

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2010 AND CASH DIVIDEND DECLARATION

BALANCE SHEET		
R'000	31 March 2010	31 March 2009
ASSETS		
Non-current assets		
Property, plant and equipment	1 464 929	1 383 196
Goodwill	287 444	287 444
Deferred income tax assets		5 796
	1 752 373	1 676 436
Current assets		
Inventories	538 413	543 925
Biological assets	422 798	429 553
Trade and other receivables	1 154 647	987 503
Derivative financial instruments		6 295
Tax receivable	8 558	6 965
Cash and cash equivalents	539 067	528 084
	2 663 483	2 502 325
Total assets	4 415 856	4 178 761
EQUITY		
Capital and reserves	2 660 182	2 485 910
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	320 322	243 709
Post-retirement medical obligation	94 670	85 655
	414 992	329 364
Current liabilities		
Trade and other payables	1 337 810	1 329 764
Provisions		17 500
Derivative financial instruments	1 004	16 223
Current income tax liabilities	1 868	
	1 340 682	1 363 487
Total liabilities	1 755 674	1 692 851
Total equity and liabilities	4 415 856	4 178 761

STATEMENT OF COMPREHENSIVE INCOME		
R'000	Year ended 31 March 2010	Year ended 31 March 2009
Revenue	6 952 789	6 811 448
Operating profit before non-recurring item and depreciation	677 111	549 268
Legal disputes provision release		23 800
Operating profit before depreciation	677 111	573 068
Depreciation	(157 425)	(149 229)
Operating profit	519 686	423 839
Finance costs	(900)	(5 059)
Finance income	14 877	22 875
Profit before tax	533 663	441 655
Income tax expense	(178 155)	(124 203)
Profit for the year	355 508	317 452
Total comprehensive income for the year	355 508	317 452
Basic earnings per share (cents)	121,8	109,1
Basic earnings per share – diluted (cents)	121,0	109,1

HEADLINE EARNINGS		
Profit for the year	355 508	317 452
(Profit)/loss on disposal of property, plant and equipment	(4 053)	1 376
Headline earnings	351 455	318 828
Legal disputes provision release		(17 136)
Additional tax allowance		(26 506)
Adjusted headline earnings	351 455	275 186
Headline earnings per share (cents)	120,4	109,6
Headline earnings per share – diluted (cents)	119,7	109,6
Adjusted headline earnings per share (cents)	120,4	94,6
Adjusted headline earnings per share – diluted (cents)	119,7	94,6

CASH FLOW INFORMATION		
Operating profit	519 686	423 839
Non-cash items	144 636	176 732
Operating profit before working capital requirements	664 322	600 571
Working capital requirements	(138 439)	(6 037)
Cash generated by operations	525 883	594 534
Net finance income	13 977	17 816
Tax paid	(95 471)	(115 767)
Cash available from operating activities	444 389	496 583
Dividends paid	(210 173)	(197 755)
Net cash flows from investing activities	(233 528)	(290 131)
Net cash flows from financing activities	10 295	9 493
Net movement in cash and cash equivalents	10 983	18 190
Cash and cash equivalents at the beginning of the year	528 084	509 894
Cash and cash equivalents at the end of the year	539 067	528 084

STATEMENT OF CHANGES IN EQUITY				
R'000	Stated capital	Share-based payments	Retained earnings	Total
Balance at 1 April 2008	1 157 092	78 519	1 101 519	2 337 130
Total comprehensive income for the year			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 1 April 2009	1 166 762	97 932	1 221 216	2 485 910
Total comprehensive income for the year			355 508	355 508
Ordinary dividends paid			(210 173)	(210 173)
BEE share-based payments charge		3 383		3 383
Employee share option scheme:				
Proceeds from shares issued	10 295			10 295
Value of employee services		15 259		15 259
Balance at 31 March 2010	1 177 057	116 574	1 366 551	2 660 182

