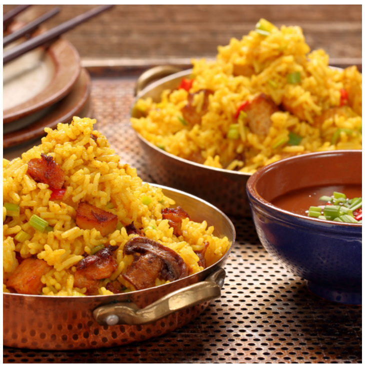
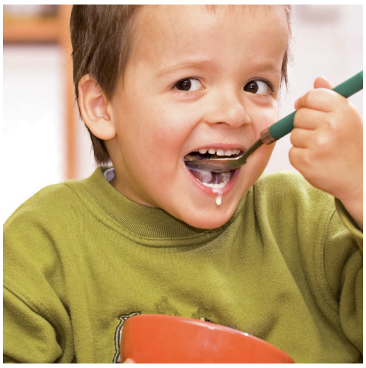
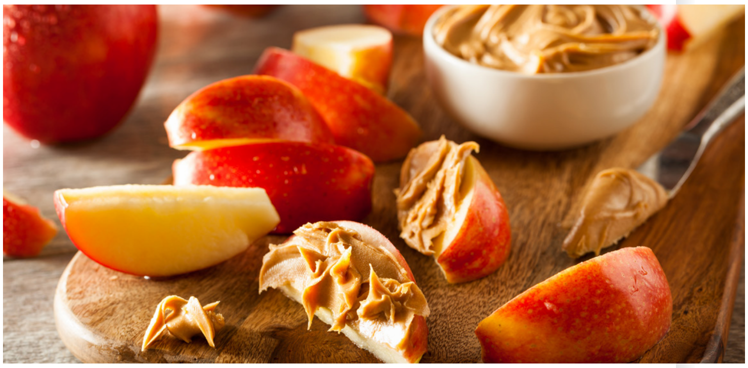
Annual financial statements

2019







We nourish and nurture more lives every day

TIGER BRANDS

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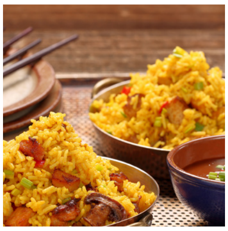

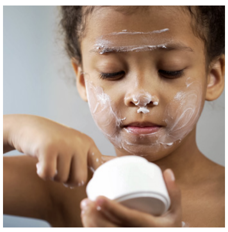

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The preparation of the annual financial statements for the year ended 30 September 2019, which appear on pages 10 to 104 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, an organisational 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 as well as 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 2019, which appear on pages 10 to 104 are in agreement with the books of account at that date, were approved by the board of directors on 21 November 2019 and signed on its behalf by:

Khotso Mokhele
Chairman

Lawrence Mac Dougall
Chief executive officer

21 November 2019

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

21 November 2019

AUDIT COMMITTEE REPORT

The fundamental role of an audit committee is to assist the board in fulfilling its oversight responsibilities in areas such as financial reporting, internal control systems and internal and external audit functions. The committee works closely with the group's risk and sustainability committee, the social and ethics committee to identify common risk and internal control themes, and achieve synergies across all combined assurance processes to ensure that where appropriate, these functions can leverage off each other.

This report is provided by the audit committee appointed for FY19.

The committee is constituted as a statutory committee of Tiger Brands in respect of its duties in terms of section 94(7) of the Companies Act No 71 of 2008, as amended. The committee's activities are guided by a detailed charter informed by the Companies Act and King IV™*, which was reviewed and approved by the board.

The committee has executed its duties and responsibilities for the group's accounting, internal control, external auditing and financial reporting practices for the review period in line with its approved charter.

COMPOSITION

The committee comprises three independent non-executive directors, and its chairman is not the chairman of the board. Members and attendance are on pages 50 and 51 of the integrated annual report.

Biographical details of members are on pages 50 and 51 of the integrated annual report, while fees are noted in the remuneration report on pages 80 and 81 of the integrated annual report.

AREAS OF FOCUS

EXTERNAL AUDIT

The committee, among other matters:

- Nominated Ernst & Young Inc. to shareholders for appointment as the external auditor, with Ahmed Bulbulia as the designated auditor, for the financial year ended 30 September 2019. It ensured that the appointment complied with all applicable legal and regulatory requirements, and that the auditor and designated auditor are accredited by the JSE Limited
- Approved the external audit engagement letter, plan and budgeted audit fees. Fees paid to the auditor are detailed in note 3 of the group annual financial statements
- Reviewed the audit results, evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality-control procedures
- Obtained an annual written statement from the auditor that its independence was not impaired
- Considered the reports of the external auditor on the group's systems of internal control, including financial controls
- Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non-audit services
- Obtained assurances from the external auditor that adequate accounting records were being maintained
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005, and determined there were none
- The committee chairman met with senior leadership of the audit firm to discuss the firm's risk and quality processes independently from what the audit team disclosed to the committee.

INDEPENDENCE OF THE EXTERNAL AUDITOR

The audit committee is satisfied that Ernst & Young Inc. is independent of the group after considering the following factors:

- Representations by Ernst & Young Inc. to the committee
- The auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken
- The auditor's independence was not prejudiced by any previous appointment as auditor
- The auditors met, in all material respects, the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

Non-audit fees

The committee annually reviews and approves the list of non-audit services which the auditors are permitted to perform in line with the company's Audit and Non-Audit Services Pre-Approval policy. There is a pre-approval process where all non-audit service engagements above a certain threshold must be approved by the group chief financial officer, and pre-approved by the chairman of the committee. If a higher threshold is to be applied it has to be approved by the entire committee. A maximum limit of 5% of the group's annual audit fee is in place for non-audit services, in aggregate and individually per firm. Quarterly, the cumulative spend for the year to date is presented to

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the committee to keep track of the non-audit spend and the nature of services. The 2019 non-audit fees were 1,4% of the audit fees.

FINANCIAL STATEMENTS

For the financial statements, the committee:

- Confirmed the going concern requirement as the basis of preparing interim and annual financial statements
- Reviewed compliance with the financial conditions of loan covenants and determined that the capital and debt facilities of the group are adequate
- Examined and reviewed the interim and annual financial statements, as well as all financial information disclosed to the public before submission to and approval by the board
- Ensured that the annual financial statements fairly present the financial position of the company and group at the end of the financial year and the results of operations and cash flows for that period, and considered the basis on which the company and group were determined to be a going concern
- Considered accounting treatments, significant unusual transactions and accounting judgements
- Considered the appropriateness of accounting policies adopted and any changes
- Reviewed the external auditor's audit report including the key audit matters identified by the external auditors which are included in the Tiger Brands Limited annual financial statements. The committee has considered the appropriateness of the key audit matters reported on by the external auditors and is satisfied with management's treatment and audit response thereof
- Reviewed the representation letter on the group financial statements signed by management
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- Met separately with management and external audit to review and discuss the annual financial statements
- Received and considered reports from the internal auditors.

INTERNAL CONTROLS AND INTERNAL AUDIT

For internal controls and internal audit, including forensic audit, the committee:

- Reviewed and approved the internal audit charter and annual audit plan, and evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter
- Considered reports of the internal auditor on the group's systems of internal control including financial controls and business risk management
- Received assurance that an adequate and effective system of internal control and risk management is being maintained
- Received assurance that proper and adequate accounting records were maintained and that the group's systems safeguarded its assets against unauthorised use or disposal
- Reviewed significant issues raised by internal and forensic audit functions and the adequacy of corrective action taken
- Assessed the performance of the internal audit function and found it to be in general conformance with the International Standards for the Professional of Internal Auditing as issued by the Institute of Internal Auditors (IIA) standards.

The committee confirms it has no reason to believe there were any material breakdowns in the design and operating effectiveness of internal financial controls in the period that have not been addressed or are not being addressed by management.

In terms of **risk management** and **information technology** relevant to its functions, the committee:

- Reviewed the group's policies on risk management practices, including fraud and information technology risks as they relate to financial reporting and the going concern assessment, and found them to be adequate and effective
- Considered and reviewed the outcomes of the risk and sustainability committee meetings.

For **sustainability issues**, the committee:

- Considered the outcomes of the risk and sustainability committee meetings
- Met with senior management to consider findings on assurance and made appropriate enquiries from management. Through this process, it has received the necessary assurances that material disclosures are reliable and do not conflict with financial information.

For **legal and regulatory requirements**, where these may affect the financial statements, the committee:

- Reviewed, with management, legal matters that could have a material impact on the group
- Reviewed, with the company's internal counsel, the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities
- Monitored concerns on accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters
- Considered reports provided by management, the internal auditor and external auditor on compliance with legal and regulatory requirements.

AUDIT COMMITTEE REPORT CONTINUED

COMBINED ASSURANCE

During the year, the committee reviewed the plans and work outputs of the external and internal auditors and concluded these were adequate to address all significant risks facing the business.

There is an enterprise-wide system of internal control and risk management in all key operations to manage and mitigate risks. The combined assurance approach is integrated with the risk management process to assess assurance activities across the various lines of defence.

CHIEF FINANCIAL OFFICER EXPERTISE AND EXPERIENCE

The committee considered the expertise, resources and experience of the chief financial officer, Noel Doyle, and concluded that these were appropriate.

In addition, the committee is satisfied with:

- The expertise, effectiveness and adequacy of resources and arrangements in the finance function
- The experience, effectiveness, expertise and continuous professional development of senior members of the finance function.

Biographical details appear on page 53 of the integrated annual report.

COMPANY SECRETARY

The board is satisfied that Advocate Kgosi Monaisa has the necessary skills, experience and qualifications for this position.

All directors have unlimited access to the services of the company secretary, who is responsible to the board for ensuring proper corporate governance principles are applied.

The company secretary also ensures the proper administration of proceedings and matters relating to the board, the company and shareholders in line with applicable legislation and procedures. He is responsible for director training and induction, as well as the annual board evaluation.

The committee confirms that the company secretary maintains an arm's length relationship with the board and directors, taking into account that the company secretary is not a director of the company nor related to any directors.

ANNUAL FINANCIAL STATEMENTS

Following its review of the annual financial statements of Tiger Brands Limited for the year ended 30 September 2019, the committee believes that, in all material respects, these comply with the relevant provisions of the Companies Act and International Financial Reporting Standards (IFRS) and fairly present the consolidated and separate financial position of the company at that date and the results of its operations and cash flows for that year. The committee has also satisfied itself on the integrity of the remainder of the integrated annual report for the year ended 30 September 2019.

Having achieved its objectives, the audit committee recommended the annual financial statements and integrated report for approval by the board. The board has since approved the annual financial statements and integrated report 2019, which will be open for discussion at the upcoming annual general meeting.

On behalf of the committee

Emma Mashilwane
Chairman – Audit committee

21 November 2019

INDEPENDENT AUDITOR'S REPORT

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 and its subsidiaries (the group) and company set out in pages 10 to 100, which comprise the consolidated and separate statement of financial position as at 30 September 2019, and the consolidated and separate statement of comprehensive income, the 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 September 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters on the following pages, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

We have identified that there are no key audit matters relating to the separate financial statements and the identified key audit matters relate only to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter and audit consideration	How the matter was addressed in the audit
Revenue recognition – rebates and discounts	
As described in the accounting policy notes and reflected in notes 2 and 23 to the group financial statements, revenue is measured at the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods. 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. There are a number of operational, supply and market share metrics which vary annually and are used in the estimation of the rebates, discounts and promotional allowances due to each customer and thus deducted from revenue. The majority of these rebates, discounts and promotional allowances 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 and to a lesser extent may span the customer's financial year end whose timing does not coincide with the group's year end. There are therefore a number of agreements requiring revenue estimation at the financial year end and for which final settlement will only occur at the end of the agreement or at a future point. Due to the number of customers that are eligible for rebates, discounts and promotional allowances, the complexity of the arrangements and the significant judgement and estimation required by management each year we consider this to be a key audit matter.	Our audit procedures included: › Considering the appropriateness of the group's revenue recognition accounting policies in terms of IFRS including rebates, discounts and promotional allowances. › Evaluating the contract terms and conditions of a sample of contracts with customers in terms of the revenue recognition accounting policies. › Testing the effectiveness of the group's controls over the calculation of incentives and rebates and the correct timing of revenue recognition and measurement. › On a sample basis based on the high value rebates and incentives paid, we inspected the terms in the agreements 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. › Developing 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 market share 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 market share metrics differed to management's final provision, we obtained support for the differences to vouch their validity. › Testing the arithmetical accuracy of the management calculation and agreed the amount calculated to the amount recognised in the financial statements. › Testing the prior period accrual to actual payments made to customers to assess the historical accuracy of management's 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 been completed by the date of our audit report. › Considering the adequacy and accuracy of the related disclosures in the financial statements.

Key audit matter and audit consideration	How the matter was addressed in the audit
Impairment assessment of non-financial assets (goodwill and property, plant and equipment (PPE))	
Non-financial assets – goodwill and PPE represent 29% of total assets and 42% of total equity. Management tests goodwill annually for impairment. PPE is assessed annually for an indication of impairment and if such an indication exists, management conducts an impairment assessment. The impairment assessment process is complex, and the calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows, evaluation of discount rates and other assumptions, which are inherently uncertain and could change over time. In performing the yearly assessment of impairment as required by IAS 36 *Impairment of Assets*, management noted that certain cash-generating units were either possibly impaired or were sensitive to changes in volume and discount rates applied to the valuation model impairments of goodwill and PPE. Refer to note 13. Due to the complexity of the impairment calculations and the estimates and judgement required in evaluating recoverable amounts we consider this to be a key audit matter.	Our audit procedures included: › Assessing the reasonableness of the completeness of the impairment assessments by evaluating management's impairment assessment process. › Evaluating the determination of the cash-generating units to distinguish between standalone business valuations and brand valuations and fair value less cost to sell as these have different valuation methodologies applied to them. › Evaluating the models used by management in determining the value in use of the identified cash-generating units or the recoverable amount, as well as independently using our internal transaction support experts, to assess the discount rates 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 premiums needed to be added to the discount rate when discounting those cash flows. › Evaluating 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. › Calculating 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 as well as the fair value of the asset. › Considering the adequacy and accuracy of disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 108-page document titled "Tiger Brands Limited annual financial statements for the year ended 30 September 2019", which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the 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, 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group 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 company or to cease operations, or have no realistic alternative but to do so.

