

Imagine life without **RAINBOW**TM Chicken.

Value Statement

Rainbow's vision is "Rainbow at the heart of every meal".

Central to our strategy is recognising that the consumer is at the heart of the business and the ability to deliver meaningful innovation and ultimately longer term shareholder value requires an intimate understanding of consumers' needs and wants.

Key enablers to this are inspired people and great brands. Rainbow continues to make significant investment in both its people and brands.

Rainbow's consumer brand propositions are:

Rainbow will become the preferred choice for South African chicken consumers by taking ownership of all customer chicken contact points through the introduction of products which will exceed consumers' needs and wants.



Farmer Brown will be unashamedly our consumers' premium choice in fresh and value-added chicken. This will be delivered through consumer-driven innovation, superior quality and brand building.



Rainbow FoodSolutions are "the chicken experts" providing consistent quality and innovative solutions to the Foodservice industry.



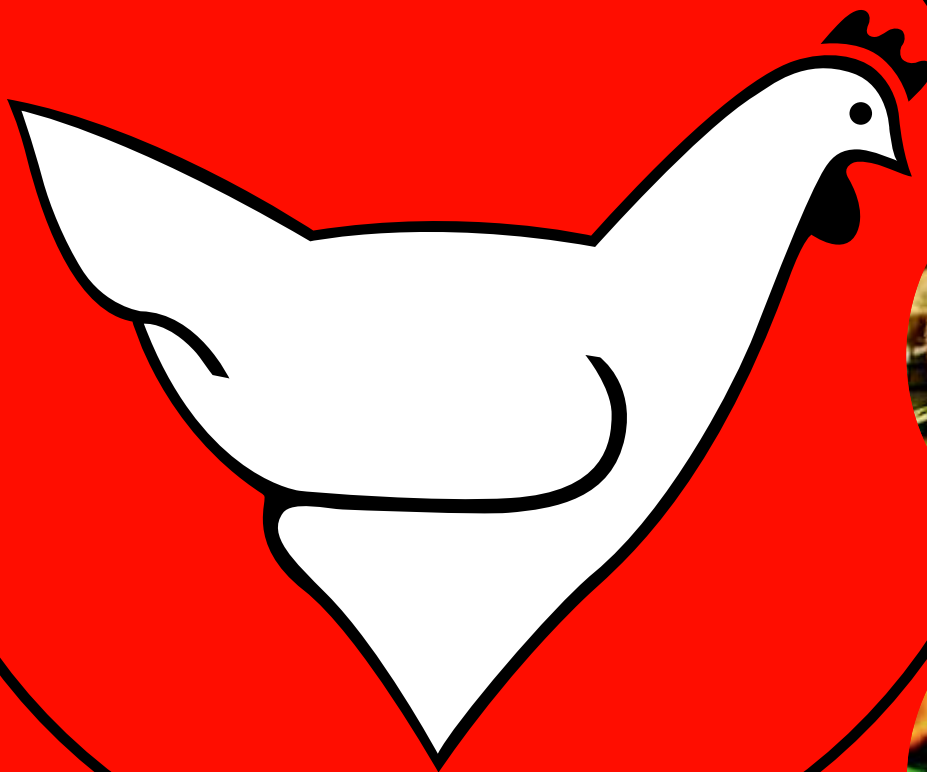
Imagine life without
RAINBOW[™]
Chicken.

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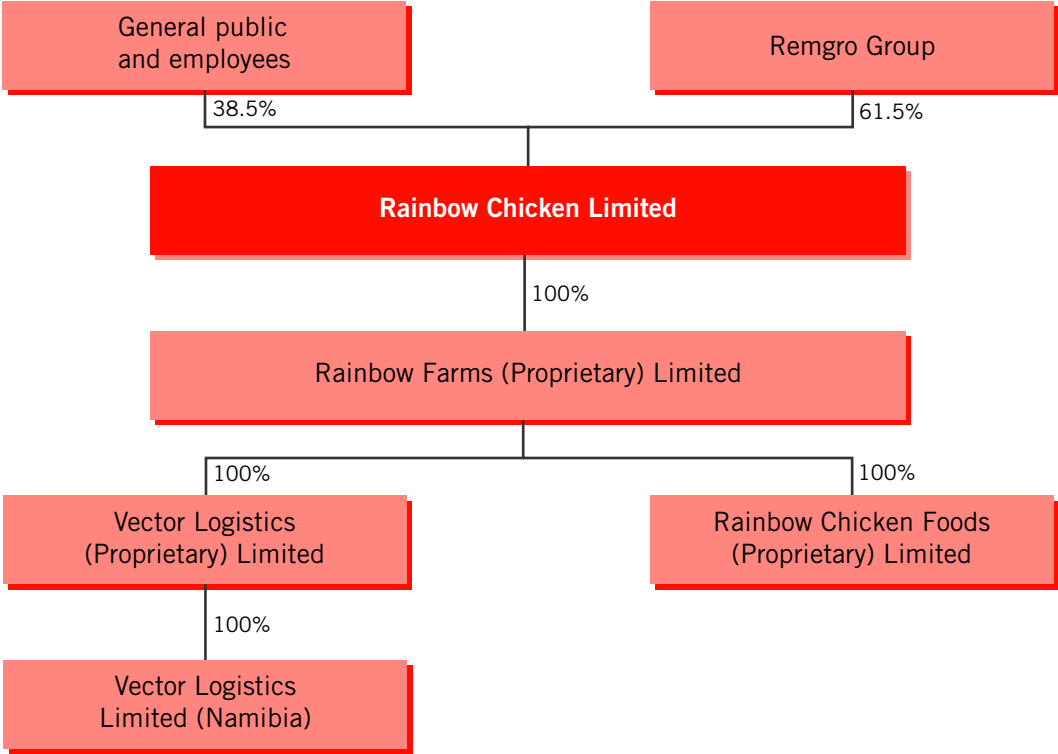
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RAINBOW™

Annual Report 2007



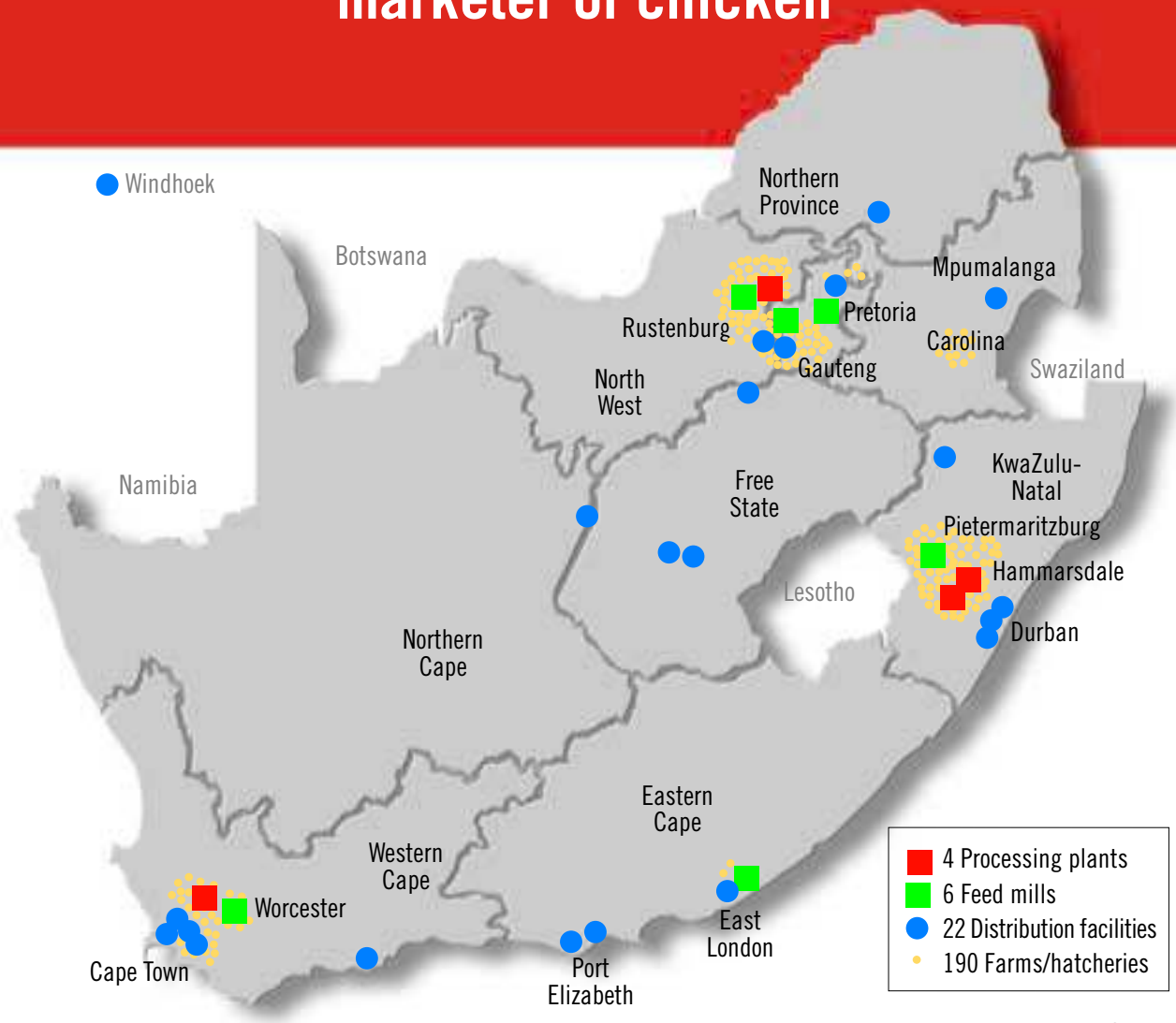
Rainbow at a glance



from farm...



South Africa's largest processor and marketer of chicken



...to fork

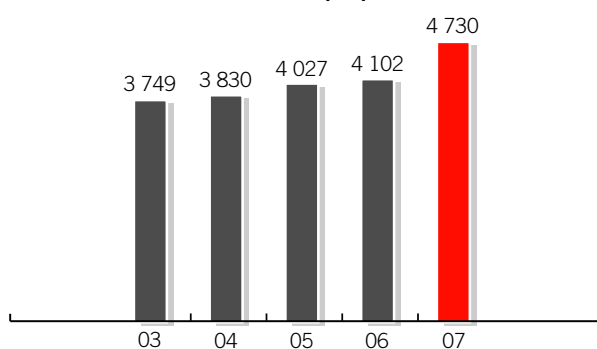


Financial Highlights

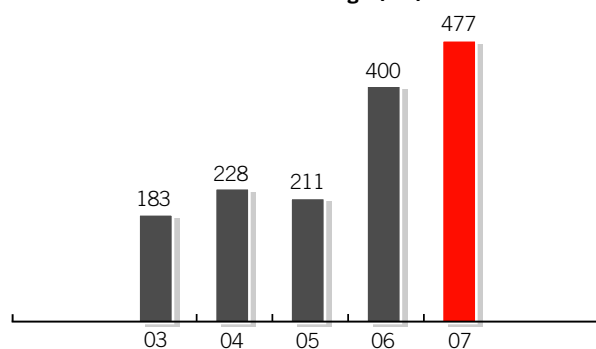
as at 31 March 2007

		2007	2006	%
Revenue	Rm	4 730.4	4 101.5	15.3
EBITDA	Rm	772.3	687.6	12.3
Headline earnings	Rm	477.0	400.1	19.2
Headline earnings per share	cents	169.5	144.5	17.3
Cash generated by operations	Rm	821.5	680.1	20.8
Capital expenditure	Rm	214.1	234.4	(8.7)
Dividends per share	cents	68.0	57.0	19.3
Net asset value per share	cents	679.5	571.6	18.9
Return on equity	%	27.0	27.7	(0.7)

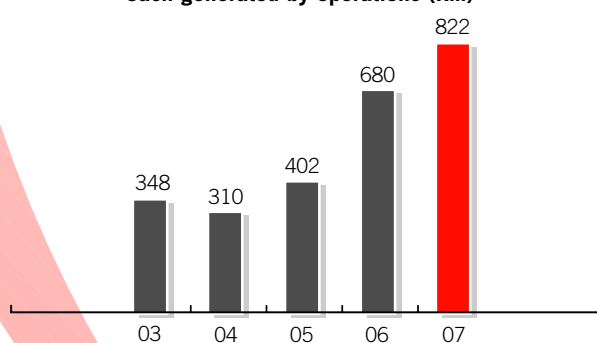
Revenue (Rm)



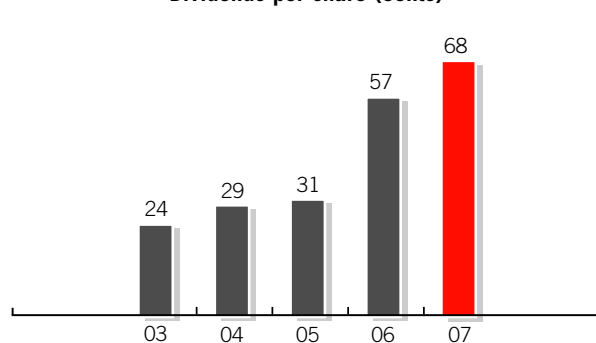
Headline earnings (Rm)



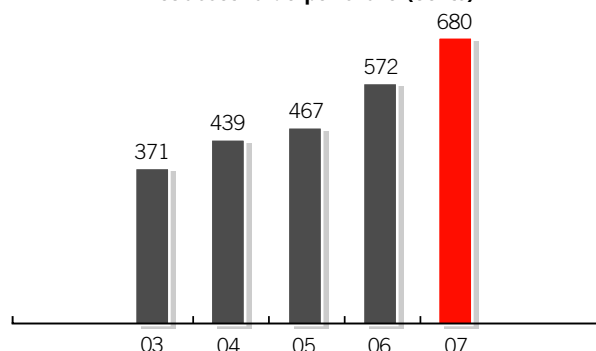
Cash generated by operations (Rm)



Dividends per share (cents)



Net asset value per share (cents)



Six-year Review

GROUP BALANCE SHEETS

R'000	IFRS 2007	IFRS 2006	IFRS 2005	SA GAAP 2004	SA GAAP 2003	SA GAAP 2002
ASSETS						
Property, plant and equipment	1 054 124	962 194	850 318	589 953	567 976	527 925
Trademarks		404	1 205	2 005	2 807	28 182
Goodwill	287 444	287 444	287 444			
Deferred taxation	15 285		16 023			
Current assets	1 738 724	1 495 747	1 047 016	1 239 858	1 075 218	714 102
Total assets	3 095 577	2 745 789	2 202 006	1 831 816	1 646 001	1 270 209
EQUITY AND LIABILITIES						
Ordinary shareholders' equity	1 920 889	1 595 901	1 286 706	1 181 625	974 740	850 639
Preference share capital				500	500	500
Deferred taxation	179 606	168 519	180 082	165 201	89 533	12 252
Retirement benefit obligations	75 535	69 683	63 677	33 596	30 131	28 960
Finance lease liability – long-term		116	651	1 694	3 469	4 848
Current liabilities	919 547	911 570	670 890	449 200	547 628	373 010
Total equity and liabilities	3 095 577	2 745 789	2 202 006	1 831 816	1 646 001	1 270 209

GROUP INCOME STATEMENTS

R'000	IFRS 2007	IFRS 2006	IFRS 2005	SA GAAP 2004	SA GAAP 2003	SA GAAP 2002
Revenue	4 730 363	4 101 454	4 026 998	3 830 032	3 748 520	3 035 671
Operating profit before depreciation and amortisation	772 315	687 588	393 298	366 967	311 121	204 265
Depreciation and amortisation	(118 181)	(109 744)	(78 036)	(63 742)	(59 159)	(51 997)
Trademark impairment					(21 064)	
Operating profit	654 134	577 844	315 262	303 225	230 898	152 268
Finance costs	(2 714)	(2 351)	(1 126)	(658)	(1 585)	(3 567)
Finance income	25 179	9 930	28 146	37 839	15 139	4 560
Profit before taxation	676 599	585 423	342 282	340 406	244 452	153 261
Taxation	(202 354)	(186 578)	(111 959)	(112 764)	(82 549)	(6 008)
Profit after taxation	474 245	398 845	230 323	227 642	161 903	147 253
Preference dividends				(62)	(62)	(62)
Attributable profit	474 245	398 845	230 323	227 580	161 841	147 191

Definitions, Ratios and Statistics

SHAREHOLDERS' RATIOS

Basic earnings per share

Attributable profit divided by the weighted average ordinary shares in issue.

Basic earnings per share – diluted

Attributable profit divided by the diluted weighted average ordinary shares in issue.

Headline earnings per share

Headline earnings divided by the weighted average ordinary shares in issue.

Headline earnings per share – diluted

Headline earnings divided by the 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.

INCOME STATEMENT INFORMATION

EBITDA margin

Earnings before interest, taxation, depreciation and amortisation expressed as a percentage of revenue.

Operating profit margin

Operating profit expressed as a percentage of revenue.

BALANCE SHEET INFORMATION

Total assets

Non-current and current assets.

Total liabilities

Non-current and current liabilities.

Net assets

Total assets less total liabilities.

SOLVENCY AND LIQUIDITY

Return on total assets

Profit before taxation expressed as a percentage of total assets.

Return on equity

Attributable profit expressed as a percentage of average total equity.

Return on net assets

Operating profit expressed as a percentage of net assets.

Net asset turn

Revenue divided by net assets.

SHARE INFORMATION

PE ratio

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

		IFRS 2007	IFRS 2006	IFRS 2005	SA GAAP 2004	SA GAAP 2003	SA GAAP 2002
SHAREHOLDERS' RATIOS							
Basic earnings per share	cents	168.5	143.9	84.2	85.2	62.5	57.4
Basic earnings per share – diluted	cents	163.5	139.7	81.9	82.5	60.2	54.7
Headline earnings per share	cents	169.5	144.5	77.2	85.2	70.8	57.7
Headline earnings per share – diluted	cents	164.4	140.2	75.0	82.4	68.3	55.0
Dividends per share	cents	68.0	57.0	30.5	29.0	24.0	14.0
Diluted dividend cover	times	2.4	2.5	2.5	2.8	2.8	3.9
Net asset value per share	cents	679.5	571.6	467.1	438.6	371.0	331.2
INCOME STATEMENT INFORMATION							
EBITDA margin	%	16.3	16.8	9.8	9.6	8.3	6.7
Operating profit margin	%	13.8	14.1	7.8	7.9	6.2	5.0
Headline earnings	Rm	477.0	400.3	211.0	227.5	183.4	148.0
BALANCE SHEET INFORMATION							
Total assets	Rm	3 096	2 746	2 202	1 832	1 646	1 270
Total liabilities	Rm	1 175	1 150	915	650	671	419
Net assets	Rm	1 921	1 596	1 287	1 182	975	851
Number of employees at year-end		7 223	6 686	6 375	5 239	5 561	6 191
SOLVENCY AND LIQUIDITY							
Return on total assets	%	21.9	21.3	15.5	18.6	14.9	12.1
Return on equity	%	27.0	27.7	18.7	21.1	17.7	18.8
Return on net assets	%	34.1	36.2	24.5	25.7	23.7	17.9
Net asset turn	times	2.5	2.6	3.1	3.2	3.8	3.6
SHARE INFORMATION							
Number of ordinary shares							
– weighted average in issue	'000	281 393	277 096	273 387	266 973	259 106	256 299
– diluted weighted average in issue	'000	290 118	285 558	281 275	275 891	268 658	269 120
– at year-end	'000	282 712	279 222	275 449	269 384	262 709	256 837
Market share price							
– at year-end	cents	1 660	950	650	545	325	290
– highest	cents	1 690	1 030	795	550	398	350
– lowest	cents	920	610	495	325	210	170
Number of shares traded	'000	71 345	44 200	57 696	64 234	26 076	20 861
Value of shares traded	Rm	899.1	372.3	359.0	268.5	77.4	54.8
Total transactions	'000	9 224	5 248	5 897	4 160	2 977	3 929
Volume of shares traded as a % of issued shares	%	25.2	15.8	20.9	23.8	9.9	8.1
PE ratio		9.8	6.6	8.4	6.4	4.6	5.0



Chairman's Report



*Results for the year
reflect headline earnings
growth of 19.2%*

PERFORMANCE

Rainbow's results for the year ended 31 March 2007 reflect headline earnings growth of 19.2% compared to the previous year. There are many factors that have contributed to this pleasing performance, most notably the positive macro-economic environment, continued strong consumer demand and management's commendable achievement of stated strategic initiatives.

