

ABRIDGED AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 MARCH 2006

CONSOLIDATED BALANCE SHEET

	31 March 2006 R'000	Restated for IFRS 31 March 2005 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	962 194	850 318
Trademarks	404	1 205
Goodwill	287 444	287 444
Deferred taxation	-	16 023
	1 250 042	1 154 990
Current assets		
Inventories	320 420	260 493
Biological assets	242 199	238 656
Trade and other receivables	517 442	425 883
Derivative financial instruments	19 790	178
Taxation receivable	1 513	15 799
Cash and cash equivalents	394 383	106 007
	1 495 747	1 047 016
Total assets	2 745 789	2 202 006
EQUITY		
Capital and reserves	1 595 901	1 286 706
LIABILITIES		
Non-current liabilities		
Deferred taxation	168 519	180 082
Post-retirement medical obligation	69 683	63 677
Finance lease liability	116	651
	238 318	244 410
Current liabilities		
Trade and other payables	781 800	626 653
Provisions	30 771	15 585
Finance lease liability	698	1 264
Derivative financial instruments	402	15 980
Taxation payable	97 899	11 408
	911 570	670 890
Total liabilities	1 149 888	915 300
Total equity and liabilities	2 745 789	2 202 006

CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2006 R'000	Restated for IFRS Year ended 31 March 2005 R'000
Revenue	4 101 454	4 026 998
Operating profit before depreciation and amortisation	687 588	393 298
Depreciation and amortisation	(109 744)	(78 036)
Operating profit	577 844	315 262
Finance costs	(2 351)	(1 126)
Finance income	9 930	28 146
Profit before taxation	585 423	342 282
Taxation	(186 578)	(111 959)
Profit for the year attributable to the equity holders of the Group	398 845	230 323

SALIENT FEATURES

Revenue

▲ 1.8%

Headline EBITDA

▲ 86.9%

Headline earnings

▲ 89.7%

Fully diluted headline earnings per share

▲ 86.9%

Cash generated by operations

▲ 69.1%

Dividend per share

▲ 86.9%

HEADLINE EARNINGS

	Year ended 31 March 2006 R'000	Restated for IFRS Year ended 31 March 2005 R'000
Profit for the year attributable to the equity holders of the Group	398 845	230 323
Loss/(profit) on disposal of property, plant & equipment	3 626	(8 110)
Net asset impairment provision release	(2 186)	(11 224)
Headline earnings	400 285	210 989

CONSOLIDATED CASH FLOW INFORMATION

	Year ended 31 March 2006 R'000	Restated for IFRS Year ended 31 March 2005 R'000
Operating profit before working capital requirements	693 971	374 109
Working capital requirements	(13 880)	28 136
Cash generated by operations	680 091	402 245
Net finance income	7 579	27 020
Dividends paid	(105 273)	(83 435)
Taxation paid	(81 341)	(146 009)
Net cash flows from operating activities	501 056	199 821
Net cash flows from investing activities	(221 367)	(581 570)
Net cash flows from financing activities	8 687	5 470
Net increase/(decrease) in cash and cash equivalents	288 376	(376 279)
Cash and cash equivalents at the beginning of the year	106 007	482 286
Cash and cash equivalents at the end of the year	394 383	106 007

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 as previously reported	1 105 959	-	231 852	1 337 811
IFRS adjustments:				
Share-based payments	-	8 391	(8 391)	-
Property, plant and equipment	-	-	(50 278)	(50 278)
Post-retirement medical obligation	-	-	(827)	(827)
Balance at 1 April 2005 restated	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

SUPPLEMENTARY INFORMATION

	Year ended 31 March 2006 R'000	Restated for IFRS Year ended 31 March 2005 R'000
Capital expenditure contracted and committed	102 590	134 076
Capital expenditure approved but not contracted	48 981	32 279
Contingencies	36 914	38 290

STATISTICS

	(000's)	279 222	275 449
Ordinary shares in issue	(000's)	277 096	273 387
Weighted average ordinary shares in issue	(000's)	285 558	281 275
Fully diluted weighted average ordinary shares in issue	(cents)	143.9	84.2
Basic earnings per share	(cents)	139.7	81.9
Basic earnings per share - diluted	(cents)	144.5	77.2
Headline earnings per share	(cents)	140.2	75.0
Headline earnings per share - diluted	(cents)	571.6	467.1
Net asset value per share			
Ordinary dividends:			
Interim dividend paid	(cents)	17.0	9.5
Final dividend declared	(cents)	40.0	21.0

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.