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 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 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 and separate 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 *Government Gazette* Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Tiger Brands Limited for 16 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Ahmed Bulbulia
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
Johannesburg
21 November 2019

STATUTORY INFORMATION

for the year ended 30 September 2019

AUTHORISED AND ISSUED SHARE CAPITAL

Details of authorised and issued share capital are set out in note 20 on page 51 of the annual financial statements and in the statements of changes in equity on pages 13 to 15.

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 10 to the annual financial statements.

MAJOR SHAREHOLDERS

Details of the registered and beneficial shareholders of the company are outlined on page 108 of the annual financial statements.

DIRECTORS

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

APPOINTMENTS

1 March 2019	Cora Fernandez
1 June 2019	Donald Wilson
1 July 2019	Monwabisi Fandeso
1 October 2019	Mahlape Sello

RESIGNATIONS

The names of the directors who presently hold office are set out on pages 50 to 52 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, 10 610 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.

	2019		2018	
Name of director	**Direct number of shares**	**Indirect number of shares**	Direct number of shares	Indirect number of shares
NP Doyle	**10 610**	**–**	4 950	–

There were no changes to the direct and indirect beneficial interests of directors from 30 September 2019 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.

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.

PENSION AND POST-RETIREMENT MEDICAL AID OBLIGATIONS

Details in respect of the pension and post-retirement medical aid obligations of the group are set out in notes 28 and 29 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 2019

COMPANY				GROUP	
2019	2018	(R'million)	Notes	**2019**	2018 Restated*
		Continuing operations			
1 562,3	2 026,9	**Revenue**	2	29 232,7	28 364,7
		Cost of sales		(20 382,4)	(19 106,8)
1 562,3	2 026,9	**Gross profit**		8 850,3	9 257,9
		Sales and distribution expenses		(3 935,9)	(3 664,4)
		Marketing expenses		(860,0)	(839,2)
(12,9)	(12,8)	Other operating expenses		(1 431,1)	(1 465,0)
1 549,4	2 014,1	**Operating income before impairments and abnormal items**	3	2 623,3	3 289,3
(301,7)	(245,0)	Impairments and fair value losses	5	(307,1)	(197,8)
3 274,0	616,0	Abnormal items	6	2 042,0	(422,1)
4 521,7	2 385,1	**Operating income after impairments and abnormal items**		4 358,2	2 669,4
54,1	115,2	Net (finance costs)/interest received	7	(1,0)	(21,1)
		Investment income		12,7	2,5
		Income from associated companies	14	371,2	730,7
4 575,8	2 500,3	**Profit before taxation**		4 741,1	3 381,5
(29,8)	(43,9)	Taxation	8	(797,8)	(835,3)
4 546,0	2 456,4	**Profit for the year from continuing operations**		3 943,3	2 546,2
		Discontinued operations			
		Loss for the year from discontinued operations	33	(52,5)	(114,9)
		Profit for the year		3 890,8	2 431,3
		Attributable to:			
4 546,0	2 456,4	**Owners of the parent**		3 863,3	2 401,1
		– Continuing operations		3 915,8	2 519,3
		– Discontinued operations		(52,5)	(118,2)
		Non-controlling interest		27,5	30,2
		– Continuing operations		27,5	26,9
		– Discontinued operations		–	3,3
4 546,0	2 456,4			3 890,8	2 431,3
		Basic earnings per ordinary share (cents)		2 332,6	1 457,7
		– Continuing operations		2 364,3	1 529,5
		– Discontinued operations		(31,7)	(71,8)
		Diluted basic earnings per ordinary share (cents)		2 325,3	1 451,2
		– Continuing operations		2 356,9	1 522,6
		– Discontinued operations		(31,6)	(71,4)
		Headline earnings per share is disclosed in note 9.			

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 September 2019

COMPANY				GROUP	
2019	2018	(R'million)	Notes	**2019**	2018
4 546,0	2 456,4	**Profit for the year**		**3 890,8**	2 431,3
(3,3)	4,3	Other comprehensive (loss)/income, net of tax		**(397,6)**	(108,5)
		Net gain/(loss) on hedge of net investment in foreign operation[1]		**5,5**	(7,9)
		Foreign currency translation (FCTR) adjustments[1]		**(23,7)**	24,0
		Share of associates other comprehensive income and FCTR[1]		**(389,0)**	(171,1)
		Net gain on cash flow hedges[1]		**3,9**	26,5
(3,3)	4,3	Net (loss)/gain on available-for-sale financial assets/FVOCI* financial assets[1]		**(21,6)**	8,6
		Remeasurement raised in terms of IAS 19R[2]		**54,6**	20,9
		Tax effect	22	**(27,3)**	(9,5)
4 542,7	2 460,7	**Total comprehensive income for the year, net of tax**		**3 493,2**	2 322,8
		Attributable to:			
4 542,7	2 460,7	Owners of the parent		**3 465,9**	2 283,9
		Non-controlling interests		**27,3**	38,9
4 542,7	2 460,7			**3 493,2**	2 322,8

* *FVOCI – Fair value through other comprehensive income.*

[1] *Items that may be subsequently reclassified to profit or loss including the related tax effects, with the exception of R24,3 million loss (2018: R24,3 million gain) relating to the share of associates' other comprehensive income and fair value gains/(losses) on equity instruments measured at FVOCI.*

[2] *Comprises a net actuarial gain of R48,6 million (2018: R24,5 million) and unrecognised gain due to asset ceiling of R6,0 million (2018: R3,6 million loss).*

STATEMENTS OF FINANCIAL POSITION

as at 30 September 2019

COMPANY 2019	COMPANY 2018	(R'million)	Notes/ Annexures	GROUP 2019	GROUP 2018
		Assets			
		Non-current assets			
		Property, plant and equipment	11	**4 976,4**	4 599,2
		Goodwill	12	**1 477,4**	1 695,4
		Intangible assets	12	**1 744,4**	1 751,8
2 551,4	2 551,4	**Interest in subsidiary companies**	A		
2 889,8	2 524,9	**Amounts owed by subsidiaries**	32		
3 140,5	4 157,2	**Investments**		**2 731,7**	5 102,2
268,2	1 138,7	Investments in associated companies	14	**2 274,1**	4 910,2
2 189,7	2 166,1	Other investments	15	**429,0**	189,2
682,6	852,4	Loans	16	**28,6**	2,8
		Deferred taxation asset	17	**13,7**	16,8
149,2	1 131,1	**Current assets**		**11 213,4**	10 763,0
		Inventories	18	**5 501,7**	5 064,0
17,8	326,9	Trade and other receivables	19	**3 987,8**	4 117,9
64,0	499,5	Amounts owed by subsidiaries	32		
67,4	304,7	Cash and cash equivalents		**1 723,9**	1 581,1
		Assets classified as held for sale	34	**23,5**	–
8 730,9	10 364,6	**Total assets**		**22 180,5**	23 928,4
		Equity and liabilities			
8 697,9	10 215,5	Issued capital and reserves		**15 244,4**	17 302,0
142,0	142,0	Ordinary share capital and share premium	20	**142,0**	142,0
2 941,5	2 944,8	Non-distributable reserves		**2 886,9**	3 432,6
5 031,6	6 571,3	Accumulated profits		**13 784,9**	15 581,1
		Tiger Brands Limited shares held by subsidiary	21	**(718,0)**	(718,0)
		Tiger Brands Limited shares held by empowerment entities	21	**(1 483,6)**	(1 747,1)
582,8	557,4	Share-based payment reserve	27	**632,2**	611,4
		Non-controlling interests		**163,1**	163,2
8 697,9	10 215,5	**Total equity**		**15 407,5**	17 465,2
5,2	5,2	**Non-current liabilities**		**998,6**	1 062,2
5,2	5,2	Deferred taxation liability	17	**415,8**	370,4
		Provision for post-retirement medical aid	29	**582,8**	617,5
		Long-term borrowings	25	**–**	74,3
27,8	143,9	**Current liabilities**		**5 625,2**	5 401,0
27,8	23,8	Trade and other payables	23	**4 504,6**	3 841,5
		Provisions	24	**548,2**	523,2
		Taxation		**53,4**	119,4
		Short-term borrowings	25	**519,0**	916,9
–	120,1	Amounts owed to subsidiaries	32		
		Liabilities directly associated with assets classified as held for sale	34	**149,2**	–
8 730,9	10 364,6	**Total equity and liabilities**		**22 180,5**	23 928,4

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2019

(R'million)	Share capital and premium	Non-distributable reserves: Non-distributable reserves	Non-distributable reserves: Other capital reserves	Non-distributable reserves: Available-for-sale financial assets/ FVOCI financial asset	Accumulated profits	Share-based payment reserve	Total attributable to owners of the parent
Company							
Balance at 1 October 2017	148,5	2 918,6	19,3	2,6	6 164,9	511,0	9 764,9
Profit for the year	–	–	–	–	2 456,4	–	2 456,4
Other comprehensive income for the year	–	–	–	4,3	–	–	4,3
Total comprehensive income	–	–	–	4,3	2 456,4	–	2 460,7
Repurchase of Tiger Brands shares	(6,5)	–	–	–	–	–	(6,5)
Share-based payment	–	–	–	–	–	46,4	46,4
Dividends on ordinary shares	–	–	–	–	(2 050,0)	–	(2 050,0)
Balance at 30 September 2018	**142,0**	**2 918,6**	**19,3**	**6,9**	**6 571,3**	**557,4**	**10 215,5**
Profit for the year	–	–	–	–	4 546,0	–	4 546,0
Other comprehensive loss for the year	–	–	–	(3,3)	–	–	(3,3)
Total comprehensive (loss)/ income	–	–	–	(3,3)	4 546,0	–	4 542,7
Share-based payment	–	–	–	–	–	25,4	25,4
Dividends on ordinary shares	–	–	–	–	(6 085,7)	–	(6 085,7)
Total dividends	–	–	–	–	(2 522,4)	–	(2 522,4)
Dividends in specie	–	–	–	–	(3 563,3)	–	(3,563,3)
Balance at 30 September 2019	**142,0**	**2 918,6**	**19,3**	**3,6**	**5 031,6**	**582,8**	**8 697,9**
Note	20						

STATEMENTS OF CHANGES IN EQUITY CONTINUED

for the year ended 30 September 2019

(R'million)	Share capital and premium	Non-distributable reserves: Share of net earnings of associates	Other capital reserves	Cash flow hedge reserve	Available-for-sale financial asset/ FVOCI financial asset
Group					
Balance at 1 October 2017	148,5	2 361,2	(3,9)	(5,9)	92,4
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	22,9	8,2
Total comprehensive income/(loss)	–	–	–	22,9	8,2
Disposal of subsidiary	–	–	–	–	–
Transfers between reserves	–	538,1	–	–	–
Share-based payment[1]	–	–	–	–	–
Dividends on ordinary shares	–	–	–	–	–
Total dividends	–	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–	–
Sale of shares by empowerment entity[2]	–	–	–	–	–
Repurchase of Tiger Brands shares[3]	(6,5)	–	–	–	–
Balance at 30 September 2018	142,0	2 899,3	(3,9)	17,0	100,6
Profit for the year	**–**	**–**	**–**	**–**	**–**
Other comprehensive income/(loss) for the year	**–**	**–**	**–**	**4,7**	**(32,8)**
Total comprehensive income/(loss)	**–**	**–**	**–**	**4,7**	**(32,8)**
Transfers between reserves	**–**	**79,2**	**–**	**–**	**–**
Share-based payment[1]	**–**	**–**	**–**	**–**	**–**
Allocated shares on unbundling of Oceana[4]	**–**	**–**	**–**	**–**	**–**
Dividends on ordinary shares	**–**	**–**	**–**	**–**	**–**
Total dividends	**–**	**–**	**–**	**–**	**–**
Dividend in specie[5]	**–**	**–**	**–**	**–**	**–**
Less: Dividends on empowerment shares	**–**	**–**	**–**	**–**	**–**
Disposal of investment in associate[6]	**–**	**–**	**–**	**–**	**–**
Sale of empowerment shares[2]	**–**	**–**	**–**	**–**	**–**
Balance at 30 September 2019	**142,0**	**2 978,5**	**(3,9)**	**21,7**	**67,8**
Notes	20	14			

[1] Included in the movement of the share-based payment are options exercised amounting to R32,9 million (2018: R46,5 million).
[2] Relates to the exercising of options vested post the December 2014 lock-in period in terms of the Black Managers Participation Right Scheme (BMT). In the current year, R3,4 million (2018: R10,7 million) related to BMT I and nil to Brimstone SPV (2018: R13,4 million).
[3] Tiger Brands Limited repurchased 2 250 942 of its own shares from BMT II and Brimstone SPV.
[4] Relates to the value of Oceana shares allocated to the BEE entities on the unbundling of Oceana Group Limited (Oceana).
[5] Relates to the non-cash dividend declared to the shareholders of Tiger Brands as part of the unbundling of Oceana.
[6] Relates to release of the previously equity accounted FCTR on Oceana.

