

TIDMESVO

ESV Group plc

("ESV", "the Company" or "the Group")

Trading Update

CHAIRMAN'S STATEMENT

ESV Group Plc, the Ukraine-focussed farming and logistics company, announces a Trading Update for the quarter ended 30 June 2012.

Sale of Mozambique Jatropha plantations

The Agreement for the sale of the Group's Jatropha plantation business in Mozambique was first announced in November 2009. Subsequently the Company has reported that the final tranche of US\$1.9 million receivable from the sale was contingent upon the issuance of the Jatropha farming rights for the second plantation area by 9 May 2011. The parties who purchased the plantation from the Group did not cooperate in applying for the land rights issuance as they were required to do and had agreed to do.

As previously reported the Group has commenced litigation to seek redress from the purchasers through the Mozambique courts. In the absence of the purchasers or their advisors at Court hearings and their failure to disclose their actions and/or inactions, the court has now upheld ESV's position by instructing the Company to obtain confirming information from the Mozambique land authorities for presentation to the Court. The Company is now awaiting this information.

From the final amount receivable, 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

As previously reported, the Ukraine parliament approved the lifting of export duties with effect from 22 October 2011 and income for Dnipro Cargo re-commenced on 2 December 2011. The latest official Ukraine Grain Association estimate of 2011-2012 grain production is 56.7 m tonnes with exports of 22.3m tonnes. For 2012-2013, it estimates that exports will be some 10% lower at 20m tonnes.

However sharply increased grain prices due to world shortages of agricultural production and unfavourable weather in major grain-exporting countries especially the United States have caused a diminution in grain exports from Ukraine so far this year. Ukrainian farmers are reluctant to sign contracts while there is a possibility of still higher prices.

The Ukrainian Minister of Agricultural Policy and Food, Mykola Prysiashniuk, has said that external customers have largely suspended purchases in the month of July 2012 in order to analyse the market position but he expects exports to recover. The Black Sea region accounts for more than 20% of the world's annual wheat exports of 140m tonnes of wheat.

Traffic through the Kherson port has been reduced to a total of 17,847 tonnes in the period from December 2011 to March 2012 inclusive but it is the Company's expectation that conditions will improve during the rest of the 2012-2013 season and it expects to handle 120,000-130,000 tonnes of exports in the year ahead.

The Company is continuing its negotiations with strategic partners to further equip and expand the grain handling and storage facilities at Kherson.

World food shortages are forecast as a result of increasing populations and demands for better dietary standards in emerging economies in addition to the response to production output reductions. Our operations are well-positioned to service the traditional grain and seed markets.

Cost controls

The Group continues to monitor carefully and where possible reduce costs and commitments in order 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.

Future developments

The Directors of ESV are identifying new opportunities both inside and outside its current Ukraine base, which the Company intends to pursue.

Firstly the Company is continuing close monitoring of developments in the agricultural sectors in Ukraine and other strategic areas. It intends to leverage and monetise its expertise gained in Ukraine and develop its widespread contacts with African countries in particular. It is assembling an international team of consultants in agro-economics to take advantage of the fast-expanding requirement for production of dairy, cereal and bio-fuel production from available land.

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. 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 per cent 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 and other strategic areas to develop and expand its agricultural interests.

Secondly, ESV has progressed its existing Memorandum of Understanding ("MOU") with a Sichuan, People's Republic of China ("PRC") based

developer of a silica-based organic fertiliser applicable to soils in desert and near-desert areas through meetings in both the PRC and the UK. The fertiliser 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 the PRC for the last 12 years.

Bringing desert areas into agricultural production is a key objective of many emerging countries and of the product. Under the MOU, ESV is projected to have a majority share in a dedicated Joint Venture that is planning to conduct trials in Tunisia, Jordan, UAE, Israel, Zambia, Mozambique and South Africa with a view to marketing the product internationally. ESV will update shareholders shortly.

The Directors of ESV accept responsibility for this announcement.

M A Alikhani

Chairman

www.esvgroup.com

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For further information:

ESV Group Plc
Masoud Alikhani, Chairman
Email: Masoud@esvgroup.com

Keith Bayley Rogers & Co Limited
Brinsley Holman
Email: Brinsley.holman@wcgplc.co.uk

Notes to editors:

ESV is a broadly based investment company involved in agribusinesses including farming and logistics in the Ukraine and grain trading.

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

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

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(END) Dow Jones Newswires

July 31, 2012 02:00 ET (06:00 GMT)