Key features of the year have been continued above-average volume growth in the Quick Service Restaurant (QSR) sector, further product mix improvements in key retail and wholesale customer accounts, all underpinned by an improved agricultural performance. A notable contribution has been in respect of the feed raw material procurement in an exceptionally volatile environment. The current state of these commodity markets poses a significant challenge for the future.

CORPORATE GOVERNANCE

The Board maintains high standards of corporate governance. Rainbow endorses the principles of integrity, accountability, transparency and social responsibility and fully complies with the JSE Listings Requirements and King II.

Noel Phillips resigned from the Board on 12 March 2007 due to ill health. Noel made a significant contribution to the business during the eleven years he served as a non-executive director. Sadly Noel passed away on 3 April 2007 and will be greatly missed by all his colleagues.

SUSTAINABILITY

Rainbow remains committed to the three pillars of sustainability covering economic, social and environmental practices. Sustainability also enables Rainbow to identify and manage risks and deliver value to all stakeholders. Steady progress continues to be made in ensuring that Rainbow addresses the expectations of all stakeholders and that targets are met.

The detailed Sustainability Report is included on pages 30 to 47.

Worthy of specific mention in relation to the healthier state of the business and its long-term sustainability is the significant investment that has been made in its people. The businesses ability to attract and retain key talent is seen as a key enabler for future success and as a consequence changes and investment continue to be made to improve the capacity of the organisation.

DIVIDEND DECLARATION AND POLICY

The Board declared dividends totalling 68.0 cents per ordinary share in respect of the twelve months ended 31 March 2007. The diluted headline earnings per share dividend cover is 2.4 times (2006: 2.5 times). It is intended that the Group's dividend policy will take into account the performance, cash flow and future prospects and investment requirements of the business whilst maintaining an appropriate level of dividend cover.

PROSPECTS

Consumer spending is expected to remain positive with demand for chicken specifically as an affordable protein source also expected to remain strong.

Maize and soya prices are likely to remain at the current high levels and it is expected that feed input costs will be significantly higher than the 2007 financial year.

The combination of the above events will translate into margin compression off the current higher levels meaning that earnings in the 2008 financial year is likely to be lower than 2007.

Rainbow remains committed to upgrading its facilities within agriculture and feedmilling which will enable further supply chain efficiencies and additional chicken volume capacity. Investment will be made to meet growing demand but will be focused on key customers and sustainable product categories.

A handwritten signature in black ink, appearing to read 'M H Visser'.

M H Visser
Non-executive Chairman



Chief Executive's Review



We are focused on building capacity into the organisation at all levels

OVERVIEW AND MARKET CONDITIONS

Local economy

By the end of calendar 2006, the South African economy had been in an upswing since September 1999, with sustained economic growth averaging just more than 4% per annum over 7 years. Clearly positive global conditions, such as solid international economic growth and a continued boom in commodity prices aided this positive development as well as the government's adherence to sound economic policies and the improved opportunities being afforded to owners of foreign capital. The medium term outlook for the South African economy remains positive, although growth may moderate somewhat.

While consumer demand is expected to remain strong, the full impact of the four interest rate hikes in 2006 on real disposable income of households is only expected to be felt in coming months. Growth in real household consumption expenditure is expected to slow to just below 5% on average in 2007 compared with the 6.9% in 2006.

Chicken industry

The local chicken market is estimated to have grown by 11.1% to R13.6 billion for the financial year to 31 March 2007. Local producer broiler growth of almost 1.5 million birds per week (approximately 10%) is expected in the next financial year with the majority of the increased volume channelled into the Individually Quick Frozen

(IQF) category. Although red meat prices have reduced in recent months, chicken still represents a more affordable protein source.

Notwithstanding the volatility of the rand, chicken import volumes have remained high, increasing by approximately 27% during the year. The extension of the anti-dumping tariffs imposed on the US for a further five-year period is positive.

The local chicken industry remains on high alert for Avian Influenza (AI). AI outbreaks continue to be reported internationally. Preparation for AI has received much attention and disease and communication management strategies have been shared with our trading partners. Better co-operation between the industry and the Department of Agriculture has been established. Strict bio-security policies are in place and are the best means to manage this risk.

Feed raw material procurement

World feed raw material prices, in particular maize and soya, have escalated significantly over the past 18 months.

Average local production of maize between 8 and 12 million tons annually is insignificant on a global scale and means that local pricing will always be a function of global dynamics. The use of maize in ethanol production in the US has increased by 21% over the last 5 years. Analysts estimate that new ethanol production facilities commissioned next year will increase the 2008 production by 53% over 2007 to 84 million tons. Ethanol production in the US, assisted by government incentives, is growing significantly and consequently fuelling maize prices. The resultant global stocks to usage ratio of maize will continue to decline, intensifying price volatility and are likely to reach critically low levels. A crop failure in the US could have severe consequences on both local and international maize prices.

The current season's local maize crop forecast is expected to reduce significantly due to the drought conditions experienced. The estimated crop size of 6.9 million tons represents an average yield reduction of 30% and it is expected that imports of 1.5 million tons will be required to meet the production deficit. As a consequence, yellow maize prices are expected to remain high, trading close to import parity.

The situation with soya is similar to that of maize as the crops compete for land. As a consequence, soya prices have also increased (approximately 18.1% on last year). Soya and maize are the two raw materials that comprise the majority of most feed rations.

Chief Executive's Review

STRATEGY

In striving to achieve our vision of "Rainbow at the heart of every meal", our strategic framework is centred around building capacity in five key initiatives:

Consumer insight



the heart of our business

1. Consumer insight – The heart of our business

Having an intimate understanding of our consumers' lives, habits and needs enables us to provide them with products that excite and satisfy them. Consumers are at the heart of everything we do, their needs are satisfied through strong brands, which we build and support through innovation, differentiation and communication.

Customer focus



creating win-win partnerships

2. Customer focus – Creating win-win partnerships

Our products need to be within easy reach of our consumers every day. This can only be achieved by creating mutually beneficial partnerships with our customers and by making the chicken category exciting to them and their shoppers.

Supply chain



delivering excellence

3. Supply chain – Delivering excellence

Our supply chain is not simply the process of growing chicken, but producing the right size bird at the lowest cost. This is achieved through seamlessly integrating and managing the complexities of our agriculture, feed and processing functions and leveraging the competitive advantage inherent in our national presence and scale. The supply chain needs to constantly evolve around changing consumer and customer needs.

Business investment



investing for future growth

4. Business investment – Investing for future growth

To ensure sustainability and future growth we need to continue to invest in inspirational people, our great brands and processes that result in best operating performance.

Our culture



doing things inspirationally

5. Our culture – Doing things inspirationally

The Rainbow culture is undergoing meaningful change, enabling us to see and do things differently – we don't just make chicken, we create memorable meal occasions. We are creating a winning environment by doing things inspirationally, through a group of people, who without sacrificing individuality, voluntarily and systematically mould themselves into a community with a common purpose.

REVIEW OF OPERATIONS

In summary, the Group's results for the year ended 31 March 2007 reflect headline earnings growth of 19.2% compared to the previous year. This represents a pleasing performance off the high base achieved in 2006, and continues to reflect the benefits of our strategy. A detailed financial review is set out on pages 12 to 15.

Noteworthy operational highlights include:

Continued product innovation to meet consumer needs has been a feature of the year under review, particularly in

the IQF category where four new products under the Rainbow brand were launched during September. A first into the South African market is Rainbow Flavoured IQF Mixed Portions in three flavours which have performed in line with expectations as well as a new premium curry pack which contains a sachet of Rajah Curry powder. These products have been actively supported via TV advertising, in-store promotions and point-of-sale activity.

Rainbow implemented category management initiatives in both the fresh and frozen chicken categories in selected customer accounts. This is an important initiative in terms

of driving mutually beneficial projects with our customers and will be rolled out further in the coming year.

The new further processed products have continued to perform well, despite challenges faced in terms of managing the short shelf life nature of certain of the products. Utilisation of the plant's capacity continues to improve.

FoodSolutions strategy of building strategic partnerships with key customers, optimising route to market opportunities and product mix, has led to a strong performance in the Foodservice channel. Growth is underpinned by strong performance in the QSR sector and new business development enabled by exciting product offerings from the further processing plant to suit customer needs. Rainbow recently won the prestigious "KFC International Food Supplier of the Year Award", the first South African company to do so. Rainbow also proudly celebrated 25 years as sole supplier to the Chicken Licken franchise.

Epol has performed well during the year, with improved capacity utilisation through higher external volumes. The raw material procurement strategy has enabled Epol to be price competitive despite certain inflationary pressures. The significantly higher maize prices will, however, be felt in feed and chicken prices in the new year.

Recovery of the feed contamination claim against the responsible supplier is progressing and is in the hands of our legal representatives, but to date remains outstanding.

Overall Rainbow enjoyed a much improved agricultural performance and the better link into processing meant that the plants were able to more consistently produce the desired product mix. The benefits of a more aligned supply chain continue to be seen as the breed, feed and processing teams work closely together to deliver the right size bird at the lowest cost.

Vector's results are in line with expectation mainly due to growth in the Multi-temperature Contract Distribution (MTCD) and Vector Cold Storage business units. The major capital expansion projects were completed on time and are operating well. Vector's recent investment in new technology, such as the fully integrated fleet management system and supply chain integrity control system, is proving worthwhile in driving supply chain efficiencies.

Rainbow has made good progress in leveraging the Vector SAP system to integrate Rainbow's outbound sales and distribution processes. A review of the Group's business

application requirements is being conducted to confirm the roadmap for Enterprise Resource Planning (ERP) replacement within the extended Rainbow business.

Rainbow Chicken Foods, the company containing the new further processing plant, has been approved by the Minister of Trade and Industry as a qualifying strategic industrial project with preferred status. The allowance is explained in more detail in the Financial Review section but is further evidence of Rainbow's commitment to sustainable investment.

CHANGE IN EXECUTIVE MANAGEMENT TEAM

There have been a number of structural and executive management changes during the past few months.

After a lengthy association with the business, Patrick September, the Human Resource director has retired. We are in the process of seeking a suitable replacement. David Hood, the Vector managing director, resigned and he has been replaced by Chris Creed, previously the FoodSolutions director. The Supply Chain director, Marthinus Stander, has resigned and his three director reports, namely the Processing, Agricultural and Feed directors will report directly to me. Debbie Nortje, the Marketing director, has resigned and we are pleased to have attracted Scott Pitman from Unilever. Scott has a wealth of experience in marketing and customer management in the consumer goods industry. Scott will be director for both Marketing and FoodSolutions, the latter role having been vacated by Chris Creed.

I would like to thank the outgoing directors for their role in Rainbow's significant improvements during each of their tenures.

CONCLUSION

I would like to record my appreciation to our employees for their immense effort throughout the year and to our valued customers and shareholders for their ongoing support. We are committed to realising all aspects of our strategy for the benefit of all Rainbow's stakeholders.



M Dally
Chief Executive Officer

Financial Review

Financial Highlights

		2007	2006	%
Revenue	Rm	4 730.4	4 101.5	15.3
Headline EBITDA	Rm	775.1	688.1	12.6
Finance income	Rm	24.5	7.6	222.4
Effective taxation rate	%	29.9	31.9	2.0
Headline earnings	Rm	477.0	400.3	19.2
Headline earnings per share	cents	169.5	144.5	17.3
Diluted headline earnings per share	cents	164.4	140.2	17.3
Capital expenditure	Rm	214.1	234.4	(8.7)
Return on equity	%	27.0	27.7	(0.7)
Cash generated by operations	Rm	821.5	680.1	20.8
Dividends per share	cents	68.0	57.0	19.3

INCOME STATEMENT

Revenue

Rm	2007	2006	%
Chicken	3 767.2	3 335.1	13.0
External sales – Cobb, Epol and Vector	963.2	766.4	25.7
Reported revenue	4 730.4	4 101.5	15.3

Chicken revenue was 13.0% higher than the previous year. Rainbow's average price realisation increased by 8.0%. Overall chicken volumes increased by 5.0% with the QSR sector, targeted customers and branded products (including the new further processed products) all showing pleasing growth.

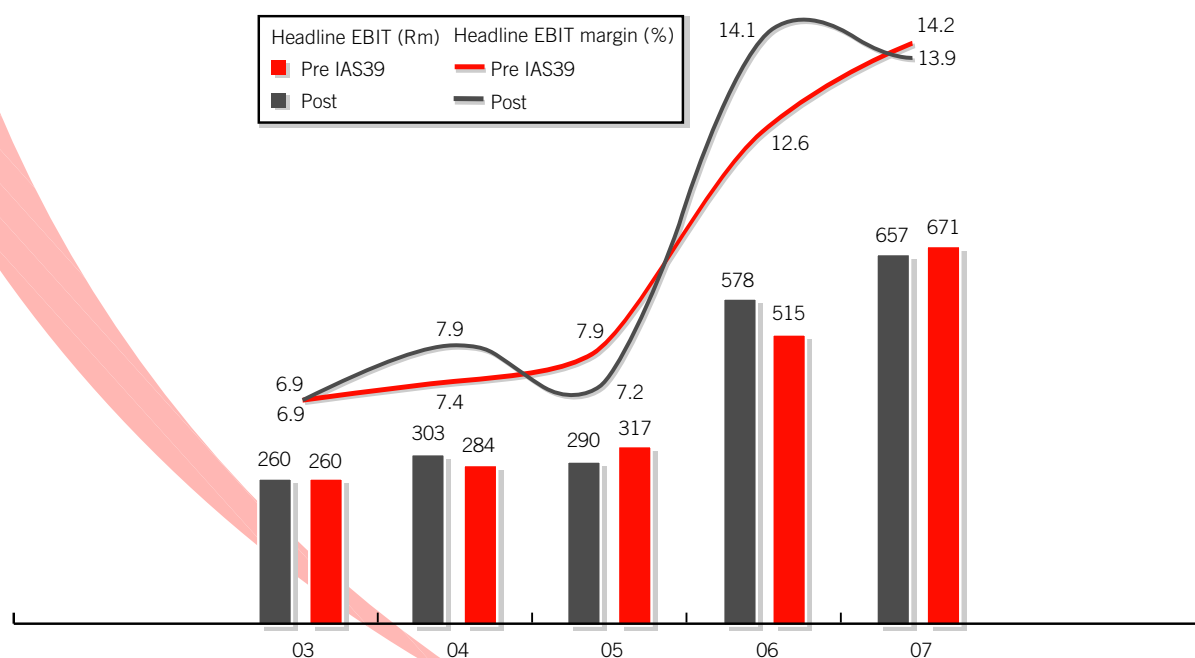
Group revenue increased by 15.3% to R4.7 billion (2006: R4.1 billion) benefiting from Epol and Vector's higher external volumes as well as Epol's higher feed selling prices due to the significantly increased maize prices.

Headline EBIT

Headline EBIT increased by 13.6% to R656.9 million (2006: R578.3 million), reflecting the higher realisations

and volumes as well as improved customer and product mix. The headline EBIT margin decreased slightly to 13.9% (2006: 14.1%) largely as a result of the higher feed input costs.

As previously noted, reporting the financial effects of certain financial instruments used in the feed raw material procurement strategy in accordance with IAS39 (Financial Instruments: Recognition and Measurement), introduces volatility to the Group's financial results. The pre-taxation impact of applying IAS39 on the Group's results for the year is a negative R14.2 million (2006: R63.5 million positive). The underlying pre-IAS39 performance and margin continues to reflect an improving trend.



Finance income

Net finance income increased by R14.9 million due to the higher cash balances.

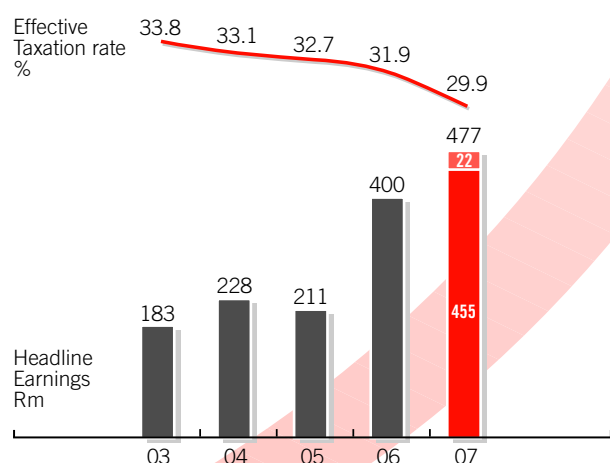
Effective taxation rate

Rainbow Chicken Foods, the company containing the new further processing plant, has been 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 is subject to the company maintaining certain performance criteria set out in the approval, failing which the allowance will reduce to 50% of the cost. As a consequence, only 50% of the additional taxation allowance has been recognised in the current financial year (R21.8 million) as a deferred taxation asset. The remaining 50% will be recognised when it is confirmed that the performance criteria for the required four year period will be achieved.

Despite a higher secondary taxation on companies as a result of the significantly increased 2006 final dividend, the effective taxation rate decreased to 29.9% (2006: 31.9%) due to the additional taxation allowance.

Headline earnings

After adjusting for the losses on the disposal of assets, headline earnings increased by 19.2% to R477.0 million (2006: R400.3 million), with diluted headline earnings per share improving by 17.3% to 164.4 cents per share (2006: 140.2 cents per share). Excluding the taxation allowance benefit noted above, headline earnings increased by 13.7% to R455.2 million with diluted headline earnings per share improving by 11.9% to 156.9 cents per share.

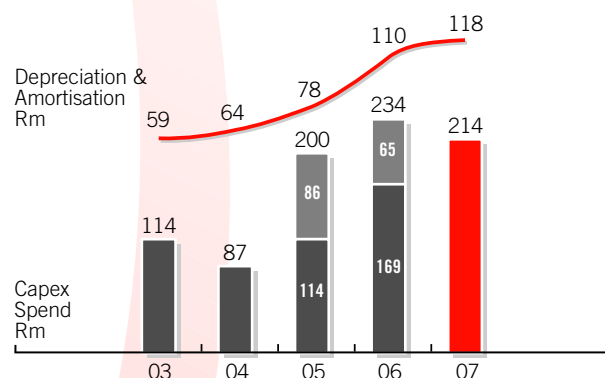


BALANCE SHEET

Non-current assets

Property, plant and equipment of R1 054.1 million (2006: R962.2 million), goodwill of R287.4 million (2006: R287.4 million) and a deferred taxation asset of R15.3 million (2006: RNil), together represent the Group's non-current assets.

Capital expenditure was R214.1 million (2006: R234.4 million). A detailed reconciliation of the movements in property, plant and equipment is shown in note 1 on page 62. A further amount of R76.0 million (2006: R102.6 million) has been contracted and committed, but not spent, whilst a further R81.7 million (2006: R49.0 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.