Foreign currency translation reserve	Accumu-lated profits	Shares held by subsidiary and empower-ment entities	Share-based payment reserve	Total attributable to owners of the parent	Non-controlling interests	Total equity
596,2	15 544,5	(2 489,2)	560,0	16 803,8	257,4	17 061,2
–	2 401,1	–	–	2 401,1	30,2	2 431,3
(163,4)	15,1	–	–	(117,2)	8,7	(108,5)
(163,4)	2 416,2	–	–	2 283,9	38,9	2 322,8
(13,2)	–	–	–	(13,2)	(94,5)	(107,7)
–	(550,3)	–	12,2	–	–	–
–	–	–	39,2	39,2	–	39,2
–	(1 829,3)	–	–	(1 829,3)	(19,7)	(1 849,0)
–	(1 990,2)	–	–	(1 990,2)	(19,7)	(2 009,9)
–	160,9	–	–	160,9	–	160,9
–	–	24,1	–	24,1	(18,9)	5,2
–	–	–	–	(6,5)	–	(6,5)
419,6	15 581,1	(2 465,1)	611,4	17 302,0	163,2	17 465,2
–	**3 863,3**	**–**	**–**	**3 863,3**	**27,5**	**3 890,8**
(408,5)	**39,2**	**–**	**–**	**(397,4)**	**(0,2)**	**(397,6)**
(408,5)	**3 902,5**	**–**	**–**	**3 465,9**	**27,3**	**3 493,2**
–	**(74,6)**	**–**	**(4,6)**	**–**	**–**	**–**
–	**–**	**–**	**25,4**	**25,4**	**–**	**25,4**
–	**–**	**260,1**	**–**	**260,1**	**–**	**260,1**
–	**(5 624,1)**	**–**	**–**	**(5 624,1)**	**(27,4)**	**(5 651,5)**
–	**(2 439,1)**	**–**	**–**	**(2 439,1)**	**(27,4)**	**(2 466,5)**
–	**(3 369,2)**	**–**	**–**	**(3 369,2)**	**–**	**(3 369,2)**
–	**184,2**	**–**	**–**	**184,2**	**–**	**184,2**
(188,3)	**–**	**–**	**–**	**(188,3)**	**–**	**(188,3)**
–	**–**	**3,4**	**–**	**3,4**	**–**	**3,4**
(177,2)	**13 784,9**	**(2 201,6)**	**632,2**	**15 244,4**	**163,1**	**15 407,5**
		21	27			

STATEMENTS OF CASH FLOWS

for the year ended 30 September 2019

COMPANY				GROUP	
2019	2018	(R'million)	Notes	**2019**	2018
225,9	1 783,6	Cash operating profit	A	**3 401,5**	3 857,4
315,4	5,6	Working capital changes	B	**90,7**	(573,2)
541,3	1 789,2	**Cash generated from operations**		**3 492,2**	3 284,2
56,7	71,7	Finance income and income from investments		**45,8**	35,1
(2,6)	(0,1)	Finance costs		**(67,0)**	(114,1)
1 323,2	–	Dividends received from associate companies and subsidiaries		**282,4**	178,5
(32,1)	(34,5)	Taxation paid	C	**(852,0)**	(780,6)
1 886,5	1 826,3	**Cash available from operations**		**2 901,4**	2 603,1
(2 522,4)	(2 050,0)	Dividends paid	D	**(2 284,5)**	(1 854,5)
(635,9)	(223,7)	**Net cash inflow/(outflow) from operating activities**		**616,9**	748,6
		Purchase of property, plant and equipment	E	**(1 103,5)**	(719,6)
	103,5	Net cash on disposal of subsidiary (refer note 33)		**307,7**	103,4
581,5	–	Proceeds on sale of associate investment		**757,9**	–
(1,5)	–	Acquisition of investments		**–**	–
		Proceeds from disposal of property, plant, equipment and intangible assets		**2,4**	5,6
		Proceeds on insurance claims		**–**	11,7
(181,4)	85,0	(Increase)/decrease in loans to subsidiaries, associates and other		**–**	–
		Movement in trademark		**2,3**	–
398,6	188,5	**Net cash (outflow)/inflow from investing activities**		**(33,2)**	(598,9)
(237,3)	(35,2)	Net cash inflow/(outflow) before financing activities		**583,7**	149,7
–	(6,5)	Repurchase of Tiger Brands shares		**–**	(6,5)
		Black Managers Trust (BMT) shares exercised		**15,5**	17,9
		Shares exercised relating to equity-settled scheme		**(33,0)**	(46,6)
		Long-term borrowings (repaid)/raised		**(2,7)**	86,3
		Short-term borrowings (repaid)/raised		**(79,8)**	(52,9)
–	(6,5)	**Net cash outflow from financing activities**		**(100,0)**	(1,8)
(237,3)	(41,7)	**Net increase/(decrease) in cash and cash equivalents**		**483,7**	147,9
		Effect of exchange rate changes on cash and cash equivalents		**8,8**	35,0
304,7	346,4	Cash and cash equivalents at the beginning of the year	F	**669,2**	486,3
67,4	304,7	**Cash and cash equivalents at the end of the year**	G	**1 161,7**	669,2

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 30 September 2019

COMPANY				GROUP	
2019	2018	(R'million)	Notes	**2019**	2018
		A Cash operating profit			
		Operating profit before abnormal items and impairment			
1 549,4	2 014,1	– Continuing operations		**2 623,3**	3 238,8
		– Discontinued operations		**(17,1)**	11,0
		Proceeds/(costs) included in abnormal items		**99,9**	(99,6)
		Add back:			
		Depreciation		**621,6**	593,1
		Share-based payment expenses		**60,9**	81,9
		Provision for post-retirement medical aid		**3,7**	22,0
		Amortisation		**9,2**	9,8
		Loss on disposal of plant, equipment and vehicles		**–**	0,4
(1 323,2)	(241,5)	Dividends received from associate companies and subsidiaries			
(0,3)	11,0	Other non-cash items		**–**	–
225,9	1 783,6	Cash operating profit		**3 401,5**	3 857,4
		B Working capital changes			
		Increase in inventories		**(428,4)**	(444,0)
311,4	10,5	(Increase)/decrease in trade and other receivables		**(89,7)**	347,7
4,0	(4,9)	Increase/(decrease) in trade and other payables		**608,8**	(476,9)
315,4	5,6	Working capital changes		**90,7**	(573,2)
		C Taxation paid			
0,2	(17,0)	Amounts (payable)/receivable at the beginning of the year, net		**(86,7)**	(66,4)
		Income statement charge			
(29,8)	(43,9)	– Continuing operations	8	**(797,8)**	(837,0)
		– Discontinued operations	33	**–**	(3,9)
–	26,6	Deferred tax	17	**19,7**	41,0
		Exchange rate difference and other non-cash items		**–**	(1,0)
(2,5)	(0,2)	Amounts payable/(receivable) at the end of the year, net		**12,8**	86,7
(32,1)	(34,5)	Total taxation paid		**(852,0)**	(780,6)
		D Dividends paid			
(6 085,7)	(2 050,0)	Per statement of changes in equity		**(5 624,1)**	(1 829,3)
3 563,3	–	Dividend in specie on unbundling of Oceana		**3 369,2**	–
		Dividends paid to outside shareholders		**(29,6)**	(25,2)
(2 522,4)	(2 050,0)	Total dividends paid		**(2 284,5)**	(1 854,5)

NOTES TO THE STATEMENTS OF CASH FLOWS CONTINUED

for the year ended 30 September 2019

COMPANY				GROUP	
2019	2018	(R'million)	Notes	**2019**	2018
		E Purchase of property, plant and equipment			
		Replacement		**(600,3)**	(496,3)
		Expansion		**(503,2)**	(223,3)
				(1 103,5)	(719,6)
		F Cash and cash equivalents at the beginning of the year			
304,7	346,4	Cash resources		**1 581,1**	1 221,4
–	–	Short-term borrowings regarded as cash and cash equivalents	25.4	**(911,9)**	(735,1)
304,7	346,4			**669,2**	486,3
		G Cash and cash equivalents at the end of the year			
67,4	304,7	Cash resources		**1 723,9**	1 581,1
–	–	Short-term borrowings regarded as cash and cash equivalents	25.4	**(518,5)**	(911,9)
		Discontinued operation		**(43,7)**	–
67,4	304,7			**1 161,7**	669,2

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2019

1 Accounting policies

Corporate information

The financial statements of Tiger Brands Limited (the company) and the Tiger Brands group (the group) for the year ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 21 November 2019. Tiger Brands Limited is incorporated and domiciled in South Africa, where the shares are publicly traded.

Basis of preparation

The consolidated and separate 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 separate and consolidated financial statements are stated in millions.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations (IFRS Interpretations Committee), the Companies Act of South Africa and the SAICA Financial Guides as issued by the Accounting Practices Committee and the 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 weighted 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

Tiger Brands concurs with this classification and have accounted for the associate National Foods Holdings Limited in terms of IAS 29. Refer note 2 of Annexure B for more details.

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.

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 in the consolidated financial statements. 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).

1 Accounting policies continued

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 are 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 the research and development costs accounting policy on page 22); 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

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.

1 Accounting policies continued

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.

(Pre 1 October 2018)

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 income 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 31.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

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, requires 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.

(Post 1 October 2018)

Classification

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

Description of asset/liability	Classification
Other investments	Financial instruments at fair value through other comprehensive income (OCI) and fair value through profit or loss (FVTPL)
Derivatives	Financial instruments at fair value through profit or loss
Loans	Amortised cost/fair value through profit or loss*
Loans to subsidiaries	Amortised cost
Trade and other receivables	Amortised cost
Cash and cash equivalents	Amortised cost
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

** Loans to some empowerment entities in the company are non-recourse in nature. The loan and the investment in the company are the only source of finance in these entities. As such, the loans fail "solely payments of principal and interest" (SPPI) and have been classified as FVTPL under IFRS 9.*

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group manages its financial assets in order to generate cash flows primarily from collecting contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost.

1 Accounting policies continued

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the group. The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade receivables, cash and cash equivalents and loans.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition on equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading (derivatives) and non-recourse loans to empowerment entities. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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 are 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 31.

Impairment of financial assets
The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In terms of intercompany amounts and investments, the group evaluates potential impairments based on the net asset value of the subsidiary company and its liquidity.

The group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Factors taken into consideration would include external market and economic outlook reports, observable trends and cyclicality.

In terms of intercompany amounts, the group evaluates potential impairments based on the nature of the entity, and its liquidity and solvency position. Even with the consideration of forward-looking information relevant to the industries and environment in which the group companies operate, the credit risk relating to these entities is very low and no/limited provisioning is required. No further IFRS 7/ECL disclosure is provided in this regard.

(Pre and post 1 October 2018)

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 before impairments and 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
- A highly probable forecast transaction
- 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

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 amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods, 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, and are not significant to the group.

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.

1 Accounting policies continued

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 underprovisions 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

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

- The date of the plan amendment or curtailment
- 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 the 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-Schöles model or Monte-Carlo simulation, further details of which are given in Annexure D.

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 above.

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-Schöles model, taking into account the terms and conditions upon which the instruments were granted (refer to 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.

1 Accounting policies continued

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) 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 on the statement of financial position, but appropriate disclosure is provided in the notes to the financial statements.

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 note 35.

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 with the exception of The Tiger Foundation Trust, Thusani Trust and Dipuno ESD Foundation SPV. These entities are not consolidated as the board comprises primarily of independent trustees who are appointed to make all necessary decisions in terms of beneficiaries, funding and other matters.

For the entities that are consolidated, 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

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 a 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* are 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 17.

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.

***IFRS 15:* Revenue from Contracts with Customers**

The policies were changed in accordance with the transitional provisions in 2017, 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 good 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 13.

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 notes 11 and 12.

1 Accounting policies continued

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 notes 28 and 29.

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 require 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 30.

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.

Value Added Meats (VAMP)

Some indicative offers were received in respect of the sale of the VAMP business and the formal due diligence process has commenced. As such, the determination of whether the VAMP business should be disclosed and measured as held for sale in terms of IFRS 5 as at 30 September 2019 is a significant judgement area. In applying this judgement, specific consideration was given to whether it is highly probable that the sale will be completed within one year from 30 September 2019. Given the early stages of the due diligence process and the uncertainties inherent in the VAMP business and the general South African economy, it was determined that this threshold was not met and therefore IFRS 5 was not applied at 30 September 2019.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of IFRS 9 *Financial Instruments*.

IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 and addresses the classification, measurement and derecognition of financial assets and liabilities. IFRS 9 introduces new rules for hedge accounting and a new impairment model for financial assets.

The group has adopted IFRS 9 (excluding new hedge accounting requirements) and applied the new rules using a modified retrospective approach from 1 October 2018. Comparatives for 2018 have not been restated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

1 Accounting policies continued

Classification and measurement

Given the nature of the entity's financial instruments, the adoption of IFRS 9 did not have a significant impact on the classification and measurement as detailed in the table below.

	IFRS 9	IAS 39
Other investments	FVOCI without recycling	Available-for-sale
Trade and other receivables	Amortised cost	Loans and receivables
Amounts owed by subsidiaries	Amortised cost	Loans and receivables
Loans	Amortised cost/FVTPL*	Loans and receivables
Cash and cash equivalents	Amortised cost	Loans and receivables
Derivatives	FVTPL	FVTPL
Trade and other payables	Amortised cost	Amortised cost
Borrowings	Amortised cost	Amortised cost
Amounts owed to subsidiaries	Amortised cost	Amortised cost

* *Loans to some empowerment entities (as reflected in notes 15 and 16) in the company are non-recourse in nature. The loan and the investment in the company are the only source of finance in the empowerment entities. As such, the loans fail SPPI and have been classified as FVTPL under IFRS 9. There has been no significant change in the measurement of the loans as the underlying investment in the company was considered in measuring/impairing the loans prior to the adoption of IFRS 9.*

Impairment

In terms of IFRS 9, the group has applied the ECL model rather than the incurred loss model. The calculation of ECLs incorporates forward-looking variables which include potential risks in the current economic environment, historic trends and management judgement. The group did not present an adjustment to opening retained earnings and its impairment losses/reversals determined in accordance with IFRS 9 separately in the statement of profit or loss as the amounts are not material. The reason why the impact was not material was due to the fact that a large percentage of the receivables book is covered by credit insurance and therefore there is limited credit risk even when considering forward-looking variables which include potential risks in the current economic environment, historic trend and expert management judgement.

In terms of intercompany amounts, the group evaluates the nature of the entity and its liquidity and solvency position. Even with the consideration of forward-looking information relevant to industries and environment in which the group companies operate, the credit risk relating to these entities is very low and no limited provisioning is required.

Standards and interpretations not yet effective

The group has not applied the following applicable IFRS and IFRIC Interpretations that have been issued during the year but are not yet effective and will be adopted by the group as and when they become effective:

IFRS 16 *Leases*

IFRS 16 introduces significant changes to lease accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. IFRS 16 will be effective for the group for the financial year commencing 1 October 2019.

IFRS 16 will impact most significantly the group's leases relating to property, plant and equipment and vehicles. The group has elected to apply IFRS 16 using the modified retrospective approach. As prescribed by IFRS 16, lease liabilities are measured at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application. The group has elected to measure right-of-use assets on transition date at their carrying amounts as if IFRS 16 had applied since the lease commencement dates, discounted using the incremental borrowing rate at the date of initial application. Right-of-use assets relating to new leases are measured at the amount of initial measurement of the lease liability plus initial direct costs. As part of the modified retrospective transition approach, the group has elected to apply the practical expedient which allows a single discount rate to be applied to a portfolio of leases with reasonably similar characteristics.

As an accounting policy election, the group will apply the following recognition exemptions, which allow for certain lease payments to be expensed over the lease term as opposed to recognising a right-of-use asset and related lease liability on the lease commencement date:

- Short-term leases – these are leases with a lease term of 12 months or less
- Leases of low value assets – these are leases where the underlying asset is of low value.

The group's assessment determined that the right-of-use asset and lease liability to be recognised on adoption of the standard will amount to R400,7 million and R463,4 million respectively.

The net impact on profit or loss is not expected to be material. Rental expense currently disclosed as part of operating expenditure will be replaced with depreciation and finance costs.

