



## ("Zambeef" or the "Group") Unaudited Results for the Six Months Ended 31 March 2012

Zambeef, the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, is pleased to announce its results for the six month period ended 31 March 2012.

### Financial Highlights

Revenue	up 43% to ZMK651.7bn	(2011 ZMK456.6bn)
Gross Profit*	up 59% to ZMK228.2bn	(2011 ZMK143.7bn)
EBITDA*	up 107% to ZMK78.2bn	(2011 ZMK37.7bn)
Pre Tax Profit *	up 65% to ZMK41.2bn	(2011 ZMK25.0bn)
Earnings per share*	down 0.3% to ZMK146.1	(2011 ZMK146.6)

\*excludes the ZMK49.2bn provision for the tax assessment issued on Zamanita Ltd.

The performance during the period excluding the tax liability has seen a significant improvement period on period from 31 March 2011 and most key performance indicators have improved from the year ended 30 September 2011.

The tax liability described above relates to importation of product by Zamanita in prior years and is not a consequence of activities carried out during the period to 31 March 2012. In summary, during 2010 after a routine audit of Zamanita, the ZRA advised Zamanita of an incorrect code being applied on importation of palm oil and provided an assessment which was appealed by Zamanita. In December 2010, the Commissioner General of the ZRA set aside the initial assessment and provided a full and final settlement of ZMK8.7 billion, which was paid by Zamanita, and at which point the matter was considered closed. However, in January 2012, the ZRA overturned the full and final settlement decision of the Commissioner General and issued a new assessment of ZMK54.6 billion, which is the original assessment plus accrued interest and VAT less the Settlement paid to ZRA. Despite the best endeavours of the Directors of Zambeef to resolve this matter, no agreement has been achieved and Zambeef has formally referred the matter to the Revenue Appeals Tribunal.

### Operational Highlights

- Significant revenue growth across the Group's businesses with the strongest divisional growth being, cropping (up 211%), chicken and eggs (up 82%), stock feed (up 63%), and the West African operations (up 56%).
- The integration of Mpongwe Farm operations into the cropping division has gone well with the farm producing in excess of 27,000 MT of soya beans.
- In Zambia two new retail outlets opened and four existing outlets refurbished. In West Africa, in partnership with Shoprite, 2 new stores opened.
- The Group continued its expansion of production capacity with the following projects underway:
  - i. Expansion and upgrade of Zamanita's crushing capacity to 100,000 MT of soya beans per annum at a cost incurred during the period of ZMK22.2 bn, the completion of which is expected in the second half of the financial year ended 30 September 2012.
  - ii. Upgrade and expansion of processing facilities at Master Pork Limited at a capital cost exceeding ZMK18 bn, which has been completed during the period

iii. Expansion and upgrade of the dairy processing plant at a total cost to date of ZMK4.3 bn, completion of which is expected by September 2012.

iv. Increase in the dairy herd through the purchase of 180 in-calf heifers at a cost of ZMK2.1 bn.

The Group has increased its farming hectareage by 10,600 Ha via the acquisition of Mpongwe Farms, increased its grain in silos by over 8,000 MT, and increased its operating stocks as a result of continued expansion in production capacity. In the future, there will be a large increase in soya bean stocks held by Zamanita to meet the increased throughput capacity following completion of the refurbishment. Further, continued production and demand increases in the other operating divisions will require increased working capital utilisation.

### Dividend

While the increased farming operations and expansion of Zamanita will lead to a large outflow of the Group's financial resources during the current financial year, the benefits of growth undertaken during FY2011 together with the further capital expenditure being undertaken in the current financial year is expected to be received from FY2013 onwards as a result of the significantly increased cash generating capacity. As such, the Board of Directors have proposed not to declare an interim dividend.

Commenting on the results, Chairman Dr. Jacob Mwanza, said:

*"We are happy to see continued strong performance of our core business areas, aided by the continued growth of the Zambian economy, together with the expansion of Zambeef's operations. Our challenges have been the weakening of the Zambian Kwacha, particularly against the US Dollar, the ZRA Zamanita tax liability, and supply and/or capacity constraints in meeting continued growth in demand for our core products. However, we continue to build on our robust infrastructure to meet growing demand, and combined with our strong management team, our vertically integrated model, and largely positive economic factors, we are well positioned to become a leading food provider in the region."*

For further information, please contact:

#### Zambeef Products PLC

Francis Grogan, Chief Executive Officer Tel: +260 (0) 9 7799 9001

Carl Irwin, Director - Strategy and Business Development Tel: +260 (0) 9 7777 1002

**Pangaee Renaissance** Tel: +260 (211) 220 707 or 238709/10

Ceaser Siwale

Wendy Tembo

The Zambeef Group is one of the largest integrated agri-businesses in Zambia, involved in the primary production, processing, distribution and retailing of beef, chickens, pork, milk, eggs, dairy products, fish, flour, bread, edible oils and stock feed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana. The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 8,350 Ha of irrigated land and approximately 8,650 Ha of dry land, available for planting each year.

The Group has approximately 5,500 employees. Further information can be found on [www.zambeefplc.com](http://www.zambeefplc.com)