

## ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2008

### CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2008	Year ended 31 March 2007
<b>R'000</b>		
<b>Revenue</b>	<b>5 955 327</b>	<b>4 730 363</b>
<b>Operating profit before non-recurring items, depreciation and amortisation</b>	<b>925 808</b>	<b>772 315</b>
Feed claim recovery	40 000	
BEE expense	(49 368)	
<b>Operating profit before depreciation and amortisation</b>	<b>916 440</b>	<b>772 315</b>
Depreciation and amortisation	(136 426)	(118 181)
<b>Operating profit</b>	<b>780 014</b>	<b>654 134</b>
Finance costs	(2 566)	(2 714)
Finance income	34 248	25 179
<b>Profit before taxation</b>	<b>811 696</b>	<b>676 599</b>
Taxation	(272 730)	(202 354)
<b>Profit for the year attributable to the equity holders of the company</b>	<b>538 966</b>	<b>474 245</b>

### HEADLINE EARNINGS

<b>Profit for the year attributable to the equity holders of the company</b>	<b>538 966</b>	<b>474 245</b>
Loss on disposal of property, plant and equipment	269	2 759
Net asset impairment provision release	(11 170)	
<b>Headline earnings</b>	<b>528 065</b>	<b>477 004</b>
Feed claim recovery	(28 400)	
BEE expense	49 368	
<b>Adjusted headline earnings</b>	<b>549 033</b>	<b>477 004</b>

### CONSOLIDATED BALANCE SHEET

	31 March 2008	31 March 2007
<b>R'000</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 243 670	1 054 124
Goodwill	287 444	287 444
Deferred taxation		15 285
<b>Total non-current assets</b>	<b>1 531 114</b>	<b>1 356 853</b>
<b>Current assets</b>		
Inventories	521 945	409 356
Biological assets	369 224	269 278
Trade and other receivables	862 591	464 539
Derivative financial instruments	16 768	2 969
Taxation receivable	21 688	2 246
Cash and cash equivalents	509 894	590 336
<b>Total current assets</b>	<b>2 302 110</b>	<b>1 738 724</b>
<b>Total assets</b>	<b>3 833 224</b>	<b>3 095 577</b>
<b>EQUITY</b>		
Capital and reserves	2 337 130	1 920 889
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred taxation	240 041	179 606
Post-retirement medical obligation	80 862	75 535
<b>Total non-current liabilities</b>	<b>320 903</b>	<b>255 141</b>
<b>Current liabilities</b>		
Trade and other payables	1 126 210	834 153
Provisions	43 251	40 687
Finance lease liability	177	389
Derivative financial instruments	1 394	16 970
Taxation payable	4 159	27 348
<b>Total current liabilities</b>	<b>1 175 191</b>	<b>919 547</b>
<b>Total liabilities</b>	<b>1 496 094</b>	<b>1 174 688</b>
<b>Total equity and liabilities</b>	<b>3 833 224</b>	<b>3 095 577</b>

### STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Share-based payments	Retained earnings	Total
<b>Balance at 1 April 2006</b>	<b>1 115 747</b>	<b>14 226</b>	<b>465 928</b>	<b>1 595 901</b>
Profit for the year attributable to the equity holders of the company			474 245	474 245
Ordinary dividends paid			(168 817)	(168 817)
Employee share option scheme:				
Proceeds from shares issued	11 538			11 538
Value of employee services		8 022		8 022
<b>Balance at 31 March 2007</b>	<b>1 127 285</b>	<b>22 248</b>	<b>771 356</b>	<b>1 920 889</b>
Profit for the year attributable to the equity holders of the company			538 966	538 966
Ordinary dividends paid			(208 803)	(208 803)
BEE share-based payments charge		45 468		45 468
Employee share option scheme:				
Proceeds from shares issued	29 807			29 807
Value of employee services		10 803		10 803
<b>Balance at 31 March 2008</b>	<b>1 157 092</b>	<b>78 519</b>	<b>1 101 519</b>	<b>2 337 130</b>