Other standards not yet effective, the impact is as follows:

Standard	Effective date*	Impact
IAS 19 *Plan amendment, curtailment or settlement – Amendments*	1 January 2019	The amendments are not expected to have a material impact on the group.
IFRIC 23 *Uncertainty over Income Tax treatments*	1 January 2019	The amendments are not expected to have a material impact on the group.
Definition of a business – amendments to IFRS 3	1 January 2020	The amendments are not expected to have a material impact on the group.
Definition of material – amendments to IAS 1 and IAS 8	1 January 2020	The amendments are not expected to have a material impact on the group.
Conceptual framework financial reporting	1 January 2020	The amendments are not expected to have a material impact on the group.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018 Restated*
		2 Revenue (group)		
		Revenue constitutes the sale of manufactured goods in the FMCG sector including Food, Home, 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	**25 987,9**	24 706,5
		Sale of goods outside of South Africa	**3 244,8**	3 658,2
			29 232,7	28 364,7
		Refer to the segmental analysis on page 99 for details of the segmental split.		
		2.2 Revenue by major customer		
		Customer 1	**4 992,7**	4 901,2
		Customer 2	**3 537,2**	3 455,5
		Customer 3	**2 944,8**	2 793,9
		Customer 4	**2 623,8**	2 603,7
		Customer 5	**218,6**	248,2
		All other customers	**14 915,6**	14 362,2
			29 232,7	28 364,7
		Customers 1 to 5 relate to sale of goods within South Africa.		
		2.3 Revenue (company)		
		Investment income reflected as revenue.		
1 323,2	1 801,3	From subsidiary companies and associate companies		
239,1	224,9	From BEE empowerment entities		
–	0,7	From other investments		
1 562,3	2 026,9			

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018 Restated*
		3 Operating income before impairments and abnormal items		
		Operating income has been determined after charging/(crediting):		
		External auditors' remuneration	**23,6**	27,0
		– Audit fees	**22,1**	22,9
		– Other fees and expenses	**1,5**	4,1
		Internal auditors' remuneration	**10,3**	8,5
		Operating lease charges	**209,0**	189,5
		– On land and buildings	**81,0**	69,4
		– On plant, equipment and vehicles	**128,0**	120,1
		Loss on disposal of plant, equipment and vehicles	**–**	0,4
		Research, development and related expenditure	**64,1**	62,3
		IFRS 2 charges	**60,9**	81,9
		– Cash settled	**2,5**	(3,9)
		– Equity settled, including BEE-related IFRS 2 charges	**58,4**	85,8
		Staff costs	**3 492,4**	3 387,1
		Employer's contribution to retirement funding	**267,8**	266,8
		Employer's contribution to medical aid	**86,3**	85,4
(0,1)	(2,0)	Foreign exchange profit	**(4,1)**	(11,6)
		Rental and fee income	**(4,0)**	(5,3)
		4 Directors' emoluments		
		Executive directors		
		– Salaries and bonuses	**14,8**	16,0
		– Retirement, medical and other benefits	**5,9**	2,4
		Non-executive directors		
8,6	8,1	– Fees	**8,6**	8,1
8,6	8,1	Total directors' emoluments	**29,3**	26,5
		Less: Paid by subsidiaries	**(20,7)**	(18,4)
8,6	8,1	Emoluments paid by company	**8,6**	8,1
		For further details refer to Annexure C.		

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY 2019	COMPANY 2018	(R'million)		GROUP 2019	GROUP 2018 Restated*
		5	**Impairments and fair value losses**		
			Impairment of intangible assets (refer note 13)	**(218,0)**	(144,3)
			Impairment of property, plant and equipment (refer note 13)	**(97,8)**	(53,5)
			Reversal of impairment of property, plant and equipment	**8,7**	–
(35,1)	–		Fair value loss on Thusani II receivable**		
(266,6)	–		Fair value loss on Foundation SPV receivable**		
	(245,0)		Impairment on interest in subsidiary company		
(301,7)	(245,0)		Impairments loss before taxation	**(307,1)**	(197,8)
			Income tax	**25,0**	14,5
(301,7)	(245,0)		**Attributable to shareholders in Tiger Brands Limited**	**(282,1)**	(183,3)
			*** As a result of the decline in the net asset value of Thusani II and Foundation SPV due to the devaluation of the listed investment, the respective receivables in Thusani II and Foundation SPV were written down.*		
		6	**Abnormal items**		
2 814,5	–		Realised fair value gain on unbundling of Oceana	**1 630,4**	–
459,5	567,5		Profit on sale of shares in associate investment	**368,8**	–
			Proceeds from insurance claims	**99,9**	63,5
			Restructuring and related costs	**(32,1)**	(57,9)
			Costs associated with Enterprise product recall	**(25,0)**	(430,0)
			Profit on disposal of property	**–**	2,3
–	58,0		Profit on disposal of investments		
–	(9,5)		Exchange rate translation of Tiger Brands Mauritius loan		
3 274,0	616,0		Abnormal profit/(loss) before taxation	**2 042,0**	(422,1)
–	2,7		Income tax (expense)/income	**(41,2)**	118,4
3 274,0	618,7		**Attributable to shareholders in Tiger Brands Limited**	**2 000,8**	(303,7)
		7	**Net (finance costs)/interest received**		
(2,6)	(5,4)	**7.1**	**Interest paid**	**(41,0)**	(98,9)
			Bank and other short-term borrowings	**(24,6)**	(85,6)
(2,6)	(5,4)		Other – financial liabilities	**(15,6)**	(11,7)
			Other – non-financial liabilities	**(0,8)**	(1,6)
93,2	120,8	**7.2**	**Interest received**	**30,4**	57,1
23,0	21,1		From subsidiary companies	**–**	–
70,2	99,7		From cash and cash equivalents	**30,4**	57,1
(36,5)	(0,2)	**7.3**	**Net foreign exchange profit/(loss)**	**9,6**	20,7
(36,5)	(0,2)		Profit/(loss) on cash balances and loans of a funding nature	**9,6**	20,7
54,1	115,2		**Net (finance costs)/interest received**	**(1,0)**	(21,1)

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

COMPANY 2019	COMPANY 2018	(R'million)		GROUP 2019	GROUP 2018 Restated*
		8	**Taxation**		
15,1	7,6	**8.1**	**South African current taxation**	**676,2**	848,4
15,1	12,8		Withholding and foreign taxes	**82,9**	70,7
30,2	20,4			**759,1**	919,1
–	26,6		Deferred taxation – temporary differences	**37,7**	54,2
30,2	47,0			**796,8**	973,3
			Adjustments in respect of previous years		
(0,4)	(0,4)		– Current taxation	**4,3**	(7,5)
			– Deferred taxation	**(19,5)**	2,4
29,8	46,6			**781,6**	968,2
			Taxation on abnormal items and impairments		
–	(2,7)		– Current	**14,7**	(115,6)
			– Deferred	**1,5**	(17,3)
29,8	43,9			**797,8**	835,3
%	%	**8.2**	**The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:**	**%**	%
0,7	2,2		Taxation for the year as a percentage of income before taxation	**16,8**	24,7
–	–		Impairment of goodwill and intangibles	**(1,3)**	(1,2)
20,0	–		Oceana unbundling	**11,2**	–
9,6	26,7		Dividend income	**0,1**	–
(0,1)	(0,3)		Expenses and provisions not allowed for taxation	**(0,7)**	(0,7)
			Additional investment allowances	**0,3**	0,2
			Prior year adjustments	**0,3**	0,1
(0,3)	(0,6)		Withholding taxes	**(0,6)**	(0,7)
			Income from associates	**2,2**	6,1
			Effect of differing rates of foreign taxes	**(0,4)**	(0,3)
(1,9)	–		Other sundry adjustments	**0,1**	(0,2)
28,0	28,0		Rate of South African company taxation	**28,0**	28,0
			Tax effect of current year losses available to reduce future taxable income	**–**	26,2
		8.3	**Reconciliation of movement on deferred taxation**		
			Movement recognised in the income statement for the year		
–	26,6		Current year charge	**37,7**	54,2
			Adjustments in respect of previous years	**(19,5)**	2,4
			Deferred tax on abnormal items	**1,5**	(17,3)
–	26,6			**19,7**	39,3
			Movement per deferred tax accounts		
–	21,4		(Increase)/decrease in deferred taxation asset	**(27,0)**	(10,4)
–	5,2		Increase in deferred taxation liability	**46,7**	49,7
–	26,6			**19,7**	39,3

** Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

		GROUP	
		2019	2018 Restated*
9	**Calculation of weighted average number of shares and headline earnings per share**		
9.1	**Weighted average number of shares in issue**	165 622 916	164 714 348
	Number of ordinary shares	179 492 168	181 743 110
	Weighted number of ordinary shares – repurchased	–	(1 492 405)
	Weighted number of shares held for BEE deal	(13 869 252)	(15 536 357)
9.2	**Diluted weighted average number of shares in issue**	166 142 401	165 456 405
	Weighted average number of shares in issue – per 9.1 above	165 622 916	164 714 348
	Dilutive number of shares	519 485	742 057
9.3	**Headline earnings (R'million)**	2 190,0	2 616,9
	– Continuing operations	2 233,7	2 689,4
	– Discontinued operations	(43,7)	(72,5)
9.4	**Headline earnings per share**		
	Headline earnings per ordinary share (cents)	1 322,3	1 588,8
	– Continuing operations	1 348,7	1 632,8
	– Discontinued operations	(26,4)	(44,0)
	Diluted headline earnings per ordinary share (cents)	1 318,1	1 581,7
	– Continuing operations	1 344,4	1 625,5
	– Discontinued operations	(26,3)	(43,8)

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

9.5 Reconciliation between profit for the year and headline earnings

(R'million)	Gross	Taxation	Non-controlling interest	Net
2019				
Continuing operations				
Profit attributable to shareholders of the parent				3 915,8
Adjusted for:				
Impairment of intangible assets	218,0	–	–	218,0
Impairment of property, plant and equipment	97,8	(27,4)	–	70,4
Reversal of impairment of property, plant and equipment	(8,7)	2,4	–	(6,3)
Profit on sale of shares in associate investment	(368,8)	29,1	–	(339,7)
Realised fair value gain on unbundling of Oceana	(1 630,4)	–	–	(1 630,4)
Headline earnings adjustments – associates				
– Impairment of property, plant and equipment	6,3	–	–	6,3
– Profit on disposal of property, plant and equipment	(0,4)	–	–	(0,4)
Headline earnings for the year	(1 628,2)	4,1	–	2 233,7
Discontinued operations				
Loss attributable to shareholders of the parent				(52,5)
Adjusted for:				
Impairment of property, plant and equipment	8,8	–	–	8,8
Headline earnings for the year	8,8	–	–	(43,7)

9 Calculation of weighted average number of shares and headline earnings per share continued

9.5 Reconciliation between profit for the year and headline earnings continued

(R'million)	Gross	Taxation	Non-controlling interest	Net
2018*				
Continuing operations				
Profit attributable to shareholders of the parent				2 519,3
Adjusted for:				
Loss on disposal of plant, equipment and vehicles	0,4	(0,1)	–	0,3
Impairment of intangible assets	144,3	–	–	144,3
Impairment of property, plant and equipment	53,5	(14,5)	–	39,0
Proceeds from insurance claims	(10,5)	2,9	–	(7,6)
Profit on disposal of property	(2,3)	0,4	–	(1,9)
Headline earnings adjustments – associates				
– Profit on sale of other assets	(1,7)	0,5	–	(1,2)
– Profit on loss of control of subsidiary	(3,9)	1,1	–	(2,8)
Headline earnings for the year	179,8	(9,7)	–	2 689,4
Discontinued operations				
Loss attributable to shareholders of the parent				(118,2)
Adjusted for:				
Impairment of property, plant and equipment	49,8	–	–	49,8
Impairment of other assets	3,4	–	–	3,4
Profit on disposal of subsidiary	(7,5)	–	–	(7,5)
Headline earnings for the year	45,7	–	–	(72,5)

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

COMPANY 2019	COMPANY 2018	(R'million)		GROUP 2019	GROUP 2018
		10	**Dividends**		
6 085,7	2 050,0	**10.1**	**Dividends on ordinary shares – paid**	**5 624,1**	1 829,3
			Dividend by Empowerment Trusts	**53,7**	51,7
–	1 332,5		Dividend No 146 of 702 cents per share	**–**	1 151,7
–	717,5		Dividend No 147 of 378 cents per share	**–**	625,9
1 332,5	–		Dividend No 148 of 702 cents per share	**1 162,6**	–
3 563,3	–		Dividend in specie	**3 369,2**	–
1 189,9	–		Dividend No 149 of 627 cents per share*	**1 038,6**	–
1 061	1 080	**10.2**	**Dividends per ordinary share (cents)**	**1 061**	1 080
–	378		Dividend No 147 – paid	**–**	378
–	702		Dividend No 148 – paid	**–**	702
306	–		Dividend No 149 – paid (special dividend)	**306**	–
321	–		Dividend No 149 – paid	**321**	–
434	–		Dividend No 150 – declared on 21 November 2019	**434**	–

* *Includes a special dividend of 306 cents per share.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

	Group (R'million)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised lease assets	Total
11	**Property, plant and equipment**					
11.1	**Movement of the group property, plant and equipment**					
	2019					
	Carrying value at the beginning of the year					
	Cost	1 892,8	10,8	7 897,0	16,3	9 816,9
	Accumulated depreciation and impairment	(540,1)	(10,4)	(4 654,2)	(13,0)	(5 217,7)
	Net balance at the beginning of the year	1 352,7	0,4	3 242,8	3,3	4 599,2
	Current year movements – cost					
	Transfer to assets held for sale (refer note 34)	(35,6)	–	(210,9)	–	(246,5)
	Additions	159,5	–	944,0	–	1 103,5
	Disposals	(0,8)	–	(65,3)	–	(66,1)
	Exchange rate adjustments	5,3	–	2,7	–	8,0
	Cost movements for the current year	128,4	–	670,5	–	798,9
	Current year movements – accumulated depreciation and impairment					
	Transfer to assets held for sale (refer note 34)	20,3	–	208,7	–	229,0
	Depreciation*	(65,2)	–	(555,1)	(1,3)	(621,6)
	Impairment (refer note 13)	(34,0)	–	(63,8)	–	(97,8)
	Reversal of impairment (refer note 13)	–	–	8,7	–	8,7
	Disposals	0,8	–	62,9	–	63,7
	Exchange rate adjustments	(1,6)	–	(2,1)	–	(3,7)
	Accumulated depreciation and impairment movement for current year	(79,7)	–	(340,7)	(1,3)	(421,7)
	Carrying value at the end of the year					
	Cost	2 021,2	10,8	8 567,5	16,3	10 615,8
	Accumulated depreciation and impairment	(619,8)	(10,4)	(4 994,9)	(14,3)	(5 639,4)
	Net balance at the end of the year	1 401,4	0,4	3 572,6	2,0	4 976,4

* *Relates to depreciation for total operations.*

11 Property, plant and equipment continued

11.1 Movement of the group property, plant and equipment continued

Group (R'million)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised lease assets	Total
2018					
Carrying value at the beginning 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 the beginning of the year	1 333,7	0,4	3 249,4	4,9	4 588,4
Current year movements – cost					
Additions	88,5	–	631,1	–	719,6
Disposals	(3,4)	–	(159,4)	(9,4)	(172,2)
Exchange rate adjustments	(7,3)	–	(12,5)	–	(19,8)
Cost movements for current year	77,8	–	459,2	(9,4)	527,6
Current year movements – accumulated depreciation and impairment					
Depreciation*	(62,1)	–	(529,4)	(1,6)	(593,1)
Disposals	2,2	–	156,9	9,4	168,5
Impairment (refer note 13)	(0,4)	–	(102,9)	–	(103,3)
Exchange rate adjustments	1,5	–	9,6	–	11,1
Accumulated depreciation and impairment movement for current year	(58,8)	–	(465,8)	7,8	(516,8)
Carrying value at the end of the year					
Cost	1 892,8	10,8	7 897,0	16,3	9 816,9
Accumulated depreciation and impairment	(540,1)	(10,4)	(4 654,2)	(13,0)	(5 217,7)
Net balance at the end of the year	1 352,7	0,4	3 242,8	3,3	4 599,2

* *Relates to depreciation for total operations.*

11.2 Borrowing costs amounting of R11,0 million relating to plant was capitalised during the year (2018: R7,2 million) at an average effective rate of 8% (2018: 8%).

