

CONSUMERS

CUSTOMERS

excellence

CULTURE BRANDS

innovation

sustainability

RAINBOW ™



RAINBOW ™

ANNUAL REPORT 2009



The Chicken Experts.

Core

A significant amount of work has gone into invigorating the core Rainbow products. The rollout of the new Rainbow logo has ensured better stand-out and differentiation in-store and is consistent with the drive to provide consumers with a better quality branded chicken offering.



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Added value

Added value products, over and above the well established FoodSolutions brand include Rainbow Viennas and Polonies, Rainbow Crumbed, Rainbow Grill and Braai as well as Farmer Brown Fully Cooked and Tenderbreasts, and have shown tremendous growth, and now contribute a meaningful percentage to total retail sales.



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Contents

Rainbow's vision
"Rainbow Chicken will be
at the heart of every meal."
We will achieve this by
creating innovative
solutions and strong brands.
Key to our success is
consistent, profitable,
sustainable demand.

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REPORTING

GOVERNANCE

FINANCIAL
STATEMENTS

...to memorable meal occasions

CONSUMERS



BRANDS



CUSTOMERS



DISTRIBUTION



PROCESSING



BROILER



MILLING



PARENT BREEDER



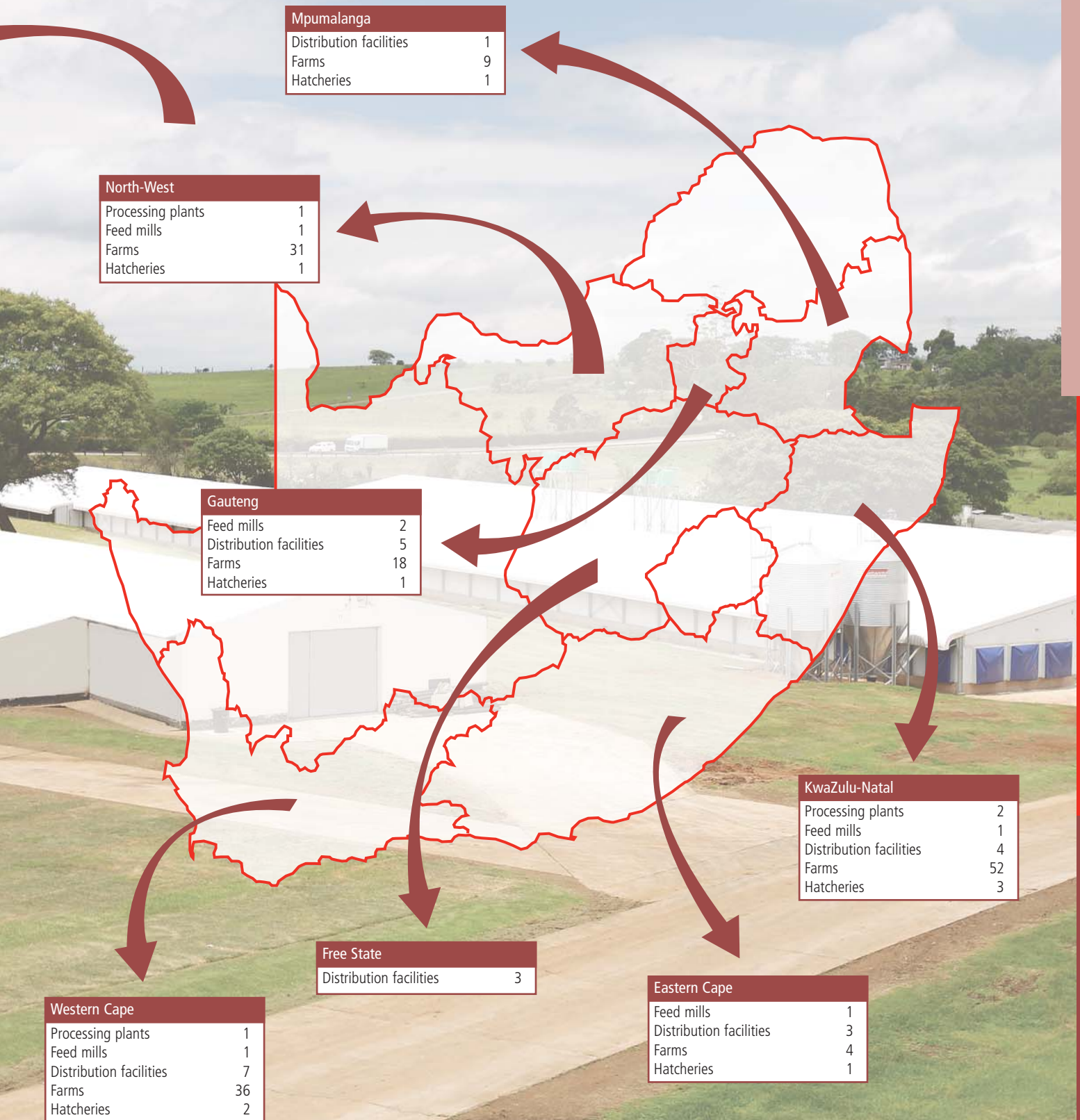
GRANDPARENT BREEDER



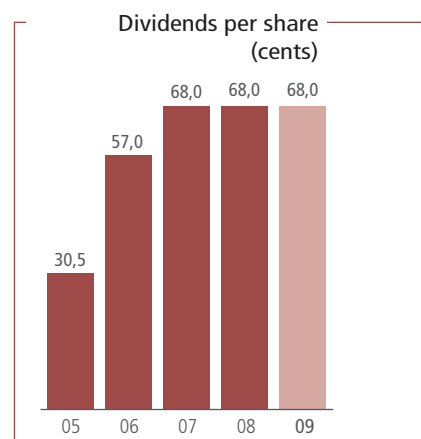
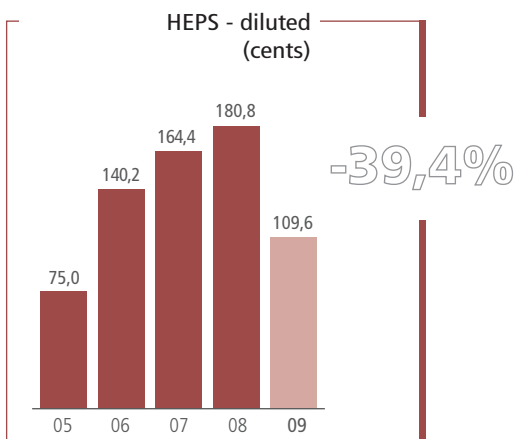
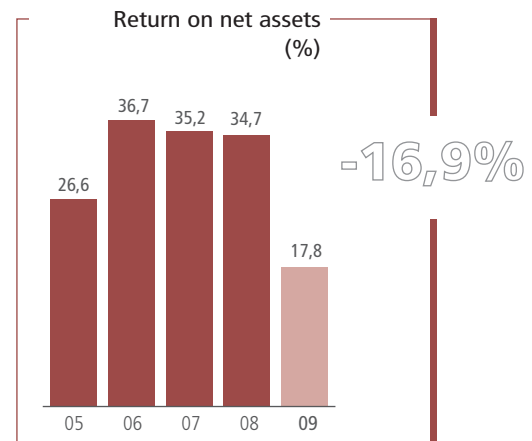
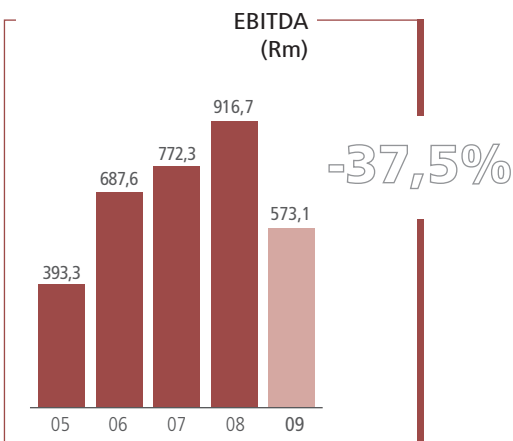
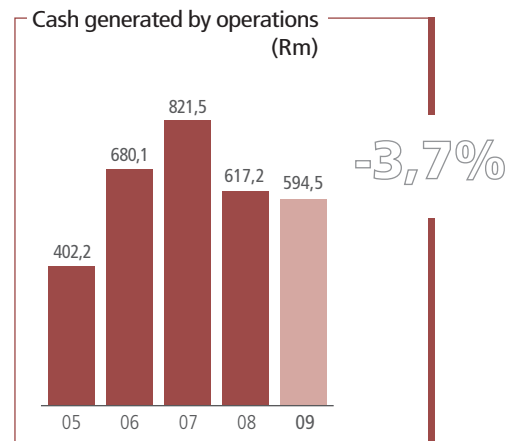
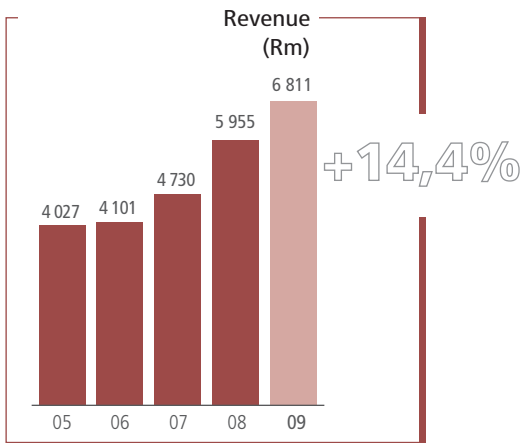
From farm...

Namibia	
Distribution facilities	1





Salient features



Five-year review

R'000	2009	2008	2007	2006	2005
GROUP BALANCE SHEETS					
ASSETS					
Property, plant and equipment	1 383 196	1 243 670	1 054 124	962 194	850 318
Trademarks				404	1 205
Goodwill	287 444	287 444	287 444	287 444	287 444
Deferred taxation	5 796		15 285		16 023
Current assets	2 502 325	2 302 110	1 738 724	1 495 747	1 047 016
Total assets	4 178 761	3 833 224	3 095 577	2 745 789	2 202 006
EQUITY AND LIABILITIES					
Ordinary shareholders' equity	2 485 910	2 337 130	1 920 889	1 595 901	1 286 706
Deferred taxation	243 709	240 041	179 606	168 519	180 082
Retirement benefit obligations	85 655	80 862	75 535	69 683	63 677
Finance lease liability – long-term				116	651
Current liabilities	1 363 487	1 175 191	919 547	911 570	670 890
Total equity and liabilities	4 178 761	3 833 224	3 095 577	2 745 789	2 202 006
GROUP INCOME STATEMENTS					
Revenue	6 811 448	5 955 327	4 730 363	4 101 454	4 026 998
Operating profit before non-recurring items and depreciation	549 268	925 808	772 315	687 588	393 298
Legal disputes provision release	23 800				
Feed claim recovery		40 000			
BEE charge		(49 368)			
Operating profit before depreciation	573 068	916 440	772 315	687 588	393 298
Depreciation	(149 229)	(136 426)	(118 181)	(109 744)	(78 036)
Operating profit	423 839	780 014	654 134	577 844	315 262
Finance costs	(5 059)	(2 566)	(2 714)	(2 351)	(1 126)
Finance income	22 875	34 248	25 179	9 930	28 146
Profit before taxation	441 655	811 696	676 599	585 423	342 282
Taxation	(124 203)	(272 730)	(202 354)	(186 578)	(111 959)
Attributable profit	317 452	538 966	474 245	398 845	230 323

Definitions, ratios and statistics

SHAREHOLDERS' RATIOS

Headline earnings per share – diluted	Headline earnings divided by diluted weighted average ordinary shares in issue
Adjusted headline earnings per share – diluted	Headline earnings adjusted for non-recurring items (legal disputes provision release and additional taxation allowance in 2009, and feed claim recovery and BEE expense in 2008) divided by diluted weighted average ordinary shares in issue
Diluted dividend cover	Diluted headline earnings per share divided by dividends per share
Net asset value per share	Ordinary shareholders' equity divided by ordinary shares in issue at year-end

BALANCE SHEET INFORMATION

Total assets	Non-current and current assets
Total liabilities	Non-current and current liabilities
Net assets	Total assets less total liabilities

INCOME STATEMENT INFORMATION

Headline EBITDA margin	Earnings before interest, taxation, depreciation and headline adjustments (before taxation) expressed as a percentage of revenue
Operating profit margin	Operating profit expressed as a percentage of revenue

SOLVENCY AND LIQUIDITY

Return on assets managed (excluding cash)	Operating profit expressed as a percentage of total assets (excluding cash)
Return on assets managed	Profit before taxation expressed as a percentage of total assets
Return on net assets	Profit before taxation expressed as a percentage of net assets
Asset turn	Revenue divided by total assets
Return on equity	Attributable profit expressed as a percentage of average total equity

SHARE INFORMATION

PE ratio	Market share price at year-end divided by headline earnings per share
----------	---

		2009	2008	2007	2006	2005
SHAREHOLDERS' RATIOS						
Headline earnings per share – diluted	cents	109,6	180,8	164,4	140,2	75,0
Adjusted headline earnings per share – diluted	cents	94,6	188,0	164,4	140,2	75,0
Dividends per share	cents	68,0	68,0	68,0	57,0	30,5
Diluted dividend cover	times	1,6	2,7	2,4	2,5	2,5
Net asset value per share	cents	853,3	805,9	679,5	571,6	467,1
BALANCE SHEET INFORMATION						
Total assets	Rm	4 179	3 833	3 096	2 746	2 202
Total liabilities	Rm	1 693	1 496	1 175	1 150	915
Net assets	Rm	2 486	2 337	1 921	1 596	1 287
Number of employees at year-end		7 416	7 653	7 223	6 686	6 375
INCOME STATEMENT INFORMATION						
Headline EBITDA margin	%	8,4	15,1	16,4	16,8	9,2
Operating profit margin	%	6,2	13,1	13,8	14,1	7,8
Headline earnings	Rm	318,8	528,1	477,0	400,3	211,0
Adjusted headline earnings	Rm	275,2	549,0	477,0	400,3	211,0
SOLVENCY AND LIQUIDITY						
Return on assets managed (excluding cash)	%	11,6	23,5	26,1	24,6	15,0
Return on assets managed	%	10,6	21,2	21,9	21,3	15,5
Return on net assets	%	17,8	34,7	35,2	36,7	26,6
Asset turn	times	1,6	1,6	1,5	1,5	1,8
Return on equity	%	13,2	25,3	27,0	27,7	18,7
SHARE INFORMATION						
Number of ordinary shares						
– weighted average in issue	'000	290 904	288 951	281 393	277 096	273 387
– diluted weighted average in issue	'000	290 904	292 028	290 118	285 558	281 275
– at year-end	'000	291 320	290 004	282 712	279 222	275 449
Market share price						
– at year-end	cents	1 545	1 435	1 660	950	650
– highest	cents	1 680	2 000	1 690	1 030	795
– lowest	cents	1 150	1 401	920	610	495
Number of shares traded	'000	21 716	73 154	71 345	44 200	57 696
Value of shares traded	Rm	308,1	1 121,5	899,1	372,3	359,0
Total transactions	'000	3 480	7 633	9 224	5 248	5 897
Volume of shares traded as a percentage of issued shares	%	7,5	25,2	25,2	15,8	20,9
PE ratio		14,1	7,9	9,8	6,6	8,4

Chairman's report



PERFORMANCE

Rainbow's results for the year ended 31 March 2009 reflect a good underlying performance taking into account the exceptionally high input costs experienced during this period. Rainbow's differentiated strategy has now been tested in a very difficult trading environment and the benefits evident in the current period's results reinforce it as the appropriate strategy in what is otherwise a predominantly commodity market.

Rainbow's cost of production has been significantly impacted by the key commodities of maize, soya and oil trading at record highs. The subsequent and even more rapid decline in commodity prices added further volatility to an already challenging raw material procurement environment. Whilst chicken pricing improved in the latter part of calendar 2008, margins have reduced and remain under pressure.

BEE TRANSACTION

Rainbow's BEE transaction was concluded on 30 July 2008. Rainbow provided vendor financing for the 15% shares issued to the consortium comprising Imbewu Consortium, Ikamva Labantu, Rainbow employees and Mrs M Nhlanhla, a non-executive director of Rainbow. The BEE transaction is an important component of Rainbow's overall transformation process. Details of the transaction are disclosed in the notes to the annual financial statements.

CORPORATE GOVERNANCE

Rainbow complies fully with the letter and spirit of good corporate governance. The skills and diversity of the Board are well matched to Rainbow's needs and are reflected in the allocation of responsibilities to members of the various sub-committees. Rainbow endorses the principles of integrity, accountability, transparency and social responsibility and fully complies with the JSE Listings Requirements and King II.

During the current year, a comprehensive review of the Group's governance, assurance and risk management practices was performed. As a consequence certain roles, structures and committee mandates were enhanced to strengthen governance within the Group.

Following the implementation of the BEE transaction, with effect from 31 July 2008, Gcina Zondi was appointed as a non-executive director. Deon Zwiendelaar retired from the Board on 19 November 2008 and Roy Smither and Pieter Louw were appointed on 1 December 2008.

SUSTAINABILITY

Rainbow remains committed to the three pillars of sustainability covering economic, social and environmental practices. Rainbow believes that commitment to stakeholders is fulfilled only through enduring, productive relationships with other stakeholders and by establishing a reputation as a trusted company in touch with the evolving needs and aspirations of our society. As a consequence, time, effort and money are invested in responding to the needs of all current and prospective stakeholders.

DIVIDEND DECLARATION AND POLICY

The Board declared dividends totalling 68,0 cents per ordinary share in respect of the twelve months ended 31 March 2009. By virtue of the lower earnings the total dividend for the year is 1,6 times covered by fully diluted headline earnings per share (2008: 2,7 times). It is the Board's intention to restore the dividend cover range to between 2,0 and 2,5 times over a period of time.

PROSPECTS

Considering the global economic recession and its spill-over impact locally, consumer spending is expected to remain under pressure.

Maize prices are likely to remain at lower levels and continue to trade around export parity. Soya prices are likely to remain under pressure due to lower anticipated crops, the threat of further strikes in Argentina and continued exchange rate volatility. By virtue of Rainbow's forward procurement policy,

feed prices are only expected to be meaningfully lower in the second six months of the 2010 financial year.

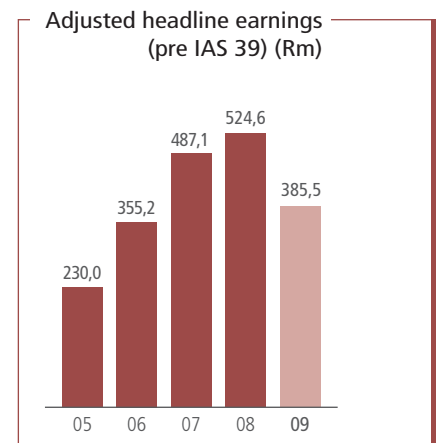
The lower anticipated feed prices and benefit of the unrealised procurement losses booked in 2009 are likely to have a favourable impact on earnings for the 2010 financial year.

ACKNOWLEDGEMENTS

Rainbow is a complex business that relies on and impacts many people in both business and society. In a challenging environment Rainbow has maintained stringent financial disciplines and certainly on a relative basis, performed well. This would not have been possible without the dedication and support at every level of the business from directors, management and staff. I thank each one of you and look forward to your continued support.



MH Visser
Non-executive Chairman



Chief executive's review



OVERVIEW

The past year has been extremely difficult for Rainbow, the South African poultry industry and both the local and global economy but despite all of the challenges, Rainbow has managed to deliver a very acceptable overall performance, particularly on a relative basis.

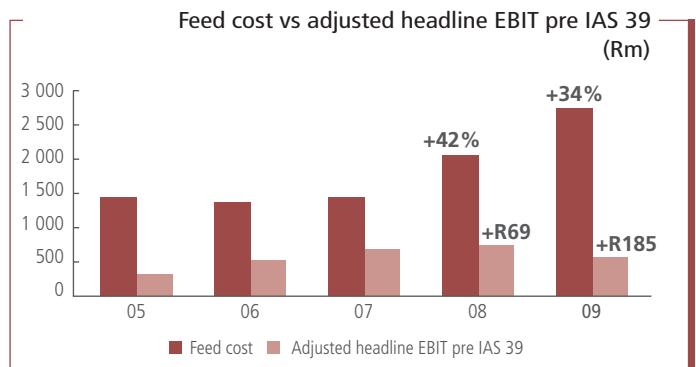
Rainbow's consumer focused strategy, seeking differentiation in the marketplace and improving service delivery through its integrated supply chain, has translated into this year's credible financial performance. Significant input cost pressures continue to challenge the poultry industry. Food and energy inflation has driven general inflation and, combined with higher interest rates, has placed pressure on consumers. In response the business has and will continue to challenge every aspect of our operations to find further efficiencies and cost-effective solutions.

Revenue has grown to R6,8 billion, up 14,4% on the previous year, largely as a function of the higher chicken realisations.

Rainbow's results for the twelve months ended 31 March 2009 reflect a headline earnings decline of 39,6%. However, excluding the significant unrealised losses on financial instruments used in the feed raw material procurement strategy, the decline moderates to only 14,8%.

Rainbow's performance has been impacted by a second year of significant feed cost increase which could not be fully recovered in chicken realisations.

Feed prices have increased 34% over the past financial year. The graph depicts the feed cost increase and consequent impact on headline EBIT (adjusted for non-recurring items) over the past five financial years.

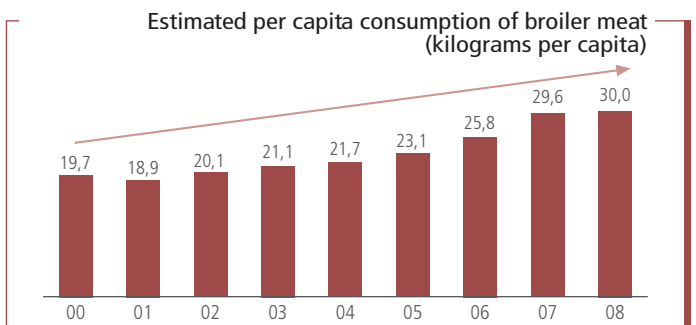


POULTRY INDUSTRY

The poultry industry has experienced one of its most challenging years in the last decade. There have been unprecedented increases in feed prices, mostly brought about by international markets. The influence of higher inflation and interest rates also contributed negatively to the industry's performance with many poultry producers making losses, or at best marginal profits.

The poultry industry remains a significant segment of South African agriculture, being approximately 20% of all agricultural production, 43% of animal products and 61% of animal protein consumed in South Africa.

The graph depicts the history of per capita consumption of broiler meat since 2000, increasing 1,2% from calendar 2007 to 2008.