### CONSOLIDATED CASH FLOW INFORMATION

	Year ended 31 March 2008	Year ended 31 March 2007
<b>R'000</b>		
<b>Operating profit</b>	<b>780 014</b>	<b>654 134</b>
Non-cash items	185 125	144 730
<b>Operating profit before working capital requirements</b>	<b>965 139</b>	<b>798 864</b>
Working capital requirements	(347 905)	22 630
<b>Cash generated by operations</b>	<b>617 234</b>	<b>821 494</b>
Net finance income	31 682	22 465
Taxation paid	(239 641)	(277 836)
<b>Cash available from operating activities</b>	<b>409 275</b>	<b>566 123</b>
Dividends paid	(208 803)	(168 817)
Net cash flows from investing activities	(310 509)	(212 466)
Net cash flows from financing activities	29 595	11 113
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(80 442)</b>	<b>195 953</b>
Cash and cash equivalents at the beginning of the year	590 336	394 383
<b>Cash and cash equivalents at the end of the year</b>	<b>509 894</b>	<b>590 336</b>

### SUPPLEMENTARY INFORMATION

Capital expenditure contracted and committed	94 165	76 008
Capital expenditure approved but not contracted	119 258	81 685
Contingencies	50 078	56 950

### STATISTICS

Ordinary shares in issue	(000's)	290 004	282 712
Weighted average ordinary shares in issue	(000's)	288 951	281 393
Fully diluted weighted average ordinary shares in issue	(000's)	292 028	290 118
Basic earnings per share	(cents)	186.5	168.5
Basic earnings per share – diluted	(cents)	184.6	163.5
Headline earnings per share	(cents)	182.8	169.5
Headline earnings per share – diluted	(cents)	180.8	164.4
Adjusted headline earnings per share	(cents)	190.0	169.5
Adjusted headline earnings per share – diluted	(cents)	188.0	164.4
Net asset value per share	(cents)	805.9	679.5
Ordinary dividends:			
Interim dividend paid	(cents)	24.0	20.0
Final dividend declared/paid	(cents)	44.0	48.0
<b>Total dividends</b>	<b>(cents)</b>	<b>68.0</b>	<b>68.0</b>

## SALIENT FEATURES

<b>Revenue</b>	▲	<b>25.9%</b>
<b>Operating profit</b>	▲	<b>19.2%</b>
<b>Headline earnings per share as reported</b>	▲	<b>7.8%</b>
<b>Headline earnings per share excluding non-recurring items</b>	▲	<b>12.1%</b>
<b>Dividend per share maintained</b>		<b>68.0c</b>

### BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 (Interim Financial Reporting) and in compliance with the Companies Act of South Africa of 1973 as amended and the Listings Requirements of the JSE Limited.

The accounting policies are consistent with those of the previous financial year, however they have been updated to include the following new standards, interpretations and amendments which the Group adopted from 1 April 2007 – IFRS 7 (Financial Instruments: Disclosures), AC503 (Accounting for Black Economic Empowerment (BEE) Transactions), International Financial Reporting Interpretations Committee (IFRIC) 8 (Scope of IFRS 2), IFRIC 9 (Reassessment of Embedded Derivatives), IFRIC 10 (Interim Financial Reporting and Impairment), IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions) and IAS 1 (Capital Disclosures). The only impact on the results for the current period as a consequence of adopting these new standards, interpretations and amendments was in respect of the BEE transaction. There was no impact on prior year results. The remaining new standards, interpretations and amendments impact only on disclosures.

### OVERVIEW AND MARKET CONDITIONS

The Group's results for the year ended 31 March 2008 reflect headline earnings growth of 10.7% and adjusted headline earnings growth excluding non-recurring items of 15.1%.

