on grain hedge	1,981	1,523
Gain on disposal of property, plant and equipment	521	246
Write-off of accounts receivable or payable, net	132	132
Gain related to land swap deal	-	9,080
(Loss)/gain on revaluation of investment property	(578)	12
(Loss)/gain on purchase/sale of foreign currency	(275)	7
Loss on disposal of other assets	(182)	(318)
Change in allowance for doubtful debts	(175)	275
Fines and penalties (paid)/received	(107)	4
Other income and expenses, net	(239)	(1,274)
	1,078	9,687

Disposal of investment property

In November 2016, the Group entered into a sale and purchase agreement with regard to the investment property located in Samara region (Tambov segment), whereby it sold the major part of the investment property by the year-end with the residual part with the carrying value of USD 240 thousand to be transferred to the customer in the first quarter of 2017. As at 30 September 2016 the Group recognized a loss on revaluation of the investment property in amount of USD 578 thousand as a difference between the carrying value of USD 2,561 thousand and the agreement sale price of USD 1,983 thousand.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. OTHER INCOME AND EXPENSES, NET (CONTINUED)

Land swap deal

On 17 March 2015, the Group announced that it had agreed to swap the land and related real estate assets from its Stanovoye (Lipetsk segment), Shatsk (Tambov segment) and Pervomaisky (Tambov segment) farms with three counterparties, in return for land and an elevator in proximity to Group's existing operations at Morshansk (Tambov segment). The deal was finalised in June 2015.

Assets received are measured at fair value on the basis of a valuation carried out by an independent appraiser, who has appropriate qualifications and recent experience in the valuation of properties in the relevant location.

In thousands of US Dollars

Fair value of property, plant and equipment and other assets received	12,771
Cash received	1,099
Carrying value of property, plant and equipment disposed	(4,790)
Result before tax	9,080

The income tax related to these transactions amounted to USD 1,690 thousand.

10. BORROWINGS

In thousands of US Dollars

	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
SEK bonds		
Non-current	-	51,058
Current	45,600	1,578
	<u>45,600</u>	<u>52,636</u>
Other borrowings – current		
Bank VTB	13,443	10,486
	<u>13,443</u>	<u>10,486</u>
Total borrowings	<u>59,043</u>	<u>63,122</u>

In 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 December 2016, the Group repurchased SEK 338 million (USD 48,603 thousand translated at the exchange rate at the dates of repurchase) of bonds in order to manage interest expense and foreign exchange exposure.

In April-August 2016 the Group signed credit facility agreements with Bank VTB which have to be used to finance working capital and are available for a period of up to twelve months. At 31 December 2016, USD 13,319 thousand (RUB 807,896 thousand) had been drawn under this credit facility. The Group has committed to pledge certain assets as collateral under the terms of the agreement.

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

11. DIVIDENDS

During the year ended 31 December 2016 the Board of Directors proposed no dividends to be paid or declared.

12. (LOSS) / EARNINGS PER SHARE

In US Dollars

	Year ended	
	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
(Loss)/profit for the year	(10,556,000)	14,314,000
Weighted average number of ordinary shares	210,426,241	209,100,858
Basic and diluted (loss)/earnings per share	(0.05)	0.07

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. RELATED PARTY BALANCES AND TRANSACTIONS

	Year ended	
	31 Dec 2016	31 Dec 2015
<i>In thousands of US Dollars</i>		
Purchase of services from related parties		
TerraVost Ltd (formerly KinnAgri Ltd)	826	1,269
KCM International Ltd	1,661	1,802
	<u>2,487</u>	<u>3,071</u>
Less: subcontracted to third parties		
TerraVost Ltd (formerly KinnAgri Ltd)	(105)	(188)
KCM International Ltd	(12)	(16)
	<u>(117)</u>	<u>(204)</u>
Purchase of services from related parties, net of subcontractors		
TerraVost Ltd (formerly KinnAgri Ltd)	721	1,081
KCM International Ltd	1,649	1,786
Total	<u>2,370</u>	<u>2,867</u>
	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Accounts payable to related parties		
TerraVost Ltd (formerly KinnAgri Ltd)	159	404
KCM International Ltd	133	401
	<u>292</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.

For contracts with the related parties a review of alternative options and arm's length pricing was conducted by three members of the Board of Directors, including Chairman of Audit Committee, in November 2015 and terms of the contracts found to be satisfactory. KCM and TerraVost contracts were reviewed, renewed and signed in 2Q16.

