

### UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009 AND CASH DIVIDEND DECLARATION

BALANCE SHEET			
R'000	30 Sept 2009	30 Sept 2008	31 March 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 434 066	1 309 425	1 383 196
Goodwill	287 444	287 444	287 444
Deferred income tax assets	5 798		5 796
	<b>1 727 308</b>	<b>1 596 869</b>	<b>1 676 436</b>
<b>Current assets</b>			
Inventories	655 941	680 622	543 925
Biological assets	463 530	436 219	429 553
Trade and other receivables	949 345	950 619	987 503
Derivative financial instruments	465	16 727	6 295
Tax receivable		32 621	6 965
Cash and cash equivalents	343 917	379 967	528 084
	<b>2 413 198</b>	<b>2 496 775</b>	<b>2 502 325</b>
<b>Total assets</b>	<b>4 140 506</b>	<b>4 093 644</b>	<b>4 178 761</b>
<b>EQUITY</b>			
Capital and reserves	2 545 885	2 351 719	2 485 910
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	243 598	240 174	243 709
Post-retirement medical obligation	88 505	84 138	85 655
	<b>332 103</b>	<b>324 312</b>	<b>329 364</b>
<b>Current liabilities</b>			
Trade and other payables	1 230 187	1 348 953	1 329 764
Provisions		41 622	17 500
Derivative financial instruments	12 915		16 223
Current income tax liabilities	19 416	27 038	
	<b>1 262 518</b>	<b>1 417 613</b>	<b>1 363 487</b>
<b>Total liabilities</b>	<b>1 594 621</b>	<b>1 741 925</b>	<b>1 692 851</b>
<b>Total equity and liabilities</b>	<b>4 140 506</b>	<b>4 093 644</b>	<b>4 178 761</b>

STATEMENT OF COMPREHENSIVE INCOME			
R'000	Six months ended 30 Sept 2009	Six months ended 30 Sept 2008	Year ended 31 March 2009
<b>Revenue</b>	<b>3 360 513</b>	<b>3 326 724</b>	<b>6 811 448</b>
<b>Operating profit before non-recurring items and depreciation</b>	<b>323 915</b>	<b>247 085</b>	<b>549 268</b>
Legal disputes provision release			23 800
<b>Operating profit before depreciation</b>	<b>323 915</b>	<b>247 085</b>	<b>573 068</b>
Depreciation	(75 225)	(72 324)	(149 229)
<b>Operating profit</b>	<b>248 690</b>	<b>174 761</b>	<b>423 839</b>
Finance costs (329)	(1 428)	(5 059)	
Finance income	8 333	13 768	22 875
<b>Profit before taxation</b>	<b>256 694</b>	<b>187 101</b>	<b>441 655</b>
Income tax expense (83 261)	(61 789)	(124 203)	
<b>Profit for the period</b>	<b>173 433</b>	<b>125 312</b>	<b>317 452</b>
<b>Total comprehensive income for the period</b>	<b>173 433</b>	<b>125 312</b>	<b>317 452</b>
Basic earnings per share (cents)	<b>59,5</b>	43,1	109,1
Basic earnings per share – diluted (cents)	<b>59,2</b>	43,1	109,1

#### BASIS OF PREPARATION

The unaudited results have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 (Interim Financial Reporting) and in compliance with the Companies Act (Act 61 of 1973) as amended, and the Listings Requirements of the JSE Limited. The accounting policies comply with IFRS and are consistent with those applied in the previous year except for the impact of the standards noted below that became effective on 1 January 2009: IAS 1 (Presentation of Financial Statements (revised)) and IFRS 8 (Operating Segments). The adoption of these standards has no effect on the results, nor has it required any restatement of the results.

#### OVERVIEW AND MARKET CONDITIONS

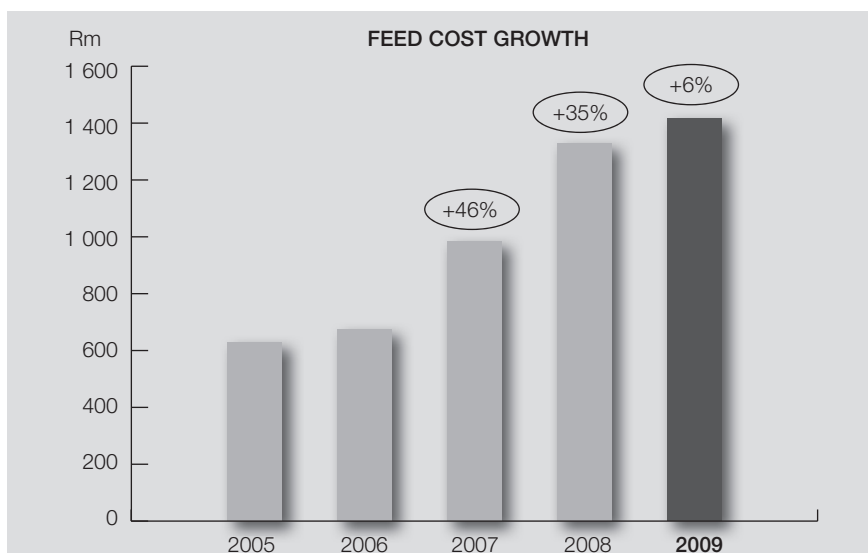
The results for the six months ended 30 September 2009 reflect a headline earnings increase of 35,0%.

