

TIGER BRANDS

ANNUAL FINANCIAL STATEMENTS 2017

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ANNUAL FINANCIAL STATEMENTS

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Preparation of annual financial statements

The preparation of the annual financial statements for the year ended 30 September 2017, which appear on pages 5 to 93 in the annual financial statements, has been supervised by Noel Doyle, chief financial officer of Tiger Brands Limited.

Responsibility for annual financial statements

The directors of Tiger Brands Limited are responsible for the integrity of the annual financial statements of the company, consolidated subsidiaries, associates and the objectivity of other information presented in the integrated annual report.

The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organisation structure which provides for delegation of authority and establishes clear responsibility, together with the constant communication and review of the operations' performance measured against approved plans and budgets.

Management and employees operate in terms of a code of ethics approved by the board. The code requires compliance with all applicable laws and maintenance of the highest integrity in the conduct of all aspects of the business.

The annual financial statements, prepared in terms of International Financial Reporting Standards, are audited by our external auditors in conformity with International Standards on Auditing.

An audit committee of the board of directors, composed entirely of independent non-executive directors, meets periodically with our internal and external auditors and management to discuss internal financial controls and auditing and financial reporting matters. The auditors have unrestricted access to management, financial records as well as the audit committee.

The directors have no reason to believe that the group's operations will not continue as going concerns in the year ahead, other than where closures or discontinuations are anticipated, in which case provision is made to reduce the carrying cost of the relevant assets to net realisable value.

Directors' approval

The annual financial statements for the year ended 30 September 2017, which appear on pages 5 to 93 are in agreement with the books of account at that date, were approved by the board of directors on 24 November 2017 and signed on its behalf by:



Khotso Mokhele
Chairman

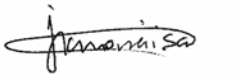


Lawrence Mac Dougall
Chief executive officer

24 November 2017

Certificate by company secretary

Certified in terms of section 88(2)(e) that the company has filed required returns and notices in terms of the Companies Act No 71 of 2008, and that all such returns and notices appear to be true, correct and up to date.



Kgosi Monaisa
Company secretary

24 November 2017

Report of the independent auditor

To the shareholders of Tiger Brands Limited
Report on the audit of the financial statements

Opinion
We have audited the consolidated and separate financial statements of Tiger Brands Limited set out on pages 6 to 93, which comprise the consolidated and separate statement of financial position as at 30 September 2017, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects the financial position of Tiger Brands Limited as at 30 September 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in South Africa and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matter and audit consideration	Audit scope and procedures
Revenue recognition – Rebates and discounts As described in the accounting policy notes and reflected in notes 2 and 24 to the group financial statements, revenue is measured at the fair value of the consideration received/ receivable excluding normal discounts, rebates, settlement discounts and promotional allowances, which are earned by customers on the Group's sales in accordance with IFRS 15. The final amount due to each customer that is eligible for a rebate and incentive is considered to be complex and requires significant judgement and estimation by management in establishing an appropriate accrual for rebates earned at the year end due to the number of rebate agreements in place. This is due to a number of operational, supply and customer performance metrics that ultimately are used in the final estimation of the rebates and incentive due to each customer. The majority of these rebates and incentives tend to be low in unit value but based on high volume. The agreements include those which span the financial year end of the group, but also and to a lesser extent the customer's financial year end whose timing does not coincide with the group's year end. There are therefore a number of agreements which are in progress at the financial year end and for which final settlement will only occur at the end of the agreement or at a future point.	Our audit procedures included considering the appropriateness of the group's revenue recognition accounting policies including those relating to incentives and rebates. We tested the effectiveness of the group's controls over the calculation of incentives and rebates and the correct timing of revenue recognition and measurement. Our audit procedures in respect of the payable recognised and the revenue deductions made, included the following, based on our materiality: • On a sample basis based on the high value rebates and incentives paid, we inspected the terms in the agreement and agreed them to inputs used in the calculation • Using data extraction tools, we agreed the sales volumes used in the calculation to those per the accounting records and considered whether the amounts being used related to the correct period per the agreement and recalculated the rebates and incentives due to each customer based on their contractual terms • We developed an independent expectation of the estimated rebates and incentives due to each customer based on actual sales year to date and operational, supply and customer performance metrics. We then compared this expectation to actual results. Where our recalculation based on the contractual terms and estimation based on sales year to date and operational, supply and customer performance metrics differed to management's final provision, we obtained support for the differences to vouch their validity • We tested the arithmetical accuracy of the management calculation and agreed the amount calculated to the amount recognised in the financial statements • We tested the prior period accrual to actual payments made to customers to assess the historical accuracy of managements estimation process for incentives and rebates • In addition we tested the validity of the amounts payable at the year end by agreeing the amounts to subsequent payment to customers where these had being completed by the date of our audit report.

Key audit matter and audit consideration	Audit scope and procedures
Goodwill and intangible assets Goodwill and other intangibles represents 15% of total assets and 21% of total equity. Intangible assets arise from acquisition of standalone businesses and/or individual brands and trademarks. Procedures over management's annual impairment test, described in note 14, were significant to our audit because the assessment process is complex and the calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows and discount rate, which are inherently uncertain and could change over time. In performing the yearly assessment of impairment as required by IAS 36 it was noted that only two cash-generating units (CGUs), namely HPCB and Exports, were either impaired or were sensitive to changes in volume and discount rates applied to the valuation model. These CGUs make up 14% and 36% of the total goodwill and other intangibles balances respectively at the year end. The Personal Care category within HPCB was negatively affected by price inflation, reduced promotional activity and constrained consumer spending, while the Exports CGU, was negatively impacted by ongoing foreign currency shortages, resulting in tighter credit terms and slower replenishment of stocks by distributors. These factors required significant auditor attention in assessing how they are accounted for in the cash flow forecasts and the assumptions used by management to make those assessments.	We focused our testing on the key assumptions made by management and our procedures included: • Evaluating the determination of the cash-generating units to distinguish between standalone business valuations and brand valuations that have different valuation methodologies applied to them • Evaluating the model used by management in determining the value in use of the identified cash-generating units, as well as independently by using our internal transaction support experts, to reassess the discount rate and valuation methodology used • Comparing the cash flow forecasts used in the impairment model to approved budgets and other relevant market and economic information • Identifying different risk-dependent cash flows used in the valuation models so as to assess whether different specific risk premium needed to be added to the discount rate when discounting those cash flows • We evaluated and challenged management's future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations by comparing future cash flows to prior period actual results to assess management's forecast accuracy rate • Calculated a range of possible impairment by performing a sensitivity analysis around the key assumptions of volume growth, margins and the discount rate used in the models.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the audit committee's report, the company secretary's certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the 2017 integrated annual report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Report of the independent auditor continued

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Tiger Brands Limited for 14 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Warren Kenneth Kinnear
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
Johannesburg

24 November 2017

Statutory information

Authorised and issued share capital

Details of authorised and issued share capital are set out in note 21 on page 43 of the annual financial statements and in the statements of changes in equity on pages 12 to 14.

Subsidiaries, associates and investments

Financial information concerning the principal subsidiaries, associates and investments of Tiger Brands Limited are set out in Annexure A and B of the annual financial statements.

Dividends

Details of dividends declared and paid during the year are outlined in note 11 to the annual financial statements.

Major shareholders

Details of the registered and beneficial shareholders of the company are outlined on page 105 of the integrated annual report.

Directors

The following movements in the directorate were recorded during the year under review:

Appointments

1 December 2016	Emma Mashilwane
1 December 2016	Kevin Hedderwick
26 May 2017	Swazi Tshabalala

Resignations

14 February 2017	Kevin Hedderwick
21 February 2017	André Parker
30 June 2017	Bheki Sibiya
24 November 2017	Santie Botha

The names of the directors who presently hold office are set out on pages 74, 75 and 79 of the integrated annual report.

No director holds 1% or more of the ordinary shares of the company. The directors of the company beneficially hold, directly and indirectly, 6 171 ordinary shares of its issued ordinary shares.

The register of interests of directors in shares of the company is available to the members on request.

Details of the directors' shareholding (direct and indirect beneficial) are reflected below.

	2017		2016	
Name of director	Direct number of shares	Indirect number of shares	Direct number of shares	Indirect number of shares
SL Botha	1 221	–	1 221	–
NP Doyle	4 950	–	–	–

There were no changes to the direct and indirect beneficial interests of directors from 30 September 2017 to the date the integrated annual report was released.

American Depository Receipt facility

With effect from 9 September 1994, a sponsored American Depository Receipt (ADR) facility was established. This ADR facility is sponsored by the Bank of New York Mellon and details of the administrators are reflected under company information on page 96.

Special resolutions

No special resolutions were passed during the year under review that would have affected the capital structure, borrowing powers or any other material matter that affects the understanding of the group.

Retirements funds

Details in respect of the retirement funds of the group are set out in notes 29 and 30 and Annexure E and F of the annual financial statements.

Insurance and risk management

The group's practice regarding insurance includes an annual assessment, in conjunction with the group's insurance brokers, of the risk exposure relative to assets and possible liabilities arising from business transactions. In addition, the group's insurance programme is monitored by the risk and sustainability committee.

All risks are considered to be adequately covered, except for political risks in the case of which as much cover as is reasonably available has been arranged. In respect of the group's assets programme, cover of R6 billion per individual loss is purchased. Self-insurance programmes are in operation covering primary levels of risk at a cost more advantageous than open-market premiums. Regular risk management audits are conducted by the group's risk management consultants, whereby improvement areas are identified and resultant action plans implemented accordingly. Assets are insured at current replacement values.

Income statements

for the year ended 30 September 2017

Company				Group	
2017	2016	(R'million)	Notes	2017	2016 Restated*#
		Continuing operations			
		Revenue	2	**31 297,9**	30 588,2
		Cost of sales		**(20 856,4)**	(20 869,6)
		Gross profit		**10 441,5**	9 718,6
		Sales and distribution expenses		**(3 596,4)**	(3 465,0)
		Marketing expenses		**(771,4)**	(765,2)
(14,8)	(1,8)	Other operating expenses		**(1 549,7)**	(1 385,2)
		Operating income/(loss) before			
(14,8)	(1,8)	**impairments and abnormal items**	3	**4 524,0**	4 103,2
(250,0)	–	Impairments	4	**(559,9)**	(334,8)
99,0	1,2	Abnormal items	5	**(23,4)**	11,0
		Operating income/(loss) after			
(165,8)	(0,6)	**impairments and abnormal items**		**3 940,7**	3 779,4
149,1	110,7	Net (finance costs)/finance income	7	**(209,9)**	(168,4)
2 025,5	2 343,4	Investment income	8	**3,3**	6,3
		Income from associated companies	15	**533,3**	860,7
2 008,8	2 453,5	**Profit before taxation**		**4 267,4**	4 478,0
(68,6)	(48,1)	Taxation	9	**(1 234,4)**	(1 209,2)
		Profit for the year from continuing			
1 940,2	2 405,4	**operations**		**3 033,0**	3 268,8
		Discontinued operations			
		Profit for the year from discontinued operations	34	**105,0**	52,9
		Profit for the year		**3 138,0**	3 321,7
		Attributable to:			
1 940,2	2 405,4	**Owners of the parent**		**3 119,3**	3 305,6
		Continuing operations		**3 011,0**	3 243,1
		Discontinued operations		**108,3**	62,5
		Non-controlling interests		**18,7**	16,1
		Continuing operations		**22,0**	25,7
		Discontinued operations		**(3,3)**	(9,6)
1 940,2	2 405,4			**3 138,0**	3 321,7
		Basic earnings per ordinary share (cents)		**1 914,9**	2 034,4
		Continuing operations		**1 848,4**	1 996,0
		Discontinued operations		**66,5**	38,4
		Diluted basic earnings per ordinary share (cents)		**1 877,3**	1 991,5
		Continuing operations		**1 812,1**	1 953,9
		Discontinued operations		**65,2**	37,6
		Headline earnings per share is disclosed in note 10.			

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Statements of comprehensive income

for the year ended 30 September 2017

Company				Group	
2017	2016	(R'million)	Note	2017	2016
1 940,2	2 405,4	**Profit for the year**		3 138,0	3 321,7
(1,1)	(0,7)	Other comprehensive loss, net of tax		(104,9)	(86,9)
		Net gain/(loss) on hedge of net investment in foreign operation[1]		3,8	(42,9)
		Foreign currency translation (FCTR) adjustments[1, 2]		(122,7)	(147,7)
		Share of associates other comprehensive income and FCTR[1]		(86,2)	127,7
		Net gain/(loss) on cash flow hedges[1]		25,0	(45,6)
(1,1)	(0,7)	Net gain/(loss) on available-for-sale financial assets[1, 2]		13,0	15,7
		Remeasurement raised in terms of IAS 19R[3]		81,4	(1,2)
		Tax effect	23	(19,2)	7,1
1 939,1	2 404,7	**Total comprehensive income for the year, net of tax**		3 033,1	3 234,8
		Attributable to:			
1 939,1	2 404,7	Owners of the parent		3 025,2	3 252,4
		Non-controlling interests		7,9	(17,6)
1 939,1	2 404,7			3 033,1	3 234,8

[1] *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of R7,3 million (2016: R0,9 million) relating to the share of associates' other comprehensive income and FCTR.*

[2] *During the current year, R110,7 million (2016: R99,1 million) of the foreign currency translation reserve relating to the disposal of subsidiaries, as well as R1,9 million (2016: R19,4 million) on the available-for-sale financial asset derecognised in terms of the Black Managers Trust Participation Rights Scheme were reclassified to profit or loss.*

[3] *Comprises a net actuarial gain of R65 million (2016: R6,5 million) and unrecognised gain/(loss) due to the asset ceiling of R16,4 million (2016: R7,7 million).*

Statements of financial position

at 30 September 2017

Company 2017	Company 2016	(R'million)	Notes/ Annexures	Group 2017	Group 2016
		ASSETS			
		Non-current assets			
		Property, plant and equipment	12	4 588,4	4 541,9
		Goodwill	13	1 774,2	2 098,6
		Intangible assets	13	1 822,8	1 841,9
2 810,1	2 931,5	Interest in subsidiary companies	A		
2 428,3	2 686,7	Amounts owed by subsidiaries	33		
3 965,9	4 033,1	**Investments**		4 720,1	4 904,8
1 138,7	1 388,7	Investments in associated companies	15	4 543,2	4 732,7
2 114,9	2 065,6	Other investments	16	174,1	168,9
712,3	578,8	Loans	17	2,8	3,2
21,4	17,2	Deferred taxation asset	18	44,0	42,6
1 145,5	830,2	**Current assets**		10 665,0	11 099,1
		Inventories	19	4 812,0	5 769,8
299,6	48,6	Trade and other receivables	20	4 631,6	4 592,3
499,5	499,5	Amounts owed by subsidiaries	33		
346,4	282,1	Cash and cash equivalents		1 221,4	737,0
		Assets classified as held for sale	35	364,7	
10 371,2	10 498,7	**Total assets**		23 979,2	24 528,9
		EQUITY AND LIABILITIES			
9 764,9	9 821,0	**Issued capital and reserves**		16 803,8	15 547,6
148,5	148,5	Ordinary share capital and share premium	21	148,5	148,5
2 940,5	2 941,6	Non-distributable reserves		3 040,0	3 046,1
6 164,9	6 255,0	Accumulated profits		15 544,5	14 373,4
		Tiger Brands Limited shares held by subsidiary	22	(718,0)	(718,0)
		Tiger Brands Limited shares held by empowerment entities	22	(1 771,2)	(1 790,9)
511,0	475,9	Share-based payment reserve	28	560,0	488,5
		Non-controlling interests		257,4	486,3
9 764,9	9 821,0	**Total equity**		17 061,2	16 033,9
451,9	508,0	**Non-current liabilities**		968,8	1 988,8
		Deferred taxation liability	18	347,7	253,5
		Provision for post-retirement medical aid	30	619,1	666,0
–	51,0	Long-term borrowings	26	2,0	1 069,3
451,9	457,0	Amounts owed to subsidiaries	33		
154,4	169,7	**Current liabilities**		5 776,1	6 506,2
28,7	21,7	Trade and other payables	24	4 278,2	4 157,1
		Provisions	25	614,9	525,3
17,0	–	Taxation		94,4	128,1
–	47,2	Short-term borrowings	26	788,6	1 695,7
108,7	100,8	Amounts owed to subsidiaries	33		
		Liabilities directly associated with assets classified as held for sale	35	173,1	
10 371,2	10 498,7	**Total equity and liabilities**		23 979,2	24 528,9

Note – There have been no changes to the retained earnings resulting from the early adoption of IFRS 15 Revenue from Contracts with Customers.

Statements of cash flows

for the year ended 30 September 2017

Company				Group	
2017	2016	(R'million)	Notes	2017	2016
(10,3)	(0,6)	Cash operating income/(loss)	A	5 388,1	4 836,8
18,6	8,4	Working capital changes	B	667,6	(604,0)
8,3	7,8	**Cash generated from operations**		6 055,7	4 232,8
162,6	127,6	Finance income and income from investments		34,8	26,7
(23,9)	(16,9)	Finance costs		(203,4)	(324,0)
1 750,2	2 116,9	Dividends received from associate companies and subsidiaries		350,2	406,4
218,9	201,7	Dividends received from empowerment entities		–	–
(45,1)	(57,9)	Taxation paid	C	(1 195,9)	(1 107,4)
2 071,0	2 379,2	Cash available from operations		5 041,4	3 234,5
(2 030,3)	(1 831,0)	Dividends paid	D	(1 834,1)	(1 661,1)
40,7	548,2	**Net cash inflow from operating activities**		3 207,3	1 573,4
		Purchase of property, plant and equipment	E	(919,0)	(945,4)
		Net cash on disposal of subsidiary (refer to note 34)		23,8	1 075,7
82,2	–	Disposal/(acquisition) of business		–	(69,7)
		Black Managers Trust (BMT) shares exercised		24,0	38,7
		Proceeds from disposal of property, plant, equipment and intangible assets		92,2	15,4
40,3	(193,4)	Decrease/(increase) in loans to subsidiaries, associates and others		–	0,2
122,5	(193,4)	**Net cash (outflow)/inflow from investing activities**		(779,0)	114,9
163,2	354,8	Net cash inflow before financing activities		2 428,3	1 688,3
		Reduction in non-controlling interest in empowerment shares		(22,4)	–
(51,0)	(195,2)	Long-term borrowings repaid		(1 056,2)	(573,5)
(48,2)	–	Short-term borrowings (repaid)/raised		(7,2)	11,3
(99,2)	(195,2)	**Net cash outflow from financing activities**		(1 085,8)	(562,2)
64,0	159,6	**Net increase in cash and cash equivalents**		1 342,5	1 126,1
0,3	(4,6)	Effect of exchange rate changes on cash and cash equivalents		18,8	125,7
282,1	127,1	Cash and cash equivalents at beginning of the year	F	(875,0)	(2 126,8)
346,4	282,1	**Cash and cash equivalents at end of the year**	G	486,3	(875,0)

Notes to the cash flow statements

for the year ended 30 September 2017

Company			(R'million)	Group	
2017	2016			2017	2016
		A	**Cash operating income/(loss)**		
			Operating income/(loss) before abnormal items and impairment		
(14,8)	(1,8)		– Continuing operations	4 524,0	4 154,1
			– Discontinued operations	14,0	–
			Proceeds on claims included in abnormal items	114,1	–
			Add back:		
			Depreciation	562,4	558,8
			Share-based payment expenses	110,3	88,9
			Provision for post-retirement medical aid	46,9	22,9
			Amortisation	11,4	11,9
			Loss on disposal of plant, equipment and vehicles	5,0	0,2
4,5	1,2		Other non-cash items	–	–
(10,3)	(0,6)		Cash operating income/(loss)	5 388,1	4 836,8
		B	**Working capital changes**		
			Decrease/(increase) in inventories	911,6	(518,7)
11,6	9,1		(Increase)/decrease in trade and other receivables	(355,9)	(282,0)
7,0	(0,7)		Increase/(decrease) in trade and other payables	111,9	196,7
18,6	8,4		Working capital changes	667,6	(604,0)
		C	**Taxation paid**		
10,7	–		Amounts (payable)/receivable at beginning of the year, net	(73,5)	(38,9)
			Income statement charge		
(68,6)	(48,1)		– Continuing operations	(1 234,4)	(1 220,6)
			– Discontinued operations	(6,7)	–
(4,2)	0,9		Deferred tax	74,2	67,1
			Exchange rate differences	(21,9)	11,5
17,0	(10,7)		Amounts payable/(receivable) at end of the year, net	66,4	73,5
(45,1)	(57,9)		Total taxation paid	(1 195,9)	(1 107,4)
		D	**Dividends paid**		
(2 030,3)	(1 831,0)		Per statement of changes in equity	(1 808,6)	(1 629,9)
			Dividends paid to outside shareholders	(25,5)	(31,2)
(2 030,3)	(1 831,0)		Total dividends paid	(1 834,1)	(1 661,1)

Company			Group	
2017	2016	(R'million)	2017	2016
		E Purchase of property, plant and equipment		
		Replacement	(457,1)	(638,9)
		Expansion	(461,9)	(306,5)
			(919,0)	(945,4)
		F Cash and cash equivalents at beginning of the year		
282,1	127,1	Cash resources	737,0	1 051,6
–	–	Short-term borrowings regarded as cash and cash equivalents	(1 612,0)	(3 178,4)
282,1	127,1		(875,0)	(2 126,8)
		G Cash and cash equivalents at end of the year		
346,4	282,1	Cash resources	1 221,4	737,0
–	–	Short-term borrowings regarded as cash and cash equivalents	(735,1)	(1 612,0)
346,4	282,1		486,3	(875,0)

Statements of changes in equity

for the year ended 30 September 2017

(R'million)	Share capital and premium	Non-distributable reserves: Share of net earnings of associates	Non-distributable reserves: Other capital reserves[4]	Non-distributable reserves: Cash flow hedge reserve	Non-distributable reserves: Available-for-sale reserve
GROUP					
Balance at 1 October 2015	148,5	1 760,2	(3,9)	15,4	63,4
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year[2, 3]	–	–	–	(45,5)	10,6
Total comprehensive income	–	–	–	(45,5)	10,6
Disposal of subsidiary	–	–	–	–	–
Transfers between reserves	–	454,3	–	–	–
Share-based payments[5]	–	–	–	–	–
Dividends on ordinary shares	–	–	–	–	–
Total dividends	–	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–	–
Sale of shares by empowerment entity[1]	–	–		–	–
Balance at 30 September 2016	148,5	2 214,5	(3,9)	(30,1)	74,0
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year[2, 3]	–	–	–	24,2	18,4
Total comprehensive income	–	–	–	24,2	18,4
Disposal of subsidiary	–	–	–	–	–
Transfers between reserves	–	146,7	–	–	–
Share-based payment[5]	–	–	–	–	–
Dividends on ordinary shares	–	–	–	–	–
Total dividends	–	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–	–
Reduction in non-controlling interest in empowerment shares	–	–	–	–	–
Sale of shares by empowerment entity[1]	–	–	–	–	–
Balance at 30 September 2017	148,5	2 361,2	(3,9)	(5,9)	92,4
Notes	21	15			

