



REVIEWED ABRIDGED INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 31 MARCH 2011

BALANCE SHEET

| | Reviewed 31 March 2011 | Audited 31 March 2010 |
|-------------------------------------|------------------------------|-----------------------------|
| R'000 | | |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1 594 994 | 1 464 929 |
| Goodwill | 287 444 | 287 444 |
| | 1 882 438 | 1 752 373 |
| Current assets | | |
| Inventories | 601 180 | 538 413 |
| Biological assets | 416 370 | 422 798 |
| Trade and other receivables | 1 263 069 | 1 154 647 |
| Derivative financial instruments | 6 866 | |
| Tax receivable | 29 524 | 8 558 |
| Cash and cash equivalents | 502 714 | 539 067 |
| | 2 819 723 | 2 663 483 |
| Total assets | 4 702 161 | 4 415 856 |
| EQUITY | | |
| Capital and reserves | 2 835 822 | 2 660 182 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Deferred income tax liabilities | 356 636 | 320 322 |
| Post-retirement medical obligation | 100 635 | 94 670 |
| | 457 271 | 414 992 |
| Current liabilities | | |
| Trade and other payables | 1 303 237 | 1 337 810 |
| Derivative financial instruments | 192 | 1 004 |
| Current income tax liabilities | 105 639 | 1 868 |
| | 1 409 068 | 1 340 682 |
| Total liabilities | 1 866 339 | 1 755 674 |
| Total equity and liabilities | 4 702 161 | 4 415 856 |

STATEMENT OF COMPREHENSIVE INCOME

| Revenue | 6 956 412 | 6 952 789 |
|------------------------------------------------|----------------|-----------|
| Operating profit before depreciation | 701 418 | 677 111 |
| Depreciation | (167 034) | (157 425) |
| Operating profit | 534 384 | 519 686 |
| Finance costs | (2 638) | (900) |
| Finance income | 17 489 | 14 877 |
| Profit before tax | 549 235 | 533 663 |
| Income tax expense | (181 214) | (178 155) |
| Profit for the year | 368 021 | 355 508 |
| Total comprehensive income for the year | 368 021 | 355 508 |
| Basic earnings per share (cents) | 125,7 | 121,8 |
| Basic earnings per share – diluted (cents) | 124,8 | 121,0 |

SALIENT FEATURES

- Revenue **↑ 0,1%**
- Operating profit **↑ 2,8%**
- Headline earnings **↑ 5,9%**
- Final dividend declaration deferred to new financial year-end of 30 June

HEADLINE EARNINGS

| | Reviewed 31 March 2011 | Audited 31 March 2010 |
|------------------------------------------------------------|------------------------------|-----------------------------|
| R'000 | | |
| Total comprehensive income for the year | 368 021 | 355 508 |
| Loss/(profit) on disposal of property, plant and equipment | 4 176 | (4 053) |
| Headline earnings | 372 197 | 351 455 |
| Headline earnings per share (cents) | 127,1 | 120,4 |
| Headline earnings per share – diluted (cents) | 126,3 | 119,7 |

CASH FLOW INFORMATION

| | | |
|-------------------------------------------------------------|-----------------|-----------|
| Operating profit | 534 384 | 519 686 |
| Non-cash items | 189 454 | 144 634 |
| Operating profit before working capital requirements | 723 838 | 664 320 |
| Working capital requirements | (199 737) | (138 437) |
| Cash generated by operations | 524 101 | 525 883 |
| Net finance income | 14 851 | 13 977 |
| Tax paid | (62 094) | (95 471) |
| Cash available from operating activities | 476 858 | 444 389 |
| Dividends paid | (222 541) | (210 173) |
| Net cash flows from investing activities | (302 899) | (233 528) |
| Net cash flows from financing activities | 12 229 | 10 295 |
| Net movement in cash and cash equivalents | (36 353) | 10 983 |
| Cash and cash equivalents at the beginning of the year | 539 067 | 528 084 |
| Cash and cash equivalents at the end of the year | 502 714 | 539 067 |

STATEMENT OF CHANGES IN EQUITY

| R'000 | Stated capital | Share-based payments | Retained earnings | Total |
|-----------------------------------------|-------------------|-------------------------|----------------------|------------------|
| 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 1 April 2010 | 1 177 057 | 116 574 | 1 366 551 | 2 660 182 |
| Total comprehensive income for the year | | | 368 021 | 368 021 |
| Ordinary dividends paid | | | (222 541) | (222 541) |
| BEE share-based payments charge | | 3 383 | | 3 383 |
| Employee share option scheme: | | | | |
| Proceeds from shares issued | 12 229 | | | 12 229 |
| Value of employee services | | 14 548 | | 14 548 |
| Balance at 31 March 2011 | 1 189 286 | 134 505 | 1 512 031 | 2 835 822 |