The South African economy posted its third consecutive annualised quarterly decline in the second quarter. Nearly a million jobs have been lost this calendar year and households continue to suffer. Despite a significant response from monetary and fiscal policy, it looks likely that South Africa's growth recovery will take longer than most other countries. While private sector investment continues to falter, the sustained push on the public sector investment has been critical in mitigating what would have otherwise been a deeper recession.

Household consumption contracted at an accelerated pace of 5,8% in the second quarter, its steepest decline in 23 years. This decline was underpinned by a 6% annualised fall in disposable income owing mainly to further job losses and reduced working hours in certain industries. The significant interest rate cuts since December last year have certainly helped as they pass through to households immediately, however household debt remains close to record levels. Inflation has declined from a peak of 8,6% in February to 6,1% in September.

Feed raw material prices peaked at historically high levels during the past financial year and remain volatile. With the exception of soya, raw material prices and the exchange rate have all reduced substantially since March 2009. Although Rainbow is currently shorter than its overall position previously, the rate at which the input prices have declined has made it difficult to take full advantage of the lower pricing. Going forward there is a greater opportunity to reduce feed costs should raw material prices remain at the current lower levels.

The graph below depicts the feed cost increases for the six-month periods ended 30 September since 2005, with 2009 representing a marginal increase over the high base of 2008.



The local chicken market is estimated to have grown in rand value by 17% in the past twelve months to R20,7 billion. Total chicken imports (excluding turkey and mechanically deboned meat) have increased by 50% over the past six months (market share 6% to 8%), largely due to the strengthening of the rand.

#### REVIEW OF OPERATIONS

Rainbow's brand strategy, which differentiates the company from its competitors, has been effective in delivering an acceptable margin during a period of extreme input cost pressure.

The first six months of the financial year has seen softer demand in grocery markets as a consequence of the economic slowdown. Despite this, Rainbow has continued with its rollout of added value innovation, as well as innovation in its core products.

## SALIENT FEATURES

Chicken revenue	↑	4,7%
Operating profit	↑	42,3%
Headline earnings	↑	35,0%
Interim dividend		28,0 cents

#### HEADLINE EARNINGS

R'000	Six months ended 30 Sept 2009	Six months ended 30 Sept 2008	Year ended 31 March 2009
<b>Total comprehensive income for the period</b>	<b>173 433</b>	<b>125 312</b>	<b>317 452</b>
(Profit)/loss on disposal of property, plant and equipment	(3 609)	439	1 376
<b>Headline earnings</b>	<b>169 824</b>	<b>125 751</b>	<b>318 828</b>
Legal disputes provision release			(17 136)
Additional tax allowance			(26 506)
<b>Adjusted headline earnings</b>	<b>169 824</b>	<b>125 751</b>	<b>275 186</b>
Headline earnings per share (cents)	<b>58,2</b>	43,3	109,6
Headline earnings per share – diluted (cents)	<b>58,0</b>	43,3	109,6
Adjusted headline earnings per share (cents)	<b>58,2</b>	43,3	94,6
Adjusted headline earnings per share – diluted (cents)	<b>58,0</b>	43,3	94,6

#### CASH FLOW STATEMENT

R'000	Six months ended 30 Sept 2009	Six months ended 30 Sept 2008	Year ended 31 March 2009
<b>Operating profit</b>	<b>248 690</b>	<b>174 761</b>	<b>423 839</b>
Non-cash items	<b>64 896</b>	<b>84 141</b>	<b>149 060</b>
<b>Operating profit before working capital requirements</b>	<b>313 586</b>	<b>258 902</b>	<b>572 899</b>
Working capital requirements	(204 891)	(92 312)	21 635
<b>Cash generated by operations</b>	<b>108 695</b>	<b>166 590</b>	<b>594 534</b>
Net finance income	<b>8 004</b>	<b>12 341</b>	<b>17 816</b>
Tax paid	(56 992)	(49 710)	(115 767)
<b>Cash available from operating activities</b>	<b>59 707</b>	<b>129 221</b>	<b>496 583</b>
Dividends paid	(128 369)	(127 859)	(197 755)
Net cash flows from investing activities	(121 082)	(138 517)	(290 131)
Net cash flows from financing activities	5 577	7 228	9 493
<b>Net movement in cash and cash equivalents</b>	<b>(184 167)</b>	<b>(129 927)</b>	<b>18 190</b>
Cash and cash equivalents at the beginning of the period	<b>528 084</b>	<b>509 894</b>	<b>509 894</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>343 917</b>	<b>379 967</b>	<b>528 084</b>