The 2005 and 2006 capex spend includes R86.0 million and R65.0 million in respect of the further processing plant. The underlying spend has been increasing over the past few years to provide for the businesses sustainability.

A deferred taxation asset has been raised in the current year in respect of unutilised assessed losses of Rainbow Chicken Foods. This asset will reduce over time as the associated taxation benefits are utilised.

Current assets

Inventories and biological assets of R678.6 million (2006: R562.6 million) have increased mainly due to the impact of the higher feed costs. Trade and other receivables are lower than last year due to improved cash collections.

Non-current liabilities

Deferred taxation of R179.6 million (2006: R168.5 million) arises from numerous temporary differences across the Group.

Retirement benefit obligations of R75.5 million (2006: R69.7 million) arise from the actuarial valuation of the Group's potential liability for post-retirement medical aid

Financial Review

contributions owed to 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.

Current liabilities

Trade and other payables have increased over the prior year in line with inflation to R834.2 million (2006: R781.8 million).

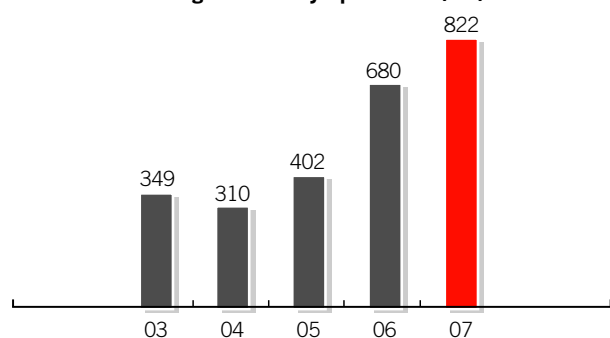
Return on equity

Return on equity decreased slightly to 27.0% (2006: 27.7%).

CASH FLOW STATEMENT

Cash generated by operations increased by 20.8% to R821.5 million (2006: R680.1 million) as a result of improved performance of the Group and continued focus on working capital requirements.

Cash generated by operations (Rm)



Taxation paid of R277.8 million (2006: R81.3 million) increased due to an additional provisional payment to SARS as well as higher STC payments on the increased 2006 year-end and 2007 interim dividends.

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 is performed and then responsibility is assigned to the various members of the executive management team to manage these risks appropriately.

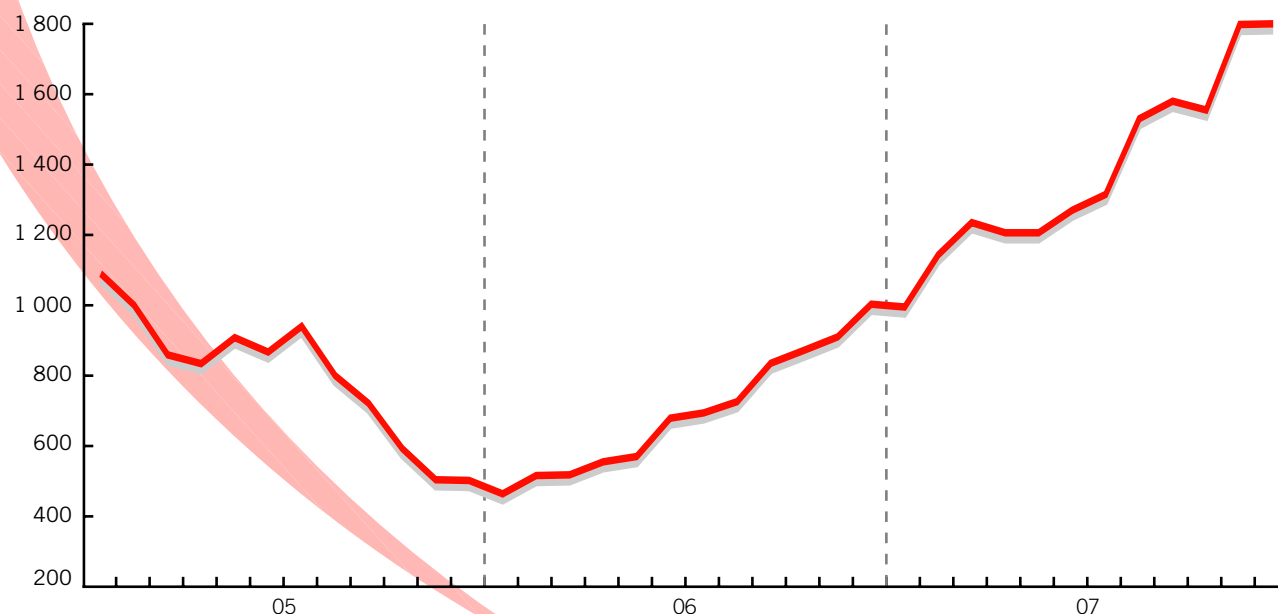
Financial risks

Commodity price and procurement risk

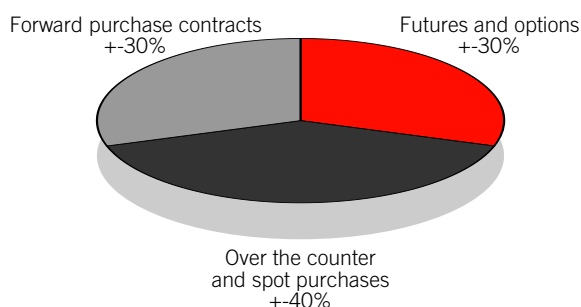
To manage the Group's commodity price risk associated with the substantial requirements, various procurement instruments are used including forward purchase contracts and commodity futures and options. The overall procurement strategy and positions are reported monthly to the Board and an oversight procurement committee. In this way the management of procurement risks is appropriately profiled ensuring strict adherence to policies and mandates.

The graph below depicts the SAFEX yellow maize price over Rainbow's past three financial years. It reflects the significant volatility in the market and consequent challenge faced by the business in procuring maize cost-effectively. Rainbow's procurement of maize and use of financial instruments is never speculative but rather for use and as such generally results in a long strategy.

SAFEX prices from April 2004 to March 2007 (R/ton)



Maize is a material component of Rainbow's input costs and as a consequence significant focus is placed on managing this area of the business. The maize procurement policy is summarised as follows:



Credit risk

The granting of credit is controlled by well established criteria which are reviewed on an annual basis. Vector, which represents the bulk of the Group's exposure, mitigates this credit risk through a Credit Guarantee Insurance Cover (CGIC) policy and focused management by a dedicated team.

Currency risk

Currency risk in the Group is actively managed using forward exchange contracts and other derivative instruments. Mandates are clearly defined in terms of the risk management policy.

Liquidity risk

Liquidity risk is considered low due to the Group's current funding structure and strong cash generation ability. Rainbow's liquidity requirements are continually assessed.

Operational risks

The Group has a detailed operational risk management programme which deals with the following risk areas:

- Fire
- Security
- Bio-security
- Water quality and control
- Machinery breakdown.

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's) and effective circulars. Their potential impacts have been disclosed on page 61. No impact has been provided in respect of exposure drafts as they are normally subject to material changes prior to being issued as a standard.

The accounting policies are consistent with those of the previous year. They have been updated to include the new standards, interpretations and amendments which the Group adopted from 1 April 2006. There was no impact on the results for the current or prior periods as a consequence of adopting the new standards, interpretations or amendments.

The Group maintains the view that the standards set the minimum requirements for financial reporting. We seek to provide full disclosure to facilitate a deeper and informed understanding of the Group.

Directorate



Rainbow Chicken Limited Board

*Back left to right: Stephen Heath, Miles Dally, Deon Zwiendelaar, Munro Griessel
Front left to right: Don Vale, JB Magwaza, Rob Field, Manana Nhlanhla, Thys Visser*

NON-EXECUTIVE CHAIRMAN

M H (Thys) Visser (53)

CA (SA)

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 Bestfoods Robertsons (Holdings) Limited LLC.

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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr M (Munro) Griessel (68)

PhD (Animal Science)

Appointed: November 2002

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

Munro has 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.

J B (JB) Magwaza (65)

MA (UK)

Appointed: November 2002

Directorships: Chairman of Mutual and Federal, Motseng Marriott Property Services (Proprietary) Limited, Pamodzi Investment Holdings Limited and Peoples' Bank Limited, director of The Tongaat-Hulett Group Limited, Anglo American Corporation of South Africa Limited, Development Bank of Southern Africa Limited, Dorbyl Limited, Ithala Development Finance Corporation Limited, Africa Vukani Resources, Nedcor Limited and Nedcor Bank 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.

M M (Manana) Nhlanhla (54)

BSc; MA (Information Science)

Appointed: May 2005

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

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, a broad-based National Group lead by Mr Tokyo Sexwale.

D W (Don) Vale (66)
MA (Oxon); FCA (UK)
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.

NON-EXECUTIVE DIRECTOR

D G (Deon) Zwiegelaar (61)
CA (SA)
Appointed: November 2005

Directorships: M&I Group Services (Proprietary) Limited, the service company of Remgro Limited and VenFin Limited as well as various other wholly-owned unlisted investment holding and finance companies in the Remgro Group of companies.

Deon is a Chartered Accountant who qualified with Theron van der Poel in Cape Town, one of the firms who merged with the existing PricewaterhouseCoopers Inc. After several years of audit experience, he joined the Rembrandt Group as a Financial Manager in 1976. He is currently Group Financial Manager.

EXECUTIVE DIRECTORS

M (Miles) Dally (50)
Chief Executive Officer
BCom
Appointed: February 2003

Directorships: Rainbow Chicken Limited and its subsidiary companies.

Miles has 25 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. Miles is co-Chairman of the Board of the Consumer Goods Council of South Africa (CGCSA). He is also a member of the Board of Business Against Crime South Africa – KZN.

R H (Rob) Field (35)
Chief Financial Officer
CA (SA)
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

D W Vale (Chairman)
D G Zwiegelaar

Remuneration Committee

M H Visser (Chairman)
J B Magwaza

Risk Committee

D W Vale (Chairman)
M Dally
R H Field
Dr M Griessel

Directorate



Rainbow Farms Executive Management Team

*Back left to right: Chris Creed, Wouter de Wet, Debbie Nortje, Rob Field, Michael Rogowski
Front left to right: Phil Tozer, Charles Vauquelin, Trevor Harding, Miles Dally, Stephen Heath, Marthinus Stander*

EXECUTIVE MANAGEMENT TEAM

C D (Chris) Creed (48)

Distribution Director
Dip IMM (SA)
Appointed: June 2005

Chris has 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 he spent five years in the international market, with the latter 2 years as director of London-based Capespan plc, responsible for marketing and sales to the key supermarket groups in the UK and Europe. He was appointed FoodSolutions Director in June 2005 and Distribution Director in March 2007.

W A (Wouter) De Wet (41)

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.

T J (Trevor) Harding (45)

IT Director
BCom; BSc(Hons)
Appointed: August 2005

Trevor has 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.

S B (Stephen) Heath (51)

Group Secretary and Legal Adviser
BA, LLB; Grad Dip (Industrial Relations); Attorney of the High Court of South Africa
Appointed: June 1989

Stephen has spent the past 18 years with Rainbow, prior to which he gained experience both as a Public Prosecutor in the Department of Justice and subsequently as an Attorney in private practice.

D L (Debbie) Nortje (37)

Marketing Director
BEcon
Appointed: June 2004
Resigned: May 2007

Debbie graduated from the University of Stellenbosch in 1990 and joined Rainbow as Marketing Director in June 2004 after having consulted to the company for a year in the same capacity. Prior to that Debbie spent two years as Marketing/Technical Director of Robertsons and one year as Category Director for Tea Based Beverages at Unilever Bestfoods Robertsons.

D S (Scott) Pitman (44)

FoodSolutions and Marketing Director
BBus Sc
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.

M P W (Michael) Rogowski (51)

Feed Director
BSc (Food Science)
Appointed: August 2001

Michael has 25 years experience in the food manufacturing environment. Prior to joining Rainbow, he was the Operations Director of Tiger Brands Food Culinary Division and thereafter was appointed to various directorship positions within Rainbow.

M P (Marthinus) Stander (43)

Supply Chain Director
BEng; MSc
Appointed: December 2002
Resigned: June 2007

Prior to joining Rainbow in July 2000, Marthinus spent six years as Development Engineer with the Institute for Maritime Technology (IMT) in Simonstown, followed by five years with Pioneer Foods both in their Milling & Baking and Agriculture divisions. Marthinus is Chairman of the Southern African Poultry Association (SAPA).

P C (Phil) Tozer (48)

Sales Director Retail and Wholesale
Appointed: October 2003

Phil has gained extensive experience in numerous sales positions within the consumer goods industry over the past 26 years, the last 14 of which have been in the employ of Rainbow.

C E (Charles) Vauquelin (45)

Agricultural Director
DipAgric
Appointed: December 2002

Prior to joining Rainbow in November 1999, Charles spent 4 years as Operational Manager with County Fair Foods (Proprietary) Limited. He is currently the Vice-Chairman of the Broiler Chick Producers' Organisation.

Consumer insight



the heart of our business

Customer focus



creating win-win partnerships

Supply chain



delivering excellence

Business investment



investing for future growth

Our culture



doing things inspirationally



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.

SUSTAINABILITY

Rainbow's corporate governance policy is aligned to ensure 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.

Corporate Governance Statement

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 dealings.

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

- Clearly state what is an acceptable and unacceptable practice
- 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 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

Composition of the Board

The Group has a unitary Board of Directors that currently comprises six non-executive (four of whom are independent) and two executive directors.

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 judgement 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 Board is of the view that all non-executive directors bring independent judgement to bear on material decisions of the company.

The Chairman is not independent but the roles of Chairman and Chief Executive Officer are separate and a clear division of responsibility exists. Details of the directorate are provided on page 16 to 19 of the annual report. Aside from executive directors employment contracts, there are no other contracts of service between any of the directors and any subsidiaries within the Group.

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.

The Board gives strategic direction to the Group under the Chairmanship of Mr M H Visser. The Board meets six times a year and has a formal schedule of matters reserved to it as recorded in its Board Charter. The Board retains full and effective control over the Group and monitors executive management in implementing plans and strategies.

The Board has established a comprehensive control environment ensuring that risks are mitigated and the Group's objectives are attained. 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 and reviews appropriate non-financial 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.

Corporate Governance Statement

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 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.

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.

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.

On an ongoing basis the Board reviews the required mix of skills, experience and other qualities such as its demographics and diversity in order to assess its effectiveness.

Procedures for appointment to the Board are formal and transparent. 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.

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.

The record of attendance of each director at Rainbow Chicken Limited Board meetings for the financial year ended 31 March 2007 is as follows:

	24/05/06	25/07/06	19/09/06	15/11/06	31/01/07	20/03/07	28/03/07
M H Visser	✓	✓	✓	✓	✓	✓	✓
M Dally	✓	✓	✓	✓	–	✓	✓
R H Field	✓	✓	✓	✓	✓	✓	✓
M Griessel	–	✓	✓	✓	✓	✓	✓
J B Magwaza	✓	✓	✓	✓	✓	✓	✓
M M Nhlanhla	✓	✓	–	✓	✓	✓	✓
N Phillips	–	✓	✓	–	–	N/A	N/A
D W Vale	✓	✓	✓	✓	✓	✓	✓
D G Zwiigelaar	✓	✓	✓	✓	✓	✓	✓

✓ indicates attendance

– indicates absence with apologies

N/A indicates not a director at that meeting date

BOARD COMMITTEES

Several committees have been established to assist the Board in discharging its responsibilities. The committees facilitate high standards of governance. Specific responsibilities have been formally delegated to Board committees with defined terms of reference, duration and function, clearly agreed upon reporting procedures and written scope of authority documented in formal charters. There is transparency and full disclosure from the Board committees to the Board, except where mandated otherwise by the Board. 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.

The principal Board committees are as follows:

Executive Committee

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

Audit Committee

Mr D W Vale chairs the Audit Committee and its other members during the year were Messrs N Phillips and D G Zwiegelhaar. The Chief Executive Officer, Chief Financial Officer, Group Internal Audit Manager, Company Secretary and external auditors are invited to attend every meeting. Other members of the Board and management team attend as required. The Audit Committee meets separately with the external auditors and the Group Internal Audit Manager twice a year without management present.

The Audit Committee meets three times a calendar year and is responsible for reviewing the interim and final financial statements, internal financial control procedures, accounting policies, compliance and regulatory matters, recommending the appointment of external auditors and other related issues. All members of the Audit 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 Audit Committee has written terms of reference that deal adequately with its membership, authority and duties. The Audit Committee considers whether adequate and appropriate internal financial controls are in place to meet the current and future needs; that significant business, statutory and financial risks have been identified and are being monitored and managed; and that appropriate standards of governance, reporting and compliance are in operation. The Audit Committee advises the Board on issues ranging from the application of

accounting standards to published financial information. Interim and annual results of the Group are reviewed and revised by the Audit Committee before submission to the Board for approval.

The Audit Committee has a responsibility to recommend to the Board, for its consideration and acceptance by shareholders, the appointment of external auditors. The Audit Committee approves the external auditor's engagement letter and terms, nature and scope of the audit function and the audit fee. The Audit Committee continually monitors the independence and objectivity of the external auditors. The Audit Committee reviews the nature and quantum of non-audit projects undertaken by the external auditors. The auditors are required, on an annual basis, to provide a summary of relationships that they consider may have a bearing on their independence and objectivity.

The record of attendance at Rainbow Chicken Limited Audit Committee meetings for the financial year ended 31 March 2007 is as follows:

	23/05/06	14/11/06
D W Vale	✓	✓
N Phillips	–	–
D G Zwiegelhaar	✓	✓
M H Visser	*	*
M Dally	*	*
R H Field	*	*

✓ indicates attendance

– indicates absence with apologies

* indicates attendance by invitation of the Audit Committee Chairman

Risk Committee

Mr D W Vale chairs the Risk Committee and its other members are Messrs M Dally, R H Field and Dr M Griessel. The Group Internal Audit Manager and Company Secretary are invited to attend every meeting.

The Risk Committee reviews the Group's risk profile on a regular basis. The risk register provides an effective means of measuring and monitoring the businesses financial and non-financial risks.

The Risk Committee meets twice a year and is responsible for the total process of risk management and 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.

Management is accountable to the Board for designing, implementing and monitoring the processes of risk management and integrating it into the day-to-day

Corporate Governance Statement

activities of the Group. The risk tolerance philosophy is communicated to all managers and employees in an endeavour to incorporate this philosophy into the culture of the Group.

The Risk 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.

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

At operational level, senior management identify critical major business risks, promote awareness, introduce applicable control environments and procedures and apply risk-monitoring techniques. In support of this risk management structure, the Group is working with its insurance consultants to undertake regular risk control audits at all the Group's sites.

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. This "whistle-blowing hotline" continues to function effectively. Staff and other parties may anonymously report concerns. Procedures are in place for the independent investigation of matters reported and for appropriate follow-up action.

The record of attendance at Rainbow Chicken Limited Risk Committee meetings for the financial year ended 31 March 2007 is as follows:

	18/09/06	27/03/07
D W Vale	✓	✓
N Phillips	✓	N/A
M Dally	✓	✓
R H Field	✓	✓
M Griessel	✓	✓

✓ indicates attendance

N/A indicates not a member at that meeting date

Remuneration Committee

The Remuneration Committee consists of three non-executive directors. The Chairman of the Group, Mr M H Visser, is the Chairman of the Remuneration Committee. The other members during the year were Messrs N Phillips and J B Magwaza. The Remuneration Committee meets at least twice a year. The 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 senior 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 Chief Executive Officer 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 26 to 29.