[1] *Relates to the exercising of options vested post the December 2014 lock-in period in terms of the Black Managers Participation Right Scheme (BMT).*

[2] *During the current period, R110,7 million (2016: R99,1 million) of the foreign currency translation reserve relating to the disposal of subsidiaries, was reclassified to profit or loss.*

[3] *The other comprehensive income for FCTR includes the amounts related to the associates of R86,2 million (2016: R127,7 million), of which R70,8 million (2016: R31,5 million) relates to Oceana. Refer to Annexure B for more detail.*

[4] *Included in other capital reserves are the legal reserve transfers of the African subsidiaries due to statute in the respective foreign countries.*

[5] *Included in the movement of the share-based payment are options exercised amounting to R77,8 million (2016: R5,9 million).*

Foreign currency translation reserve	Accumulated profits	Shares held by subsidiary and empowerment entities	Share-based payment reserve	Total attributable to owners of the parent	Non-controlling interests	Total equity
809,0	13 152,9	(2 538,9)	423,5	13 830,1	(52,5)	13 777,6
–	3 305,6	–	–	3 305,6	16,1	3 321,7
(17,4)	(0,9)	–	–	(53,2)	(33,7)	(86,9)
(17,4)	3 304,7	–	–	3 252,4	(17,6)	3 234,8
–	–	–	–	–	587,6	587,6
–	(454,3)	–	–	–	–	–
–	–	–	65,0	65,0	–	65,0
–	(1 629,9)	–	–	(1 629,9)	(19,7)	(1 649,6)
–	(1 777,7)	–	–	(1 777,7)	(19,7)	(1 797,4)
–	147,8	–	–	147,8	–	147,8
–	–	30,0	–	30,0	(11,5)	18,5
791,6	14 373,4	(2 508,9)	488,5	15 547,6	486,3	16 033,9
–	3 119,3	–	–	3 119,3	18,7	3 138,0
(195,4)	58,7	–	–	(94,1)	(10,8)	(104,9)
(195,4)	3 178,0	–	–	3 025,2	7,9	3 033,1
–	–	–	–	–	(188,9)	(188,9)
–	(198,3)	–	51,6	–	–	–
–	–	–	19,9	19,9	–	19,9
–	(1 808,6)	–	–	(1 808,6)	(16,6)	(1 825,2)
–	(1 968,1)	–	–	(1 968,1)	(16,6)	(1 984,7)
–	159,5	–	–	159,5	–	159,5
–	–	–	–	–	(22,4)	(22,4)
–	–	19,7	–	19,7	(8,9)	10,8
596,2	15 544,5	(2 489,2)	560,0	16 803,8	257,4	17 061,2
		22	28			

Statements of changes in equity continued

(R'million)	Share capital and premium	Non-distributable reserves: Non-distributable reserves	Non-distributable reserves: Other capital reserves	Non-distributable reserves: Available-for-sale reserve	Accumulated profits	Share-based payment reserve	Total attributable to owners of the parent
COMPANY							
Balance at 1 October 2015	148,5	2 918,6	19,3	4,4	5 680,6	442,6	9 214,0
Profit for the year	–	–	–	–	2 405,4	–	2 405,4
Other comprehensive loss for the year	–	–	–	(0,7)	–	–	(0,7)
Total comprehensive income	–	–	–	(0,7)	2 405,4	–	2 404,7
Share-based payment	–	–	–	–		33,3	33,3
Dividends on ordinary shares	–	–	–	–	(1 831,0)		(1 831,0)
Balance at 30 September 2016	148,5	2 918,6	19,3	3,7	6 255,0	475,9	9 821,0
Profit for the year	–	–	–	–	1 940,2	–	1 940,2
Other comprehensive loss for the year	–	–	–	(1,1)	–	–	(1,1)
Total comprehensive income	–	–	–	(1,1)	1 940,2	–	1 939,1
Share-based payment	–	–	–	–	–	35,1	35,1
Dividends on ordinary shares	–	–	–	–	(2 030,3)	–	(2 030,3)
Balance at 30 September 2017	148,5	2 918,6	19,3	2,6	6 164,9	511,0	9 764,9

Notes to the financial statements

for the year ended 30 September 2017

1 Accounting policies

Corporate information

The consolidated financial statements of Tiger Brands Limited (the company) and the Tiger Brands group (the group) for the year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 24 November 2017. Tiger Brands Limited is incorporated and domiciled in South Africa, where the shares are publicly traded.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for items measured at fair value as indicated below and in accordance with the JSE Listings Requirements. The consolidated financial statements are stated in millions.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations (IFRS Interpretations Committee), the Companies Act No 71 of 2008 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries (as well as structured entities controlled by the group or company). The financial statements of the subsidiaries are prepared for the same reporting period using consistent accounting policies. Where the financial year end of a subsidiary is not coterminous with that of the group or the accounting policies adopted by the subsidiary differ from the group's accounting policies, the financial statements of the subsidiary are adjusted in accordance with the group's accounting policies and year end.

In assessing control (direct or de facto control) the following is considered:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Foreign currencies

Foreign currency transactions

The consolidated financial statements are presented in South African rand, which is the company's functional and presentation currency. Each foreign entity in the group determines its own functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Translation of foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences are taken to profit or loss, except for differences arising on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income, in the consolidated annual financial statements, until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to such exchange differences are also accounted for in other comprehensive income.

If non-monetary items measured in a foreign currency are carried at historical cost, the exchange rate used is the rate applicable at the initial transaction date. If they are carried at fair value, the rate used is the rate at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (ie, translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Foreign operations

At the reporting date the assets and liabilities of the foreign operations are translated into the presentation currency of the group (rand) at the exchange rate ruling at the reporting date. The income statement is translated at the average exchange rate for the year. Exchange differences are taken directly to a separate component of other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation, and are translated at the closing rate at the end of the period.

Interest in group companies

Business combinations

Business combinations are accounted for using the acquisition method. The value of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IFRS 3.58 where the acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity
(b) Other contingent consideration that:
    (i) is within the scope of IAS 39 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with that IFRS
    (ii) is not within the scope of IAS 39 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

The company carries its investments in subsidiaries and associate companies at cost less accumulated impairment losses.

Associates

An associate is an entity over which the group has significant influence through participation in the financial and operating policy decisions. The entity is neither a subsidiary nor a joint arrangement.

Associates are accounted for using the equity method of accounting. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested separately for impairment.

The income statement reflects the group's share of the associate's profit or loss. However, an associate's losses in excess of the group's interest are not recognised. Where an associate recognises an entry directly in other comprehensive income, the group in turn recognises its share in the consolidated other comprehensive income. Profits and losses resulting from transactions between the group and associates are eliminated to the extent of the interest in the underlying associate.

After application of the equity method, each investment is assessed for indicators of impairment. If applicable, the impairment is calculated as the difference between the current carrying value and the higher of its value in use or fair value less cost of disposal. Impairment losses are recognised in profit or loss.

Where an associate's reporting date differs from the group's, the associate prepares financial statements as of the same date as the group. If this is impracticable, financial statements are used where the date difference is no more than three months. Adjustments are made for significant transactions between the relevant dates. Where the associate's accounting policies differ from those of the group, appropriate adjustments are made to conform the accounting policies.

Segment reporting

The group has reportable segments that comprise the structure used by the chief operating decision maker (CODM) to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments).

The group evaluates the performance of its reportable segments based on operating profit. The group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information of the group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

A number of segments comprising international entities are included in the "International operations" portion of "Exports and International" as they individually don't meet the qualitative thresholds indicated in IFRS 8 *Operating Segments*.

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Expenditure incurred on major inspection and overhaul, or to replace an item, is accounted for as separate components if the recognition criteria are met.

Depreciation is calculated on a straight-line basis, on the difference between the cost and residual value of an asset, over its useful life. Depreciation starts when the asset is available for use. An asset's residual value, useful life and depreciation method is reviewed at least at each financial year end. Any adjustments are accounted for prospectively.

The following useful lives have been estimated:

Freehold land	Not depreciated
Freehold buildings	
– general purpose	40 years
– specialised	20 – 50 years
Leasehold improvements	Shorter of the lease term or useful life
Vehicles and computer equipment	3 – 5 years
Plant and equipment	5 – 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Goodwill and intangible assets

Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference in profit or loss is recognised as a "gain on bargain purchase". Goodwill relating to subsidiaries is recognised as an asset and is subsequently measured at cost less accumulated impairment losses.

Goodwill is reviewed annually for impairment, or more frequently if there is an indicator of impairment. Goodwill is allocated to cash-generating units expected to benefit from the synergies of the combination. When the recoverable amount of a cash-generating unit is less than its carrying amount, an impairment loss is recognised in profit or loss. The impairment loss is allocated first to any goodwill assigned to the unit, and then to other assets of the unit pro rata on the basis of their carrying values. Impairment losses recognised for goodwill cannot be reversed in subsequent periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Unless internally generated costs meet the criteria for development costs eligible for capitalisation in terms of IAS 38 (refer to research and development costs accounting policy below), all internally generated intangible assets are expensed as incurred.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with finite lives are amortised over their useful life and assessed for impairment when there is an indication that the asset may be impaired.

The amortisation period and method are reviewed at each financial year end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively.

The following useful lives have been estimated:

Trademarks and other	1 – 20 years
Customer and supplier-related intangibles	5 – 15 years

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment either individually or at the cash-generating level. The useful lives are also reviewed each period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment to a finite life is accounted for prospectively.

Certain trademarks have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the group.

Research and development costs

Research costs, being the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised as an expense in profit or loss as they are incurred.

Development costs arise on the application of research findings to plan or design for the production of new or substantially improved materials, products or services, before the start of commercial production. Development costs are only capitalised when the group can demonstrate the technical feasibility of completing the project, its intention and ability to complete the project and use or sell the materials, products or services flowing from the project, how the project will generate future economic benefits, the availability of sufficient resources and the ability to measure reliably the expenditure during development. Otherwise development costs are recognised as an expense in profit or loss.

During the period of development, the asset is tested annually for impairment. Following the initial recognition of the development costs, the asset is carried at cost less accumulated amortisation and accumulated impairment

losses. Amortisation begins when development is complete. The development costs are amortised over the period of expected future sales.

Derecognition of intangible assets

An intangible asset is derecognised on disposal; or when no future economic benefits are expected from its use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The group assesses tangible and intangible assets, excluding goodwill, development assets not yet available for use and indefinite life intangible assets, at each reporting date for an indication that an asset may be impaired. If such an indication exists, the recoverable amount is estimated as the higher of the fair value less cost of disposal and the value in use. If the carrying value exceeds the recoverable amount, the asset is impaired and is written down to the recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, the fair value is determined in terms of IFRS 13. This is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to the revised recoverable amount, but not in excess of what the carrying amount would have been had there been no impairment. A reversal of an impairment loss is recognised directly in profit or loss.

Financial instruments

Financial instruments are initially recognised when the group becomes a party to the contract. The group has adopted trade date accounting for "regular way" purchases or sales of financial assets. The trade date is the date that the group commits to purchase or sell an asset.

Financial instruments are initially measured at fair value plus transaction costs, except that transaction costs in respect of financial instruments classified at fair value through profit or loss are expensed immediately. Transaction costs are the incremental costs that are directly attributable to the acquisition of a financial instrument, ie those costs that would not have been incurred had the instrument not been acquired.

Classification

The group's classification of financial assets and financial liabilities are as follows:

Description of asset/liability	*Classification*
Investments	Available-for-sale
Derivatives	Financial instruments at fair value through profit or loss
Loans and advances receivable	Loans and receivables
Loans to subsidiaries	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Loans payable and borrowings	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost
Loans from subsidiaries	Financial liabilities at amortised cost

Available-for-sale financial assets

These are non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables or held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in other comprehensive income. When such a financial asset is disposed of, the cumulative gain or loss previously recognised in other comprehensive incomes is recognised in profit or loss. Interest earned on the financial asset is recognised in profit or loss using the effective interest rate method. Dividends earned are recognised in profit or loss when the right of receipt has been established.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortised cost, using the effective interest rate method, less impairment losses.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities at amortised cost
After initial recognition, liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Fair value
The fair value of listed investments is the quoted market bid price at the close of business on the reporting date. For unlisted investments, the fair value is determined using appropriate valuation techniques. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Such techniques include using recent arm's length market transactions, reference to the current market value of similar instruments, discounted cash flow analysis and option-pricing models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 32.

Impairment of financial assets
The group assesses at each reporting date whether there is objective evidence indicating that a financial asset, or group of financial assets, is impaired.

Available-for-sale financial assets
In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Factors taken into consideration would include external market and economic outlook reports, observable trends and cyclicality.

If an available-for-sale asset is impaired, the respective other comprehensive income amount is transferred to profit or loss.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss based on the extent of the impairment loss previously recognised.

Loans and receivables
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses) discounted at the asset's original effective interest rate.

The group assesses whether there is objective evidence of impairment. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the sale. The carrying amount of the asset is reduced through the use of an allowance account, and is recognised in profit or loss. Impaired debts are derecognised when they are assessed as uncollectible.

If, in a subsequent period, the amount of the impairment decreases and the decrease relates objectively to an event occurring after the impairment, it is reversed to the extent that the carrying value does not exceed the amortised cost. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Derivative instruments
Derivatives are financial instruments whose value changes in response to an underlying factor, require little or no net investment and are settled at a future date. Derivatives, other than those arising on designated hedges, are measured at fair value with changes in fair value being recognised in profit or loss.

Hedge accounting
At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges
Fair value hedges cover the exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment (except for foreign currency risk). Foreign currency risk of an unrecognised firm commitment is accounted for as a cash flow hedge.

The gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognised immediately in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value is also recognised in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the change in the fair value of the firm commitment is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The change in the fair value of the hedging instrument is also recognised in profit or loss in the "Operating income/(loss) before abnormal items" line in the income statement.

The group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the group revokes the designation.

Cash flow hedges
Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:
- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income, while any ineffective portion is recognised in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or financial asset or liability is recognised or when the forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amount deferred in other comprehensive income is transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Hedges of a net investment in a foreign operation
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges. On consolidation, gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss.

Derecognition of financial assets and financial liabilities
Financial assets or parts thereof are derecognised when:
- The right to receive the cash flows have expired
- The right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed
- The group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Non-current assets held for sale and discontinued operations

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. For a sale to be highly probable, management must be committed to the sale at a price that is reasonable to its current fair value and an active programme to locate a buyer and complete the plan must be initiated. This should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets classified as held-for-sale are not subsequently depreciated and are held at the lower of their carrying value and fair value less cost to sell.

A discontinued operation is a separate major line of business, separate component or geographical area of operation that has been disposed of, or classified as held-for-sale, as part of a single coordinated plan. A subsidiary acquired exclusively with a view to resale and that meets the criteria of a non-current asset held for sale is also defined as a discontinued operation.

In the consolidated income statement of the reporting period and of the comparable period, income and expenses from discontinued operations are reported

separate from income and expenses from continuing activities down to the level of profit after taxes, even when the group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Inventories

Inventories are stated at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:	Purchase cost on a first-in first-out basis.
Finished goods and work-in-progress:	Cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Consumables are written down with regard to their age, condition and utility.

Costs of inventories include the transfer from other comprehensive income of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated completion and selling costs.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Leases

Group as a lessee

At inception date an arrangement is assessed to determine whether it is, or contains, a lease. An arrangement is accounted for as a lease where it is dependent on the use of a specific asset and it conveys the right to use that asset.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Finance lease assets and liabilities are recognised at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

Capitalised lease assets are depreciated in line with the group's stated depreciation policy for each asset. If there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its estimated useful life and lease term.

Operating leases are those leases which do not fall within the scope of the definition of a finance lease. Operating lease rentals are charged against trading profit on a straight-line basis over the lease term.

Group as a lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership as an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Revenue

Revenue comprises sale of goods. Revenue is measured at the fair value of the consideration received/receivable, net of value added tax and internal revenue which is eliminated on consolidation. Normal discounts, volume rebates and settlement discounts are treated as variable consideration which is estimated upfront and adjusted for in the transaction price accordingly. Payments to customers such as promotional allowances and rebates are deducted from revenue. If such a payment relates to a period covering more than one financial year, the payment is recognised as a contract asset and is utilised over the related period of transferring control over goods sold to the customer. Returns and refunds are accepted from customers based on individual trade term agreements.

Sale of goods

Revenue from the sale of goods is recognised when the transfer of control has passed to the buyer when the performance obligation is satisfied. For Domestic and International operations, the performance obligation is generally satisfied upon delivery of goods and for Export operations, the performance obligation is generally satisfied upon shipment of goods.

Financing components on sales with a payment term of 12 months or less from the transfer of control over goods until payment date (or vice versa) are not adjusted for the time value of money as allowed by the practical expedient explained in IFRS 15.63.

With regards to unsatisfied performance obligations the group applied the practical expedient relinquishing disclosure for contracts with a duration of one year or less.

Dividend income
Dividend income is recognised when the group's right to receive payment is established. Non-resident shareholders' taxation is provided in respect of foreign dividends receivable, where applicable.

Interest received
For all financial instruments measured at amortised cost, interest received or expensed is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest received is included in finance income in the income statement.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Abnormal items
Abnormal items are items of income and expenditure which are not directly attributable to normal operations or where their size or nature are such that additional disclosure is considered appropriate.

Taxation
The income tax expense represents the sum of current tax payable (both current and deferred).

Normal tax – current
The normal tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. Normal tax may include under- or overprovisions relating to prior year taxation. The group's liability for normal tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Normal tax relating to items recognised outside profit or loss is recognised outside profit or loss. Normal tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Normal tax – deferred
Deferred tax is calculated on the liability method.

Deferred tax liabilities are recognised for taxable temporary differences except:
- Where the "initial recognition exception" applies
- In respect of outside temporary differences relating to investments in subsidiaries.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future except:
- Where the "initial recognition exception" applies
- In respect of outside temporary differences relating to investment in subsidiaries.

The carrying amount of deferred tax assets is reviewed at each reporting 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. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent it has become probable that future taxable profit will allow the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividend withholding tax
A dividend withholding tax of 20% is withheld on behalf of the taxation authority on dividend distributions where applicable. The net amount payable to the taxation authority is included as part of trade and other payables at the time a dividend is declared.

Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax except:
- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Employee benefits

A liability is recognised when an employee has rendered services for benefits to be paid in the future, and an expense when the entity consumes the economic benefit arising from the service provided by the employee.

In respect of defined contribution plans, the contribution paid by the company is recognised as an expense.

In respect of defined benefit plans, the company's contributions are based on the recommendations of independent actuaries and the liability is measured using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation under "cost of sales", "administration expenses" and "selling and distribution expenses" in consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

Post-retirement medical obligations

The group provides post-retirement healthcare benefits to certain of its retirees based on the qualifying employee remaining in service up to retirement age in the form of a defined benefit medical plan. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Valuations are based on assumptions which include employee turnover, mortality rates, discount rate based on current bond yields of appropriate terms, healthcare inflation costs and rates of increase in salary costs. Valuations of these obligations are carried out by independent qualified actuaries.

Actuarial gains or losses are recognised in the same manner as those of defined benefit pension obligations noted in the previous accounting policy.

Share-based payments

Certain employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions) or share appreciation rights (that are classified as cash-settled transactions).

Equity-settled and cash-settled share options

Equity-settled transactions

Under the scheme, executives and selected managers of Tiger Brands Limited and its subsidiaries are offered, on an annual basis, a weighted combination of share appreciation rights, performance shares, restricted shares linked to the annual cash bonus scheme (bonus matching) and restricted shares linked to a deferred portion of bonuses received by these employees. All these components are accounted for as equity-settled share-based payments in addition to the general employee share option plan portion and the black managers participation right scheme.

Shares awarded to employees in terms of the rules of the Tiger Brands Long-Term Incentive Plan (LTIP) are measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a modified version of the Black-Scholes model or Monte-Carlo simulation, further details of which are given in note 28.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge for a period represents the movement in the cumulative expense at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where an equity-settled award is cancelled (other than forfeiture), it is treated as if it had vested on the date of cancellation, and any unrecognised expense recognised immediately. If a new award is substituted and designated as a replacement for the cancelled award, the cancelled and new awards are treated as if they were a modification of the original award, as described on the previous page.

The dilutive effect of outstanding equity-settled options is reflected as additional share dilution in the computation of earnings and headline earnings per share.

Cash-settled transactions
The cost of cash-settled transactions such as the general employee share option plan portion is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted (see Annexure D). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

Accounting for BEE transactions
Where equity instruments are issued to a black economic empowerment (BEE) party at less than fair value, the instruments are accounted for as share-based payments in terms of the stated accounting policy.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

Treasury shares
Shares in Tiger Brands Limited held by the group are classified within total equity as treasury shares. The shares acquired by the Black Managers Trust (I and II), Thusani Trust, Brimstone SPV and The Tiger Brands Foundation are accounted for as treasury shares in line with the consolidation requirement for special-purpose entities. Treasury shares are treated as a deduction from the issued and weighted average number of shares for earnings per share and headline earnings per share purposes, and the cost price of the shares is reflected as a separate component of capital and reserves in the statement of financial position. Dividends received on treasury shares are eliminated on consolidation. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares. Consideration received or paid in respect of treasury shares is recognised in equity.

Contingent assets and contingent liabilities
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent assets are not recognised as assets, but disclosed.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Alternatively, it may be a present obligation that arises from past events but is not recognised because an outflow of economic benefits to settle the obligation is not probable, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities unless they are acquired as part of a business combination, but disclosed.

Events after the reporting date
Recognised amounts in the financial statements are adjusted to reflect significant events arising after the reporting date, but before the financial statements are authorised for issue, provided there is evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

Significant accounting judgements and estimates
Judgements
In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Consolidation of structured entities
The structured entities established in terms of the BEE transaction implemented in October 2005 and October 2009, have been consolidated in the group results. The substance of the relationship between the company and these entities has been assessed and the decision made that they are controlled entities, mainly due to the fact that they have been formed to carry out specific objectives and that they will operate in terms of the autopilot principles as set out in IFRS 12.

Assessing control (direct and de facto) of associates
The conclusion regarding control or significant influence relating to associates is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the group has control over the respective investee based on whether the group has the practical ability to direct the significant activities unilaterally.

In making this assessment, the following factors are considered:
- The group's shareholding in the investee relative to other investors
- The relative size of and concentration of other shareholders

- The inability of the group to unilaterally appoint the majority of board members of the investee
- The absence of related key management between the group and the investee
- Composition of the investee's board and board appointees of the group, and
- The lack of any contractual or legal rights conferred upon the group by the investee or any other shareholder of the investee to direct its activities.

Detailed disclosures of non-controlling interests

The group does not have subsidiaries that have a material non-controlling interest in the context of the group and accordingly detailed non-controlling interest disclosure is not required in the current year in terms of IFRS 12 *Disclosure of Interests in Other Entities*. In determining whether or not any non-controlling interests are material, the group considered the share of the individual non-controlling interests in the consolidated net assets of the group. In addition, the total non-controlling interest is below 10% of the group's consolidated net assets and hence considered not to be material to the group.