South Africa enjoyed robust growth in calendar 2007, supported by still healthy, if somewhat dampened consumer demand and a marked acceleration in fixed investment spending. While private sector spending remained strong the most rapid acceleration was in the public sector. Despite these positive developments and after four years of expanding at a rate in excess of 5%, GDP growth is expected to slow to around 4% in the 2008 calendar year.

Inflation impacts are being felt by virtue of the continuing higher food and energy prices which the Monetary Policy Committee imposing further interest rate hikes to contain inflationary pressures. Although higher interest rates and a weaker currency should dampen local demand for imports, growth will probably still exceed exports with the result that net external trade should continue to detract from overall economic activity this year. A further deterioration in the near-term inflation outlook is expected. Consumer demand will be impacted by these factors.

For a second year in a row feed raw material prices have escalated and are currently at record levels. Increased demand with production lagging behind has resulted in low international and local stock levels, especially for maize. The usage of maize in ethanol production increased, placing additional pressure on stock levels. The low stock levels and hence high prices for maize and wheat forced soya prices to their current high levels as the crops all compete for the same land. A similar situation exists with plant oils where demand is outstripping supply. These factors coupled with the increase in crude oil prices resulted in record prices for most commodities.

Local yellow maize prices of R1 877 per ton at 31 March 2008 are 4.2% (2007: 79.5%) higher than last year despite the good crop expectation of at least 11 million tons (2007: 7 million). Soyabean meal prices have increased substantially to R4 128 per ton being 88.8% higher than March 2007 (2007: 39.7%).

The local chicken market is estimated to have grown by 17.7% in calendar 2007 to R16.1 billion (6.0% volume and 11.7% realisation growth).

Total chicken imports (excluding turkey and mechanically deboned meat) have only increased by 0.3% to March 2008, largely due to the weakening of the rand and speculative trading by exporters into other more profitable markets. Chicken imports currently represent 13.2% of the local market.

The poultry industry has submitted a petition to oppose ITAC's proposed scrapping of the US anti-dumping tariff. This issue arose unexpectedly following judgement in a Supreme Court case of similar protection in the printing industry. It is uncertain what the likely ruling will be but by virtue of its potential devastating impact on the local industry, it is being treated as a high priority.

Rainbow and the local poultry industry remain on high alert for Avian Influenza.

### REVIEW OF OPERATIONS

Rainbow remains focused on key strategic initiatives centred on its consumers and customers. The benefit of this clear and consistent strategic focus is evidenced in the results for the year and has contributed to alleviating the impact of the significant feed raw material cost increase. Integration of the supply chain to drive efficiencies remains a focus area for the business.

Rainbow has continued to support and invest in its brands via TV advertising and various consumer activations. The Farmer Brown brand was reintroduced to consumers on national TV for the first time in 20 years with a new TV ad that has refreshed the brand's image while still maintaining the heritage of the original Farmer Brown campaign.

Rainbow's focus on innovation, differentiation and communication continues to prove successful. Rainbow now has a reasonable sized value added portfolio with a credible base among consumers and our customers. This will provide a strong platform for future value added growth. The level of innovation is planned to step up in calendar 2008, with focus on upper and middle income consumer brackets and consequently, three new ranges were launched in March 2008. These are the Farmer Brown Tenderbreasts range of frozen breasts, a Farmer Brown Fully Cooked range of flavoured frozen drums and thighs and a range of flavoured frozen chicken pieces, called Grill & Braai under the Rainbow brand.

Rainbow FoodSolutions leads the "Out of Home Consumption" category through strong customer relationships, product innovation and the implementation of a Customer Service Excellence initiative.

Vector's Multi-Temperature Contract Distribution model with Spur and Nando's and the Vector Cold Storage facilities are performing well. The new business unit, Vector Primary Transport, was launched in August 2007 following the award of the McCain primary transport contract. Vector has since also successfully taken over the management of Rainbow's primary transport service. The primary transport model is operating effectively and is a growth opportunity for Vector in the future.

