

GEMSTONES OF AFRICA GROUP PLC
UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

GEMSTONES OF AFRICA GROUP PLC

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

I am pleased to report on the interim results of the Company for the six months ended 30 June 2009.

The Company made an operating loss of £94,945 for the period. The loss includes approximately £14,000 in respect of legal and professional fees associated with the investments made during the period.

Since the last year end, the Company has made two investments which I reported to shareholders in my statement accompanying the financial statements for the year ended 31st December 2009:

- a collaboration and option agreement with Obtala Resources Plc leading to a joint venture agreement on a group of emerald mining licences and a prospecting licence with ruby potential in Tanzania, Africa.
- an Option Agreement with Javan Investments Company Limited, a private Tanzanian company, for two gemstone prospecting licences in Tanzania. The area is known to host sapphires, green and red garnets, and rubies, with a number of artisanal workings nearby.

Despite the investments it has made, the Company has not been able to fully satisfy the requirements of the AIM Rules for Companies ("AIM Rules") that it has substantially implemented its investing strategy and therefore pursuant to Rule 15 of the AIM Rules, the Company's ordinary shares will be suspended from trading on AIM with effect from 7 a.m., on 30 September 2009, being the day following the anniversary of the Annual General Meeting of the Company at which shareholders gave consent to the Company's investing strategy.

The board structure has recently been changed and as a consequence of the AIM requirement to effect a substantial acquisition, the directors are actively pursuing acquisition opportunities for the Company and will update the market with any developments accordingly. The Company's investing strategy remains unchanged.

Simon Rollason
Chairman

25 September 2009

GEMSTONES OF AFRICA GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Six months ended 30 June 09 Unaudited £	Six months ended 30 June 08 Unaudited £	Year ended 31 Dec 08 Audited £
Turnover		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(94,945)	(25,078)	(126,356)
Other income		-	-	33,526
Operating loss		(94,945)	(25,078)	(92,830)
Investment revenue		-	3,252	4,072
Finance Costs		-	-	(182)
Loss before taxation		(94,945)	(21,826)	(88,940)
Tax		-	-	-
Loss for the period		(94,945)	(21,826)	(88,940)
Comprising:				
Loss for the period from continuing operations		(94,945)	(28,119)	(95,233)
Loss for the period from discontinued operations		-	6,293	6,293
		(94,945)	(21,826)	(88,940)
Attributable to:				
Equity holders of the Company		(94,945)	(21,826)	(88,940)
Loss per share	2			
- basic and diluted (pence)		(0.01)	(0.03)	(0.02)

GEMSTONES OF AFRICA GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 09 Unaudited £	Six months ended 30 June 08 Unaudited £	Year ended 31 Dec 08 Audited £
Loss for the period	(94,945)	(21,826)	(88,940)
Other comprehensive income:			
Gain on closure of subsidiary company	-	-	66,351
Total recognised loss for the period	<u>(94,945)</u>	<u>(21,826)</u>	<u>(22,589)</u>

GEMSTONES OF AFRICA GROUP PLC**CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2009**

	Note	As at 30 June 09 Unaudited £	As at 30 June 08 Unaudited £	As at 31 Dec 08 Audited £
ASSETS				
Non-current assets				
Investments - fair value through income statement	3	465,510	-	-
		<hr/>	<hr/>	<hr/>
		465,510	-	-
Current assets				
Trade and other receivables		20,076	-	16,390
Cash and cash equivalents		394,045	3,031	491,421
		<hr/>	<hr/>	<hr/>
		414,121	3,031	507,811
		<hr/>	<hr/>	<hr/>
Total Assets		879,631	3,031	507,811
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
EQUITY AND LIABILITIES				
Called-up share capital		330,132	64,180	315,847
Share premium account		730,970	-	301,327
Merger reserve		-	66,351	-
Share option reserve		33,441	-	33,441
Retained earnings		(255,813)	(160,105)	(160,869)
		<hr/>	<hr/>	<hr/>
Total equity		838,730	(29,574)	489,746
		<hr/>	<hr/>	<hr/>
Current liabilities				
Trade and other payables		40,901	32,605	18,065
		<hr/>	<hr/>	<hr/>
Total liabilities		40,901	32,605	18,065
		<hr/>	<hr/>	<hr/>
Total Equity and Liabilities		879,631	3,031	507,811
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GEMSTONES OF AFRICA GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 09 Unaudited £	Six months ended 30 June 08 Unaudited £	Year ended 31 Dec 08 Unaudited £
Cash flows from operating activities			
Operating loss	(94,945)	(25,078)	(92,830)
Profit on disposal of subsidiary	-	-	11,974
Share based payments	-	-	33,441
(Increase)/decrease in trade and other receivables	(3,687)	2,888	(10,439)
Decrease in trade and other payables	22,838	(16,375)	(45,954)
Net cash from operating activities	(75,794)	(38,565)	(103,808)
Investing activities			
Finance income	-	3,252	4,072
Proceeds from disposal group classified as held-for-sale	-	-	1
Purchase of investments – fair value through income statement	(19,082)	-	-
Net cash used in investing activities	(19,082)	(3,252)	(4,073)
Financing activities			
Finance costs	-	-	(182)
Proceeds on issue of shares	-	-	600,000
Share issue costs	(2,500)	-	(47,006)
Capital reduction	-	(399,903)	(399,903)
Net cash generated/(used) in from financing activities	(2,500)	(399,903)	152,909
Net increase/(decrease) in cash and cash equivalents	(97,376)	(453,216)	53,174
Cash and cash equivalents at beginning of year	491,421	438,247	438,247
Cash and cash equivalents at end of year	394,045	3,031	491,421