The record of attendance at Rainbow Chicken Limited Remuneration Committee meetings for the financial year ended 31 March 2007 is as follows:

	23/05/06	18/09/06
M H Visser	✓	✓
J B Magwaza	✓	✓
N Phillips	✓	✓
M Dally	*	*

✓ indicates attendance

* indicates attendance by invitation of the Remuneration Committee Chairman

Nomination Committee

The Board as a whole acts as the Nomination 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 non-executive 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.

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 have 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 businesses are 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 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 Internal Audit Manager who has unrestricted access to the Audit Committee and its Chairman. The Group Internal Audit Manager reports at all Audit Committee meetings. The Group Internal Audit Manager reports administratively to the Chief Executive Officer.

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, taking into account the circumstances of the communities in which it operates 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. Reports address material 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 COMMITTEE

The Remuneration Committee operates under the delegated authority from the Rainbow Chicken Limited 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 Group's share incentive scheme for executive directors and members of the 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 and wage adjustments in the Group
- Approving principles on which short-term incentives for all staff are based
- Approving all grants pursuant to the Rainbow Group's share incentive scheme to staff
- Approving the overall cost of remuneration increases awarded to staff
- Reviewing the executive succession plan.

The committee considers the views of the chief executive on the performance and remuneration of his colleagues. The Chief Executive, 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 principles of accountability and transparency and to ensuring that the reward arrangements are linked to the market, performance and support the business strategy.

Remuneration Report

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
- Is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

Rainbow's application of remuneration practices in all businesses and functions:

- 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.

Fixed remuneration

Following established best market 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 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 or Provident Fund.

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 senior management participate in an annual performance bonus scheme to reward the achievement of agreed Group financial, strategic and personal performance objectives.

Long-term incentive plans – Rainbow Share Incentive Scheme

Executive directors and a limited number of executive management participate in the Rainbow Share Incentive Scheme, which is designed to recognise the contributions

of senior staff 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 senior staff in proportion to their contribution to the business as reflected by their seniority.

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 and the seven or ten-year expiry period remains unchanged. 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 grant share options as follows:

- When an employee is promoted or appointed to the relevant management level or positions
- Supplementary share option grants are normally granted 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 recommends fees payable to the Chairman and directors for approval by the shareholders. Fees are approved for an annual period commencing on 1 April each year. The annual fees payable to non-executive directors for the period commencing 1 April 2006 were approved by the shareholders at the Annual General Meeting of members of 25 July 2006.

Remuneration Report

DIRECTORS' EMOLUMENTS

Executives

	Basic Salary R'000	Bonuses # R'000	Pension contribution R'000	Other benefits R'000	Total R'000
2007					
M Dally	3 151	2 432	286	76	5 945
R H Field	1 513	962	118	41	2 634
	4 664	3 394	404	117	8 579
2006					
M Dally	2 929		259	65	3 253
R H Field	1 363		103	38	1 504
L J Grobler *	286		21	1 399	1 706
	4 578		383	1 502	6 463

Bonuses relate to the previous financial year.

* Mr L J Grobler resigned from the Board on 30 June 2005 and disclosure therefore only reflects emoluments up to this date. Other benefits include severance benefits.

Non-executives (for services as a director)

	2007 R'000	2006 R'000
Present directors		
M H Visser **	85	82
Dr M Griessel	65	55
J B Magwaza	65	55
M M Nhlanhla	50	10
N Phillips	120	105
D W Vale	85	73
D G Zwiigelaar **	44	
	514	380
Past directors		
W E Bührmann **	8	60
	8	60
Total	522	440

** Paid to M&I Group Services (Proprietary) Limited.

DIRECTORS' INTERESTS

Interest of directors of the company in share options granted

Options granted to executive directors and unexpired or unexercised as at 31 March 2007 are as follows:

	Options exercisable	Option price cents	Options at 31 March 2006	Options granted during the year	Options exercised during the year	Options at 31 March 2007	Exercise price cents	Gain on options exercised R'000
Present directors								
M Dally	2 473 188	345	3 073 188		(600 000)	2 473 188	1 073	4 370
		665	696 000			696 000		
		1 039		779 211		779 211		
	2 473 188		3 769 188	779 211	(600 000)	3 948 399		4 370
R H Field								
		355	134 865		(67 432)	67 433	1 190	563
		510	48 307		(16 102)	32 205	1 190	110
65 910		530	197 732			197 732		
		665	384 000			384 000		
		1 039		231 491		231 491		
	65 910		764 904	231 491	(83 534)	912 861		673
Past directors								
L J Grobler								
		285	41 431		(41 431)		986	290
		355	161 343		(161 343)		997	1 036
		510	138 791		(138 791)		1 004	685
			341 565		(341 565)			2 011
Total	2 539 098		4 875 657	1 010 702	(1 025 099)	4 861 260		7 054

Interest of directors of the company in stated capital

The aggregate beneficial holdings as at 31 March 2007 of those directors holding issued ordinary shares of the company are detailed below:

	2007		2006	
	Direct shares '000	Indirect shares '000	Direct shares '000	Indirect shares '000
Executive directors				
M Dally	600		700	
R H Field	201		117	
Non-executive directors				
M Griessel		5		5
	801	5	817	5

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.



INTRODUCTION

Sustainable development is an integral and essential part of doing business locally and internationally. Rainbow seeks to inform all stakeholders 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. As such sustainable practices are actually a reflection of Rainbow's culture and the way it conducts business with its stakeholders, prioritising the management of all resources, scarce or not, and seeking to promote the development of previously disadvantaged groupings.

MANAGEMENT OF SUSTAINABLE DEVELOPMENT

The policies, strategies and targets are reviewed and updated by the Board annually and by the executive directors, sustainability committee and operational teams quarterly. 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.

STAKEHOLDER RELATIONS

Rainbow subscribes to a partnership approach in the way business is conducted. Rainbow seeks to constructively engage its key stakeholders so as to understand and be

Sustainability Report

able to respond to their needs. Interaction occurs with key stakeholders in the business through a number of formal and informal channels, including participation in industry forums, the investor relations function and consumer help lines. Rainbow will continue to emphasise open and transparent dialogue in order to anticipate trends and make changes where possible to the way it currently operates.

While the shareholders are primarily concerned with value creation, government and local communities are looking to Rainbow to create direct and indirect job opportunities, improve community infrastructures and the environment. Rainbow's economic strength is therefore critical to all stakeholders.

Rainbow recognises that it has an important role to play in the poultry and food industry, including technological development, avian health, improvement of manufacturing standards and over and above compliance with legislation, facilitating relevant industry self-regulation.

Consumers are becoming increasingly proactive with regard to issues such as health and safety, farming practices, product safety and labelling, Proudly South

African status and animal welfare. Rainbow's employees and unions expect fair labour practices, job security, safety at work, career paths and upliftment of their communities.

Further to this, all stakeholders interact with Rainbow as consumers, which reinforces Rainbow's strategic focus of satisfying consumers needs and wants. This extends to and includes all aspects of sustainability.

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 directly and indirectly creates jobs in both the formal and informal sectors. Rainbow is committed to doing business through fair commercial competitive practices and to trading with customers and suppliers with shared values and that subscribe to the same high ethical business practices.

Key stakeholders	Dialogue channels and forms of engagement
Shareholders and other providers of capital	Annual General Meeting Investor relations Bi-annual results announcements Trading updates SENS announcements
Business partners and customers	Face-to-face interventions Regular meetings and workshops Advertising campaigns in print and media Market, customer and instore surveys
Local community	Selected projects as part of Corporate Social Investment Regular meetings with municipalities and civic organisations
Government and regulators	Corporate affairs, legal and investor relations functions
Industry	Southern African Poultry Association (SAPA) and Consumer Goods Council of South Africa (CGCSA) representation
Consumers	Consumer hotline Consumer and product surveys Consumer immersions
Staff and unions	Confidential hotline through "Tip Offs Anonymous" Staff meetings and training Performance reviews and career planning Management and Union meetings
Suppliers	Direct relationships with suppliers to enable partnerships Face-to-face interventions Regular meetings and workshops

Sustainability Report

Value added statement

	2007		2006	
	%	R'000	%	R'000
Revenue		4 730 363		4 101 454
Paid suppliers		(2 829 837)		(2 403 234)
Value added by operations		1 900 526		1 698 220
Finance income		25 179		9 930
TOTAL VALUE ADDED		1 925 705		1 708 150
Applied as follows:				
TO PAY EMPLOYEES				
Salaries, wages and benefits	43.7	840 763	43.6	744 922
TO PAY PROVIDERS OF CAPITAL	8.9	171 531	6.3	107 624
Interest paid	0.1	2 714	0.1	2 351
Dividends paid	8.8	168 817	6.2	105 273
TAXATION	25.4	489 802	26.5	452 288
Taxation	10.5	202 354	10.9	186 578
VAT	9.2	176 503	9.1	155 685
PAYE	5.4	104 724	5.9	99 634
Rates, taxes and RSC levies	0.3	6 221	0.6	10 391
RE-INVESTED IN THE BUSINESS	22.0	423 609	23.6	403 316
Depreciation and amortisation	6.1	118 181	6.4	109 744
Retained earnings	15.9	305 428	17.2	293 572
	100.0	1 925 705	100.0	1 708 150

Broad-based Black Economic Empowerment (BEE)

Rainbow supports the principles embodied in the draft Agricultural Sector Charter and has focused management effort on all aspects of BEE ensuring alignment with the updated Code of Good Practice on Broad-based Black Economic Empowerment.

Rainbow has not been rated against the recently released final codes but has initiatives in place across all components of the scorecard that, if achieved, should result in an acceptable level of compliance. Specifically in respect of equity ownership, the BEE sub-committee of the Board is currently reviewing options with a view to achieving BEE compliance.

Preferential procurement policy

Rainbow has embarked on a process of reviewing the business procurement policies throughout the business units to ensure that all opportunities for preferential procurement are identified, with the fundamentals covering:

- any changes made to suppliers will improve BEE status without impacting on the quality of sourced materials or services nor impacting on established service delivery criteria

- transparency in the tendering process
- common dialogue with all parties
- encouragement for previously disadvantaged parties to participate in the tendering process
- an effective system to report on the BEE status of all purchases as well as the status of suppliers and partners.

To enable this process it will be imperative to:

- ensure that all suppliers of all packaging, services, commodities, ingredients and transport disclose their BEE status annually
- ensure that all specifications for products and or services and service delivery criteria are clearly and accurately documented and easily understood
- ensure adequate notice periods of at least three months is given to advertise and source preferential procurement partners
- visit and audit potential suppliers to eliminate the risk of fronting
- develop a BEE supplier database that can be used to invite parties to participate in our tendering process
- ensure all management and procurement staff are committed and buy-in to why and how Rainbow will effect and manage preferential procurement.

	2010 % Target	2007 Rm	2006 Rm	2005 Rm
Total contracted spend *		785	579	470
BEE spend		204	157	115
BEE spend %	30.0	26.0	27.0	25.0

* excludes spend on commodities

Rainbow understands that preferential procurement is not about regulation or compliance. It is rather a mechanism to enable the country's transformation efforts.

Contract grower initiative has significant potential to deliver true empowerment to previously disadvantaged persons in the poultry industry

Contract growers

Within the context of BEE enterprise development, the Rainbow contract grower initiative has significant potential to deliver true empowerment to previously disadvantaged persons in the poultry industry. A contract grower is a farmer that rears chickens on behalf of Rainbow using the grower's own farm and facilities, with Rainbow supplying the chicks and feed.

The fundamental principle is that the farms must be owner-managed ensuring that there is a true transfer of skills, knowledge, accountability and responsibility from Rainbow to the grower.

All growers are managed and mentored against the highest standards and best operating practices. Rainbow's key performance indicators (KPIs) and best operating practices manuals (BOPs) are followed ensuring that the strictest animal welfare and biosecurity practices are enforced.

Growers or potential growers are given all the necessary guidance and support, including the development of the business plan, accessing of finance and day-to-day management of their independent growing operation. Regular interactive workshops are held with our local and international partners, suppliers and specialists to ensure that the necessary knowledge and skills are transferred and maintained at the highest levels.

Rainbow is proud of its BEE growers and their continuing outstanding performances.

Product stewardship

Rainbow's Total Quality Management System (TQMS) is aimed at integrating sustainability principles in order to ensure fairness, accountability, responsibility, transparency and the implementation of risk management in Rainbow's business.

Rainbow's TQMS is benchmarked against best international practices relevant to food safety, quality, environmental, health and safety and animal welfare management.

Employee awareness, ownership and accountability are crucial to Rainbow's TQMS success. Communication strategies to ensure employee involvement include:

- TQMS awareness posters
- Articles in the Rainbow in-house publication the "Feathered Tattler"
- Presentations
- Workshops
- Formal training
- Formal meetings.

	2010 % Target BEE	2007 % BEE	2007 growers	2006 % BEE	2006 growers
Cape	20.0	20.0	5	20.0	5
North	20.0	13.0	23	16.7	18
KwaZulu-Natal	20.0		1		2
Total growers	20.0	13.8	29	16.0	25

Sustainability Report

Rainbow personnel operate and live by an ethics policy that dictates principles and practices aimed at assuring human and bird health. The protection of consumers, the employees and Rainbow's chickens is a priority.

Rainbow's "farm to fork" control measures enable Rainbow to focus on the entire supply chain with the emphasis on sustainable practices.

The strictest bio-security practices on all the farms, mills and plants, together with surveillance programmes with other poultry producers and State Veterinary Departments ensure an early warning system. Rainbow follows Best Operating Practices modelled on the British Poultry Council's Assured Chicken Production Programme. This programme sets the standards for nutrition, animal welfare, catching practices and transport practices of poultry to achieve high levels of consumer protection, food defence, environmental care and economic growth.

All Rainbow abattoirs are registered in terms of the Meat Safety Act No 40 of 2000.

ISO certification

Rainbow has undertaken to use the International Organisation for Standardisation (ISO) standards as a basis of underpinning both internal and external measurement and control processes. Rainbow has certification for the following standards in certain of its business units:

Hammersdale laboratory	ISO 17025
Rustenburg laboratory	ISO 17025
Worcester laboratory	ISO 17025
Feed mills – QMS	9001
Feed mills – FSS	ISO 22000

The feed mills are audited annually by an external independent certifying body to verify compliance to Quality Management System and Food Safety System.

Monitoring

Rainbow's independent laboratories maintain ISO 17025 accreditation. The South African National Accreditation Standards (SANAS) conduct annual audits to verify compliance and internal audits ensure compliance and continuous improvement. Laboratory analyses are done to verify bird health and product safety. Rainbow veterinarians manage the laboratories and have access to all results.

Notifiable diseases

A notifiable disease is any disease that has been proclaimed as a disease that is detrimental to the well being of poultry and can have a resultant severe economic impact either through mortality or by the need to destroy such contaminated stock. Certain diseases can additionally compromise the health of humans either by coming into contact with or through the consumption thereof.

With notifiable diseases being a threat to Rainbow's business, executive management ensures that all Rainbows' efforts are co-ordinated and directed appropriately. The Rainbow Notifiable Disease Management Team is responsible to ensure the development, implementation and verification of a comprehensive notifiable disease prevention, containment and disaster recovery programme. This programme encompasses a communication policy, supply chain contingency plan and liaison with government. Rainbow's main focus areas are:

- Prevention
- Readiness
- Consumer/customer protection and education.

Feed

All birds are fed a diet that is formulated by expert local and international nutritionists. The main ingredients of the diet are:

- Maize (50% – 60%)
- Soya (20% – 30%)
- Other proteins and vitamins that are added to ensure a balanced diet.

These are essential for the healthy development of all young birds. All ingredients added to the feed are controlled by the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act No 36 of 1947. A dedicated research and development department ensures improvement of feed performance does not compromise but rather enhances bird health.

Procurement of feed

Feed ingredients and other raw materials are purchased from approved suppliers. Suppliers are obliged to submit a Certificate of Analysis (COA) or Quality Certification (QC) with each batch of raw materials. These batches are subject to traceability testing as well as microbiological analysis for verification against agreed standards to ensure consistent quality and adherence to specifications. Rainbow regularly conducts hygiene and housekeeping audits and inspections at these suppliers to ensure compliance to food safety requirements.

Antibiotics

The Medicines and Related Substances Control Act No 101 of 1965 as well as the SAPA Code of Practice stipulations are followed should treatment be necessary to ensure flock health. Adherence to withdrawal periods are strictly monitored and verified by residue analysis. Antibiotic residues are tested by in-house laboratories and are independently verified by external laboratories to confirm the internal results. It is Rainbow's policy to maintain a list of medicines which is reviewed regularly by an external expert to ensure no medicines from the "human list" are used. Regular internal and independent external audits verify compliance with legal requirements. Compliance is the responsibility of the in-house veterinarians.

Contract growers

Contract growers are managed and audited by Rainbow to assure compliance to medication and animal welfare standards.

Hazard Analysis Critical Control Points (HACCP) and food safety

Within processing, consumer protection is achieved by complying with the International HACCP standard, a food safety system specifically intended to assure the safety of food products. HACCP certification is audited annually by the South African Bureau of Standards. The Quality Management and Food Safety Systems are audited both internally and externally by independent certification bodies to verify compliance. Independent government veterinarians have complete access to our processing plants. Offsite cold storage and secondary distribution of Rainbow products is managed by Vector. The three central Vector distribution centres, which act as hubs to the satellite operations all achieved HACCP certification.

Worcester processing plant	Yes
Rustenburg processing plant	Yes
Hammarisdale processing plant	*
Rainbow Foods plant	*
Feed mills	Yes
Peninsula distribution centre	Yes
Roodepoort distribution centre	Yes
Thekwini distribution centre	Yes

* in progress of being certified

Rainbow has a quality assurance team that consists of qualified meat inspectors and food technologists. This team works with the respective processing, milling and logistics teams to ensure product safety and consumer satisfaction.

Rainbow's Supplier Assessment Towards Excellence System ensures that all ingredients and packaging material are purchased from approved suppliers. Food safety, quality, traceability, manufacturing practices and legal compliance are included in the approved supplier requirement criteria. This system enables Rainbow to build beneficial partnerships and to recognise supplier efforts towards improved product safety and consumer satisfaction.

Food safety and quality are continuously monitored and verified during processing. European Union standards are applicable to all aspects of the operations, including processing flow, building specifications, personnel flow, protective clothing, ablutions, canteen and clinic facilities and change rooms and laundry services. Good manufacturing practices and prerequisite programmes are maintained, monitored and managed. This endorses management practices, ensuring product safety, customer and consumer satisfaction and enables Rainbow to maintain an export status accreditation.

Cold chain integrity and maintenance

The maintenance of the integrity of the cold chain associated with Rainbow's products is handled both by the processing plants, distribution centres with their satellite hubs as well as the distribution fleets that handle both primary and secondary distribution.

All products are strictly monitored throughout the processes of production, storage and distribution to ensure cold chain integrity. Should there be a break within the cold chain, the affected product is isolated and destroyed.

Product labelling

All labelling conforms to the Foodstuffs, Cosmetics and Disinfectant Act No 154 of 1972. Rainbow supports the CGCSA and Global Standards (GS1) in the listing of all our products with GS1, the labelling of all saleable units with EAN-13 barcodes and cartons with ITF-14 barcodes. Each carton label additionally reflects the production batch number, case number, production date and sell by date. Rainbow is introducing EAN-128 bar codes to all pallets to further improve traceability to the customer.

Sustainability Report

Efficient consumer response (ECR)

ECR focuses on collaborative initiatives between Rainbow and its trading partners, both in-bound and out-bound, identifying current inefficiencies in the supply chain, co-creating a better, more efficient, sustainable business that ultimately satisfies the consumer's needs faster and at less cost.