Detailed disclosures of investment in associates

The group does have associate interests that are, in aggregate, material in the context of the group and accordingly detailed disclosure requirements in terms of IFRS 12 *Disclosure of Interests in Other Entities* is assessed on an annual basis. In determining whether or not any individual associate is material, the group considers a combination of the share of the individual associate interest in the consolidated profits, other comprehensive income, headline earnings as well as total assets of the group. If any of these contributions exceed 10%, it is concluded as individually material.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 18.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed on the following page.

IFRS 15

The group has early adopted IFRS 15 *Revenue from Contracts with Customers* and therefore restated the comparatives applying the full retrospective transition methods, refer to note 6. The policies were changed in accordance with the transitional provisions, but without making use of the practical expedients while adopting the standards. The group has certain customers that may receive cash-based incentives or credits, which are accounted for as variable consideration. The estimation of variable consideration is measured on an expected value method based on past history. This relates to returns, refunds and similar obligations. Judgement is applied in establishing whether or not a payment relates to a payment to a customer to be deducted from revenue versus a payment for a distinct product or service bought.

Impairment assessment of goodwill, tangible and intangible assets

Goodwill and indefinite life intangible assets are tested for impairment annually or more frequently if there is an indicator of impairment. Tangible assets and finite life intangible assets are tested when there is an indicator of impairment. When identifying impairment indicators, management considers the impact of changes in competitors, technological obsolescence, discontinuance of products, market changes, legal changes, operating environments and other circumstances that could indicate that impairment exists. This requires management to make significant judgements concerning the existence of impairment indicators, identification of cash-generating units and estimates of projected cash flows and fair value less costs of disposal.

The group applies the impairment assessment to its cash-generating units. Management's analysis of cash-generating units involves an assessment of a group of assets' ability to independently generate cash inflows and involves analysing the extent to which different products make use of the same assets.

The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. Recoverable amount is calculated using the discounted cash flow valuation method when determining value in use. Key assumptions on which management has based its determination of recoverable amount include the weighted average cost of capital, projected revenues and gross margins. In addition, changes in economic factors, such as discount rates, could also impact this calculation. Further details are given in note 14.

Residual values and useful lives of tangible and intangible assets

Residual values and useful lives of tangible and intangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future. Further details are given in note 12 and note 13.

Fair value of share allocations
In calculating the amount to be expensed as a share-based payment, the group was required to calculate the fair value of the equity instruments granted to participants. This fair value was calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions (detailed in Annexure D).

Pension and other post-employment benefits
The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 29 and note 30.

Provisions
Best estimates, being the amount that the group would rationally pay to settle the obligation, are recognised as provisions at the reporting date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management estimation.

The establishment and review of the provisions requires significant judgement by management as to whether or not a reliable estimate can be made of the amount of the obligation.

The group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is, however, unpredictable and actual costs incurred could differ materially from those estimated at the reporting date. Further details are given in note 25.

Net investment in foreign operations
Certain loans with the group's foreign investments are designated as part of the group's net investment as they are not expected to be repaid in the foreseeable future. This results in the foreign exchange differences on the portion of the loans that are viewed as "capital contributed" being recorded in equity under the Foreign Currency Translation Reserve as required per IAS 21 *The Effects of Changes in Foreign Exchange Rates*, as opposed to being recognised in the statement of profit or loss. This designation is reassessed on an annual basis.

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous financial year, except for IFRS 15 which was early adopted in the current year.

Standards and interpretations not yet effective
The group has not applied the following applicable IFRS and IFRIC interpretations that have been issued but are not yet effective and will be adopted by the group as and when they become effective. These are as follows:

Standard	Effective date*	Impact
IAS 7 *Disclosure Initiative* – Amendments to IAS 7	1 January 2017	These amendments are not expected to have any material impact to the group.
IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* – Amendments to IAS 12	1 January 2017	These amendments are not expected to have any material impact to the group.
IFRS 9 *Financial Instruments*	1 January 2018	The adoption of IFRS 9 may impact on the impairment provisions for receivables as IFRS 9 applies the expected credit loss model rather than the incurred loss model. The group is currently assessing the impact and will adopt the new standard at the required effective date.
IFRS 2 *Classification and Measurement of Share-based Payment Transactions* – Amendments to IFRS 2	1 January 2018	The group is currently assessing the impact and will adopt the new standard at the required effective date.
IFRS 16 *Leases*	1 January 2019	The group is currently assessing the impact and will adopt the new standard at the required effective date.
IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018	These amendments are not expected to have any material impact to the group.
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	These amendments are not expected to have any material impact to the group.

** Effective for annual periods beginning on or after the specified date.*

	(R'million)	Group 2017	Group 2016 Restated*#
2	**Revenue**		
	Revenue constitutes the sale of manufactured goods in the FMCG sector including Food, Home and Personal Care and Baby Products throughout South Africa and selected other countries.		
2.1	**Revenue from the sale of goods comprises:**		
	Sale of goods inside of South Africa	27 109,0	26 160,1
	Sale of goods outside of South Africa	4 188,9	4 428,1
		31 297,9	30 588,2
	Refer to the segmental analysis on page 88 for disaggregated detail on revenue.		
2.2	**Revenue by major customer**		
	Customer 1	5 538,2	5 202,2
	Customer 2	3 500,4	3 563,9
	Customer 3	3 176,3	3 097,5
	Customer 4	2 769,0	2 884,5
	Customer 5	454,2	412,0
	All other customers	15 859,8	15 428,1
		31 297,9	30 588,2
	Customers 1 to 5 relate to sale of goods within South Africa.		

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Company				Group	
2017	2016		(R'million)	2017	2016 Restated*#
		3	**Operating income/(loss) before impairments and abnormal items**		
		3.1	**Operating income/(loss) has been determined after charging/(crediting):**		
			External auditors' remuneration	29,9	33,1
			Audit fees	25,0	29,1
			Other fees and expenses	4,9	4,0
			Internal auditors' remuneration	7,1	13,5
			Depreciation	552,5	524,5
			Buildings	57,7	51,9
			Plant, equipment and vehicles	489,7	470,6
			Capitalised leased assets	5,1	2,0
			Amortisation	11,4	11,6
			Trademarks, licence agreements and other intangibles	10,8	11,1
			Customer lists	0,6	0,5
			Operating lease charges	372,7	194,7
			Land and buildings	158,8	71,2
			Plant, equipment and vehicles	213,9	123,5
			Loss on disposal of plant, equipment and vehicles	5,0	1,2
			Research, development and related expenditure	16,4	15,6
			IFRS 2 charges	110,3	88,9
			Cash settled	12,6	18,0
			Equity settled, including BEE-related IFRS 2 charges	97,7	70,9
			Staff costs	3 319,2	3 215,7
			Employer's contribution to retirement funding	239,4	238,9
			Employer's contribution to medical aid	85,6	86,9
0,4	5,7		Foreign exchange (profit)/loss	(17,7)	23,6
			Rental income and fee income	(11,4)	(13,3)
		3.2	**Directors' emoluments**		
			Executive directors		
			– Salaries and bonuses	17,8	18,8
			– Retirement, medical and other benefits	14,5	49,3
			Non-executive directors		
8,2	7,8		– Fees	8,2	7,8
8,2	7,8		Total directors' emoluments	40,5	75,9
			Less: Paid by subsidiaries	(32,3)	(68,1)
8,2	7,8		Emoluments paid by company	8,2	7,8
			For more details refer to Annexure C		

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Company				Group	
2017	2016		(R'million)	2017	2016 Restated*#
		4	**Impairments**		
			Impairment of intangible assets (refer to note 14)	(309,9)	(300,0)
(250,0)	–		Impairment of investment in associate (refer to note 15)	(250,0)	–
			Impairment of property, plant and equipment (refer to note 14)	–	(34,8)
(250,0)	–			(559,9)	(334,8)
		5	**Abnormal items**		
			Once-off consulting fees	(132,0)	–
			Restructuring provision	(78,5)	–
			Proceeds from insurance claim	85,7	–
			Profit on disposal of property	73,0	11,0
			Proceeds from warranty claim settlement	28,4	–
94,0	–		Profit on disposal of investment	–	–
5,0	1,2		Exchange rate translation of Mauritian loan	–	–
99,0	1,2		Abnormal (loss)/profit before taxation	(23,4)	11,0
(1,4)	(0,3)		Income tax expense	11,2	(2,5)
97,6	0,9		Attributable to shareholders in Tiger Brands Limited	(12,2)	8,5
		6	**Early adoption of IFRS 15 Revenue from Contracts with Customers**		
			The group has early adopted IFRS 15 *Revenue from Contracts with Customers* and therefore restated the comparatives applying the full retrospective transition method. The policies were changed in accordance with the transitional provisions, but without making use of any of the practical expedients available during the first-time adoption of the standard. The impact of early adopting IFRS 15 resulted in a reallocation of costs in September 2016 from selling and distribution of R105,6 million, marketing of R41,3 million and cost of sales of R4,1 million to revenue, totalling R151,0 million. There has been no impact on the basic earnings per share or basic headline earnings per share. The reconciliation of the adjustments to the revenue comparatives are as follows:		
			As previously reported		31 697,5
			Reclassified to discontinued operations in terms of IFRS 5		(958,3)
			Reallocation of costs due to early adoption of IFRS 15		(151,0)
			Restated revenue after reclassification		30 588,2

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Notes to the financial statements continued

for the year ended 30 September 2017

Company				Group	
2017	2016		(R'million)	2017	2016 Restated*#
		7	**Net (finance costs)/finance income**		
(23,8)	(14,6)	7.1	**Interest paid**	(211,2)	(317,0)
(7,5)	(11,9)		Long-term borrowings	(7,7)	(16,0)
–	(2,7)		Bank and other short-term borrowings	(168,3)	(282,0)
(7,8)	–		Other – financial liabilities	(35,1)	(18,6)
(8,5)	–		Other – non-financial liabilities	(0,1)	(0,4)
189,2	127,6	7.2	**Interest received**	31,5	20,0
38,5	38,3		From subsidiary companies	–	–
150,7	89,3		From cash and cash equivalents	31,5	20,0
(16,3)	(2,3)	7.3	**Net foreign exchange (loss)/profit**	(30,2)	128,6
(16,3)	(2,3)		(Loss)/profit on cash balances and loans of a funding nature	(30,2)	128,6
149,1	110,7		**Net (finance costs)/finance income**	(209,9)	(168,4)
		8	**Investment income**		
1 806,6	2 141,7		From subsidiary companies and associate companies	–	–
218,9	201,7		From BEE empowerment entities	–	–
–	–		From other investments	3,3	6,3
2 025,5	2 343,4			3,3	6,3
		9	**Taxation**		
59,8	31,4	9.1	**South African current taxation**	1 113,9	1 046,4
12,6	16,1		Withholding and foreign taxes	66,0	104,7
72,4	47,5			1 179,9	1 151,1
(5,6)	0,6		Deferred taxation – temporary differences	93,6	62,6
66,8	48,1			1 273,5	1 213,7
			Adjustments in respect of previous years		
0,4	(0,3)		– current taxation	(30,5)	(4,9)
–	–		– deferred taxation	2,6	7,4
67,2	47,8			1 245,6	1 216,2
			Taxation on abnormal items and impairments		
–	–		– current taxation	10,8	(7,0)
1,4	0,3		– deferred taxation	(22,0)	–
68,6	48,1			1 234,4	1 209,2

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Company				Group	
2017	2016			2017	2016 Restated#
		9	**Taxation** continued		
		9.2	**The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:**		
%	%			%	%
3,4	2,0		Taxation for the year as a percentage of income before taxation	28,9	27,0
–	–		Impairment of goodwill and intangibles	(3,7)	(1,9)
28,2	26,7		Dividend income	–	–
(4,3)	(0,2)		Expenses and provisions not allowed for taxation	(0,9)	(0,9)
1,3	–		Capital profit on disposal of investment	–	–
–	–		Non-recognition of other current year timing differences	(0,2)	(0,4)
–	–		Non-recognition of other prior year timing differences	–	(0,4)
–	–		Additional investment allowances	0,5	0,4
–	–		Prior year adjustments	0,6	–
(0,6)	(0,6)		Withholding taxes	(1,0)	(1,2)
–	–		Income from associates	3,5	5,4
–	–		Effect of differing rates of foreign taxes	(0,1)	(0,2)
–	0,1		Other sundry adjustments	0,4	0,2
28,0	28,0		Rate of South African company taxation	28,0	28,0
			(R'million)		
			Tax effect of losses available to reduce future taxable income	9,9	5,3
		9.3	**Reconciliation of movement on deferred taxation**		
			Movement recognised in the income statement for the year		
(5,6)	0,6		Current year charge	93,6	62,6
–	–		Adjustments in respect of previous years	2,6	7,4
1,4	0,3		Deferred tax on abnormal items	(22,0)	–
(4,2)	0,9			74,2	70,0
			Movement per deferred tax accounts		
(4,2)	0,9		(Increase)/decrease in deferred taxation asset	(44,7)	39,3
–	–		Increase in deferred taxation liability	118,9	30,7
(4,2)	0,9			74,2	70,0

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

		Group	
		2017	2016 Restated#
10	**Calculation of weighted average number of shares for basic earnings per share and headline earnings per share purposes**		
10.1	**Weighted average number of shares in issue**	162 895 504	162 480 464
	Opening balance of number of ordinary shares	181 743 110	181 743 110
	Weighted number of ordinary shares – issued	–	–
	Weighted number of shares held for BEE deal	(18 847 606)	(19 262 646)
10.2	**Diluted weighted average number of shares in issue**	166 165 263	165 984 366
	Weighted average number of shares in issue – per 10.1 above	162 895 504	162 480 464
	Dilutive number of shares	3 269 759	3 503 902
	(R'million)		
10.3	**Headline earnings**	3 520,1	3 456,1
	Continuing operations	3 509,9	3 443,2
	Discontinued operations	10,2	12,9
10.4	**Headline earnings per share**		
	Headline earnings per ordinary share (cents)	2 161,0	2 127,1
	Continuing operations	2 154,7	2 119,2
	Discontinued operations	6,3	7,9
	Diluted headline earnings per ordinary share (cents)	2 118,4	2 082,2
	Continuing operations	2 112,3	2 074,4
	Discontinued operations	6,1	7,8

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

10.5 **Reconciliation between profit for the year and headline earnings**

(R'million)	Gross	Taxation	Non-controlling interest	Net
Group				
2017				
Continuing operations				
Profit attributable to owners of the parent				3 011,0
Adjusted for:				
Profit on disposal of property, plant and equipment	(68,0)	15,5	–	(52,5)
Impairment of intangible assets	309,9	–	–	309,9
Impairment of investment in associate	250,0	–	–	250,0
Headline earnings adjustments – Associates – Profit on disposal of non-current assets	(8,5)	–	–	(8,5)
Headline earnings for the year	483,4	15,5	–	3 509,9
Discontinued operations				
Profit attributable to owners of the parent				108,3
Adjusted for:				
Profit on disposal of subsidiary	(98,1)	–	–	(98,1)
Headline earnings for the year	(98,1)	–	–	10,2

10 Calculation of weighted average number of shares for basic earnings per share and headline earnings per share purposes continued

10.5 Reconciliation between profit for the year and headline earnings continued

(R'million)	Gross	Taxation	Non-controlling interest	Net
2016				
Restated#				
Continuing operations				
Profit attributable to owners of the parent				3 243,1
Adjusted for:				
Profit on disposal of property, plant and equipment	(10,8)	2,5	–	(8,3)
Impairment of intangible assets	300,0	–	–	300,0
Impairment of property, plant and equipment	34,8	(9,5)	–	25,3
Headline earnings adjustments – Associates				
– Profit on disposal of non-current assets	(116,9)	–	–	(116,9)
Headline earnings for the year	207,1	(7,0)	–	3 443,2
Discontinued operations				
Loss attributable to shareholders of the parent				62,5
Adjusted for:				
Loss on disposal of property, plant and equipment	0,1	–	–	0,1
Profit on disposal of subsidiary	(49,7)	–	–	(49,7)
Headline earnings for the year	(49,6)	–	–	12,9

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Company				Group	
2017	2016		(R'million)	2017	2016
		11	**Dividends**		
2 030,3	1 831,0	11.1	**Dividends on ordinary shares – paid**	1 808,6	1 629,9
			Dividend by empowerment trusts	49,1	47,2
–	1 148,6		Dividend No 142 of 611 cents per share	–	992,6
–	682,4		Dividend No 143 of 363 cents per share	–	590,1
1 319,7			Dividend No 144 of 702 cents per share	1 143,4	
710,6			Dividend No 145 of 378 cents per share	616,1	
1 080	1 065	11.2	**Dividends per ordinary share (cents)**	1 080	1 065
–	363		Dividend No 143 – paid	–	363
–	702		Dividend No 144 – paid	–	702
378			Dividend No 145 – paid	378	
702			Dividend No 146 – declared 24 November 2017	702	

Group (R'million)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised leased assets	Total
12 Property, plant and equipment					
12.1 Movement of the group property, plant and equipment 2017					
Carrying value at beginning of the year					
Cost	1 673,4	182,7	7 249,0	19,9	9 125,0
Accumulated depreciation and impairment	(441,2)	(51,7)	(4 074,5)	(15,7)	(4 583,1)
Net balance at beginning of the year	1 232,2	131,0	3 174,5	4,2	4 541,9
Current year movements – cost					
Additions	170,9	1,9	740,4	5,8	919,0
Disposals	(31,1)	–	(231,3)	–	(262,4)
Disposal of subsidiary	–	(115,0)	(157,3)	–	(272,3)
Transfer to assets held for sale (refer to note 35)	–	(48,5)	(159,5)	–	(208,0)
Exchange rate adjustments	1,8	(10,3)	(3,5)	–	(12,0)
Cost movements for the current year	141,6	(171,9)	188,8	5,8	164,3
Current year movements – accumulated depreciation and impairment					
Depreciation*	(57,5)	(5,1)	(494,7)	(5,1)	(562,4)
Disposals	14,0	–	224,2	–	238,2
Disposal of subsidiary	–	30,4	66,4	–	96,8
Transfer to assets held for sale (refer to note 35)	–	14,1	90,4	–	104,5
Exchange rate adjustments	3,4	1,9	(0,2)	–	5,1
Accumulated depreciation and impairment movement for the current year	(40,1)	41,3	(113,9)	(5,1)	(117,8)
Carrying value at end of the year					
Cost	1 815,0	10,8	7 437,8	25,7	9 289,3
Accumulated depreciation and impairment	(481,3)	(10,4)	(4 188,4)	(20,8)	(4 700,9)
Net balance at end of the year	1 333,7	0,4	3 249,4	4,9	4 588,4

** Relates to depreciation for total operations.*

Group (R'million)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised leased assets	Total
12 Property, plant and equipment continued					
2016					
Carrying value at beginning of the year					
Cost	1 607,7	665,7	9 272,6	19,9	11 565,9
Accumulated depreciation and impairment	(396,4)	(105,7)	(6 408,9)	(13,7)	(6 924,7)
Net balance at beginning of the year	1 211,3	560,0	2 863,7	6,2	4 641,2
Current year movements – cost					
Additions	74,5	1,7	869,2	–	945,4
Acquisition of business	30,0	–	22,0	–	52,0
Disposals	(3,7)	–	(106,9)	–	(110,6)
Disposal of subsidiary	–	(481,8)	(2 729,1)	–	(3 210,9)
Exchange rate adjustments	(35,1)	(2,9)	(78,8)	–	(116,8)
Cost movements for the current year	65,7	(483,0)	(2 023,6)	–	(2 440,9)
Current year movements – accumulated depreciation and impairment					
Depreciation	(51,9)	(9,1)	(495,8)	(2,0)	(558,8)
Disposals	2,9	–	103,1	–	106,0
Disposal of subsidiary	–	62,0	2 733,9	–	2 795,9
Impairment	–	–	(34,8)	–	(34,8)
Exchange rate adjustments	4,2	1,1	28,0	–	33,3
Accumulated depreciation and impairment movement for the current year	(44,8)	54,0	2 334,4	(2,0)	2 341,6
Carrying value at end of the year					
Cost	1 673,4	182,7	7 249,0	19,9	9 125,0
Accumulated depreciation and impairment	(441,2)	(51,7)	(4 074,5)	(15,7)	(4 583,1)
Net balance at end of the year	1 232,2	131,0	3 174,5	4,2	4 541,9

12.2 Land and buildings and plant and machinery having a book value of R38,2 million (2016: R96,4 million), are mortgaged/pledged as security for long-term loans of R38,2 million (2016: R38,3 million) included in note 26.1. Borrowing costs of R29,1 million relating to plant was capitalised during the year (2016: R5,3 million) at an average effective rate of 8% (2016: 8,25%).

The fair value of property, plant and equipment is not materially different from the cost.

Group (R'million)	Goodwill	Trademarks, licence agreements and other	Customer lists	Total
13 Goodwill and intangible assets				
13.1 Movement of group goodwill and intangible assets				
2017				
Carrying value at beginning of the year				
Cost	2 591,4	1 753,4	542,3	4 887,1
Accumulated amortisation and impairment	(492,8)	(382,9)	(70,9)	(946,6)
Net balance at beginning of the year	2 098,6	1 370,5	471,4	3 940,5
Current year movements – cost				
Disposal of subsidiary	(14,9)	–	–	(14,9)
Transfer to assets held for sale (refer to note 35)	(8,7)	(2,0)	–	(10,7)
Exchange rate adjustments	(0,8)	2,2	–	1,4
Cost movements for the current year	(24,4)	0,2	–	(24,2)
Current year movements – accumulated amortisation and impairment				
Transfer to assets held for sale (refer to note 35)	–	2,0	–	2,0
Amortisation	–	(10,8)	(0,6)	(11,4)
Impairment (refer to note 14)	(300,0)	(9,9)	–	(309,9)
Accumulated amortisation and impairment movement for the current year	(300,0)	(18,7)	(0,6)	(319,3)
Carrying value at end of the year				
Cost	2 567,0	1 753,6	542,3	4 862,9
Accumulated amortisation and impairment	(792,8)	(401,6)	(71,5)	(1 265,9)
Net balance at end of the year	1 774,2	1 352,0	470,8	3 597,0
2016				
Carrying value at beginning of the year				
Cost	3 343,7	1 834,7	538,0	5 716,4
Accumulated amortisation and impairment	(1 104,6)	(308,4)	(70,4)	(1 483,4)
Net balance at beginning of the year	2 239,1	1 526,3	467,6	4 233,0
Current year movements – cost				
Disposal of subsidiary	(761,8)	(86,9)	–	(848,7)
Acquisition of business	10,4	6,0	4,5	20,9
Exchange rate adjustments	(0,9)	(0,4)	(0,2)	(1,5)
Cost movements for the current year	(752,3)	(81,3)	4,3	(829,3)
Current year movements – accumulated amortisation and impairment				
Disposal of subsidiary	761,8	86,9	–	848,7
Amortisation	–	(11,4)	(0,5)	(11,9)
Impairment	(150,0)	(150,0)	–	(300,0)
Accumulated amortisation and impairment movement for the current year	611,8	(74,5)	(0,5)	536,8
Carrying value at end of the year				
Cost	2 591,4	1 753,4	542,3	4 887,1
Accumulated amortisation and impairment	(492,8)	(382,9)	(70,9)	(946,6)
Net balance at end of the year	2 098,6	1 370,5	471,4	3 940,5

13 Goodwill and intangible assets continued

Trademarks comprise well-established, growing brands. Except for trademarks with a carrying value of R90,6 million (2016: R104,8 million) which are amortised, the brand portfolio is considered to have indefinite useful lives and are therefore not amortised. Refer to the accounting policies for further details on amortisation.