Agriculture experienced some challenges this year, particularly in the winter months. Despite this and the higher than normal incidence of disease in the industry, agricultural performance was improved on last year. This can be attributed to the continued investment in upgrading facilities, good husbandry and bio-security practices.

The feed operation has performed well during the period despite significant cost increases in all commodities. Operating costs have been well managed and external business through the Epol brand has grown over last year. The year ahead poses a significant challenge in sourcing reasonably priced raw materials with prices of most commodities at record levels. Despite the forecast of a good crop locally, with the current state of the international market, it is unlikely that local prices will ease meaningfully in the near-term, which will place additional pressure on Rainbow's cost of production.

Processing's performance was a highlight of the year with an improved mix delivered and costs well contained.

Rainbow has made good progress with the implementation of its IT and Enterprise Resource Planning strategy. A significant focus has been placed on supply chain excellence and customer service initiatives. Effective Sales and Operational Planning processes will provide the framework for supporting these strategies. The leveraging of our information systems remains a key enabler within the business.

### BEE TRANSACTION

On 18 March 2008, shareholders approved a broad-based BEE transaction. The participants in the BEE transaction are Imbewu Consortium, Ikamva Labantu Empowerment Trust (a Corporate and Social Investment Community Trust), the Rainbow employee trust and Mrs M Nhlanihla, a non-executive director of Rainbow (collectively the BEE partners).

The BEE partners acquired an effective 15% of Rainbow's entire issued share capital for R915.6 million. The purchase price will be settled by issuing variable rate (CPIX plus 6%) cumulative redeemable preference shares in BEECo to Rainbow. Dividends received by BEECo on its investment in Rainbow will be used to fund the preference dividend, service the debt and repay the principal sum over a ten-year life of the transaction.

The BEE shares will be subject to restrictions on alienation and encumbrance for a period of 10 years commencing on the subscription date of the BEECo preference shares. Should BEECo be unable to pay the full redemption amount payable upon redemption of the

preference shares, Rainbow is entitled to effect a buy-back in terms of Section 85 of the Companies Act of the number of shares equalling the outstanding redemption amount.

The BEE shares will be issued during June 2008, after the payment of the final dividend to existing Rainbow shareholders. For accounting purposes, the effective date of the transaction is 18 March 2008 which is the date of shareholder approval.

### FINANCIAL REVIEW

Revenue – Rm	2008	2007	%
Chicken	4 578.5	3 767.2	21.5
External sales – Cobb, Epol and Vector	1 376.8	963.2	42.9
<b>Reported revenue</b>	<b>5 955.3</b>	<b>4 730.4</b>	<b>25.9</b>

Chicken revenue for the year was 21.5% higher than the previous year. Rainbow's average price realisation, including mix improvement, increased by 15.0%. Overall chicken volumes increased by 6.5%, including 5 extra trading days (2.0% impact), with the Quick Service Restaurants sector, targeted customers and branded products all showing pleasing growth.

Group revenue increased by 25.9% to R6.0 billion (2007: R4.7 billion) largely a function of the higher chicken and feed realisations and Vector's higher external volumes.

The table below depicts headline EBIT from a statutory perspective and adjusted for the effects of the non-recurring feed claim recovery and BEE expense. As disclosed previously, the impact of applying IAS39 (Financial Instruments: Recognition and Measurement) is also reflected.

During the current period, the feed contamination claim against the responsible supplier was settled and R40.0 million was paid to Rainbow.

The cost of the BEE transaction to Rainbow's shareholders, calculated using an option pricing model, is R79.3 million. The current year expense of R49.4 million comprises R45.5 million in respect of the BEE partners and R3.9 million of transaction costs. The portion relating to the Rainbow employee share trust will be expensed over 10 years commencing 1 April 2008.

Reporting the financial effects of certain financial instruments used in the feed raw material procurement strategy in accordance with IAS39 introduces volatility to the Group's financial results. For this reporting period the pre-taxation impact of applying IAS39 on the Group's results is a positive R34.4 million (2007: R14.2 million negative).