The last two months have seen the launch of a number of Farmer Brown crumbed products, as well as Rainbow Fingers to compete against fish fingers, which remains a significant category in crumbed frozen food. Rainbow has doubled its volumes in crumbed frozen foods over the last year, while competitor brands' share has declined.

Rainbow Family Polony was launched during the last six months and has already established itself as a significant player in the polony category, adding to Rainbow's existing Simply Chicken brand leadership.

The Foodservice market remains in a slower growth pattern as a consequence of the economic slowdown. Rainbow has continued to invest in this important area of the business to enable future anticipated growth.

#### Supply chain

Challenges in agricultural performance have been experienced during the winter months, particularly in the Cape. Recent improvements to the Cobb breed have resulted in improved hatchability. The agriculture teams remain focused on producing the right bird at the lowest cost to ensure Rainbow's weight sensitive product mix can be produced most profitably.

The processing plants and feed mills maintained their focus on operational efficiency and quality with great success. Rainbow seeks to achieve an optimum level of flexibility in these operations, balancing cost optimisation and the ability to respond to changes in demand. Of particular note is the improved service levels achieved over this period.

Feed Safety and Food Safety are core to Rainbow's business and all processing plants and feed mills have maintained their ISO 22000 certification status. The sustainability programme in these operations continues to derive benefits, particularly in terms of lower electricity and coal consumption. The focus on yield improvement in the processing plants has also delivered further efficiency benefits.

Rainbow's Outbound Supply Chain is now fully integrated, with all primary and secondary warehouse and transport services being managed by Vector. This will help drive efficiencies and provide Rainbow with a competitive advantage and superior customer service. Current initiatives to further optimise the supply chain include the Sales and Operational Planning (S&OP) project and an upgrade to the Roodepoort facility.

#### FINANCIAL REVIEW

Revenue – Rm	2009	2008	%
Chicken	2 633,3	2 515,7	4,7
Other	727,2	811,0	(10,3)
<b>Total revenue</b>	<b>3 360,5</b>	<b>3 326,7</b>	<b>1,0</b>

**Chicken revenue** for the six months was 4,7% higher than the same period of the previous year. Rainbow's average realisations increased by 5,4% and volumes were 0,7% lower by virtue of 3 less trading days (2,4% impact).

**Total revenue** increased by only 1,0% to R3,4 billion (2008: R3,3 billion) as a result of significantly lower feed prices and volumes sold external to Rainbow.

The table below depicts **headline EBIT** from a statutory perspective and adjusted for unrealised gains or losses on financial instruments used in the feed raw material procurement strategy. Reporting the financial effects of certain financial instruments used in the feed raw material procurement strategy introduces volatility to the Group's financial results. For the period under review, the pre-taxation impact on the Group's results of these unrealised positions is a positive impact of R14,9 million (2008: R52,9 million negative).

	2009	2008	%
<b>Headline EBIT (Rm)</b>			
– Statutory	243,7	175,2	39,1
– Pre IAS 39	228,8	228,1	0,3
<b>Headline EBIT margin (%)</b>			
– Statutory	7,3	5,4	1,9
– Pre IAS 39	6,8	7,0	(0,2)

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

**Net finance income** decreased by R4,3 million due to the lower cash balances and lower interest rates during the period.

#### STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Share-based payments	Retained earnings	Total
<b>Balance at 1 April 2008</b>	<b>1 157 092</b>	<b>78 519</b>	<b>1 101 519</b>	<b>2 337 130</b>
Total comprehensive income for the period			125 312	125 312
Ordinary dividend paid			(127 859)	(127 859)
BEE share-based payments charge		1 716		1 716
Employee share option scheme:				
Proceeds from shares issued	7 405			7 405
Value of employee services		8 015		8 015
<b>Balance at 30 September 2008</b>	<b>1 164 497</b>	<b>88 250</b>	<b>1 098 972</b>	<b>2 351 719</b>
Total comprehensive income for the period			192 140	192 140
Ordinary dividend paid			(69 896)	(69 896)
BEE share-based payments charge		1 667		1 667
Employee share option scheme:				
Proceeds from shares issued	2 265			2 265
Value of employee services		8 015		8 015
<b>Balance at 1 April 2009</b>	<b>1 166 762</b>	<b>97 932</b>	<b>1 221 216</b>	<b>2 485 910</b>
Total comprehensive income for the period			173 433	173 433
Ordinary dividend paid			(128 369)	(128 369)
BEE share-based payments charge		1 704		1 704
Employee share option scheme:				
Proceeds from shares issued	5 577			5 577
Value of employee services		7 630		7 630
<b>Balance at 30 September 2009</b>	<b>1 172 339</b>	<b>107 266</b>	<b>1 266 280</b>	<b>2 545 885</b>