These are the Group's first IFRS financial statements and comparative figures have accordingly been restated. A separate Transition to IFRS report was published on SENS on 1 November 2005. The disclosures required by IFRS 1 (First-time Adoption of IFRS) reflecting the reconciliation from South African Statements of Generally Accepted Accounting Practice (SA GAAP) to IFRS were set out in the interim announcement published on 16 November 2005 and will be repeated in the annual financial statements.

As previously noted, reporting the financial effects of certain financial instruments, used in the feed raw material procurement strategy, in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) materially impacts the Group's financial results. The pre-taxation impact of applying IAS 39 on the Group's results is a positive R63.5 million (2005: R18.3 million negative).

OVERVIEW AND MARKET CONDITIONS

The Group's results for the year ended 31 March 2006 reflect significant growth with headline earnings up 89.7% compared to the previous year.

The South African economy has grown by 4.4%, the highest rate in decades. Despite the higher oil price, the macro economic environment remained positive during the year with further tax relief afforded by the fiscus, low inflation and stable interest rates all contributing to increased consumer spending. The local chicken industry has grown by an estimated 8% in volume.

The reduced planting and lower anticipated yields for the 2006 maize season have resulted in a 63.0% increase in the 31 March year-on-year closing SAFEX price. Rainbow remains comfortable with its overall raw material procurement positions relative to the market and its competitors.

The local chicken industry remains on high alert for Avian Influenza (AI). AI outbreaks internationally have more recently been reported in Asia, Europe and in Africa as far south as Nigeria. Rainbow and the local industry at large, through the Southern African Poultry Association (SAPA) and in co-operation with the National Department of Agriculture, have focused on prevention through increased bio-security and stepped-up surveillance and monitoring of flock health.

The strength of the rand, increased domestic demand for chicken and international developments relating to AI all contributed to imports of chicken products increasing by 18.9% over the period. Extension of the anti-dumping tariff on the USA is currently being reviewed and a ruling is expected in the near future.

REVIEW OF OPERATIONS

The five pillars of the Group's strategic direction are 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 excellent results achieved in the current year reflect the benefits of this strategy, and the operational board restructure which took place in May 2005 provided the platform for this success.

The significant plant upgrades in Rustenburg and Worcester and the Further Processing Plant in Hammarsdale were all completed during the period under review. These investments, totalling R222 million, are key to delivering on Rainbow's consumer and customer focused strategy and enabling further supply chain efficiencies.

Investment continues to be made in understanding consumer demand. A significant amount of research and development was conducted on preparing for the launch of the new value added products out of the Further Processing Plant. This culminated in trade launches during February 2006 at which 66 new retail and foodservice products were introduced under the Farmer Brown, Rainbow and Rainbow FoodSolutions brands.

Rainbow has continued to support and invest in its brands via TV advertising and various consumer activations. The TV campaign has been particularly successful, achieving an impressive 98.0% awareness amongst the target market.

Epol is a critical element of Rainbow's overall cost chain. Its strategic priorities are cost-effective procurement, milling efficiency, targeting external business thus ensuring better capacity utilisation and optimising the feed specification in relation to Rainbow's Cobb breed to achieve the lowest cost bird. The feed industry remains under pressure due to over-capacity, with resultant pressure on margins. As a consequence, a decision has been taken to close the Rooedport mill and consolidate inland volumes from the Rustenburg and Pretoria mills.

Epol continues to recover external volumes lost as a result of the feed contamination issue.

In February 2006 Epol was awarded the ISO 22000 certification for all its sites, being the first operation in South Africa and the first feedmilling operation in the world to achieve such accreditation.

Vector's results for the year are in line with expectation. Progress continues to be made in realising synergies between Rainbow and Vector through an aligned business strategy. This is in particular evidenced in Rainbow's improved customer mix. The new contracts with Nando's and Spur within Vector's Multi Temperature Contract Distribution (MTCDD) business, as well as Willowton within the traditional business, are progressing well. In addition, from January 2006, Vector began servicing the balance of Rainbow's volumes previously distributed by a third party.

Whilst the Group remains committed to implementing an integrated Enterprise Resource Planning (ERP) system to effectively manage the complex supply chain, a decision was taken to revisit the proposed implementation to take account of other business requirements. In the short-term, Rainbow will leverage the Vector SAP system to integrate its outbound sales and distribution process to further support the Group's strategy. This will enable other opportunities to be pursued in the short-term and further preparatory work to be performed in respect of an extended ERP roll-out.

Recovery of the significant feed contamination claim against the responsible supplier is progressing, but to date remains outstanding.

FINANCIAL REVIEW

A number of strategic initiatives have resulted in Rainbow's strong performance. These initiatives have enabled the Group to achieve a 14.0% increase in chicken volumes in targeted customers and branded products, with reduced volumes to non-strategic, unprofitable 3rd parties like reproducers resulting in improved customer and product mix. In addition, supply chain efficiencies were improved further, Vector made a full year contribution and the feed raw material strategy delivered lower feed input costs.