To date Rainbow and Vector have been involved in a number of industry initiatives such as the "KwaZulu-Natal Regional Chapter's On-Shelf Availability (OSA) Project". Participants included Shoprite Checkers, Spar, National Brands Limited, Johnson & Johnson and Beiersdorf. The Regional Chapter set out to quantify the cost of out-of-stocks in the Fast Moving Consumer Goods (FMCG) industry and identify the root causes. Smaller, more focused retailer-led task teams then set out to establish practical solutions for eliminating these root causes and minimising stock-out problems. Financial 2008 will see Rainbow continuing to participate in the OSA Project as well as the "Gauteng Regional Chapter's Reverse Logistics Project".

Rainbow has also reviewed a number of internal processes looking for the efficiencies ECR best practices endeavours to deliver. A number of strategic retail partners have raised awareness of the impact that poor quality barcodes have on the supply chain, creating unnecessary costs which are ultimately passed onto the consumer. Rainbow is committed to the quality of barcodes and ensuring compliance with global standards.

Halaal status

Inspectors from the Muslim Judicial Council (MJC) and the South African Halaal Authority (SANHA) ensure that practices are in accordance with Halaal compliant rites and rituals. All ingredients and raw materials used for Rainbow brands and customer brands have Halaal status.

Outside Inspections

State veterinarians have unrestricted access to Rainbow farms and processing facilities to verify animal welfare practices and compliance to the Meat Safety Act No 40 of 2000. State veterinarians inspect all products prior to loading for export distribution and approve all export documentation. Rainbow veterinarians are actively involved with state veterinarians and government bodies in monitoring all disease threats. Rainbow is supporting a self-regulatory programme and assists informal growers with administering medication.

Farm to fork monitoring and analysis includes:

- Blood sampling of flocks at weekly intervals to determine health status
- Blood sampling and/or faeces sampling of wild birds to determine health status

- Dust sampling of chicken houses throughout the cycle as part of the pathogen reduction programme
- Feed samples to verify that all feed is salmonella free
- Samples from food contact services and from food handlers to verify cleaning and sanitation practices are effective
- Samples from finished product to verify food safety and shelf life
- Daily hygiene inspections of staff, protective clothing, equipment and the facilities
- Continuous surveillance to verify flock health
- Batch quality inspections on all incoming ingredients and packaging material
- Batch quality inspections to verify adherence to product specification
- Pest control and management
- Daily inspections to verify good manufacturing practices (GMP) and prerequisite programmes
- Security practices to verify food defence.

Industrial collaboration

Rainbow is proactive in both food safety and ethical business practices throughout the supply chain and has active representation in the following organisations:

- Consumer Goods Council of South Africa (CGCSA):
 - Rainbow's CEO is co-Chairman
 - Various personnel sit on sub-committees
- Southern African Poultry Association (SAPA):
 - Rainbow's Supply Chain Director is Chairman
 - Various personnel sit on sub-committees
- Animal Feed Manufacturers Association (AFMA)
- Council of Logistics Management
- Logistics SA
- Business Against Crime South Africa – KwaZulu-Natal.

Consumer insight

Rainbow's new product development and marketing department ensure customer and consumer requirements are met. Food safety, engineering and quality control are included in new product development and marketing procedures to ensure consumer protection and satisfaction from the initiation of the process. Rainbow conducts extensive customer and consumer research on a formal and informal platform.

Rainbow keeps abreast with national and international trends through qualitative and quantitative research of products and communication concepts through research houses, consumer immersions within a variety of target markets and goes to great lengths to understand consumer's lifestyle, cooking, eating and grocery shopping habits. Trade visits are another tool used by Rainbow to interact with consumers and shoppers to conduct trade

research. All customer and consumer requirements are defined in product specifications. Product specifications are strictly controlled and adhered to.

Consumer care service

A customer/consumer care line for all Rainbow products has been established. All details are centrally logged and emails are forwarded daily to the national quality assurance department where dedicated personnel manage all complaints. Personal contact with customers and consumers, response time and actions taken to prevent the same problems are keys to the success achieved thus far with the care line.

Rainbow’s commitment towards consumer protection was demonstrated during a consumer product recall. Rainbow Cheese Viennas were recalled due to plastic found in the product. The source of the plastic was identified to be from the purchased-in grated cheese. The National Department of Health was informed and the recall was dealt with promptly. Customers and consumers responded positively and Rainbow is proud that consumer protection and brand integrity were maintained.

Care line statistics (number of calls):

	2007	2006
Prank calls	4	9
Queries	23	712
Compliments	5	32
Complaints	704	677
Total calls	736	1 430
% of Complaints vs total calls	96	47

The website at www.rainbowchicken.co.za received on average 4 100 visits per month for the 2007 financial year (2006: 3 000).

Meeting customer requirements

Independent accredited auditors conduct customer audits bi-annually at all processing facilities to verify compliance to food safety, product specifications and quality. Customer audits include compliance to the following customer’s requirements:

- KFC
- Steers
- Pick ’n Pay
- Spar
- Nandos
- Wimpy
- Woolworths

Awards

Rainbow received the following awards:

- Yum! (KFC) awards:
 - Star Achievers Award 2006 – for suppliers achieving more than 85% on the Supplier Tracking and Assessment Recognition (STAR) Audit system. Rainbow processing plants achieved more than 90%
 - Mover and Shaker Award 2006 – Rainbow Worcester processing plant was recognised with this award for achieving 99%, the highest score ever achieved by any supplier and for achieving thirty eight consecutive zero penalty Key Performance Indicator product audits
 - Supplier of the Year 2006 – for Rainbow’s commitment to quality, service and the KFC partnership. Rainbow was recognised as the “Champion of Champions for 2006”
 - International Food Supplier of the year award, the first South African company to do so. KFC has experienced significant growth in the last five years and Rainbow has grown to meet this demand whilst maintaining consistently high quality levels.
- Woolworths:
 - Total Quality Management (TQM) Supplier of the year Award – Rainbow Worcester processing plant was recognised for supplying Woolworths with consistent quality and safe products that met Woolworths requirements.

These achievements demonstrate Rainbow’s commitment to food safety, quality, customer service and consumer safety.



KFC International Supplier of the year awards

Sustainability Report

Rainbow's commitment to investing in sustainable long-term human capital development has been supported through a number of key initiatives

SOCIAL SUSTAINABILITY PRACTICES

Human capital

The ability to give effect to sustainable practices is directly linked to the capabilities and talent of individuals within the business. Rainbow's commitment to investing in sustainable long-term human capital development has been supported through a number of key initiatives, ranging from entrenching our HIV/AIDS awareness and wellbeing programmes to

online/E-recruitment. An increasing focus on fundamental HR practices and competence in support of the business strategy has resulted in a positive movement in employee turnover, recruitment, development and employment equity statistics.

Talent management

In a fast changing employment environment, the challenge of attracting and retaining talented employees remains a significant one. As an organisation Rainbow actively seeks out individuals who can drive and support the customer and consumer focused strategy. This requires individuals who value consumers, diversity and team work.

Remuneration

It is well recognised that competitive remuneration packages are important in attracting and retaining talent. Rainbow continues to enhance the systems and processes to ensure that the company remains abreast of ongoing development within the market. The change in 2006 to a

EMPLOYMENT STATISTICS AS AT 31 MARCH 2007											
	Race								Total		Total
	African		Indian		Coloured		White		M	F	
	M	F	M	F	M	F	M	F			
Executive directors							11	1	11	1	12
Senior managers	2		6	1	1		69	8	78	9	87
Middle managers	11	3	22	2	5	1	86	31	124	37	161
Total management	13	3	28	3	6	1	166	40	213	47	260
Senior staff/supervisory	186	61	76	25	91	24	219	118	572	228	800
Other	2 471	1 747	121	47	794	827	20	136	3 406	2 757	6 163
Total employees	2 670	1 811	225	75	891	852	405	294	4 191	3 032	7 223
Total management (%)	5.0	1.2	10.8	1.2	2.3	0.3	63.8	15.4	81.9	18.1	100.0
Total employees (%)	37.0	25.1	3.1	1.0	12.3	11.8	5.6	4.1	58.0	42.0	100.0

EMPLOYMENT STATISTICS AS AT 31 MARCH 2006											
	Race								Total		Total
	African		Indian		Coloured		White		M	F	
	M	F	M	F	M	F	M	F			
Executive directors	1						10	1	11	1	12
Senior managers	3		7	1	1		71	9	82	10	92
Middle managers	10	4	25	1	3	1	83	32	121	38	159
Total management	14	4	32	2	4	1	164	42	214	49	263
Senior staff/supervisory	169	48	75	26	93	24	215	112	552	210	762
Other	2 234	1 660	125	31	697	736	65	113	3 121	2 540	5 661
Total employees	2 417	1 712	232	59	794	761	444	267	3 887	2 799	6 686
Total management (%)	5.3	1.5	12.2	0.8	1.5	0.3	62.4	16.0	81.4	18.6	100.0
Total employees (%)	36.1	25.6	3.5	0.9	11.9	11.4	6.6	4.0	58.1	41.9	100.0

“total guaranteed package” and the participation in formalised market benchmarking, has significantly enhanced the ability to accurately match positions internally and externally. The variable pay component of the remuneration system is based fundamentally on performance, allowing Rainbow to recognise and reward talented individuals who have internalised the business strategy and contributed to its achievement.

Employees within the bargaining units are subject to remuneration packages as negotiated annually by the various bargaining forums. Bargaining unit remuneration levels are well above the industry average and reflect Rainbow’s commitment to fair labour practices.

Resourcing

A number of national initiatives have been undertaken to improve our profile as an employer of choice. These include the national implementation of the first phase of E-recruitment, development of selector capabilities, participation in functionally relevant forums and conferences, continued recruitment of experienced and capable individuals and the allocation of bursaries for study in areas of relevance to the business.

Selecting people who are able to contribute towards the sustainable growth of the organisation, is a critical element of the broader HR strategy. Rainbow requires energised, driven individuals who are passionate about chicken and are able to lead inspirationally within a challenging business environment.

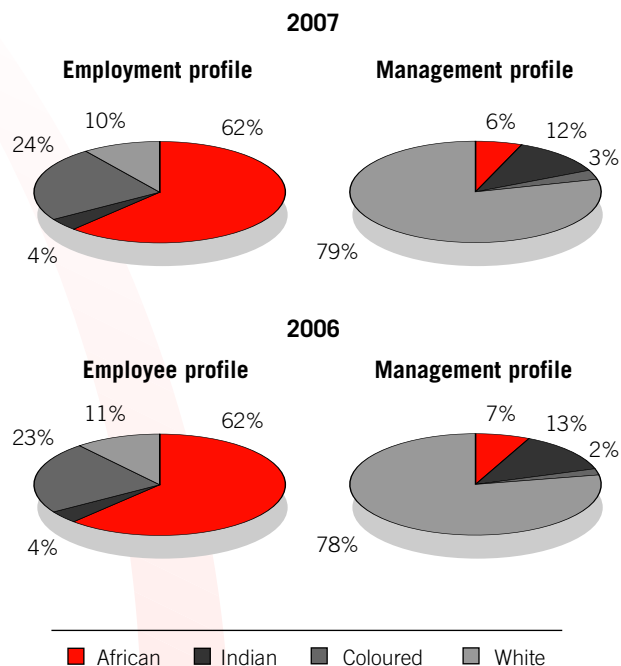
During the current financial year 1 187 new employees joined Rainbow, ensuring the continued integration of new ideas and talent.

Reconciliation of employee movements for the year:

	2007	2006
Employees at the beginning of the year	6 686	6 375
Add: Recruitment	1 187	1 032
Less: Deaths	(56)	(58)
Discharges	(242)	(308)
Disability	(22)	(29)
Resignations	(260)	(267)
Retirements	(70)	(59)
Employees at the end of the year	7 223	6 686

Employment equity

The focus is on creating an inspirational culture. Rainbow has a clear understanding of the diverse dynamics which impact upon the customers, consumers and employees. In 2005 the rollout of our diversity programme began to harness this understanding. In 2006 the second phase of



this rollout was completed, with functional teams from across the business building their awareness of diversity and the role diversity plays within the business. Further initiatives to provide teams with an opportunity to commit to strategically aligned actions and give meaningful input into the transformation of the business commenced in February 2007.

As part of the transformation agenda within South Africa, Rainbow remains committed to the principles embodied in the Employment Equity Act No 55 of 1993 and strives towards ensuring that the employee base is demographically representative of the society and communities in which Rainbow operates.

The principles of the employment equity plan are integral in talent management at all levels. Rainbow continues to promote and support diversity initiatives within the workforce and in 2006 actively participated in Woman’s Day and 16 days of activism, with all employees being invited to demonstrate their commitment by signing the “Act Against Abuse” pledge.

Female representation constitutes 42.0% of the total employees within Rainbow. The diversity scorecard addresses the issue of gender, with special focus at senior and executive levels.

Developing people

Rainbow has maintained focus on its investment in people increasing expenditure in this area. In 2006 and 2007 training expenditure was 1.0% of the employee costs. The

Sustainability Report

focus of investment is in national initiatives which develop core functional capabilities. Rainbow embarked on its first public private partnerships with the Department of Agriculture Western Cape, Elsenburg College and KwaZulu-Natal Poultry Institute (KZNPI) to deliver learnerships in poultry production. Rainbow currently has 45 section 18.1 (in terms of the Skills Development Act) learners participating. Vector has learnerships for 33 drivers and 22 call centre agents.

76% of employees participated in over 185 training initiatives during 2007. The main areas of participation were:

- Further studies
203 employees participated in further studies schemes. Growth in participation within this category of learning has contributed directly towards a culture of learning and personal development.
- Health hygiene
More than 1 000 learners participated in HACCP, GMP and food safety training. Food safety is a critical component of the training and development and in calendar 2007 a national academy will be initiated.

- Diversity training
The second phase of the long-term diversity initiative was rolled out in the financial year, with staff participating in awareness training which contributed towards the identification of critical elements of the climate and culture. These contributions form the basis of a number of policy and practice enhancements that have and will be implemented.
- Employment equity
179 managers, employee representatives, HR practitioners and union representatives across all operations were trained on the latest updated employment equity legislation to ensure that all participant's in the employment equity committees continue to develop and enhance their knowledge.

Additional focus areas are:

- Safety, Health and Environment (SHE)
- Technical skills
- Leadership development
- Industrial Relations
- Logistics.

In recognition of the social constraints within which Rainbow operates, an increasing focus of the business is

EMPLOYEE TRAINING AND SKILLS DEVELOPMENT FOR THE YEAR ENDED 31 MARCH 2007

	Race								Total		Total
	African		Indian		Coloured		White		M	F	
	M	F	M	F	M	F	M	F			
ABET	106	57	5	2					111	59	170
Specific skills	1 583	2 054	241	111	146	135	695	338	2 665	2 638	5 303
LDP/SDP/MDP	26	6	7	1	8	9	7	6	48	22	70
Total	1 715	2 117	253	114	154	144	702	344	2 824	2 719	5 543
Total (%)	30.9	38.2	4.6	2.1	2.8	2.6	12.7	6.1	50.9	49.1	100.0
Total spend (Rm) excluding skills levy											8.2
Total spend (as a % of total salaries and wages)											1.0

EMPLOYEE TRAINING AND SKILLS DEVELOPMENT FOR THE YEAR ENDED 31 MARCH 2006

	Race								Total		Total
	African		Indian		Coloured		White		M	F	
	M	F	M	F	M	F	M	F			
ABET	145	50	3		6	9	16	9	170	68	238
Specific skills	1 012	958	116	43	160	72	414	190	1 702	1 263	2 965
LDP/SDP/MDP	41	5	17	5	25	5	44	19	127	34	161
Total	1 198	1 013	136	48	191	86	474	218	1 999	1 365	3 364
Total (%)	35.6	30.1	4.0	1.4	5.7	2.6	14.1	6.5	59.4	40.6	100.0
Total spend (Rm) excluding skills levy											5.7
Total spend (as a % of total salaries and wages)											0.8



Staff attending a Business Fundamental Programme

upon building the capabilities of young people who may subsequently go on to join our business through unemployed learnerships, extra curricular school programmes, internships and bursaries. There are currently 12 students participating in our child of employee bursaries, 100 section 18.1 learners and 10 internships.

Health and safety

As a food producer, the health and safety of employees and consumers is an integral component of the organisational culture and consumer focused approach.

During calendar 2006 an increased focus on the reporting and management of health and safety has led to a number of initiatives specifically around increasing health and safety resources within the business, enhancing statistical data gathering and appointing an accredited national health and safety training supplier.

In addition the occupational health care infrastructure has been reviewed and Rainbow has embarked upon partnerships with accredited service providers to provide best practice occupational health services to the processing plants, feed mills, farms and distribution centres, enhancing existing services to the employees.

Rainbow mitigates the health and safety risks associated with poultry farming and processing, feed milling and logistics by having:

- Dedicated health and safety personnel officers in each operation
- Health and safety committees in each operation consisting of workers' union representatives and management, who meet on a monthly basis
- Policies and procedures on how to mitigate each of the risks, in addition to ensuring compliance with all legislation
- Centralised reporting and monitoring of all issues and incidents
- Training programmes for all employees in all aspects of health and safety, ensuring appropriate understanding, accountability and responsibility for health and safety is in place at all levels
- Accredited audit and verification programmes in place:
 - The International Organisation for Standardisation (ISO)
 - Occupational Health and Safety Act System (OHSAS).

Road safety

Road safety is seen as a critical risk to both employees and the community at large and as such Vector who manage outbound logistics, have embarked on a training programme for drivers. Two of the three major regional depots have completed the National Certificate in Professional Driving Learnership. Apart from addressing driving competencies, this learnership addresses other areas of teamwork, financial awareness, basic business principles and self development.

Employee wellness and HIV/AIDS

In calendar 2005 Rainbow performed a national business impact study and HIV/AIDS prevalence and knowledge, attitude and practices survey linked to a voluntary counselling and testing campaign to assess HIV/AIDS. The company's HIV prevalence was calculated at 13.8%. This research was utilised in our HIV/AIDS strategy and our national HIV/AIDS programme which was implemented during calendar 2006.

EMPLOYEE HEALTH AND SAFETY STATISTICS	DIFR *	Number of nurses	Total clinic costs Rm
Farming operations	2.72		
Processing and milling operations	1.58		
Distribution and administration centres	0.08		
Total – 2007	1.46	14	18
Total – 2006	1.44	14	18

* disabling incident frequency rate

A disabling incident is defined as any incident in which an employee is booked off work for more than a shift (hour equivalent) following the incident.

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Rainbow's HIV/AIDS strategy includes a behaviour change programme driven through peer education and voluntary counselling and testing linked to a treatment programme. There are 248 peer educators across 33 sites with employees participating in monthly peer educational training sessions. A national voluntary counselling and testing campaign is planned for the forthcoming financial year.

The HIV/AIDS programme is part of a broader employee wellness programme and focuses not only on physical, but also emotional wellbeing. It has been designed to encourage employees to share HIV prevention and treatment knowledge in the communities within which Rainbow operates, where HIV has had a significant impact. Rainbow continues to monitor its progress using a scorecard in terms of this HIV/AIDS programme.

Voluntary counselling and testing remain available at all sites.

Rainbow has designated an executive member to inform the Board on a quarterly basis of the progress within the various initiatives. The HIV/AIDS corporate steering committee is responsible for the development of the various HIV/AIDS initiatives and is assisted by workplace committees at the various sites.