SUPPLEMENTARY INFORMATION		
R'000	Year ended 31 March 2010	Year ended 31 March 2009
Capital expenditure contracted and committed	99 216	92 694
Capital expenditure approved but not contracted	81 187	109 217
Contingencies	30 771	36 257

SALIENT FEATURES

REVENUE	↑ 2,1%
OPERATING PROFIT	↑ 22,6%
HEADLINE EARNINGS PER SHARE	↑ 9,9%
TOTAL DIVIDEND PER SHARE	↑ 11,8%

STATISTICS

R'000	Year ended 31 March 2010	Year ended 31 March 2009
Ordinary shares in issue (000's)	292 563	291 320
Weighted average ordinary shares in issue (000's)	291 918	290 904
Diluted weighted average ordinary shares in issue (000's)	293 694	290 904
Net asset value per share (cents)	909,3	853,3
Ordinary dividends per share:		
Interim dividend paid (cents)	28,0	24,0
Final dividend declared/paid (cents)	48,0	44,0
Total dividends (cents)	76,0	68,0

COMMENTARY

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 (Interim Financial Reporting) and in compliance with the Companies Act of South Africa of 1973 as amended, and the Listings Requirements of the JSE Limited. The accounting policies comply with IFRS and are consistent with those applied in the previous year except for the standards noted below that became effective on 1 January 2009: IAS 1 (Presentation of Financial Statements (revised)), IFRS 7 (Financial Instruments: Improving Disclosures about Financial Instruments) and IFRS 8 (Operating Segments). The adoption of these standards has no effect on the results, nor has it required any restatement of the results.

OVERVIEW AND MARKET CONDITIONS

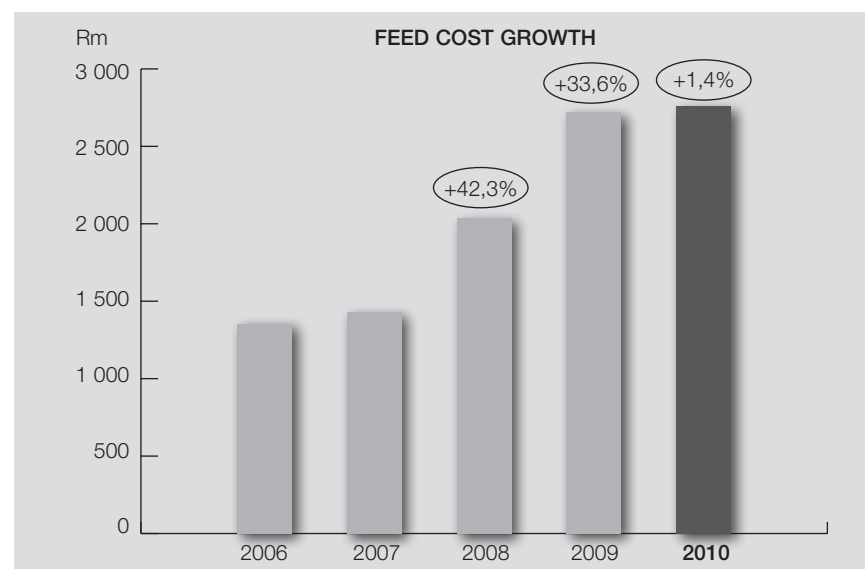
The results for the year ended 31 March 2010 reflect a headline earnings increase of 10,2%, and adjusted for the non-recurring items in the previous year, an increase of 27,7%.

South Africa's recession officially ended in the third quarter of calendar 2009 and since then gross domestic product has shown nominal growth. The lower interest rates will benefit consumers, however the impact of the near one million job losses has been significant. Going forward household consumption growth is expected to be positive again once the labour market stabilises, but a return to the credit-led spending of the mid-decade is unlikely to materialise.

Although global economic activity is improving, weak domestic demand conditions, low business confidence and significant excess production capacity suggest that it is unlikely that a return of private sector investment growth will be seen in the short-term.