Group	Goodwill		Indefinite useful life intangible assets	
(R'million)	2017	2016	2017	2016
13.2 The carrying value is allocated to cash-generating units as follows:				
Exports and International	790,1	1 114,5	519,1	519,1
Beverages	580,5	580,5	194,6	194,6
Snacks & Treats	–	–	119,6	119,6
Groceries	72,3	72,3	725,0	729,9
Value Added Meat Products	16,4	16,4	–	–
HPCB	314,9	314,9	173,9	173,9
	1 774,2	2 098,6	1 732,2	1 737,1

14 Impairment testing of non-financial assets

If there is an indication of impairment, or at least annually, all indefinite life intangible assets and goodwill are assessed for impairment unless stated otherwise. Goodwill acquired through business combinations, trademarks, licence agreements, supplier relationships and customer lists have been allocated to cash-generating units to facilitate this assessment.

The key assumptions disclosed below are based on management's experience and expectations. Based on this experience and the well-established brands the group owns, management considers forecast cash flow periods in excess of five years to be appropriate.

14.1 Methods and assumptions

The group applies a discounted cash flow methodology (value in use) to assess goodwill and indefinite life intangible assets for impairment. Where this results in a value lower than the carrying amount, the higher of this value or the fair value less cost to sell is used. For the current year, all recoverable amounts were based on the value in use, being the higher value. This methodology entails a calculation of the present value of future cash flows generated by applicable cash-generating units over a period of five to 10 years, in instances where the longer period can be justified, and incorporates a terminal growth rate.

These cash flows have been based on the approved budget for the 2018 financial year and strategic plans which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure, an appropriate discount rate and a terminal growth rate. The terminal growth rates applied were between 1% and 6% (2016: 1%), which is dependent on the industry, specific markets and maturity of the cash-generating unit.

14.2 Discount rates

The group has calculated a post-tax weighted average cost of capital (WACC) which is utilised against post-tax cash flows, as a basis for performing the value-in-use calculation. In cases where the CGU is deemed to be of greater risk than the group as a whole, a risk premium has been included within the respective discount rate applied. The post-tax discount rate utilised for the purposes of the impairment testing was between 12,0% and 17,9% (2016:11,5% and 17,0%). A comparable pre-tax discount rate would be between 16,0% and 21,5% (2016: 15,5% and 20,6%).

14.3 Growth rates

In determining the growth rate, consideration is given to the growth potential of the respective CGU. As part of this assessment, a prudent outlook is adopted that mirrors an inflationary increase in line with the consumer price index and real growth expected within the specific market. Based on these factors, the nominal price growth rates applied for the purposes of the impairment testing ranges between 6% and 9%. Volume growth assumptions are based on management's best estimates of known strategies and future plans to grow the business.

14 Impairment testing of non-financial assets continued

14.4 Specific impairments in the current year

The table below reflects the detail of the respective impairments for the year, with the comparatives noted.

	Group	
(R'million)	2017	2016
International & Exports – goodwill and indefinite life intangible assets*	(300,0)	–
Consumer Brands – goodwill and indefinite life intangible assets*	(9,9)	–
HPCB – goodwill and indefinite life intangible assets	–	(300,0)
Grains – property, plant and equipment**	–	(22,8)
Consumer Brands – property, plant and equipment**	–	(12,0)
Total	(309,9)	(334,8)

* *This impairment was recognised as a result of the annual impairment assessment performed on goodwill and indefinite useful life intangible assets. These assets relate to Exports, Snacks & Treats and Consumer. The specific goodwill and intangible assets were written down to their recoverable amount of R856,6 million, being their value in use. The impairments recognised in relation to the Exports and International segment arose as a result of difficulties experienced throughout the continent as a consequence of deteriorating macro-economic factors, largely linked to commodity prices and exacerbated by currency devaluations in Nigeria and Mozambique. In addition, the lack of foreign exchange liquidity required trade credit to be managed tightly, inhibiting revenue growth.*

** *In the prior year, these assets were fully impaired down to a recoverable amount of Rnil, being their value in use. This is also representative of the fair value less costs to sell of these assets.*

The impairments recognised in the prior year within the HPCB business related to the Personal care category where growth had slowed, reflecting the pressure on consumer income exacerbated by competitors investing aggressively in pricing strategies and brand support. Given this, the specific goodwill and intangible assets were written down to their total recoverable amount of R213,4 million, being their value in use.

14.5 Changes in key assumptions

The determined value in use of each CGUs is most sensitive to the discount rate. No reasonably probable change in any of the above key valuation assumptions would cause the carrying amount of CGUs to materially exceed their recoverable amounts, with the exception of the Exports and International segment, where a 1% further increase in the discount rate applied would result in a further impairment of R150 million.

Company			Group	
2017	2016	(R'million)	2017	2016
		15 Investments in associated companies		
		15.1 (For more detail, refer Annexure B)		
967,6	967,6	Listed, at cost	1 472,1	1 472,1
171,1	421,1	Unlisted, at cost less amounts written off*	755,8	1 005,8
		Share of accumulated other comprehensive income	323,2	409,4
		Share of accumulated profits since acquisition	1 992,1	1 845,4
1 138,7	1 388,7		4 543,2	4 732,7
6 443,1	6 598,4	Fair value of listed investments	6 443,1	6 598,4
		The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
		Revenue (100%)	26 356,2	29 573,6
		Profit for the year (100%)	1 577,4	2 425,2

* *An impairment has been recognised in the current year of R250 million, in relation to the UAC Foods Investment, which arose mainly as a result of deteriorating macro-economic factors within Nigeria, largely linked to commodity prices, further exacerbated by severe currency devaluations as well as forex liquidity challenges. This specific investment was written down to its recoverable amount, which was determined through the use of a DCF valuation model, taking into consideration 10-year forecasts, a terminal growth rate of 8% and discounted using a post-tax WACC rate of 17,8%. For purposes of translating the Nigerian Naira denominated recoverable amount, given the forex and liquidity challenges and various exchange rates in commercial use in Nigeria, the parallel exchange rate has been used (linked to NAFEX) being more indicative of the exchange rate to which cash flows would ultimately be realised. Based on this, the valuations have been converted at the appropriate parallel rate of NGN:USD385 as compared to an official rate of NGN:USD306. The discount rate applied is deemed to be the most sensitive key assumption, where a 1% further increase in the discount rate applied would result in a further impairment of R35 million.*

15 Investments in associated companies continued

15.2 Reconciliation of associates income

Group (R'million)	Oceana	Empresas Carozzí	UAC Foods	National Foods Holdings Limited	Total
2017					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	224,1	216,0	15,6	69,1	524,8
Abnormal items	5,4	–	–	3,1	8,5
Income attributable to ordinary shareholders of Tiger Brands	229,5	216,0	15,6	72,2	533,3
Less: Total dividends					(386,6)
Total share of associated companies' income less dividends received					146,7
2016					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	402,1	233,1	29,2	79,4	743,8
Abnormal items	47,2	69,2	–	0,5	116,9
Income attributable to ordinary shareholders of Tiger Brands	449,3	302,3	29,2	79,9	860,7
Less: Total dividends					(406,4)
Total share of associated companies' income less dividends received					454,3

15.3 Share of movement in associates' reserves

	Group	
(R'million)	2017	2016
The aggregate statement of financial position of all associates are summarised as follows (100%):		
Property, plant and equipment	12 480,5	11 733,7
Goodwill and intangible assets	7 951,7	7 710,0
Investments	387,3	322,8
Deferred taxation	198,2	202,8
Net current assets	2 575,7	4 437,1
Total assets	23 593,4	24 406,4
Long-term liabilities	(6 461,7)	(7 850,2)
Deferred taxation	(2 376,2)	(2 135,1)
Total shareholders' funds	14 755,5	14 421,1

15.4 The annual assessment of the criteria as noted in the accounting policies concludes that Oceana Fishing Limited is a material associate of Tiger Brands with further disclosure is noted in Annexure B.

Company 2017	Company 2016		(R'million)	Group 2017	Group 2016
		16	**Other investments**		
14,9	–		Listed, at fair value*	112,2	107,0
5,6	6,4		Unlisted, at fair value	5,6	8,5
			Employer controlled reserve invested by one pension fund on behalf of Tiger Brands Limited		
			– Defined contribution	2,5	2,3
			– Defined benefit (refer to note 29)	53,8	51,1
1 610,4	1 610,4		BEE Phase II empowerment entities preference shares		
484,0	448,8		Notional investment in subsidiary companies in terms of IFRS 2		
2 114,9	2 065,6			174,1	168,9
			** Listed investments include Adcock Ingram Holdings Limited, Spar Limited and JSE Limited. (Company listed investment includes JSE Limited only.)*		
		17	**Loans**		
			Loans to empowerment entities (refer to note 17.1)		
599,6	485,2		– Tiger Brands Foundation		
110,6	91,3		– Thusani II		
2,1	2,3		Other	2,8	3,2
712,3	578,8			2,8	3,2
		17.1	**Loans to empowerment entities**		
			Loans to empowerment entities consist of accrued dividends receivable on the investment in preference shares in connection with the BEE Phase II empowerment transaction (refer to note 16). Preference dividends are calculated based on 93,5% of the prime interest rate prevailing from time to time.		
		18	**Deferred taxation**		
		18.1	**Reconciliation of deferred taxation**		
17,2	18,1		Balance at beginning of the year	(210,9)	(149,8)
			Adjustment in respect of disposal of subsidiary	1,9	–
			Adjustment in respect of currency (losses)/ profits taken directly to non-distributable reserves	(0,5)	12,0
			Fair value adjustments – investments	4,9	(5,1)
			Adjustment taken directly to retained income	(2,2)	–
			IAS 19 adjustments taken to other comprehensive income	(22,7)	0,3
			Exchange rate translation reserve	0,8	(1,1)
4,2	(0,9)		Income statement movement – continuing operations	(74,2)	(70,0)
			Income statement movement – discontinued operations	–	2,9
			Adjustment in respect of currency losses taken directly to other comprehensive income	(0,8)	(0,1)
21,4	17,2		Balance at end of the year	(303,7)	(210,9)

Company				Group	
2017	2016		(R'million)	2017	2016
		18	**Deferred taxation** continued		
		18.2	**Analysis of deferred taxation**		
			Property, plant and equipment	(564,4)	(471,7)
			Liability in respect of intangibles raised on acquisition of businesses	(149,0)	(150,9)
			Withholding taxes	(57,0)	(29,7)
			Retirement fund surpluses	(35,5)	(30,9)
			Fair value adjustments – investments	(5,3)	(10,2)
			Prepayments	(4,6)	(5,2)
			Provisions	478,8	454,5
			Income received in advance	2,9	3,9
			Revaluation of loans	34,6	31,0
21,4	17,2		Other temporary differences	(4,2)	(1,7)
21,4	17,2			(303,7)	(210,9)
			Disclosed on the statement of financial position as follows:		
21,4	17,2		Deferred tax asset	44,0	42,6
			Deferred tax liability	(347,7)	(253,5)
		19	**Inventories**		
			Raw materials	2 182,5	2 617,4
			Partially processed goods	93,8	95,0
			Finished goods and merchandise	2 382,7	2 825,3
			Consumable stores and spares	138,0	215,3
			Other	15,0	16,8
			Inventory value, net of provisions	4 812,0	5 769,8
			Inventories carried at net realisable value included in total inventories	119,4	137,2
			Inventories written down and recognised in cost of sales as an expense	105,3	100,6
			Inventory provision deducted in arriving at total inventories net of provisions	227,5	182,4

Company 2017	Company 2016		(R'million)	Group 2017	Group 2016
		20	**Trade and other receivables**		
		20.1	**Analysis of trade and other receivables**		
			Trade receivables	3 829,4	3 996,7
			VAT receivable	189,0	247,6
299,6	37,9		Sundry receivables*	467,7	165,6
			Prepayments	60,4	105,4
			Defined benefit pension surplus (refer to note 29)	70,3	57,1
–	10,7		Tax receivable	28,0	54,6
			Rebates	42,8	38,3
299,6	48,6		Total gross receivables	4 687,6	4 665,3
			Impairment provision	(56,0)	(73,0)
299,6	48,6		Total net receivables	4 631,6	4 592,3
			Trade receivables, which generally have 30 to 60-day terms, are non-interest-bearing and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Included within trade receivables is derivative assets of R12,2 million (2016: R1,3 million) which are carried at fair value, refer to note 32.7 for further details.		
		20.2	**Impairment provisions**		
			Balance at beginning of the year	(73,0)	(555,1)
			Utilised during the year	13,5	22,3
			Reversed during the year	10,4	481,5
			Raised during the year	(6,9)	(21,7)
			Balance at end of the year	(56,0)	(73,0)
		20.3	**Past due analysis**		
			As at 30 September, the ageing of trade receivables was as follows:		
			Not past due	3 454,0	3 559,1
			Past due:		
			Current to 60 days	316,5	367,6
			61 to 90 days	33,7	17,6
			91 to 180 days	16,7	37,4
			> 180 days	8,5	15,0
			Total	3 829,4	3 996,7
			As at 30 September, the ageing of all other receivables, excluding tax receivable and prepayments was as follows:		
282,1	37,9		Not past due	671,0	474,3
			Past due:		
			Current to 60 days	58,8	27,5
			61 to 90 days	1,3	0,2
			91 to 180 days	4,1	1,5
17,5	–		> 180 days	34,6	5,1
299,6	37,9		Total	769,8	508,6

** Includes R280,2 million for proceeds receivable relating to the disposal of EATBI. Refer to note 34 for further details.*

Company 2017	Company 2016		(R'million)	Group 2017	Group 2016
		20	**Trade and other receivables** continued		
		20.4	**Trade receivable analysis**		
			Industry spread of trade receivables:		
			Retail	1 887,2	2 060,4
			Wholesale/distributors	1 221,0	1 229,4
			Export	648,8	644,6
			Other	72,4	62,3
			Total	3 829,4	3 996,7
			Geographical spread of trade receivables:		
			South Africa	3 090,0	3 141,0
			Rest of Africa	573,4	706,4
			Europe	30,1	35,0
			Rest of the world	135,9	114,3
			Total	3 829,4	3 996,7
		20.5	**Collateral held**		
			Fair value of collateral held	18,3	19,1
			Represents hawker deposits which may be applied against accounts which are in default.		
		21	**Share capital**		
		21.1	**Authorised share capital**		
			250 000 000 (2016: 250 000 000) ordinary shares of 10 cents each		
19,2	19,2	21.2	**Issued share capital**	19,2	19,2
			192 069 868 (2016: 192 069 868)		
19,2	19,2		ordinary shares of 10 cents each	19,2	19,2
129,3	129,3	21.3	**Share premium**	129,3	129,3
129,3	129,3		Balance at beginning of the year	129,3	129,3
–	–		Issue of shares	–	–
148,5	148,5			148,5	148,5

Number of shares				Number of shares	
2017	2016		(R'million)	2017	2016
53 926 059	53 926 059	22	**Unissued shares**	53 926 059	53 926 059
		22.1	**Tiger Brands Limited shares held by subsidiary** 10 326 758 (2016: 10 326 758) shares are held as treasury shares.		
		22.2	**Tiger Brands Limited shares held by empowerment entities** 18 713 115 (2016: 18 994 458) shares are owned by empowerment entities. In the current year, Brimstone entered into a forward sale of 600 000 of the 1 813 613 Tiger Brands shares currently held trough Brim Tiger SPV Proprietary Limited (Brim Tiger). Brim Tiger is consolidated as part of the Tiger Brands group. In total, 600 000 of the shares held by Brim Tiger were pledged as security for the forward sale transaction. Tiger Brands will be entitled to repurchase a certain number of the shares held by Brim Tiger by no later than 21 days from 31 December 2017. The forward sale will be settled shortly after the exercise by Tiger Brands of this repurchase option.		
4 004 073	4 004 073	22.3	Number of shares under the control of the directors for purposes of the Tiger Brands (1985) Share Purchase Scheme and the Tiger Brands (1985) Share Option Scheme	4 004 073	4 004 073

Company				Group	
2017	2016		(R'million)	2017	2016
		23	**Tax effect of other comprehensive income**		
			The tax effect of the items reflected in the statement of comprehensive income is as follows:		
			Net (gain)/loss on hedge of net investment in foreign operations^	(1,1)	12,0
			Foreign currency translation adjustments^	–	(0,2)
			Net (gain)/loss on cash flow hedges^	(0,8)	0,1
			Net loss/(gain) on available-for-sale financial assets^	5,4	(5,1)
			Remeasurement raised in terms of IAS 19R	(22,7)	0,3
				(19,2)	7,1
			^ *During the current year R12,1 million relating to available-for-sale financial assets (2016: R10,3 million) was reclassified to profit or loss.*		

Company 2017	Company 2016		(R'million)	Group 2017	Group 2016
		24	**Trade and other payables**		
			Trade payables	2 358,1	2 291,3
			Contract liabilities – rebates and incentives*	687,6	713,6
			Accruals	623,0	507,1
			VAT payable	223,7	177,9
28,7	21,7		Other creditors	383,2	464,1
			Defined benefit pension fund liability (refer to note 29)	2,6	3,1
28,7	21,7			4 278,2	4 157,1

** During the year, R2,5 billion (2016: R2,3 billion) was raised and R2,6 billion (2016: R2,2 billion) was settled.*

Trade payables are non-interest-bearing and are normally settled within 30 to 45-day terms. Included within trade payables is derivative liabilities of R6,0 million (2016: R29,1 million) which are carried at fair value. Refer to note 32.7 for further details.

25 Provisions

Group (R'million)	Leave pay	Other	Total
2017			
Balance at beginning of the year	332,4	192,9	525,3
Raised during the year	207,6	189,6	397,2
Utilised during the year	(198,2)	(109,4)	(307,6)
Balance at end of the year	341,8	273,1	614,9
2016			
Balance at beginning of the year	324,3	199,0	523,3
Raised during the year	179,9	129,4	309,3
Utilised during the year	(171,8)	(135,5)	(307,3)
Balance at end of the year	332,4	192,9	525,3

Leave pay is provided on accumulated leave balances at year end based on employees' cost to company. Included in other is a provision for cash-settled share-based payments of R27,5 million (2016: R44,8 million) and employee-related benefits of R153,4 million (2016: R104,8 million).

Company 2017	Company 2016		(R'million)			Group 2017	Group 2016
		26	**Borrowings**				
			In terms of the company's memorandum of incorporation the group's borrowings are unlimited. The secured and unsecured loans are all at floating rates unless stated otherwise.				
		26.1	**Secured loans**				
			Loan bearing interest at	Year of repayment	Denomination	**51,5**	149,8
			22,0% per annum	2018	Nigerian naira	**37,4**	–
			6,8% per annum	2018	South African rand	**13,3**	13,3
			7,0% per annum	2018	Nigerian naira	**0,8**	3,8
			9,5% per annum	2017	Ethiopian birr	**–**	11,3
–	98,2		6,8% per annum	2018	CAF franc	**–**	98,2
			12,0% per annum	2020	Kenyan shilling	**–**	22,0
			0% per annum	2056	Ethiopian birr	**–**	1,2
			Analysis of secured loans by nature of security:				
–	98,2		Pledge of shares			**–**	98,2
			Property, plant and equipment			**38,2**	38,3
			Put option against Tiger Brands			**13,3**	13,3
–	98,2					**51,5**	149,8
			Refer to note 12 for details of security.				
		26.2	**Unsecured loans**				
			Loan bearing interest at	Year of repayment	Denomination	**–**	1 000,0
			8,1% per annum*	–	South African rand	**–**	1 000,0
			** This relates to a Revolving Credit Facility (RCF) which has a 13-month notice period. No utilisation of this facility as at 30 September 2017 (2016: R1 billion).*				
		26.3	**Capitalised finance leases**			**4,0**	3,2
			Repayment during the next year			**2,0**	2,2
			Repayments later than one year and no later than five years			**2,0**	1,0
			Refer to note 27.4.				
			Liabilities under capitalised finance leases bear interest at 9,25% (2016: 9,5%) per annum.				
			Capitalised finance leases relate to plant and equipment with a book value of R4,9 million (2016: R4,2 million) as per note 12.				
–	98,2					**55,5**	1 153,0

Company 2017	Company 2016		(R'million)	Group 2017	Group 2016
		26	**Borrowings** continued		
		26.4	Instalments disclosed as:		
–	47,2		Short-term borrowings	53,5	83,7
–	51,0		Long-term borrowings	2,0	1 069,3
–	98,2			55,5	1 153,0
–	47,2	26.5	Short-term borrowings	788,6	1 695,7
–	–		Bank overdrafts	735,1	1 612,0
–	47,2		Current portion of long-term borrowings	53,5	83,7
		27	**Group commitments**		
		27.1	Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
			Contracted	476,3	92,0
			Not contracted	1 698,1	1 041,7
				2 174,4	1 133,7

27.2 Additional commitments of R434,9 million are expected to be approved in 2018.

The capital commitments noted above include various capital efficiency and expansion projects.

27.3 Commitments in respect of operating leases

Group (R'million)	Land and buildings	Motor vehicles	Property, plant and equipment	Total commitments
2017				
During 2018	122,3	51,7	130,7	304,7
During 2019	109,9	37,9	33,8	181,6
During 2020	97,9	26,0	1,5	125,4
During 2021	7,8	18,0	0,7	26,5
During 2022 and thereafter	–	11,4	0,4	11,8
	337,9	145,0	167,1	650,0
2016				
During 2017	35,1	82,2	35,9	153,2
During 2018	19,0	66,5	3,6	89,1
During 2019	6,0	49,8	2,3	58,1
During 2020	–	33,4	1,7	35,1
During 2021 and thereafter	–	26,0	1,5	27,5
	60,1	257,9	45,0	363,0

With the exception of the lease described below, operating leases are generally three to six years in duration, without purchase options and in certain instances have escalation clauses of between 7% and 10% or are linked to the prime rate of interest or Consumer Price Index (CPI). Other contingent rentals are generally not applicable. One lease, relating to fruit processing equipment, has a contingent rental linked to tons of fruit processed and escalates based on the American CPI, which amounts to R4,0 million (2016: R5,8 million).

27 Group commitments continued

27.4 Commitments in respect of finance leases

The group has finance leases for various items of plant and machinery. These leases have terms of renewal with a purchase option and are linked to the prime interest rate. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

Group	2017		2016	
(R'million)	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	2,5	2,0	2,7	2,2
After one year but not more than five years	2,3	2,0	1,0	1,0
Total minimum lease payments	4,8	4,0	3,7	3,2
Less: Amounts representing finance charges	(0,7)	–	(0,5)	–
Total	4,1	4,0	3,2	3,2

Refer to note 26.3 for further details.