The local chicken market is estimated to have grown by 10% in rand value in the past twelve months to R17,7 billion. Total chicken imports (excluding turkey and mechanically deboned meat) have decreased by approximately 33% to March 2009, largely due to the weakening of the rand, overseas suppliers diverting product into other more profitable markets and the effect of the significant capacity expansion locally. The graph depicts the history of imported poultry

products split between chicken, turkey and mechanically deboned meat.

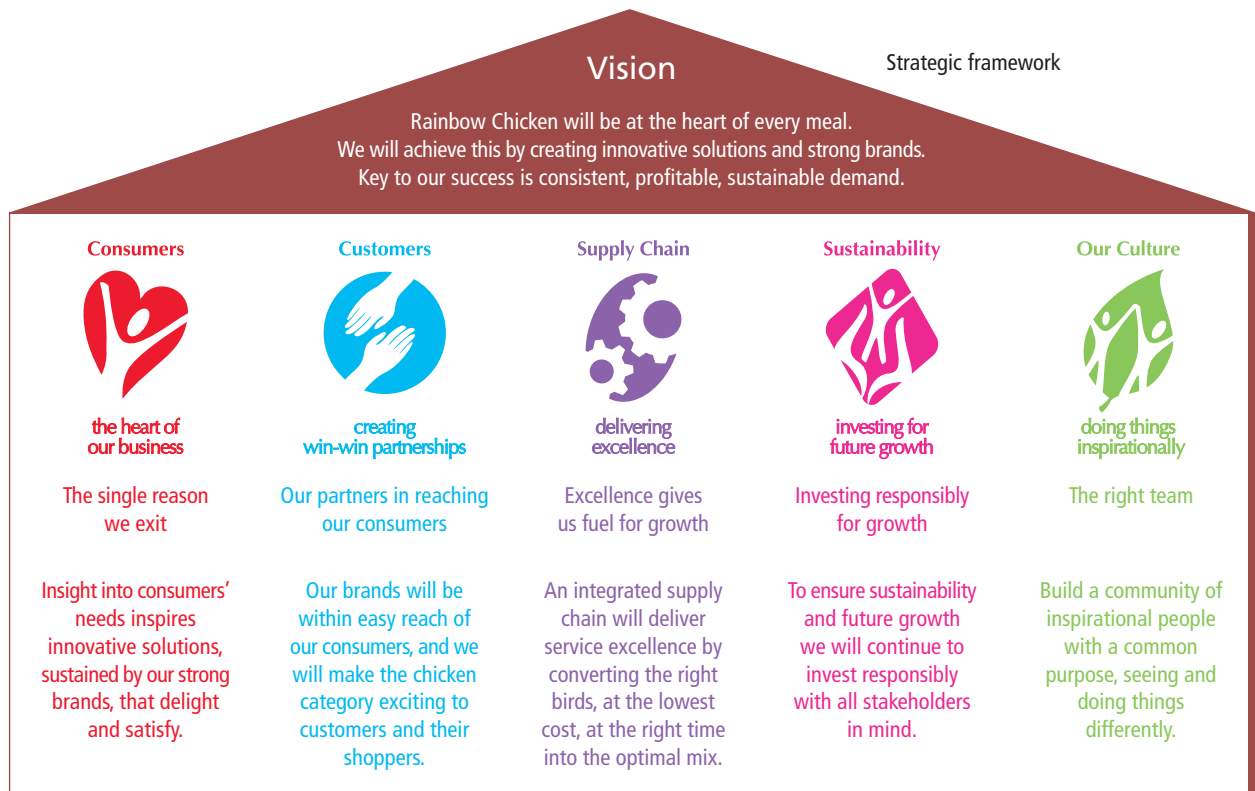
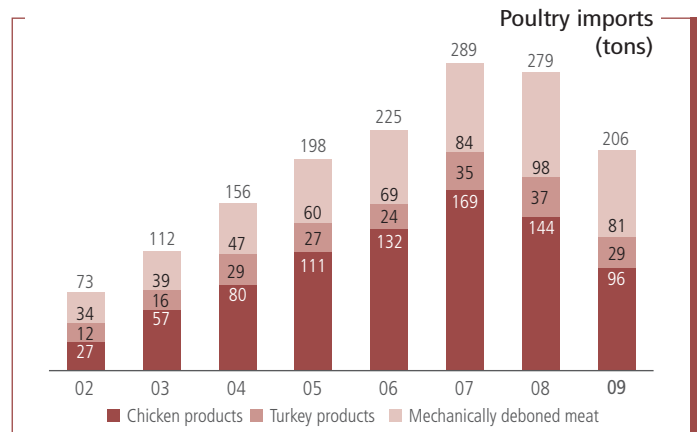
The poultry industry's petition to oppose the International Trade Administration Commission's proposed scrapping of the US anti-dumping tariff is ongoing.

STRATEGIC FRAMEWORK

Rainbow's vision "Rainbow Chicken will be at the heart of every meal" is underpinned by the five strategic drivers reflected in the "strategy house" below which provides the strategic framework for the business.

Rainbow's entire leadership team, approximately 280 people, participate in a process called the "Good to Great" journey aimed at jointly defining Rainbow's strategy and aligning the business and its people behind the company vision. In March each year, the leadership team, representing all functional and operational areas of the business, defines and agrees the detailed strategic action plans for the forthcoming year. The journey has galvanised and empowered the leadership team, provided strategic clarity and given significant impetus to the strategic effort in the business. The journey process will be rolled out to the balance of the business over time.

Capacity continues to be built in the organisation in the form of people, brands and assets. Putting "strategy into action" continues to empower management to achieve the aspirational targets as well as deal with challenging situations as currently being faced by the business. Talent management has received much greater focus and resulted in far better identification, development and retention of the next levels of leadership.



Chief executive's review continued



REVIEW OF OPERATIONS

Brands

Rainbow's strategic focus on innovation, differentiation and communication continues to prove successful. Rainbow's brand strategy, which differentiates the company from its competitors, has been effective in delivering an acceptable margin of 8,1% during a period of extreme input cost pressure.

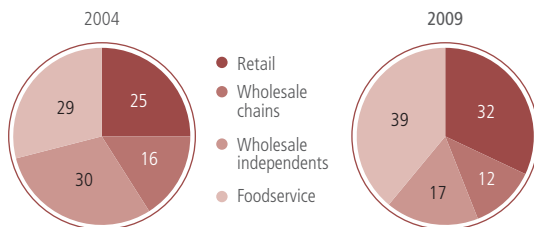
The Rainbow range of products can be classified as "core" and "added value". A significant amount of work has gone into invigorating the core Rainbow products. The rollout of the new Rainbow logo has ensured better stand-out and differentiation in-store and is consistent with the drive to provide consumers with a better quality branded chicken offering.

Added value products, over and above the well established Rainbow FoodSolutions brand include Rainbow Viennas and Polonies, Rainbow Crumbed, Rainbow Grill and Braai as well as Farmer Brown Fully Cooked and Tenderbreasts and have shown tremendous growth, and now contribute a meaningful percentage to total retail sales. The focus on driving growth in the added value portfolio has resulted in Rainbow Simply Chicken Polony becoming the market leader in the polony sector. This is remarkable given that market leadership has been achieved in just over three years since launch and in a very competitive category, previously dominated by well established brands.

The foodservice sector has grown from 29% of total revenue in 2004 to 39% in 2009. This sector is regarded as added value as most of the products supplied are customised to the foodservice market requirements and sold under the Rainbow FoodSolutions brand. The retail sector's contribution to total revenue has grown from 25% in 2004 to 32% in 2009.

Rainbow's added value focus in the retail sector has resulted in its component of retail revenue increasing from 4% in 2004 to 21% in 2009.

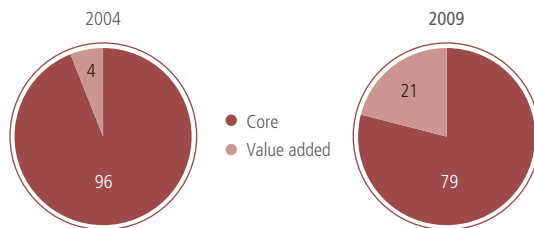
Revenue contribution by channel (%)



Going forward Rainbow will continue to drive innovation across both the core and added value portfolios. Additional production capacity is being commissioned in the 2010 financial year to meet future demand.

After five years of double digit growth, the foodservice channel has slowed in reaction to the prevailing economic conditions. Declining same store growth at certain major Quick Service Restaurants (QSRs) has put pressure on suppliers to reduce costs and investigate cheaper alternatives. Whilst the foodservice channel volumes were disappointing, Rainbow has increased its volumes of further processed products and identified new customer opportunities.

Retail sector: Core vs added value (%)



Strong customer relationships, service excellence and focus on developing insightful product solutions will remain the cornerstone of the FoodSolutions brand proposition. The FoodSolutions generic branded category has performed well and will continue to drive Rainbow's strategic distribution and sales partnerships. A strong added value new product plan will be rolled out and supported through focused marketing activities and investment in customer development. New foodservice sector and product category opportunities will also be investigated and targeted depending on the size of prize and our ability to offer added value solutions at sustainable margins and volumes.

Supply chain

Agricultural performance during the winter months improved on last year despite the higher than normal incidence of disease in the industry and the particularly cold winter experienced in some areas.

Performance challenges were however experienced during the early summer months, particularly in the Cape. The agriculture teams remain focused on producing the right bird at the lowest cost to ensure that Rainbow's weight sensitive product mix can be produced most profitably.

The feed operation is a critical element of Rainbow's overall cost chain and its strategic priorities remain cost-effective procurement, milling efficiency, targeting external business to utilise excess capacity and working with agriculture to achieve the lowest cost (c/kg) of chicken. Feed experienced difficult trading conditions and was less successful than prior years in selling its excess capacity profitably.

In response to the significant feed cost increases over the past two years, the agriculture and feed management teams have collaborated in challenging the current feed specification and where possible reformulated diets to derive a lower feed cost at an acceptable performance level.

The processing plants continue to maintain the high degree of flexibility required to deliver the exciting list of new products and to meet the significant growth experienced on certain product lines. Costs have been well contained and yield and efficiency improvements have been successful with more improvements expected. The successful ISO 22000 recertification of all four processing plants epitomises the focus and drive on food safety and product quality.

Rainbow's outbound supply chain has been streamlined by the completion of the new plant-based cold storage facility at Hammarsdale which Vector manages. Vector is in the process of taking over management of the other existing plant-based cold stores at Rustenburg and Worcester. This change means that Vector effectively manages Rainbow's total outbound supply chain from plant to customer, which allows for full business visibility, process efficiency and integration benefits.

Vector Primary Transport, which commenced in August 2007 to mitigate risk for Rainbow and McCain, extended this service offering during the current year to I&J and Willowton. Vector also entered into new distribution contracts with Famous Brands (Wimpy and FishAways) and Pieman's Pantry during the current year.

IT infrastructure

Rainbow has made further progress with the implementation of its IT and Enterprise Resource Planning strategy. An increased focus has been placed on supply chain excellence and customer service initiatives. The leveraging of our IT systems remains a key enabler within the business with specific emphasis on the analysis of customer and product profitability.

CHANGE IN EXECUTIVE MANAGEMENT TEAM

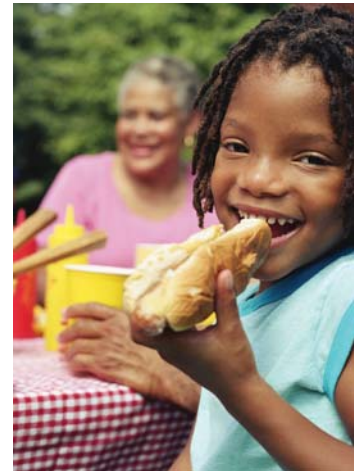
During the current year Michael Rogowski resigned as the Feed Director. His prior responsibilities are being shared amongst the appropriate directors, in line with the functional structure of the balance of the business.

CONCLUSION

Rainbow's transformation to a consumer-focused business is well underway and coupled with the "Good to Great" journey positions the business well for the future. I would like to express my appreciation to our employees for their valued commitment to realising Rainbow's strategy, especially considering the difficult market conditions experienced this year. My appreciation also extends to fellow Board members, valued customers and shareholders for their ongoing support. We are committed to realising our strategy for the benefit of all Rainbow's stakeholders.



M Dally
Chief Executive Officer



Financial review

Financial highlights – Statutory		2009	2008	%
Revenue	Rm	6 811,4	5 955,3	14,4
Headline EBITDA	Rm	575,8	901,0	(36,1)
Net finance income	Rm	17,8	31,7	(43,8)
Effective taxation rate	%	28,1	33,6	5,5
Headline earnings	Rm	318,8	528,1	(39,6)
Adjusted headline earnings	Rm	275,2	549,0	(49,9)
Headline earnings per share	cents	109,6	182,8	(40,0)
Adjusted headline earnings per share	cents	94,6	190,0	(50,2)
Fully diluted headline earnings per share	cents	109,6	180,8	(39,4)
Capital expenditure	Rm	293,1	315,5	7,1
Return on equity	%	13,2	25,3	(12,1)
Cash generated by operations	Rm	594,5	617,2	(3,7)
Dividends per share	cents	68,0	68,0	

Financial highlights – Operational (pre IAS 39)		2009	2008	%
Headline EBITDA	Rm	729,0	866,6	(15,9)
Adjusted headline earnings	Rm	385,5	524,6	(26,5)
Adjusted headline earnings per share	cents	132,5	181,5	(27,0)

OVERVIEW AND MARKET CONDITIONS

Economy

The third quarter of calendar 2008 will be remembered as one of the most tumultuous periods in the history of modern capital markets. Global equity markets collapsed by over 40%, credit markets froze, housing prices continued to decline and central bankers extended their lending facilities beyond what would have been imaginable only months before.

Although South Africa has to a large extent escaped the direct impact of this financial market turmoil, the indirect effects of the global recession are already becoming evident. News on inflation (CPI) is more favourable. Having peaked at 13,6% in August 2008 a downward trend is now in place with inflation falling back to 8,5% in March 2009. This fall has been underpinned by a moderation in food price inflation from a high base and the decline in domestic fuel prices. Prime lending rates have been lowered over the past few months providing some much needed respite for indebted consumers.

Feed raw material procurement

Feed raw material prices peaked at historically high levels during the past twelve months and remain exceptionally volatile. Record high prices across all commodities were reached, followed by the credit crunch and then an even more rapid fall in commodity prices. The global recession and fundamentals behind key raw materials indicate that further price reductions are possible along with continued volatility. This, together with the exchange rate volatility, has translated into significant challenges for raw material procurement. Despite these difficult market conditions Rainbow has applied its feed raw material procurement strategy consistently.

Maize

Nearby maize prices on SAFEX have been declining since their peak in July 2008.

The global financial crisis caused a dramatic decrease in the demand for maize, improving the previously dangerously low US and global maize stock situations to such an extent that international prices have fallen sharply from their record levels last year.

The local Crop Estimates Committee (CEC) estimates the hectares of maize planted this season at 2,5 million. After a dry start during the latter part of 2008, conditions improved dramatically, resulting in the final official estimate of 11,2 million tons during February 2009. This will again result in a surplus of approximately 2,4 million tons (after allowing for exports of approximately 1,8 million tons). With the expected surplus, local prices are expected to remain at export parity.

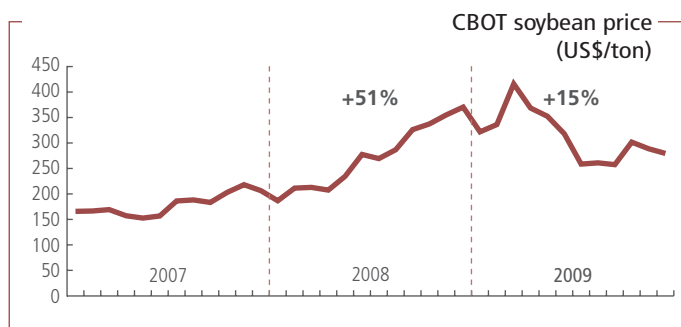
The graph on the right depicts the nearby SAFEX yellow maize price over Rainbow's past three financial years.



Soya

The projected carry-out soybean stock to use ratio (September 2009) in the USA is 7,1% and is predicted to increase to 12,4% by September 2010. The world financial crisis has reduced the demand for beans, hence increasing stock levels. The only possible negative factor on soybean pricing at present is the political stand-off between the Argentine government and the farmers, which is limiting exports from Argentina. The farmers have large quantities of old season beans and with the new season harvesting period imminent they will be forced to start selling, which could depress pricing.

The graph on the right depicts the CBOT soybean US\$ price over Rainbow's past three financial years.

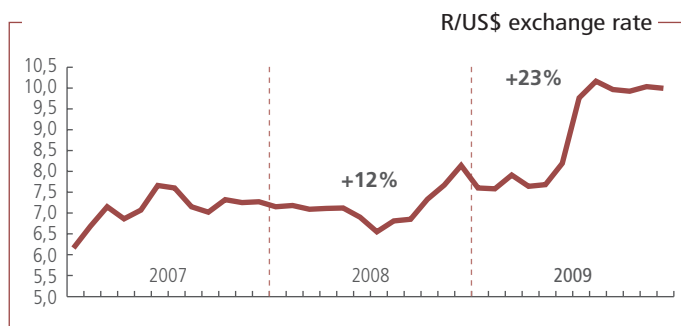


Rand/US\$ exchange rate

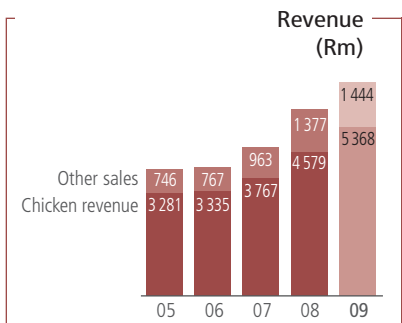
There has been significant volatility in the exchange rate over the past six months. All major banks forecast this to continue for the remainder of calendar 2009. The banks have had divergent views on the long-term prospects of the rand, with some banks predicting a strengthening of the rand over the next 18 to 24 months and others predicting a moderate weakening. The rand has strengthened significantly post year-end.

As Rainbow's entire soya requirements are imported (approximately 34% of feed cost), the exchange rate depreciation during the current financial year has had a material impact on feed cost.

The graph on the right depicts the R/US\$ exchange rate over Rainbow's past three financial years.



Financial review continued



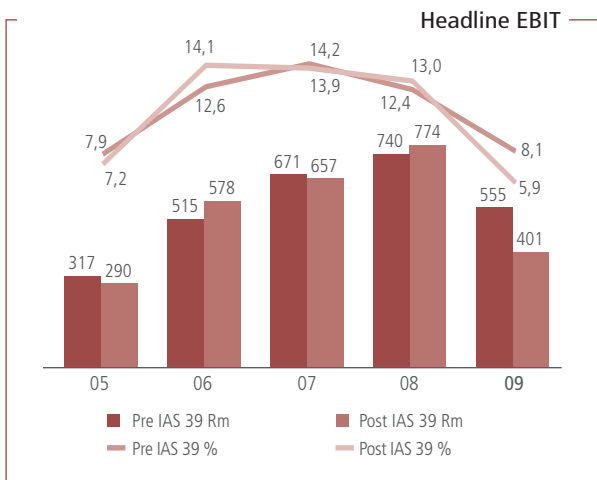
INCOME STATEMENT

Revenue

Rm	2009	2008	%
Chicken	5 367,9	4 578,5	17,2
Other sales	1 443,5	1 376,8	4,8
Reported revenue	6 811,4	5 955,3	14,4

Chicken revenue for the year was 17,2% higher than the previous year. Rainbow's average price realisations increased by 15,2% and despite two less trading days (0,8% impact) volumes were 2,0% higher.

Group revenue increased by 14,4% to R6,8 billion (2008: R6,0 billion), largely a function of the higher chicken realisations.



Headline EBIT

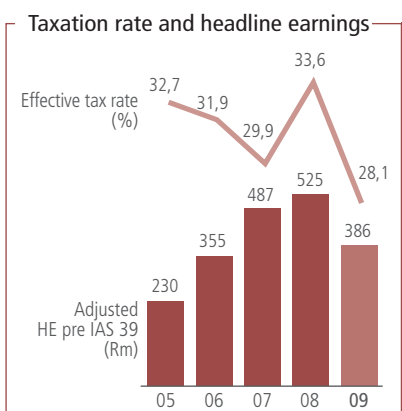
The graph below depicts headline EBIT from a statutory perspective and adjusted for both non-recurring items and unrealised gains or losses on financial instruments used in the feed raw material procurement strategy. The non-recurring items include a provision release in respect of the settlement of certain legal disputes (R23,8 million) in 2009 and the feed claim recovery (R40,0 million) and BEE expense (R49,4 million) in 2008.

Reporting the financial effects of certain financial instruments used in the feed raw material procurement strategy introduces volatility to the Group's financial results. For the year under review, the pre-taxation impact on the Group's results of these unrealised positions is a negative impact of R153,2 million (2008: R34,4 million positive).

The decline in headline EBIT margin is in line with the forecast made at the previous year-end and reflects the 34% feed cost increase not being entirely recovered in chicken pricing.

Finance income

Net finance income decreased by R14,0 million due to the lower cash balances during the period.



Effective taxation rate

Rainbow Chicken Foods, the company owning the Further Processing Plant, was approved by the Minister of Trade and Industry as a qualifying strategic industrial project with preferred status. The company's preferred status grants an additional taxation allowance of 100% of the cost of qualifying industrial assets. The preferred status was subject to the company maintaining certain performance criteria set out in the approval, failing which the allowance would reduce to 50% of the cost. Deferred taxation was previously recognised based on 50% of the additional taxation allowance. Management is satisfied that all performance criteria have now been met, and consequently the remaining portion of the additional allowance has been recognised in the current year (R26,5 million).

The effective taxation rate of 28,1% (2008: 33,6%) is lower as a result of the additional taxation allowance referred to above, offset by the higher STC charge on the increased interim dividend resulting from the BEE shares issued during the year.

Adjusted headline earnings

Adjusted headline earnings (pre IAS 39) decreased by 26,5% to R385,5 million (2008: R524,6 million) with adjusted headline earnings per share (pre IAS 39) reducing by 27,0% to 132,5 cents per share (2008: 181,5 cents per share).

BALANCE SHEET

Non-current assets

Property, plant and equipment of R1 383,2 million (2008: R1 243,7 million), goodwill of R287,4 million (2008: R287,4 million) and a deferred taxation asset of R5,8 million (2008: Rnil) represent the Group's non-current assets.