Feed raw material prices peaked at historically high levels during the 2009 financial year and remained volatile throughout 2010. With the exception of soya, raw material prices reduced substantially during 2010, and the rand strengthened against all major currencies. Taking full advantage of these lower prices was difficult due to the rate at which the prices declined and Rainbow's forward procurement strategy. Going forward there is an opportunity for feed costs to reduce further provided raw material prices remain at the current lower levels.

The graph below depicts the feed cost increases for financial years since 2006. Rainbow's forward procurement and the 5,1% additional chicken volumes in 2010 contributed to the feed cost increasing by 1,4%.



The local chicken market is estimated to have declined in rand value by 1% in the past twelve months to R17,5 billion. This is as a result of a 2% realisation decline, partly offset by a 1% volume growth. Total chicken imports (excluding turkey and mechanically deboned meat) have increased by 29% over the past twelve months.

REVIEW OF OPERATIONS

Brands

Rainbow's brand strategy, which differentiates the company from its competitors, has been effective in delivering an acceptable margin.

The last nine months of the financial year have seen significant pressure on chicken realisations. More supply, in the form of substantially increased output from local chicken producers as well as a higher level of imports, together with consumer demand being under pressure, have driven realisations to lower levels than the previous financial year.

Rainbow's branded added value strategy has once again proved to be vital in delivering consistent profit in these difficult economic times.

Retail added value performed well. Rainbow Polony continued to entrench its market leadership position with the launch of Rainbow Family Polony, while Rainbow Viennas showed good volume growth. The Rainbow Freezer to Fryer range of burgers and steaklets has shown strong growth this year and has recently become the market leading crumbed chicken brand in South Africa.

FoodSolutions has grown acceptably given the tight economy and the consequential impact on discretionary purchases like fast food. The general foodservice channel has contracted, leading to a decline in chicken purchases while the Quick Service Restaurants have grown slowly.

Supply chain

Challenges in agricultural performance were experienced during the winter months, particularly in the Cape. Overall agricultural performance has improved in recent months. Genetic changes to the Cobb breed have resulted in improved hatchability.

The processing plants and feed mills did well to manage costs down to an acceptable level despite the impact of the electricity cost escalation and above inflation wage settlement. The processing teams have again been successful in improving yield through various initiatives conducted during the year. Capital investment projects in the coming year will provide the plants with greater flexibility and enable a more profitable product mix in the future.

Rainbow's farm to fork food safety and quality programme is on track to have all facilities ISO 22 000 certified within the next year. Currently the feed mills, processing plants and certain farms have achieved this internationally recognised food safety certification standard.

Rainbow's sustainability programme has brought focus to the issue of carbon footprint and will continue to benefit the operations through reduced electricity and coal consumption.

Current initiatives to further optimise the Rainbow Outbound Supply Chain include the Sales and Operational Planning project, upgrade to the Roodepoort operation and the lease of a large bulk storage facility in Midrand Gauteng, thereby consolidating storage requirements. Opportunities to grow the external (non-Rainbow) contribution of Vector's business continue to be explored to further leverage assets and business competencies.

FINANCIAL REVIEW

Revenue – Rm	2010	2009	% Var
Chicken	5 585,5	5 428,5	2,9
Feed	746,7	868,1	(14,0)
Services	620,6	514,8	20,6
Total revenue	6 952,8	6 811,4	2,1

Chicken revenue for the year was 2,9% higher than the same period of the previous year. Rainbow's average price realisations decreased by 2,7% and volumes were 5,1% higher.

Total revenue increased by a lower 2,1% to R7,0 billion (2009: R6,8 billion) largely as a result of significantly lower feed selling prices and volumes sold external to Rainbow.

The table below depicts headline EBIT from a statutory perspective and adjusted for both a non-recurring item and unrealised gains or losses on financial instruments used in the feed raw material procurement strategy. The non-recurring item relates to a provision release in respect of the settlement of certain legal disputes (R23,8 million) which occurred in 2009.