14. 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 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 being 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 relevant authorities. Russian tax administration gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

BLACK EARTH FARMING LIMITED AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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 some 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 may 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 means that such a legal entity's worldwide income will be taxed in Russia.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profit tax, as they do 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 regards to the Group companies incorporated outside of Russia may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, 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 such 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; however, it may be significant to the financial position and/or the overall operations of the Group.

As at 31 December 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.

15. SUBSEQUENT EVENTS

On 13 February 2017 the Company's direct wholly owned subsidiary, Planalto Enterprises Limited ("Planalto"), entered into a framework share purchase agreement (the "SPA") regarding the sale of its wholly owned subsidiaries LLC Managing Company Agro Invest ("AIMC") and LLC Managing Company Agro Invest Regions ("AIRMC"), that in turn hold shares in all other Russian subsidiaries of the Group, and an assignment agreement pursuant to which Planalto assigns its claims under the intergroup loans to AIMC, to LLC Volgo-DonSelkhozInvest, an unrelated entity (the "Transaction"). The total estimated purchase price is set at an initial consideration of USD 184mn which is higher than the carrying value of the respective disposal group. The purchase price is subject to adjustment depending on certain variables such as changes in net debt and working capital as estimated at signing compared to completion. In accordance with the SPA, on 16 February 2017 Volgo-DonSelkhozInvest paid USD 10mn as a deposit to the deal.

Closing of the Transaction is still subject to, inter alia, approval by Company's shareholders, relevant regulatory approvals and the satisfaction of certain customary closing conditions set out in the Transaction documents.

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 246,000 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, 24 February 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 by the auditors of the Company

Future financial reports:

2016 Annual report	7 April 2017
1Q 2017 interim report	18 May 2017
Annual General Meeting	19 May 2017
2Q/1H 2017 report	11 August 2017

For further information, please contact:

Rostislav Samotsvetov
CFO, Black Earth Farming
+7 963 758 49 03
Rostislav.samotsvetov@blackearthfarming.com
Group's website: www.blackearthfarming.com

NOMINATION COMMITTEE FOR THE 2016 ANNUAL GENERAL MEETING

In accordance with the resolution of the 2015 Annual General Meeting, a Nomination Committee has been convened consisting of members representing the three largest shareholders in Black Earth Farming Ltd.

The Nomination Committee is comprised by Joakim Andersson appointed by Investment AB Kinnevik, Per Åhlgren appointed by GoMobile Nu AB, and Ramsay Brufer appointed by Alecta. At the Committee's first meeting, Joakim Andersson, representing Investment AB Kinnevik, was elected Chairman of the Committee.

Shareholders wishing to submit proposals to the Nomination Committee should do so in writing via email to nominationcommittee@blackearthfarming.com or by mail to Black Earth Farming Ltd, attention Nomination Committee, 3rd Floor, 37 Esplanade, St Helier JE2 3QA Jersey.

Information about the work of the Nomination Committee can be found on Black Earth Farming's corporate website at www.blackearthfarming.com.

For additional information, please contact:

Rostislav Samotsvetov, Chief Financial Officer, Black Earth Farming Ltd., tel.: +7(495)664 27 63, +7(910)246 78 00.

Non-IFRS performance measure



In addition to IFRS performance measures, Black Earth Farming Ltd. presents a number of financial performance measures that are outside IFRS definitions (Alternative performance measures, according to ESMA's guidelines) with the aim of enabling effective evaluation of the company's financial position and performance for investors and for the company's management. This means that these measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. The Company applies these alternative performance measures consistently over time. Definitions are provided below of how the Company's key ratios are calculated.

Non-IFRS performance measure	Description
Average sales price after distribution cost per ton	Revenue by crops divided by tons sold during the period minus distribution expenses divided by total tons sold during the period
Gross profit after distribution cost	Gross profit minus distribution expenses
EBIT	Profit (loss) before financial income/(expenses) and income taxes.
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.
Cash from operations less investments (FCF)	Net cash generated from/ (used in) operating activities less cash flows from investing activities
Net debt position	Consists of the Group's interest-bearing liabilities including accrued interest and finance lease liabilities, less cash and cash equivalents
Debt/Equity Ratio	Total amount of long-term borrowings divided by total shareholders' equity.
Equity/Assets Ratio	Equity expressed as a percentage of total assets
Numerous ratios excluding SWAP	These ratios represent measures defined in IFRS or APMs described above minus net result from swap deal (as this deal is non-recurring event). For instance EBIT excluding swap effect represents EBIT minus effect from swap deal which is presented in note 8 « Other income and expenses, net ».

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, and 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.

“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.

“Pai”

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

“SDR”

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

“VPC”

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

“Öhman”

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