The decline in headline EBIT margin is in line with the forecast made at the previous year end and reflects the higher feed raw material costs not being entirely recovered in chicken pricing.

	2008	2007	%
Headline EBIT (Rm)			
– statutory	764.6	656.9	16.4
– adjusted for non-recurring items	774.0	656.9	17.8
– adjusted pre IAS 39	739.6	671.1	10.2
Headline EBIT margin (%)			
– statutory	12.8	13.9	(1.1)
– adjusted for non-recurring items	13.0	13.9	(0.9)
– adjusted pre IAS 39	12.4	14.2	(1.8)

The effective taxation rate of 33.6% (2007: 29.9%) was impacted by the non-deductible BEE expense and higher STC charge, offset by the impact of the reduction in the tax rate on the closing deferred taxation balance (29% vs. 28%) and last year's Strategic Investment Program allowance of R21.8 million granted on the new Further Processed plant.

Net finance income increased by R9.2 million due to the higher cash balances during the year.

Headline earnings increased by 10.7% to R528.1 million (2007: R477.0 million) with diluted headline earnings per share improving by 10.0% to 180.8 cents per share (2007: 164.4 cents per share).

Cash generated by operations decreased by 24.9% to R617.2 million (2007: R821.5 million) due to increased working capital requirements largely as a result of higher trade receivables in line with increased trading and the valuation of inventories which is impacted by the higher feed costs.

Capital expenditure was R315.5 million (2007: R214.1 million). A further amount of R94.2 million (2007: R76.0 million) has been contracted and committed, but not spent, whilst a further R119.3 million (2007: R81.7 million) has been approved, but not contracted. Depreciation has increased by 15.4% to R136.4 million as a result of the additional capital expenditure.

Return on equity decreased to 25.3% (2007: 27.0%).

### PROSPECTS

Consumer spending is expected to soften over the next six months as a consequence of the higher inflation and interest rate environment.

Maize and soya prices are likely to remain at the current higher levels translating into significantly higher feed input costs than the 2008 financial year.

Other costs like fuel, gas, coal, electricity and packaging have also been significantly impacted by inflationary and supply pressures. As in 2008, sales realisations are unlikely to fully recover all the anticipated production cost pressures.

As a result earnings for the 2009 financial year on a pre- and post-IAS39 basis are likely to be lower than 2008.

In light of the above and the difficult trading environment anticipated for the year ahead, the Board has decided to maintain the current year dividend at the prior year level.

### DIRECTORATE

There have been no changes to the directorate since the last reporting date, however with effect from 1 August 2007 John Maher was appointed as Company Secretary.

### AUDIT OPINION

The annual financial statements, from which the abridged Group Results contained herein are derived, have been audited by PricewaterhouseCoopers Inc. Their unqualified Audit Reports on the annual financial statements and the abridged Group Results are available for inspection at the company's registered office.

### CASH DIVIDEND DECLARATION

Notice is hereby given that on 21 May 2008 the Board declared a final dividend (number 70) of 44.0 cents per ordinary share in respect of the twelve months ended 31 March 2008 (2007: 48.0 cents). The total dividend for the year is 2.7 times covered by fully diluted headline earnings per share (2007: 2.4 times).

The salient dates of the declaration and payment of this dividend are as follows:

Last date to trade ordinary shares cum dividend	Friday, 6 June 2008
Ordinary shares trade ex dividend	Monday, 9 June 2008
Record date	Friday, 13 June 2008
Payment date	Tuesday, 17 June 2008

Share certificates may not be dematerialised or rematerialised between Monday, 9 June 2008 and Friday, 13 June 2008 (both dates inclusive).

For and on behalf of the Board

**M H Visser**  
 Non-executive Chairman  
 Durban  
 21 May 2008

**M Dally**  
 Chief Executive Officer

**Directors:** MH Visser (Non-executive Chairman), M