A full list of title deeds are available at the registered office for inspection.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

	Group (R'million)	Goodwill	Trademarks, licence agreements and other	Customer lists	Total
12	**Goodwill and intangible assets**				
12.1	**Movement of group goodwill and intangible assets**				
	2019				
	Carrying value at the beginning of the year				
	Cost	2 568,6	1 756,3	542,3	4 867,2
	Accumulated amortisation and impairment	(873,2)	(474,7)	(72,1)	(1 420,0)
	Net balance at the beginning of the year	1 695,4	1 281,6	470,2	3 447,2
	Current year movements – cost				
	Addition of trademark	–	2,3	–	2,3
	Exchange rate adjustments	–	(0,5)	–	(0,5)
	Cost movements for the current year	–	1,8	–	1,8
	Current year movements – accumulated amortisation and impairment				
	Amortisation	–	(8,6)	(0,6)	(9,2)
	Impairment (refer note 13)	(218,0)	–	–	(218,0)
	Accumulated amortisation and impairment movement for the current year	(218,0)	(8,6)	(0,6)	(227,2)
	Carrying value at the end of the year				
	Cost	2 568,6	1 758,1	542,3	4 869,0
	Accumulated amortisation and impairment	(1 091,2)	(483,3)	(72,7)	(1 647,2)
	Net balance at the end of the year	1 477,4	1 274,8	469,6	3 221,8
	2018				
	Carrying value at the beginning 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 the beginning of the year	1 774,2	1 352,0	470,8	3 597,0
	Current year movements – cost				
	Exchange rate adjustments	1,6	2,7	–	4,3
	Cost movements for the current year	1,6	2,7	–	4,3
	Current year movements – accumulated amortisation and impairment				
	Amortisation	–	(9,2)	(0,6)	(9,8)
	Impairment (refer note 13)	(80,4)	(63,9)	–	(144,3)
	Accumulated amortisation and impairment movement for the current year	(80,4)	(73,1)	(0,6)	(154,1)
	Carrying value at the end of the year				
	Cost	2 568,6	1 756,3	542,3	4 867,2
	Accumulated amortisation and impairment	(873,2)	(474,7)	(72,1)	(1 420,0)
	Net balance at the end of the year	1 695,4	1 281,6	470,2	3 447,2

12 Goodwill and intangible assets continued

12.1 Movement of group goodwill and intangible assets continued

Trademarks comprise well-established, growing brands. The brand portfolios are considered to have indefinite useful lives and are therefore not amortised, with the exception of trademarks with a carrying value of R65,0 million (2018: R74,6 million) which are viewed with a definite useful life and thus amortised. Refer to the accounting policies for further details on amortisation.

Group (R'million)	Goodwill 2019	Goodwill 2018	Indefinite useful life intangible asset 2019	Indefinite useful life intangible asset 2018
12.2 The carrying value is allocated to cash-generating units as follows:				
Exports and International	**579,7**	791,7	**519,1**	519,1
Beverages	**580,5**	580,5	**194,6**	194,6
Snacks and treats	**–**	–	**119,6**	119,6
Groceries	**72,3**	72,3	**725,0**	725,0
Value Added Meat Products	**–**	6,0	**–**	–
Home, Personal Care and Baby (HPCB)	**244,9**	244,9	**121,2**	118,9
	1 477,4	1 695,4	**1 679,5**	1 677,2

13 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 past 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.

13.1 Methods and assumptions

The group applies a discounted cash flow methodology (value in use) to assess goodwill and certain 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 costs of disposal 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 years and incorporates a terminal growth rate.

These cash flows have been based on the approved budget for the 2020 financial year which include assumptions on profit before interest and tax, depreciation, working capital movements, capital expenditure, an appropriate discount rate and a terminal growth rate. The terminal growth rate used is 5,5% (2018: 1,0% and 5,5%). However, it is dependent on the industry and maturity of the cash-generating unit (CGU).

13.2 Discount rates

The group has calculated a weighted average cost of capital (WACC) which is utilised as a basis for performing the value-in-use calculation. In cases where the cash-generating unit is deemed to be of greater risk than the group as a whole, a risk premium has been included within the discount rate applied. The discount rate utilised for the purposes of the impairment testing was between 13,5% and 17,6% (2018: 12,5% and 17,9%). A comparable pre-tax discount rate for purpose of the impairment testing would be between 14,3% and 18,5% (2018: 16,3% and 21,5%).

13.3 Growth rates

In determining the growth rate, consideration is given to the growth potential of the respective cash-generating unit. 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 growth rates applied for the purposes of the impairment testing ranges between 5% and 8%. Volume growth assumptions are based on management's best estimates of known strategies and future plans to grow the business.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

13 Impairment testing of non-financial assets continued

13.4 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)	2019	2018
Consumer Brands – goodwill and indefinite life intangible assets*	(6,0)	(144,3)
International and exports – property, plant and equipment	–	(63,2)
Consumer Brands food – property, plant and equipment**	(97,8)	(16,4)
Consumer Brands food – property, plant and equipment***	6,5	–
Grains – property, plant and equipment***	2,2	(3,7)
Other – property, plant and equipment	–	(20,0)
International and Exports – goodwill and indefinite life intangible assets****	(212,0)	–
Total	(307,1)	(247,6)

The impairments recognised in the current year are as a result of the annual impairment assessment performed on property, plant and equipment, goodwill and indefinite useful life intangible assets.

* *Impairment of Enterprise goodwill during the current year.*

** *Included in the Consumer Brands food segment is the impairment of value added meat products' (VAMP) property, plant and equipment which was evaluated and an impairment of R96,0 million was recorded. The impairment was due to the declining profits in the VAMP business during the current period. The five-year discounted cash flow model was compared to the valuation report (fair value less costs to sell) which resulted in a higher value and in terms of IAS 36, with the higher value being used in the impairment testing.*

*** *As part of the ongoing portfolio efficiency and capability analysis, prior years' impairment was reversed.*

**** *Impairment of the goodwill of the Davita business (R212,0 million). Davita is included in the Exports and International cash-generating unit. The impairment arose as a result of the consistent risks associated with key export markets, with lower sales projected for Nigeria and Mozambique, as well as lower sales forecast for the powdered seasoning brand, Benny. A five-year discounted cash flow model was used with the post-tax discount rate utilised for the purposes of impairment testing of 17,6% (2018: 17,9%). A +1%/-1% change in the post-tax discount rate would result in an approximately +/-R140,0 million change in the valuation. There is currently an ongoing legal dispute with a Nigerian distributor. The sales value in Nigeria in FY19 was R55,4 million.*

The impairments recognised in the prior year relate mainly to the Personal Care category within the HPCB business (R125,0 million) as well as the full impairment of the goodwill and the intangible assets of the Hercules business (R19,3 million). The impairments on property, plant and equipment in the prior year within International and Exports, Consumer Brands food and Grains were derived as a result of the ongoing portfolio analysis and category optimisation processes. These assets were fully impaired down to a recoverable amount of Rnil, being their value in use. This is also representative of fair value less cost to sell given the nature of these assets. Other impairments related to group infrastructure assets, which were identified as part of the ongoing portfolio efficiency and capability analysis.

13.5 Changes in key assumptions

The determined value in use of each cash-generating unit is sensitive to the discount rate. No reasonably probable change in any of the above key valuation assumptions would cause the carrying amount of cash-generating units to materially exceed their recoverable amounts, with the exception of the Crosse & Blackwell intangible asset, where a further 1% increase in the discount rate applied would result in an impairment of R4,3 million.

COMPANY			GROUP	
2019	2018	(R'million)	2019	2018
		14 Investments in associated companies		
		14.1 (For more detail, refer Annexure B)		
97,1	967,6	Listed, at cost	601,6	1 472,1
171,1	171,1	Unlisted, at cost less amounts written off*	755,8	755,8
		Share of accumulated other comprehensive income	(439,4)	152,1
		Share of accumulated profits since acquisition	1 356,1	2 530,2
268,2	1 138,7		2 274,1	4 910,2
		The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
		Revenue (100%)	22 478,8	29 384,1
		Profit for the year (100%)	1 310,0	2 015,4

* *As part of the annual impairment assessment performed for all investments, using the methods and assumptions as noted in note 13.1, no impairment has been recognised in the current year.*

14 Investments in associated companies continued

14.2 Reconciliation of associates' income

Group (R'million)	Oceana	Empresas Carozzí	UAC Foods	National Foods Holdings Limited	Total
2019					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	**30,5**	**245,1**	**28,6**	**72,9**	**377,1**
Abnormal items	**–**	**–**	**(5,9)**	**–**	**(5,9)**
Income attributable to ordinary shareholders of Tiger Brands	**30,5**	**245,1**	**22,7**	**72,9**	**371,2**
Less: Total dividends					**(292,0)**
Total share of associated companies' income less dividends received					**79,2**
2018					
Income attributable to ordinary shareholders of Tiger Brands before abnormal items	415,5	240,9	17,4	52,9	726,7
Abnormal items	4,0	–	–	–	4,0
Income attributable to ordinary shareholders of Tiger Brands	419,5	240,9	17,4	52,9	730,7
Less: Total dividends					(192,6)
Total share of associated companies' income less dividends received					538,1

(R'million)	GROUP 2019	GROUP 2018
14.3 Summarised statement of financial position of all associates		
The aggregate statement of financial position of all associates are summarised as follows (100%):		
Property, plant and equipment	**11 354,0**	12 937,7
Goodwill and intangible assets	**4 026,9**	8 096,7
Investments	**64,0**	405,5
Deferred taxation	**192,5**	226,3
Net current assets	**2 583,6**	4 980,2
Total assets	**18 221,0**	26 646,4
Long-term liabilities	**(5 012,3)**	(8 779,6)
Deferred taxation	**(2 031,9)**	(2 337,7)
Total shareholders' funds	**11 176,8**	15 529,1

14.4 The assessment criteria as noted in the accounting policies are performed annually. In 2018, Oceana Fishing Limited was a material associate of Tiger Brands and thus further disclosure is noted in Annexure B. All current associates did not meet the assessment criteria to be classified as a material associate and thus no further disclosure is provided in Annexure B.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY				GROUP	
2019	2018	(R'million)		**2019**	2018
		15	**Other investments**		
15,7	19,1		Listed, at fair value*	**343,0**	109,8
7,8	6,2		Unlisted, at fair value	**7,8**	6,2
			Employer controlled reserve invested by one pension fund on behalf of Tiger Brands Limited		
			– Defined contribution	**2,9**	2,7
			– Defined benefit (refer note 28)	**75,3**	70,5
1 610,4	1 610,4		BEE Phase II empowerment entities' preference shares**		
555,8	530,4		Notional investment in subsidiary companies in terms of IFRS 2**		
			** Listed investments comprise Oceana Limited, Adcock Ingram Holdings Limited, Spar Limited and JSE Limited. (company listed investment includes JSE Limited only).*		
			*** Classified as FVTPL under IFRS 9.*		
2 189,7	2 166,1			**429,0**	189,2
		16	**Loans**		
			Loans to empowerment entities (refer note 16.1)		
567,0	719,5		– Tiger Brands Foundation**		
113,1	130,7		– Thusani II**		
			Dipuno ESD Foundation SPV (RF) Proprietary Limited*	**25,5**	–
2,5	2,2		Other loans	**3,1**	2,8
682,6	852,4			**28,6**	2,8

** This relates to the long-term portion of the loan to Dipuno ESD Foundation SPV (RF) Proprietary Limited.*
*** Classified as FVTPL under IFRS 9.*

16.1 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 15). Preference dividends are calculated based on 93,5% (2018: 93,5%) of the prime interest rate prevailing from time to time.