Capital expenditure was R293,1 million (2008: R315,5 million), predominantly spent on plant and machinery. A detailed reconciliation of the movements in property, plant and equipment is shown in note 1 on page 63. A further amount of R92,7 million (2008: R94,2 million) has been contracted and committed, but not spent, whilst a further R109,2 million (2008: R119,3 million) has been approved, but not contracted. The Group continues to follow a policy of upgrading its facilities and funding normal levels of replacement capital expenditure from its own resources.

As mentioned above, the remaining 50% of the additional taxation allowance was recognised in the current year as management is satisfied that all performance criteria have now been met. As a consequence, a deferred taxation asset has been raised in Rainbow Chicken Foods (Proprietary) Limited.

The detailed disclosure of the reconciliation of deferred taxation is disclosed in note 3 on page 66.

Current assets

Inventories and biological assets of R973,5 million (2008: R891,2 million) have increased mainly due to the impact of the higher feed costs on both the valuation of the live birds and finished goods stock.

Trade and other receivables are also higher than last year due to the higher chicken realisations. Debt collection is a critical part of the business and is an ongoing focus area for management. Debtors days have remained consistently good over the past few years and there has been a further improvement in the debtors ageing in the past year.

Non-current liabilities

The deferred taxation of R243,7 million (2008: R240,0 million) arises from numerous temporary differences across the Group.

The post-retirement medical obligation of R85,7 million (2008: R80,9 million) arises from the actuarial valuation of the Group's potential liability arising from post-retirement medical aid contributions in respect of current and future retirees. This liability is unfunded. The obligation of the Group to pay medical aid benefits after retirement is no longer part of the conditions of employment for Rainbow employees engaged after 1 October 2003 and for Vector employees engaged after 1 January 1997. The Group has an unrecognised actuarial loss of R18,3 million (2008: R10,1 million gain) which arises mainly due to differences in the actuarial assumptions from year to year. This actuarial loss will be recognised to the extent that it is in excess of ten percent of the obligation over the remaining working lives of the participating employees.

Current liabilities

Trade and other payables have increased over the prior year in line with increased inventories and biological assets to R1 329,8 million (2008: R1 126,2 million).

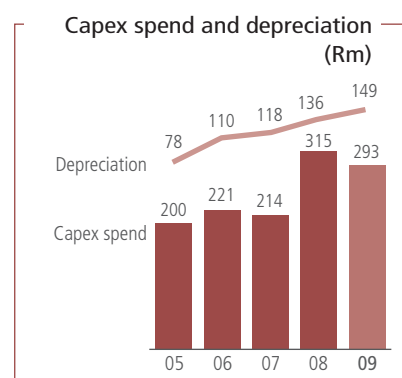
Provisions have reduced to R17,5 million (2008: R43,3 million) due to settlement having been reached in respect of legal disputes that have been in progress against the Group for some years. The settlement amounts were paid subsequent to year-end.

Return on equity

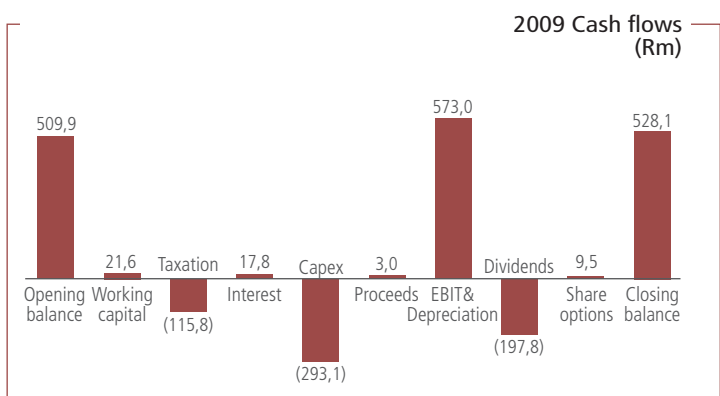
Return on equity decreased to 13,2% (2008: 25,3%).

CASH FLOW STATEMENT

Cash generated by operations decreased by 3,7% to R594,5 million (2008: R617,2 million) by virtue of the lower trading results and lower non-cash items as a result of the impact of the BEE transaction in the prior year (R49,4 million). Inventories and receivables have been impacted by the higher feed costs, however, underlying days cover is marginally improved on the previous year.



Financial review continued



Cash taxation paid of R115,8 million (2008: R239,6 million) is lower than the prior year due to the lower trading profits generated.

RISK MANAGEMENT

The Group follows a detailed process whereby operational and financial risks are identified and quantified. Probabilities of events taking place which result in any of these risks occurring are determined and then responsibility is assigned to the various members of the executive management team to manage these risks appropriately.

Risk reviews are proactive in not only determining negative areas but also identifying areas of opportunity where effective risk management can be turned into competitive advantage.

Operational risk

At operational level, senior management identify critical business risks, promote awareness, introduce and maintain appropriate control environments and procedures and apply risk-monitoring techniques.

Meetings are held regularly within each business function to update, re-assess and comment on the risks identified as well as give assurances on controls in place to mitigate the risks identified.

The table below provides a brief description of the key operational risks to which the Group is exposed and the mitigating controls in place to manage these risks.

In support of this risk management structure, the Group is working with risk management consultants to undertake regular risk control audits at all of the Group's sites. These audits include:

- Risk management organisation
- Fire defence
- Independent "Infrared Inspection of Electrical Equipment under Load" (IRIS)
- Site security
- Emergency planning
- Occupational health, safety, hygiene and environment
- Bio-security.

Operational risk	Mitigating controls
Disease outbreak at farms	Bio-exclusion procedures in place (physical access controls, shower procedures, site clothes, foot dip tanks, vehicle sprays at key sites, insulated houses, trained employees) Testing flocks every month for Avian Influenza, Newcastle, Salmonella and Infectious Bronchitis
Significant increase in feed raw material costs	Proven raw material procurement strategy Comparison of raw material prices to daily market prices with weekly reporting to a procurement committee Monthly raw materials meeting to discuss procurement strategy and prices Authorisation of formulation changes Succession planning for key positions
Dust explosion at a mill	Training of personnel in conditions that lead to dust explosions "Hot work" permits Good housekeeping to minimise dust Good maintenance programme
Fire in plant	Fire hydrants and sprinkler systems CO ₂ systems for electrics Fire teams and training Fire alarms and smoke detectors New panels are fire retardant Flammable substances separately stored

Financial risk

The Group's financial instruments consist primarily of cash resources with financial institutions, derivatives, accounts receivable and payable and interest-bearing debt. In the normal course of business, the Group is exposed to credit, interest, liquidity and market risk. In order to manage these risks, the Group may enter into transactions which make use of derivatives. They include forward exchange contracts, options, interest rate swaps and commodity futures and options. Separate committees are used to manage the risks and the hedging activities of the Group. The Group does not speculate in or engage in trading of derivative instruments.

Credit risk

The granting of credit is controlled by well established criteria which are reviewed on an annual basis. Other than the external feed debtors, all trade receivables greater than R75 000 are covered by Credit Guarantee Insurance Cover (CGIC).

Liquidity risk

Liquidity risk is considered low due to the Group's conservative funding structure and its high cash generation. Its unutilised borrowing capacity is R345 million (2008: R345 million). Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flow.

Market risk

Commodity price and procurement risk

To stabilise prices for the Group's substantial commodity requirements, derivative instruments, including forward contracts, commodity options and futures contracts, are used to hedge its exposure to commodity price risk. The overall procurement strategy and net positions are reported monthly to the Board and an oversight committee. The oversight committee is responsible for the setting of the monthly company view with regard to future price movements. The daily transacting by the procurement team is restricted in terms of this company view, unless prior approval is obtained.

Maize and soya procurement are material components of Rainbow's input costs and as a consequence significant focus is placed on managing this area of the business. The maize procurement policy specifically permits $\pm 30\%$ pre-season purchases, $\pm 30\%$ through options and futures and the remaining $\pm 40\%$ using spot purchases.

Currency risk

Currency risk in the Group is actively managed using forward exchange contracts and currency option contracts in terms of the risk management policy. The currencies predominantly traded by the Group are USD, GBP and Euros. As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

ACCOUNTING POLICIES

The Group's accounting policies are governed by International Financial Reporting Standards (IFRS). Guidance has been obtained from International Financial Reporting Interpretations Committee (IFRIC), and circulars. The potential impacts of future standards and amendments have been disclosed on page 62. No impact has been provided in respect of exposure drafts as they are normally subject to material changes prior to being issued as standards.

The accounting policies are consistent with those of the previous year.

The Group maintains the view that the standards set the minimum requirements for financial reporting. The financial statements in this annual report have been prepared with the aim of exposing the reader to a detailed view of the results, using a simplified approach, in the hope of facilitating a deeper and informed understanding of the Group's performance.

Directorate



MH (Thys) Visser (55) #
CA (SA)

NON-EXECUTIVE CHAIRMAN
Appointed: January 1997

Directorships: Managing Director and Chief Executive Officer of Remgro Limited, director of British American Tobacco plc, Distell Group Limited, Nampak Limited, Medi-Clinic Corp Limited and Unilever South Africa Holdings (Proprietary) Limited.

Thys is a Chartered Accountant who qualified with Arthur Young & Company in Cape Town before joining Rembrandt Group Limited in 1980. He held a number of positions, including Financial Director in 1991 and Managing Director in 1992.



Dr M (Munro) Griessel (71) *†
PhD (Animal Science)

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: November 2002

Directorships: Chairman of the technology committee of the Protein Research Foundation.

Munro has over forty years experience in the animal feed and livestock industries. He is a member of the advisory committee of the Oil and Protein Seeds Development Trust, and an honorary life member of the Animal Feed Manufacturers Association.



RV (Roy) Smither (64) *†
CA (SA)

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: December 2008

Directorships: Nampak and Hans Merensky Holdings.

Roy has a wealth of corporate experience, having served as a director and CEO of the ICS Group from 1987 to 1998 and as an executive director of Tiger Brands from 1998 to 2006. Roy is currently a member of FirstRand's Credit Committee.



DW (Don) Vale (68) *#†
MA (Oxon), FCA (UK)

INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: July 2004

Don qualified in the UK as a Chartered Accountant and Chartered Management Accountant. He worked for Unilever for 26 years, principally in South Africa and the UK, latterly as the Financial Director. Don has subsequently acted as a business strategy consultant to corporate clients.



PR (Pieter) Louw (40)
CA (SA)

NON-EXECUTIVE DIRECTOR
Appointed: December 2008

Directorships: M&I Group Services Limited.

Pieter is a Chartered Accountant who qualified with PricewaterhouseCoopers Inc. in Stellenbosch before joining the Remgro Group in 2001. He is currently Group Financial Manager.



JB (JB) Magwaza (67) #
MA (UK)

NON-EXECUTIVE DIRECTOR
Appointed: November 2002

Directorships: Chairman of Mutual and Federal, Motseng Marriott Property Services (Proprietary) Limited, Imbewu Capital Partners, Pamodzi Investment Holdings Limited, Peoples' Bank Limited and The Tongaat-Hulett Group Limited. Director of Dorbyl Limited, Hulamin Limited and Nedbank Limited.

JB served as an industrial relations consultant to Tongaat-Hulett Sugar from 1975 to 1988. Thereafter he held various directorships within the Tongaat Group and was appointed an Executive Director of The Tongaat-Hulett Group Limited in May 1994, a position he held until he retired in August 2003.



MM (Manana) Nhlanhla (57)
BSc, MA (Information Science)

NON-EXECUTIVE DIRECTOR
Appointed: May 2005

Directorships: MION Investments, Batho Bonke Limited, Trade and Investments KwaZulu-Natal, Women in Oil and Energy – South Africa and Gold Circle.

Manana is a former university lecturer in information science. Over the past ten years Manana has been involved in various businesses including Thebe Investments as a director and in 2004 as a founding member of Batho Bonke Consortium.



GC (Gcina) Zondi (36)
BCompt (Hons), AGA (SA)

NON-EXECUTIVE DIRECTOR
Appointed: July 2008

Directorships: Imbewu Capital Partners, Reebok South Africa, Isegen South Africa, Container Conversions, GMA Logistics, Autovest Limited and Trustee of the KZN Growth Fund.

Gcina is the founding Chief Executive of Imbewu Capital Partners. He is a qualified General Accountant and is an associate of the South African Institute of Chartered Accountants.

He worked for Nedbank Capital Private Equity for six years as a Private Equity Specialist. Prior to joining Nedbank, Gcina completed his articles of clerkship at KPMG Durban and he also worked for Hulamin Limited in the finance division for two and half years prior to joining KPMG.



M (Miles) Dally (52) †
Chief Executive Officer
BComm

EXECUTIVE DIRECTOR
Appointed: February 2003

Directorships: Rainbow Chicken Limited and its subsidiary companies and SC Johnson & Son of South Africa (Proprietary) Limited

Miles has nearly 30 years experience in the consumer goods industry and served as Group Managing Director of Robertsons Holdings (Proprietary) Limited from 1995 to 2002. After the unbundling of Robertsons Holdings he accepted the position of Chief Executive Officer at Rainbow. He was appointed non-executive chairman of SC Johnson in June 2008.



RH (Rob) Field (37) †
Chief Financial Officer
CA (SA)

EXECUTIVE DIRECTOR
Appointed: July 2004

Directorships: Rainbow Chicken Limited and its subsidiary companies.

Rob is a Chartered Accountant who qualified with Deloitte & Touche in Durban. Prior to joining Rainbow in May 2003 he spent four years as Commercial Director of Robertsons Homecare (Proprietary) Limited.

MEMBERS OF COMMITTEES

- * Audit Committee (DW Vale – Chairman)
- # Remuneration Committee (MH Visser – Chairman)
- † Risk Committee (DW Vale – Chairman)

Executive management team



CD (Chris) Creed (50)

Distribution Director
IMM Dip (SA)

Appointed: June 2005

Chris has over 20 years experience in the fast moving consumer goods industry and served in various trade marketing and sales roles within Bristol Myers Squibb and Adcock Ingram. Prior to joining Rainbow, Chris was the director responsible for marketing and sales of London-based Capespan plc. He was appointed FoodSolutions Director in June 2005 and Distribution Director in March 2007.



WA (Wouter) De Wet (43)

Processing Director
BA (Industrial Psychology)

Appointed: September 2006

Wouter has 14 years management consulting experience in various industries. He served as consultant to Rainbow from 1997 to 2006, when he was appointed as National Supply Chain Manager. His project experience in Rainbow covers virtually the entire value chain. He was appointed as Processing Director in September 2006.



TJ (Trevor) Harding (47)

IT Director
BComm, BSc (Hons)

Appointed: August 2005

Trevor has over 20 years business experience in information technology management. Prior to joining Rainbow, he held the positions of IT Director of Unilever South Africa and Robertsons.



SB (Stephen) Heath (53)

Human Resources and Corporate Affairs Director
BA, LLB, Grad Dip Industrial Relations
Attorney of the High Court of South Africa

Appointed: August 2007

Stephen spent 19 years with Rainbow as Group Secretary and Legal Advisor prior to his appointment to the Board. Before joining the Group he gained experience both as a public prosecutor in the Department of Justice and subsequently as an attorney in private practice. He was appointed Human Resources and Corporate Affairs director in August 2007.



DB (Bonga) Mavume (34)

Breed Director (Cobb)
BScAgric (Hons) (UFH), MDP, MBA (USB)

Appointed: November 2007

After graduating from Fort Hare University in 1997, Bonga gained over 10 years technical, broiler, breeding and farm operations experience with Pioneer Foods. He joined Rainbow as Supply Chain Manager in February 2007 and was appointed Breed Director in November 2007. Bonga currently serves on the Board of the South African Agricultural Processors' Association.



DS (Scott) Pitman (46)

Marketing and Customer Director
BBusSc

Appointed: April 2007

Scott has 17 years experience in marketing and sales where he has headed up marketing for Robertsons, Distell and Unilever and most recently as Customer Director at Unilever.



CE (Charles) Vauquelin (47)

Agricultural Director
Agricultural Diploma (Cedara College of Agriculture)

Appointed: December 2002

Prior to joining Rainbow in November 1999, Charles spent four years as Operational Manager with County Fair Foods (Proprietary) Limited. He is currently the Vice-chairman of the Southern African Poultry Association.

Corporate governance statement

Rainbow's corporate governance policy is aligned to ensure that the three pillars of sustainability, being Economic, Social and Environmental sustainability practices are addressed in a structured manner

Rainbow subscribes to the highest standards of corporate governance in all its dealings with stakeholders. This means that it will be transparent and accountable to all those affected by the business.

The Board subscribes to the values of and accepts the inclusive approach to good corporate governance espoused in the King II report. The directors recognise that good corporate governance is essentially about leadership and that there exists the need to conduct the enterprise with integrity and in compliance with best international practices. The Board and individual directors accept their duty and responsibility to ensure that the principles set out in the Code of Corporate Practices and Conduct as defined in the King II report are observed.

COMPLIANCE

In keeping with its commitment to corporate governance, the Board continually assesses its state of compliance with the Code of Corporate Practices and Conduct as defined in the King II report.

SUSTAINABILITY

Rainbow's corporate governance policy is aligned to ensure that the three pillars of sustainability, being Economic, Social and Environmental sustainability practices, are addressed in a structured manner so that the fundamentals of fairness, accountability, responsibility and transparency are apparent. The Group is committed to reporting on stakeholder issues in the most appropriate manner.

CODE OF ETHICS

It is a fundamental policy of the Group to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. All employees are required to comply with the spirit as well as the letter of this policy and to maintain the highest standards of conduct in all Group professional and social dealings.

The Board has adopted a code of ethics for the Group in order to:

- Clearly state what are acceptable and unacceptable practices
- Guide policy by providing a set of ethical corporate standards
- Encourage ethical behaviour of the Board, managers and employees at all levels
- Guide ethical decision-making
- Make ethical infringements easy to identify
- Promote awareness of, and sensitivity to, ethical issues
- Help resolve conflicts.

There has been full compliance with the Group's code of ethics during the year under review.

CORPORATE CODE OF CONDUCT

The Group is committed to:

- The highest standards of integrity in all its dealings with its stakeholders and society at large
- Carrying on of business through fair commercial competitive practices
- Trading with customers and suppliers who subscribe to ethical business practices
- Non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills
- Being proactive toward environmental and social sustainability issues.

BOARD OF DIRECTORS

Board structure and composition

The Board is the highest governing authority within the Group and has ultimate responsibility for governance. The Group has a unitary Board that comprises eight non-executive (three of whom are

independent) and two executive directors. The Chairman is not independent but the roles of Chairman and Chief Executive Officer are separate and a clear division of responsibility exists.

The executive directors have overall responsibility for implementing the Group's strategy. Non-executive directors complement the skills and experience of the executive directors and bring judgment to bear, independent of management, on issues of strategy, budgets, performance, resources, transformation, diversity, employment equity, standards of conduct and evaluation of performance, contributing to the formulation of policy and decision-making through inter alia their knowledge and experience.

The non-executive directors take responsibility for ensuring that the Chairman encourages proper deliberation of all matters requiring the Board's attention. The Board ensures that there is an appropriate balance of power and authority so that no one individual or block of individuals can dominate the Board's decision-making process.

Three new directors were appointed to the Board during the year. Mr GC Zondi was appointed to the Board with effect from 31 July 2008 and Messrs RV Smither and PR Louw were appointed with effect from 1 December 2008. Mr DG Zwiegelaar retired as a non-executive director on 19 November 2008.

Details of the directorate are provided on pages 20 and 21 of the annual report.

Conflict of interest

The Group has a formal policy, established by the Board and implemented by the Company Secretary, prohibiting dealing in securities by directors, officers and other selected employees for a designated period preceding the announcement of its financial results or in any other period considered sensitive. The Chairman through the Company Secretary in any event approves all dealings by directors during "open" periods.

Directors are also required to declare in advance any interest in a proposed transaction or arrangement with the Group.

Board responsibilities

The Board gives strategic direction to the Group under the Chairmanship of Mr MH Visser. The Board retains full and effective control over the Group and monitors executive management in implementing plans and strategies.

The Board and its committees are supplied with full and timely information which enables them to discharge their responsibilities. They have unrestricted access to all Group information, records, documents and property. Non-executive directors have access to management and may even meet separately with management, without the attendance of executive directors. The information needs of the Board are well defined and regularly monitored. All directors have access to the advice and services of the Company Secretary and there is an agreed procedure by which directors may obtain independent professional advice at the Group's expense, should they deem this necessary.

The Board has established a comprehensive control environment ensuring that risks are mitigated and the Group's objectives are achieved. This control environment sets the tone for the Group and covers ethical values, management's philosophy and the competence of employees.

The Board ensures that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with its shareholders and relevant internal and external stakeholders transparently, promptly and with substance prevailing over form.

Through the Audit Committee, the Board regularly reviews processes and procedures to ensure the effectiveness of the systems of internal control so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times. The Board, furthermore, identifies and monitors the non-financial aspects relevant to the business of the Group and reviews appropriate non-financial

The Board is the highest governing authority within the Group and has ultimate responsibility for governance

Corporate governance statement continued

Through the Risk Committee, the Board identifies the key risk areas and key performance indicators

information that goes beyond assessing the financial and quantitative performance of the Group, and looks at other qualitative performance factors, which take into account broader stakeholder issues. The Board is committed to conforming to good corporate governance, without impacting on the Group's entrepreneurial flair.

Through the Risk Committee, the Board identifies the key risk areas and key performance indicators for the Group. The Board has a process by which these are updated regularly.

The Board defines levels of authority, reserving specific power to itself and delegating other matters with the necessary written authority to management. These matters are monitored and evaluated on a regular basis.

Appointments to the Board

Procedures for appointment to the Board are formal and transparent and a matter for the Board as a whole. Following the appointment of new directors to the Board, visits to the Group's businesses and meetings with senior management, as appropriate, are offered to facilitate their understanding of the Group and their fiduciary responsibilities.

The Board is cognisant of the duties imposed on the Company Secretary who is accordingly empowered to properly fulfil those duties. In addition to the statutory duties, the Company Secretary provides the Board and directors individually with guidance as to how their responsibilities should be properly discharged in the best interests of the Group.

Remuneration

With effect from 1 April 2009 it was resolved that fees payable to Board and Committee Members are as follows:

R'000	2010		2009	
	Chairman	Member	Chairman	Member
Board	144	120	120	100
Audit Committee	100	40	70	30
Risk Committee	50	30	30	20
Remuneration Committee	40	30	30	20

The Remuneration Committee determines the remuneration of directors at levels sufficient to attract, retain and incentivise individuals of quality. Only non-executive directors receive fees for their services on the Board and on Board committees. Executive directors are remunerated in terms of their contracts of employment with the Group. Aside from executive directors' employment contracts, there are no other contracts of service between any of the directors and any subsidiaries within the Group.

