

Press release  
St Helier, Jersey  
2 May, 2008

## **BLACK EARTH FARMING ANNOUNCES ADJUSTMENTS TO 2007 CONSOLIDATED FINANCIALS**

The financial result has been adjusted by RUR +140,302 thousand or USD\* +5,717 thousand following further work on 2007 financials in connection with the audit process. The adjustment stems from four items as described below, the largest relates to a revised approach on valuation of warrants and hence one-off provision for the same.

- General and administrative expenses and Taxes other than on income together decreased by RUR 108,807 thousand or USD\* 4,433 thousand and General and Administrative expenses now comprise RUR 356,230 thousand or USD\* 14,512 thousand for the twelve months ended 31 December 2007. For the publication of the 2007 year-end release, the management used a very conservative approach to value the warrant provision. Since then the calculation of the same has been provided by an independent appraiser with the conclusion that the amount of the initial provision was larger than required.
- Other expenses also decreased by RUR 19,164 thousand or USD\* 781 thousand and amounts to RUR 11,047 thousand or USD\* 450 thousand. The Company has capitalised certain costs previously expensed in the P&L, concerned with consulting services rendered by third parties for land acquisition. As a consequence:
  - amount of tax expense increased
  - total amount of fixed assets increased by RUR 19,164 thousand or USD\* 781 thousand
- Other adjustments were made to income tax calculation. Net effect from this and the above mentioned change was a decrease of income tax expense by RUR 12,331 thousand or USD\* 502 thousand and total income tax expense comprise RUR 9,985 thousand or USD\* 407 thousand.
- There was an adjustment between current financial assets and total amount of cash and cash equivalents. The adjustment was made based on the late response of one of the Company's banks that stated incorrect amount of cash as of the period end. An amount of RUR 12,000 thousand or USD\* 489 thousand was incorrectly stated as cash and should instead have been shown as current financial assets.

The Annual Report for the financial year 2007 will be available on the company's website [www.blackearthfarming.com](http://www.blackearthfarming.com) on May 6, 2008.

### **For additional information, please contact:**

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### **Notes to Editor:**

Black Earth Farming Ltd. is a leading farming company operating in Russia. It acquires, owns and cultivates agricultural land assets primarily in the fertile Black Earth region in southwest Russia. Black Earth Farming has gained a strong market position in the Kursk, Tambov, Lipetsk, Samara, Voronezh and Ryazan areas, controlling over 300,000 hectares of what perhaps is the world's most fertile soil. Black Earth Farming will continue to acquire farmland in order to draw full benefits of economies of scale in its operations.

In 2007, Black Earth Farming harvested approximately 53,000 hectares with crops, of which the greater part was wheat. In 2008, Black Earth Farming plans to harvest about 150,000 hectares.

Founded in 2005 by Michel Orlov, the company has been developed by the listed investment companies Vostok Nafta Investment Ltd. and Investment AB Kinnevik (publ).

*Black Earth Farming's Certified Advisor on First North is E. Öhman J:or Fondkommission AB*