World AIDS Day in Worcester

Employee relations

Rainbow has a code of ethics which has been broadly communicated within the business. Rainbow is continually looking to opportunities to progress the knowledge and understanding of this code with all of our employees and as such is in the process of reviewing the codes governing relationships with both our internal and external stakeholders, to remain in line with developments taking place within the broader society within which Rainbow operates as well as taking notice of international best practice.

As an organisation Rainbow subscribes to the principles of freedom of association embodied within the Labour Relations Act No 66 of 1995.

47% of employees belong to trade union interest groups, who are either COSATU or NACTU affiliated. During the period under review there has been no industrial action and generally industrial relations are good.

Workplace forums meet quarterly to deal with issues not falling under the ambit of the bargaining forums, such as HIV/AIDS and employment equity.

Community

Rainbow's national presence has in certain areas of the country allowed the respective municipalities to provide subsidised or even free water and electricity to the local communities close to the Rainbow operations.

Corporate Social Investment (CSI)

Rainbow operates within many communities across the country, providing sustainable direct employment to more than 7 000 individuals.

The CSI initiatives focus on supporting and sustaining these communities, covering education, health, HIV/AIDS and similar national issues. Rainbow encourages the various business units to engage with their local communities to provide meaningful and cohesive CSI funding for sustainable community development.

Rainbow employees have demonstrated a great deal of community spirit in supporting a variety of charities and welfare organisations. Finding ways to harness the spirit of co-operation and care which is embodied in these activities and encourage people to give of their time and expertise is an important aspect of the long-term CSI approach and is a vital contributor to Rainbow's culture.

Rainbow has entered into a partnership with Star Schools to provide additional maths, science and english classes for 150 grade 8, 9 and 10 students at 5 high schools within the Hammarsdale community in KwaZulu-Natal. The success of the project will be measured throughout the year and opportunities to assist learners further in the longer term will be sought.

Houses have been built to shelter AIDS orphans and donations given to foundations giving home-based care. Additionally, contributions have been made to support enterprise development in local communities like the Chicken Dust operations, as well as supporting regional Business Chambers and Business Against Crime initiatives.

Rainbow has made the following contributions:

- R0.3 million has been donated to "House on the Rock" in East London to build a house to provide care for abandoned and orphaned children with HIV/AIDS, cerebral palsy, foetal alcohol syndrome and children who have been sexually abused.

- R0.4 million has been committed to the “Tiisa Thuto Project” to support a Business Against Crime South Africa initiative. The project is a school-community-based crime prevention intervention that targets learners, educators, governing bodies and safety teams with the aim to inculcate a positive value system among members of the school community as a way of fighting crime.
- R0.9 million has been committed to schools infrastructure support to assist in the building, upgrading or providing maintenance of schools. The completed Phembisizwe Primary School in Efolweni will be provided with initial support to ensure that Rainbow’s investment in the community is sustainable.



Phembisizwe Primary School – opening of new block

ENVIRONMENTAL SUSTAINABILITY PRACTICES

Rainbow takes full responsibility for the impact its operations have on the environment by encouraging every Rainbow employee to ensure effective use of resources. In addition, Rainbow favours suppliers and partners who share similar values with regard to the environment.

Rainbow strives to use the best environmental practices on all land used for either farming, processing, milling or distribution operations, whether it be owned, leased or a partner’s property.

Analysis of land usage in hectares is contained in the table below.

	Owned	Leased	Partners	Dormant	2007	2006
Farming operations	9 017	49	460	296	9 822	9 816
Processing and milling operations	56		4	39	99	99
Distribution and administration centres	41	1			42	42
Total	9 114	50	464	335	9 963	9 957

Nature conservation

Rainbow supports nature conservation as an important national heritage.

In this regard, Rainbow leases approximately 630 hectares to the North-West Parks Board for the enlargement of the Rustenburg Nature Reserve, for one rand per annum.

Additionally, at the company’s 1 547 hectare Roodevaal farm near Koster in the North-West Province, Rainbow has permission from the Department of Nature Conservation to conserve game. Bordered by three game farms, it actively supports the North-West Parks Board and game farming in the area by helping to ensure wildlife and plant diversity.

Environmental Risks

Rainbow has highlighted the following environmental risks in its supply chain:

- Fire
- Dust explosions at feed mills
- Water usage and waste water run-off at farms, processing plants and mills
- Hazardous chemical and gas spillage at farms, processing plants, mills and distribution centres
- Odours from processing plants and mills
- Disease outbreaks on farms
- Drought
- Diesel usage.

These risks are mitigated by having:

- Policies and practices on how to handle an event
- Effective training programmes covering environmental risks
- Effective bio-security and security procedures at all operations
- Effective health and safety procedures
- Effective scrubber plants and bio-filters
- Supply agreements with registered waste companies for the safe disposal of diseased birds and contaminated or hazardous material
- Management of water capacity through boreholes, bulk supply and storage reservoirs
- 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.

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ENERGY COST ANALYSIS FOR THE YEAR ENDED 31 MARCH 2007

Rm	Coal	Gas	Diesel	Electricity	Total
Farming operations	2.7	72.7	10.1	28.8	114.3
Processing and milling operations	10.7		22.3	44.3	77.3
Distribution and administration centres			22.7	8.6	31.3
Total	13.4	72.7	55.1	81.7	222.9

ENERGY COST ANALYSIS FOR THE YEAR ENDED 31 MARCH 2006

Rm	Coal	Gas	Diesel	Electricity	Total
Farming operations	3.5	27.4	3.8	26.3	61.0
Processing and milling operations	10.0	0.2	14.9	37.4	62.5
Distribution and administration centres			17.7	8.1	25.8
Total	13.5	27.6	36.4	71.8	149.3

ENERGY USAGE ANALYSIS FOR THE YEAR ENDED 31 MARCH 2007

	Coal Tons	Gas Kilolitres	Diesel Kilolitres
Farming operations	9 294	28 251	1 822
Processing and milling operations	27 174		3 721
Distribution and administration centres			3 856
Total	36 468	28 251	9 399

ENERGY USAGE ANALYSIS FOR THE YEAR ENDED 31 MARCH 2006

	Coal Tons	Gas Kilolitres	Diesel Kilolitres
Farming operations	11 045	21 572	765
Processing and milling operations	24 685	30	3 087
Distribution and administration centres			3 254
Total	35 730	21 602	7 106

Electricity

Over the past 4 years Rainbow has been investigating and implementing energy efficient lighting systems for their poultry houses. In addition the majority of the poultry houses are fan-ventilated. Improvement in fan technology has resulted in the ability to move air more efficiently and reduce electrical consumption on each farm.

Liquid petroleum gas (LPG)

LPG is the predominant source of heat in the poultry houses. During the past few years investment has been made to insulate poultry houses in order to minimise air leakage and hence reduce LPG consumption.

Water

Water is and will remain the single biggest resource risk to the business. Rainbow has mitigated the risk of water

shortages by building additional reservoirs to hold capacity in times of shortage and are looking at ways of both reducing the demand for water in rearing the parent stock and broiler birds and in the slaughtering process. With significant water usage, water effluent needs to be managed and every effort is made to recycle the effluent water. Measuring wastage enables early detection of system defects that can then be rectified and minimise potential losses.

Water recycling plants at the three primary processing plants first flocculate out the solids and proteins from the water, before reducing both the biological oxygen demand and chemical oxygen demand levels to acceptable levels, with some of the water being used as grey water for cleaning and the balance being discharged to municipal water sewers for further recycling.

WATER USAGE ANALYSIS FOR THE YEAR ENDED 31 MARCH 2007					
Kilolitres	Borehole	Municipal	Water Board	Third party	Total
Farming operations	161 027	1 776 810	960 856	171 426	3 070 119
Processing and milling operations	29 017	3 164 159	167 037		3 360 213
Distribution and administration centres	240	173 633	239		174 112
Total	190 284	5 114 602	1 128 132	171 426	6 604 444

WATER USAGE ANALYSIS FOR THE YEAR ENDED 31 MARCH 2006					
Kilolitres	Borehole	Municipal	Water Board	Third party	Total
Farming operations	203 622	2 393 404	1 133 336	112 744	3 843 106
Processing and milling operations	12 859	3 123 384	131 621		3 267 864
Distribution and administration centres	200	155 956	6 155		162 311
Total	216 681	5 672 744	1 271 112	112 744	7 273 281

Rainbow recognises water as a valuable resource and as such further capital expenditure has been allocated to install and or upgrade water meters on all farms to enable a more accurate measurement of consumption and as a tool to monitor and manage consumption per farm.

Rainbow has targeted the use of 14.0 litres of water per bird slaughtered within the processing plants. Current usage is 15.5 litres per bird.

Waste and recycled products

Rainbow analyses all types of waste material generated. Options for possible re-use and disposal are assessed to ensure that it is used or disposed of in the most environmentally friendly way.

Currently Rainbow uses the following recycled products from other suppliers in its processes:

- Wood shavings as bird housing bedding
- Recycled paper is utilised in the finished product outer carton packaging
- Recycled plastic is utilised in the manufacture of plastic catching crates.

Rainbow is looking into ways of conducting a life cycle audit of all packaging and therefore understanding where packaging originates and how it is ultimately disposed of.

Non-compliance, prosecutions and fines

Rainbow has experienced no incidents of non-compliance, prosecution or fines during the review period.

Emissions to air

Rainbow recognises its responsibilities in terms of the Atmospheric Pollution Prevention Act No 45 of 1965 and as such ensures that the coal-fired boilers and their boiler stacks are well maintained and routinely inspected.

Although Rainbow's rendering plants do not produce any hazardous emissions, they have been registered in terms of the Atmospheric Pollution Prevention Act No 45 of 1965. All rendering plants use environmentally friendly water-cooled scrubbers and bio-filters to ensure effective control of all odours.

Additional management process changes have taken place within the rendering plants to ensure:

- Capacities of all cookers and driers are not exceeded
- Alternative disposal of raw material is available through registered waste companies
- Cooking recipes are balanced to prevent odours
- Routine scheduled maintenance is carried out for the effective running of all equipment
- The use of specialist consultants to investigate possible further improvements in processing.

ANALYSIS OF WASTE TYPES AND THEIR DISPOSAL FOR THE YEAR ENDED 31 MARCH 2007			
Waste type	Volumes		Use or disposal
	2007	2006	
Cardboard waste (tons)	198	228	Sold to recyclers
Coal ash (m ³)	4 858	5 114	Sold
Litter (m ³)	447 824	370 876	Sold as fertiliser and cattle fodder
Plastic waste (tons)	186	132	Sold to recyclers
Scrap metal and timber (tons)	232	932	Sold to scrap merchants
Waste water (kl)	2 640 893	2 710 066	Effluent plants then to municipal recycling

Sustainability Report

While there is currently no legislation governing vehicle emissions, Rainbow is conscious of this impact on the environment and as a result all vehicles are maintained and replaced on a regular basis to minimise both emissions and diesel fuel wastage.

Animal welfare

Rainbow subscribes to the British Poultry Council's Assured Chicken Production Programme that sets the highest standards for the nutrition and welfare of poultry. It covers the rearing, catching, transport and slaughter of poultry to ensure that the birds are handled in the most humane manner possible throughout the supply chain.



Bird housing

All birds are reared in either environmentally controlled houses or temperature controlled and ventilated open-sided houses. The birds are able to roam around with free access to feed and water. By housing the birds Rainbow mitigates the risk of the birds coming into contact with wild birds and their faeces, both of which could be carriers of disease.

Each house is provided with sufficient clean wood shavings as bedding, lights, clean water lines, feeder lines, heating and cooling ventilation systems to ensure that the birds are always comfortable. At the end of each growing cycle and prior to the commencement of the next cycle, each house undergoes a thorough clean-out of the old litter and the house is washed. Prior to the placement of new chicks, new bedding is spread and the house is fumigated and then preheated.



The stocking density of each house on a farm is determined by the broiler breed recommendations for such a size house, the facilities available on the farm as a whole, the floor space of the house and the equipment within the house.

Access to all farms and houses is regulated by strict bio-security measures that include:

- The use of security personnel to control access to farm sites
- Fences around all chicken houses as well as around the farm perimeters
- All personnel can only enter onto a farm by showering and wearing garments and gumboots given to them, then showering again on exit
- Footbaths are present at all doors to individual houses and have to be used.

With these bio-security measures strictly enforced, Rainbow can control and mitigate the risk of disease being spread to our birds or personnel.

In the KwaZulu-Natal region, Rainbow has embarked on a project of rebuilding the oldest broiler farms. The new buildings will incorporate the latest technology in building design, materials and equipment, including energy efficient lighting and fans. These well sealed and insulated houses, combined with modern automated environmental systems will result in a reduction in LPG consumption.

Environmental impact assessment (EIA)

Whenever decisions are made to build new or significantly upgrade existing facilities, Rainbow employs external consultants to ensure that all the requirements in terms of the latest EIA regulations are addressed and approved by the Department of Agriculture and Environmental Affairs prior to work commencing.

This process allows for comments and input from all interested stakeholders and affected parties. An environmental management plan is established for the construction phase of these projects, to serve as a guide to assist in minimising the potential environmental impact of the project activities.

Outside inspections

The SPCA regularly inspects the processing plants to ensure that the processes and practices are humane. In the event of a transport accident, the SPCA is immediately informed so that its inspectors, in conjunction with Rainbow veterinarians, can make the most humane decision on how to handle any damaged birds.

CONCLUSION

In the past year Rainbow has not only seen the Group, but also our business partners, suppliers and our stakeholders understand better their roles and responsibilities in terms of the three pillars of sustainability. Rainbow continues to incorporate the strategies and policies in respect of our sustainable practices into our daily operating manuals to ensure that these sustainable practices are practiced as part of normal day-to-day operational activity. The final codes of good practice from the Department of Trade and Industry will additionally assist in ensuring that we meet all stakeholders' expectations. Rainbow is committed to all aspects of sustainability and will strive to continually improve its practices.

Annual Financial Statements

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Approval of the Annual Financial Statements

for the year ended 31 March 2007

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 2007 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 51 to 78, which have been prepared on the going concern basis, were approved by the Board of Directors on 23 May 2007 and are signed on their behalf by:



M H VISSER
Non-executive Chairman



M DALLY
Chief Executive Officer

Certificate by the Company Secretary

I hereby certify that in respect of the year ended 31 March 2007, 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 of 1973 as amended and that all such returns are true, correct and up to date.



S B HEATH
Company Secretary

Westville
23 May 2007

Report of the Independent Auditors

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 2007, 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 51 to 78.

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 1973 as amended. 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.

AUDITOR'S 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 2007, 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 1973 as amended.



PricewaterhouseCoopers Inc

Director: SJ Ashforth

Registered Auditor

Durban

23 May 2007

Report of the Directors

for the year ended 31 March 2007

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 with a route to market.

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 3 490 105 ordinary shares during the year due to share options being exercised.

At the balance sheet date, unexercised options had been granted to beneficiaries of the Rainbow Share Incentive Trust in respect of 15 403 719 (2006: 15 359 517) shares. These options are granted at the discretion of the directors.

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 Group for the year ended 31 March 2007 amounted to R474.2 million (2006: R398.8 million). This translates into a headline earnings per share of 169.5 cents (2006: 144.5 cents) based on the weighted average shares in issue during the year.

DIVIDENDS

Ordinary dividends declared and paid during the year under review are as follows:

Number 67 amounting to R56 412 186 (20.0 cents per ordinary share) declared on 15 November 2006 and paid on 15 January 2007.

Number 68 amounting to R135 701 770 (48.0 cents per ordinary share) declared on 23 May 2007 and payable on 18 June 2007.

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

Last date to trade ordinary shares "cum" dividend	Friday, 8 June 2007
Ordinary shares trade "ex" dividend	Monday, 11 June 2007
Record date	Friday, 15 June 2007
Payment date	Monday, 18 June 2007

Share certificates may not be dematerialised or rematerialised between Monday, 11 June and Friday, 15 June 2007 (both dates inclusive).

MINORITY OFFER

On 20 March 2007 Remgro made a firm offer to buy out the 38.5% minority shareholding for R16.00 cash for each Rainbow share or 9 Remgro shares for every 100 shares in Rainbow.

SUBSIDIARIES

Details of Rainbow Chicken Limited's interest in its subsidiaries are set out in note 1 on page 78. The aggregate profit after taxation, so far as concerns the interest of the company in its subsidiaries, amounts to R480.7 million (2006: R398.8 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 16 to 19. Mr N Phillips resigned from the Board with effect from 12 March 2007.

DIRECTORS' SHAREHOLDING

At the date of this report, the directors in aggregate held direct beneficial interests in 800 966 (2006: 817 000) ordinary shares in the company and had indirect beneficial interests in 4 680 (2006: 4 680) ordinary shares. Details of directors' shareholdings are set out in the Remuneration Report on page 29.

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 2007

	Note	2007 R'000	2006 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	1 054 124	962 194
Intangible assets	2	287 444	287 848
Deferred taxation	8	15 285	
		1 356 853	1 250 042
Current assets			
Inventories	3	409 356	320 420
Biological assets	4	269 278	242 199
Trade and other receivables	5	464 539	517 442
Derivative financial instruments	13	2 969	19 790
Taxation receivable		2 246	1 513
Cash and cash equivalents		590 336	394 383
		1 738 724	1 495 747
Total assets		3 095 577	2 745 789
EQUITY			
Stated capital	6	1 127 285	1 115 747
Share-based payments reserve	7	22 248	14 226
Retained earnings		771 356	465 928
Total equity		1 920 889	1 595 901
LIABILITIES			
Non-current liabilities			
Deferred taxation	8	179 606	168 519
Retirement benefit obligations	9	75 535	69 683
Finance lease liability	10		116
		255 141	238 318
Current liabilities			
Trade and other payables	11	834 153	781 800
Provisions	12	40 687	30 771
Finance lease liability	10	389	698
Derivative financial instruments	13	16 970	402
Taxation payable		27 348	97 899
		919 547	911 570
Total liabilities		1 174 688	1 149 888
Total equity and liabilities		3 095 577	2 745 789

Group Income Statement

for the year ended 31 March 2007

	Note	2007 R'000	2006 R'000
Revenue		4 730 363	4 101 454
Operating profit before depreciation and amortisation		772 315	687 588
Depreciation and amortisation	14	(118 181)	(109 744)
Operating profit	15	654 134	577 844
Finance costs	16	(2 714)	(2 351)
Finance income	17	25 179	9 930
Profit before taxation		676 599	585 423
Taxation	18	(202 354)	(186 578)
Profit for the year attributable to the equity holders of the Group		474 245	398 845
Basic earnings per share (cents)		168.5	143.9
Basic earnings per share – diluted (cents)		163.5	139.7

Group Statement of Changes in Equity

for the year ended 31 March 2007

	Stated capital R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2005	1 105 959	8 391	172 356	1 286 706
Profit for the year attributable to the equity holders of the Group			398 845	398 845
Ordinary dividends paid			(105 273)	(105 273)
Employee share option scheme:				
Proceeds from shares issued	9 788			9 788
Value of employee services		5 835		5 835
Balance at 1 April 2006	1 115 747	14 226	465 928	1 595 901
Profit for the year attributable to the equity holders of the Group			474 245	474 245
Ordinary dividends paid			(168 817)	(168 817)
Employee share option scheme:				
Proceeds from shares issued	11 538			11 538
Value of employee services		8 022		8 022
Balance at 31 March 2007	1 127 285	22 248	771 356	1 920 889

Group Cash Flow Statement

for the year ended 31 March 2007

	Note	2007 R'000	2006 R'000
Cash flows from operating activities			
Cash generated by operations	A	821 494	680 091
Finance costs		(2 714)	(2 351)
Finance income		25 179	9 930
Taxation paid	B	(277 836)	(81 341)
Cash available from operating activities		566 123	606 329
Dividends paid		(168 817)	(105 273)
Net cash inflow from operating activities		397 306	501 056
Cash flows from investing activities			
Replacement property, plant and equipment		(24 057)	(26 664)
Expansion property, plant and equipment		(189 996)	(207 733)
Proceeds on disposal of property, plant and equipment		1 587	13 030
Net cash outflow from investing activities		(212 466)	(221 367)
Cash flows from financing activities			
Issue of shares		11 538	9 788
Decrease in finance lease liability		(425)	(1 101)
Net cash inflow from financing activities		11 113	8 687
Net increase in cash and cash equivalents		195 953	288 376
Cash and cash equivalents at the beginning of the year		394 383	106 007
Cash and cash equivalents at the end of the year		590 336	394 383

Notes to the Group Cash Flow Statement

for the year ended 31 March 2007

	2007 R'000	2006 R'000
A. Cash generated by operations		
Operating profit	654 134	577 844
Adjusted for:		
Depreciation and amortisation	118 181	109 744
Loss on disposal of property, plant and equipment	2 759	3 626
Asset impairment provision released		(3 078)
Share-based payments	8 022	5 835
	783 096	693 971
Working capital changes:		
Increase in inventories	(88 936)	(59 927)
Increase in biological assets	(27 079)	(3 543)
Decrease/(increase) in trade and other receivables	52 903	(91 559)
Increase/(decrease) in derivative financial instruments	33 389	(35 190)
Increase in retirement benefit obligations	5 852	6 006
Increase in trade, other payables and provisions	62 269	170 333
	38 398	(13 880)
	821 494	680 091
B. Taxation paid		
(Unpaid)/paid in advance at the beginning of the year	(96 386)	4 391
Charged to the income statement	(206 552)	(182 118)
Normal taxation	(184 264)	(170 672)
Prior year (under)/over provision	(1 186)	1 713
Secondary Taxation on Companies	(21 102)	(13 159)
Unpaid at the end of the year	25 102	96 386
	(277 836)	(81 341)

Accounting Policies

for the year ended 31 March 2007

BASIS OF PREPARATION

The Group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act of 1973 as amended and the Listing Requirements of the JSE Limited. The accounting policies are consistent with those of the previous year. They have been updated to include the following new standards, interpretations and amendments which the Group adopted from 1 April 2006: IFRS 4 (Financial Guarantee Contracts), International Financial Reporting Interpretations Committee (IFRIC) 4 (Determining whether an arrangement contains a lease) and amendments to IAS 19 (Employee Benefits) and IAS 39 (Financial Instruments: Recognition and Measurement).