Chicken revenue for the year was 5.1% higher than the previous year (2005: 5.5%). Food inflation remains low with Rainbow's average price realisation growth of 2.0% resulting from improved product mix offset by lower contractual foodservice pricing. Overall chicken volumes increased by 3.1%, with the pleasing growth in sales to targeted customers and brands largely offset by the reduction of supply to reproducers.

Group revenue increased by 1.8% to R4.1 billion (2005: R4.0 billion). This lower rate of increase is a function of Epol's revenue to external customers being impacted by the lower maize cost as well as lower but recovering volumes as a consequence of the feed contamination issue.

Revenue - Rm	2006	2005	%
Chicken	3 447	3 281	5.1
External sales - Cobb, Epol and Vector	654	746	(12.3)
Reported revenue	4 101	4 027	1.8

Headline EBITDA increased by 86.9% to R688.1 million (2005: R368.2 million), reflecting the improved customer and product mix, lower feed input cost and the inclusion of Vector's earnings for a full year. The headline EBITDA margin increased to 16.8% (2005: 9.1%).

Taxation increased in line with the higher operating profit. The effective taxation rate however reduced to 31.9% (2005: 32.7%) as a result of the 1% taxation rate adjustment to the deferred taxation liability (R5.4 million).

Finance income reduced by 64.7% due to the acquisition of Vector in October 2004.

Headline earnings increased by 89.7% to R400.3 million (2005: R211.0 million) with **diluted headline earnings per share** improving by 86.9% to 140.2 cents per share (2005: 75.0 cents per share).

Cash generated by operations improved by 69.1% to R680.1 million (2005: R402.2 million) as a result of the overall improved performance of the Group and the continued focus on managing working capital.

Capital expenditure was R234.4 million (2005: R200.0 million), which included R64.7 million in respect of the Further Processing Plant. A further amount of R102.6 million (2005: R134.1 million) has been contracted and committed, but not spent, whilst a further R49.0 million (2005: R32.3 million) has been approved, but not contracted. The Group continues to follow a policy of upgrading its facilities and funding normal levels of replacement capital expenditure from its own resources.

Return on equity increased to 27.7% (2005: 18.7%).

DIRECTORATE

Mr LJ Grobler and Mr WE Bührmann resigned from the Board with effect from 30 June 2005 and 17 November 2005 respectively. The Board wishes to express its appreciation for their contribution to the business. Mrs M Nhlanihla and Mr DG Zwiegelaar were appointed as non-executive directors with effect from 19 July 2005 and 17 November 2005 respectively.

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.

PROSPECTS

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

Maize prices are likely to remain at the current higher levels with the impact on feed input costs only partly offset by the lower soya price.

Results for the period ahead will continue to be negatively impacted by the investment cost associated with the Further Processing Plant while initial capacity utilisation is relatively low. Returns will however be in line with original expectation.

Capital expenditure in agriculture and feedmilling over the next few years is expected to be higher than normal. This will enable further supply chain efficiencies and additional chicken volume capacity.

Excluding any potential impact of IAS 39 (the required year end adjustment of financial instruments used strategically in the forward procurement of feed), the Group expects to report real earnings growth for the next financial year.

DIVIDEND DECLARATION

Notice is hereby given that on 24 May 2006 the Board declared a final dividend (number 66) of 40.0 cents per ordinary share in respect of the twelve months ended 31 March 2006 (2005: 21.0 cents). The total dividend for the year is 2.5 times covered by fully diluted headline earnings per share (2005: 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	Thursday, 15 June 2006
Ordinary shares trade ex dividend	Monday, 19 June 2006
Record date	Friday, 23 June 2006
Payment date	Monday, 26 June 2006

Share certificates may not be dematerialised or rematerialised between Monday, 19 June 2006 and Friday, 23 June 2006 (both dates inclusive).

For and on behalf of the Board

M H Visser Non-executive Chairman	M Dally Chief Executive Officer	Durban 24 May 2006
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Directors: MH Visser (Non-executive chairman), M Dally (CEO)*, RH Field*, M Griesel, JB Magwaza, M Nhlanihla, N Phillips, DW Vale, DG Zwiegelaar
* Executive Directors

Company secretary: SB Heath

Registered office: Rainbow Chicken Limited, One the Boulevard, Westway Office Park, Westville, 3630

Transfer secretaries: Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001

Auditors: PricewaterhouseCoopers Inc

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

Bankers: ABSA Bank Limited

Website: www.rainbowchicken.co.za