

RNS Number : 5200U

ESV Group Plc

23 December 2011

ESV Group plc

PLUS Market: ESVO

ESV Group plc

PLUS Market: ESVO

Interim Results for the six month period from 1 April 2011 to 30 September 2011

ESV Group Plc ("ESV" or "the Company" or "the Group"), the farming and logistics company announces its unaudited interim figures for the six month period from 1 April 2011 to 30 September 2011.

CHAIRMAN'S STATEMENT

Sale of Mozambique Jatropha plantations

The Agreement for the sale of the Group's jatropha plantation business in Mozambique was first announced on 23 November 2009. Subsequently we have reported the receipt of initial tranches of payments by the purchasers. The final tranche of US\$1.9 million receivable from this sale was contingent upon the issuance of the Jatropha farming rights for the second plantation area by 9 May 2011.

However the parties who purchased the plantation from the Group did not co-operate in this rights issuance as they were required to do and had agreed to do. Consequently, the final payment of US\$1.9m has not been received. The Group is therefore in litigation to seek redress from the purchasers through the Mozambique courts and for them to complete the payments due. So far the defendants to ESV's action have not submitted a defence and the Group is expecting a court judgment shortly. From this final receivable, a payment of US\$0.25 million is to be made to the former holders of the land.

Grain trading

The Group is not considering resuming grain trading in the current uncertain market conditions.

Ukraine agri-logistics

ESV's income is derived from the export shipping of grains by sea from Ukraine. The Company has previously reported the decrease in Ukraine's grain exports since October 2010. Russian grain production was severely curtailed due to drought conditions in the summer of 2010 and, as a result, Russia banned wheat exports until at least the end of 2010. Ukraine's agricultural production was also affected by weather conditions in 2010. As a result, Ukraine implemented export quotas by decree 938 dated 4 October 2010, effective 19 October 2010. The quotas remained in effect until 3 June 2011.

New export duty laws were passed on 19 May 2011, to come into force on 1 July 2011 and apply until 1 January 2012. Grain exports effectively ceased upon the implementation of these duties laws.

However, by Law 3906-V, the Ukraine parliament approved the lifting of export duties with effect from 22 October 2011. Following the lifting of export duties, the 2011 wheat crop, although also weather-affected, became available for export from October 22 this year. Although prospective quota restrictions on corn cannot be ruled out, the Company expects to resume corn exports which should normally be some 150,000 tons in the period October 2011-April 2012.

The majority of the Kherson terminal's annual income arises during the grain exporting season from October to March each year. Due to the export restrictions detailed above, the Ukraine operating company, Dnipro Cargo, claimed force majeure during the period that the export duties applied. Specifically, Dnipro has advised ESV that it was unable to pay the minimum management fee of US\$33,000 per month due for the period from 1 April 2010 to 30 November 2011 under the Management Agreement.

As the non-payment arises due to the circumstances beyond the control of the terminal, ESV has agreed not to enforce the payment of these fees. Accordingly, ESV has not received any income during the period ended 30 September 2011.

The first income for Dnipro Cargo has commenced in December 2011.

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 well-positioned to service the traditional grain and seed markets when normalised conditions return.

Cost controls

The Group continues to monitor carefully and where possible reduce costs and commitments to operate its businesses within the financial resources available.

Going concern

In order to maintain its operations and pursue new opportunities, the Company needs finance and its track record shows that it has been able to meet its needs as arising. A good platform has been created in terms of Ukraine agri-logistics. The Directors are confident that the Company's financial needs will be met as they arise and new opportunities will be pursued when adequate resources are available.

Results for the period

The Group's loss for the six month period ended 30 September 2011 amounts to £136,896 compared with £159,665 for the same period in the prior year. The turnover includes the fee of £nil (2010: £130,263) receivable for the management of the grain terminal in Kherson Sea Port. As a result of its cost monitoring, the Group has been able to reduce costs to an acceptable level.

The 2010 comparative figures stated are for the period from 1 April 2010 to 30 September 2010.

Future developments

The Directors of ESV have identified new opportunities, which the Company intends to pursue as soon as the present volatile market conditions subside.

Firstly, through its connections with Berkeley Mineral Resources plc ("BMR"), an AIM listed mineral production company, ESV has identified agricultural opportunities in Zambia, a country where BMR has substantial contacts and assets and in surrounding countries in Central Africa. Exporting grains from Central African countries has hitherto been inhibited by high transport costs to export markets.