COMPANY 2019	COMPANY 2018			GROUP 2019	GROUP 2018
		17	**Deferred taxation**		
		17.1	**Reconciliation of deferred taxation**		
(5,2)	21,4		Balance at the beginning of the year	**(353,6)**	(303,7)
			Adjustment in respect of currency profits taken directly to non-distributable reserves	**–**	0,9
			Fair value adjustments – investments	**(11,2)**	(1,5)
			IAS 19 adjustments taken to other comprehensive income	**(15,4)**	(3,1)
			Exchange rate translation reserve	**(3,0)**	(2,4)
–	(26,6)		Income statement movement – continuing operations	**(19,7)**	(41,0)
			Adjustment in respect of currency losses taken directly to other comprehensive income	**0,8**	(2,8)
(5,2)	(5,2)		Balance at the end of the year	**(402,1)**	(353,6)

COMPANY			GROUP	
2019	2018	(R'million)	**2019**	2018
		17 Deferred taxation continued		
		17.2 Analysis of deferred taxation		
		Property, plant and equipment	**(623,6)**	(603,8)
		Liability in respect of intangibles raised on acquisition of businesses	**(145,2)**	(147,1)
		Withholding taxes	**(75,0)**	(70,0)
		Retirement fund surpluses	**(43,1)**	(38,5)
		Fair value adjustments – investments	**(17,4)**	(5,1)
		Prepayments	**(5,0)**	(7,4)
		Provisions	**511,1**	505,1
		Income received in advance	**0,8**	2,9
		Revaluation of loans	**15,3**	15,8
(5,2)	(5,2)	Other temporary differences	**(20,0)**	(5,5)
(5,2)	(5,2)		**(402,1)**	(353,6)
		Disclosed on the statement of financial position as follows:		
		Deferred tax asset	**13,7**	16,8
(5,2)	(5,2)	Deferred tax liability	**(415,8)**	(370,4)
		18 Inventories		
		Raw materials	**2 030,2**	2 183,7
		Partially processed goods (WIP)	**98,0**	53,6
		Finished goods and merchandise	**3 161,9**	2 650,2
		Consumable stores and minor spares	**190,6**	158,0
		Other	**21,0**	18,5
		Inventory value, net of provisions	**5 501,7**	5 064,0
		Inventories carried at net realisable value included in total inventories	**47,0**	37,6
		Inventories written down and recognised in cost of sales as an expense	**179,8**	132,7
		Inventory provision deducted in arriving at total inventories net of provisions	**303,4**	279,4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018
		19 Trade and other receivables		
		19.1 Analysis of trade and other receivables		
		Trade receivables	**3 564,3**	3 372,5
		VAT receivable	**73,1**	76,1
15,3	326,7	Sundry receivables	**192,5**	544,7
		Prepayments	**121,4**	103,8
		Pension fund contribution holiday (refer note 28)	**75,7**	64,5
2,5	0,2	Tax receivable	**40,6**	32,7
		Contract asset – rebates	**3,6**	12,6
17,8	326,9	Total gross receivables	**4 071,2**	4 206,9
		Impairment provision – trade receivables	**(83,4)**	(89,0)
17,8	326,9	Total net receivables	**3 987,8**	4 117,9
		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 are derivative assets of R27,0 million (2018: R14,7 million) which are carried at fair value (refer note 31.7 for further details).		
		19.2 Impairment provisions		
		Balance at the beginning of the year	**(89,0)**	(56,0)
		Utilised during the year	**8,4**	9,2
		Reversed during the year	**9,1**	1,8
		Raised during the year	**(11,9)**	(44,0)
		Balance at the end of the year*	**(83,4)**	(89,0)

** IFRS 9 introduces a new trade debtors impairment model based on "expected credit loss" (ECL) and not the previously used "incurred loss" approach, resulting in the recognition of a loss allowance before the credit loss is incurred. Factors that are considered must account for current conditions along with reasonable and supportable forward-looking information that is not time consuming or costly to obtain. The company has adopted the "simplified approach" in determining the expected credit loss.*

Considering that IFRS 9 does not provide an explicit guide or any specific requirements, we have opted to use a provision matrix approach to calculate the expected credit loss. This involves allocating individual trade debtors into groups that share similar credit risk characteristics.

Customers' risk rating was determined by applying the following criteria:

- Historical data spanning three years which include payment history and behavioural trends
- Economic environment that has a significant impact on each customer
- Geographical location of the customer.

The percentage used to calculate the ECL for each risk segment was determined by:

- Past three years: specific impairment provisions
- Past three years: specific bad debts written off
- Past three years: trade credit insurance claims ratios
- Management's forward-looking analysis of the FMCG environment
- An unbiased approach that involves evaluating a range of possible outcomes based on current economic trends.

The company makes use of selective trade credit insurance. For those debtors that are not insured, the full carrying value of the outstanding debt was included in the calculation of the ECL. For those debtors that are insured, only the uninsured portion of the debt was included in the calculation of the ECL.

A process of identifying specific impairments is included in the total impairment provision. Management will raise a specific impairment provision when all internal and or pre-legal efforts to collect overdue debt have been exhausted.

	Performing trade receivables					
(R'million)	Low risk	Medium risk level 1	Medium risk level 2	Medium risk level 3	Defaulted receivables	Total
As at 30 September 2019	2 092,2	826,9	478,1	152,7	14,4	3 564,3
Allowance for doubtful debts	(0,8)	(37,4)	(4,2)	(26,6)	(14,4)	(83,4)
Net amount	2 091,4	789,5	473,9	126,1	–	3 480,9
% risk mitigating factor	–	(4,5)	(0,9)	(17,4)	(100,0)	(2,3)

COMPANY 2019	COMPANY 2018	(R'million)		GROUP 2019	GROUP 2018
		19	**Trade and other receivables** continued		
		19.3	**Past due analysis**		
			As at 30 September, the ageing of trade receivables was as follows:		
			Not past due	**2 558,5**	3 021,4
			Past due:		
			Current to 60 days	**871,3**	272,3
			61 to 90 days	**94,8**	28,5
			91 to 180 days	**26,9**	18,9
			> 180 days	**12,8**	31,4
			Total	**3 564,3**	3 372,5
			As at 30 September, the ageing of all other receivables, excluding tax receivables and prepayments, was as follows:		
3,3	297,4		Not past due	**161,1**	599,1
			Past due:		
0,3	–		Current to 60 days	**100,1**	64,4
			61 to 90 days	**0,6**	5,7
6,3	9,0		91 to 180 days	**71,0**	5,6
7,9	20,5		> 180 days	**12,1**	23,1
17,8	326,9		Total	**344,9**	697,9
		19.4	**Trade receivable analysis**		
			Industry spread of trade receivables:		
			Retail	**1 743,5**	1 447,0
			Wholesale/Distributors	**1 123,5**	1 197,7
			Export	**478,0**	642,7
			Other	**219,3**	85,1
			Total	**3 564,3**	3 372,5
			Geographical spread of trade receivables:		
			South Africa	**2 988,0**	2 418,8
			Rest of Africa	**425,3**	823,8
			Europe	**50,0**	40,8
			Rest of the World	**101,0**	89,1
			Total	**3 564,3**	3 372,5
		19.5	**Collateral held**		
			Fair value of collateral held	**16,3**	19,0
			Collateral held represents hawker deposits which may be applied against accounts which are in default.		
		20	**Share capital**		
		20.1	**Authorised share capital**		
			250 000 000 (2018: 250 000 000) ordinary shares of 10 cents each		
19,0	19,0	**20.2**	**Issued share capital**	**19,0**	19,0
19,0	19,0		189 818 926 (2018: 189 818 926) ordinary shares of 10 cents each	**19,0**	19,0
123,0	123,0	**20.3**	**Share premium**	**123,0**	123,0
123,0	129,3		Balance at the beginning of the year	**123,0**	129,3
–	(6,3)		Repurchase of Tiger Brands shares	**–**	(6,3)
142,0	142,0			**142,0**	142,0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY				GROUP	
Number of shares				Number of shares	
2019	2018	(R'million)		**2019**	2018
60 181 074	60 181 074	**21**	**Unissued shares**	**60 181 074**	60 181 074
		21.1	**Tiger Brands Limited shares held by subsidiary** 10 326 758 (2018: 10 326 758) shares are held as treasury stock.		
		21.2	**Tiger Brands Limited shares held by empowerment entities** 13 818 961 (2018: 13 898 066) shares are owned by empowerment entities.		
		22	**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	**(1,5)**	2,2
			Foreign currency translation adjustments	**–**	(1,9)
			Net loss/(gain) on cash flow hedges	**0,8**	(3,6)
			Net loss on available-for-sale financial assets/ FVOCI financial asset	**(11,2)**	(0,4)
			Remeasurement raised in terms of IAS 19R	**(15,4)**	(5,8)
				(27,3)	(9,5)
		23	**Trade and other payables**		
			Trade payables	**2 604,9**	2 224,3
			Contract liabilities – rebates and incentives*	**999,6**	555,7
			Accruals	**628,0**	685,3
			VAT payable	**–**	13,7
27,8	23,8		Other creditors	**270,1**	360,6
			Defined benefit pension fund liability (refer note 28)	**2,0**	1,9
27,8	23,8			**4 504,6**	3 841,5

* *During the year, R3,7 billion (2018: R3,2 billion) was raised and R3,4 billion (2018: R3,4 billion) was settled.*

Trade payables are non-interest-bearing and are normally settled within 30 to 45 day terms. Included within trade payables are derivative liabilities of R5,2 million (2018: R6,5 million) which are carried at fair value. Refer to note 31.7 for further details.

24 Provisions

Group
(R'million)

	Leave pay	Other	Total
2019			
Balance at the beginning of the year	**382,9**	**140,3**	**523,2**
Raised during the year	**250,8**	**93,1**	**343,9**
Utilised during the year	**(219,7)**	**(99,2)**	**(318,9)**
Balance at the end of the year	**414,0**	**134,2**	**548,2**
2018			
Balance at the beginning of the year	341,8	273,1	614,9
Raised during the year	242,7	102,6	345,3
Utilised during the year	(201,6)	(235,4)	(437,0)
Balance at the end of the year	382,9	140,3	523,2

Leave pay is provided on accumulated leave balances at year end based on employees' total cost to company. Included in "Other" is a provision for cash-settled share-based payments of R10,6 million (2018: R14,5 million). Other provisions include employee-related benefits of R59,9 million (2018: R36,8 million) and restructuring provisions of R37,2 million (2018: R71,7 million).

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018
		25 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 otherwise mentioned.		
		25.1 Secured loans		
		Loan bearing interest at / **Year of repayment** / **Denomination**	**–**	77,3
		19,0% per annum* / 2020 / Nigerian naira	**–**	77,3
		Analysis of secured loans by nature of security:		
		Corporate guarantee	**–**	77,3
			–	77,3
		** During the prior year Deli Foods (Nigeria) Limited entered into a term loan. The tenure of the loan was 18 months. The term loan was secured by a corporate guarantee that has been issued by Tiger Consumer Brands Limited. Deli Foods (Nigeria) Limited is classified as a discontinued operation. As such this has been transferred to assets held for sale, refer note 34.*		
		25.2 Capitalised finance leases	**0,5**	2,0
		Repayment during the next year	**0,5**	1,4
		Repayments later than one year and no later than five years	**–**	0,6
		Refer note 26.4		
		Liabilities under capitalised finance leases bear interest at 9,25% per annum.		
		Capitalised finance leases relate to plant and equipment with a book value of R2,0 million (2018: R3,3 million) as per note 11.		
			0,5	79,3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018
		25 Borrowings continued		
		25.3 Instalments disclosed as:		
		Short-term borrowings	**0,5**	5,0
		Long-term borrowings	**–**	74,3
			0,5	79,3
		25.4 Short-term borrowings	**519,0**	916,9
		Bank overdrafts	**518,5**	911,9
		Current portion of long-term borrowings	**0,5**	5,0

25.5 Changes in liabilities arising from financing activities

	September 2018	Transfer to held for sale	Cash flows	September 2019
Current portion of long-term borrowings	5,0	(3,0)	(1,5)	**0,5**
Long-term borrowings	74,3	(74,3)	–	**–**
Total liabilities from financing activities	79,3	(77,3)	(1,5)	**0,5**

COMPANY 2019	COMPANY 2018	(R'million)	GROUP 2019	GROUP 2018
		26 Group commitments		
		26.1 Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
		Contracted	**84,8**	96,5
		Not contracted	**910,8**	1 779,9
			995,6	1 876,4

26.2 Additional capital commitments of R559,8 million are expected to be approved in 2020. The capital commitments noted above include various capital efficiency and expansion projects.

26.3 Commitments in respect of operating leases

Group (R'million)	Land and buildings	Motor vehicles	Property, plant and equipment	Total commitments
2019				
During 2020	**21,3**	**27,9**	**35,0**	**84,2**
During 2021	**16,2**	**10,0**	**36,5**	**62,7**
During 2022	**–**	**2,8**	**4,0**	**6,8**
During 2023 and thereafter	**–**	**2,3**	**3,5**	**5,8**
During 2024 and thereafter	**–**	**0,8**	**1,3**	**2,1**
	37,5	**43,8**	**80,3**	**161,6**
2018				
During 2019	26,2	33,0	35,0	94,2
During 2020	16,7	23,8	35,1	75,6
During 2021	0,6	13,6	34,8	49,0
During 2022 and thereafter	–	6,7	1,5	8,2
During 2023 and thereafter	–	0,9	1,5	2,4
	43,5	78,0	107,9	229,4

26 Group commitments continued

26.3 Commitments in respect of operating leases continued

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 7,0% and 10,0% 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, amounts to R5,2 million (2018: R3,5 million).

26.4 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:

	2019		2018	
Group (R'million)	**Minimum payments**	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**0,7**	**0,5**	1,6	1,4
After one year but not more than five years	**–**	**–**	0,6	0,6
Total minimum lease payments	**0,7**	**0,5**	2,2	2,0
Less: amounts representing finance charges	**(0,2)**	**–**	(0,2)	–
Total	**0,5**	**0,5**	2,0	2,0

Please refer to note 25.2 for further details.

26.5 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.

26.6 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.

27 Share-based payment

The total expense recognised for employee services received during the year to 30 September 2019 is R60,9 million (2018: R81,9 million). Of the total expense recognised, the portion arising from the share appreciation rights, performance shares and restricted share option transactions amounted to R16,9 million, R2,1 million and R14,0 million (2018: R21,1 million, R6,4 million and R24,7 million respectively). The remaining expense relates to the cost associated with the BMT1 of R16,3 million and BMT2 of R9,1 million (2018: R25,3 million and R21,1 million respectively).