Meeting attendance

The Board meets six times a year and has a formal schedule of matters reserved to it as recorded in its Board Charter.

The record of attendance of each director at Board meetings for the financial year ended 31 March 2009 is as follows:

	21/05/08	31/07/08	10/10/08	19/11/08	29/01/09	24/03/09
MH Visser	✓	✓	✓	✓	✓	✓
M Dally	✓	✓	✓	✓	✓	✓
RH Field	✓	✓	✓	✓	✓	✓
Dr M Griessel	✓	✓	✓	✓	✓	✓
PR Louw	n/a	n/a	n/a	n/a	✓	✓
JB Magwaza	✓	✓	✓	✓	–	✓
MM Nhlanhla	–	✓	✓	✓	✓	–
RV Smither	n/a	n/a	n/a	n/a	✓	✓
DW Vale	✓	✓	✓	✓	✓	✓
GC Zondi	n/a	✓	✓	✓	✓	✓
DG Zwiegelaar	✓	✓	✓	✓	n/a	n/a

✓ Indicates attendance

– Indicates absence with apologies

n/a Indicates not a member at that meeting date

BOARD COMMITTEES

The Board has established five principal Board committees to assist in discharging its responsibilities. They are the Audit Committee, Risk Committee, Remuneration Committee, Nominations Committee and Executive Management Team. Specific responsibilities have been formally delegated to these committees. Formal documented charters define terms of reference, duration and function, clearly agreed upon reporting procedures and scope of authority for each committee. There is transparency and full disclosure from the committees to the Board, except where mandated otherwise by the Board. Committees are free to take independent outside professional advice as and when necessary and are subject to evaluation by the Board to ascertain their performance and effectiveness.

Audit Committee

The role of the Audit Committee is to review the Group's financial position and make recommendations to the Board on all financial matters, business risks, internal control and compliance. This includes assessing the integrity and effectiveness of related control systems to ensure that the Group's business is conducted in a proper and economically sound manner. The committee also ensures effective communication between the internal auditors, external auditors and management.



Corporate governance statement continued

Audit Committee is comprised solely of independent non-executive directors

The Audit Committee is comprised solely of independent non-executive directors. Mr DW Vale chairs the committee and its other members are Dr M Griessel and Mr RV Smither. Mr DG Zwiegelaar was also a member during the year until his retirement in November 2008. All members of the committee have the required financial knowledge and experience to oversee and guide the Board and the Group in respect of the audit and corporate governance disciplines. The members of the committee have at all times acted in an independent manner.

The Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Group Audit and Risk Manager, Company Secretary and external auditors are invited to attend every meeting. Other members of the Board and management team attend as required. The committee meets separately with the external auditors and internal auditors twice a year without management present.

The Audit Committee has discharged its functions as follows:

- Reviewed the interim and year-end financial statements, culminating in a recommendation to the Board. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS)
 - considered and, when appropriate, made recommendations on internal financial controls
 - dealt with concerns or complaints relating to the following:
 - accounting policies
 - internal audit
 - auditing or content of annual financial statements
 - internal financial controls
- Reviewed the external audit reports on the annual financial statements
- Confirmed the internal audit charter and audit plan
- Reviewed the internal audit reports and, where relevant made recommendations to the Board
- Evaluated the effectiveness of risk management, controls and governance processes
- Verified the independence of the external auditors and of any nominee for appointment as the designated auditor
- Approved the audit fees and engagement terms of the external auditors
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

The Audit Committee meets at least three times a year. The record of attendance at the Audit Committee meetings for the financial year ended 31 March 2009 is as follows:

	20/05/08	9/10/08	19/11/08
DW Vale	✓	✓	✓
Dr M Griessel	✓	✓	✓
RV Smither	n/a	n/a	n/a
DG Zwiegelaar	✓	✓	✓

✓ Indicates attendance

n/a Indicates not a member at that meeting date

The committee continually monitors the independence and objectivity of the external auditors. During the course of the year under review the committee reviewed a report by the external auditors of relationships they consider may have a bearing on their independence and objectivity and confirmed the independence of the auditors.

As required by the JSE Listings Requirement 3.84(h), the Audit Committee is satisfied that the Chief Financial Officer has appropriate expertise and experience.

Risk Committee

The Risk Committee is responsible for overseeing the adequacy and overall effectiveness of the Group's risk management function and its implementation by management. The Risk Committee consists of three non-executive directors, the Chief Executive Officer and the Chief Financial Officer. Mr DW Vale chairs the Risk Committee and its other members are Dr M Griessel and Mr RV Smither. Mr DG Zwiendelaar was also a member during the year until his retirement in November 2008.

The committee sets the risk strategy, which is based on the need to identify, assess, manage and monitor all known forms of risk across the Group, in liaison with the executive directors and senior management. Risk registers are used at a Group and departmental level to identify, assess and monitor key financial and non-financial risks.

Management is accountable to the Board for designing, implementing and monitoring the processes of risk management and integrating it into the day-to-day activities of the Group. The risk tolerance philosophy is communicated to all managers and employees in an endeavour to incorporate this philosophy into the language and culture of the Group.

The Risk Committee reviews the Group's risk profile on a regular basis and the committee attests that there are adequate systems of internal control in place to mitigate the significant risks faced by the Group to an acceptable level. The systems are designed to manage, rather than eliminate, the risk of failure or to maximise opportunities to achieve business objectives.

In addition to the Group's other compliance and enforcement activities, the Risk Committee recognises the need for a confidential reporting process ("whistle-blowing") covering fraud and other risks. The "whistle-blowing hotline", an anonymous toll free number, is part of the Group's anti-fraud and anti-corruption efforts. This is supported by the code of conduct. It is a requirement that all employees sign an acknowledgement that they have read and understood the contents of the code and that contravention of the basic standards contained in the code result in disciplinary action, including dismissal.

In line with its commitment to transparency and accountability, the Group takes action against employees and others who are guilty of fraud, corruption or other misconduct, or who are in breach of the policies of the Group. Procedures are in place for the independent investigation of matters reported and for appropriate follow-up action.

Corporate governance statement continued



The Risk Committee meets at least twice a year. The record of attendance at the Risk Committee meetings for the financial year ended 31 March 2009 is as follows:

	9/10/08	23/03/09
DW Vale	✓	✓
M Dally	✓	✓
RH Field	✓	✓
Dr M Griessel	✓	✓
RV Smither	n/a	✓
DG Zwiigelaar	✓	n/a

✓ Indicates attendance
n/a Indicates not a member at that meeting date

Remuneration Committee

The Remuneration Committee is responsible for the assessment and approval of the Board remuneration strategy for the Group, determination of short- and long-term incentive pay structures for Group executives, positioning of senior executive pay levels relative to local and international industry benchmarks and assessment and authorisation of specific reward proposals for the Group's executive directors and management. The objective of the remuneration philosophy is to employ the necessary skills for the company to achieve its business goals and to base remuneration on personal and company performance in accordance with competitive market practices.

The Remuneration Committee consists of three non-executive directors. The Chairman of the Group, Mr MH Visser, is the Chairman of the Remuneration Committee. The other members during the year were Messrs JB Magwaza and DW Vale. The Chief Executive Officer, HR Director and Company Secretary attend meetings of the Remuneration Committee but are excluded from the review of their own remuneration.

A schedule setting out directors' remuneration and equity interest appears in the Remuneration Report on pages 35 and 36.

The Remuneration Committee meets at least twice a year. The record of attendance at the Remuneration Committee meetings for the financial year ended 31 March 2009 is as follows:

	20/05/08	9/10/08	29/01/09	24/03/09
MH Visser	✓	✓	✓	✓
JB Magwaza	✓	✓	–	–
DW Vale	✓	✓	✓	✓

✓ Indicates attendance
– Indicates absence with apologies

Nominations Committee

The Board as a whole acts as the Nominations Committee. The Board considers its composition, retirements and appointments of additional and replacement directors.

Executive directors are appointed to the Board on the basis of skill, experience and level of contribution to the Group and are responsible for the running of the business. Non-executive directors are selected on the basis of industry knowledge, professional skills and experience.

All directors are subject to election by shareholders, retire by staggered rotation and stand for re-election at least every three years in accordance with the Articles of Association. The names of directors submitted for election or re-election are accompanied by sufficient biographical information to enable shareholders to make an informed decision in respect of their election.

The Board has reviewed its required mix of skills and experience and other qualities such as its demographics and diversity in order to assess its effectiveness, its committees and the contribution of each director.

Executive Management Team

The Executive Management Team takes all day-to-day decisions relating to the Group and refers major decisions, which have their sanction, to the Board for approval. The Executive Management Team consists of the Chief Executive Officer, Chief Financial Officer and operational directors.

GOING CONCERN

The Board minutes the facts and assumptions used in the assessment of the going concern status of the Group at the financial year-end. At the interim reporting stage, the directors consider their assessment at the previous year-end of the Group's ability to continue as a going concern and determine whether or not any of the significant factors in the assessment has changed to such an extent that the appropriateness of the going concern assumption at the interim reporting stage has been affected.

ACCOUNTABILITY AND AUDIT

Auditing and accounting

The Board is of the opinion that the auditors observe the highest level of business and professional ethics and that their independence is not in any way impaired. The Group aims for efficient audit processes using its external auditors in combination with the internal audit function, and management encourages unrestricted consultation between external and internal auditors. The co-ordination of efforts involves periodic meetings to discuss matters of mutual interest, management letters and reports, and a common understanding of audit techniques, methods and terminology.

Internal financial controls

The directors are responsible for ensuring that internal control systems exist that provide reasonable assurance regarding the safeguarding of assets and the prevention of their unauthorised use or disposition, proper accounting records are maintained and the financial and operational information used in the business is reliable.

Internal audit function

The internal audit department is an independent appraisal function whose primary mandate is to examine and evaluate the effectiveness of the applicable operational activities, the attendant business risks, including those that arise subsequent to the year-end, and the systems of internal financial control, so as to bring material deficiencies, instances of non-compliance and development needs to the attention of the Audit Committee, external auditors and operational management for resolution.

Internal Audit is an independent, objective assurance and consulting activity to add value and improve the Group's operations. It helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It provides:

- Assurance that the management processes are adequate to identify and monitor significant risks
- Confirmation of the adequacy and effective operation of the established internal control systems
- Credible processes for feedback on risk management and assurance.

The purpose, authority and responsibility of the internal audit activity is formally defined in an Internal Audit Charter, which is approved by the Board, and which is consistent with the Institute of Internal Auditors' definition of internal auditing. The activities of the internal audit function are co-ordinated by the Group Audit and Risk Manager who has unrestricted access to the Audit Committee and its Chairman. The Group Audit and Risk Manager reports at all Audit Committee meetings. The Group Audit and Risk Manager reports administratively to the Chief Executive Officer.

Corporate governance statement continued

The Board accepts its duty to present a balanced and understandable assessment of the Group's position

The internal audit function co-ordinates with external auditors to ensure proper coverage and to minimise duplication of effort. The external auditors also review reports issued by internal audit. Internal audit plans are tabled annually to take account of changing business needs. Follow-up audits are conducted in areas where weaknesses are identified.

The internal audit plan, approved by the Audit Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the Audit Committee and senior management.

Relations with shareholders

It is the policy of the Group to pursue dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives taking due regard of statutory, regulatory and other directives regulating the dissemination of information by companies and their directors. To achieve this dialogue presentations are made to analysts, investors and the press and some one-on-one meetings are held with investors and analysts to communicate the strategy and performance of the Group. The quality of this information is based on the standards of promptness, relevance and transparency.

Rainbow makes every effort to ensure that information is distributed through an appropriate range of communication channels to ensure the security and integrity of the information and that critical financial information reaches all shareholders simultaneously.

The Board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders and the greater demands for transparency and accountability regarding non-financial matters. The quality of the information is based on the principles of openness and substance over form. The annual report seeks to address matters of significant interest and concern to all stakeholders and present a comprehensive and objective assessment of the Group, so that all stakeholders with a legitimate interest in the Group's affairs can obtain a full, fair and honest account of its performance.

Remuneration report

REMUNERATION COMMITTEE

The Remuneration Committee operates under the delegated authority of the Board. It focuses its activities on the Group's remuneration policy, the determination of levels of remuneration and annual incentive payments. It is responsible for the approval of all grants and awards under the Rainbow Share Incentive Scheme for executive directors and members of senior management.

The mandate of the Remuneration Committee also includes:

- Providing guidance on evaluating the performance of executive directors
- Reviewing and recommending to the Board the remuneration of executive directors
- Reviewing and approving general proposals for salary adjustments in the Group
- Approving principles on which short-term incentives for all staff are based
- Approving all grants pursuant to the Rainbow Share Incentive Scheme to staff
- Approving the overall cost of remuneration increases awarded to staff
- Approving annual performance bonuses
- Reviewing the executive succession plan.

The committee considers the views of the Chief Executive Officer on the performance and remuneration of his colleagues. The Chief Executive Officer, Company Secretary and human resource team assist the Remuneration Committee with analysis of external market data and trends.

In applying agreed remuneration policies, the Remuneration Committee is committed to the principles of accountability and transparency and to ensuring that the reward arrangements are linked to Group performance, are market related and support the business strategies.

GROUP REMUNERATION PHILOSOPHY

Recognising that the Group is operating in a competitive environment, the Rainbow remuneration philosophy:

- Plays an integral part in supporting the implementation of Rainbow's business strategies
- Motivates and reinforces individual and team performance
- Integrates financial and non-financial rewards and benefits
- Is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

Rainbow's application of remuneration practices:

- Aims to be market-competitive in specific labour markets in which people are employed
- Determines the value proposition of the various positions within job families or functions
- Ensures that performance management forms an integral part of remuneration, thereby influencing the remuneration components of base pay and incentives
- Applies good governance to remuneration practices within approved structures.

The alignment of these remuneration principles aims to meet the strategic objectives of:

- Attracting, retaining and motivating key and talented people
- Competing in the marketplace with the intention of being a preferred employer
- Rewarding individual and business performance and encouraging superior performance.

Remuneration report continued

Fixed remuneration

Following established market best practice, salaries are set with reference to the scope and nature of an individual's role and his or her performance and experience, comparing with the upper-quartile pay levels of South African companies to ensure sustainable performance and market-competitiveness.

Employees receive guaranteed packages which include membership of one of the Group's approved medical health care schemes and a vehicle allowance for necessary business travel. Retirement and risk benefits, including death-in-service benefits, also apply, subject to the rules of the Rainbow Pension and Provident Funds.

Employees' fixed remuneration is reviewed and increased annually in October by the Remuneration Committee.

Annual performance bonus

In addition to guaranteed packages, executive directors and members of management participate in an annual performance bonus scheme to reward the achievement of agreed Group financial, strategic and personal performance objectives.

The Remuneration Committee sets the performance target for the bonus scheme based on the annual budget which takes into account prevailing market conditions and ensures a demanding target is in place to encourage performance.

Long-term incentive plans – Rainbow Share Incentive Scheme

Executive directors and selected employees participate in the Rainbow Share Incentive Scheme, which is designed to recognise the contributions of senior employees to the growth in the value of the Group's financial position and performance and to retain key employees. Within the limits imposed by the company's shareholders and the JSE Limited, options are allocated to executive directors and selected employees in proportion to their contribution to the business.

The options, which are allocated at the closing market price ruling on the trading day approved by the Remuneration Committee, vest after stipulated periods and are exercisable up to a maximum of seven or ten years from the date of allocation.

Options granted vest as follows:

- First third – two years after grant date
- Second third – three years after grant date
- Final third – four years after grant date.

On retirement, the share options vest immediately. On resignation, share options which have not yet vested will lapse and share options which have vested may be taken up before the last day of service. On death, the beneficiaries have a period of six months from the date of death to exercise all options vested but not yet exercised at the date of death.

The Remuneration Committee grants share options as follows:

- When an employee is promoted or appointed to the relevant management level or position
- Supplementary share option grants are normally allocated annually, as approved by the Remuneration Committee.

POLICY ON DIRECTORS' FEES AND REMUNERATION

The directors are appointed to the Board to bring competencies and experience appropriate to achieving the Group's objectives.

Executive directors

The current employment agreements of executive directors outline the components of their remuneration. At present, remuneration is divided into two components: a fixed component and a variable component comprising an annual performance bonus and long-term incentives in the form of the current Rainbow Share Incentive Scheme, ensuring that a portion of their package is linked to the achievement of improved business performance.

Directors' service contracts

There are no fixed-term service contracts for executive or non-executive directors.

Non-executive directors

The Remuneration Committee determines the remuneration of non-executive directors.

DIRECTORS' EMOLUMENTS					
Executives	Basic salary	Bonus*	Pension contribution	Other benefits**	Total
	R'000	R'000	R'000	R'000	R'000
2009					
M Dally	3 754	2 410	316	114	6 594
RH Field	1 837	974	143	51	3 005
	5 591	3 384	459	165	9 599
2008					
M Dally	3 418	2 627	312	101	6 458
RH Field	1 657	1 044	130	57	2 888
	5 075	3 671	442	158	9 346

* Bonuses relate to the previous financial year.

** Other benefits include company contributions to disability insurance, medical aid and UIF.

Non-executives (for services as a director)	2009	2008
	R'000	R'000
Present directors		
MH Visser *	150	118
Dr M Griessel	150	103
JB Magwaza	120	92
MM Nhlanhla	100	75
DW Vale	265	293
GC Zondi **	17	
	802	681
Past directors		
DG Zwiigelaar *	130	100
	130	100
Total	932	781

* Paid to M&I Group Services Limited.

** Paid to Imbewu Capital Partners Consulting (Proprietary) Limited.

Remuneration report continued

DIRECTORS' INTERESTS							
Interests of directors of the company in share options granted							
Options granted to executive directors and unexpired or unexercised as at 31 March 2009 are as follows:							
	Options exercisable	Exercise price cents	Options at 31 March 2008	Options granted during the year	Options exercised during the year	Options at 31 March 2009	Gain on options exercised R'000
M Dally	232 000	665	464 000			464 000	
	259 737	1 039	779 211			779 211	
		1 635	1 101 317			1 101 317	
		1 420		504 245		504 245	
	491 737		2 344 528	504 245		2 848 773	
RH Field	16 103	510	16 103			16 103	
	131 822	530	131 822			131 822	
	128 000	665	256 000			256 000	
	77 163	1 039	231 491			231 491	
		1 635	573 639			573 639	
		1 420		264 404		264 404	
	353 088		1 209 055	264 404		1 473 459	
Total	844 825		3 553 583	768 649		4 322 232	
Interests of directors of the company in stated capital							
The aggregate beneficial holdings as at 31 March 2009 of those directors of the company holding issued ordinary shares of the company are detailed below:							
	2009		2008				
	Direct beneficial '000	Indirect beneficial '000	Direct beneficial '000	Indirect beneficial '000			
Executive directors							
M Dally	1 000		1 000				
RH Field	250		250				
Non-executive directors							
Dr M Griessel		5		5			
JB Magwaza*		2 559					
MM Nhlanhla*		343					
GC Zondi*		3 767					
	1 250	6 674	1 250	5			

* Assumes 100% vesting in terms of the BEE transaction.

There has been no change in the interest of the directors in the stated capital of the company since the end of the financial year to the date of this report.

Abridged sustainability report

INTRODUCTION

Rainbow's detailed sustainability report has previously been included as part of the annual report. This year an abridged report has been included which summarises the material issues impacting on the business. The detailed sustainability report can be accessed on Rainbow's website at www.rainbowchicken.co.za.

The report has drawn on the Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), as well as the criteria of the Sustainability Reporting Index (SRI) of the JSE Limited. The SRI criteria have been used for guidance only, with the reporting predominantly focusing on issues that are specifically material to Rainbow's business and stakeholder base.

Sustainable development is an integral and essential part of doing business locally and internationally. Rainbow seeks to inform all stakeholders on a regular basis about what is being done in terms of the three pillars of sustainability, namely Economic, Social and Environmental sustainability practices.

Rainbow uses corporate governance to underpin these practices to ensure that the fundamentals of fairness, accountability, responsibility and transparency are upheld and all stakeholders' expectations are met. Prioritising the management of all resources, scarce or not, and seeking to promote the development of previously disadvantaged groupings is a reflection of Rainbow's culture and the way it conducts business with its stakeholders.

MANAGEMENT OF SUSTAINABLE DEVELOPMENT

The Board of directors accepts overall responsibility for the advancement of sustainable development at Rainbow. To reflect the increasing importance of sustainability to the Group, the Risk Committee is now responsible for monitoring all sustainability issues. Under the leadership of the Processing Director, management is also held accountable for driving delivery and integration of sustainability at an operational level. The Risk Committee assists the Board in monitoring and overseeing the company's policies and practices with respect to sustainability, including health, safety, economic, environmental and social aspects.

By incorporating the policies and strategies into Rainbow's operational manuals, it ensures that sustainable practices are part of the normal day-to-day operational activity, that progress against targets is monitored regularly and that Rainbow's commitment to sustainability is evidenced within the business.

KEY STAKEHOLDER CONCERNS AND SUSTAINABILITY RISKS

Consumers are becoming increasingly proactive with regard to issues such as health and safety, farming practices, animal welfare, product safety and product labelling. Rainbow regards these issues as critical to its business and addresses them in a variety of ways.