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 60.

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 potential 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date on which control ceases. All intercompany 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 assets 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 an estimated residual value over the expected useful life of the asset 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 machinery	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 a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their expected useful lives (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 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 breeder stock.

Biological assets are measured at their 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).

STATED CAPITAL

Ordinary shares are classified as equity.

Where options are exercised the proceeds net of any directly attributable transaction costs are credited to stated capital.

DEFERRED TAXATION

Deferred taxation is calculated using taxation 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.

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.

Accounting Policies

for the year ended 31 March 2007

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 at 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 contribution to the defined contribution pension plans is charged to the income statement in the year in which they relate.

Post-retirement medical benefits

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.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology to that used for defined benefit pension plans.

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 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 a significant portion 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.

REVENUE

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.

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. When the Group is party to a contractual arrangement, financial instruments are initially measured at fair value including transaction costs.

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 and re-evaluates this designation at each reporting date.

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.

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 proceeds receivable and any prior adjustments to reflect fair value that had been recognised in equity, 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 expired. 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 value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments not traded in an organised financial market is 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 value that may differ from the value 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

Short duration receivables with no stated interest rate are measured at amortised cost, less accumulated impairment losses. Other receivables are stated at amortised cost. 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 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 assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The difference is charged to the income statement.

Accounting Policies

for the year ended 31 March 2007

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and comprise cash on hand and deposits held on call with banks.

Financial liabilities

Financial liabilities, excluding derivatives 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 Rand 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.

Critical Accounting Judgements

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 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 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

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:

STANDARDS

IFRS 7 Financial instruments: Disclosures (1 January 2007)

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. It replaces IAS 32 (Financial instruments: Disclosures and Presentation). The adoption of this standard will only impact the format and extent of disclosures presented. The Group will apply this standard from periods beginning on 1 April 2007.

IFRS 8 Operating segments (1 January 2009)

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. The Group will apply this standard to periods beginning on 1 April 2009.

AC 503 Accounting for Black Economic Empowerment (BEE) transactions (1 May 2006)

AC 503 clarifies that the difference between the fair value of equity instruments granted and the fair value of cash and other assets received (i.e. the BEE equity credentials do not meet the definition of an intangible asset and should be expensed). Where BEE equity credentials are obtained as part of the net assets acquired in a business combination, the BEE equity credentials form part of goodwill. Where the BEE transaction includes service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised over the period of the service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised immediately on grant date. This standard currently has no impact.

INTERPRETATIONS

IFRIC 8 Scope of IFRS 2 (1 May 2006)

IFRIC 8 clarifies whether IFRS 2 applies to transactions in which the entity cannot identify specifically some or all of the goods or services received within a share-based payment transaction. This IFRIC interpretation currently has no impact.

IFRIC 9 Reassessment of embedded derivatives (1 June 2006)

IFRIC 9 clarifies that subsequent reassessment of embedded derivatives is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. An entity determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows of the contract. The adoption of this IFRIC should not have a significant impact. The Group will apply this IFRIC interpretation from periods beginning on 1 April 2007.

IFRIC 10 Interim financial reporting and impairment (1 November 2006)

IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This IFRIC interpretation currently has no impact. The Group will apply this IFRIC interpretation from periods beginning on 1 April 2007.

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (1 March 2007)

This Interpretation addresses the following:

1. Accounting for transactions as equity-settled or as cash-settled under the requirements of IFRS 2:
 - An entity grants to its employees rights to equity instruments of the entity and either chooses or is required to buy equity instruments from another party to satisfy its obligations to its employees
 - An entity's employees are granted rights to equity instruments of the entity either by the entity itself or by its shareholders and the shareholders of the entity provide the equity instruments needed.
2. Share-based payment arrangements that involve two or more entities within the same Group.

The adoption of this IFRIC will impact on disclosure only. The Group will apply this interpretation from periods beginning 1 April 2007.

AMENDMENTS

IAS 1 Capital disclosures (1 January 2007)

This amendment introduces disclosures about the level of an entity's capital and how it manages capital. The adoption of this amendment will only impact the format and extent of disclosures presented. The Group will apply this amendment from periods beginning on 1 April 2007.

Notes to the Group Financial Statements

for the year ended 31 March 2007

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
2007							
Cost							
At the beginning of the year	742 054	1 029 196	160 725	281	2 215	38 975	1 973 446
Additions	48 901	133 598	21 659		48	9 847	214 053
Disposals	(4 736)	(29 317)	(4 749)		(509)		(39 311)
At the end of the year	786 219	1 133 477	177 635	281	1 754	48 822	2 148 188
Accumulated depreciation							
At the beginning of the year	335 735	580 315	93 322	266	1 614		1 011 252
Disposals	(3 898)	(26 191)	(4 367)		(509)		(34 965)
Depreciation	20 596	86 258	10 623	14	286		117 777
At the end of the year	352 433	640 382	99 578	280	1 391		1 094 064
Net book amount	433 786	493 095	78 057	1	363	48 822	1 054 124
2006							
Cost							
At the beginning of the year	672 251	891 698	140 881	301	3 873	86 930	1 795 934
Additions	84 494	172 370	25 488			(47 955)	234 397
Disposals	(14 691)	(34 872)	(5 644)	(20)	(1 658)		(56 885)
At the end of the year	742 054	1 029 196	160 725	281	2 215	38 975	1 973 446
Accumulated depreciation							
At the beginning of the year	319 399	534 857	88 763	224	2 373		945 616
Disposals	(4 235)	(30 811)	(4 286)		(897)		(40 229)
Asset impairment release	(2 284)	(794)					(3 078)
Depreciation	22 855	77 063	8 845	42	138		108 943
At the end of the year	335 735	580 315	93 322	266	1 614		1 011 252
Net book amount	406 319	448 881	67 403	15	601	38 975	962 194

	2007 R'000	2006 R'000
Depreciation expense charged in:		
Cost of sales	93 045	80 274
Selling and marketing expenses	2 850	2 016
Administration expenses	16 325	7 121
Distribution expenses	5 557	19 532
	117 777	108 943
Impairment release recognised in administration expenses		3 078

	2007 R'000	2006 R'000
1. PROPERTY, PLANT AND EQUIPMENT (continued)		
The Group carries out a review of the recoverable amounts of its dormant sites each year.		
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 R364 000 (2006: R616 000), are encumbered as security for the secured finance lease obligations (refer to note 10).		
A register of land and buildings is available for inspection at the registered office of the company.		
No borrowing costs have been capitalised in the current or prior year.		
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.		
Contracted and committed	76 008	102 590
Approved but not contracted	81 685	48 981
	157 693	151 571
The capital expenditure will be financed from available resources.		

2. INTANGIBLE ASSETS

	Trademarks R'000	Goodwill R'000	Total R'000
At 1 April 2006			
Cost	50 500	287 444	337 944
Accumulated amortisation and impairment	(50 096)		(50 096)
Net book amount	404	287 444	287 848
Year ended 31 March 2007			
Opening net book amount	404	287 444	287 848
Amortisation charge	(404)		(404)
Closing net book amount		287 444	287 444
At 31 March 2007			
Cost	50 500	287 444	337 944
Accumulated amortisation and impairment	(50 500)		(50 500)
Net book amount		287 444	287 444

Notes to the Group Financial Statements

for the year ended 31 March 2007

	2007 R'000	2006 R'000
2. INTANGIBLE ASSETS (continued)		
Trademarks		
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.		
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
Amortisation of trademarks is included in administration expenses (refer to note 15).		
Goodwill		
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.		
Key assumptions used in the goodwill impairment test:		
Discount rate (%)	12.81	12.44
Perpetuity growth rate (%)	5.0	5.0
Period (years)	5	5
No impairment was required in the current year or prior year.		
Sensitivity analysis of assumptions used in the goodwill impairment test:		
Assumption		
Discount rate (%)		
– Movement	+5	+5
– Impairment	Nil	Nil
Perpetuity growth rate (%)		
– Movement	–5	–5
– Impairment	Nil	Nil
3. INVENTORIES		
Finished goods	209 692	133 918
Raw materials	174 914	162 645
Consumables	24 750	23 857
	409 356	320 420
Cost of inventory written down to net realisable value	9 080	10 386

		2007 R'000	2006 R'000
4. BIOLOGICAL ASSETS			
Breeding stock			
At the beginning of the year		143 314	148 606
Gain arising from cost inputs		418 223	376 029
Decrease due to harvest		(403 852)	(382 759)
Fair value adjustment		2 137	1 438
At the end of the year at fair value		159 822	143 314
Broiler stock			
At the beginning of the year		98 885	90 050
Gain arising from cost inputs		2 115 663	1 901 269
Decrease due to harvest		(2 114 189)	(1 900 056)
Fair value adjustment		9 097	7 622
At the end of the year at fair value		109 456	98 885
Total at the end of the year at fair value		269 278	242 199
5. TRADE AND OTHER RECEIVABLES			
Trade receivables		450 709	494 021
Less: provision for impairment of trade receivables		(25 654)	(20 672)
Net trade receivables		425 055	473 349
Prepayments		2 769	4 899
Other receivables		36 715	39 194
		464 539	517 442
Movement on the provision for impairment of trade receivables:			
Balance at the beginning of the year		20 672	22 082
Receivables impaired		12 573	1 867
Impairments utilised		(973)	(1 403)
Unused amounts reversed		(6 618)	(1 874)
Balance at the end of the year		25 654	20 672
All trade and other receivables are due within one year of the balance sheet date.			
The other classes within trade and other receivables do not contain impaired assets.			
The directors consider that the carrying amount of trade and other receivables approximates their fair values.			
6. STATED CAPITAL			
Authorised			
575 525 772 (2006: 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	279 221 917	1 115 747	1 105 959
Shares issued in terms of share option scheme	3 490 105	11 538	9 788
At the end of the year	282 712 022	1 127 285	1 115 747
The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting and 15 403 719 (2006: 15 359 517) unexercised options have been granted to employees in terms of the Rainbow Share Incentive Trust (refer to note 7).			

Notes to the Group Financial Statements

for the year ended 31 March 2007

	2007 R'000	2006 R'000
7. SHARE-BASED PAYMENTS RESERVE		
Balance at the beginning of the year	14 226	8 391
Value of employee services expensed during the year	8 022	5 835
Balance at end of the year	22 248	14 226

The company has a share option scheme for certain employees of the Group which is equity-settled options. 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. Details of share options issued in terms of the Rainbow Share Incentive Trust are as follows:

Option price cents	Date options granted	Options at 31 March 2006	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options at 31 March 2007	Options exercisable at 31 March 2007
94	22 May 2000 *	762 015		(553 015)		209 000	209 000
210	16 May 2001	200 638		(96 436)		104 202	104 202
238	1 August 2001	58 824		(58 824)			
285	27 February 2002	1 382 866		(521 689)		861 177	861 177
345	28 January 2003	245 674		(94 850)	(27 503)	123 321	123 321
345	1 February 2003	3 073 188		(600 000)		2 473 188	2 473 188
355	19 May 2003	2 199 396		(767 947)	(141 949)	1 289 500	613 216
510	21 May 2004	2 444 884		(785 344)	(173 012)	1 486 528	236 800
530	1 August 2004	197 732				197 732	65 910
690	6 December 2004	62 300		(12 000)		50 300	8 766
665	19 May 2005	4 382 000			(484 500)	3 897 500	
825	1 August 2005	350 000				350 000	
1 039	25 May 2006		4 799 532		(576 738)	4 222 794	
1 011	1 September 2006		138 477			138 477	
		15 359 517	4 938 009	(3 490 105)	(1 403 702)	15 403 719	4 695 580

* Opening balance has been restated by 78 181 share options due to correction of prior year error.

The options outstanding at the end of the year have a weighted average remaining contractual life of 5.8 years. During the financial year, options were granted on 25 May 2006 and 1 September 2006. The estimated fair value of options granted on those dates is R2.71. In 2006 options were granted on 19 May 2005 and 1 August 2005. The estimated fair values of options granted on those dates are R1.39 and R1.54.

	2007 R'000	2006 R'000
7. SHARE-BASED PAYMENTS RESERVE (continued)		
These fair values were calculated using the binomial options pricing model. The inputs into the model were as follows:		
Weighted average share price (R)	11.58	8.31
Weighted average exercise price (R)	11.14	8.69
Expected volatility (%)	26 – 60	37 – 60
Risk-free rate (%)	7.2 – 10.5	7.5 – 10.5
Expected dividend yield (%)	4.2 – 5.5	5.0 – 5.5
Contractual life (years)	7 or 10	7 or 10
Expected volatility was determined calculating the historical volatility of the share price over the previous 4 years. 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.		
8. DEFERRED TAXATION		
Deferred taxation liability movement		
At the beginning of the year	168 519	180 082
Charge for the year – temporary differences	11 087	(11 563)
At the end of the year	179 606	168 519
Deferred taxation liability comprises		
Trademarks, property, plant and equipment	156 406	163 604
Inventories and biological assets	81 426	74 562
Provisions	(59 028)	(67 535)
Derivative financial instruments	4 688	5 739
Assessed loss in subsidiary		(9 957)
Other	(3 886)	2 106
	179 606	168 519
Deferred taxation asset movement		
Subsidiary acquired		(16 023)
Charge for the year – temporary differences and assessed loss	(15 285)	16 023
At the end of the year	(15 285)	
Deferred taxation asset comprises		
Trademarks, property, plant and equipment	15 059	
Taxation losses utilised	(30 011)	
Provisions	(215)	
Other	(118)	
	(15 285)	
Rainbow Chicken Foods (Proprietary) Limited, the company containing the new further processing plant, has been 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 is subject to the company maintaining certain performance criteria set out in the approval, failing which the allowance will reduce to 50% of the cost. As a consequence, only 50% of the additional taxation allowance has been recognised in the current financial year (R21.8 million) as a deferred taxation asset. The remaining 50% will be recognised when it is confirmed that the performance criteria for the required four year period will be achieved.		

Notes to the Group Financial Statements

for the year ended 31 March 2007

	2007 R'000	2006 R'000
9. RETIREMENT BENEFIT OBLIGATIONS		
Balance sheet obligations for:		
Post-retirement medical benefits	75 535	69 683
Retirement benefit plans		
	75 535	69 683
Post-retirement medical obligation		
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. 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 2007 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	69 683	63 677
Recognised as an expense in the current year	5 852	6 006
Interest costs	5 128	5 096
Current service costs	3 023	2 597
Benefits paid	(2 299)	(1 687)
At the end of the year	75 535	69 683
Unrecognised actuarial gains	(8 550)	(4 180)
Balance per actuarial valuation	66 985	65 503
The principal actuarial assumptions are:		
Discount rate (%)	7.5	7.5
Expected rates of return of planned assets (%)	7.5	7.5
Health care cost inflation (%)	5.75	5.5
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 Fund 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 the Rainbow Provident Fund. A Nil Surplus Apportionment application has been submitted to the FSB in respect of the Rainbow Pension Fund. Accordingly, due to the uncertainty regarding this entitlement, no surplus has been recognised on the Group's balance sheet.		

	2007 R'000	2006 R'000
9. RETIREMENT BENEFIT OBLIGATIONS (continued)		
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 statutory valuation of the scheme was at 31 March 2005 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:		
Fair value of scheme assets	13 349	7 604
Present value of obligation	11 669	6 858
	1 680	746
The principal actuarial assumptions are:		
Investment return (%)	10.0	15.0
Future salary increases (%)	7.0	13.5
Future pension increases (%)	10.0	10.0
Discount factor (%)	10.0	15.0
Defined contribution pension and provident fund schemes		
There are six defined contribution schemes as listed below. During the current year, Vector employees previously part of the I & J Retirement and Provident Funds, were merged with the Rainbow Pension and Provident Funds. The latest audited financial information of these schemes all reflect a satisfactory state of affairs.		
Amounts charged to the income statement		
Defined benefit pension scheme	494	509
Defined contribution pension and provident schemes:		
Rainbow Pension Fund	11 722	7 576
Rainbow Provident Fund	32 926	28 372
Epol Pension Fund	1 676	2 891
I & J Retirement Fund		2 418
Namflex Pension Fund	250	242
	47 068	42 008
10. FINANCE LEASE LIABILITY		
Total finance lease liabilities	389	814
Less amount payable within one year disclosed under current liabilities	(389)	(698)
		116
Present value of finance lease liabilities:		
One year	389	698
Two to five years		116
	389	814
Secured over assets with a book value of:		
Plant and equipment		15
Vehicles	364	601
	364	616
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.		

