

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 MARCH 2007

CONSOLIDATED BALANCE SHEET

	31 March 2007 R'000	31 March 2006 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	1 054 124	962 194
Trademarks		404
Goodwill	287 444	287 444
Deferred taxation	15 285	
	1 356 853	1 250 042
Current assets		
Inventories	409 356	320 420
Biological assets	269 278	242 199
Trade and other receivables	464 539	517 442
Derivative financial instruments	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		
Capital and reserves	1 920 889	1 595 901
LIABILITIES		
Non-current liabilities		
Deferred taxation	179 606	168 519
Post-retirement medical obligation	75 535	69 683
Finance lease liability		116
	255 141	238 318
Current liabilities		
Trade and other payables	834 153	781 800
Provisions	40 687	30 771
Finance lease liability	389	698
Derivative financial instruments	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

CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2007 R'000	Year ended 31 March 2006 R'000
Revenue	4 730 363	4 101 454
Operating profit before depreciation and amortisation	772 315	687 588
Depreciation and amortisation	(118 181)	(109 744)
Operating profit	654 134	577 844
Finance costs	(2 714)	(2 351)
Finance income	25 179	9 930
Profit before taxation	676 599	585 423
Taxation	(202 354)	(186 578)
Profit for the year attributable to the equity holders of the Group	474 245	398 845

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies Act of South Africa of 1973 and the Listings Requirements of the JSE Limited.

The accounting policies are consistent with those of the previous financial year, however 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). There was no impact on the results for the current or prior years as a consequence of adopting these new standards, interpretations and amendments.

OVERVIEW AND MARKET CONDITIONS

The Group's results for the year ended 31 March 2007 reflect headline earnings growth of 19.2% compared to the previous year.

The South African economy continues to grow at approximately 4%. The macro economic environment has remained positive during the year despite increasing inflation and interest rates.

Consumer demand during the year has remained 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.

Higher international grain prices, largely as a consequence of lower international stock levels and increased ethanol production in the US, together with local drought conditions has led to a 79.5% increase in local yellow maize prices since March 2006. 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 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.

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.

REVIEW OF OPERATIONS

The Group continues to focus on its five strategic pillars namely, consumer insight (consumers being the heart of our business); customer focus (creating win-win partnerships); supply chain (delivering excellence); business investment (investing for future growth) and our culture (doing things inspirationally). The results achieved in the period continue to reflect the benefits of this strategy.

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. 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 in line with expectation.

FoodSolutions strategy of building strategic partnerships with key customers, optimising route to market opportunities and optimising product mix has led to a strong performance in the Foodservice channel. Growth is underpinned by strong performance in the Quick Service Restaurant (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 of 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

SALIENT FEATURES

Revenue

▲ 15.3%

Operating profit

▲ 13.2%

Headline earnings

as reported

▲ 19.2%

Headline earnings

excluding non-recurring

taxation benefit

▲ 13.7%

Dividends per share

▲ 19.3%

HEADLINE EARNINGS

	Year ended 31 March 2007 R'000	Year ended 31 March 2006 R'000
Profit for the year attributable to the equity holders of the Group	474 245	398 845
Loss on disposal of property, plant and equipment	2 759	3 626
Net asset impairment provision release		(2 186)
Headline earnings	477 004	400 285

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.

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 in line with planned timing 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.

FINANCIAL REVIEW

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 and higher feed selling prices due to the significantly increased maize prices.

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

Headline EBITDA increased by 12.6% to R775.1 million (2006: R688.1 million), reflecting the higher realisations and volumes as well as improved customer and product mix. The headline EBITDA margin decreased slightly to 16.4% (2006: 16.8%) 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, 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.

	2007	2006	%	2005	%
Headline EBIT (Rm)					
– pre IAS 39	671.1	514.8	30.3	317.4	62.2
– post IAS 39	656.9	578.3	13.6	290.2	99.3
Headline EBIT margin (%)					
– pre IAS 39	14.2	12.6	1.6	7.9	4.7
– post IAS 39	13.9	14.1	(0.2)	7.2	6.9

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 tax allowance.

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

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 and **diluted headline earnings per share** improving by 11.9% to 156.9 cents per share.

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.

STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Share-based payments 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 31 March 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

CONSOLIDATED CASH FLOW INFORMATION

	Year ended 31 March 2007 R'000	Year ended 31 March 2006 R'000
Operating profit before working capital requirements	783 096	693 971
Working capital requirements	38 398	(13 880)
Cash generated by operations	821 494	680 091
Net finance income	22 465	7 579
Taxation paid	(277 836)	(81 341)
Cash available from operating activities	566 123	606 329
Dividends paid	(168 817)	(105 273)
Net cash flows from investing activities	(212 466)	(221 367)
Net cash flows from financing activities	11 113	8 687
Net increase in cash and cash equivalents	195 953	288 376
Initial 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

SUPPLEMENTARY INFORMATION

Capital expenditure contracted and committed	76 008	102 590
Capital expenditure approved but not contracted	217 221	48 981
Contingencies	56 950	36 914

STATISTICS

Ordinary shares in issue	(000's)	282 712	279 222
Weighted average ordinary shares in issue	(000's)	281 393	277 096
Fully diluted weighted average ordinary shares in issue	(000's)	290 118	285 558
Basic earnings per share	(cents)	168.5	143.9
Basic earnings per share – diluted	(cents)	163.5	139.7
Headline earnings per share	(cents)	169.5	144.5
Headline earnings per share – diluted	(cents)	164.4	140.2
Net asset value per share	(cents)	679.5	571.6
Ordinary dividends:			
Interim dividend paid	(cents)	20.0	17.0
Final dividend declared/paid	(cents)	48.0	40.0

Capital expenditure was R214.1 million (2006: R234.4 million). A further amount of R76.0 million (2006: R102.6 million) has been contracted and committed, but not spent, whilst a further R217.2 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.

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

DIRECTORATE

Mr N 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.

AUDIT OPINION

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

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. The circular to shareholders was posted on 15 May 2007 and includes all the relevant details in respect of this offer.

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.

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.

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.

DIVIDEND DECLARATION

Notice is hereby given that on 23 May 2007 the Board declared a final dividend (number 68) of 48.0 cents per ordinary share in respect of the twelve months ended 31 March 2007 (2006: 40.0 cents). The total dividend for the year is 2.4 times covered by diluted headline earnings per share (2006: 2.5 times).

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 2007 and Friday, 15 June 2007 (both dates inclusive).	
For and on behalf of the Board	
M H Visser Non-executive Chairman	M Dally Chief Executive Officer Durban 23 May 2007

Directors: MH Visser (Non-executive chairman), M Dally (CEO)*, RH Field*, M Griessel, JB Magwaza, M M Nhlalaha, DW Dale, DG Zwigelaar
* Executive Directors

Company secretary: SB Heath

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

Bankers: ABSA Bank Limited

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