Prioritising the management of all resources and seeking to promote the development of previously disadvantaged groupings is a reflection of Rainbow's culture and the way it conducts business with its stakeholders

Abridged sustainability report continued



Key area	What do we do?
Consumer health and safety	<p>Certified meat inspectors, processing and engineering personnel ensure safe products complying with defined specifications</p> <p>Quality assurance teams verify processing, food safety, legal and quality compliance by conducting audits</p> <p>Total Integrated Management System (TIMS) tools are used to monitor, trend, verify, validate and report facility standards, equipment standards, processes and activities that impact on processing performance, food safety and product quality</p> <p>Cold chain maintenance during processing</p> <p>Ensuring that raw materials (chickens), ingredients and packaging materials are traceable and mock recalls are conducted</p>
Locally produced	<p>Rainbow products are produced from 100% South African reared chickens</p>
Labelling	<p>Conforms to the Foodstuffs, Cosmetics and Disinfectant Act (Act 154 of 1972)</p> <p>Supports the Consumer Goods Council of South Africa (CGCSA) and Global Standards (GS1) in listing of all products with GS1</p> <p>Labelling of all saleable units with EAN-13 barcodes and cartons with ITF-14 barcodes</p> <p>Carton labels reflect production batch number, case number, production date and sell-by date</p> <p>Suppliers of packaging material with pre-printed barcodes are obliged to comply with GS1 standards</p>
Farming practices	
<i>Animal welfare</i>	<p>Rainbow subscribes to the British Poultry Council's Assured Chicken Production Programme that sets the highest standards for the nutrition and welfare of poultry</p>
<i>Bird housing</i>	<p>Birds are reared in environmentally controlled houses or temperature controlled and ventilated open-sided houses</p> <p>Birds are able to roam around with free access to feed and water within the houses</p> <p>By housing the birds Rainbow mitigates the risk of the birds coming into contact with any wild birds and their faeces, both of which could be carriers of disease</p>

Key area	What do we do?
	<p>Access to all farms and houses are regulated by strict bio-security measures that include:</p> <ul style="list-style-type: none"> • Use of security personnel to control access to farms • Fences around all farms and chicken houses • Personnel shower on entry and exit and wear company garments and gumboots <p>Footbaths are present at all doors to houses</p>
<i>Feed</i>	<p>Feed raw materials are controlled by the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act (Act 36 of 1947)</p> <p>Feed raw materials are mainly maize and soya based ingredients with vitamins and proteins added to ensure the development of healthy flocks</p> <p>Feed formulations are specified by internal nutritionists</p>
<i>Animal health and safety</i>	<p>Flock treatment is controlled by the Medicines and Related Substances Control Act (Act 101 of 1965)</p> <p>Medication, dosages and method of application may only be prescribed by Rainbow veterinarians and withdrawal periods are strictly monitored</p> <p>Rainbow maintains a “human list” of medicines to eliminate use of human medicines for flock health to protect consumer health</p> <p>Strict bio-security practices are maintained</p> <p>Notifiable disease management teams ensure maintenance and verification of the notifiable disease prevention and action programme</p> <p>Animal welfare audits are conducted</p> <p>SPCA regularly inspects the processing plants to ensure that the processes and practices are humane</p>
Halaal status	<p>Chickens are slaughtered by Halaal slaughterers and all ingredients used for Rainbow brands have Halaal status</p> <p>Inspectors from the South African National Halaal Authority (SANHA) and from the Muslim Judicial Council (MJC) ensure that all practices are in accordance with Halaal standards</p>
Consumer insight	<p>Marketing and product development teams ensure that Rainbow develop and market competitive brands at competitive prices</p> <p>Rainbow keeps abreast of national and international trends, through research and consumer interactions within a variety of target markets</p>



Abridged sustainability report continued



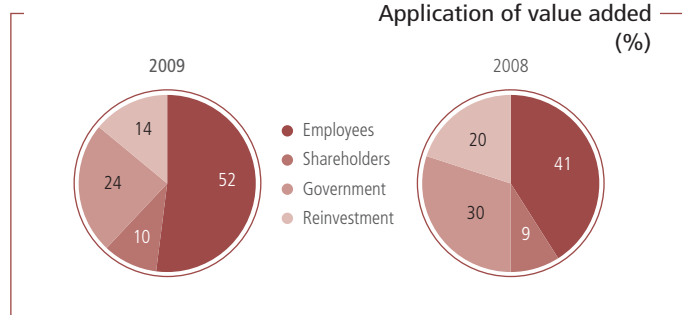
ECONOMIC SUSTAINABILITY PRACTICES

Creating value for stakeholders through sustainable economic growth and development encompasses a number of elements. In generating economic value for shareholders and other stakeholders, Rainbow provides a quality and affordable food source to the South African nation and creates jobs both within the business and along the supply chain in the formal and informal sectors. Rainbow is committed to doing business through fair commercial competitive practices and to trading with customers and suppliers that subscribe to the same high ethical business practices.

The business generated R317 million in net income during 2009, from which major stakeholders benefited in varying proportions as indicated in the table below. Employees were the main beneficiaries, followed by government through taxes and shareholders through dividends.

Value added statement	%	2009	%	2008
		R'000		R'000
Revenue		6 811 448		5 955 327
Paid to suppliers		(4 882 731)		(3 711 507)
Value added by operations		1 928 717		2 243 820
Finance income		22 875		34 248
TOTAL VALUE ADDED		1 951 592		2 278 068
Applied as follows:				
TO PAY EMPLOYEES				
Salaries, wages and benefits	51,8	1 010 100	40,7	927 538
TO PAY PROVIDERS OF CAPITAL				
Interest	0,3	5 059	0,1	2 566
Dividends	10,1	197 755	9,2	208 803
TAXATION				
Taxation (including STC)	6,4	124 203	12,0	272 730
VAT	11,4	222 884	11,5	262 610
PAYE	5,4	105 816	5,8	132 229
Rates, taxes and skills development levy	0,9	16 849	0,2	5 003
RE-INVESTED IN THE BUSINESS				
Depreciation	7,6	149 229	6,0	136 426
Retained earnings	6,1	119 697	14,5	330 163
	100,0	1 951 592	100,0	2 278 068

Application of value added (%)



BLACK ECONOMIC EMPOWERMENT (BEE)

Rainbow fully supports the principles embodied in the BEE Act 53 of 2003, the BEE codes of good practice and the Agricultural BEE Sector Transformation Charter aimed at ensuring greater participation by black people in the country's agricultural sector.

Following the codes of good practice interpretive guidelines published by the Department of Trade and Industry, which allowed the industry to apply the code more consistently and within the spirit of its intent, Rainbow has progressed and aligned its empowerment strategies further and has begun to implement focused BEE activities.

Rainbow is currently listed on the Department of Trade and Industry BEE Registry, viewable under the reference number BEE3585171.

BEE scorecard			
BEE category	Element	Weighting	Score
Direct empowerment	Ownership	20	10,63
	Management	10	2,68
HR development	Employment equity	15	2,79
	Skills development	15	4,51
Indirect empowerment	Preferential procurement	20	8,33
	Enterprise development	15	15,00
	Social economic development	5	1,64
		Total score	45,58*
		Recognition status	Level 6 – 60% contributor

* Certified by Sizwe Ntsaluba VSP 21 January 2009.

Value adding supplier

Rainbow qualifies as a value adding supplier per the codes – this is a formula that looks at the net profit before taxation plus labour cost as a percentage of turnover. The result was in excess of 25%, hence the value adding supplier status. This translates into enhanced procurement recognition for Rainbow's customers. A factor of 1,25 is applied to the spend with Rainbow, resulting in an effective 75% recognition level for Rainbow's customers.

Ownership

Rainbow's BEE transaction was approved by shareholders on 18 March 2008, which through vendor financing enabled a 15% stake of Rainbow's issued share capital to be acquired for R915,6 million by a broad-based consortium. The lead partner is Imbewu Capital Partners, a KZN-based consortium, as well as Ikamva Labantu, Rainbow employees and Mrs M Nhlanhla, a non-executive director of Rainbow. Rainbow's employees are the largest shareholder in the BEE consortium and hold a 42,7% interest through the Rainbow Employee Trust. The Rainbow Employee Trust will enable employees to share in the benefits of the performance of the business.

The verifiable BEE ownership of Rainbow following the BEE verification exercise, equates to an effective black ownership of 17,44%.

Abridged sustainability report continued

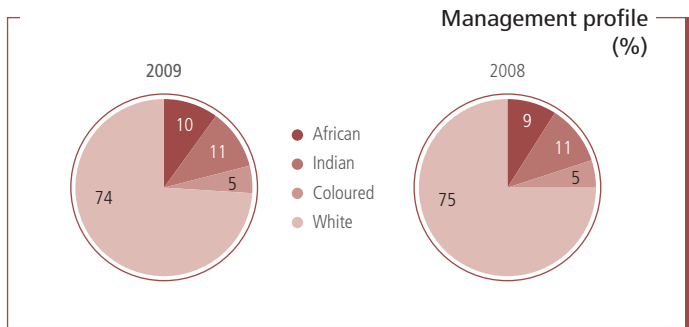
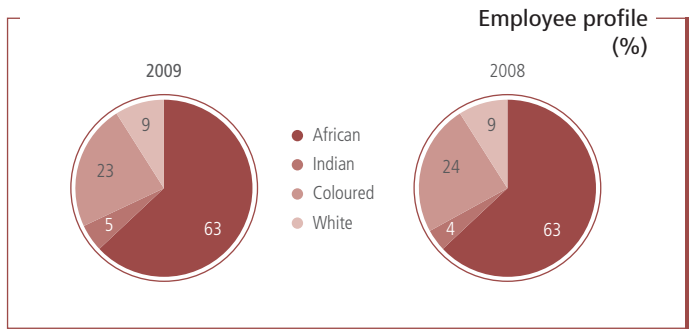
STAFF

Rainbow recognises the importance of its people and is focused on building a community of inspirational people who have a common purpose. Rainbow's employment statistics are as follows:

EMPLOYMENT STATISTICS AS AT 31 MARCH 2009											
	Race										Total
	African		Indian		Coloured		White		Total		
	M	F	M	F	M	F	M	F	M	F	
Executive directors	1						8		9		9
Senior managers	3	1	6	2			69	7	78	10	88
Middle managers	20	4	17	6	10	3	84	42	131	55	186
Total management (number)	24	5	23	8	10	3	161	49	218	65	283
Total management (%)	8,5	1,8	8,1	2,8	3,5	1,1	56,9	17,3	77,0	23,0	100,0
Senior staff/supervisory	225	73	93	39	98	35	198	123	614	270	884
Other	2 644	1 674	127	41	771	812	48	112	3 610	2 639	6 249
Total (number)	2 913	1 752	243	88	879	850	407	284	4 442	2 974	7 416
Total (%)	39,3	23,6	3,3	1,2	11,9	11,5	5,5	3,8	59,9	40,1	100,0

EMPLOYMENT STATISTICS AS AT 31 MARCH 2008											
	Race										Total
	African		Indian		Coloured		White		Total		
	M	F	M	F	M	F	M	F	M	F	
Executive directors	1						11		12		12
Senior managers	1		6	2			65	8	72	10	82
Middle managers	19	3	19	3	12	1	80	43	130	50	180
Total management (number)	21	3	25	5	12	1	156	51	214	60	274
Total management (%)	7,7	1,1	9,1	1,8	4,4	0,4	56,9	18,6	78,1	21,9	100,0
Senior staff/supervisory	205	65	93	33	97	31	210	124	605	253	858
Other	2 644	1 832	130	49	827	884	51	104	3 652	2 869	6 521
Total (number)	2 870	1 900	248	87	936	916	417	279	4 471	3 182	7 653
Total (%)	37,5	24,8	3,2	1,1	12,2	12,0	5,5	3,7	58,4	41,6	100,0

RECONCILIATION OF EMPLOYEE MOVEMENTS FOR THE YEAR		
	2009	2008
Employees at the beginning of the year	7 653	7 223
Add: Recruitment	833	1 301
Less: Deaths	(71)	(64)
Discharges	(398)	(329)
Disabilities	(22)	(23)
Resignations	(441)	(361)
Retirements	(133)	(94)
End of contract	(5)	
Employees at the end of the year	7 416	7 653
Staff turnover (%)	14,0	12,1



Abridged sustainability report continued



ENVIRONMENTAL SUSTAINABILITY PRACTICES

Environmental and operational risks

Rainbow has identified the following potential environmental risks in its operations:

Environmental risks	Risks are mitigated by
Fires	An environmental policy providing the framework for setting and reviewing environmental objectives and targets
Air pollution	
Natural resource depletion	
Hazardous chemical, diesel and gas spillage	Environmental management programmes and key performance indicators that are monitored regularly
Odours from processing plants and mills	
Poultry disease outbreaks on farms	Extensive training programmes
Energy consumption	Bio-security and security procedures at all operations
Ground and surface water pollution	Detailed health and safety procedures
Waste disposal	Supply agreements with registered waste companies for the safe disposal of diseased birds and contaminated or hazardous waste
Water shortages and water quality	Fire breaks maintained on all farming operations
	Bund walls around all diesel tanks
	Chemical storerooms allowing for segregation of hazardous chemicals
	Electronic fuel filling and monitoring systems, computerised vehicle routing system to route deliveries in the most efficient manner and technologically advanced tracking system to monitor the adherence to the most efficient planned route
	Continuous water quality assessments and proactive management to ensure sufficient water supply

Key operational risks are outlined on page 18 in the financial review section.

Rainbow takes full responsibility for the impact it has on the environment by charging every Rainbow employee to ensure effective use of resources. In addition, Rainbow favours suppliers and partners who have similar environmental policies. New contracts and tenders require a full report of supplier's initiatives and policies. Current suppliers are evaluated regularly to ensure that they comply with environmental policies and are working to improve their business process and practice towards an eco friendly business.

CONCLUSION

Due to the nature of its activities Rainbow has the potential to make a valuable contribution to the sustainability initiative. Consumers and investors are increasingly expecting companies to demonstrate concern for their employees, to minimise the environmental impacts of their products, to require ethical performance of suppliers and to support communities in which they operate. Rainbow believes it makes sound business sense to embrace sustainability as a strategic issue and to proactively manage and report on our sustainability performance.

Key statistics	2009	2008	2007
Economic performance indicators			
Impact on suppliers (Rm)			
Total paid to suppliers	4 886	3 711	2 834
Total paid to BEE suppliers	717	521	204
Contracted spend (excludes commodities)	1 729	1 407	785
Major sources of suppliers for contracted spend:			
– External transport	370	258	253
– Total contract growers	106	91	85
– BEE contract growers	15	17	16
– Electricity	92	84	82
Impact on employees (Rm)			
Total payroll and benefits	1 010	928	833
Impact on providers of capital (Rm)			
Total interest paid to funders	5	3	3
Total dividends to ordinary shareholders	198	209	169
Impact on public sector (Rm)			
Total taxes paid	470	672	490
Environmental performance indicators			
Water consumption (kilolitres)	5 400 998	6 897 673	6 604 444
Energy consumption			
– Coal (tons)	26 300	25 253	36 468
– Gas (kilolitres)	32 178	32 235	28 251
– Diesel (kilolitres)	7 008	6 373	6 549
Waste and recycled products			
– Cardboard waste (tons)	305	105	198
– Coal ash (m ³)	5 627	6 025	4 858
– Litter (m ³)	406 770	434 979	447 824
– Plastic waste (tons)	126	114	186
– Scrap metal and timber (tons)	339	229	232
– Treated water for recycling (kilolitres)	3 658 895	2 699 448	2 640 893
Non-compliance, prosecution and fines	0	0	0
Social performance indicators			
Full-time employees	7 416	7 653	7 223
Net full-time employment creation	–237	+430	+537
% bargaining unit employees	72	75	74
Training expenditure (Rm)	15	13	8
Disabling incident frequency rate*	1,10	1,23	1,46
* Disabling incident frequency rate relates to the number of disabling incidents per 200 000 manhours worked. Disabling incident is defined as any incident in which an employee is booked off work for more than a shift following the incident.			



Financial statements

for the year ended 31 March 2009

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Approval of the annual financial statements for the year ended 31 March 2009

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the Group and other information included in this report which has been prepared in accordance with International Financial Reporting Standards. The directors are also responsible for the systems of internal control.

The directors, supported by the Audit Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditors on the results of their statutory audit, that the Group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the Group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the annual financial statements, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the annual financial statements present fairly the financial position of the company and the Group at 31 March 2009 and the results of its operations for the year then ended. The directors are also of the opinion that the Group will continue as a going concern in the year ahead.

The annual financial statements set out on pages 47 to 83, which have been prepared on the going concern basis, were approved by the Board of directors on 9 June 2009 and are signed on its behalf by:



MH VISSER
Non-executive Chairman



M DALLY
Chief Executive Officer

Report of the audit committee for the year ended 31 March 2009

The Audit Committee submits this report, as required in terms of the Companies Act (Act 61 of 1973), as amended ("the Act") in respect of the year ended 31 March 2009. The Audit Committee consists of three non-executive directors who act independently as described in section 269A of the Act. During the year under review three meetings were held and the committee members attended all the meetings. At the meetings the members fulfilled all their functions as prescribed by the Act. A detailed list of the functions of the Audit and Risk Committees are contained in the corporate governance statement. The Audit Committee has satisfied itself that the auditors are independent of the company and the Group and are thereby able to conduct their audit functions without any influence from the Group.



DW Vale
Chairman of the Audit Committee

9 June 2009

Certificate by the company secretary for the year ended 31 March 2009

I hereby certify that in respect of the year ended 31 March 2009, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 268 G (d) of the Companies Act (Act 61 of 1973), as amended, and that all such returns are true, correct and up to date.



JMJ Maher
Company Secretary

9 June 2009

Report of the independent auditors for the year ended 31 March 2009

TO THE MEMBERS OF RAINBOW CHICKEN LIMITED

We have audited the annual financial statements and Group annual financial statements of Rainbow Chicken Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 March 2009, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 47 to 83.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the Group as of 31 March 2009, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc

Director: SJ Ashforth

Registered Auditor

Durban

9 June 2009

Report of the directors for the year ended 31 March 2009

NATURE OF BUSINESS

Rainbow Chicken Limited, the holding company of the Group, is incorporated in the Republic of South Africa and was listed on the JSE Limited in 1989. Rainbow Chicken Limited is the holding company of three principal operating subsidiaries being Rainbow Farms (Proprietary) Limited, Rainbow Chicken Foods (Proprietary) Limited and Vector Logistics (Proprietary) Limited. These subsidiaries enable the Group to operate as a vertically integrated chicken producer.

STATED CAPITAL

There was no change in the authorised share capital of the company during the year under review. The issued share capital increased by 1 315 734 (2008: 7 292 206) ordinary shares during the year due to share options being exercised. At the balance sheet date, unexercised options had been granted to participants in the Rainbow Share Incentive Scheme in respect of 15 803 393 (2008: 14 001 900) shares. These options are granted at the discretion of the directors.

On 30 July 2008, 51 177 217 shares were issued to Eagle Creek Investments 620 (Proprietary) Limited in terms of the BEE transaction. For accounting purposes, these shares are not treated as issued.

Shareholders will be asked to consider an ordinary resolution at the forthcoming Annual General Meeting to place the unissued shares of the company under the control of the directors until the following Annual General Meeting.

FINANCIAL RESULTS

The profit attributable to the equity holders of the company for the year ended 31 March 2009 amounted to R317,5 million (2008: R539,0 million). This translates into a headline earnings per share of 109,6 cents (2008: 182,8 cents) based on the weighted average shares in issue during the year.

DIVIDENDS

Ordinary dividends declared and paid in respect of the year under review are as follows:

Number 71 amounting to R69,9 million (24,0 cents per ordinary share) declared on 19 November 2008 and paid on 19 January 2009.

Number 72 amounting to R128,2 million (44,0 cents per ordinary share) declared on 9 June 2009 and payable on 13 July 2009.

The salient dates of the declaration and payment of dividend number 72 are as follows:

Last date to trade ordinary shares "cum" dividend	Friday, 3 July 2009
Ordinary shares commence trading "ex" dividend	Monday, 6 July 2009
Record date	Friday, 10 July 2009
Payment date	Monday, 13 July 2009

Share certificates may not be dematerialised or rematerialised between Monday, 6 July and Friday, 10 July 2009 (both dates inclusive).

BEE TRANSACTION

Rainbow's BEE transaction was concluded on 30 July 2008 with the issue of the 15% shares to the consortium. As noted in the 2008 annual report, for accounting purposes the transaction is treated as an option and therefore does not impact the per share calculations. The only impact on Rainbow's results will be the recurring employee portion of the option charge and STC payable on dividends declared in respect of the 15% BEE shares.

SUBSIDIARIES

Details of Rainbow Chicken Limited's interest in its subsidiaries are set out in note 1 on page 83. The aggregate profit after taxation, so far as concerns the interest of the company in its subsidiaries, amounts to R320,6 million (2008: R537,3 million).

HOLDING COMPANY

Industrial Partnership Investments Limited, a company incorporated in the Republic of South Africa and a wholly-owned subsidiary of Remgro Limited, is the holding company of Rainbow Chicken Limited.

DIRECTORS AND SECRETARY

The names of the directors and Company Secretary are listed on pages 20, 21 and 48 respectively. Following the implementation of the BEE transaction, with effect from 31 July 2008, Mr GC Zondi was appointed as a non-executive director. Mr DG Zwiigelaar retired from the Board on 19 November 2008 and Mr RV Smither and Mr PR Louw were appointed on 1 December 2008.

DIRECTORS' SHAREHOLDINGS

At the date of this report, the directors in aggregate held direct beneficial interests in 1 250 000 (2008: 1 250 000) ordinary shares in the company and had indirect beneficial interests in 6 674 280 (2008: 5 280) ordinary shares. Details of directors' shareholdings are set out in the remuneration report on page 36.

SUBSEQUENT EVENTS

No material change has taken place in the affairs of the Group between the end of the financial year and the date of this report.