SUPPLEMENTARY INFORMATION

| R'000 | Reviewed 31 March 2011 | Audited 31 March 2010 |
|-------------------------------------------------|------------------------------|-----------------------------|
| Capital expenditure contracted and committed | 72 574 | 99 216 |
| Capital expenditure approved but not contracted | 92 098 | 81 187 |
| Contingencies | 26 068 | 30 771 |

STATISTICS

| | | | |
|---------------------------------------------------|---------|---------|---------|
| Ordinary shares in issue | (000's) | 293 887 | 292 563 |
| Weighted average ordinary shares in issue | (000's) | 292 869 | 291 918 |
| Diluted weighted average ordinary shares in issue | (000's) | 294 784 | 293 694 |
| Net asset value per share | (cents) | 964,9 | 909,3 |
| Ordinary dividends per share: | | | |
| Interim dividend paid | (cents) | 28,0 | 28,0 |
| Final dividend paid | (cents) | | 48,0 |
| Total dividends | (cents) | 28,0 | 76,0 |

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 July 2009: IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements (revised)). The adoption of these standards has no effect on the results, nor has it required any restatement of the results.

FINANCIAL YEAR-END CHANGE AND CASH DIVIDEND DECLARATION

Rainbow's financial year-end has changed to 30 June so as to align with that of its holding company, Remgro Limited. The JSE approval of the change was noted on SENS on 17 March 2011.

The abridged financial statements for the twelve months ended 31 March 2011 have been reviewed by the Group's auditors, PricewaterhouseCoopers Inc. This review has been conducted in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", and their unmodified review conclusion is available for inspection at the Company's registered office.

Audited results will be published for the 15 months ended 30 June 2011 in August 2011, at which time the final dividend for the 2011 financial year will be declared.

OVERVIEW AND MARKET CONDITIONS

The results for the twelve months ended 31 March 2011 reflect a statutory headline earnings increase of 5,9%, with the underlying pre IAS 39 results increasing by 4,5%.

South Africa's GDP grew modestly by 2,8% in calendar 2010. The strong rand and further global uncertainty remain the key contributors to the low interest rate levels. However consumer confidence and in turn consumer demand remains subdued with consumers' disposable income impacted by the high levels of indebtedness and unemployment as well as the significant cost increases in electricity and fuel.

Chicken prices have remained low by virtue of both the pressure on consumers and the lower feed cost environment. As a consequence, the local chicken market is estimated to have declined by 5% in the past twelve months to R19,2 billion, with a 10% realisation decline partially being offset by a 6% volume growth. The additional volume is largely attributable to the 26% increase in chicken imports (excluding mechanically deboned meat (MDM)) over the comparable year.

International maize and soya prices have increased significantly over the past few months, testing the record levels reached during September 2008. The full extent of these increases on local raw material prices was partially offset by the strong rand, but will adversely impact food inflation going forward.

RAINBOW GROUP RESTRUCTURE

With effect from 1 January 2011 the Group was restructured into two operating units, namely Rainbow and Vector, each with its own board and MD. The purpose of the restructure was to bring additional operational focus to the businesses and to free up the CEO and CFO to focus on strategic growth opportunities for the Group. In future the Rainbow and Vector results will be reported as separate segments.

REVIEW OF OPERATIONS

Brands

The second half of the period under review has seen an improved balance in supply and demand in the South African chicken market. Despite the tough trading environment, Rainbow's mainstream chicken has seen volume growth accompanied by marginal price improvements.

In the Added Value sector, Rainbow's products have performed well, growing at double digit levels. Retail added value lines like Viennas, Polonies and Crumbed Frozen products have all seen strong growth. The growth in Chilled Processed Meats has been facilitated by the acquisition of a second processing facility which is located at Wolwehoek near Sasolburg. The new facility is well positioned to enable Rainbow to better service the inland market.

The new Rainbow Family Polony has established a meaningful market share and the new frozen Rainbow Saucy Steaklets and Fingers have also been well accepted by the trade and consumers.

The Foodservice sector has returned modest, but positive growth over the period. It is anticipated that this sector will continue to grow as quick service restaurants open new stores.

Supply chain

The overall agricultural performance has continued to improve over the period under review, particularly in the Cape where challenges were experienced last winter. Performance measurement continues to focus on delivering the right sized bird at the lowest cost in order to service the demand of customers' weight sensitive products.