27.5 Commitments in respect of inventories

In terms of its normal business practice certain group operations have entered into commitments to purchase certain agricultural inputs over their respective seasons.

27.6 Commitments in respect of transport

The group maintains long-term contracts, including certain minimum payments, with various transport companies for the distribution of its products.

28 Share-based payment

The total expense recognised for employee services received during the year to 30 September 2017 is R110,3 million (2016: R88,9 million). Of the total expense recognised, the portion arising from the share appreciation rights, performance shares and restricted share option transactions amounted to R25,8 million, R16,9 million and R19,8 million (2016: R2,6 million, R18,0 million and R17,0 million) respectively. The remaining expense relates to the cost associated with the BMT1 of R15,9 million and BMT2 of R19,3 million (2016: R16,4 million and R16,9 million) respectively.

Detailed disclosure of each scheme and the respective assumptions and valuation inputs have been included in Annexure D.

	(R'million)	Group 2017	2016
29	**Pension obligations**		
	Movement in the net asset/(liability) recognised in the statement of financial position		
	Balance at beginning of the year	105,1	98,5
	Contributions paid	239,4	243,3
	Other movements (net expense in the income statement)	(235,2)	(239,1)
	Interest cost	(27,2)	(26,2)
	Current service cost	(243,6)	(246,1)
	Interest on plan assets	38,5	35,1
	Interest on limit	(2,9)	(1,9)
	Remeasurements recognised in other comprehensive income	12,2	2,4
	Net actuarial (loss)/gain raised in terms of IAS 19R	(4,2)	10,1
	Unrecognised due to paragraph 65 limit	16,4	(7,7)
	Balance at end of the year	121,5	105,1
	The net asset is included in the statement of financial position as follows:		
	Investments – refer to note 16	53,8	51,1
	Other receivables – refer to note 20	70,3	57,1
	Other payables – refer to note 24	(2,6)	(3,1)
		121,5	105,1
	Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure E.		
30	**Post-retirement medical aid obligations**		
	Group		
	Balance at end of the year		
	Present value of obligations	(619,1)	(666,0)
	Liability at reporting date	(619,1)	(666,0)
	Movement in the liability recognised in the statement of financial position:		
	Balance at beginning of the year	(666,0)	(643,1)
	Contributions paid	44,9	41,1
	Other income/(expenses) included in staff costs	2,0	(64,0)
	Current service cost	(3,0)	(3,9)
	Interest cost	(64,2)	(56,5)
	Actuarial gain/(loss) released in terms of IAS 19R	69,2	(3,6)
	Balance at end of the year	(619,1)	(666,0)
	The employer's estimate of contributions expected to be paid for the 2018 financial year is R45,8 million (2017: R44,9 million).		
	Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure F.		
31	**Guarantees and contingent liabilities**		
	Guarantees and contingent liabilities	11,5	12,8
	Company		
	Guarantees exist against the company for the obligations of certain subsidiaries amounting to R2,8 million at 30 September 2017 (2016: R3,5 million).		

32 Financial instruments

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising principally as a result of commodity price, currency and interest rate fluctuations. The use of derivatives for the hedging of firm commitments against commodity price, foreign currency and interest rate exposures is permitted in accordance with group policies, which have been approved by the board of directors. Where significant finance is taken out, this is approved at the respective board meetings.

The foreign exchange contracts outstanding at year end are marked-to-market at closing spot rate.

The group finances its operations through a combination of retained surpluses, bank borrowings and long-term loans.

The group borrows short-term funds with fixed or floating rates of interest through a subsidiary company, Tiger Consumer Brands Limited.

The main risks arising from the group's financial instruments are, in order of priority, procurement risk, foreign currency risk, interest rate risk, liquidity risk and credit risk as detailed below.

32.1 Procurement risk (commodity price risk)

Commodity price risk arises from the group being subject to raw material price fluctuations caused by supply conditions, weather, economic conditions and other factors. The strategic raw materials acquired by the group include wheat, maize, rice, oats and sorghum.

The group uses commodity futures and options contracts or other derivative instruments to reduce the volatility of commodity input prices of strategic raw materials. These derivative contracts are only taken out to match an underlying physical requirement for the raw material. The group does not write naked derivative contracts.

The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by the board of directors. Position statements are prepared on a monthly basis and these are monitored by management and assessed against these mandates.

The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures.

At year end the exposure to derivative contracts relating to strategic raw materials are as follows:

	Group	
	Derivative contracts expiring within 0 – 3 months	
(R'million)	Unrealised (profit)/ loss at 30 September	Hedged value
2017		
Maize and wheat		
Futures	(11,2)	246,0
2016		
Maize and wheat		
Futures	12,7	332,6

Commodity price sensitivity analysis

The following table details the group's sensitivity to a 10% increase and decrease in the price of wheat, rice, maize and sorghum, excluding the impact of cash flow hedges. A +10% increase would result in an outflow whereas a –10% decrease would result in an inflow.

32 Financial instruments continued

32.1 Procurement risk (commodity price risk) continued

(R'million)	Group Profit or (loss) after tax 2017 (+10%)/–10%	2016 (+10%)/–10%
Milling and Baking	101,9	63,0
Other grains	153,0	137,0
Other*	105,2	76,1
Total	360,1	276,1

** Other includes tomato paste, sugar, pork, soya and sundry other items.*

Commodity price sensitivity is not applicable to the company.

32.2 Foreign currency risk

The group enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposures arising from its current and anticipated business activities.

As the group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise. Exchange rate exposures on transactions are managed within approved policy parameters utilising forward exchange contracts or other derivative financial instruments in conjunction with external consultants who provide financial services to group companies as well as contributing to the management of the financial risks relating to the group's operations.

The group does not hold foreign exchange contracts in respect of foreign borrowings, as its intention is to repay these from its foreign income stream or subsequent divestment of its interest in the operation. Foreign exchange differences relating to investments, net of their related borrowings, are reported as translation differences in the group's net other comprehensive income until the disposal of the net investment, at which time exchange differences are recycled through profit or loss.

Forward exchange contracts are mainly entered into to cover net import exposures, after setting off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2017.

The exposure and concentration of foreign currency risk is included in the table below.

Group (R'million)	South African rand	US dollar	Pound sterling	Euro	Nigerian naira	Other*	Total
2017							
Financial assets							
Accounts receivable	3 935,4	421,4	12,8	27,9	10,1	196,0	4 603,6
Cash and cash equivalents	582,9	408,2	3,1	10,9	0,9	215,4	1 221,4
Financial liabilities							
Borrowings**	(752,5)	–	–	–	(38,1)	–	(790,6)
Accounts payable	(4 470,9)	(170,8)	(0,6)	(6,7)	(44,2)	(199,9)	(4 893,1)
2016							
Financial assets							
Accounts receivable	4 013,1	148,8	10,7	17,4	13,2	334,5	4 537,7
Cash and cash equivalents	121,4	403,8	1,1	17,6	7,3	185,8	737,0
Financial liabilities							
Borrowings**	(2 628,4)	–	–	–	(3,8)	(132,8)	(2 765,0)
Accounts payable	(4 300,9)	(29,4)	(10,7)	(9,7)	(54,5)	(275,3)	(4 680,5)

** Other includes the Australian dollar, Canadian dollar, Japanese yen, Swiss franc, New Zealand dollar, Cameroon franc.*
*** In 2017, Rnil (2016: R98,2 million) is held by the company.*

32 Financial instruments continued

32.2 Foreign currency risk continued

The following spot rates were used to translate financial instruments denominated in foreign currency:

	2017			2016		
	Assets	Liabilities	Average	Assets	Liabilities	Average
Group						
US dollar	13,51	13,52	13,51	13,79	13,81	13,80
Pound sterling	18,05	18,07	18,06	17,91	17,93	17,92
Euro	15,94	15,96	15,95	15,46	15,48	15,47

Forward exchange contracts outstanding at the reporting date all fall due within 12 months. A summary of forward exchange contract positions bought to settle group foreign liabilities and sold to settle group foreign assets is shown below.

	2017			2016		
	Foreign currency (in millions)	Average rate	Rand (in millions)	Foreign currency (in millions)	Average rate	Rand (in millions)
Group						
Foreign currency sold						
US dollar	24,4	13,85	338,4	1,6	13,85	22,3
Pound sterling	0,4	18,16	7,3	0,2	17,96	3,1
Euro	0,9	16,05	14,4	0,3	15,54	4,6
Other currencies			20,8			10,7
Foreign currency purchased						
US dollar	27,8	13,54	376,4	39,3	13,87	545,0
Pound sterling	2,7	18,24	49,3	3,5	18,15	62,9
Euro	3,7	16,10	59,5	3,8	15,64	58,8
Other currencies			14,9			16,2

	2017			2016		
	Foreign currency (in millions)	Average rate	Rand (in millions)	Foreign currency (in millions)	Average rate	Rand (in millions)
Group						
Unhedged foreign currency monetary assets						
US dollar	13,4	13,53	181,8	16,3	13,79	224,3
Pound sterling	0,9	18,06	15,9	0,7	17,90	11,8
Euro	2,5	15,21	39,0	2,2	15,46	33,6
Other currencies			32,9			19,7
Unhedged foreign currency monetary liabilities						
US dollar	0,5	13,51	6,7	0,4	13,82	5,7
Pound sterling	–	19,00	–	–	17,89	0,2
Euro	0,2	15,95	3,4	0,1	15,52	2,1
Other currencies			0,7			0,2

32 Financial instruments continued

32.2 Foreign currency risk continued

Cash flow hedges

At 30 September 2017, the group had foreign exchange contracts outstanding designated as hedges of future purchases from suppliers outside South Africa for which the group has firm commitments or highly likely forecast transactions.

A summary of these contracts are:

	2017			2016		
	Foreign currency (in millions)	Average rate	Rand (in millions)	Foreign currency (in millions)	Average rate	Rand (in millions)
Group						
Foreign currency bought						
US dollar	10,8	13,61	146,5	25,1	13,88	348,5
Euro	3,7	15,83	58,5	3,1	18,06	56,3
Pound sterling	2,7	18,36	49,6	3,0	14,38	43,9
Other currencies	–	–	14,9	–	–	16,2

The terms of the forward exchange contracts have been negotiated to match the terms of the commitments.

The cash flow hedge of expected future purchases was assessed to be effective and an unrealised profit of R25,0 million (2016: profit of R13,6 million) relating to the hedging instrument is included in other comprehensive income.

Timing of cash outflows/(inflows) relating to foreign currency is as follows:

	Group	
Foreign currency (in millions)	1 – 6 months	7 – 12 months
US dollar	10,8	(3,4)
Pound sterling	2,7	–
Euro	3,7	–
Japanese yen	108,6	–

These are expected to affect the income statement in the following year.

During the year R12,1 million (2016: R30,1 million) was released from other comprehensive income and included in the carrying amount of the non-financial asset or liability (highly probable forecast transactions).

There are no forecast transactions for which hedge accounting was previously used but is no longer expected to occur.

Ineffective hedges to the value of R2,6 million (2016: R12,4 million) have been recognised in profit or loss.

32 Financial instruments continued

32.2 Foreign currency risk continued

Foreign currency sensitivity

The following table details the group's and company's sensitivity to a 10% weakening/strengthening in the ZAR against the respective foreign currencies.

The sensitivity analysis includes only material outstanding foreign currency denominated monetary items as detailed in the table previously and adjusts their translation at the reporting date for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other comprehensive income where the ZAR weakens against the relevant currency.

	Other comprehensive income		P&L	
(R'million)	2017	2016	2017	2016
Group				
USD +10%	(30,4)	(34,0)	(0,8)	(24,2)
USD –10%	30,4	34,0	0,8	24,2
Pound sterling +10%	(4,1)	(6,3)	–	(0,5)
Pound sterling –10%	4,1	6,3	–	0,5
EUR +10%	(4,4)	(6,8)	–	(0,3)
EUR –10%	4,4	6,8	–	0,3
Other +10%	(0,7)	(2,9)	(0,1)	–
Other –10%	0,7	2,9	0,1	–
Total +10%	(39,6)	(50,0)	(0,9)	(25,0)
Total –10%	39,6	50,0	0,9	25,0
Company				
USD +10%	–	–	7,9	7,0
USD –10%	–	–	(7,9)	(7,0)
Pound sterling +10%	–	–	–	7,0
Pound sterling –10%	–	–	–	(7,0)
Other +10%	–	–	7,1	9,8
Other –10%	–	–	(7,1)	(9,8)
Total +10%	–	–	15,0	16,8
Total –10%	–	–	(15,0)	(16,8)

32.3 Interest rate risk management

Interest rate risk results from the cash flow and financial performance uncertainty arising from interest rate fluctuations.

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. At the reporting date, the group cash deposits were accessible immediately or had maturity dates up to six months. The interest rates earned on these deposits closely approximate the market rates prevailing.

Interest rate sensitivity

The sensitivity analysis addresses only the floating interest rate exposure emanating from the net cash position. The interest rate exposure has been calculated with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had increased/(decreased) by 1% and all other variables were held constant, the profit for the year ended would increase/(decrease) as detailed in the table below due to the use of the variable interest rates applicable to the long-term borrowings and short-term borrowings. The fixed interest rate on the borrowings would not affect the financial performance. Any gain or loss would be unrealised and consequently the notional impact is not presented.

Company			Group	
2017	2016	(R'million)	2017	2016
		Profit/(loss) after tax		
		ZAR borrowings		
(23,2)	(0,4)	(+1%)/–1%	(35,3)	(25,4)
		Foreign borrowings		
–	(1,8)	(+1%)/–1%	(0,4)	(2,3)
		Total		
(23,2)	(2,2)	(+1%)/–1%	(35,7)	(27,7)

32 Financial instruments continued

32.4 Liquidity risk management

Liquidity risk arises from the seasonal fluctuations in short-term borrowing positions. A material and sustained shortfall in cash flows could undermine investor confidence and restrict the group's ability to raise funds.

The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. In terms of the memorandum of incorporation, the group's borrowing powers are unlimited. Other than the major loans disclosed in note 26 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of liquidity risk with any other single counterparty.

The group's liquidity exposure is represented by the aggregate balance of financial liabilities as indicated in the categorisation table in note 32.7.

Contractual maturity for non-derivative financial liabilities

The following tables detail the group's and company's remaining contractual maturity for non-derivative financial liabilities.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company will be required to pay. The table includes both interest and principal cash flows. The "finance charge" column represents the possible future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial liability.

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
Group						
2017						
Trade and other payables	3 045,7	–	3 032,6	0,6	12,5	–
Borrowings (long and short term)*	55,5	(9,2)	58,1	4,6	2,0	–
Guarantees not on the statement of financial position	–	–	11,5	–	–	–
Total	3 101,2	(9,2)	3 102,2	5,2	14,5	–
2016						
Trade and other payables	3 004,9	–	3 001,1	3,8	–	–
Borrowings (long and short term)*	1 153,0	(324,0)	342,1	65,6	1 068,1	1,2
Guarantees not on the statement of financial position	–	–	12,8	–	–	–
Total	4 157,9	(324,0)	3 356,0	69,4	1 068,1	1,2
Company						
2017						
Intergroup loan accounts	560,7	–	–	–	560,7	–
Guarantees not on the statement of financial position	–	–	2,8	–	–	–
Total	560,7	–	2,8	–	560,7	–
2016						
Borrowings (long and short term)	98,2	(12,3)	–	59,5	51,0	–
Intergroup loan accounts	557,8	(237,1)	–	–	794,9	–
Guarantees not on the statement of financial position	–	–	3,5	–	–	–
Total	656,0	(249,4)	3,5	59,5	845,9	–

** Excludes bank overdrafts of R735,1 million (2016: R1 612,0 million) and cash of R1 221,4 million (2016: R737 million). These are repayable on demand and subject to annual review.*

Refer to notes 27.3 and 27.4 for disclosure relating to operating and finance lease commitments.

32 Financial instruments continued

32.5 Credit risk management

Group

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. The group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing. The group does not expect any counterparties to fail to meet their obligations given their high credit ratings.

Credit risk in respect of the group's customer base is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis. Where appropriate, credit guarantee insurance is obtained.

The group's credit exposure, in respect of its customer base, is represented by the net aggregate balance of amounts receivable. Concentrations of credit risk are disclosed in note 20.4.

Credit risk exposure at 30 September 2017 in respect of guarantees are disclosed in note 31.

32.6 Capital management

The primary objective of the company and group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company and group manages its capital structure, calculated as equity plus net debt, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company and group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or increase or decrease levels of debt. No changes were made in the objectives, policies or processes during the years ended 30 September 2017 and 30 September 2016.

The company and group monitor capital using a gearing ratio, which is net debt divided by total equity. The company and group targets a long-term gearing ratio of 30% to 40%, except when major investments are made where this target may be exceeded.

Company			Group	
2017	2016	(R'million)	2017	2016
(346,4)	(282,1)	Cash and cash equivalents	(1 221,4)	(737,0)
–	51,0	Long-term borrowings	2,0	1 069,3
–	47,2	Short-term borrowings	788,6	1 695,7
(346,4)	(183,9)	Net (cash)/debt	(430,8)	2 028,0
9 764,9	9 821,0	Total equity	17 061,2	16 033,9
(3,5)	(1,9)	Net (cash)/debt to equity (%)	(2,5)	12,6

32 Financial instruments continued

32.7 Categorisation of financial assets and liabilities

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
Group						
2017						
Assets	–	–	–	–	17 949,3	17 949,3
Other investments	56,3	117,8	–	–	–	174,1
Loans	2,8	–	–	–	–	2,8
Trade and other receivables	4 342,0	–	–	12,2	277,4	4 631,6
Cash and cash equivalents	1 221,4	–	–	–	–	1 221,4
Total	5 622,5	117,8	–	12,2	18 226,7	23 979,2
Shareholders' equity and liabilities	–	–	–	–	(18 910,4)	(18 910,4)
Long-term borrowings	–	–	(2,0)	–	–	(2,0)
Trade and other payables	–	–	(3 042,3)	(6,0)	(1 229,9)	(4 278,2)
Short-term borrowings	–	–	(788,6)	–	–	(788,6)
Total	–	–	(3 832,9)	(6,0)	(20 140,3)	(23 979,2)
2016						
Assets	–	–	–	–	19 027,5	19 027,5
Other investments	53,4	115,5	–	–	–	168,9
Loans	3,2	–	–	–	–	3,2
Trade and other receivables	4 183,4	–	–	1,3	407,6	4 592,3
Cash and cash equivalents	737,0	–	–	–	–	737,0
Total	4 977,0	115,5	–	1,3	19 435,1	24 528,9
Shareholders' equity and liabilities	–	–	–	–	(17 606,8)	(17 606,8)
Long-term borrowings	–	–	(1 069,3)	–	–	(1 069,3)
Trade and other payables	–	–	(3 008,0)	(29,1)	(1 120,0)	(4 157,1)
Short-term borrowings	–	–	(1 695,7)	–	–	(1 695,7)
Total	–	–	(5 773,0)	(29,1)	(18 726,8)	(24 528,9)

Refer to the accounting policies for further details on the above classifications.

32 Financial instruments continued

32.7 Categorisation of financial assets and liabilities continued

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
Company						
2017						
Assets	499,5	–	–	–	3 970,2	4 469,7
Other investments	2 094,4	20,5	–	–	–	2 114,9
Loans	3 140,6	–	–	–	–	3 140,6
Trade and other receivables	298,2	–	–	–	1,4	299,6
Cash and cash equivalents	346,4	–	–	–	–	346,4
Total	6 379,1	20,5	–	–	3 971,6	10 371,2
Shareholders' equity and liabilities	–	–	(560,6)	–	(9 781,9)	(10 342,5)
Trade and other payables	–	–	(28,7)	–	–	(28,7)
Total	–	–	(589,3)	–	(9 781,9)	(10 371,2)
2016						
Assets	499,5	–	–	–	4 337,4	4 836,9
Other investments	2 059,2	6,4	–	–	–	2 065,6
Loans	3 265,5	–	–	–	–	3 265,5
Trade and other receivables	36,5	–	–	–	12,1	48,6
Cash and cash equivalents	282,1	–	–	–	–	282,1
Total	6 142,8	6,4	–	–	4 349,5	10 498,7
Shareholders' equity and liabilities	–	–	(557,8)	–	(9 821,0)	(10 378,8)
Long-term borrowings	–	–	(51,0)	–	–	(51,0)
Trade and other payables	–	–	(21,7)	–	–	(21,7)
Short-term borrowings	–	–	(47,2)	–	–	(47,2)
Total	–	–	(677,7)	–	(9 821,0)	(10 498,7)

Refer to the accounting policies for further details on the above classifications.

32 Financial instruments continued

32.8 Fair value hierarchy

Financial instruments are normally held by the group until they close out in the normal course of business. The fair values of the group's financial instruments, which principally comprise put, call and futures positions with SAFEX, forward exchange contracts and JSE listed investments, approximate their carrying values. The maturity profile of these financial instruments fall due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 26.1 of these annual financial statements.

There are no significant differences between carrying values and fair values of financial assets and liabilities, except for intercompany loans at a company level, which are eliminated on consolidation.

Trade and other receivables, investments and loans and trade and other payables carried on the statement of financial position approximate the fair values thereof except for, at a company level, amounts owed by subsidiaries where the fair value is R2,2 billion (2016: R2,0 billion) calculated using the effective interest rate method linked to market-related interest rates of 5,50% (2016: 5,75%) and is disclosed as level 2.

Long-term and short-term borrowings are measured at amortised cost using the effective interest rate method and the carrying amounts approximate their fair value.

The group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 September, the group held the following financial instruments measured at fair value:

	2017				2016			
	Level 1	Level 2	Level 3**	Total	Level 1	Level 2	Level 3**	Total
Group								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	112,2	0,4	5,2	117,8	107,0	3,3	5,2	115,5
Derivatives	–	12,2	–	12,2	–	1,3	–	1,3
Liabilities measured at fair value								
Derivatives	–	(6,0)	–	(6,0)	–	(29,1)	–	(29,1)
Company								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	14,9	0,4	5,2	20,5	–	1,2	5,2	6,4
Derivatives	–	–	–	–	–	–	–	–
Liabilities measured at fair value								
Derivatives	–	–	–	–	–	–	–	–

*** The value of the investment in Group Risk Holdings is based on Tiger Brand's proportionate share of the net asset value of the company. There are no other significant inputs that are used in the valuation and any changes in these inputs would not result in a significant fair value change.*

33 Related-party disclosures

The board of directors of Tiger Brands Limited has given general declarations in terms of section 75 of the Companies Act on directors' personal financial interests. These declarations indicate that certain directors hold positions of influence in other entities which are suppliers, service providers, customers and/or competitors of Tiger Brands Limited. Transactions conducted with these director-related customers and suppliers were on an arm's length basis.

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash.