Group balance sheet as at 31 March 2009

	Note	2009 R'000	2008 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	1 383 196	1 243 670
Intangible assets	2	287 444	287 444
Deferred taxation	3	5 796	
		1 676 436	1 531 114
Current assets			
Inventories	4	543 925	521 945
Biological assets	5	429 553	369 224
Trade and other receivables	6	987 503	862 591
Derivative financial instruments	7	6 295	16 768
Taxation receivable		6 965	21 688
Cash and cash equivalents		528 084	509 894
		2 502 325	2 302 110
Total assets		4 178 761	3 833 224
EQUITY			
Stated capital	8	1 166 762	1 157 092
Share-based payments reserve	9	97 932	78 519
Retained earnings		1 221 216	1 101 519
Total equity		2 485 910	2 337 130
LIABILITIES			
Non-current liabilities			
Deferred taxation	3	243 709	240 041
Retirement benefit obligations	10	85 655	80 862
		329 364	320 903
Current liabilities			
Trade and other payables	11	1 329 764	1 126 210
Provisions	12	17 500	43 251
Finance lease liability	13		177
Derivative financial instruments	7	16 223	1 394
Taxation payable			4 159
		1 363 487	1 175 191
Total liabilities		1 692 851	1 496 094
Total equity and liabilities		4 178 761	3 833 224

Group income statement for the year ended 31 March 2009

	Note	2009 R'000	2008 R'000
Revenue		6 811 448	5 955 327
Operating profit before non-recurring items and depreciation		549 268	925 808
Legal disputes provision release		23 800	
Feed claim recovery			40 000
BEE expense	14		(49 368)
Operating profit before depreciation		573 068	916 440
Depreciation	15	(149 229)	(136 426)
Operating profit	16	423 839	780 014
Finance costs	17	(5 059)	(2 566)
Finance income	18	22 875	34 248
Profit before taxation		441 655	811 696
Taxation	19	(124 203)	(272 730)
Profit for the year attributable to the equity holders of the company		317 452	538 966
Earnings per share (cents)	20		
– basic		109,1	186,5
– diluted		109,1	184,6

Group statement of changes in equity for the year ended 31 March 2009

	Stated capital R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2007	1 127 285	22 248	771 356	1 920 889
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
Balance at 1 April 2008	1 157 092	78 519	1 101 519	2 337 130
Profit for the year attributable to the equity holders of the company			317 452	317 452
Ordinary dividends paid			(197 755)	(197 755)
BEE share-based payments charge		3 383		3 383
Employee share option scheme:				
Proceeds from shares issued	9 670			9 670
Value of employee services		16 030		16 030
Balance at 31 March 2009	1 166 762	97 932	1 221 216	2 485 910

Group cash flow statement for the year ended 31 March 2009

	Note	2009 R'000	2008 R'000
Cash flows from operating activities			
Cash generated by operations	A	594 534	617 234
Finance costs		(5 059)	(2 566)
Finance income		22 875	34 248
Taxation paid	B	(115 767)	(239 641)
Cash available from operating activities		496 583	409 275
Dividends paid		(197 755)	(208 803)
Net cash inflow from operating activities		298 828	200 472
Cash flows from investing activities			
Replacement property, plant and equipment		(153 065)	(196 362)
Expansion property, plant and equipment		(140 053)	(119 137)
Proceeds on disposal of property, plant and equipment		2 987	4 990
Net cash outflow from investing activities		(290 131)	(310 509)
Cash flows from financing activities			
Issue of shares		9 670	29 807
Decrease in finance lease liability		(177)	(212)
Net cash inflow from financing activities		9 493	29 595
Net movement in cash and cash equivalents		18 190	(80 442)
Cash and cash equivalents at the beginning of the year		509 894	590 336
Cash and cash equivalents at the end of the year		528 084	509 894

Notes to the group cash flow statement for the year ended 31 March 2009

	2009 R'000	2008 R'000
A. CASH GENERATED BY OPERATIONS		
Operating profit	423 839	780 014
Adjusted for:		
Depreciation	149 229	136 426
Loss on disposal of property, plant and equipment	1 376	269
Net asset impairment provision released		(15 732)
Movement in retirement benefit obligations	4 793	5 327
Movement in provisions	(25 751)	2 564
Share-based payments – BEE charge	3 383	45 468
Share-based payments – employee share option scheme	16 030	10 803
	572 899	965 139
Working capital changes:		
Movement in inventories	(21 980)	(112 589)
Movement in biological assets	(60 329)	(99 946)
Movement in trade and other receivables	(124 912)	(398 052)
Movement in derivative financial instruments	25 302	(29 375)
Movement in trade and other payables	203 554	292 057
	21 635	(347 905)
	594 534	617 234
B. TAXATION PAID		
Paid in advance/(unpaid) at the beginning of the year	17 529	(25 102)
Charged to the income statement	(126 331)	(197 010)
Normal taxation	(100 085)	(174 989)
Prior year (under)/over provision	(5 242)	2 339
Secondary taxation on companies	(21 004)	(24 360)
Paid in advance at the end of the year	(6 965)	(17 529)
	(115 767)	(239 641)

Accounting policies for the year ended 31 March 2009

BASIS OF PREPARATION

The Group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act (Act 61 of 1973) as amended, and the Listings Requirements of the JSE Limited. The financial statements have been prepared using the historical cost convention except for biological assets and financial instruments at fair value through the income statement. The accounting policies are consistent with those of the previous year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed on page 61.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued, liabilities and contingent liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. All inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Dividend income from subsidiaries is recognised when the right to receive payment is established.

Special purpose entities are consolidated when the substance of the relationship between the Group and the special purpose entity indicates that the Group effectively controls the entity.

The accounting policies of subsidiary companies conform to the policies adopted by the Group. Investments in subsidiaries are accounted for at cost less impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on property, plant and equipment at rates that reduce the cost thereof to estimated residual values over the expected useful lives of the assets on a straight-line basis. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Depreciation is calculated over the following estimated useful lives:

Buildings	25 – 50 years
Plant and equipment	10 – 30 years
Vehicles	3 – 8 years
Furniture	10 – 20 years

Land is not depreciated.

INTANGIBLE ASSETS

Trademarks

Trademarks are recognised at cost. They have finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their expected useful lives of 15 years.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the subsidiary at the date of acquisition. It is reported in the balance sheet as a non-current asset, tested annually for impairment and carried at cost less accumulated impairment losses. It is allocated to cash-generating units for the purpose of impairment testing. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

INVENTORIES

Finished goods, processed chicken, raw materials and consumables are valued at the lower of cost, determined on a first-in first-out basis, and net realisable value. Costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition, all direct production costs and an appropriate portion of overheads based on normal capacity. Slaughtered chickens are transferred to inventory at fair value less estimated point-of-sale costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

BIOLOGICAL ASSETS

Breeding stock includes the Cobb grandparent breeding and the parent rearing and laying operations. Broiler hatching eggs are included in breeding stock.

Biological assets are measured at fair value less estimated point-of-sale costs at reporting dates. Fair value is determined based on market prices or, where market prices are not available, by reference to sector benchmarks.

Gains and losses arising on the initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs are charged to the income statement in the year in which they arise.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at each reporting date.

STATED CAPITAL

Ordinary shares are classified as equity.

Where options are exercised, the option value is credited to stated capital.

CURRENT AND DEFERRED TAXATION

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxation is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date and that are expected to apply to the period when the liability is settled or asset realised. Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax value used in the computation of taxable income. Deferred taxation assets are raised only to the extent that their recoverability is probable.

Accounting policies for the year ended 31 March 2009

Deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time affects neither accounting nor taxable profit or loss.

A deferred taxation liability is recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis.

EMPLOYEE BENEFITS

Retirement funds

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

For the defined benefit plan, the pension accounting costs are assessed every three years by qualified actuaries, using the projected unit credit method. A liability is recognised in the balance sheet in respect of defined benefit pension plans if the present value of the defined benefit obligation at the balance sheet date is less than the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The pension obligation is measured as the present value of the estimated future cash outflows using the interest rates of government securities that have terms to maturity approximating the terms of the related liability.

If the cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of ten percent of the defined benefit obligation or ten percent of the value of plan assets, that excess is recognised in future periods over the expected average remaining working lives of the participating employees.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Post-retirement medical benefits

For Rainbow and Vector employees engaged pre October 2003 and January 1997 respectively, the Group provides post-retirement medical benefits to its retirees. The entitlement to post-retirement medical benefits is based on the employees remaining in service up to retirement age. The projected unit credit method of valuation is used to calculate the liability for post-retirement medical benefits.

If the cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed ten percent of the obligation, that excess is recognised in future periods over the expected average remaining working lives of the participating employees.

Bonus plan

The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Management participates in a bonus plan whereby bonuses are paid in respect of out-performance against targets. All bonuses are authorised by the Remuneration Committee.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity and is based on the Group's estimate of shares that will eventually vest. Fair value is measured by the use of a binomial model excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. The Group recognises the impact on the original estimates, if any, in the income statement with a corresponding adjustment to equity.

LEASES

Leases of property, plant and equipment where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Finance leased assets are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the future minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The assets are depreciated over the shorter of the period of the lease or the period over which the particular category of asset is otherwise depreciated. Lease finance charges are charged to the income statement over the term of the relevant lease using the effective interest rate method.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-taxation rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

REVENUE

Sale of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured. Revenue includes the invoiced price of goods sold, after the deduction of incentive rebates and settlement discounts. Value Added Taxation and inter-company transactions are not included in the determination of revenue.

BEE TRANSACTIONS

BEE transactions where the Group receives or acquires goods or services as consideration for the issue of equity instruments of the Group are treated as share-based payment transactions.

BEE transactions where employees are involved are measured and accounted for on the same basis as share-based payments as disclosed above.

Transactions in which share-based payments are made to parties other than employees are measured by reference to the fair value of equity instruments granted if no specific goods or services are received. Vesting of the equity instrument occurs immediately and an expense and related increase in equity is recognised on the date that the instrument is granted. No further measurement or adjustments are required as it is presumed that the BEE credentials are received upfront.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include derivative instruments, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt. Financial instruments are recognised when the Group is party to a contractual arrangement and are initially measured at fair value.

The Group classifies its financial assets at fair value through the income statement and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through the income statement

A financial asset is recognised at fair value through the income statement if acquired principally for selling in the short-term. Derivatives are categorised as held for trading and are classified as current assets.

Loans and receivables

Loans and receivables with fixed or determinable payments that are not quoted in an active market are included in current assets as non-derivative financial assets. Maturities longer than twelve months after the balance sheet date are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

Accounting policies for the year ended 31 March 2009

Financial assets (or a portion thereof) are de-recognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition the difference between the carrying amount of the financial asset and the proceeds receivable is included in the income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and any amount paid is included in the income statement.

The fair values of financial instruments traded in an organised financial market are measured at the applicable quoted prices. The fair value of the financial instruments not traded in an organised financial market are determined using a variety of methods and assumptions that are based on market conditions and risk existing at balance sheet date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible values that may differ from the values that will be finally realised.

Derivative instruments

Derivative instruments include forward exchange contracts, options and futures contracts and derivatives embedded in procurement contracts. Derivatives are measured at fair value. Any gain or loss as a result of fair value adjustments is recognised in the income statement. Forward commitments to purchase maize for own use and consumption are designated executory in nature, and excluded from the fair value adjustment. Embedded derivatives are treated as separate derivatives when their risk and characteristics are not closely related to those of the host contract.

Trade and other receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less accumulated impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties or delinquency in payments are considered to be indicators that trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The difference is recognised as an expense. When a trade receivable is uncollectible it is written-off against the provision account for trade receivables. Subsequent recoveries of amounts previously written-off are credited in the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments.

Trade and other payables

Trade and other payables are measured at amortised cost.

Offset

Financial assets and financial liabilities are offset if there is a currently enforceable legal right to offset and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

FOREIGN CURRENCY

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in South African rands which is the company's presentation and functional currency.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's Board.

Secondary taxation on companies is provided for in respect of dividend payments, net of dividends received or receivable and is recognised as a taxation charge for the year.

INCOME STATEMENT LINE ITEMS

The following additional line items, headings and subtotals are presented on the face of the income statement as management believes it to be relevant to the understanding of the Group's financial performance:

- Operating profit before non-recurring items and depreciation, being the trading income of the Group excluding the non-recurring legal disputes provision release, feed claim recovery and BEE expense and depreciation
- Legal disputes provision release being the amount released following agreement in respect of litigation in progress against the Group
- Feed claim recovery being the recovery in terms of the feed contamination claim against a supplier
- BEE expense being the fair value of instruments granted in terms of the non-recurring portion of the BEE transaction and related transaction costs.

Critical accounting judgements and key sources of estimation uncertainty

There are a number of areas where judgement is applied in the financial statements. A critical judgement area at the balance sheet date that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the impairment of goodwill.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value of future cash flows. Management estimate discount rates using pre-taxation rates that reflect current market assessments of the time value of money and risks specific to the cash-generating units. The growth rates are based on industry and customer growth forecasts. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Impact of future amendments to accounting standards and interpretations

Management has considered all standards, interpretations and amendments that are in issue but not yet effective. The standards, interpretations and amendments that are relevant to the Group but which the Group has not early adopted are as follows:

NUMBER	TITLE AND SUMMARY
IFRS 8	<p>Operating Segments (effective from 1 January 2009)</p> <p>IFRS 8 specifies how an entity should report information about its operating segments in annual financial statements and, as a consequential amendment to IAS 34 Interim Financial Reporting, requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. The adoption of this standard may only impact the format and extent of disclosures presented.</p>
IAS 1	<p>Presentation of Financial Statements – revised (effective from 1 January 2009)</p> <p>The revised IAS 1 requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from non-owner changes. The revisions include changes in the titles of some of the financial statements to reflect their functions more clearly.</p>
IFRS 3	<p>Business Combinations (effective from 1 July 2009)</p> <p>The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through the income statement. Goodwill may be calculated based on the parent company's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.</p>
IAS 27	<p>Consolidated and Separate Financial Statements – revised (effective from 1 July 2009)</p> <p>The revised IAS 27 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.</p>
IFRS 2	<p>Share-based Payment: Vesting Conditions and Cancellations (effective from 1 January 2009)</p> <p>This amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.</p>
IAS 32 and IAS 1	<p>Financial Instruments: Presentation and Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009)</p> <p>The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:</p> <ul style="list-style-type: none">a) puttable financial instrumentsb) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. <p>Additional disclosures are required about the instruments affected by the amendments.</p>

Notes to the group financial statements for the year ended 31 March 2009

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant, machinery and furniture R'000	Vehicles R'000	Capitalised leased assets: plant R'000	Capitalised leased assets: vehicles R'000	Capital work-in- progress R'000	Total R'000
2009							
Cost							
At the beginning of the year	846 197	1 268 698	188 954	281	597	131 847	2 436 574
Additions	93 876	216 245	32 480			(49 483)	293 118
Disposals	(1 194)	(27 625)	(11 023)	(187)	(597)	(22)	(40 648)
At the end of the year	938 879	1 457 318	210 411	94		82 342	2 689 044
Accumulated depreciation							
At the beginning of the year	368 872	719 859	102 794	281	420	678	1 192 904
Disposals	(331)	(25 452)	(9 895)	(187)	(420)		(36 285)
Depreciation	28 169	105 728	16 010			(678)*	149 229
At the end of the year	396 710	800 135	108 909	94			1 305 848
Net book amount	542 169	657 183	101 502			82 342	1 383 196

* Reclassification of prior year's depreciation charged on work-in-progress assets brought into use and only transferred to plant category in the fixed asset register in the current year.

2008

Cost

At the beginning of the year	786 219	1 133 477	177 635	281	1 754	48 822	2 148 188
Additions	62 302	145 150	25 022			83 025	315 499
Disposals	(2 324)	(9 929)	(13 703)		(1 157)		(27 113)
At the end of the year	846 197	1 268 698	188 954	281	597	131 847	2 436 574

Net asset impairment release

Accumulated depreciation

At the beginning of the year	352 433	640 382	99 578	281	1 390		1 094 064
Disposals	(671)	(9 261)	(10 952)		(970)		(21 854)
Net asset impairment release	(6 485)	(9 247)					(15 732)
Depreciation	23 595	97 985	14 168			678	136 426
At the end of the year	368 872	719 859	102 794	281	420	678	1 192 904
Net book amount	477 325	548 839	86 160		177	131 169	1 243 670

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
1. PROPERTY, PLANT AND EQUIPMENT (continued)		
Depreciation expense charged in:		
Cost of sales	121 870	109 862
Selling and marketing expenses	2 486	2 711
Administration expenses	6 200	6 305
Distribution expenses	18 673	17 548
	149 229	136 426
Capital commitments:		
Contracted and committed	92 694	94 165
Approved but not contracted	109 217	119 258
	201 911	213 423

Capital commitments include all projects for which specific Board approval has been obtained up to balance sheet date. Projects for which specific Board approvals have not yet been obtained are excluded. The capital expenditure will be financed from available resources.

The Group carries out a review of the recoverable amounts of its dormant sites each year. The review did not highlight any requirement for an adjustment to the recoverable amounts of the dormant sites (2008: R15,7 million impairment release).

The Group has reviewed the residual values and useful lives used in the calculation of the depreciation charge for the year. The review did not highlight any requirement for an adjustment to the residual values and useful lives used in the current or prior periods.

Capitalised leased assets, with a book value of Rnil (2008: R0,2 million), are encumbered as security for the secured finance lease obligations (refer to note 13).

A register of land and buildings is available for inspection at the registered office of the company.

	Trademarks R'000	Goodwill R'000	Total R'000
2. INTANGIBLE ASSETS			
2009			
Opening net book amount		287 444	287 444
Amortisation charge			
Closing net book amount		287 444	287 444
At 31 March 2009			
Cost	50 500	287 444	337 944
Accumulated amortisation and impairment	(50 500)		(50 500)
Net book amount		287 444	287 444
2008			
Opening net book amount		287 444	287 444
Amortisation charge			
Closing net book amount		287 444	287 444
At 31 March 2008			
Cost	50 500	287 444	337 944
Accumulated amortisation and impairment	(50 500)		(50 500)
Net book amount		287 444	287 444

	2009	2008
2. INTANGIBLE ASSETS (continued)		
Trademarks		
Finite life/indefinite life	Finite life	Finite life
Amortisation period	15 years	15 years
Method of amortisation	Straight-line	Straight-line
Is intangible title restricted in any way	No	No
Net book amount pledged as security	Nil	Nil
<p>Trademarks comprise Farmer Brown, Bonny Bird, FarmFare and Epol, all of which were acquired on acquisition of Bonny Bird Farms (Proprietary) Limited and Epol (Proprietary) Limited in 1991.</p>		
Goodwill		
<p>Goodwill relates to the acquisition of Vector Logistics (Proprietary) Limited in 2005. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management and future periods based on estimated growth rates. Cash flows beyond a five-year period are extrapolated using the estimated growth rates stated below.</p>		
<p>Key assumptions used in the goodwill impairment test:</p>		
Discount rate (%)	13,5	18,8
Perpetuity growth rate (%)	5,0	5,0
Period (years)	5	5
<p>The perpetuity growth rate is consistent with long-term inflation forecasts. The discount rate reflects specific risks relating to the cash-generating unit.</p>		
<p>No impairment was required in the current year or prior year.</p>		
<p>Sensitivity analysis of assumptions used in the goodwill impairment test:</p>		
<p>Assumption</p>		
Discount rate (%)		
– Movement	+5	+5
– Impairment	Nil	Nil
Perpetuity growth rate (%)		
– Movement	-5	-5
– Impairment	Nil	Nil

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
3. DEFERRED TAXATION		
Deferred taxation asset movement		
At the beginning of the year		(15 285)
Charge for the year	5 796	15 285
At the end of the year	5 796	
Deferred taxation asset comprises:		
Trademarks, property, plant and equipment	(21 450)	
Inventories and biological assets	(5 153)	
Taxation losses utilised	23 528	
Provisions	459	
Other	8 412	
	5 796	
Deferred taxation liability movement		
At the beginning of the year	240 041	179 606
Charge for the year	3 668	60 435
At the end of the year	243 709	240 041
Deferred taxation liability comprises:		
Trademarks, property, plant and equipment	208 413	184 717
Intangibles	(1 764)	(2 116)
Inventories and biological assets	172 810	109 037
Taxation losses recognised		(12 886)
Provisions	(54 533)	(65 145)
Derivative financial instruments	(25 696)	15 991
Other	(55 521)	10 443
	243 709	240 041
The Group does not have any unutilised secondary taxation on companies credits.		
4. INVENTORIES		
Finished goods	270 319	246 199
Raw materials	233 519	245 778
Consumables	40 087	29 968
At the end of the year	543 925	521 945
Cost of inventory written down to net realisable value	7 800	10 674

	2009 R'000	2008 R'000
5. BIOLOGICAL ASSETS		
Breeding stock		
At the beginning of the year	212 315	159 822
Gain arising from cost inputs	728 982	575 560
Decrease due to harvest	(700 411)	(526 380)
Fair value adjustment	3 346	3 313
At the end of the year at fair value	244 232	212 315
Broiler stock		
At the beginning of the year	156 909	109 456
Gain arising from cost inputs	3 577 857	2 810 293
Decrease due to harvest	(3 558 795)	(2 774 593)
Fair value adjustment	9 350	11 753
At the end of the year at fair value	185 321	156 909
Total at the end of the year at fair value	429 553	369 224
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	857 447	793 026
Less: provision for impairment of trade receivables	(17 818)	(18 622)
Net trade receivables	839 629	774 404
Prepayments	27 874	6 360
Other receivables	120 000	81 827
At the end of the year	987 503	862 591
Movement on the provision for impairment of trade receivables is as follows:		
At the beginning of the year	(18 622)	(25 654)
Receivables impaired	(3 338)	(4 324)
Impairments utilised	1 298	904
Unused amounts reversed	2 844	10 452
At the end of the year	(17 818)	(18 622)
The other classes within trade and other receivables do not contain impaired assets.		
Trade receivables that are less than 30 days are not considered past due. Past due receivables, not impaired, relate to a number of independent customers for whom there is no recent history of default. The ageing relating to these trade receivables is as follows:		
30 to 90 days	145 124	86 796
Over 90 days	876	5 659
	146 000	92 455

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
6. TRADE AND OTHER RECEIVABLES (continued)		
The individually impaired receivables relate mainly to customers in unexpected difficult economic situations. It was assessed that a portion of the receivables are expected to be recovered. The ageing of these receivables is as follows:		
Current	(7 801)	(7 254)
30 to 90 days	(6 860)	(11 306)
Over 90 days	(3 157)	(62)
	<u>(17 818)</u>	<u>(18 622)</u>

All trade and other receivables are due within one year of the balance sheet date.

The carrying amount of trade and other receivables approximates their fair values.

7. DERIVATIVE FINANCIAL INSTRUMENTS		
Derivative financial assets		
Forward exchange contracts		9 784
Currency options	4 299	6 984
Sunflower and soya options	1 996	
At the end of the year	<u>6 295</u>	<u>16 768</u>
Derivative financial liabilities		
Forward exchange contracts	3 566	73
Currency options	10 500	
Soya options	58	1 321
Gasoil options	2 099	
At the end of the year	<u>16 223</u>	<u>1 394</u>
Net (liability)/asset at the end of the year	<u>(9 928)</u>	<u>15 374</u>

8. STATED CAPITAL			
Authorised			
575 525 772 (2008: 575 525 772) ordinary shares of no par value.			
Issued ordinary shares of no par value:			
	Number of shares		
At the beginning of the year	290 004 228	1 157 092	1 127 285
Shares issued in terms of share option scheme	1 315 734	9 670	29 807
At the end of the year	<u>291 319 962</u>	<u>1 166 762</u>	<u>1 157 092</u>

On 30 July 2008, 51 177 217 shares were issued to Eagle Creek Investments 620 (Proprietary) Limited in terms of the BEE transaction (refer to note 28). For accounting purposes, these shares are not treated as issued.

The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting.

