

Zambeef Products plc

("Zambeef" or the "Group")

Year End Trading Update

Zambeef (AIM: ZAM), the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, provides an update on its performance for the year ended 30 September 2013. The preliminary results will be announced on 26 November 2013.

Overview

In the operational update announced on 19 July 2013, Zambeef highlighted two issues which would negatively impact the Group in the second half of the financial year. These were allegations relating to the contamination of imported beef products and lower than forecast global wheat prices. In July, the effect of these issues could only be estimated and it is disappointing to have to announce that, together with some additional cost pressures, the financial impact on the Group is significantly worse than originally anticipated.

The Group therefore expects turnover to be in line with market forecasts, however, and despite strong performances from cropping, Zamanita and the stockfeed division, adjusted profit before tax will be substantially lower than current market estimates.

Wheat Prices

The Group normally harvests circa 45,000 tonnes of wheat per annum, of which it retains circa 30,000 tonnes, which is used to supply its milling and bakery division, and typically sells the surplus into the open market. As anticipated in the operational update in July, the surplus wheat stocks of approximately 15,000 tonnes were sold at prices in line with the reduced expectations. The wheat held within the Group will be valued in line with global wheat prices at the year end.

Imported Beef Products

Customer reaction to the negative publicity surrounding the contaminated beef allegations has been significant and longer lasting than initially expected. This is despite strenuous measures to communicate our remedial strategy. Whilst sales have yet to return to the levels achieved prior to the problems, there have been recent signs that customer confidence is recovering and current sales levels are higher than in July and August.

In addition to the impact on revenue, there was a further cost incurred in writing off the beef products that the Group destroyed following the adverse media reports.

Following the allegations, Zambeef undertook a comprehensive review of internal food transport, handling and storage procedures and subsequently took the decision to terminate contracts with external storage providers. This will ensure that the Group maintains complete control of its supply

chain in the future, as well as resulting in additional cost savings due to reduced storage and freight charges.

Costs

There have been some additional cost pressures in the second half of the year which include an increase in fuel expenditure following the removal, by the Government, of the fuel subsidy in April 2013. Marketing and advertising costs were also higher than anticipated, in part due to the Group's remedial efforts following the negative press relating to the imported beef products.

Cropping division

The cropping division continues to perform well, with Mpongwe Farm being the leading contributor to turnover and profitability. Mpongwe also allowed the Group to secure additional soya beans for further value add processing within the Group; at Zamanita and also the stockfeed division. Mpongwe Farm now produces 75 per cent. of the 40,000 tons of soya beans produced internally by the Zambeef farms.

Zamanita

The commencement of edible oil seed crushing at Zamanita's refurbished plant from the end of September 2012 has resulted in substantial growth in its turnover together with increasing gross margins during the year, following an initial slow ramp up period. Zamanita will end the year with an expected crush of 60,000 tons of oil seeds.

Stockfeed division

The stockfeed division continues its good performance and is recognised as a high quality producer of feed in Zambia. In addition to growth in the Zambian market, the stockfeed division also continues to increase exports to regional markets, especially Zimbabwe.

Francis Grogan, Chief Executive of Zambeef, commented,

"This has been an extremely difficult year for Zambeef. The allegations of importing contaminated beef have had a considerable impact on our business, despite timely and decisive action to address the causes of concern and reassure our customers. We have also had to manage sharply increasing and unforeseen costs, coupled with weak wheat prices. On the positive side the continued good performance from Mpongwe and the commissioning of Zamanita's expanded crushing plant means Zambeef is well positioned to meet the challenge of an increasing demand for food in the region."

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