



ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2009 AND CASH DIVIDEND DECLARATION

CONSOLIDATED BALANCE SHEET

R'000	31 March 2009	31 March 2008
ASSETS		
Non-current assets		
Property, plant and equipment	1 383 196	1 243 670
Goodwill	287 444	287 444
Deferred taxation	5 796	
	1 676 436	1 531 114
Current assets		
Inventories	543 925	521 945
Biological assets	429 553	369 224
Trade and other receivables	987 503	862 591
Derivative financial instruments	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		
Capital and reserves	2 485 910	2 337 130
LIABILITIES		
Non-current liabilities		
Deferred taxation	243 709	240 041
Post-retirement medical obligation	85 655	80 862
	329 364	320 903
Current liabilities		
Trade and other payables	1 329 764	1 126 210
Provisions	17 500	43 251
Finance lease liability		177
Derivative financial instruments	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

CONSOLIDATED INCOME STATEMENT

R'000	Year ended 31 March 2009	Year ended 31 March 2008
Revenue	6 811 448	5 955 327
Operating profit before non-recurring items and depreciation		
Legal disputes provision release	549 268	925 808
Feed claim recovery	23 800	
BEE expense		(49 368)
	573 068	916 440
Operating profit		
Depreciation	(149 229)	(136 426)
Finance costs	(5 055)	(2 566)
Finance income	22 875	34 248
	441 655	811 696
Profit before taxation		
Taxation	(124 203)	(272 730)
	317 452	538 966
Profit for the year attributable to the equity holders of the company		
Basic earnings per share (cents)	109,1	186,5
Basic earnings per share – diluted (cents)	109,1	184,6

HEADLINE EARNINGS

R'000	Year ended 31 March 2009	Year ended 31 March 2008
Profit for the year attributable to the equity holders of the company		
Loss on disposal of property, plant and equipment	1 376	269
Net asset impairment provision release		(11 170)
	318 828	528 065
Headline earnings		
Legal disputes provision release	(17 136)	
Additional taxation allowance	(26 506)	
Feed claim recovery		(28 400)
BEE expense		49 368
	275 186	549 033
Adjusted headline earnings		
Headline earnings per share (cents)	109,6	182,8
Headline earnings per share – diluted (cents)	109,6	180,8
Adjusted headline earnings per share (cents)	94,6	190,0
Adjusted headline earnings per share – diluted (cents)	94,6	188,0

CONSOLIDATED CASH FLOW INFORMATION

R'000	Year ended 31 March 2009	Year ended 31 March 2008
Operating profit	423 839	780 014
Non-cash items	149 060	185 125
	572 899	965 139
Operating profit before working capital requirements		
Working capital requirements	21 635	(347 905)
	594 534	617 234
Cash generated by operations		
Net finance income	17 816	31 682
Taxation paid	(115 767)	(239 641)
	496 583	409 275
Cash available from operating activities		
Dividends paid	(197 755)	(208 803)
Net cash flows from investing activities	(290 131)	(310 509)
Net cash flows from financing activities	9 493	29 595
	18 190	(80 442)
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	509 894	590 336
	528 084	509 894

STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Share-based payments	Retained earnings	Total
Balance at 1 April 2007				
Profit for the year attributable to the equity holders of the company	1 127 285	22 248	771 356	1 920 889
Ordinary dividends paid			538 966	538 966
BEE share-based payments charge		45 468	(208 803)	45 468
Employee share option scheme: Proceeds from shares issued	29 807			29 807
Value of employee services	10 803			10 803
	1 157 092	78 519	1 101 519	2 337 130
Balance at 1 April 2008				
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
	1 166 762	97 932	1 221 216	2 485 910

SUPPLEMENTARY INFORMATION

R'000	Year ended 31 March 2009	Year ended 31 March 2008
Capital expenditure contracted and committed	92 694	94 165
Capital expenditure approved but not contracted	109 217	119 258
Contingencies	36 257	50 078

STATISTICS

	(R'000)	2009	2008
Ordinary shares in issue	(R'000)	291 320	290 004
Weighted average ordinary shares in issue	(R'000)	290 904	288 951
Diluted weighted average ordinary shares in issue	(R'000)	290 904	292 028
Net asset value per share	(cents)	853,3	805,9
Ordinary dividends:			
Interim dividend paid	(cents)	24,0	24,0
Final dividend declared/paid	(cents)	44,0	44,0
Total dividends	(cents)	68,0	68,0

SALIENT FEATURES

Revenue	↑ 14,4%
Chicken realisations	↑ 15,2%
Feed cost	↑ 33,6%
Operating profit	↓ 45,7%
Headline earnings	↓ 39,6%
R153 million unrealised loss in respect of feed raw material procurement	
Total dividend maintained	68 cents

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 (Interim financial reporting) and in compliance with the Companies Act (Act 61 of 1973) as amended, and the Listings Requirements of the JSE Limited. The accounting policies are consistent with those of the previous financial year.