8. STATED CAPITAL (continued)

Details of share options issued in terms of the Rainbow Share Incentive Trust are as follows:

Exercise price cents	Date options granted	Options at 31 March 2008	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options at 31 March 2009	Options exercisable at 31 March 2009
510	21 May 2004	503 346		(386 704)		116 642	116 642
530	1 August 2004	131 822				131 822	131 822
690	6 December 2004	41 534				41 534	41 534
665	19 May 2005	2 227 334		(522 667)	(136 667)	1 568 000	591 000
825	1 August 2005	350 000				350 000	233 333
1 039	25 May 2006	3 716 602		(406 363)	(228 642)	3 081 597	832 488
1 011	1 September 2006	138 477				138 477	46 159
1 660	1 April 2007	312 650				312 650	
1 635	1 August 2007	6 368 038			(353 547)	6 014 491	
1 659	23 November 2007	173 872				173 872	
1 915	7 January 2008	38 225				38 225	
1 420	22 May 2008		3 933 273		(97 190)	3 836 083	
		14 001 900	3 933 273	(1 315 734)	(816 046)	15 803 393	1 992 978

The company has an equity-settled share option scheme for certain employees of the Group. The exercise price of the granted options is the market price on the date of the grant. Options are exercisable in three equal tranches from years two, three and four after the grant date. Options granted to employees have a ten-year contractual life for those issued prior to 31 March 2005 and a seven-year contractual life for those issued thereafter. The options are forfeited if not exercised before termination of employment subject to the discretion of the trustees.

Expected volatility was determined calculating the historical volatility of the share price over the previous four years, adjusted for the impact on the share price of the offer by Remgro to minorities in March 2007. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The weighted average fair value of options granted during the year was R3,25 (2008: R3,61). The weighted average share prices were as follows:

	2009 R'000	2008 R'000
Weighted average share price (R)	14,89	16,72
Weighted average price at date exercised (R)	14,38	16,00
Weighted average price – shares granted (R)	14,20	16,36
Weighted average price – shares exercised (R)	7,35	4,09
Weighted average price – shares forfeited (R)	12,8	9,38
These fair values were calculated using the binomial options pricing model. The inputs into the model were as follows:		
Expected volatility (%)	23,9 – 25,3	26,5 – 27,4
Risk-free rate (%)	8,6 – 9,5	7,8 – 9,1
Expected dividend yield (%)	4,5	4,8
Contractual life (years)	7 or 10	7 or 10
Weighted average contractual life (years)	5,0	5,6

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
9. SHARE-BASED PAYMENTS RESERVE		
Employee share scheme		
At the beginning of the year	33 051	22 248
Value of employee services expensed during the year	16 030	10 803
At the end of the year	49 081	33 051
BEE transaction		
At the beginning of the year	45 468	
Employee portion – recurring	3 383	
Non-employee portion – non-recurring		45 468
At the end of the year	48 851	45 468
Total at the end of the year	97 932	78 519
10. RETIREMENT BENEFIT OBLIGATIONS		
Balance sheet obligations for:		
Post-retirement medical benefits	85 655	80 862
Post-retirement medical obligation		
The obligation of the Group to pay certain medical aid benefits after retirement is no longer part of the conditions of employment for Rainbow employees engaged after 1 October 2003 and for Vector employees engaged after 1 January 1997. A number of pensioners and current employees however, remain entitled to this benefit. The entitlement to this benefit is dependent upon the employee remaining in service until retirement age. The last valuation dates were 31 March 2009 for both Rainbow and Vector. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:		
At the beginning of the year	80 862	75 535
Recognised as an expense in the current year	7 705	7 901
Interest costs	6 140	5 474
Current service costs	2 194	2 811
Actuarial gains recognised	(629)	(384)
Benefits paid	(2 912)	(2 574)
At the end of the year	85 655	80 862
Unrecognised actuarial loss/(gain)	18 293	(10 149)
Balance per actuarial valuation	103 948	70 713
The principal actuarial assumptions are:		
Discount rate (%)	8,3	9,0
Health care cost inflation (%)	6,50	7,25
Mortality – pre-retirement	*	SA56-62
Mortality – post-retirement	**	PA90
Impact of 1% increase in healthcare inflation rate	19 294	11 541
Expected contributions for the year ending 31 March 2010	8 515	2 913

* SA85/90 (light) ultimate.

** PA(90) ultimate table rated down two years plus 1% improvement per annum from 2006.

10. RETIREMENT BENEFIT OBLIGATIONS (continued)

Retirement benefit plans

Pension and provident fund schemes

The Group contributes towards retirement funds for all permanent employees who are required to be a member of a Group implemented scheme. These schemes are governed by the Pension Funds Act 1956. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. The schemes' assets are administered by a board of trustees, each of which includes elected employee representatives. The Pension Funds Second Amendment Bill was enacted with effect 7 December 2001. This Bill requires that the actuarial valuations at 31 March 2004, together with a plan for the apportionment on a fair basis to past and current members of the funds, of any surplus established by this valuation date must be approved by the Financial Services Board (FSB). The FSB has approved a Nil Surplus Apportionment for both the Rainbow Pension and Provident Funds.

Defined benefit pension fund scheme

The Rainbow Pension Fund is a hybrid scheme. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. The last valuation of the scheme was at 31 March 2009 and the fund was found to be in a sound financial position. An actuarial valuation of liabilities, based on the existing benefits, showed the present value of obligations to be adequately covered by the fair value of the scheme assets. Details of the valuation are as follows:

	2009 R'000	2008 R'000
Fair value of scheme assets	19 271	18 272
Present value of obligation	(13 870)	(14 577)
	5 401	3 695

Defined contribution pension and provident fund schemes

There are four defined contribution schemes as listed below. The latest audited financial information of these schemes all reflect a satisfactory state of affairs. Amounts charged to the income statement are as follows:

Defined benefit pension scheme	389	483
Defined contribution pension and provident schemes:		
Rainbow Pension Fund	17 500	15 177
Rainbow Provident Fund	41 796	38 305
Epol Pension Fund		32
Namflex Pension Fund	251	264
	59 936	54 261

11. TRADE AND OTHER PAYABLES

Trade payables	936 989	726 688
Accruals	194 836	256 793
Other payables	197 939	142 729
At the end of the year	1 329 764	1 126 210

The carrying amount of trade and other payables approximates their fair values.

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
12. PROVISIONS		
At the beginning of the year	43 251	40 687
Provisions raised		4 244
Unused amounts reversed	(25 381)	
Provisions utilised	(370)	(1 680)
At the end of the year	17 500	43 251
During the year agreement was reached in respect of the litigation in progress against the Group. The outstanding amount has been settled post year-end.		
13. FINANCE LEASE LIABILITY		
Total finance lease liabilities		177
Less amount payable within one year disclosed under current liabilities		(177)
Present value of finance lease liabilities:		
One year		177
Secured over assets with a book value of:		
Vehicles		177
Finance leases have varying interest rates between 15% and prime linked escalations. The carrying amount of short-term finance leases approximates fair value.		
No limit has been placed in the Articles of Association on the borrowing powers of the Group.		
14. BEE EXPENSE		
Non-employee portion		45 468
Transaction costs		3 900
		49 368
15. DEPRECIATION		
Buildings	28 169	23 595
Plant, machinery and furniture	105 728	97 985
Vehicles	16 010	14 168
Capital work-in-progress	(678)*	678
	149 229	136 426

* Reclassification of prior year's depreciation charged on work-in-progress assets brought into use and only transferred to plant category in the fixed asset register in the current year.

	2009 R'000	2008 R'000
16. OPERATING PROFIT		
Revenue	6 811 448	5 955 327
Cost of sales	(4 765 950)	(3 871 552)
Gross profit	2 045 498	2 083 775
Administration expenses	(479 941)	(480 381)
Selling and marketing expenses	(171 801)	(151 807)
Distribution expenses	(928 978)	(676 596)
Other expenses	(40 939)	5 023
Operating profit	423 839	780 014
Disclosable items – income		
Fair value adjustment on biological assets	2 370	3 832
Foreign exchange gains	91 511	34 210
Fair value adjustments on derivatives		66 139
Net asset impairment provision release		15 732
Land and buildings		6 485
Plant, machinery and furniture		9 247
Disclosable items – expense		
Operating lease charges	19 788	20 868
Land and buildings	11 512	8 368
Plant and machinery	4 932	8 106
Other	3 344	4 394
Arrangements containing an operating lease*	476 185	349 769
Contract grower fees	106 423	91 390
Outsourced transport	369 762	258 379
Technical consultants' fees	16 015	12 122
Fair value adjustments on derivatives	148 324	
Foreign exchange losses	8 934	20 177
Loss on disposal of property, plant and equipment	1 376	269
Directors' remuneration	10 531	10 127
Staff costs	1 010 100	927 538
Salaries and wages	849 131	811 436
Share-based payments	19 413	10 803
Retirement benefit costs	59 936	54 261
Other post-employment benefits	7 706	5 327
Other	73 914	45 711
Administration fee paid to Group holding company	4 422	4 006
Auditors' remuneration	4 447	4 339
Fees for the audit	4 124	3 645
Prior year over provision	(36)	(125)
Disbursements	157	90
Fees for other services	202	729

* It is not practical to separate the lease element from the total costs paid in respect of these arrangements and accordingly only total costs have been disclosed.

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
17. FINANCE COSTS		
Interest paid on overdraft	1 356	
Interest paid – other	2 039	2 566
Interest paid to Group company	1 664	
	5 059	2 566
18. FINANCE INCOME		
Call funds with Group company	2	
Interest received – other	3 412	
Call funds with financial institutions	19 461	34 248
	22 875	34 248
19. TAXATION CHARGE		
Current taxation	105 327	172 650
South African	100 085	174 989
Prior year under/(over) provision	5 242	(2 339)
Deferred taxation	(2 128)	75 720
South African	7 538	84 069
Foreign	65	(605)
Change in rate		(8 581)
Prior year (over)/under provision	(9 731)	837
Secondary taxation on companies	21 004	24 360
	124 203	272 730
Reconciliation of taxation rate		
	%	%
Normal rate of taxation	28,0	29,0
Adjusted for:		
Secondary taxation on companies	4,7	2,9
Change in rate		(1,0)
Additional taxation allowance	(6,0)	
Prior year under/(over) provision – current	1,2	(0,3)
Prior year (over)/under provision – deferred	(2,2)	0,1
Non-deductible items	2,4	2,9
Effective rate of taxation	28,1	33,6

Rainbow Chicken Foods (Proprietary) Limited, the company owning the Further Processing Plant, was approved by the Minister of Trade and Industry as a qualifying strategic industrial project with preferred status. The company's preferred status grants an additional taxation allowance of 100% of the cost of qualifying industrial assets. The preferred status was subject to the company maintaining certain performance criteria set out in the approval, failing which the allowance would reduce to 50% of the cost. Deferred taxation was previously recognised based on 50% of the additional taxation allowance. Management is satisfied that all performance criteria have now been met and consequently, the remaining portion of the additional allowance has been recognised in the current year.

20. EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings and headline earnings per share are calculated using the weighted average ordinary shares in issue during the year. Diluted earnings and headline earnings per share are calculated using the fully diluted weighted average shares in issue. Dilution is due to shares offered, but not paid and delivered to participants in the BEE transaction and the Rainbow Share Incentive Scheme (refer to notes 8 and 9). A calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding scheme shares. The number of shares calculated below is compared with the number of shares that would have been issued assuming the exercise of the share scheme options.

	2009	2008
Weighted average shares – basic and headline earnings per share	290 904 079	288 951 183
Share option dilution impact		3 076 422
Weighted average shares – basic and headline earnings per share – diluted	290 904 079	292 027 605
Headline and adjusted headline earnings reconciliation:	R'000	R'000
Profit for the year attributable to the equity holders of the company	317 452	538 966
Net asset impairment provision released (net of taxation of R4,6 million)		(11 170)
Loss on disposal of property, plant and equipment (net of taxation of Rnil)	1 376	269
Headline earnings	318 828	528 065
Legal disputes provision release (net of taxation of R6,7 million)	(17 136)	
Additional taxation allowance	(26 506)	
Feed claim recovery (net of taxation of R11,6 million)		(28 400)
BEE expense (net of taxation of Rnil)		49 368
Adjusted headline earnings	275 186	549 033
Basic earnings per share (cents)		
– basic	109,1	186,5
– diluted	109,1	184,6
Adjusted earnings per share (cents)		
– basic	94,1	193,8
– diluted	94,1	191,7
Headline earnings per share (cents)		
– basic	109,6	182,8
– diluted	109,6	180,8
Adjusted headline earnings per share (cents)		
– basic	94,6	190,0
– diluted	94,6	188,0

21. DIVIDENDS PER SHARE

Interim – paid: 24,0 cents (2008: 24,0 cents)	69 896	69 601
Final – declared: 44,0 cents (2008: 44,0 cents)	128 181	127 859
Total: 68,0 cents (2008: 68,0 cents)	198 077	197 460

A final dividend of 44,0 cents per share was declared for the financial year ended 31 March 2009. The dividend will be paid on Monday, 13 July 2009. The last date to trade *cum* dividend will be Friday, 3 July 2009. The Rainbow share will commence trading *ex* dividend from the commencement of business on Monday 6 July 2009, and the record date will be Friday, 10 July 2009.

Since the final dividend was declared subsequent to year-end, it has not been provided for in the annual financial statements.

Notes to the group financial statements for the year ended 31 March 2009

	2009 R'000	2008 R'000
22. LEASE COMMITMENTS		
Operating leases:		
Due within one year	16 745	12 388
Due within two to five years	39 979	18 663
Thereafter	201	82
	56 925	31 133
In respect of:		
Property	32 666	10 012
Plant and equipment	22 945	16 213
Other	1 314	4 908
	56 925	31 133
23. CONTINGENCIES		
Contract grower guarantees	36 257	50 078
	36 257	50 078

The Group has contingencies in respect of guarantees relating to certain contract grower arrangements. It is not anticipated that any material liabilities will arise from these contingencies. However, should they arise, the Group will acquire claims against the growers' farms which would reduce the net exposure.

24. SEGMENTAL REPORTING

The primary reporting format of the Group is by business segment. As the company operates as a vertically integrated chicken producer, there is only one business segment as defined by IAS 14 (Segment Reporting).

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital.

The Group's financial instruments consist primarily of cash resources with financial institutions, derivatives, accounts receivable and payable and interest-bearing debt. In the normal course of business, the Group is exposed to credit, interest, liquidity and market risk. In order to manage these risks, the Group may enter into transactions which make use of derivatives. They include forward exchange contracts, options, interest rate swaps and commodity futures and options. Separate committees are used to manage the risks and the hedging activities of the Group. The Group does not speculate in derivative instruments. The Group's forward exchange and forward purchase contracts do not qualify as designated hedges for accounting purposes. Their fair values are disclosed in note 7.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee which is responsible for developing and monitoring the Group's risk management policies. The Risk Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

25. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk primarily relates to trade receivables and cash investments.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The granting of credit is controlled by well established criteria which are reviewed on an annual basis. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset.

In the current year, 84% (2008: 76%) of the Group's trade receivables have been covered by Credit Guarantee Insurance Cover (CGIC). The insurance covers 90% of outstanding debt. The credit policy requires each new customer to be analysed individually for credit worthiness before delivery and payment terms are offered. The Group's review includes external ratings where available and in some cases bank references. Limits are established for each customer which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including the existence of previous financial difficulties. Customers that default on payments are closely monitored and put on "stop supply" if required.

The Group deposits cash surpluses with financial institutions of high quality and standing. The tables below show the cash and cash equivalents and derivative financial asset balances allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	2009 R'000	2008 R'000
Rating		
Baa1	527 299	408 748
Baa2		100 000
Cash on hand	785	1 146
	528 084	509 894
Credit rating of counterparties to derivative financial assets		
Baa1	4 299	16 768
Chicago Board of Trade	1 996	
	6 295	16 768

Liquidity risk

The Group has minimal risk of illiquidity as it has no long-term borrowings. Its unutilised borrowing capacity is R345 million (2008: R345 million). Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's cash and cash equivalents on the basis of expected cash flow.

The Group's derivative financial liability, trade and other payables and financial leases are all due within one year and the impact of discounting them is not significant.

Market risk

Interest rate risk

The Group is exposed to interest rate risk on its cash deposits and loan liabilities, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the Group's cash management system which enables the Group to maximise returns whilst minimising risk. The effective interest rate for the year was 11,44% (2008: 9,87%).

The post-taxation impact on the income statement and equity as at 31 March 2009 for fluctuations in interest rates, with all other variables held constant, would have been as follows:

Movement	2009	2008
+3%	15 843	15 302

Notes to the group financial statements for the year ended 31 March 2009

25. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

In the normal course of business the Group enters into transactions denominated in foreign currencies. Trade and other payables include net payables of R9,9 million (2008: R15,4 million) in respect of purchases due in foreign currencies. The currencies predominantly traded in by the Group are USD, GBP and Euro. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts and currency options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts and currency options are supported by underlying transactions.

	Average rate R	Foreign contract amount '000	Fair value of FEC R'000
2009			
USD forward exchange contracts – liabilities	10,17	8 782	3 565
Euro forward exchange contracts – liabilities	13,13	265	1

2008

USD forward exchange contracts – assets	8,19	10 997	8 275
GBP forward exchange contracts – assets	14,79	983	1 434
Euro forward exchange contracts – assets	12,41	32	75
USD forward exchange contracts – liabilities	7,66	173	57
Euro forward exchange contracts – liabilities	12,90	32	16

	Foreign option amount '000	Fair value of option R'000
2009		
ABSA – USD currency options – assets	6 500	1 996
RMB – USD currency options – assets	5 000	2 303
ABSA – USD currency options – liabilities	13 000	5 929
RMB – USD currency options – liabilities	11 000	4 571

2008

RMB – USD currency options – assets	6 000	6 984
-------------------------------------	-------	-------

Currency

Sensitivity of future (pre-tax) cash flows arising on the maturity of currency derivative contracts:

Cash outflow/(inflow) as a result of a movement of the USD at 31 March, assuming the spot price remains constant thereafter until the maturity of the contracts.

	2009	2008
30% increase in the value of the USD against the rand	(88 256)	
30% decrease in the value of the USD against the rand	27 950	38 700

Commodity price and procurement risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings from fluctuations in the prices of commodities. To stabilise prices for the Group's substantial commodity requirements, derivative instruments including forward contracts, commodity options and futures contracts are used to hedge its exposure to commodity price risk.

The overriding directive is to procure commodities at the lowest cost to meet forecast requirements, both internally and for external sales. Call and put options are utilised within this framework to manage commodity requirements and supply. The use of written options is restricted to the hedging of existing long positions and is limited to put options.

The overall procurement strategy and net positions are reported monthly to the Board and an oversight committee. The oversight committee is responsible for the setting of the monthly company view with regard to future price movements. The daily trading by the procurement team is restricted in terms of this company view, unless prior approval is obtained from the procurement committee.

25. FINANCIAL RISK MANAGEMENT (continued)

Commodity price and procurement risk (continued)

Rainbow Farms (Proprietary) Limited has entered into contract grower agreements with various counterparties to procure broiler chickens for the forthcoming financial year.

Maize and soya

Sensitivity of future (pre-tax) cash flows arising on the maturity of maize and soya derivative contracts:

Cash outflow/(inflow) as a result of a movement in the spot price of maize and soya at 31 March, assuming the spot price remains constant thereafter until the maturity of the contracts.

	2009	2008
Maize – 5% increase	81 736	
Maize – 5% decrease	(33 605)	
Soya – 15% increase	43 381	117 092
Soya – 15% decrease	(14 542)	85 816

Gasoil

In addition, the Group entered into gasoil swaps during the year in order to hedge exposure for diesel requirements.

	Fair value of option R'000
ABSA Gasoil swaps – liabilities	2 099

Sensitivity of future (pre-tax) cash flows arising on the maturity of gasoil derivative contracts:

Cash outflow/(inflow) as a result of a movement in the spot price of gasoil price at 31 March, assuming the spot price remains constant thereafter until the maturity of the contracts.

	2009
5% increase	(622)
5% decrease	623

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development needs of the business. The Board monitors both the spread of shareholders and return on equity (which is defined as attributable profit expressed as a percentage of average total equity) and the level of dividends paid to shareholders.

The Group's target is to achieve a return on shareholders' equity in excess of 25,0%. In 2009, the return was 13,2% (2008: 25,3%).

There were no changes to the Group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Assets per the balance sheet	Loans and receivables	Assets at fair value through the income statement	Total
2009			
Derivative financial instruments		6 295	6 295
Trade and other receivables	987 503		987 503
Cash and cash equivalents	528 084		528 084
At the end of the year	1 515 587	6 295	1 521 882
2008			
Derivative financial instruments		16 768	16 768
Trade and other receivables	862 591		862 591
Cash and cash equivalents	509 864		509 864
At the end of the year	1 372 455	16 768	1 389 223

Notes to the group financial statements for the year ended 31 March 2009

26. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Liabilities per the balance sheet	Payables	Liabilities at fair value through the income statement	Total
2009			
Derivative financial instruments		16 223	16 223
Trade and other payables	1 329 659		1 329 659
At the end of the year	1 329 659	16 223	1 345 882
2008			
Derivative financial instruments		1 394	1 394
Trade and other payables	1 126 210		1 126 210
Finance leases	177		177
At the end of the year	1 126 387	1 394	1 127 781

27. RELATED PARTY TRANSACTIONS

Related party relationships exist between Rainbow Chicken Limited, its subsidiaries and Remgro Limited and its subsidiaries. M & I Group Services Limited provides treasury functions to the Group. All purchasing, selling and treasury transactions are concluded at arm's length.

Company

As detailed in note 1 to the company financial statements on page 83, the company has concluded certain lending transactions with these related parties. During the year, cash was invested with or borrowed from Remgro Finance Corporation Limited and M & I Group Services Limited. Finance income or costs on these investments or borrowings are disclosed in notes 17 and 18. In addition, the holding company provides strategic, management and administrative support to the Group in return for an administration fee which is based on costs incurred. This is disclosed in note 16. Included in payables is an amount owing to the holding company of R0,1 million (2008: Rnil).

Directors

Directors are classified as key management. Details of directors' emoluments and shareholding in the company are disclosed in the remuneration report on pages 35 and 36 as well as in the report of the directors on page 51.

Shareholders

Details of the major shareholders of the company appear on page 86.

28. BEE TRANSACTION

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

Details of the transaction

In terms of the transaction a special purpose entity, Eagle Creek Investments 620 (Proprietary) Limited ("Eagle Creek"), acquired an effective 15% of Rainbow's entire issued share capital for R915,6 million on 30 July 2008. The purchase price was settled by issuing variable rate (CPIX plus 6%) cumulative redeemable preference shares in Eagle Creek to Rainbow.

Ordinary dividends paid to Eagle Creek will be applied immediately to reduce the outstanding redemption amount.

The shares issued to Eagle Creek are also subject to restrictions on alienation and encumbrance until 30 July 2018. Should Eagle Creek 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 whose value at that time is equivalent to the outstanding redemption amount. At 31 March 2009, the outstanding redemption amount was R1 008,6 million.