However, the continent of Africa has a fast-growing population of over one billion people and is a net importer of food. Diets are increasingly including heightened protein levels which in turn engender a requirement for increased grain production in Zambia for local animal feed markets. From its Ukrainian grain involvement, ESV has the experience to secure land, materials and labour and grow a variety of high-yielding grain products. It thus intends to harness its strengths in agribusiness to develop new activities in Africa.

Secondly, ESV has agreed a Memorandum of Understanding ("MOU") 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, Jordan, UAE, Israel, Zambia, Mozambique and South Africa with a view to marketing the product internationally. ESV is progressing the MOU and will update shareholders shortly.

M A Alikhani
Chairman

22 December 2011

The Directors of ESV accept responsibility for this announcement.

Notes to editors:

ESV is a broadly based investment business currently involved in agribusinesses including farming and logistics in Ukraine.

The Company holds a purchase and sale agreement with a 12,000 hectare farming business in the Poltava region of Ukraine and it has a management agreement with Dnipro Cargo Ltd for port management operations at the Kherson Sea Port, one of the principal transshipment centres on the Black Sea. Here it operates cargo and port facilities, principally for the export of grains.

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

www.esvgroup.com

ESV Group PLC
Consolidated Statement of Income
30 September 2011

	Un-audited Period from 01-Apr 2011 to 30-Sep 2011 £	Un-audited Period from 01-Apr 2010 to 30-Sep 2010 £
Revenue	-	130,263
Administrative expenses	(136,896)	(289,866)
Operating loss	(136,896)	(159,603)
Finance costs	-	(62)
Loss before taxation	(136,896)	(159,665)
Taxation	-	-
Loss for the year	<u>(136,896)</u>	<u>(159,665)</u>
Loss per share		
Basic and diluted	(1.92p)	(2.23p)*

***Restated following share consolidation**

At the Annual General Meeting held in October 2010, an ordinary resolution was passed for the consolidation of the issued Ordinary shares of 0.023p each so that each 100 such shares became one new Ordinary share of 2.3p. The number of Ordinary shares in issue post consolidation is 7,141,232 (pre consolidation 714,123,189).

Consolidated Statement of Financial Position
Company No. 05738279
As at 30 September 2011

	Unaudited 30-Sep 2011	Unaudited 30-Sep 2010
Non-current assets	£	£
Property, plant and equipment	-	3,142
	<u>-</u>	<u>3,142</u>
Current assets		
Trade and other receivables	222,855	440,821
Available for sale financial asset	1,215,767	1,201,848
Cash and cash equivalents	1,392	48,070
	<u>1,440,014</u>	<u>1,690,739</u>
Total assets	<u>1,440,014</u>	<u>1,693,881</u>
Current liabilities		
Bank Overdraft	(28,950)	-
Trade and other payables	(1,431,387)	(1,399,507)
Total liabilities	<u>(1,460,337)</u>	<u>(1,399,507)</u>
Net current (liabilities)/assets	<u>(20,323)</u>	<u>291,232</u>
Net (liabilities)/assets	<u><u>(20,323)</u></u>	<u><u>294,374</u></u>
Equity		
Share capital	164,249	164,249
Share premium	3,330,805	3,330,805
Translation reserve	(241,710)	(372,874)
Retained earnings	(3,273,667)	(2,827,806)
Equity attributable to equity holders of the parent company	<u><u>(20,323)</u></u>	<u><u>294,374</u></u>

Notes to the financial statements

Basis of preparation

The interim report for the six month period, which was approved by the directors on 22 December 2011, 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 2011.

The Directors do not recommend the payment of a dividend.

The loss per share of 1.92p (2010: loss 2.23p - restated) has been calculated on the basis of the loss of £136,896 (2010: £159,665) and on 7,141,232 (2011: post-consolidation 7,141,232) ordinary shares, being the weighted average number of ordinary shares in issue during the period ended 30 September 2011.

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

Enquiries to:

ESV Group plc

Masoud Alikhani, Chairman
T: + 44 (0)20 7408 1181
masoud@esvgroup.com

Keith Bayley Rogers Ltd.

Brinsley Holman
Brinsley.holman@wcgplc.co.uk