This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which they operate. Given the ongoing liquidity and forex shortages experienced within Nigeria and Zimbabwe, the expected timing of receipt of the amounts owing from these related parties has been assessed. As a result, a provision of R40 million (2016: Rnil), has been provided against these outstanding balances, being the impact of the discounting factor applied.

Details of material transactions with related parties not disclosed elsewhere in the financial statements are as follows:

(R'million)	Management fees	Directors' fees	Amounts owed by related parties
2017			
Group			
Related party – associates			
Oceana Group Limited	–	0,7	0,2
Empresas Carozzí (Chile)	–	2,8	–
National Foods Holdings Limited	3,2	–	50,8
UAC Foods	2,7	–	20,1
2016			
Group			
Related party – associates			
Oceana Group Limited	–	0,5	–
Empresas Carozzí (Chile)	–	4,7	–
National Foods Holdings Limited	3,4	–	19,1
UAC Foods	10,9	–	25,9

	Group	
(R'million)	2017	2016
Other related parties		
Key management personnel**		
Short-term employee benefits	99,4	147,8
Post-employment and medical benefits	8,4	9,1
Share-based payments	51,5	18,4
Total compensation paid to key management personnel	159,3	175,3

*** Key management personnel comprises the top tier of the organisation and the managing executives of the individual businesses.*

(R'million)	2017 Amounts owed by/(to) related parties	2017 Dividends received	2016 Amounts owed by/(to) related parties	2016 Dividends received
33 Related-party disclosures continued				
Company				
Related party – intergroup				
Subsidiaries[1]				
Durban Confectionery Works Proprietary Limited	33,0	–	33,0	–
Tiger Consumer Brands Limited	(108,7)	1 335,0	(100,8)	900,0
Tiger Brands (Mauritius) Limited	(234,0)	–	(239,0)	–
Enterprise Foods Proprietary Limited	0,4	–	0,4	–
Langeberg Holdings Limited	702,4	–	702,4	–
Langeberg Foods Africa Proprietary Limited	(201,6)	–	(201,6)	–
Langeberg & Ashton Foods Proprietary Limited	499,5	–	499,5	–
The Duntulum Trust	18,9	–	18,9	–
Gloriande NV	0,2	–	0,2	–
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	249,9	–	413,6	700,0
Pharma I Holdings Proprietary Limited	1 227,6	–	1 227,6	–
Investment and dormant companies	149,1	–	149,1	–
Chocolaterie Confiserie Camerounaise	–	49,0	–	58,2
Deli Foods Nigeria Limited	30,5	–	31,1	–
East Africa Tiger Brands Industries	–	–	94,1	–
Davita Trading Proprietary Limited	–	100,0	–	210,0
Empowerment entities				
Tiger Brands Foundation	599,6	183,0	485,2	168,4
Thusani II	110,6	35,9	91,3	33,3
Associate				
Oceana Group Limited	0,2	255,3	–	211,9
National Foods Holdings Limited	50,8	36,4	19,1	54,1
UAC Foods	20,1	11,0	25,9	7,5

[1] *Interest free with no fixed repayment terms. Not repayable before 30 September 2017 except for the amount owing by Langeberg & Ashton Foods Proprietary Limited, and the amount owing to Tiger Consumer Brands Limited that bear interest as may be agreed upon from time to time and are repayable on demand.*

34 Analysis of profit from discontinued operations

In the current year, the results of the discontinued operation (EATBI) and the results of the held-for-sale business (Haco) was included in the profit for the year as set out below. The prior year includes the results of the discontinued operation (TBCG).

(R'million)	Group 2017	Group 2016 Restated#
Profit for the year from discontinued operations (attributable to owners of the company)		
Revenue	561,2	2 556,8
Expenses	(547,2)	(2 442,7)
Operating income before impairments and abnormal items	14,0	114,1
Abnormal items	97,9	49,7
Operating income after impairments and abnormal items	111,9	163,8
Finance costs	(0,2)	(99,5)
Profit before taxation	111,7	64,3
Taxation	(6,7)	(11,4)
Profit for the year from discontinued operations	105,0	52,9
Attributable to non-controlling interest	3,3	9,6
Attributable to owners of parent	108,3	62,5
Cash flows from discontinued operations		
Net cash inflows from operating activities	138,6	363,6
Net cash inflows/(outflows) from investing activities	1,4	(65,9)
Net cash (outflows)/inflows from financing activities	(80,8)	90,5
Net cash inflows	59,2	388,2
Cash flow on disposal of subsidiary		
Cash and cash equivalents disposed	(60,0)	(1 075,7)
Proceeds received on disposal in the year*	83,8	–
Total cash inflow on disposal of subsidiary	23,8	(1 075,7)

Balance sheets disposed of:

Summarised statement of financial position (R'million)	Group April 2017	Group February 2016
Non-current assets	196,3	722,9
Current assets	310,9	1 538,7
Non-current liabilities	(2,3)	(148,4)
Current liabilities	10,9	(2 651,3)
Net asset value	515,8	(538,1)

Effective 4 April 2017, Tiger Brands Limited disposed of its 51% shareholding in East African Tiger Brands Industries Plc. (EATBI) to its existing Ethiopian partner, East Africa Group (EAG) for USD18,5 million. The comparative relates to the disposal of Tiger Branded Consumer Goods (TBCG) in the prior year.

* *A further R280,2 million remains outstanding at 30 September 2017 and will be received in tranches from East African Group (EAG) as per the sales agreement.*

\# *Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations.*

	(R'million)	Group 2017	2016
35	**Assets classified as held for sale**		
	The board of directors of Tiger Brands decided to dispose of the company's 51% stake in its Kenyan business, Haco Tiger Brands (E.A.) Limited (Haco), to its local partner, who holds the remaining 49% of the company, as announced on 21 February 2017. A detailed review of the Haco business was conducted in the context of Tiger Brands' long-term growth strategy and core competencies. Taking into account these factors, it was decided that Haco would be better positioned under local Kenyan leadership and control. This had culminated in the local partner making an offer for Tiger Brands' 51% shareholding, at a price that is considered reasonable. This transaction is subject to one remaining suspensive condition, being the receipt of the necessary regulatory approvals in Kenya, which is expected to be concluded within the next six months. Haco was previously accounted for within the segment referred to as International operations – East Africa.		
	The major classes of assets and liabilities of the Haco business at the end of the reporting period are as follows:		
	Property, plant and equipment	103,5	–
	Goodwill and other intangibles	8,7	–
	Investments	41,1	–
	Deferred tax asset	5,7	–
	Inventory	79,2	–
	Trade and other receivables	126,4	–
	Cash and cash equivalents	0,1	–
		364,7	–
	Liabilities directly associated with the assets classified as held for sale		
	Short-term borrowings	(55,3)	–
	Trade payables	(100,8)	–
	Long-term borrowings	(5,5)	–
	Deferred tax liability	(11,5)	–
		(173,1)	–
	Foreign currency translation reserve related to assets classified as held for sale	(11,3)	–
	Non-controlling interest related to assets classified as held for sale	(89,4)	–
	Net carrying value of Haco Tiger Brands (E.A.) Limited at 30 September 2017	90,9	–

36 Subsequent events

On 23 November 2017, Tiger Brands was notified that the transaction regarding the disposal of Haco Tiger Brands (E.A.) Limited (Haco) had been approved by the Competition Authorities in Kenya. The estimated profit or loss on disposal is not expected to be material.

Annexure A

Interest in subsidiary companies

(R'million)	Principal place of business	Functional currency	Effective percentage holding 2017 %	Effective percentage holding 2016 %	Company's interest Shares at cost (net of impairment) 2017	Company's interest Shares at cost (net of impairment) 2016
Designer Group	South Africa	South African rand	100,0	100,0	132,1	132,1
Durban Confectionery Works Proprietary Limited	South Africa	South African rand	100,0	100,0	63,4	63,4
Enterprise Foods Proprietary Limited	South Africa	South African rand	100,0	100,0	49,7	49,7
Langeberg Holdings Limited	South Africa	South African rand	100,0	100,0	190,8	190,8
Langeberg & Ashton Foods Proprietary Limited	South Africa	South African rand	100,0	100,0	85,8	85,8
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	South Africa	South African rand	100,0	100,0	17,3	17,3
Tiger Consumer Brands Limited	South Africa	South African rand	100,0	100,0	0,1	0,1
Tiger Brands (Mauritius) Limited	Mauritius	US dollar	100,0	100,0	337,9	337,9
Haco Industries Kenya Limited[4]	Kenya	Kenyan shilling	51,0	51,0	45,5	45,5
Chocolaterie Confiserie Camerounaise[2]	Cameroon	CAF franc	74,7	74,7	152,7	152,7
Deli Foods Nigeria Limited	Nigeria	Nigerian naira	100,0	100,0	213,2	213,2
East Africa Tiger Brands Industries[3]	Ethiopia	Ethiopian birr	–	51,0	–	121,4
Davita Trading Proprietary Limited	South Africa	South African rand	100,0	100,0	1 521,6	1 521,6
Pharma I Holdings Proprietary Limited[1]	South Africa	South African rand	100,0	100,0	–	–
					2 810,1	2 931,5

[1] *Previously Adcock Ingram Holdings Proprietary Limited.*

[2] *All year ends are 30 September, except for Chocolaterie Confiserie Camerounaise which has a 31 December year end.*

[3] *As per note 34, East Africa Tiger Brands Industries (EATBI) was disposed of effective 4 April 2017.*

[4] *As per note 35, Haco Industries Kenya Limited is in the process of being disposed, refer to note 36 for further details.*

All rand amounts of less than R100 000 are shown as nil in the above table.

Annexure B

Interest in associated companies

	Principal place of business	Currency	Year end	Percentage holding		Nature of business	Listed/ unlisted
				2017	2016		
Oceana Group Limited	South Africa	South African rand	September	42,1*	42,1	Fishing	Listed
National Foods Holdings Limited	Zimbabwe	US dollar	June	37,4	37,4	Food processing	Listed
Empresas Carozzí	Chile	Chilean peso	December	24,4	24,4	Food processing	Unlisted
UAC Foods	Nigeria	Nigerian naira	December	49,0	49,0	Food processing	Unlisted

** Taking treasury shares into account, the voting rights are 43,8% (2016: 43,8%). After accounting for the treasury and empowerment shares, the earnings are equity accounted at 49,0% (2016: 49,0%).*

Detailed disclosure of Oceana Group Limited is noted below, as per note 15.3.

Summarised statement of comprehensive income

(R'million)	September 2017	September 2016
Revenue	6 807,9	8 244,0
Profit after taxation	479,4	958,3
Attributable to outside shareholders	468,3	916,5
Other comprehensive loss, net of taxation	(144,5)	(69,4)
Total comprehensive income for the year	334,9	888,9
Attributable to outside shareholders	323,8	847,1
Dividends received	255,3	211,9

Summarised statement of financial position

(R'million)	September 2017	September 2016
Non-current assets	6 493,6	6 735,7
Current assets	3 549,7	4 371,1
Non-current liabilities	(3 924,3)	(5 121,8)
Current liabilities	(2 362,4)	(1 977,3)
Net asset value	3 756,6	4 007,7

Reconciliation of the summarised financial information presented to the carrying amount of Tiger Brands' interest in Oceana

(R'million)	September 2017	September 2016
Tiger Brands effective share of Oceana's NAV	1 795,7	1 913,5
Goodwill on acquisition	238,8	238,8
Carrying value of investment in Oceana	2 034,5	2 152,3
Fair value of investment in Oceana	4 701,4	6 511,1

Annexure C

Directors' emoluments

Table of directors' emoluments for the year ended 30 September 2017

	Group						
(R000)	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2017
Executive directors[3]							
LC Mac Dougall	–	8 059	–	149	339	–	8 547
PB Matlare[1]	–	–	–	–	–	2 575	2 575
NP Doyle	–	5 212	–	72	872	3 499	9 655
CFH Vaux	–	4 531	–	52	347	6 609	11 539
Total A	–	17 802	–	273	1 558	12 683	32 316
Non-executive directors[3]		EFs					
KDK Mokhele (chairman)	1 233	48	–	–	–	–	1 281
AC Parker[2]	839	241	–	–	–	–	1 080
MO Ajukwu	812	–	–	–	–	–	812
SL Botha	578	–	–	–	–	–	578
MJ Bowman	478	–	–	–	–	–	478
K Hedderwick[3]	90	–	–	–	–	–	90
M Makanjee	587	25	–	–	–	–	612
E Mashilwane[4]	360	–	–	–	–	–	360
RD Nisbet	820	–	–	–	–	–	820
MP Nyama	554	–	–	–	–	–	554
BL Sibiya (deputy chairman)[5]	659	–	–	–	–	–	659
YGH Suleman	745	–	–	–	–	–	745
BS Tshabalala[6]	94	–	–	–	–	–	94
Total B	7 849	314	–	–	–	–	8 163
Total A + B	7 849	18 116	–	273	1 558	12 683	40 479
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
N Segoale[7]	–	–	–	–	–	5 453	5 453
NG Brimacombe[8]	–	2 348	–	462	252	5 956	9 018
PW Spies[9]	–	2 344	1 783	2 002	228	–	6 357
AG Kirk	–	3 955	2 320	240	354	3 185	10 054
Total	–	8 647	4 103	2 704	834	14 594	30 882
Aggregated details of remuneration paid to members (six) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder:							
Total	–	16 953	10 501	979	2 066	4 960	35 459

[1] *Resigned effective 31 December 2015. Payment relates to options exercised.*
[2] *Resigned as Chairman effective 21 February 2017.*
[3] *Appointed effective 1 December 2016 and resigned on 14 February 2017.*
[4] *Appointed effective 1 December 2016.*
[5] *Resigned effective 30 June 2017.*
[6] *Appointed effective 26 May 2017.*
[7] *Resigned effective 30 October 2015. Payment relates to options exercised.*
[8] *Resigned effective 31 January 2017. Other benefits includes leave encashment.*
[9] *Appointed 1 February 2017. Other benefits includes a sign on bonus of R1 740 154.*

EFs – Fees paid to the Chairman for his attendance at meetings of the board of directors of Empresas Carozzi (R90 000), an associate of Tiger Brands. Also includes fees paid to non-executive directors in respect of their attendance at special board meetings of the company.

Directors' emoluments continued

Table of directors' emoluments for the year ended 30 September 2016

	Group						
(R000)	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2016
Executive directors							
LC Mac Dougall[1] (10 May 2016 – 30 September 2016)	–	3 053	513	20 088	128	–	23 782
O Ighodaro[2] (1 October 2015 – 31 July 2016)	–	3 630	–	4 260	337	2 742	10 969
PB Matlare[3] (1 October 2015 – 31 December 2015)	–	1 187	–	6 506	209	786	8 688
NP Doyle[4]	–	4 716	836	10 134	789	–	16 475
CFH Vaux	–	4 119	718	107	515	2 778	8 237
Total A	–	16 705	2 067	41 095	1 978	6 306	68 151
Non-executive directors							
		EFs					
AC Parker (chairman)	1 638	145	–	–	–	–	1 783
MO Ajukwu	440	36	–	–	–	–	476
SL Botha	560	69	–	–	–	–	629
MJ Bowman	353	36	–	–	–	–	389
M Makanjee	517	79	–	–	–	–	596
KDK Mokhele	682	139	–	–	–	–	821
RD Nisbet	712	139	–	–	–	–	851
MP Nyama	538	58	–	–	–	–	596
BL Sibiya (deputy chairman)	846	36	–	–	–	–	882
YGH Suleman	593	172	–	–	–	–	765
Total B	6 879	909	–	–	–	–	7 788
Total A + B	6 879	17 614	2 067	41 095	1 978	6 306	75 939
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
N Segoale[5]	–	261	10	2 811	49	3 415	6 546
NG Brimacombe	–	3 625	349	191	749	979	5 893
AG Kirk[6]	–	3 582	646	4 315	445	–	8 988
Total	–	7 468	1 005	7 317	1 243	4 394	21 427
Aggregated details of remuneration paid to members (six) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder:							
Total	–	15 488	2 300	4 514	2 296	1 676	26 274

[1] *Appointed 10 May 2016. Other benefits includes a sign on bonus of R20 000 000.*
[2] *Resigned effective 31 July 2016. Other benefits includes notice pay, leave encashment and R500 000 ex gratia payment relating to the swift execution of the TBCG disposal.*
[3] *Resigned effective 31 December 2015. Other benefits includes notice pay, severance pay and leave encashment.*
[4] *Other benefits includes a retention bonus payment of R10 000 000.*
[5] *Resigned effective 30 October 2015. Other benefits includes notice pay and leave encashment.*
[6] *Other benefits includes a retention bonus of R4 028 000.*

EFs – Fees paid to the chairman for his attendance at meetings of the board of directors of Empresas Carozzí (R76 020), an associate of Tiger Brands. Also includes fees paid to non-executive directors in respect of their attendance at special board meetings of the company.

Directors' service contracts

No directors have service contracts with notice periods of more than three months.

Directors' emoluments continued

Phantom cash-settled option scheme

Executive directors

Details of phantom cash-settled options held by executive directors under this scheme at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017
NP Doyle	February 2013	25 000	–	–	5 000
	July 2012	20 000	–	–	5 000
Total		45 000	–	–	10 000
CFH Vaux	February 2013	3 084	–	617	617
	February 2012	13 734	–	6 866	3 434
	February 2011	11 050	–	11 050	–
Total		27 868	–	18 533	4 051

Prescribed officers

Details of phantom cash-settled options held by prescribed officers under the Tiger Brands phantom cash option scheme as at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017
NG Brimacombe	February 2013	3 000	–	1 200	1 800
NG Brimacombe	February 2012	13 200	–	9 900	3 300
NG Brimacombe	February 2011	7 100	–	7 100	–
Total		23 300	–	18 200	5 100

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of phantom cash options held by members of the executive committee, other than executive directors and prescribed officers above, at 30 September 2017 appear below:

	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017
Total	*Various*	32 782	–	11 350	5 828

Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to retention	Number of options subject to performance targets	Grant price (Rand)	Fair market value of vested options at 30 September 2017 R000
20 000	10 000	5 000	5 000	299.8	864
15 000	15 000	–	–	252.0	1 921
35 000	25 000	5 000	5 000		2 785
1 850	617	617	617	299.8	53
3 434	3 434	–	–	253.2	431
–	–	–	–	–	–
5 284	4 051	617	617		484

Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to retention	Number of options subject to performance targets and retention	Grant price (Rand)	Fair market value of vested options at 30 September 2017 R000
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–

Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to retention	Number of options subject to performance targets	Grant price (Rand)	Fair market value of vested options at 30 September 2017 R000
15 604	12 933	1 268	1 403	Various	1 524

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan

Executive directors

Details of share appreciation rights allocated to executive directors under this plan at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017
LC Mac Dougall	December 2016	–	32 840	–	–
	May 2016	36 000	–	–	–
Total		36 000	32 840	–	–
NP Doyle	December 2016	–	33 780	–	–
	February 2016	22 870	–	–	–
	February 2015	11 540	–	–	–
	February 2014	12 950	–	–	–
Note 1	February 2014	5 250	–	–	–
Total		52 610	33 780	–	–
CFH Vaux	February 2015	9 060	–	–	–
	February 2014	12 880	–	–	–
Note 1	February 2014	5 220	–	–	–
	February 2013	6 867	–	–	3 433
Total		34 027	–	–	3 433

Note 1 – a special retention allocation of share appreciation rights was made on 28 February 2014. These are subject to normal performance and vesting conditions.

Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to performance targets and retention	Grant price (Rand)	Fair market value of vested options at 30 September 2017 R000
32 840	–	32 840	396,0	–
36 000	–	36 000	341,7	–
68 840	–	68 840		
33 780	–	33 780	396,0	–
22 870	–	22 870	291,7	–
11 540	–	11 540	385,3	–
12 950	4 316	8 634	254,5	569
5 250	1 750	3 500	254,5	231
86 390	6 066	80 324		
9 060	–	9 060	385,3	–
12 880	4 292	8 588	254,5	566
5 220	1 739	3 481	254,5	229
3 434	–	3 434	299,8	–
30 594	6 031	24 563		

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan continued

Executive directors continued

Details of performance shares awarded to executive directors under the Tiger Brands Limited 2013 Share Plan as at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Options received/ forfeited as result of per-formance conditions achieved/not achieved	Holding at 30 September 2017	10-day VWAP share price on grant date
NP Doyle	Feb 16	5 720	–	–	–	5 720	291,7
	Feb 15	2 490	–	–	–	2 490	385,3
	Feb 14	2 790	–	5 580	8 370	–	
Total		11 000	–	5 580	8 370	8 210	
LC Mac Dougall	May 16	8 160	–	–	–	8 160	341,7
Total		8 160	–	–	–	8 160	
CFH Vaux	Feb 15	1 950	–	–	–	1 950	385,3
	Feb 14	2 780	–	5 560	8 340	–	
Total		4 730	–	5 560	8 340	1 950	

Details of restricted shares granted to executive directors under the Tiger Brands Limited 2013 Share Plan as at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	10-day VWAP share price on grant date
NP Doyle	Dec 16	–	3 710	–	–	3 710	396,0
	Feb 16	1 330	–	–	–	1 330	291,7
	Dec 15	5 376	–	–	–	5 376	342,9
	Feb 15	2 320	–	–	–	2 320	385,3
Total		9 026	3 710	–	–	12 736	
LC Mac Dougall	Dec 16	–	1 950	–	–	1 950	396,0
Total		–	1 950	–	–	1 950	
CFH Vaux	Feb 15	1 850	–	–	–	1 850	385,3
Total		1 850	–	–	–	1 850	

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan continued

Prescribed officers

Details of share appreciation rights allocated to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to performance targets and retention	Grant price (Rand)	Fair market value of vested options at 30 September 2017 (R000)
NG Brimacombe	Feb 16	6 150	–	–	6 150	–	–	–	291,7	–
NG Brimacombe	Feb 15	8 890	–	–	8 890	–	–	–	385,3	–
NG Brimacombe	Feb 14	5 120	–	1 707	3 413	–	–	–	254,5	–
NG Brimacombe	Feb 14	12 640	–	4 214	8 426	–	–	–	254,5	–
NG Brimacombe	Sep 13	13 400	–	–	13 400	–	–	–	298,7	–
NG Brimacombe	Feb 13	6 667	–	–	6 667	–	–	–	299,8	–
AG Kirk	Dec 16	–	12 760	–	–	12 760	–	12 760	396,0	–
AG Kirk	Feb 16	11 680	–	–	–	11 680	–	11 680	291,7	–
AG Kirk	Feb 15	8 260	–	–	–	8 260	–	8 260	385,3	–
AG Kirk	Feb 14	11 800	–	–	–	11 800	3 932	7 868	254,5	518
PW Spies	Sep 17	–	13 102	–	–	13 102	–	13 102	403,6	–

Details of performance shares awarded to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Options received/ forfeited as result of performance conditions achieved/ not achieved	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	10-day VWAP share price on grant date
NG Brimacombe	Feb 16	1 330	–	–	–	1 330	–	291,7
NG Brimacombe	Feb 15	1 920	–	–	–	1 920	–	385,3
NG Brimacombe	Feb 14	2 720	–	5 440	8 160	–	–	254,5
AG Kirk	Feb 16	2 520	–	–	–	–	2 520	291,7
AG Kirk	Feb 15	1 780	–	–	–	–	1 780	385,3
AG Kirk	Feb 14	2 540	–	5 080	7 620	–	–	254,5

Details of restricted shares granted to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2017 appear below:

Name	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	10-day VWAP share price on grant date
NG Brimacombe	Feb 15	1 810	–	–	1 810	–	–
AG Kirk	Dec 16	–	1 900	–	–	1 900	396,0
AG Kirk	Feb 16	1 090	–	–	–	1 090	291,7
AG Kirk	Dec 15	3 848	–	–	–	3 848	342,9
AG Kirk	Feb 15	1 690	–	–	–	1 690	385,3
AG Kirk	Dec 14	7 084	–	–	–	7 084	382,4

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan continued

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of share appreciation rights allocated to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2017, appear below:

Total for FY	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	Number of options vested at 30 September 2017	Number of options subject to performance targets and retention	Grant price (Rand)	Fair market value of vested options at 30 September 2017 (R000)
2017	Dec 16	–	56 040	–	–	56 040	–	56 040	396,0	–
2016	Feb 16	37 340	–	–	–	37 340	–	37 340	291,7	–
2015	Feb 15	18 780	–	–	–	18 780	–	18 780	385,3	–
2014	Feb 14	41 626	–	530	–	41 096	13 457	27 639	254,5	1 721
2013	Feb 13	12 944	–	–	7 140	5 804	–	5 804	299,8	–

Aggregated details of restricted shares granted to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2017:

Total for FY	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	Grant price (Rand)
2016	Feb 16	6 800	–	–	–	6 800	291,7
2015	Feb 15	3 420	–	–	–	3 420	254,5
2014	Feb 14	2 890	–	5 780	8 670	–	–

Aggregated details of restricted shares granted to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2017:

Total for FY	Date of grant	Holding at 1 October 2016	Granted 2017	Exercised 2017	Forfeited 2017	Holding at 30 September 2017	10-day VWAP share price on grant date
2017	Various	–	5 710	–	–	5 710	396,0
2016	Various	6 712	–	–	–	6 712	291,7
2015	Various	6 324	–	–	–	6 324	370,2

Annexure D

Share-based payment plans

The information noted on the following pages summarises all key assumptions, valuation inputs and key disclosures relating to the Tiger Brands share-based payment plans.