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

	(R'million)	GROUP 2019	GROUP 2018
28	**Pension obligations**		
	Movement in the net asset/(liability) recognised in the statement of financial position		
	Balance at the beginning of the year	**133,1**	121,5
	Contributions paid	**268,7**	268,5
	Other movements (net expense in the income statement)	**(260,7)**	(261,3)
	Interest cost	**(24,9)**	(25,0)
	Current service cost	**(271,6)**	(270,4)
	Interest on plan assets	**38,0**	35,7
	Interest on limit	**(2,2)**	(1,6)
	Remeasurements recognised in other comprehensive income	**7,9**	4,4
	Net actuarial gain raised in terms of IAS 19R	**1,9**	8,0
	Unrecognised gain/(loss) due to paragraph 65 limit in terms of IAS 19R	**6,0**	(3,6)
	Balance at the end of the year	**149,0**	133,1
	The net asset is included in the statement of financial position as follows:		
	Investments – refer note 15	**75,3**	70,5
	Other receivables – refer note 19	**75,7**	64,5
	Other payables – refer note 23	**(2,0)**	(1,9)
		149,0	133,1
	Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure E.		
29	**Post-retirement medical aid obligations**		
	Balance at the end of the year		
	Present value of obligations	**(582,8)**	(617,5)
	Liability at reporting date	**(582,8)**	(617,5)
	Movement in the liability recognised in the statement of financial position:		
	Balance at the beginning of the year	**(617,5)**	(619,1)
	Contributions paid	**48,2**	45,8
	Other expenses included in staff costs	**(60,2)**	(60,7)
	Current service cost	**(2,2)**	(2,4)
	Interest cost	**(58,0)**	(58,3)
	Actuarial gain released in terms of IAS 19R in other comprehensive income	**46,7**	16,5
	Balance at the end of the year	**(582,8)**	(617,5)
	The employer's estimate of contributions expected to be paid for the 2020 financial year is R49,8 million (2019: R48,2 million).		
	Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure F.		
30	**Guarantees and contingent liabilities**		
	Guarantees (unutilised)	**21,0**	30,0

During the course of the financial year, the performance of Deli Foods Nigeria Limited was negatively affected by currency devaluation and has also been severely affected by ongoing unfavourable economic conditions. A guarantee with Rand Merchant Bank Nigeria Limited was established in favour of Deli Foods Nigeria Limited which is almost fully utilised.

Company

Guarantees exist against the company for the obligations of certain subsidiaries amounting to R4,1 million at 30 September 2019 (2018: R3,6 million).

Contingent liability

The class action against the company arising from the outbreak of listeriosis was certified by the High Court on 3 December 2018. Summons was issued on 16 April 2019. A plea was filed by the company on 8 August 2019. The parties are now engaged in pre-trial preparation while subpoenas have been issued for the disclosure of information by third parties, which is pertinent to the outbreak.

As previously confirmed, the company has product liability insurance cover appropriate for a group of its scale. Coverage is subject to the terms and limits of the policy. Our insurers have advised that the product liability policy does not include cover for exemplary or punitive damages should such an award be made by the court and, in addition, should an award be made for constitutional damages, the product liability policy will not cover that portion of the award which relates to exemplary or punitive damages not compensatory in nature. The company reserves its rights in this regard.

31 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 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.

31.1 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 monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by the executive management. Position statements are prepared on a monthly basis and these are monitored by management and compared to the 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 is as follows:

	Derivative contracts expiring within 0 – 3 months		Derivative contracts expiring within 0 – 6 months
Group (R'million)	**Unrealised (profit)/loss at 30 September**	**Hedged value**	**Hedged value**
2019			
Maize and wheat			
Options			–
Futures	**(4,3)**	**280,9**	
2018			
Maize and wheat			
Options			104,2
Futures	(1,1)	141,1	

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.

The 10% stringency is the sensitivity rate used when reporting the commodity price risk internally to key management personnel and represents management's assessment of the possible change in the relevant commodity prices.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

31 Financial instruments continued

31.1 Procurement risk (commodity price risk) continued

Group (R'million)	Profit/(loss) after tax 2019 (+10%)/-10%	Profit/(loss) after tax 2018 (+10%)/-10%
Milling and Baking	**30,6**	36,6
Other grains	**173,2**	166,2
Other*	**44,1**	108,8
Total	**247,9**	311,6

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

Commodity price sensitivity is not applicable to the company.

31.2 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 entered into to cover import exposures and export exposures on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2019.

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
2019							
Financial assets							
Accounts receivable	**3 512,7**	**136,5**	**17,5**	**30,1**	**–**	**257,1**	**3 953,9**
Cash and cash equivalents	**1 274,0**	**105,6**	**17,7**	**7,9**	**–**	**318,7**	**1 723,9**
Financial liabilities							
Borrowings**	**(519,0)**	**–**	**–**	**–**	**–**	**–**	**(519,0)**
Accounts payable	**(4 625,4)**	**(128,4)**	**3,7**	**10,8**	**–**	**(313,5)**	**(5 052,8)**
2018							
Financial assets							
Accounts receivable	3 415,1	435,8	8,2	43,9	5,4	176,8	4 085,2
Cash and cash equivalents	793,6	518,0	1,5	13,3	2,0	252,7	1 581,1
Financial liabilities							
Borrowings**	(894,2)	–	–	–	(97,0)	–	(991,2)
Accounts payable	(4 069,2)	(29,4)	(4,7)	(8,9)	(25,8)	(226,7)	(4 364,7)

* *Other includes the Australian dollar, Canadian dollar, Japanese yen, Swiss franc, New Zealand dollar and Cameroon franc.*
** *In 2019, Rnil (2018: Rnil) is held by the company.*

31 Financial instruments continued

31.2 Foreign currency risk continued

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

	2019			2018		
Group	**Assets**	**Liabilities**	**Average**	Assets	Liabilities	Average
US dollar	**15,15**	**15,15**	**15,15**	14,16	14,19	14,17
Pound sterling	**18,65**	**18,66**	**18,66**	18,43	18,46	18,44
Euro	**16,51**	**16,52**	**16,52**	16,40	16,43	16,41

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.

	2019			2018		
Group	**Foreign currency (in millions)**	**Average rate**	**Rand (in millions)**	Foreign currency (in millions)	Average rate	Rand (in millions)
Foreign currency sold						
US dollar	**9,5**	**14,51**	**141,5**	35,5	14,16	522,1
Pound sterling	**0,7**	**18,10**	**12,6**	1,9	18,78	37,3
Euro	**3,8**	**16,51**	**63,5**	6,6	17,27	115,1
Other currencies	**–**	**–**	**5,7**	–	–	44,4
Foreign currency purchased						
US dollar	**37,8**	**14,73**	**550,0**	41,2	14,31	586,0
Pound sterling	**3,9**	**18,26**	**72,0**	1,6	19,56	29,8
Euro	**8,6**	**16,59**	**144,5**	6,7	16,62	112,1
Other currencies	**–**	**–**	**8,6**	–	–	11,5

	2019			2018		
Group	**Foreign currency (in millions)**	**Average rate**	**Rand (in millions)**	Foreign currency (in millions)	Average rate	Rand (in millions)
Unhedged foreign currency monetary assets						
US dollar	**13,8**	**15,15**	**209,6**	9,9	14,16	140,0
Pound sterling	**0,9**	**18,65**	**16,3**	0,4	18,43	8,2
Euro	**2,0**	**16,51**	**32,5**	2,7	16,40	44,2
Other currencies	**–**	**–**	**16,1**	–	–	25,2
Unhedged foreign currency monetary liabilities						
US dollar	**0,4**	**15,15**	**6,8**	0,5	13,67	6,5
Pound sterling	**–**	**18,65**	**–**	–	–	–
Euro	**0,1**	**16,52**	**1,0**	0,1	16,45	1,6
Other currencies	**–**	**–**	**0,2**	–	–	0,9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

31 Financial instruments continued

31.2 Foreign currency risk continued

Cash flow hedges

At 30 September 2019, 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 is:

	2019			2018		
Group	**Foreign currency (in millions)**	**Average rate**	**Rand (in millions)**	Foreign currency (in millions)	Average rate	Rand (in millions)
Foreign currency bought						
US dollar	**34,8**	**14,89**	**517,9**	20,3	14,07	286,0
Euro	**2,7**	**16,53**	**45,4**	1,3	16,69	21,1
Pound sterling	**0,8**	**18,42**	**13,9**	0,8	18,80	15,8
Other currencies	**–**	**–**	**1,3**	–	–	3,7

The terms of the forward currency 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 R24,1 million (2018: profit of R12,8 million) relating to the hedging instrument included in other comprehensive income.

Timing of cash flows relating to foreign currency is as follows:

	GROUP	
Foreign currency (in millions)	**1 – 6 months**	**7 – 12 months**
US dollar	**34,8**	**–**
Pound sterling	**0,8**	**–**
Euro	**2,7**	**0,1**
Japanese yen	**9,3**	**–**

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

During the year R8,2 million (2018: R5,9 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 R0,4 million (2018: R3,4 million) have been recognised in profit or loss.

Cash flow hedges

At 30 September 2019, the group had foreign exchange contracts outstanding designated as hedges of future sales to customers outside South Africa for which the group has firm commitments or highly likely forecast transactions.

A summary of these contracts is:

	2019			2018		
Group	**Foreign currency (in millions)**	**Average rate**	**Rand (in millions)**	Foreign currency (in millions)	Average rate	Rand (in millions)
Foreign currency bought						
US dollar	**4,5**	**14,89**	**67,1**	5,3	14,07	75,2
Euro	**–**	**16,53**	**–**	1,5	16,69	25,7
Pound sterling	**0,5**	**18,42**	**8,7**	0,6	18,80	10,5
Australian dollar	**–**	**10,07**	**0,3**	1,7	11,11	18,6

31 Financial instruments continued

31.2 Foreign currency risk continued

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

The cash flow hedge of expected future sales was assessed to be effective and an unrealised gain of R2,4 million (2018: R13,7 million) relating to the hedging instrument was included in other comprehensive income.

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

	GROUP	
Foreign currency (in millions)	1 – 6 months	7 – 12 months
US dollar	4,5	–
Pound sterling	0,5	–
Euro	–	–
Australian dollar	–	–

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

During the year R8,8 million (2018: Rnil) 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 R0,9 million (2018: R1,8 million) have been recognised in profit or loss.

Foreign currency sensitivity

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

The sensitivity analysis includes only material outstanding foreign currency denominated monetary items as detailed in the table above 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 South African rand weakens against the relevant currency.

	Other comprehensive income		Profit or loss	
(R'million)	2019	2018	2019	2018
Group				
USD +10%	(44,0)	(15,8)	66,7	(23,1)
USD -10%	44,0	15,8	(66,7)	23,1
Pound sterling +10%	(0,5)	1,4	(14,2)	(0,8)
Pound sterling -10%	0,5	(1,4)	14,2	0,8
EUR +10%	(4,7)	(2,5)	19,3	0,1
EUR -10%	4,7	2,5	(19,3)	(0,1)
Other +10%	(0,1)	2,6	17,8	1,2
Other -10%	0,1	(2,6)	(17,8)	(1,2)
Total +10%	(49,3)	(14,3)	89,6	(22,6)
Total -10%	49,3	14,3	(89,6)	22,6
Company				
USD +10%	–	–	1,1	21,4
USD -10%	–	–	(1,1)	(21,4)
Pound sterling +10%	–	–	–	–
Pound sterling -10%	–	–	–	–
Other +10%	–	–	6,7	–
Other -10%	–	–	(6,7)	–
Total +10%	–	–	7,8	21,4
Total -10%	–	–	(7,8)	(21,4)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

31 Financial instruments continued

31.2 Foreign currency risk continued

Forex currency sensitivity on associates

The following table details the group's sensitivity to a 5% weakening/strengthening in the ZAR against the respective foreign currencies in which the associates operate.

Group (R'million)	**Other comprehensive income 2019**
Chilean peso +5%	**(97,5)**
Chilean peso -5%	**103,7**
Zimbabwean dollar +5%	**(5,2)**
Zimbabwean dollar -5%	**4,6**
Nigerian naira +5%	**(10,8)**
Nigerian naira -5%	**12,0**
Total +5%	**(113,5)**
Total -5%	**120,3**

31.3 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	
2019	2018	(R'million)	**2019**	2018
		Profit/(loss) after tax		
(7,1)	(9,5)	ZAR borrowings (+1%)/-1%	**(7,6)**	(34,0)
–	–	Foreign borrowings (+1%)/-1%	**0,3**	(0,2)
(7,1)	(9,5)	Total (+1%)/-1%	**(7,3)**	(34,2)

31 Financial instruments continued

31.4 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 25 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 31.7.

Contractual maturity for non-derivative financial liabilities

The following tables detail the group 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.

Group (R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years
2019					
Trade and other payables	4 504,6	–	4 504,6	–	–
Borrowings (long and short term)*	0,5	–	0,5	–	–
Liabilities held for sale	149,2	–	149,2	–	–
Total	4 654,3	–	4 654,3	–	–
2018					
Trade and other payables	3 841,5	–	3 841,5	–	–
Borrowings (long and short term)*	79,3	(14,7)	7,4	8,7	77,9
Guarantees and future commitments not on the statement of financial position	–	–	30,0	–	–
Total	3 920,8	(14,7)	3 878,9	8,7	77,9
Company					
2018					
Borrowings (long and short term)	–	–	–	–	–
Intergroup loan accounts	120,1	–	–	–	120,1
Guarantees not on the statement of financial position	–	–	3,6	–	–
Total	120,1	–	3,6	–	120,1

* *Excludes bank overdrafts of R518,5 million (2018: R911,9 million) and cash of R1 723,9 million (2018: R1 581,1 million). These are repayable on demand and subject to annual review.*

Refer to notes 26.3 and 26.4 for disclosure relating to operating and finance lease commitments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

31 Financial instruments continued

31.5 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 19.4.

Company

Credit risk exposure at 30 September 2019 relating to guarantees amounted to R4,1 million (2018: R3,6 million). Refer note 30.

31.6 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 manage their 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 2019 and 30 September 2018.