#### SUPPLEMENTARY INFORMATION

R'000	Six months ended 30 Sept 2009	Six months ended 30 Sept 2008	Year ended 31 March 2009
Capital expenditure contracted and committed	<b>75 514</b>	72 231	92 694
Capital expenditure approved but not contracted	<b>67 073</b>	137 235	109 217
Contingent liabilities	<b>33 599</b>	49 830	36 257

#### STATISTICS

Ordinary shares in issue	(000's)	<b>292 022</b>	291 191	291 320
Weighted average ordinary shares in issue	(000's)	<b>291 657</b>	290 574	290 904
Diluted weighted average ordinary shares in issue	(000's)	<b>292 990</b>	290 574	290 904
Net asset value per share	(cents)	<b>871,8</b>	807,6	853,3
Ordinary dividends:				
Interim dividends declared/paid	(cents)	<b>28,0</b>	24,0	24,0
Final dividend paid	(cents)			44,0

The effective **tax** rate of 32,4% (2008: 33,0%) is lower as a result of an overprovision for tax at year-end, offset by the higher STC charge on the increased number of shares in issue associated with the BEE transaction implemented last year.

**Headline earnings** increased by 35,0% to R169,8 million (2008: R125,7 million) with **diluted headline earnings per share** increasing by 33,9% to 58,0 cents per share (2008: 43,3 cents per share).

**Cash generated by operations** decreased by 34,8% to R108,7 million (2008: R166,6 million), largely due to lower trade and other payables (R118,8 million movement).

**Capital expenditure** was R133,3 million (2008: R139,6 million). A further amount of R75,5 million (2008: R72,2 million) has been contracted and committed, but not spent, whilst a further R67,1 million (2008: R137,2 million) has been approved, but not contracted. The Group continues to follow a policy of upgrading its facilities and funding normal levels of replacement capital expenditure from its own resources.

**Return on equity** decreased to 14,9% (2008: 20,7%), however marginally up on the year-end's 13,2%.

#### OPERATING SEGMENTS

IFRS 8 (Operating Segments) requires segmental disclosure based on information that management uses to run the business. The company operates as a vertically integrated chicken producer and is managed as a single segment. Additional entity wide disclosure will be reported in the year-end financial statements.

#### PROSPECTS

Maize prices are likely to remain at the lower levels but will be dependent on weather conditions and the extent of planting locally. Soya prices are likely to remain volatile due to the lower crop expectation and threat of further strikes in Argentina as well as the continued exchange rate volatility. By virtue of Rainbow's forward procurement policy, feed prices are only expected to decline in the second six months of the financial year, however tough conditions in the external feed market are expected to continue.

Considering the economic recession and job loss statistics, consumer spending is expected to remain under pressure, translating into softer demand and continued depressed chicken realisations.

#### DIRECTORATE

With effect from 1 September 2009, Mr NP Mageza was appointed as an independent non-executive director.

#### CASH DIVIDEND DECLARATION

Notice is hereby given that on 19 November 2009, the Board declared an interim dividend (number 73) of 28,0 cents per ordinary share in respect of the six months ended 30 September 2009 (2008: 24,0 cents).

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

Last date to trade ordinary shares cum dividend	Friday, 8 January 2010
Ordinary shares trade ex dividend	Monday, 11 January 2010
Record date	Friday, 15 January 2010
Payment date	Monday, 18 January 2010

Share certificates may not be dematerialised or rematerialised between Monday, 11 January 2010 and Friday, 15 January 2010 (both dates inclusive).

For and on behalf of the Board

**MH Visser**  
Non-executive Chairman  
Durban  
19 November 2009

**M Dally**  
Chief Executive Officer

**Directors:** MH Visser (Non-executive Chairman), M Dally (CEO)\*, RH Field\*, M Griessel, PR Louw, NP Mageza, JB Magwaza, MM Nhlantla, RV Smither, DW Vale, GC Zondi. \* Executive Directors