GEMSTONES OF AFRICA GROUP PLC

NOTES TO THE INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. Financial Information and basis of preparation

The unaudited financial information comprises the consolidated interim balance sheets as at 30 June 2009 and 30 June 2008 and the related consolidated interim statements of income, changed in equity and cash flows and related notes for six months then ended hereinafter referred to as the “financial information”.

The financial information, including the comparative figures for the year ended 31 December 2008; does not constitute statutory financial statements for the purposes of Section 240 of the Companies Act 1985. A copy of the statutory financial statements for the year ended 31 December 2008, prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS) as adopted by the European Union, has been delivered to the Registrar of Companies and contained an unqualified auditors’ report in accordance with Section 235 of the Companies Act 1985.

The interim financial information has been prepared in accordance with the recognition and measurement requirements of IFRS as endorsed by the European Union. The Directors do not consider that there are any changes to the group’s accounting policies set out in the 2008 Annual Report. As permitted, the Group has chosen not to adopt IAS 34 “Interim Financial Statements” in preparing this interim financial information.

The following new standard is mandatory for the first time for the financial year beginning 1 January 2009:

IAS 1(revised) Presentation of Financial Statements. The revised statement prohibits the presentation of items of income and expense (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring the ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be presented in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has decided to present two statements. The interim results have been prepared under the revised disclosure requirements.

2. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	30 June 09	30 June 08	31 December 08
	£	£	£
Loss after taxation	(94,945)	(21,826)	(88,940)
Weighted average number of shares	1,365,922,594	64,179,632	367,353,448
Loss per share (pence)	(0.01)	(0.03)	(0.02)

GEMSTONES OF AFRICA GROUP PLC

NOTES TO THE INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

3. Investments – fair value through income statement

On 13 March 2009, the Company entered into a joint venture agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc and Obtala's subsidiary Mindex Invest Limited. Under the terms of the option agreement the Company acquired the sole right and option to purchase an initial twelve and a half per cent beneficial interest in the licences in exchange for issuing common shares the equivalent of five per cent of the Company's share capital to Obtala (option 1), totalling 71,428,571 shares. This equity, which equated to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), is placed in Obtala treasury.

On 27 May 2009, the Company signed an option agreement with Javad Investments Company Limited, a private Tanzanian registered Company for two prospecting licences in Tanzania. Under the terms of the option agreement the Company acquired an initial 25% interest in both licences for a cash consideration payment of US\$15,000 per licence. The Company has the sole right and option to purchase an additional sixty percent (60%) beneficial interest in the licences, within 24 month of signing the Option Agreement, in exchange for a cash payment of US\$75,000 for each individual licence. The Company has a further option to purchase an additional thirteen percent (13%) beneficial interest in the licences, within 48 month of signing the Option Agreement, in exchange for either a cash payment or the issuing of common shares, or a combination of both to the equivalent of US\$200,000 for each individual licence.

4. Dividends

No dividends are proposed for the six months ended 30 June 2009 (six months ended 30 June 2008 £nil: year ended 31 December 2008 £nil).

5. Distribution on interim report to shareholders

The interim report will be available for inspection by the public at the registered office of the company during normal business hours on any weekday and from the Company's website www.gemstonesofafrica.net. Further copies are available on request.

For further information contact:

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