Accounting principles and assumptions

The terms of issuance of the ordinary shares and acquisition of the preference shares are deemed for accounting purposes to constitute the issuance of an option in Rainbow shares granted to Eagle Creek, effective on 18 March 2008, when the shareholders' approval was obtained. Accordingly, the issuance of the shares and the subscription by Rainbow to the Eagle Creek preference shares, has not been recognised.

The share of Rainbow shares attributed to the Rainbow Employee Trust, net of any shares that may be bought back by Rainbow to settle the redemption amount, will be distributed to employees who are in service of Rainbow at the end of the 10-year period. The basis of apportionment of shares to employees is set out in the trust deed and rewards longer service.

Company balance sheet as at 31 March 2009

	Note	2009 R'000	2008 R'000
ASSETS			
Investment in subsidiaries		1 242	1 242
Loans to Group companies		1 140 044	1 134 958
Subsidiary portion of share-based payments charge		97 932	78 519
Total assets	1	1 239 218	1 214 719
EQUITY			
Stated capital	2	1 166 762	1 157 092
Share-based payments reserve		97 932	78 519
Accumulated loss		(26 276)	(23 160)
Total equity		1 238 418	1 212 451
LIABILITIES			
Current liabilities			
Trade and other payables		800	2 268
Total current liabilities		800	2 268
Total equity and liabilities		1 239 218	1 214 719

Company income statement for the year ended 31 March 2009

	Note	2009 R'000	2008 R'000
Profit before taxation	3	194 639	202 361
Taxation			
Profit for the year attributable to the equity holders of the company		194 639	202 361

Company statement of changes in equity for the year ended 31 March 2009

	Stated capital R'000	Share-based payments reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 April 2007	1 127 285	22 248	(16 718)	1 132 815
Profit for the year attributable to the equity holders of the company			202 361	202 361
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
Balance at 1 April 2008	1 157 092	78 519	(23 160)	1 212 451
Profit for the year attributable to the equity holders of the company			194 639	194 639
Ordinary dividends paid			(197 755)	(197 755)
BEE share-based payments charge		3 383		3 383
Employee share option scheme:				
Proceeds from shares issued	9 670			9 670
Value of employee services		16 030		16 030
Balance at 31 March 2009	1 166 762	97 932	(26 276)	1 238 418

Company cash flow statement for the year ended 31 March 2009

	2009 R'000	2008 R'000
Cash flows from operating activities		
Cash generated by operations	194 639	202 361
Dividends paid	(197 755)	(208 803)
Movement in trade and other payables	(1 468)	2 268
Net cash outflow from operating activities	(4 584)	(4 174)
Cash flows from financing activities		
Issue of shares	9 670	29 807
Movement in loans to Group companies	(5 086)	(25 633)
Net cash inflow from financing activities	4 584	4 174
Net cash movement		

Notes to the company financial statements for the year ended 31 March 2009

	Issued share	Effective holding		Shares		Indebtedness		Total	
	capital	2009	2008	2009	2008	2009	2008	2009	2008
	R	%	%	R'000	R'000	R'000	R'000	R'000	R'000
1. TOTAL ASSETS									
Directly owned									
Rainbow Farms Investments	99 900	100	100	100	100			100	100
Rainbow Farms	40 000	100	100	1 142	1 142	1 140 044	1 134 958	1 141 186	1 136 100
Rainbow Nominees	1	100	100						
Farmer Brown	1	100	100						
East End Court	1	100	100						
Bonny Bird Farms	312	100	100						
Epol	78 000	100	100						
Indirectly owned									
Vector Logistics	50	100	100						
Vector Logistics (Namibia)	100 000	100	100						
Rainbow Chicken Foods	100	100	100						
				1 242	1 242	1 140 044	1 134 958	1 141 286	1 136 200
Subsidiary portion of share-based payments charge								97 932	78 519
				1 242	1 242	1 140 044	1 134 958	1 239 218	1 214 719
The above loan is unsecured, interest-free and repayable at an unspecified date. None of the above companies are listed.									
Attributable profit/(loss) of subsidiary companies									
Rainbow Farms								120 812	374 155
Vector Logistics								128 311	122 681
Vector Logistics (Namibia)								118	(1 158)
Rainbow Chicken Foods (Proprietary) Limited								71 326	41 612
								320 567	537 290
2. STATED CAPITAL									
Authorised									
575 525 772 (2008: 575 525 772) ordinary shares of no par value:									
Issued ordinary shares of no par value:									
						Number of shares			
At the beginning of the year						290 004 228		1 157 092	1 127 285
Shares issued in terms of share option scheme						1 315 734		9 670	29 807
At the end of the year						291 319 962		1 166 762	1 157 092
On 30 July 2008, 51 177 217 shares were issued to Eagle Creek Investments 620 (Proprietary) Limited in terms of the BEE transaction (see note 28 of Group financial statements). For accounting purposes, these shares are not treated as issued.									
The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting.									
3. PROFIT BEFORE TAXATION									
Dividends received from subsidiaries								197 755	208 803
BEE transaction costs									(3 900)
Non-executive directors fees								(932)	(781)
Listed company expenses								(2 184)	(1 761)
								194 639	202 361
4. CONTINGENT LIABILITY									
Banking and loan facilities are renewed annually and are subject to floating interest rates. Rainbow Chicken Limited binds itself in favour of various banking institutions as surety <i>in solidum</i> for and co-principal debtor jointly and severally with Rainbow Farms (Proprietary) Limited for facilities granted.									

Ordinary shareholders' analysis as at 31 March 2009

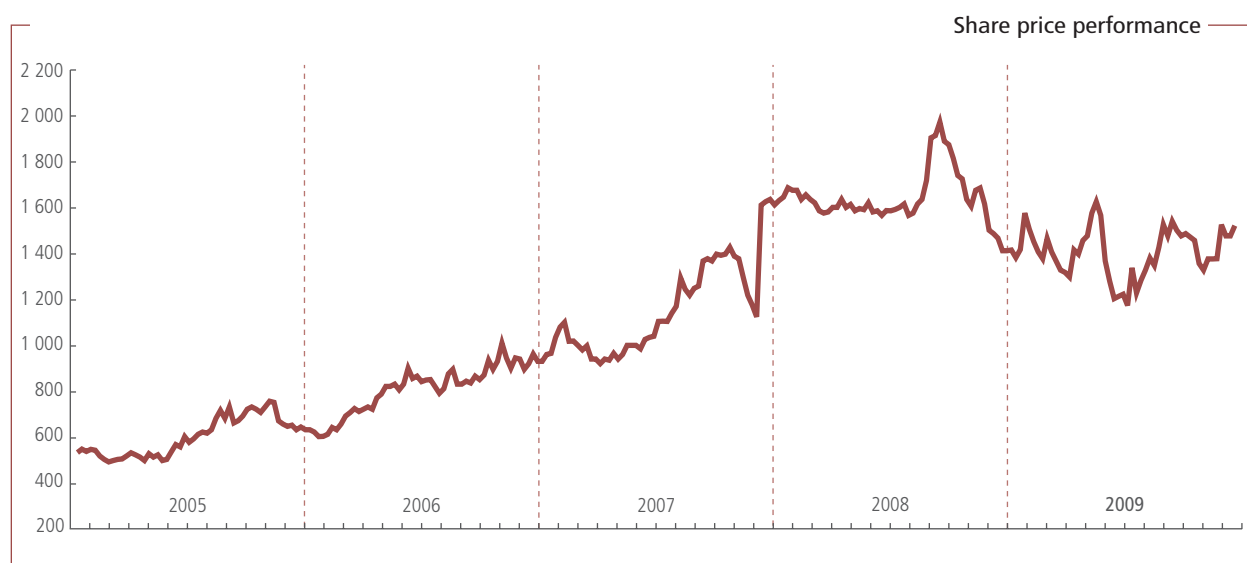
	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	3 651	71,4	1 000 098	0,3
1 001 – 10 000 shares	1 176	23,0	4 182 751	1,2
10 001 – 100 000 shares	192	3,8	6 057 089	1,8
100 001 – 1 000 000 shares	76	1,5	24 927 271	7,3
1 000 001 shares and over	15	0,3	306 329 970	89,4
	5 110	100,0	342 497 179	100,0

DISTRIBUTION OF SHAREHOLDERS

Remgro	1		214 932 703	62,8
Rainbow BEE consortium	1		51 177 217	14,9
Pension funds	79	1,5	25 051 998	7,3
Mutual funds	46	0,9	18 580 117	5,4
Investment companies	12	0,2	12 355 636	3,6
Individuals	4 520	88,5	10 227 605	3,0
Nominees and trusts	268	5,2	3 257 414	1,0
Insurance companies	8	0,2	2 241 650	0,7
Private companies	82	1,6	2 200 116	0,7
Endowment funds	6	0,1	767 777	0,2
Banks	13	0,3	747 017	0,2
Medical aid schemes	3		488 794	0,1
Public companies	4	0,1	175 114	0,1
Close corporations	44	0,9	148 194	
Other corporations	23	0,5	145 827	
	5 110	100,0	342 497 179	100,0

	Number of shareholders	%	Number of shares	%
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders				
Directors of Rainbow and its subsidiaries	4	0,1	1 255 280	0,4
Strategic holdings (more than 10%)	2		266 109 920	77,7
Rainbow Pension Fund	1		457	
Public shareholders	5 103	99,9	75 131 522	21,9
	5 110	100,0	342 497 179	100,0

	Number of shares	%
Beneficial shareholders holding of 1% or more		
Remgro Limited	214 932 703	62,8
Rainbow BEE consortium	51 177 217	14,9
Oasis Asset Management Limited	33 967 997	9,9
Investec Asset Management (Proprietary) Limited	8 051 694	2,4
Argon Asset Management (Proprietary) Limited	5 140 701	1,5
Public Investment Corporation	4 891 861	1,4
Old Mutual Investment Group (South Africa) (Proprietary) Limited	3 587 051	1,0



Shareholders' diary

Financial year-end	March
Annual General Meeting	31 July 2009

FINANCIAL REPORTS

Announcement of results for the year	May
Annual financial statements posted	June
Interim report for the half year to September	November

FUTURE ORDINARY DIVIDENDS

Interim dividend	
Declaration	November
Payment	January
Final dividend	
Declaration	May
Payment	June

Notice to shareholders

Notice is hereby given that the 43rd Annual General Meeting of shareholders of Rainbow Chicken Limited will be held at One The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Friday, 31 July 2009 at 09:00 to consider and, if deemed fit, to pass the following ordinary and special resolutions with or without modification:

1. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Ordinary Resolution Number 1:

Resolved that the audited annual financial statements of the company and Group for the year ended 31 March 2009 be accepted and approved.

2. RE-ELECTION OF DIRECTOR

Ordinary Resolution Number 2:

Resolved that Mr M Dally, who retires by rotation in accordance with the Articles of Association of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

3. RE-ELECTION OF DIRECTOR

Ordinary Resolution Number 3:

Resolved that Mr RH Field, who retires by rotation in accordance with the Articles of Association of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

4. RE-ELECTION OF DIRECTOR

Ordinary Resolution Number 4:

Resolved that Mr MH Visser, who retires by rotation in accordance with the Articles of Association of the company and who, being eligible, has offered himself for re-election, be re-elected as a director of the company.

5. CONTROL OF AUTHORISED BUT UNISSUED SHARES

Ordinary Resolution Number 5:

Resolved that the authorised but unissued ordinary shares in the capital of the company remain under the control of the directors who shall be authorised to allot, issue or otherwise dispose of these shares at such times and on such terms as they may determine, subject to section 221 of the Companies Act (Act 61 of 1973) as amended and the Listings Requirements of the JSE Limited.

6. RE-APPOINTMENT OF AUDITORS

Ordinary Resolution Number 6:

Resolved to confirm the re-appointment of the auditors until the next Annual General Meeting and to authorise the directors to approve their remuneration for the forthcoming year.

7. ADOPTION OF THE RAINBOW SHARE APPRECIATION RIGHTS SCHEME

Special Resolution Number 1:

Resolved as a special resolution that the Rainbow Share Appreciation Rights Scheme substantially in the form of the draft tabled at the meeting at which this resolution will be proposed and considered and initialled by the Chairman of the meeting for the purposes of identification, be and it is hereby adopted by the company.

The reason for and the effect of the special resolution is:

1. Developments in the regulatory environment and the change in practice both internationally and locally for share schemes, has required a review of the existing Rainbow Share Incentive Scheme (RSIS) by the Board.
2. As a result the Board recommends the adoption of the Rainbow Share Appreciation Rights Scheme (SARS), (the salient features of which are set out after this notice) based on equity-settled share appreciation rights.
3. The existing RSIS will remain in place for options granted and offers made under that scheme until such time as the options are exercised or lapse or are substituted with awards under the proposed SARS.

Notice to shareholders

4. It should be noted that it is Rainbow's intention that the aggregate number of Rainbow shares in respect of any unexercised options relating to the existing RSIS and the proposed SARS will not exceed thirty million Rainbow shares in aggregate, and ten million Rainbow shares per participant. The JSE requires that the rules of the SARS record its own limits on the issue of shares to the exclusion of all other schemes. Rainbow has set the SARS limits as thirty million shares in aggregate and ten million shares per participant, respectively. The Remuneration Committee however, as a matter of policy, will treat the limits of thirty million and ten million shares, respectively, as limitations on the issue of shares in respect of both Rainbow share schemes. In addition, the Remuneration Committee will not issue any further options in respect of the RSIS after the adoption of the SARS, and the RSIS will simply be allowed to run its course in respect of existing options.

And to transact such other business as may be transacted at an Annual General Meeting.

Voting and proxies

Ordinary shareholders who have not dematerialised their ordinary shares (holdings/certificates) or who have dematerialised their ordinary shares (holdings/certificates) with own name registration, are entitled to attend and to vote at the meeting. Any such shareholder may appoint a proxy/proxies to attend and speak and vote (on a poll) at the meeting.

A proxy need not be a shareholder of the company. Forms of proxy, together with a notarially certified copy of the power of attorney (if applicable) or other instrument (if any), appointing the proxy and the authority under which it is signed (if any), must be deposited at the registered office of the company or posted to the Company Secretary, PO Box 2734, Westway Office Park, 3635, or lodged with the transfer secretaries, Computershare Investor Services (Proprietary) Limited, PO Box 61051, Marshalltown, 2107, so as to arrive not less than 48 hours before the time fixed for the meeting.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

Ordinary shareholders who have dematerialised their ordinary shares, other than in own name registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- To furnish them with their voting instructions
- In the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Equity securities held by a share trust or scheme will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

By order of the Board



JMJ Maher
Company Secretary

Registered Office
One The Boulevard
Westway Office Park
Westville
3629

Salient features of the Rainbow Chicken Limited share appreciation rights scheme ("the Scheme")

1. INTRODUCTION

The Scheme will be established by Rainbow to provide selected employees and executive directors with conditional rights to receive ordinary Rainbow shares. This conditional right is referred to as a Share Appreciation Right ("SAR"). The recipient will be entitled to Rainbow Shares having a value equal to the increase in the market value of a number of notional Rainbow shares allocated during the period of the SAR Award. Participants in the Scheme ("Participants") will be entitled to exercise SAR Awards in 3 (three) tranches as set out in clause 4 of this document.

2. ELIGIBILITY

Employees and executive directors of Rainbow and its subsidiaries ("Participating Companies") will be eligible to participate in the Scheme. Non-executive directors will not be eligible to participate in the Scheme.

3. SAR AWARDS

SAR Awards will be offered to selected employees and executive directors of Participating Companies with the approval of the Remuneration Committee. SAR Awards may be made to an employee on any day on which there are no restrictions on the making of SAR Awards imposed by the JSE Listings Requirements or any other applicable law, directive or code.

4. EXERCISE

Participants will be able to exercise SAR Awards in 3 (three) tranches on the third, fourth and fifth anniversaries of a SAR Award. All SAR Awards must have been exercised by a Participant before the seventh anniversary of a SAR Award.

5. SETTLEMENT OF SAR AWARDS

5.1. If any SAR Award is exercised by a Participant, the Participating Company that employs the participant will deliver the requisite number of Rainbow shares to settle the SAR Award to the participant. The required Rainbow shares may either be purchased in the market by the Participating Company and/or Rainbow may issue Rainbow shares for that purpose.

5.2. In exceptional circumstances, the Remuneration Committee may, in its discretion pay to any participant the cash equivalent of any Rainbow shares to be delivered following the exercise of a SAR Award.

6. SAR SCHEME LIMITS

6.1. The maximum number of SAR's that may be awarded by the Remuneration Committee may not exceed a total of 30 000 000 (thirty million) Rainbow shares.

6.2. The maximum number of SAR's that may be awarded to a Participant may not exceed a total of 10 000 000 (ten million) Rainbow shares.

7. MARKET VALUE OF RAINBOW SHARES

The market value of Rainbow shares for the purposes of determining award prices and exercise prices in terms of the Scheme will be the volume weighted average price of a Rainbow share as quoted on the JSE for 5 (five) business days immediately before any applicable date.

8. EMPLOYEES TAX

Each Participant will be liable for any employees tax, securities transfer tax and any other taxes arising from the exercise of any SAR Award. A Participant will be obliged to pay, on demand, any such employees tax to the Participating Company that is obliged to deliver Rainbow shares in settlement of a SAR Award.

9. RECONSTRUCTION OR TAKEOVER

9.1. All unexercised SAR Awards will become immediately exercisable:

9.1.1 in the event of a reconstruction or takeover of Rainbow, or

9.1.2 if a Participant ceases to be an employee as a result of the fact that the Participating Company, by which the Participant is employed, ceases to be a subsidiary of Rainbow, or has sold the business in respect of which the employee was employed.

9.2 The SAR Awards referred to in clause 9.1 must be exercised within 12 (twelve) months of the happening of the events contemplated in clauses 9.1.1 and 9.1.2.

Salient features of the Rainbow Chicken Limited share appreciation rights scheme ("Scheme")

10. VARIATION OF SHARE CAPITAL OF RAINBOW

If Rainbow's share capital is varied as the result of a reduction in capital, rights issue, capitalisation issue or if Rainbow makes distributions, including special dividends or a distribution in specie or any other payment in terms of section 90 of the Companies Act (Act 61 of 1973) as amended, then in terms of the Scheme, the Remuneration Committee may make such appropriate adjustments to SAR Awards to place Participants in substantially the same position they were in prior to the occurrence of any of these events. If Rainbow's share capital is varied as aforementioned, then the Remuneration Committee can also increase the Scheme limits referred to in paragraph 6.

11. TERMINATION OF EMPLOYMENT

- 11.1. If a Participant's employment with any Participating Company terminates for reasons other than retirement, death, ill health or permanent disability, then all unexercised SAR Awards (whether or not the Participant has become entitled to exercise them) will lapse on the date of termination.
- 11.2. If a Participant's employment with any Participating Company terminates by reason of retirement, death, ill health or permanent disability, the Participant or the executor of his/her estate may exercise all of the SAR Awards awarded to the Participant, at any time within 12 (twelve) months after the date of termination of employment.
- 11.3. Notwithstanding these provisions regarding the termination of employment of any Participant, the Remuneration Committee has the discretion to treat any such Participant more favourably than is stipulated.

12. IMPLEMENTATION AND COMMENCEMENT OF THE SCHEME

- 12.1. The implementation of the Scheme requires the adoption of the Scheme by Rainbow shareholders in general meeting.
- 12.2. The rules of the Scheme will be available for inspection during normal business hours at the registered office of Rainbow, from the date of the Notice to Shareholders up to and including the date of the Annual General Meeting of Rainbow.
- 12.3. The date of commencement of the Scheme will be the date of the passing of the requisite resolutions by Rainbow shareholders in general meeting.

13. AMENDMENTS TO THE SCHEME

Any amendments to the Scheme are subject to approval by Rainbow shareholders in general/annual general meeting to the extent (if any) required in terms of the JSE Listings Requirements and/or compliance with any applicable statute, regulation or rules.

Form of proxy

RAINBOW CHICKEN LIMITED

Incorporated in the Republic of South Africa
 Registration number: 1966/004972/06
 Share code: RBW ISIN ZAE000019063
 ("the Company")



THIS FORM OF PROXY IS ONLY FOR USE BY:

1. REGISTERED SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR ORDINARY SHARES
2. REGISTERED SHAREHOLDERS WHO HAVE ALREADY DEMATERIALISED THEIR ORDINARY SHARES AND REGISTERED THEM IN THEIR OWN NAME. *

* See explanatory note 3 overleaf.

I/We

(Name in block letters)

of address

being a shareholder of Rainbow Chicken Limited (registration number 1966/004972/06) and the registered

holder/s of

ordinary shares

in the company, hereby appoint (see instruction 1 overleaf)

1

or failing him/her

2

or failing him/her

3. the Chairman of the Annual General Meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the Annual General Meeting of the company to be held at One The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Friday, 31 July 2009 at 09:00 and at any adjournment thereof as follows:

	In favour of	Against	Abstain
Ordinary Resolutions			
1. Approval of annual financial statements			
2. Re-election of director – M Dally			
3. Re-election of director – RH Field			
4. Re-election of director – MH Visser			
5. Control of authorised but unissued shares			
6. Re-appointment of auditors			
Special Resolution			
7. Adoption of the Rainbow Share Appreciation Rights Scheme			

(Indicate instructions to proxy by way of a cross in the space provided)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this

day of

2009

Signature

(Please read the notes overleaf)

Notes

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the company.
2. Every shareholder present in person or by proxy and entitled to vote at the Annual General Meeting of the company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds. In the event of a poll, every shareholder shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the company.
3. Shareholders registered in their own name are shareholders who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertified shares are to be registered in the electronic sub-register of shareholders **in their own names**.

Instructions on signing and lodging the form of proxy:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the Chairman of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by the shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the s or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed forms of proxy must be deposited at the registered office of the company or posted to the Company Secretary, PO Box 2734, Westway Office Park, 3635, or lodged with the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited at 70 Marshall Street, Johannesburg, 2001, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, so as to arrive not less than 48 hours before the time fixed for the meeting .
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the Annual General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The Chairman of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.



Corporate information

Company registration number:	1966/004972/06
JSE share code:	RBW
ISIN code:	ZAE000019063
Registered office/street address:	One The Boulevard Westway Office Park Westville 3629
Postal address:	PO Box 2734 Westway Office Park Westville 3635
Transfer secretaries:	Computershare Investor Services (Proprietary) Limited 70 Marshall Street Johannesburg 2001 PO Box 61051 Marshalltown 2107
Company Secretary:	JMJ Maher
Auditors:	PricewaterhouseCoopers Incorporated
Listing:	JSE Limited, South Africa Sector: Food Producers
Sponsor:	RANDEMERCHANT BANK (a division of FirstRand Bank Limited)
Bankers:	ABSA Bank Limited
Website:	www.rainbowchicken.co.za