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-tax impact on the Group's results of these unrealised positions is a positive impact of R51,6 million (2009: R153,2 million negative).

	2010	2009	% Var
Headline EBIT (Rm)			
– Statutory	514,1	425,2	20,9
– Adjusted for non-recurring item	514,1	401,4	28,1
– Adjusted pre IAS 39	462,5	554,6	(16,6)
Headline EBIT margin (%)			
– Statutory	7,4	6,2	1,2
– Adjusted for non-recurring item	7,4	5,9	1,5
– Adjusted pre IAS 39	6,7	8,1	(1,4)

The underlying (pre IAS 39) headline EBIT is adversely impacted by lower chicken realisations and a lower contribution from the external feed business. The increase in statutory headline EBIT margin is in line with the prospects stated at the previous year-end and reflects the reversal of the prior year feed raw material positions.

Net finance income decreased by R3,8 million due to lower average cash balances and lower interest rates during the period.

The effective tax rate of 33,4% (2009: 28,1%) is higher mainly as a result of the additional tax allowance of R26,5 million recognised in 2009.

Adjusted headline earnings (2009 adjusted for the two non-recurring items being the legal settlement and additional tax allowance) increased by 27,7% to R351,5 million (2009: R275,2 million) with adjusted diluted headline earnings per share increasing by 26,5% to 119,7 cents per share (2009: 94,6 cents per share).

Cash generated by operations decreased by 11,5% to R525,9 million (2009: R594,5 million) largely due to higher trade receivables (R227,5 million movement) as a consequence of an additional trading week in the March month compared to the previous year.

Capital expenditure was R251,4 million (2009: R293,1 million). A further amount of R99,2 million (2009: R92,7 million) has been contracted and committed, but not spent, whilst a further R81,2 million (2009: R109,2 million) has been approved, but not contracted. The Group continues to adopt a policy of upgrading its facilities and funding normal levels of replacement capital expenditure from its own resources.

Return on equity increased to 13,8% (2009: 13,2%).

OPERATING SEGMENTS

IFRS 8 (Operating Segments) requires management to disclose segment reporting in line with how the business is managed. The company operates as a vertically integrated chicken producer and is managed as a single segment. Additional entity wide disclosure is reported in the financial statements.

PROSPECTS

Maize and soya prices are likely to remain at the lower levels with excellent crops expected locally and in Argentina. The exchange rate is expected to remain volatile, while feed prices are expected to decline but remain higher than historical levels.

Chicken realisations are also expected to remain under pressure as a result of sluggish domestic demand, additional local production capacity and the current higher levels of imports.

Energy rate cost increases, driven largely by oil and the approved electricity rate increase, are not expected to be fully recovered in chicken realisations.

DIRECTORATE

Mr NP Mageza and Mr JJ Durand were appointed as non-executive directors on 1 September 2009 and 26 March 2010 respectively.

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 25 May 2010 the Board declared a final dividend (number 74) of 48,0 cents per ordinary share in respect of the year ended 31 March 2010 (2009: 44,0 cents). The total dividend for the year is 1,6 times covered by fully diluted headline earnings per share (2009: 1,6 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.

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

Last date to trade ordinary shares cum dividend	Thursday, 10 June 2010
Ordinary shares trade ex dividend	Friday, 11 June 2010
Record date	Friday, 18 June 2010
Payment date	Monday, 21 June 2010

Share certificates may not be dematerialised or rematerialised between Friday, 11 June 2010 and Friday, 18 June 2010 (both dates inclusive).

For and on behalf of the Board

MH Visser

Non-executive Chairman

Durban

25 May 2010

M Dally

Chief Executive Officer

Directors: MH Visser (Non-executive Chairman), M Dally (CEO), JJ Durand, RH Field*, M Griessel, PR Louw, NP Mageza, 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