The processing plants and feed mills managed to contain the high energy cost increases through additional focus on efficiencies. The plants also did well to increase flexibility and added value capacity to meet the changing customer product mix requirements. The feed mills were successful in achieving better utilisation of available capacity.

The safety, health, environmental and quality programme is a priority for Rainbow and all business units including the Westville national office are ISO 22000:2005 (Food Safety) certified. Rainbow aims to have all business units ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) certified within the next year.

In the 2010 Carbon Disclosure Leadership Index, Rainbow achieved 84% and joint 7th position in the SA top 100 companies. The reduction in the consumption of energy and water is integral to our sustainability and carbon footprint reduction strategy.

Distribution

Recent initiatives to further optimise Rainbow's outbound supply chain are delivering benefits and efficiencies. These initiatives include the upgrade of the Roodepoort operation which was completed at the end of October 2010, and the closure and relocation of the Clayville operation to a new facility located in Midrand, Gauteng. This new facility has added much needed secondary and bulk storage capacity to facilitate future growth. The strategy to leverage assets and business competencies continues to gain momentum, with the take-on of Fry's Foods and the Compass Group business during the period under review, as well as the extension of service offerings to existing strategic partners.

FINANCIAL REVIEW

| Revenue – Rm | 2011 | 2010 | % var |
|---------------|---------|---------|-------|
| Chicken | 5 640,7 | 5 703,1 | (1,1) |
| Feed | 753,1 | 746,7 | 0,9 |
| Services | 562,6 | 503,0 | 11,8 |
| Total revenue | 6 956,4 | 6 952,8 | 0,1 |

Despite volumes being 0,3% higher, **chicken revenue** was 1,1% lower than the previous year by virtue of average price realisations decreasing by 0,9%. The external feed volume increase of 13% was offset by lower pricing because of lower feed input costs. Services revenue was higher as Vector took on new business.

Total revenue increased 0,1% to R6,9 billion.

The table below depicts **headline EBIT** from a statutory perspective and adjusted for unrealised gains or losses on financial instruments used in the feed raw material procurement strategy.

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 period under review, the pre-taxation impact on the Group's results of these unrealised positions is a positive impact of R61,0 million (2010: R51,6 million).

| | 2011 | 2010 | % var |
|--------------------------|-------|-------|-------|
| Headline EBIT (Rm) | | | |
| – Statutory | 540,2 | 514,1 | 5,1 |
| – Pre IAS 39 | 479,2 | 462,5 | 3,6 |
| Headline EBIT margin (%) | | | |
| – Statutory | 7,8 | 7,4 | 0,4 |
| – Pre IAS 39 | 6,9 | 6,7 | 0,2 |

The adverse impact of chicken realisations on underlying (pre IAS 39) **headline EBIT** was offset by the 17,5% reduction in feed costs.

The lower effective **tax** rate of 33,0% (2010: 33,4%) is largely attributable to an overprovision in prior years.

Headline earnings increased by 5,9% to R372,2 million (2010: R351,5 million) with **diluted headline earnings per share** increasing by 5,5% to 126,3 cents per share (2010: 119,7 cents per share).

Cash generated by operations of R524,1 million is similar to that generated in the prior year. Inventories and receivables have been impacted by Vector's take-on of new business. Strategic holdings of maize stocks were temporarily increased during March following issues with the reliability of rail supply to specific mills. Trade receivable days are marginally improved on the previous year.

Capital expenditure was R308,8 million (2010: R251,4 million). The R308,8 million includes the R52,0 million Wolwehoek acquisition. A further amount of R72,6 million (2010: R99,2 million) has been contracted and committed, but not spent, whilst a further R92,1 million (2010: R81,2 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 marginally to 13,4% (2010: 13,8%).

PROSPECTS

The global economic recovery remains fragile with growth in the SA economy below the levels experienced prior to the recession.

Oil prices specifically are trading at relatively high levels, which impacts on related ethanol and maize markets. Maize and soya prices are likely to remain high and volatile, with any improvement in the low global stock levels dependant on the yield of the new northern hemisphere crops. Local raw material price movements are anticipated to follow international price movements in the next six months.

Whilst chicken realisations have shown some improvement in recent months, they are expected to remain under pressure as a result of consumers' lower disposable income and the current higher level of imports.

DIRECTORATE

Mr DW Vale retired as a director on 30 July 2010.

For and on behalf of the Board

MH Visser
Non-executive Chairman

M Dally
Chief Executive Officer

Durban
23 May 2011

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