DJ ESV Group PLC Interim Results

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ESV Group plc

PLUS Market: ESVO

Interim Results for the six month period from 1 April 2010 to 30 September 2010

ESV Group Plc ("ESV" or "the Company" or “the Group”), the biofuel farming and logistics company announces its unaudited interim figures for the six month period from 1 April 2010 to 30 September 2010.

CHAIRMAN'S STATEMENT

Sale of Mozambique Jatropha plantations
Following the sale of its Jatropha plantations business and associated assets for a total consideration of US$4 million, the Group has received the first and second tranches totalling US$2.1 million, less payments for remaining payroll creditors.

The balance of US$1.9 million is contingent upon the issuance of the Jatropha farming rights for the second plantation area, which is being processed to finalisation with the Mozambique authorities. From this final receivable, payment of US$0.25 million is to be made to the former holders of the land.

Ukraine agri-logistics
Ukraine’s grain exports in the period under review decreased by 30%, largely as a result of temporary delays of VAT repayments due to grain exporters in the first half of 2010. This reduction in grain exports has resulted in a substantial decrease in income from the Kherson terminal.

Russian grain production has been severely curtailed due to drought conditions in the summer of 2010 and, as a result, Russia has banned wheat exports until at least the end of 2010. Ukraine’s agricultural production has also been affected by weather conditions.

Largely due to these weather-related issues, Ukraine implemented grain export quotas on the export of 2.7 million tons of grain from 19 October to 31 December 2010, including wheat - 0.5 million tons, barley - 0.2 million tons, corn - 2 million tons, rye and buckwheat - 1 thousand tons each. However, in December Mykola Prysiazhniuk, Ukrainian Minister of Agrarian Policy and Food, stated the government’s intention to abolish those quotas early in the New Year and this would allow the corn crop which is harvested in the autumn months to be exported.

World food shortages are forecast as a result of increasing populations, demands for better dietary standards in emerging economies and global warming. ESV’s operations are wellpositioned to service the traditional grain and seed markets when normalised conditions return.

Results for the period

The Group's loss for the six month period ended 30 September 2010 amounts to £159,665 compared with £1,237,981 for the same period in the prior year. The sale of the Mozambique operations gave rise to an asset impairment charge in the prior period of £1,097,860.

The turnover includes the fee of £130,263 (2009: £167,020) receivable for the management of the grain terminal in Kherson Sea Port. The Group has continued to monitor carefully and where possible reduce costs and commitments to operate its businesses within the financial resources available.

The 2009 comparative figures stated are for the period from 01 April 2009 to 30 September 2009.

Future developments

At the Annual General Meeting held in October the Directors were granted authority to issue shares to raise finance and/or bring in strategic partners to expand the grain handling and storage facilities at Kherson. The Directors continue working to implement the following developments:

Firstly, ESV is well placed to participate in the resurgent agricultural sector via its interests in the Ukraine. The famous black soil of Ukraine, the focus of the Company's operations, is one of the world's richest. Long leases at currently advantageous costs are available and ESV has a prospective farming agreement for land in the country's agricultural heartland. The introduction of Western machinery, crop rotation systems and improved harvesting methods are providing substantially raised production possibilities and ESV's port logistics operations provide seamless export infrastructure.

The world is currently undergoing food shortages which are forecast to continue in the years ahead. The OECD-FAO Agricultural Outlook 2010-2019 Report estimates a steady rise of 1.1% per annum in global population numbers and that this will require a 70% increase in world food production by 2050. Production growth is estimated to be "well above 20% in China, India, the Russian Federation and Ukraine". With an increasing proportion of land devoted to biofuel crops and the trend towards higher animal-protein diets in emerging countries, pressure is building on limited land acreage.

The Report foresees average wheat and coarse grain prices over the next 10 years between 15-40 percent higher in real terms (adjusted for inflation) than their average levels during the 1997-2006 period.

There is therefore a significant opportunity for ESV to utilise its knowledge, experience and contacts in the Ukraine to expand its interests.

Secondly, ESV has agreed a Memorandum of Understanding with a Sichuan, China based developer of a silica-based organic fertiliser applicable to soils in desert and near-desert areas. The fertiliser produced uses layered porous silicate, a nanometre interlayer and high polymerising technology. It can change and improve the structure of desert land and create conditions for a positive cycle of water, fertiliser and vegetation growth. The material has been used successfully in China for the last 10 years.

Bringing desert areas into agricultural production is a key objective of many emerging countries and of the product. ESV is projected to have a majority share in a dedicated Joint Venture that intends to conduct trials in Tunisia, Algeria, Jordan, Morocco, UAE, Saudi Arabia, Iran and Israel with a view to marketing the product internationally.

M A Alikhani
Chairman

23 December 2010

ESV Group has been quoted on PLUS since 21 August 2006 (symbol ESVO).

www.esvgroup.com

The Directors of ESV accept responsibility for this announcement

ESV Group PLC
Income statement
30 September 2010

	Un-audited Period from 01-Apr 2010 to 30-Sep 2010 £	Un-audited Period from 01-Apr 2009 to 30-Sep 2009 £
Revenue	130,263	167,020
Administrative expenses	(289,866)	(305,959)
Impairment of assets	-	(1,097,860)
Operating loss	**(159,603)**	**(1,236,799)**
Finance income	-	122
Finance costs	(62)	(1,304)
Loss before taxation	(159,665)	(1,237,981)
Taxation	-	-
Loss for the year	**(159,665)**	**(1,237,981)**
Loss per share		
Basic and diluted	0.02p	0.17p

Balance sheet **30 September 2010**	**Unaudited** **30-Sep 2010**	**Unaudited** **30-Sep 2009**
Non-current assets	**£**	**£**
Property, plant and equipment	3,142	7,178
	3,142	**7,178**
Current assets		
Trade and other receivables	1,642,669	230,041
Cash and cash equivalents	48,070	5,408
Assets held for resale	-	1,204,592
	1,690,739	**1,440,041**
Total assets	**1,693,881**	**1,447,219**
Current liabilities		
Trade and other payables	(1,399,507)	(656,341)
	(1,399,507)	**(656,341)**
Net current assets	**291,232**	**783,700**
Total liabilities	**(1,399,507)**	(656,341)
Net assets	**294,374**	**790,878**
Equity		
Share capital	164,249	164,249
Share premium	3,330,805	3,330,805
Translation reserve	(372,874)	(23,807)
Retained earnings	(2,827,806)	(2,680,369)
Total equity	**294,374**	**790,878**

Notes to the financial statements

Basis of preparation

The interim report for the six month period, which was approved by the directors on 23 December 2010, does not comprise full accounts within the meaning of the Companies Act 2006. The interim financial information is not audited.

In all other respects the interim financial information has been prepared on a consistent basis using the same accounting policies set out in the audited accounts for the year to 31 March 2010.

The Directors do not recommend the payment of a dividend.

The loss per share of 0.02p (2009: loss 0.17p) has been calculated on the basis of the loss of £159,665 (2009: £1,237,981) and on 714,123,189 (2009: 714,123,189) ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 30 September 2010.

The above income statement and balance sheet have not been reviewed by the company's auditors W H Associates LLP.

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