OVERVIEW AND MARKET CONDITIONS

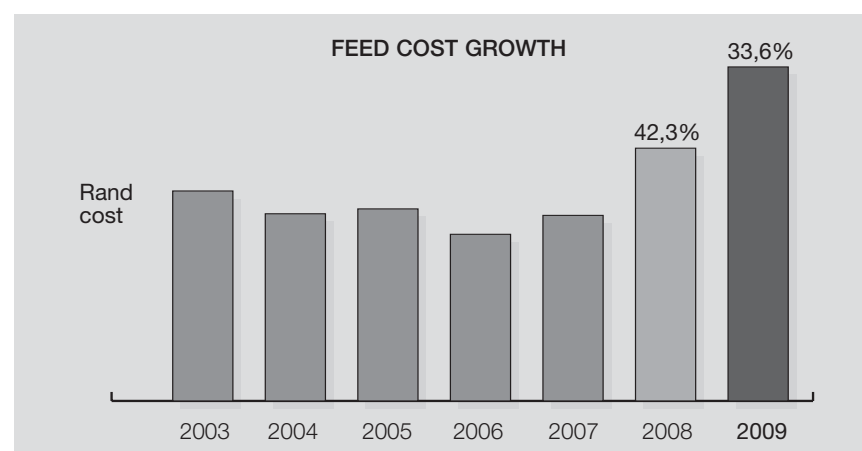
The Group's results for the twelve months ended 31 March 2009 reflect a headline earnings decline of 39,6%, however excluding the unrealised losses on financial instruments used in the feed raw material procurement strategy, the decline moderates to 14,8%.

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 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.

The graph below depicts the rand feed cost movements for the twelve month periods ended 31 March since 2003, with significant increases having been experienced in the past two years.



The local chicken market is estimated to have grown in rand value by 10% 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 earlier weakening of the rand, overseas suppliers diverting product into other more profitable markets and the effect of the significant capacity expansion locally.

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

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 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 which now include Rainbow Viennas and Polonies, Rainbow Crumbed, Rainbow Grill and Braai as well as Farmer Brown Fully Cooked and Tenderbreasts 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.

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.

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 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 optimal chicken to utilise excess capacity and working with agriculture to achieve the lowest c/kg chicken. Feed experienced difficult trading conditions and was less successful than prior years in selling its excess capacity profitably.

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.

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 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.

FINANCIAL REVIEW

Revenue – Rmillion	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.

The table 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 the 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).

	2009	2008	%
Headline EBIT (Rmillion)			
– Statutory	425,2	764,6	(44,4)
– Adjusted for non-recurring items	401,4	774,0	(48,1)
– Adjusted pre IAS 39	554,6	739,6	(25,0)
Headline EBIT margin (%)			
– Statutory	6,2	12,8	(6,6)
– Adjusted for non-recurring items	5,9	13,0	(7,1)
– Adjusted pre IAS 39	8,1	12,4	(4,3)

The decline in headline EBIT margin is in line with the forecast made at the previous year end and reflects the 33,6% feed cost increase not being entirely recovered in chicken pricing.

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 as a consequence, 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.

Net finance income decreased by R13,9 million due to the lower cash balances during the period.

Headline earnings decreased by 39,6% to R318,8 million (2008: R528,1 million) with diluted headline earnings per share reducing by 39,4% to 109,6 cents per share (2008: 180,8 cents per share).

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.

Capital expenditure was R293,1 million (2008: R315,5 million). 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.

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

BEE TRANSACTION

Rainbow's BEE transaction was concluded on 30 July 2008 with the issue of the 15% ordinary shares to the broad-based 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.

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 volatile but 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 the 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 year.

DIRECTORATE

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 Zwiwagalar retired from the Board on 19 November 2008 and Mr RV Smither and Mr PR Louw were appointed on 1 December 2008.

AUDIT OPINION

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

CASH DIVIDEND DECLARATION

Notice is hereby given that on 9 June 2009 the Board declared a final dividend (number 72) of 44,0 cents per ordinary share in respect of the twelve months ended 31 March 2009 (2008: 44,0 cents). 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 to between 2,0 – 2,5 times over a period of time.

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

Last date to trade ordinary shares cum dividend	Friday, 3 July 2009
Ordinary shares trade 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 2009 and Friday, 10 July 2009 (both dates inclusive).

For and on behalf of the Board

MH Visser
Non-executive Chairman

Durban
 9 June 2009

Directors: MH Visser (*Non-executive Chairman*), M Dally (*CEO*)*, RH Field*, M Griessel, PR Louw, JB Magwaza, MM Nhlalaha, RV Smither, DW Vale, GC Zondi
 * *Executive Directors*

Company secretary: JMJ Maher

Registered office: Rainbow Chicken Limited, One The Boulevard, Westway Office Park, Westville, 3629

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001

Auditors: PricewaterhouseCoopers Inc

Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Bankers: ABSA Bank Limited

Website: www.rainbowchicken.co.za