1 General employee share option plan

Certain senior employees are entitled to receive options based on merit. Options are issued annually by the board of directors of the company.

Between January 2006 and March 2013 a cash-settled option scheme was applied by the company, which replaced the previous equity-settled share option scheme. During March 2013, a hybrid scheme was introduced where executives and managers of the company and its subsidiaries are offered a weighted combination of:

- Allocations of share appreciation rights;
- Conditional awards of full value performance shares;
- Grants of full value restricted shares (bonus matching and deferral element).

This hybrid scheme is regarded as an equity-settled share option scheme.

Share appreciation rights

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share appreciation rights during the year.

	2017		2016	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	1 064 783	301,4	1 185 560	301,3
Granted during the year	553 092	396,2	376 004	297,2
Forfeited during the year	(140 482)	329,3	(493 489)	300,2
Exercised during the year	(36 051)	255,2	(3 292)	282,0
Outstanding at end of the year	1 441 342	336,2	1 064 783	301,4
Exercisable at end of the year	82 536	257,0	–	–
Weighted average remaining contractual life (years)		4,0 years		4,2 years
Weighted average fair value of options granted (per option)		R108,1		R93,9
Range of exercise prices outstanding at end of the year (per option)		R254,5 – R403,6		R254,5 – R385,3

Options were valued using a modified Black-Scholes model taking into account the dividend cover, expected exercise pattern and volatility of the Tiger Brands share price. Subject to certain performance conditions, one-third of the equity-settled share options vest on each of the third, fourth and fifth anniversary dates from the date of the original grant date. All the equity-settled options mature six years after the grant date.

1 General employee share option plan continued

Share appreciation rights continued

The following inputs were used:

Date of grant	Strike price of option (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
13/02/2013	299,8	12/02/2019	289,5	24,5	2,0
30/09/2013	299,8	29/09/2019	299,1	23,2	2,0
13/02/2014	254,5	12/02/2020	250,0	21,5	3,0
02/05/2014	272,9	01/05/2020	279,5	21,8	3,0
02/06/2014	298,3	01/06/2020	299,8	21,8	2,9
04/02/2015	385,3	04/02/2020	394,9	21,3	2,9
09/02/2016	291,7	09/02/2021	302,9	25,5	3,0
31/03/2016	322,4	31/03/2021	325,2	25,7	3,0
24/05/2016	341,7	24/05/2021	337,0	25,7	2,9
07/12/2016	396,0	07/12/2021	386,8	25,8	2,9
05/09/2017	403,6	05/09/2022	380,0	24,9	2,8

Volatilities are based on the historical volatility of the Tiger Brands share price matching the remaining life of each option.

Performance shares

The following table illustrates the number of, and movements in, performance shares during the year.

	2017 Number	2016 Number
Outstanding at beginning of the year	156 850	170 890
Granted during the year	–	70 580
Forfeited during the year	(12 948)	(76 158)
Exercised during the year	(49 052)	(8 462)
Outstanding at end of the year	94 850	156 850
Exercisable at end of the year	–	–
Weighted average remaining contractual life (years)	1,3 years	1,5 years
Weighted average fair value of options granted (per option)	–	R481,8

Options were valued using the Monte-Carlo simulation approach to estimate the price of the options that are subject to TSR market performance conditions using 50 000 simulations taking into account the dividend cover, expected exercise pattern and volatility of the Tiger Brands share price.

The following inputs were used:

Date of grant	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
28/02/2014	27/02/2017	244,4	22,4	3,0
04/02/2015	04/02/2018	394,9	23,6	2,9
09/02/2016	04/02/2019	302,9	27,5	3,0
24/05/2016	24/05/2019	337,0	27,0	2,9

Volatilities are based on the historical volatility of the Tiger Brands share price matching the remaining life of each option.

1 General employee share option plan continued

Restricted shares

The following table illustrates the number of, and movements in, restricted shares during the year:

	2017 Number	2016 Number
Outstanding at beginning of the year	192 378	130 122
Granted during the year	57 010	79 560
Forfeited during the year	(17 654)	(13 875)
Exercised during the year	(25 914)	(3 429)
Outstanding at end of the year	205 820	192 378
Exercisable at end of the year	11 220	–
Weighted average remaining contractual life (years)	1,7 years	1,6 years
Weighted average fair value of options granted (per option)	R354,8	R286,5

Options were valued using a modified Black-Scholes model taking into account the dividend cover, expected exercise pattern and volatility of the Tiger Brands share price.

The following inputs were used:

Date of grant	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
13/02/2013	12/02/2016	289,5	20,8	2,0
28/02/2014	27/02/2017	244,4	22,4	3,0
28/02/2014	10/09/2017	319,0	23,0	3,0
03/12/2014	03/12/2017	367,9	23,4	2,9
04/02/2015	04/02/2018	394,9	23,6	2,9
03/12/2015	03/12/2018	320,0	26,3	3,0
09/02/2016	09/02/2019	302,9	27,5	3,0
31/03/2016	31/03/2019	325,2	27,4	3,0
07/12/2016	07/12/2020	386,8	26,9	2,9

Volatilities are based on the historical volatility of the Tiger Brands share price matching the remaining life of each option.

1 General employee share option plan continued

Cash-settled

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, cash-settled options during the year:

	2017		2016	
	Number	WAEP	Number	WAEP
Outstanding at beginning of the year	271 076	249,5	696 622	238,2
Granted during the year	–	–	–	–
Forfeited during the year	(6 253)	263,8	(160 441)	251,6
Exercised during the year	(140 620)	227,2	(265 105)	195,0
Outstanding at end of the year	124 203	274,6	271 076	249,5
Exercisable at end of the year	82 301	265,7	155 031	195,0
Weighted average remaining contractual life (years)		0,9 years		1,4 years
Range of exercise prices outstanding at end of the year (per option)		R252,0 – R299,8		R280,0 – R399,9
Weighted average share price at the date of exercise (per option)		R403,0		R316,8

Cash-settled options were valued using a modified Black-Scholes model taking into account the dividend cover, expected exercise pattern and volatility of the Tiger Brands share price. Subject to certain performance conditions, one-third of the cash-settled share options vest on each of the third, fourth and fifth anniversary dates from the date of the original grant date. All the cash-settled options mature six years after the grant date.

The following inputs were used:

Date of grant	Strike price of option (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
02/02/2011	189,09	01/02/2017	188,2	31,3	2,9
03/02/2012	253,18	02/02/2018	255,0	31,3	2,9
02/07/2012	252,01	01/07/2018	247,0	31,3	2,9
01/10/2012	265,42	30/09/2018	272,4	31,3	2,9
13/02/2013	299,83	12/02/2019	289,5	30,4	2,9

The average volatility was 20,33% (2016: 31,1%) and the risk free rate was 7,09% (2016: 7,5%) during the year.

The carrying amount of the liability relating to the cash-settled options at 30 September 2017 is R13,2 million (2016: R36,4 million) – refer to note 28. Cash-settled options exercised during the year amounted to R26,4 million (2016: R35,6 million).

Volatilities are based on the historical volatility of the Tiger Brands share price matching the remaining life of each option.

2 Black Managers Participation Right Scheme (equity settled)

In terms of the BEE transaction implemented on 17 October 2005, 4 381 831 Tiger Brands shares were acquired by the Tiger Brands Black Managers Trust.

The allocation of vested rights entitles beneficiaries to receive Tiger Brands shares (after making capital contributions to the Black Managers Trust) at any time after the lock-in period. In respect of options allocated on or before 31 July 2010, the lock-in period ends on 31 December 2014. In respect of allocations made after 31 July 2010, the lock-in date will be the latter of 31 December 2014 or, in respect of one-third of the allocations, three years after the allocation, the next third, four years and the last third, five years after the allocation. These vested rights are non-transferable.

After the lock-in date, the beneficiaries may exercise their vested rights, in which event the beneficiary may:

- instruct trustees to sell all of their shares and distribute the proceeds to them, net of the funds required to pay the capital contributions, taxation (including employees' tax), costs and expenses;
- instruct the trustees to sell sufficient shares to fund the capital contributions, pay the taxation (including employee's tax), costs and expenses, and distribute to them the remaining shares to which they are entitled; or
- fund the capital contributions, taxation (including employees' tax) costs and expenses themselves and receive the shares to which they are entitled.

The expense recognised for employee services received during the year to 30 September 2017 is R15,9 million (2016: R16,4 million).

The following table illustrates the number of, and movements in, share participation rights during the year:

	2017 Number	2016 Number
Outstanding at beginning of the year	1 002 284	1 330 442
Granted during the year	303 000	65 000
Forfeited during the year	(52 889)	(97 135)
Shares sold (death of employees)	(217 030)	(296 023)
Outstanding at end of the year	1 035 365	1 002 284
Exercisable at end of the year	513 494	627 060
Weighted average remaining contractual life (years)	10,0 years	11,0 years
Weighted average fair value of options granted during the year (per option)	R334,5	R293,9
Notional average exercise price (per option)	R86,7	R101,5

Participation rights were valued using the Monte-Carlo simulation approach to estimate the average, optimal payoff of the participation rights using 5 000 permutations. The payoff of each random path was based on the projected Tiger Brands share price, outstanding debt projections and optimal early exercise conditions.

Volatility is measured as the annualised standard deviation of the daily price changes in the underlying share under the assumption that the share price is log-normally distributed. Historical daily share price data was used to estimate the expected volatility.

2 Black Managers Participation Right Scheme (equity settled) continued

The following inputs were used:

Date of grant	Initial strike price of participation rights (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the participation right (%)	Expected dividend yield of the stock over the remaining life of the participation right (%)
31/01/2014	85,84	30/09/2027	226,0	25,3	3,8
31/07/2014	85,87	30/09/2027	308,8	25,3	3,8
31/01/2015	81,91	30/09/2027	394,2	25,3	3,8
31/07/2015	82,47	30/09/2027	284,9	25,3	3,8
31/01/2016	79,01	30/09/2027	291,0	25,3	3,8
31/07/2017	74,47	31/07/2023	399,5	24,1	3,8

The risk free interest rate was obtained from constructed ZAR swap curves on the valuation dates using key inputs being South African money market rates and swap rates as published by Bloomberg.

3 Black Managers Trust II and Brimstone participation right schemes (equity settled)

In terms of the BEE Phase II transaction implemented on 20 October 2009, 2 835 427 Tiger Brands shares were acquired by the Black Managers Trust II and 1 813 613 shares by Brimstone Investment Corporation Limited (Brimstone).

Brimstone

Brimstone is required to hold their shares via Brim Tiger SPV Proprietary Limited (previously Business Venture Investments No 1323 Proprietary Limited) (Brimstone SPV). Brimstone and the Brimstone SPV may not sell or encumber such shares until 31 December 2017 (the end date). The IFRS 2 charge of R61,9 million relating to Brimstone has been expensed upfront.

At the end date, Tiger Brands will be entitled to repurchase a certain number of shares from Brimstone at the subscription price of R7,40. The number of shares will be calculated in terms of a repurchase formula, whose inputs are:

- the total discounted value of the shares (being an amount equal to R148,07 per share) less the initial equity contribution by Brimstone, increased over the transaction term by a hurdle rate (being 85% of the prevailing prime rate);
- an amount equal to 85% of the distributions declared by Tiger Brands but not received by Brimstone SPV as a result of the condition attaching to the issue of the shares increased over the transaction term by the hurdle rate;
- the market value of a Tiger Brands ordinary share at the end date; and
- the subscription price of R7,40 per share.

Black Managers Trust II

Originally allocations of vested rights to these shares were made to a total number of 484 black managers and are non-transferable.

The effective dates of these allocations were 31 January 2010 and 31 July 2010.

With effect from 31 December 2017, the black managers may elect to take delivery of the full benefit of a portion of the shares allocated to them in accordance with their vested rights (after Tiger Brands has exercised its right to repurchase a certain number of the shares from the Black Managers Trust II at the subscription price of 10 cents per share).

The number of shares to be repurchased by Tiger Brands will be calculated in terms of a repurchase formula, the inputs of which are similar to those as disclosed under the "Brimstone" heading above, other than for the fact that 90% of any distributions declared by Tiger Brands are not received by the Black Managers Trust II (as opposed to 85% in the case of Brimstone SPV) and the subscription price is 10 cents per share (as opposed to R7,40 in the case of the Brimstone SPV).

3 Black Managers Trust II and Brimstone participation right schemes (equity settled) continued

Black Managers Trust II continued

Upon termination of the trust on 31 December 2018, the black managers shall take delivery of all benefits due to them, failing which these will be forfeited, and the Trustees shall transfer those benefits and any unallocated Tiger Brands ordinary shares, or the net proceeds thereof, to the black managers who are beneficiaries of the Black Managers Trust II at that time.

In calculating the IFRS 2 charge, the following input parameters were utilised to determine the fair value of the rights granted to the beneficiaries of the Black Managers Trust II in terms of the BEE Phase II transaction:

- The allocation date
- The maturity date of the rights
- The market price of the underlying equity as at the valuation date
- The strike price of the rights
- The expected volatility of the underlying equity over the life of the rights
- The expected dividend yield on the underlying equity over the life of the rights
- The risk-free interest rates over the life of the rights
- The prime interest rates over the life of the rights.

Volatility is measured as the annualised standard deviation of the daily price changes in the underlying share on the assumption that the share price is log-normally distributed. Historical daily share price data was used to estimate the expected volatility.

Participation rights were valued using the Monte-Carlo simulation approach with the "market variable" being the Tiger Brands share price.

The path-dependency of the option results from the relationship between the Tiger Brands share price and the strike price of the option, by virtue of the impact on the strike price of dividends paid by Tiger Brands during the life of the BEE Phase II transaction.

The expense recognised for employee services received during the year to 30 September 2017 is R19,3 million (2016: R16,9 million).

The following table illustrates the number of, and movements in, share participation rights during the year.

	2017 Number	2016 Number
Outstanding at beginning of the year	2 678 372	2 783 305
Granted during the year	259 620	111 000
Forfeited during the year	(123 200)	(199 412)
Shares sold (death of employees)	–	(16 521)
Outstanding at end of the year	2 814 792	2 678 372
Exercisable at end of the year	–	–
Weighted average remaining contractual life (years)	1,3 years	2,3 years
Weighted average fair value of options granted during the year (per option)	R193,1	R158,7
Notional average exercise price (per option)	R202,9	R190,3

No weighted average exercise price has been calculated as there were no participation rights exercised.

A risk-free rate was constructed using a zero-coupon ZAR swap interest rate curve as at the valuation date using a raw interpolation bootstrapping algorithm, with inputs from South African money market rates (interbank acceptance rates and forward rate agreement (FRA) rates) and swap rates, as published by Bloomberg.

3 Black Managers Trust II and Brimstone participation right schemes (equity settled) continued

Black Managers Trust II continued

The following inputs were used:

Date of grant	Initial strike price of participation rights (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the participation right (%)	Expected dividend yield of the stock over the remaining life of the participation right (%)
31/07/2013	168,0	31/12/2018	317,0	25,4	2,0
01/01/2014	173,8	31/12/2018	264,8	25,4	2,0
31/01/2014	169,9	31/12/2018	266,0	25,4	2,0
31/07/2014	174,3	31/12/2018	308,8	25,4	2,0
31/01/2015	206,3	31/12/2018	394,2	25,4	2,0
31/07/2015	99,7	31/12/2018	284,9	25,4	2,0
31/01/2016	104,3	31/12/2018	291,0	27,6	2,4
31/07/2016	193,1	31/12/2018	389,9	29,8	1,8
30/09/2017	202,9	31/12/2018	377,4	17,7	3,2
30/09/2017	202,9	30/09/2020	377,4	26,1	3,2

4 Tiger Brands Limited shares held by subsidiary and empowerment entities

On 19 September 2005, shareholders approved a scheme of arrangement (section 311 of the Companies Act 61 of 1973) in terms of which Tiger Brands would facilitate the acquisition of a 4% direct ownership interest in its issued ordinary share capital by a broad base of staff employed within the group. The court order sanctioning the scheme was registered by the Registrar of Companies on 29 September 2005, being the effective date of acquisition of the scheme shares.

The total value of the staff empowerment transaction was R723,5 million, based on the closing price of the company's shares on the JSE Limited on 13 July 2005 of R112 per share. The transaction was implemented on 17 October 2005 through a number of trusts and a special purpose vehicle. The acquisition of 5 896 140 Tiger Brands shares by the Black Managers Trust and Thusani Empowerment Investment Holdings Proprietary Limited in terms of the scheme, at an aggregate cost of R649,5 million was shown as a deduction from equity in the group statement of financial position. This reduced to R502,2 million in 2008 as a result of the Adcock Ingram unbundling. As from 2008 such shares in Adcock Ingram are reflected as listed investments classified as available for sale.

The cost of the Tiger Brands shares acquired by the general staff trust (547 733 shares), together with the total expenses of the BEE transaction, was reflected as an abnormal item of R69,4 million in the group income statement in 2005.

Annexure E

Pension obligations

The information noted below summarises all key assumptions, valuation inputs and key disclosures relating to Tiger Brands.

The company and its subsidiaries contribute to retirement plans that cover all employees. The retirement plans are either defined benefit plans or defined contribution plans and are funded. The assets of the funds are held in independent trustee administered funds, administered in terms of the Pension Funds Act 24 of 1956, as amended. In terms of the Pension Funds Act, certain of the retirement funds are exempt from actuarial valuation. Those funds not exempt from valuation must, in terms of the Pension Funds Act, be valued at least every three years. For purposes of production of these disclosures, and in order to comply with the requirements of IAS 19, valuations have been performed by independent actuaries, using the projected unit credit method. Where valuations were not possible due to the limited availability of complete data, roll forward projections of prior completed actuarial valuations were used, taking account of actual subsequent experience.

Within the company's group of subsidiaries, there are a total of 23 retirement plans, three of which are defined benefit pension funds, five are defined contribution pension funds, two are defined benefit provident plans and nine are defined contribution provident funds. There are a further four schemes of insurance into which the company and its subsidiaries contribute. Certain companies within the group sponsor external death, funeral and disability benefit insurance policies. These insurance costs have been allowed for in the disclosures provided. All of the funds above are funded with one exception.

The actual return on plan assets for the period 1 October 2016 to 30 September 2017 was R26,5 million (2016: R31,3 million). This compares with the expected return for the same period of R38,5 million (2016: R35,1 million).

The value of contributions expected to be paid by group companies for the year ending 30 September 2018 amounts to R261,1 million (2017 actual: R239,4 million).

As at 30 September 2017, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets (2016: Rnil).

As at 30 September 2017, the percentage of the fair value of plan assets in respect of defined benefit arrangements invested in Tiger Brands Limited shares amounted to 0% (2016: 0%).

Major categories of plan assets in respect of defined benefit arrangements as at 30 September:

	Group	
(%)	2017	2016
Equities	4,9	3,9
Bonds	27,6	27,4
Cash	62,5	64,1
Property	0,9	0,8
International	3,5	3,2
Other	0,6	0,6
	100,0	100,0

	Group	
(R'million)	2017	2016
Balance at end of the year		
Present value of defined benefit obligations	(292,5)	(314,6)
Fair value of plan assets in respect of defined benefit obligations	431,6	450,7
Funded status of defined benefit plans	139,1	136,1
Unrecognised due to paragraph 65 limit	(17,6)	(31,0)
Asset at reporting date	121,5	105,1

The disclosure of the funded status is for accounting purposes only, and does not necessarily indicate any assets available to the company or its subsidiaries. Once a surplus apportionment exercise is completed, and approved by the Registrar of Pension Funds in terms of the provisions of the Pension Funds Second Amendment Act, 2001, only at that stage would it be appropriate for the company or its subsidiaries to recognise any assets in respect of the retirement funds, to the extent that they have apportioned such assets. The surplus apportionment schemes for the Tiger Brands Defined Benefit Pension Fund and the Beacon Products Staff Pension Fund were approved by the Registrar in 2008. The surplus apportionment scheme for the ICS Pension Fund was approved in 2011. Where appropriate, the surplus apportioned to the company has been recognised on the balance sheet. This legislation is not applicable to arrangements not registered in terms of the Pension Funds Act, such as special purpose entities established for purposes of providing disability benefits.