Notes to the Group Financial Statements

for the year ended 31 March 2007

			2007 R'000	2006 R'000
11. TRADE AND OTHER PAYABLES				
Trade payables			611 364	571 561
Accruals			163 272	100 779
Other payables			59 517	109 460
			834 153	781 800
The directors consider that the carrying amount of trade and other payables approximates their fair values.				
12. PROVISIONS				
	* Legal disputes R'000	Onerous lease agreements R'000		
At the beginning of the year	30 000	771	30 771	15 585
Provisions raised	13 309		13 309	21 130
Provisions utilised	(3 173)	(220)	(3 393)	(5 944)
At the end of the year	40 136	551	40 687	30 771
* Litigation is in progress against the Group. The information required by IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) is not disclosed on the grounds that it can be expected to prejudice the outcome of the litigation.				
13. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivative financial assets				
Forward exchange contracts			2 653	1 573
Maize written options				1 555
Maize futures contracts				16 317
Sunflower and Soya options			316	345
			2 969	19 790
Derivative financial liabilities				
Forward exchange contracts			19	402
Maize options			16 951	
			16 970	402
Net derivative financial instruments			(14 001)	19 388
The Group's market risk management procedures are set out in note 23.				
14. DEPRECIATION AND AMORTISATION				
Buildings			20 596	22 855
Plant, machinery and furniture			86 258	77 063
Vehicles			10 623	8 845
Capitalised leased assets – plant			14	42
Capitalised leased assets – vehicles			286	138
Total depreciation			117 777	108 943
Amortisation			404	801
Total depreciation and amortisation			118 181	109 744

	2007 R'000	2006 R'000
15. OPERATING PROFIT		
Revenue	4 730 363	4 101 454
Cost of sales	(2 999 291)	(2 580 779)
Gross profit	1 731 072	1 520 675
Administration expenses	(454 200)	(374 209)
Selling and marketing expenses	(139 290)	(116 160)
Distribution expenses	(467 802)	(398 168)
Other expenses	(15 646)	(54 294)
Operating profit	654 134	577 844
Disclosable items – income		
Fair value adjustment on biological assets	2 174	4 578
Foreign exchange profits – realised	1 151	60
Foreign exchange profits – unrealised	1 634	2 101
Fair value adjustments on maize derivatives		34 071
Asset impairment provision release		3 078
Land and buildings		2 284
Plant, machinery and furniture		794
Disclosable items – expense		
Operating lease charges	13 904	13 546
Land and buildings	4 977	5 362
Plant and machinery	5 044	3 534
Vehicles	79	53
Other	3 804	4 597
Arrangements containing an operating lease *		
Contract grower fees	85 207	76 870
Outsourced transport	253 271	217 052
Technical consultants' fees	13 359	7 330
Fair value adjustments on maize derivatives	6 215	
Foreign exchange losses – realised	2 441	388
Foreign exchange losses – unrealised	154	402
Loss on disposal of property, plant and equipment	2 759	3 626
Directors remuneration	9 101	6 903
Staff costs	840 763	744 922
Salaries and wages	745 030	665 409
Share-based payments	8 022	5 835
Retirement benefit costs	47 068	42 008
Other post-employment benefits	5 852	7 693
Other	34 791	23 977
Administration fee paid to Group company	3 744	3 516
Auditors' remuneration	4 722	4 668
Fees for the audit	3 986	3 850
Prior year under provision		138
Fees for other services	736	680
* 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 2007

	2007 R'000	2006 R'000
16. FINANCE COSTS		
Call borrowings from Group company		986
Interest paid on overdraft	257	1 218
Interest paid other	2 386	
Interest paid on finance leases	71	147
	2 714	2 351
17. FINANCE INCOME		
Call funds with Group company	12 157	4 691
Call funds with financial institutions	13 022	5 239
	25 179	9 930
18. TAXATION		
Taxation charge		
Current taxation	185 450	168 959
South African	184 264	170 446
Foreign		226
Prior year under/(over) provision	1 186	(1 713)
Deferred taxation	(4 198)	4 460
South African	13 244	4 521
Foreign	(283)	939
Change in rate		(5 435)
Prior year under/(over) provision	(17 159)	4 435
Secondary Taxation on Companies	21 102	13 159
	202 354	186 578
Reconciliation of taxation rate	%	%
Normal rate of taxation	29.0	29.0
Adjusted for:		
Secondary Taxation on Companies	3.1	2.3
Change in rate		(0.9)
Prior year under/(over) provision – current	0.2	(0.3)
Prior year under/(over) provision – deferred	(2.5)	0.7
Non-taxable items	0.1	1.1
Effective rate of taxation	29.9	31.9

	2007 R'000	2006 R'000
19. HEADLINE EARNINGS AND EARNINGS PER SHARE		
Headline earnings reconciliation		
Profit for the year attributable to the equity holders of the Group	474 245	398 845
Asset impairment provision released		(2 185)
Loss on disposal of property, plant and equipment	2 759	3 626
Headline earnings	477 004	400 286
Number of shares		
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. These are as follows:		
Weighted average shares basic and headline earnings per share	281 393 342	277 096 276
Share option dilution impact	8 724 400	8 461 586
Weighted average shares basic and headline earnings per share – diluted	290 117 742	285 557 862
Headline earnings per share (cents)	169.5	144.5
Headline earnings per share – diluted (cents)	164.4	140.2
20. LEASE COMMITMENTS		
Operating leases		
Due within one year	11 572	11 842
Due within two to five years	22 776	25 452
Thereafter	36	1 944
	34 384	39 238
In respect of:		
Property	12 849	20 113
Plant and equipment	16 264	9 228
Other	5 271	9 897
	34 384	39 238
21. CONTINGENCIES		
Legal actions pending	3 724	1 943
Contract grower guarantees *	53 226	34 971
	56 950	36 914
* 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.		
22. 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). The relevant disclosure is given in the financial statements.		

Notes to the Group Financial Statements

for the year ended 31 March 2007

23. FINANCIAL RISK MANAGEMENT

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

Credit risk primarily relates to trade receivables and cash investments. The Group deposits cash surpluses with financial institutions of high quality and standing. The granting of credit is controlled by well established criteria which are reviewed on an annual basis. Other than feed, all trade receivables greater than R50 000 are covered by Credit Guarantee Insurance Cover (CGIC). This insurance covers 90.0% of outstanding debt. As a consequence, at 31 March 2007, the Group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

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 7.81% (2006: 6.98%).

Liquidity risk

The Group has no risk of illiquidity as it has no borrowings. Its unutilised borrowing capacity is R590 000 000 (2006: R610 500 000).

Banking and loan facilities are renewed annually and are subject to floating interest rates.

Rainbow Chicken Limited binds itself in favour of the following banking institutions as surety in solidum for and co-principal debtor jointly and severally with Rainbow Farms (Proprietary) Limited for facilities granted by:

ABSA Bank Limited
Standard Bank Limited
FirstRand Bank Limited
Investec Bank Limited

Market risk

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 13.

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 R1 250 527 (2006: R6 324 610) 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 transaction and translation exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts are supported by underlying transactions.

	Average rate R	Foreign contract value '000	Forward value R'000	Fair value R'000
USD forward exchange contracts – assets	6.47	1 348	8 716	2 653
Euro forward exchange contracts – liabilities	9.56	73	698	19

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, commodity options and futures contracts are used, including forward purchase contracts. Rainbow Farms (Proprietary) Limited has entered into forward purchase agreements with various counterparties to procure a portion of the company's maize requirements for the forthcoming financial year. The delivery period is planned from May 2007 to December 2007, which correlates with the company's normal procurement requirements. These commitments are of a recurring nature in the normal course of operations.

Rainbow Farms (Proprietary) Limited further utilises derivative instruments to hedge its exposure to commodity price risks. These instruments comprise commodity options and futures contracts and are utilised to normally procure an additional 20% to 30% of the company's maize requirements for the forthcoming year. The delivery period is planned from May 2007 to December 2007.

The Group utilises a combination of over the counter forward contracts, direct forward contracts with producers, traded futures and options and spot purchases. 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.

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.

The fair value at year-end of the commodity futures and options contracts based on closing prices on 31 March 2007 was:

	2007		2006	
	Tons	R'000	Tons	R'000
Soya options – asset	108 700	316		
Maize options – asset			58 200	1 555
Maize options – liability	456 000	(16 951)		
Maize futures – asset			110 000	16 317
Sunflower options – asset			800	345
		(16 635)		18 217

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

24. RELATED PARTY TRANSACTIONS

Related party relationships exist between Rainbow Chicken Limited, its subsidiaries and Remgro Limited and its subsidiaries. Remgro Finance Corporation 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 78, the company has concluded certain lending transactions with these related parties. During the year, cash was invested or borrowed with Remgro Finance Corporation. Finance income or costs on these investments or borrowings are disclosed in notes 16 and 17. 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 15. Included in receivables is an amount owing by the holding company of R1 351 496 (2006: R673 674).

Directors

Details of directors' emoluments and shareholding in the company are disclosed in the Remuneration Report as well as in the Report of the Directors.

Shareholders

Details of the major shareholders of the company appear on page 79.

Company Balance Sheet

as at 31 March 2007

	Note	2007 R'000	2006 R'000
ASSETS			
Investment in subsidiaries	1	1 110 567	1 101 644
Total assets		1 110 567	1 101 644
EQUITY			
Stated capital	2	1 127 285	1 115 747
Accumulated loss		(16 718)	(14 103)
Total equity		1 110 567	1 101 644

Company Income Statement

for the year ended 31 March 2007

		2007 R'000	2006 R'000
Profit before taxation	3	166 202	102 457
Taxation			
Profit for the year attributable to the equity holders of the company		166 202	102 457

Company Statement of Changes in Equity

for the year ended 31 March 2007

	Stated capital R'000	Accumulated loss R'000	Total R'000
Balance at 1 April 2005	1 105 959	(11 287)	1 094 672
Profit for the year attributable to the equity holders of the company		102 457	102 457
Ordinary dividends paid		(105 273)	(105 273)
Issue of shares	9 788		9 788
Balance at 1 April 2006	1 115 747	(14 103)	1 101 644
Profit for the year attributable to the equity holders of the company		166 202	166 202
Ordinary dividends paid		(168 817)	(168 817)
Issue of shares	11 538		11 538
Balance at 31 March 2007	1 127 285	(16 718)	1 110 567

Company Cash Flow Statement

for the year ended 31 March 2007

	2007 R'000	2006 R'000
Cash flows from operating activities		
Cash generated by operations	166 202	102 457
Dividends paid	(168 817)	(105 273)
Net cash outflow from operating activities	(2 615)	(2 816)
Cash flows from financing activities		
Issue of shares	11 538	9 788
Increase in investment in subsidiaries	(8 923)	(6 972)
Net cash inflow from financing activities	2 615	2 816
Net increase in cash		

Notes to the Company Financial Statements

for the year ended 31 March 2007

	Issued	Effective		Shares		Indebtedness		Total	
	Share Capital R	2007 %	2006 %	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
1. INVESTMENT IN SUBSIDIARIES									
Directly owned									
Rainbow Farms Investments	99 900	100	100	100	100			100	100
Rainbow Farms	40 000	100	100	1 142	1 142	1 109 325	1 100 402	1 110 467	1 101 544
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	1 109 325	1 100 402	1 110 567	1 101 644
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								360 418	342 057
Vector Logistics								83 721	62 067
Vector Logistics (Namibia)								(495)	210
Rainbow Chicken Foods								37 035	(5 538)
								480 679	398 796
2. STATED CAPITAL									
Authorised									
575 525 772 (2006: 575 525 772) ordinary shares of no par value									
Issued ordinary shares of no par value									
							Number of shares		
Balance at the beginning of the year							279 221 917	1 115 747	1 105 959
Shares issued in terms of share option scheme							3 490 105	11 538	9 788
Balance at the end of the year							282 712 022	1 127 285	1 115 747
The unissued ordinary shares are under the control of the directors until the forthcoming Annual General Meeting and 15 403 719 (2006: 15 359 517) unexercised options have been granted to employees in terms of the Rainbow Share Incentive Trust.									
3. PROFIT BEFORE TAXATION									
Dividends received from subsidiaries								168 817	105 273
Non-executive directors' fees								(522)	(476)
Listed company expenses								(2 093)	(2 340)
								166 202	102 457

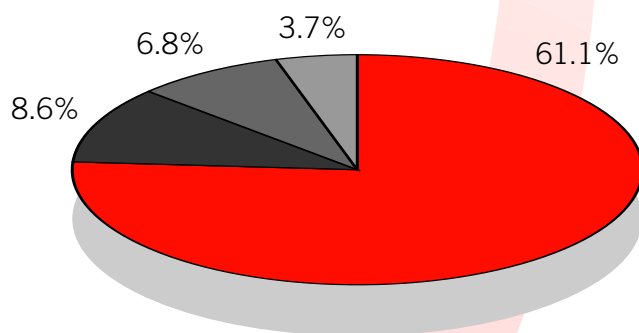
Ordinary Shareholders' Information

as at 31 March 2007

Ordinary shareholders' analysis

Distribution of ordinary shareholders	Number of shareholders	% of shareholders	Number of shares held	% of shares issued
Public shareholders	6 625	99.9	108 926 035	38.5
Non-public shareholders:				
Directors of Rainbow and its subsidiaries	4	0.1	805 646	0.3
Holding company	1		172 846 261	61.1
Rainbow Pension Fund	1		134 080	0.1
	6 631	100.0	282 712 022	100.0

Shareholdings over two percent (beneficial)	Number of shares	%
Industrial Partnership Investments Limited	172 846 261	61.1
Investec	24 491 889	8.6
Oasis	19 300 309	6.8
Prudential	10 389 423	3.7



■ Industrial Partnership Investment
■ Investec ■ Oasis ■ Prudential

Ordinary Shareholders' Information

as at 31 March 2007

Shareholder spread

Number of shareholders	Shareholder spread	Number of shares held	% of shares issued
4 335	1 – 1 000 shares	1 327 159	0.5
1 858	1 001 – 10 000 shares	6 659 083	2.3
302	10 001 – 100 000 shares	9 256 360	3.3
115	100 001 – 1 000 000 shares	41 283 913	14.6
21	1 000 001 – shares and over	224 185 507	79.3
6 631		282 712 022	100.0

Distribution of shareholders

	Number of shareholders	% of issued shares	Number of shares	%
Holding company	1		172 846 261	61.1
Mutual funds	76	1.2	40 853 983	14.5
Investment companies	30	0.5	10 496 857	3.7
Insurance companies	9	0.1	3 819 816	1.4
Individuals	5 773	87.1	16 023 132	5.7
Banks	41	0.6	6 818 852	2.4
Nominees and trusts	404	6.1	9 008 711	3.2
Pension funds	60	0.9	14 428 672	5.1
Private companies	128	1.8	3 738 658	1.3
Public companies	7	0.1	1 900 845	0.7
Other corporations	23	0.4	784 174	0.3
Endowment funds	11	0.2	958 885	0.3
Medical aid schemes	4	0.1	628 104	0.2
Close corporations	64	0.9	405 072	0.1
	6 631	100.0	282 712 022	100.0

SHAREHOLDERS' DIARY

Financial year-end March
Annual General Meeting 31 July 2007

FINANCIAL REPORTS

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

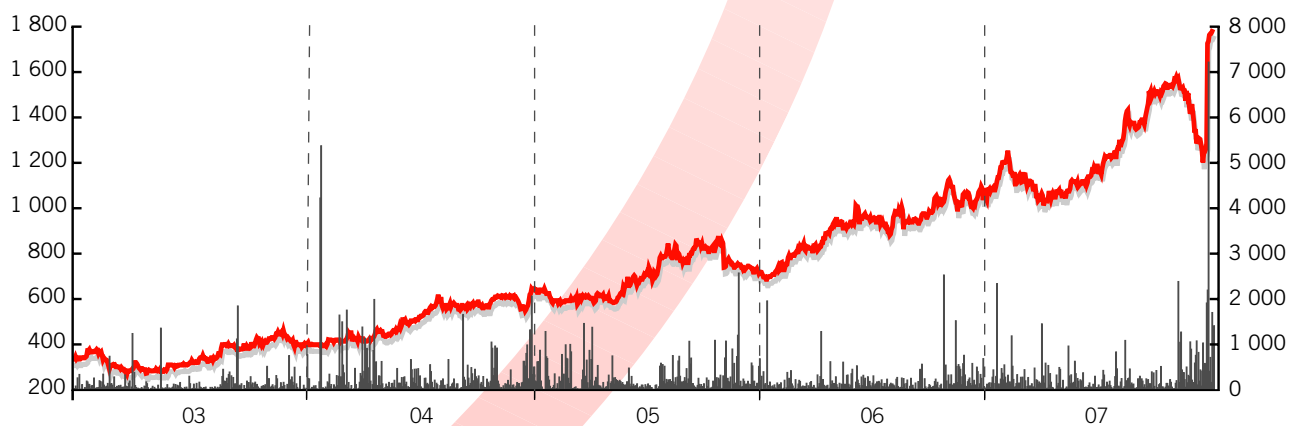
FUTURE ORDINARY DIVIDENDS

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

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 2004 (Proprietary) Limited 70 Marshall Street Johannesburg 2001 PO Box 61051 Marshalltown 2107
Company Secretary:	S B Heath
Auditors:	PricewaterhouseCoopers Inc.
Listing:	JSE Limited Sector: Food Producers and Processors
Sponsor:	RAND MERCHANT BANK (a division of FirstRand Bank Limited)
Bankers:	ABSA Bank Limited
Website:	www.rainbowchicken.co.za

Historical share price and volumes traded



Notice to Shareholders

Notice is hereby given that the 41st Annual General Meeting of shareholders of Rainbow Chicken Limited will be held at One The Boulevard, Westway Office Park, Westville, KwaZulu-Natal on Tuesday, 31 July 2007 at 09:00 for the following business:

1. To receive and consider the company and Group annual financial statements for the year ended 31 March 2007.
2. To elect directors in place of Messrs R H Field, M M Nhlanhla and D G Zwiendelaar, who retire by rotation in accordance with the Articles of Association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out on page 17 of the 2007 Annual Report.
3. To consider and, if deemed fit, to pass the following ordinary resolution with or without modification:
“Resolved that the unissued ordinary shares in the capital of the company remain under the control of the directors who shall be authorised to issue these shares at such times and on such terms as they may determine, subject to section 221 of the Companies Act 1973 as amended and the regulations of JSE Limited.”
4. To confirm the re-appointment of the auditors until the next Annual General Meeting and to authorise the directors to approve the amount of their remuneration for the forthcoming year.
5. To transact such other business as may be transacted at an Annual General Meeting.

Ordinary shareholders who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares 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 member 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, Westville, 3635, or the transfer secretary, Computershare Investor Services 2004 (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 member of the company present in person or represented by proxy shall have one vote only. On a poll, every member of the company shall have one vote for every share held in the company by such member.

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.

By order of the Board

S B Heath

Company Secretary

Registered Office
One The Boulevard
Westway Office Park
Westville 3629

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 MEMBERS WHO HAVE NOT YET DEMATERIALIZED THEIR ORDINARY SHARES
2. REGISTERED MEMBERS WHO HAVE ALREADY DEMATERIALIZED 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 member/members 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 Tuesday, 31 July 2007 at 09:00 and at any adjournment thereof as follows:

	In favour of	Against	Abstain
1. Consideration and receipt of annual financial statements			
2. Re-election of director – R H Field			
2. Re-election of director – M M Nhlanhla			
2. Re-election of director – D G Zwiendelaar			
3. Control of authorised but unissued shares			
4. Re-appointment of auditors			
5. Other business			

(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 _____

Signature _____

(Please read the notes overleaf)

Notes

1. A member 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 member of the company.
2. Every member 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 member holds. In the event of a poll, every member 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 member bears to the aggregate amount of the nominal value of all the shares issued by the company.
3. Members registered in their own name are members 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 members **in their own names**.

Instructions on signing and lodging the form of proxy:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member'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 member. 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 member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by the member, 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 member's exercisable votes. A member 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 member 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, Westville, 3635 or lodged with the transfer secretaries of the company, Computershare Investor Services 2004 (Proprietary) Limited at 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, to be received by them not later than Thursday, 19 July 2006 at 15:30 (South African time).
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 member 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 member 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 member wishes to vote.