Annexure E continued

Pension obligations continued

	Group	
(%)	2017	2016
Actuarial assumptions		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate		
	Full yield curve	Full yield curve
Tiger Brands Defined Benefit Pension Fund	7,20	7,90
Tiger Oats Benefit Foundation	11,50	10,80
Nestlé Pension Fund	7,20	7,90
ICS Pension Fund	9,30	9,40
Future salary increases		
Post-retirement discount rate		
Tiger Brands Defined Benefit Pension Fund	3,00	3,00
Nestlé Pension Fund	4,56	3,82
Future pension increases		
Nestlé Pension Fund	6,64	6,72

(R'million)	2017	2016
Reconciliation of the defined benefit obligation:		
Defined benefit obligation at beginning of the year	(314,6)	(305,7)
Current service cost	(3,6)	(4,0)
Member contributions	(0,9)	(0,9)
Interest cost	(27,2)	(26,2)
Actuarial gain	7,8	14,0
Benefits paid	45,7	7,9
Risk premiums (Group Life and Permanent Health)	0,3	0,3
Defined benefit obligation at end of the year	(292,5)	(314,6)
Reconciliation of fair value of plan assets		
Assets at fair market value at beginning of the year	450,7	425,6
Interest on plan assets	38,5	35,1
Contributions	0,4	2,1
Risk premiums (Group Life and Permanent Health)	(0,3)	(0,3)
Benefits paid	(45,7)	(7,9)
Actuarial loss	(12,0)	(3,9)
Assets at fair market value at end of the year	431,6	450,7
Reconciliation of asset ceiling		
Unrecognised due to paragraph 64 limit	(17,6)	(31,0)
Asset ceiling at end of the year	(17,6)	(31,0)
Asset balance at end of the year	121,5	105,1

Pension obligations continued

The risks faced by the Group as a result of pension obligations can be summarised as follows:

Inflation: The risk that future CPI inflation is higher than expected and uncontrolled.

Longevity: The risk that pensioners live longer than expected and thus their pension benefit is payable for longer than expected.

Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.

Future changes in legislation: The risk that changes to legislation with respect to the post-employment liability may increase the liability for the company.

Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the company.

Administration: Administration of this liability poses a burden to the company.

Sensitivity analysis

The sensitivity analysis has been prepared for the Tiger Brands Defined Benefit Pension Fund and the Nestlé Pension Fund. The liabilities of the Tiger Brands PRDBS Provident Fund and the ICS Pension Fund are not sensitive to changes in either the discount rate or the inflation rate.

	Balance 2017	+1%	–1%
Discount rate			
Defined benefit obligation (R'million)	(237,8)	(227,0)	(251,2)
Change (%)		(4,8)	5,3
Inflation rate			
Defined benefit obligation (R'million)	(237,8)	(250,9)	(227,1)
Change (%)		5,2	(4,7)

Annexure F

Post-retirement medical aid obligations

The information noted below summarises all key assumptions, valuation inputs and key disclosures relating to Tiger Brands.

The company and its subsidiaries operate post-employment medical benefit schemes that cover certain of their employees and retirees. This practice has since been stopped for new employees. The liabilities are valued annually using the projected unit credit method. The latest actuarial valuation was performed on 30 September 2017.

(%)	2017	2016
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,80	10,00
Medical inflation	8,20	9,00
Future salary increases	8,20	9,00
Post-retirement mortality tables	PA(90) ultimate rated down 2 years plus 1% improvement per annum from 2006	PA(90) ultimate rated down 2 years plus 1% improvement per annum from 2006

The risks faced by the group as a result of the post-retirement medical aid obligation can be summarised as follows:

Inflation: The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.

Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.

Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.

Future changes in legislation: The risk that changes to legislation with respect to the post-employment liability may increase the liability for Tiger Brands.

Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for Tiger Brands.

Perceived inequality between current employees: The risk of dissatisfaction of current employees who are not eligible for a post-employment healthcare subsidy.

Administration: Administration of this liability poses a burden to Tiger Brands.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

Sensitivity analysis

	2017			2016		
	Base case	Medical inflation		Base case	Medical inflation	
Key assumption	8,20%	(1,0%)	1,0%	9,00%	(1,0%)	1,0%
Accrued liability 30 September (R'million)	619,1	560,2	688,7	666,0	602,0	742,6
% change		(9,5)	11,2		(9,6)	11,5
Current service cost plus interest cost (R'million)	60,7	54,6	68,0	67,2	60,2	75,5
% change		(10,1)	12,0		(10,4)	12,5

	2017			2016		
	Base case	Discount rate		Base case	Discount rate	
Key assumption	9,80%	(1,0%)	1,0%	10,00%	(1,0%)	1,0%
Present value of obligations 30 September (R'million)	619,1	686,4	562,9	666,0	746,0	600,2
% change		10,9	(9,1)		12,0	(9,9)

	2017			2016		
	Base case	Expected retirement age		Base case	Expected retirement age	
Key assumption	60/63/65 years	One year younger	One year older	60/63/65 years	One year younger	One year older
Present value of obligations 30 September (R'million)	619,1	623,0	615,8	666,0	669,0	661,6
% change		0,6	(0,5)		0,4	(0,7)

The duration of the liability at 30 September 2017 is 11,3 years (2016: 12,4 years).

Segment report

for the year ended 30 September 2017

(R'million)	Revenue[1] 2017	Revenue[1] Restated* 2016	Operating income[2] 2017	Operating income[2] Restated 2016	Depreciation and amortisation 2017	Depreciation and amortisation Restated 2016
Domestic operations	**27 109,0**	26 160,1	**4 235,5**	3 695,8	**483,1**	448,3
Grains	**13 309,4**	12 724,8	**2 361,2**	2 001,9	**150,5**	152,8
Milling and baking[3]	**9 519,7**	9 161,1	**1 858,9**	1 596,2	**129,0**	130,6
Other Grains[4]	**3 789,7**	3 563,7	**502,3**	405,7	**21,5**	22,2
Consumer Brands – Foods	**13 799,6**	13 435,3	**1 902,8**	1 728,5	**267,6**	240,2
Groceries	**5 008,4**	4 698,7	**588,6**	465,6	**122,6**	116,6
Snacks & Treats	**2 157,2**	2 263,0	**323,5**	316,0	**49,7**	49,3
Beverages	**1 203,6**	1 321,3	**144,0**	156,8	**26,0**	18,4
Value Added Meat Products	**2 243,1**	2 215,0	**104,2**	158,0	**37,1**	35,0
Out of Home	**535,7**	501,7	**119,9**	98,4	**–**	–
Home, Personal Care and Baby (HPCB)	**2 651,6**	2 435,6	**622,6**	533,7	**32,2**	20,9
Personal Care	**682,5**	682,4	**138,6**	134,2	**13,2**	4,4
Baby Care	**888,0**	862,1	**207,7**	211,3	**11,1**	11,1
Home Care	**1 081,1**	891,1	**276,3**	188,2	**7,9**	5,4
Other[5]	**–**	–	**(28,5)**	(34,6)	**65,0**	55,3
Exports and International	**4 188,9**	4 428,1	**398,8**	496,3	**80,8**	87,8
Exports	**1 747,3**	1 625,7	**272,9**	247,0	**16,7**	16,9
International operations – Central Africa (Chococam)	**821,3**	883,8	**147,2**	150,2	**19,5**	21,8
International operations – West Africa (Deli Foods)	**280,3**	476,7	**(34,5)**	(48,5)	**21,4**	25,4
Deciduous Fruit (LAF)	**1 620,1**	1 683,3	**13,2**	147,6	**23,2**	23,7
Other intergroup sales	**(280,1)**	(241,4)	**–**	–	**–**	–
Total from continuing operations – before IFRS 2 charges	**31 297,9**	30 588,2	**4 634,3**	4 192,1	**563,9**	536,1
IFRS 2 charges	**–**	–	**(110,3)**	(88,9)	**–**	–
Total from continuing operations – after IFRS 2 charges	**31 297,9**	30 588,2	**4 524,0**	4 103,2	**563,9**	536,1
Discontinued operations – East Africa** and TBCG	**561,2**	2 556,8	**14,0**	114,1	**9,9**	39,4
Total group	**31 859,1**	33 145,0	**4 538,0**	4 217,3	**573,8**	575,5

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

*** Previously reported "International Operations – East Africa" segment has now been classified as discontinued operations.*

[1] *Refer to note 2.1 of the financial statements for further information on geographical split.*

[2] *Operating income is stated after amortisation of intangible assets.*

[3] *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*

[4] *Comprises rice, pasta and oat-based breakfast cereals.*

[5] *Includes the corporate office and management expenses relating to international investments.*

All segments operate on an arm's length basis in relation to inter-segment pricing.

(R'million)	Total assets 2017	Total assets 2016	Accounts payable, provisions and accruals and taxation 2017	Accounts payable, provisions and accruals and taxation 2016	Capital expenditure 2017	Capital expenditure 2016
Domestic operations	**19 193,4**	19 056,9	**4 259,9**	4 082,4	**836,0**	847,0
Grains	**5 100,7**	5 550,3	**1 628,4**	1 429,7	**480,3**	346,7
Milling and baking[1]	**3 570,1**	3 867,6	**1 056,6**	931,1	**421,6**	329,9
Other Grains[2]	**1 530,6**	1 682,7	**571,8**	498,6	**58,7**	16,8
Consumer Brands	**9 195,6**	9 509,2	**2 037,1**	2 276,8	**279,7**	439,0
Groceries	**4 440,9**	4 304,4	**835,3**	880,4	**140,5**	127,4
Snacks & Treats	**1 080,2**	1 384,1	**317,3**	423,2	**24,4**	78,6
Beverages	**1 407,8**	1 483,5	**141,7**	237,6	**29,0**	67,5
Value Added Meat Products	**832,4**	975,7	**276,6**	282,5	**40,3**	33,2
Home, Personal Care and Baby (HPCB)	**1 434,3**	1 361,5	**466,2**	453,1	**45,5**	132,3
Other[3]	**4 897,1**	3 997,4	**594,4**	375,9	**76,0**	61,3
Exports and International	**4 377,1**	5 429,4	**727,6**	728,1	**64,4**	98,4
Exports	**2 383,1**	2 535,4	**198,6**	119,3	**2,8**	(8,3)
International operations – Central Africa (Chococam)	**713,4**	648,8	**255,3**	227,5	**8,6**	21,6
International operations – West Africa (Deli Foods)	**133,3**	146,4	**44,6**	54,7	**7,4**	20,8
International operations – East Africa	**–**	854,0	**–**	82,4	**–**	27,7
Deciduous Fruit (LAF)	**1 147,3**	1 244,8	**229,1**	244,2	**45,6**	36,6
International operations – East Africa (held for sale)*	**364,7**	–	**101,2**	–	**18,6**	–
Total	**23 935,2**	24 486,3	**5 088,7**	4 810,5	**919,0**	945,4

** As required by IFRS 5 in relation to the treatment of Haco Tiger Brands (E.A.) Limited (Haco) as held for sale in the current year.*

[1] *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*
[2] *Comprises rice, pasta and oat-based breakfast cereals.*
[3] *Includes the corporate office.*

(R'million)	2017	2016
Split of non-current assets		
South Africa	6 220,2	5 898,5
Outside South Africa	1 965,2	2 583,9
Total	8 185,4	8 482,4
Reconciliation of total assets		
Total assets per statement of financial position	23 979,2	24 528,9
Deferred taxation asset	(44,0)	(42,6)
	23 935,2	24 486,3

Value added statement

for the year ended 30 September 2017

Value added is a measure of the wealth the group has been able to create. The following statement shows how this wealth has been distributed.

(R'million)	2017	%	2016 Restated*#	%
Revenue	31 297,9	100,0	30 588,2	100,0
Less: Net cost of products and services	22 363,7	71,5	22 198,8	72,6
Value added	8 934,2	28,5	8 389,4	27,4
Add: Income from investments and associates	568,1	1,8	887,0	2,9
Wealth created	9 502,3	30,4	9 276,4	30,3
Applied to:				
Employees				
– Salaries, wages and other benefits	3 733,7	39,3	3 621,8	39,0
Providers of capital	2 066,6	21,7	1 837,9	19,8
– Interest on borrowings	241,4	2,5	188,3	2,0
– Dividends and capital distributions to non-controlling interests and preference shareholders	16,6	0,2	19,7	0,2
– Dividends to ordinary shareholders	1 808,6	19,0	1 629,9	17,6
Government				
Taxation (refer to note 1)	1 257,8	13,2	1 292,6	13,9
Retained in the group	2 444,2	25,8	2 524,1	27,3
	9 502,3	100,0	9 276,4	100,0

(R'million)	2017	2016 Restated#
Note 1		
Income taxation (excluding deferred tax)	1 145,2	1 164,2
Skills Development Levy	22,4	26,9
Rates and taxes paid to local authorities	30,6	27,9
Customs duties, import surcharges and excise taxes	59,6	73,6
Gross contribution to government	1 257,8	1 292,6

The payments to government exclude taxation deducted from employees' remuneration of R514,7 million (2016: R507,4 million), net VAT of R625,5 million (2016: R429,0 million), excise duty on revenue and UIF payments.

(R'million)	2017	%	Restated# 2016	%	2015	%	2014	%	2013	%
Trend of value added										
Employees	3 733,7	39	3 621,8	39	3 422,6	39	3 307,2	38	2 860,2	38
Providers of capital	2 066,6	22	1 837,9	20	1 814,3	21	1 896,2	22	1 825,5	24
Government	1 257,8	13	1 292,6	14	1 128,0	13	1 472,8	17	1 346,1	18
Retained in the group	2 444,2	26	2 524,1	27	2 374,6	27	1 952,5	23	1 539,3	20
	9 502,3	100	9 276,4	100	8 739,5	100	8 628,7	100	7 571,1	100

** Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations. Refer to note 34.

Five-year review

(R'million)	2017	2016 Restated*#	2015 Restated~	2014	2013 Restated^
Consolidated income statements					
Revenue	31 298	30 588	28 690	30 126	27 065
Profit before taxation, income from associates, abnormal items and impairments	4 317	3 941	3 823	3 155	2 721
Income from associates	533	861	603	597	515
Abnormal items and impairments	(583)	(324)	(339)	(1 056)	(2)
Profit before taxation	4 267	4 478	4 087	2 696	3 234
Taxation	(1 234)	(1 209)	(977)	(832)	(837)
Profit for the year from continuing operations	3 033	3 269	3 110	1 864	2 397
Attributable to:					
Owners of the parent – continuing operations	3 011	3 243	3 122	1 991	2 516
Non-controlling interests – continuing operations	22	26	(12)	(127)	(119)
Consolidated statements of financial position					
Property, plant and equipment	4 588	4 542	4 641	5 868	5 499
Goodwill and intangible assets	3 597	3 941	4 233	4 527	5 424
Investments	4 720	4 905	4 312	3 422	3 413
Current assets	10 665	11 099	11 617	10 728	9 486
Assets classified as held for sale	365	–	–	–	1 281
Total assets	23 935	24 487	24 803	24 545	25 103
Issued capital and reserves before share-based payment reserve	16 244	15 059	13 407	12 753	12 423
Share-based payment reserve	560	489	424	425	364
Non-controlling interests	257	487	(53)	770	1 028
Deferred taxation liability/(asset)	304	211	150	(28)	225
Provision for post-retirement medical aid	619	666	643	626	581
Long-term borrowings	2	1 069	1 215	627	1 453
Current liabilities	5 776	6 506	9 017	9 372	8 330
Liabilities directly associated with assets classified as held for sale	173	–	–	–	699
Total equity and liabilities	23 935	24 487	24 803	24 545	25 103
Consolidated cash flow statements					
Cash operating profit after interest and taxation	4 024	3 432	2 841	3 168	2 915
Working capital changes	668	(604)	(812)	(348)	(337)
Dividends received	350	406	326	287	301
Cash available from operations	5 042	3 234	2 355	3 107	2 879
Dividends and capital distributions paid	(1 834)	(1 661)	(1 643)	(1 467)	(1 426)
Net cash flow from operating activities	3 208	1 573	712	1 640	1 453
Net cash flow from investing activities	(779)	115	(1 056)	(415)	(3 282)
Net cash flow before financing activities	2 429	1 688	(344)	1 225	(1 829)
Net cash flow from financing activities	(1 086)	(562)	76	(1 109)	426
Net increase/(decrease) in cash and cash equivalents	1 343	1 126	(268)	116	(1 403)

* *Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*

\# *Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations.*

~ *Restated as required by IFRS 5 in relation to the treatment of Tiger Branded Consumer Goods plc (TBCG) as a discontinued operation.*

^ *The amounts have been restated due to the adoption of IAS 19R.*

Summary of ratios and statistics

	2017	2016 Restated*#	2015 Restated~	2014	2013 Restated^
Ordinary share performance					
Number of ordinary shares upon which headline earnings per share is based (000)[2]	162 896	162 480	161 693	160 127	159 755
Headline earnings per ordinary share (cents)	2 161	2 127	1 786	1 816	1 629
Dividends per ordinary share (cents)[1]	1 080	1 065	950	940	865
Dividend cover (times)[1]	2,0	2,0	1,9	1,9	1,9
Net worth per ordinary share (cents)	10 307	9 553	8 507	8 221	7 998
Profitability and asset management					
Asset turnover (times)	2,5	2,5	2,3	2,1	2,2
Working capital per R1 000 turnover (R)	21,8	21,2	22,3	22,1	23,2
Operating margin (%)	14,5	13,4	14,0	11,8	11,4
Effective taxation rate (%)	28,9	27,0	23,9	30,9	25,9
Return on equity (%)	22,1	23,4	24,8	22,7	19,7
Return on average net assets (%)	35,3	30,4	26,4	24,6	24,6
Financing					
Current ratio	1,8	1,7	1,3	1,1	1,1
Net interest cover (times)	25	14	18	9	8
Net (cash)/debt to net funding (%)	(3)	11	22	20	24
Total liabilities to total shareholders' funds (%)	34	47	74	72	71
Cash flow to net liabilities (%)	88	50	31	36	32
Employee statistics					
Number of employees at year end[3]	12 196	12 794	15 163	16 884	15 048
– permanent	11 705	11 829	12 800	12 925	12 760
– seasonal	491	965	2 363	3 959	2 288
Revenue per employee (R000)	2 566	2 391	1 892	1 784	1 798
Value added per employee (R000)	733	656	541	474	466
Operating profit per employee (R000)	371	321	265	211	159
Economic indicators					
Consumer Price Index (September on September)	4,9%	6,5%	4,5%	5,9%	6,0%
Key closing exchange rates at 30 September vs ZAR					
– USD	13,51	13,80	13,87	11,32	10,05
– GBP	18,06	17,92	21,05	18,35	16,23
– EUR	15,95	15,47	15,52	14,28	13,60

[1] *Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year end.*
[2] *Net of treasury and empowerment shares.*
[3] *Includes employees of international operations.*
* *Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*
\# *Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations.*
~ *Restated as required by IFRS 5 in relation to the treatment of Tiger Branded Consumer Goods plc (TBCG) as a discontinued operation.*
^ *The amounts have been restated due to the adoption of IAS 19R.*

	2017	2016 Restated*#	2015 Restated~	2014	2013 Restated^
Stock exchange statistics					
Market price per share (cents)					
– year end	**37 735**	38 024	30 479	31 543	29 911
– highest	**42 900**	40 152	40 086	32 200	33 499
– lowest	**35 945**	26 958	26 732	24 444	26 700
Number of transactions	**952 691**	854 893	873 519	508 975	553 725
Number of shares traded (000)	**171 231**	179 123	179 732	139 926	140 315
Value of shares traded (R'million)	**67 133**	60 448	57 859	39 468	41 357
Number of shares traded as a percentage of total issued shares	**89,2**	93,3	93,6	72,9	73,3
Dividend yield at year end (%)	**2,9**	2,8	3,1	3,0	2,9
Earnings yield at year end (%)	**5,9**	5,6	5,9	5,9	5,5
Price earnings ratio at year end	**17**	18	17	17	18
Market capitalisation at year end (R'million)	**72 478**	73 033	58 541	60 546	57 294
Market capitalisation to shareholders' equity at year end (times)	**4,3**	4,7	4,2	4,6	4,5

[1] *Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year end.*
[2] *Net of treasury and empowerment shares.*
[3] *Includes employees of international operations.*
* *Restated for the early adoption of IFRS 15* Revenue from Contracts with Customers. *Refer to note 6.*
\# *Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (E.A.) Limited (Haco) as discontinued operations.*
~ *Restated as required by IFRS 5 in relation to the treatment of Tiger Branded Consumer Goods plc (TBCG) as a discontinued operation.*
^ *The amounts have been restated due to the adoption of IAS 19R.*

Definitions

Headline earnings per share	Headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury and empowerment shares).
Dividend cover	Headline earnings per share divided by the total ordinary dividend per share for the year, comprising the interim dividend paid and final dividend declared post-year end. Where applicable the denominator includes the capital distribution paid out of share premium.
Net worth per ordinary share	Interest of ordinary shareholders after deducting the cost of treasury and empowerment shares divided by the number of ordinary shares in issue at the year end, excluding treasury and empowerment shares.
Asset turnover	Revenue divided by the average of net assets, excluding cash resources, short-term and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year.
Working capital per R1 000 revenue	The average of inventory and receivables less payables, excluding dividends payable to shareholders and taxation, at the beginning and end of the financial year divided by revenue (R000).
Operating margin	Operating profit as a percentage of revenue.
Abnormal items	Items of income and expenditure which are not directly attributable to normal operations or where their size or nature are such that additional disclosure is considered appropriate.
Effective taxation rate	Taxation charge in the income statement as a percentage of profit before taxation.
Return on equity	Profit attributable to ordinary shareholders excluding abnormal items divided by issued capital and reserves.
Return on average net assets employed	Operating profit as a percentage of the average of net assets, excluding cash resources, short-term and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year.
Current ratio	Ratio of current assets to current liabilities.

Net interest cover	Operating profit plus dividend income divided by net finance costs.
Net funding	Capital and reserves, non-controlling interests and long-term and short-term borrowings net of cash.
Net debt	Cash and cash equivalents less long-term borrowings and short-term borrowings.
Total liabilities	Long-term borrowings and current liabilities.
Total equity	Total equity includes ordinary share capital and share premium, less treasury shares and shares held by empowerment entities, plus reserves and non-controlling interests.
Cash flow to net liabilities	Cash generated from operations after interest and taxation as a percentage of total liabilities less cash resources.
Dividend yield	Dividends and capital distributions as a percentage of year-end market price per share.
Earnings yield	Headline earnings per share as a percentage of year-end market price per share.
Price:earnings ratio	Year-end market price per share as a multiple of headline earnings per share.

Company information

Tiger Brands Limited
Registration number: 1944/017881/06

Company secretary
JK Monaisa (appointed 1 November 2017)

Registered office
3010 William Nicol Drive
Bryanston
Sandton

Postal address
PO Box 78056, Sandton, 2146
Telephone: +27 11 840 4000
Facsimile: +27 11 514 0477

Auditors
Ernst & Young Inc

Principal banker
Nedbank Limited

Sponsor
JP Morgan Equities South Africa (Pty) Limited

South African share transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank
2196

American Depository Receipt (ADR) facility
ADR Administrator
The Bank of New York Mellon

Investor relations
Nikki Catrakilis-Wagner
Telephone: +27 11 840 4000

Website address
www.tigerbrands.com

Contact details
Companysecretary@tigerbrands.com
Investorrelations@tigerbrands.com
Tigercsd@tigerbrands.com
Consumer help line: 0860 005342



HEAD OFFICE: SOUTH AFRICA

PHYSICAL ADDRESS
Tiger Brands Limited, 3010 William Nicol Drive, Bryanston

POSTAL ADDRESS
PO Box 78056, Sandton, 2146, South Africa