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

COMPANY			GROUP	
2019	2018	(R'million)	**2019**	2018
(67,4)	(304,7)	Cash and cash equivalents	**(1 723,9)**	(1 581,1)
–	–	Long-term borrowings	**–**	74,3
–	–	Short-term borrowings	**519,0**	916,9
(67,4)	(304,7)	Net cash	**(1 204,9)**	(589,9)
8 697,9	10 215,5	Total equity	**15 407,5**	17 465,2
(0,8)	(3,0)	Net cash to equity (%)	**(7,8)**	(3,4)

31 Financial instruments continued

31.7 Categorisation of financial assets and liabilities

Group (R'million)	Financial assets amortised cost	Financial assets through OCI fair value	Other liabilities amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
2019						
Assets	–	–	–	–	15 987,7	15 987,7
Other investments	78,2	350,8	–	–	–	429,0
Loans	28,6	–	–	–	–	28,6
Trade and other receivables	3 725,7	–	–	27,0	235,1	3 987,8
Cash and cash equivalents	1 723,9	–	–	–	–	1 723,9
Assets classified as held for sale	1,2	–	–	–	22,3	23,5
Total	5 557,6	350,8	–	27,0	16 245,1	22 180,5
Shareholders' equity and liabilities	–	–	–	–	(17 007,7)	(17 007,7)
Long-term borrowings	–	–	–	–	–	–
Trade and other payables	–	–	(3 601,3)	(5,2)	(898,1)	(4 504,6)
Short-term borrowings	–	–	(519,0)	–	–	(519,0)
Liabilities directly associated with assets classified as held for sale	–	–	–	–	(149,2)	(149,2)
Total	–	–	(4 120,3)	(5,2)	(18 055,0)	(22 180,5)

(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
2018						
Assets	–	–	–	–	18 037,4	18 037,4
Other investments	73,2	116,0	–	–	–	189,2
Loans	2,8	–	–	–	–	2,8
Trade and other receivables	3 890,6	–	–	14,7	212,6	4 117,9
Cash and cash equivalents	1 581,1	–	–	–	–	1 581,1
Total	5 547,7	116,0	–	14,7	18 250,0	23 928,4
Shareholders' equity and liabilities	–	–	–	–	(19 095,7)	(19 095,7)
Long-term borrowings	–	–	(74,3)	–	–	(74,3)
Trade and other payables	–	–	(2 775,4)	(6,5)	(1 059,6)	(3 841,5)
Short-term borrowings	–	–	(916,9)	–	–	(916,9)
Total	–	–	(3 766,6)	(6,5)	(20 155,3)	(23 928,4)

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

31 Financial instruments continued

31.7 Categorisation of financial assets and liabilities continued

Company (R'million)	Financial assets amortised cost	Financial assets through OCI fair value	Other liabilities amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
2019						
Assets		–	–	–	2 819,6	2 819,6
Other investments	–	23,5	–	2 166,2	–	2 189,7
Loans	2 956,3	–	–	680,1	–	3 636,4
Trade and other receivables	15,3	–	–	–	2,5	17,8
Cash and cash equivalents	67,4	–	–	–	–	67,4
Total	3 039,0	23,5	–	2 846,3	2 822,1	8 730,9
Shareholders' equity and liabilities	–	–		–	(8 703,1)	(8 703,1)
Trade and other payables	–	–	(27,8)	–	–	(27,8)
Total	–	–	(27,8)	–	(8 703,1)	(8 730,9)

(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
2018						
Assets	–	–	–	–	3 690,1	3 690,1
Other investments	2 140,8	25,3	–	–	–	2 166,1
Loans	3 876,8	–	–	–	–	3 876,8
Trade and other receivables	326,7	–	–	–	0,2	326,9
Cash and cash equivalents	304,7	–	–	–	–	304,7
Total	6 649,0	25,3	–	–	3 690,3	10 364,6
Shareholders' equity and liabilities	–	–	(120,1)	–	(10 220,7)	(10 340,8)
Trade and other payables	–	–	(23,8)	–	–	(23,8)
Total	–	–	(143,9)	–	(10 220,7)	(10 364,6)

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

31 Financial instruments continued

31.8 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 falls due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 25.1 of these annual financial statements.

There are no significant differences between carrying values and fair values of financial assets and liabilities.

Trade and other receivables, amounts owed by subsidiaries, investments and loans and trade and other payables carried on the statement of financial position approximate the fair values.

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:

	2019				2018			
	Level 1	**Level 2**	**Level 3****	**Total**	Level 1	Level 2	Level 3**	Total
Group								
Assets measured at fair value								
Financial assets								
Other investments	**343,0**	**0,3**	**7,5**	**350,8**	109,8	0,3	5,9	116,0
Derivatives	**–**	**27,0**	**–**	**27,0**	–	14,7	–	14,7
Liabilities								
Derivatives	**–**	**(5,2)**	**–**	**(5,2)**	–	(6,5)	–	(6,5)
Company								
Assets measured at fair value								
Financial assets								
Other investments	**2 181,9**	**0,3**	**7,5**	**2 189,7**	19,1	0,3	5,9	25,3
Loans***	**680,1**	**–**	**–**	**680,1**	–	–	–	–

** *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.*

*** *The fair value of these loans are assessed on returns based on the listed investment held by the related party.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

32 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 further provision of R28,9 million (2018: R30,0 million) has been provided against these outstanding balances, being the impact of the discounting factor applied and expected liquidity premiums payable.

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

Group (R'million)	**Management fees**	**Directors' fees**	**Amounts owed by related parties**
2019			
Related party – associates			
Empresas Carozzí (Chile)	–	3,8	–
National Foods Holdings Limited	3,5	–	13,9
2018			
Related party – associates			
Oceana Group Limited	–	0,8	0,2
Empresas Carozzí (Chile)	–	3,3	–
National Foods Holdings Limited	3,3	–	36,8

(R'million)	GROUP 2019	GROUP 2018
Other related parties		
Key management personnel*		
Short-term employee benefits	94,2	78,3
Post-employment and medical benefits	8,2	7,2
Share-based payments	10,2	35,2
Total compensation paid to key management personnel	112,6	120,7

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

Company (R'million)	2019 Amounts owed by/(to) related parties	2019 Dividends received	2018 Amounts owed by/(to) related parties	2018 Dividends received
32 Related-party disclosures continued				
Related party – intergroup				
Subsidiaries[1]				
Durban Confectionery Works Proprietary Limited	**33,0**	**–**	33,0	–
Tiger Consumer Brands Limited	**1,8**	**350,0**	(120,1)	1 500,0
Tiger Brands International Holdings Limited	**249,6**	**–**	343,0	–
Enterprise Foods Proprietary Limited	**0,4**	**–**	0,4	–
Langeberg Holdings Limited	**500,8**	**–**	500,8	–
Langeberg & Ashton Foods Proprietary Limited	**499,5**	**–**	499,5	–
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	**293,9**	**550,0**	271,0	–
Pharma I Holdings Proprietary Limited	**1 211,2**	**–**	1 211,2	–
Chocolaterie Confiserie Camerounaise	**64,0**	**74,5**	–	58,1
Davita Trading Proprietary Limited	**–**	**150,0**	–	150,0
Investment and dormant companies	**99,6**	**–**	165,5	–
Empowerment entities				
Tiger Brands Foundation	**567,0**	**200,5**	719,5	188,3
Thusani II	**113,1**	**38,6**	130,7	36,6
Associate				
Oceana Group Limited	**–**	**173,6**	0,2	64,0
National Foods Holdings Limited	**13,9**	**9,6**	36,8	16,6
UAC Foods	**–**	**14,5**	–	12,5

[1] *Interest-free with no fixed repayment terms. These balances are not expected to be called upon within the next 12 months.*

In assessing the credit risk of intercompany transactions, the company considers the liquidity position, available cash resources and the industry. These factors are considered to give rise to a low credit risk and, therefore, no further disclosure is required.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2019

(R'million)	GROUP 2019	GROUP 2018 Restated*
33 Analysis of loss from discontinued operations		
In the current year, the results of the held-for-sale business Deli Foods Nigeria Limited (Deli Foods) was included in the profit for the year as set out below and comparatives restated accordingly (refer note 34). The prior year includes the results of the held-for-sale business (Haco Tiger Brands (E.A.) Limited (Haco)) and Deli Foods.		
Loss for the year from discontinued operations (attributable to owners of the company)		
Revenue	151,0	152,1
Expenses	(168,1)	(191,6)
Operating loss before impairments and abnormal items	(17,1)	(39,5)
Impairments**	(8,8)	(63,8)
Abnormal items	(6,9)	7,5
Operating loss after impairments and abnormal items	(32,8)	(95,8)
Finance costs	(19,7)	(13,5)
Loss before taxation	(52,5)	(109,3)
Taxation	–	(5,6)
Loss for the year from discontinued operations	(52,5)	(114,9)
Attributable to non-controlling interest	–	(3,3)
Attributable to owners of parent	(52,5)	(118,2)
Cash flows from discontinued operations		
Net cash outflows from operating activities	(58,0)	(126,0)
Net cash inflow from investing activities	22,2	44,6
Net cash inflow/(outflow) from financing activities	16,8	(70,0)
Net cash outflows	(19,0)	(151,4)
Cash flow on disposal of subsidiary		
Cash and cash equivalents disposed	–	(0,1)
Proceeds received on disposal***	307,7	103,5
Total cash inflow on disposal of subsidiary	307,7	103,4

Balance sheets disposed of:

(R'million)	December 2017
Summarised statement of financial position	
Non-current assets	178,4
Current assets	202,7
Non-current liabilities	(28,9)
Current liabilities	(150,6)
Net asset value	201,6

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation.*

** *Subsequent to the reclassification to held for sale in terms of IFRS 5, property, plant and equipment were remeasured at fair value less costs to sell per IFRS 5.*

*** *The final tranches were received from East African Group (EAG) on the sale of East African Tiger Brands Industries Plc. (EATBI) in 2017.*

(R'million)	GROUP 2019	GROUP 2018
34 Assets classified as held for sale		
A detailed review of the Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) business was conducted in the context of Tiger Brands' long-term growth strategy and core competencies. Deli Foods is currently loss-making and thus no longer meets the wider strategic plan of the company. Its inability to hold market share and compete with global brands resulted in a negative payback. Taking into account these factors, it was decided that Deli Foods would be reflected as held for sale at 30 September 2019 and suitable buyers for the business are being explored. Further, included in the assets held for sale is the remaining investment in Oceana which is in the process of being sold.		
Property, plant and equipment	**8,7**	–
Investments	**10,4**	–
Inventory	**3,2**	–
Cash and cash equivalents	**1,2**	–
	23,5	–
Liabilities directly associated with the assets classified as held for sale		
Short-term borrowings	**130,3**	–
Trade payables	**18,9**	–
	149,2	–
Net carrying value of Deli and Oceana	**(125,7)**	–

35 Subsequent events

Subsequent to 30 September 2019, no acceptable offers were made for Deli Foods and it was announced that the business would be closed down.

With the exception of the closure of Deli Foods, there are no other material subsequent events that occurred during the period subsequent to 30 September 2019, but prior to these consolidated financial statements being authorised for issue.

ANNEXURE A
INTEREST IN SUBSIDIARY COMPANIES
for the year ended 30 September 2019

(R'million)	Principal place of business	Functional currency	Effective percentage holding 2019 %	Effective percentage holding 2018 %	Company's interest Shares at cost (net of impairment) 2019	Company's interest Shares at cost (net of impairment) 2018
Designer Group Holdings Limited	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
Chocolaterie Confiserie Camerounaise[1]	Cameroon	CAF franc	**74,7**	74,7	**152,7**	152,7
Deli Foods Nigeria Limited[2]	Nigeria	Nigerian naira	**100,0**	100,0	**–**	–
Davita Trading Proprietary Limited	South Africa	South African rand	**100,0**	100,0	**1 521,6**	1 521,6
Pharma I Holdings Proprietary Limited[3]	South Africa	South African rand	**100,0**	100,0	**–**	–
					2 551,4	2 551,4

[1] *All year ends are 30 September, except for Chocolaterie Confiserie Camerounaise which has a 31 December year end.*
[2] *Investment in Deli Foods Nigeria Limited was fully impaired in the prior year.*
[3] *Previously Adcock Ingram Holdings Proprietary Limited.*

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

ANNEXURE B
INTEREST IN ASSOCIATE COMPANIES

for the year ended 30 September 2019

(R'million)	Principal place of business	Currency	Year end	Percentage holding 2019 %	Percentage holding 2018 %	Nature of business	Listed/ Unlisted
Oceana Group Limited (note 1)	South Africa	South African rand	September	–*	42,1	Fishing	Listed
National Foods Holdings Limited (note 2)	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 0% (2018: 43,8%). After accounting for the treasury and empowerment shares, the earnings are equity accounted at 0% (2018: 48,9%).*

Note 1 – Unbundling of Oceana

As a consequence of the decision taken to unbundle the company's investment in Oceana, the company ceased to equity account the earnings of Oceana with effect from 1 December 2018. From this date, the investment has been accounted for as a held-for-sale asset on the balance sheet. The Brimstone sale was concluded on 20 March 2019. The total sale consideration amounted to R581,4 million, giving rise to a capital profit of R281,9 million and a release of R26,4 million on FCTR. On 3 April 2019, the board formally approved the unbundling of the remaining 49 104 774 shares that the company holds in Oceana (equating to approximately 36,2% of the issued share capital of Oceana) (the unbundled shares) by way of a distribution in specie in terms of the company's memorandum of incorporation. This was concluded on 29 April 2019. The dividend in specie gives rise to a realised fair value gain in terms of IFRS 5 of R1 630,4 million. This gain has no impact on HEPS as it has been excluded for headline earnings purposes. Further, Tiger Brands group received 2 671 457 Oceana shares in respect of the 10 326 758 treasury shares in Tiger Brands held by its wholly owned subsidiary, Tiger Consumer Brands Limited. These shares are being sold into the market at a market-related price. This sale has given rise to an abnormal capital profit of R86,9 million. The capital profit has no impact on HEPS as it has been excluded for headline earnings purposes. The impact of the unbundling on the empowerment entities in the Tiger Brands group has been appropriately accounted for.

Detailed disclosure of Oceana Fishing Limited as per note 14.3 is noted on page 74.

ANNEXURE B CONTINUED

INTEREST IN ASSOCIATE COMPANIES continued

for the year ended 30 September 2019

Summarised statement of comprehensive income

(R'million)	September 2018
Revenue	7 732,7
Profit after taxation	882,2
Attributable to outside shareholders	857,8
Other comprehensive income, net of taxation	240,1
Total comprehensive income for the year	1 122,3
Attributable to outside shareholders	1 098,0
Dividends received from Oceana	64,0

Summarised statement of financial position

(R'million)	September 2018
Non-current assets	6 685,1
Current assets	4 014,4
Non-current liabilities	(3 818,7)
Current liabilities	(2 158,9)
Net asset value	4 721,9

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

(R'million)	September 2018
Tiger Brands' effective share of Oceana's NAV	2 307,1
Goodwill on acquisition	238,8
Carrying value of Oceana	2 545,9
Fair value of investment in Oceana	4 709,4

Note 2 – National Foods Holdings Limited (NFH)

Accounting for investment in associate

The group has a 37,4% investment in National Foods Holdings Limited (NFH), an associate company incorporated in Zimbabwe and which operates throughout Zimbabwe.

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29), applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

Tiger Brands concurs with this classification, supported by the following factors:

- The significant deterioration of the interbank Real Time Gross Settlement (RTGS) dollar and Zimbabwe dollar (ZWL$) exchange rates, the official currencies adopted in Zimbabwe during the period;
- The rapid increase in year-on-year Zimbabwe inflation rates, from 21% in October 2018, as published by the Reserve Bank of Zimbabwe (RBZ), to a calculated 290% in September 2019 based on the RBZ published CPI index.

The equity accounted results of NFH included in these results have therefore been prepared in accordance with IAS 29, with the following key accounting principles and judgements applied by the group:

- Hyperinflation accounting requires transactions and balances of each reporting period presented to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the loss of purchasing power during the period. The group has elected to use the Zimbabwe Consumer Price Index (CPI) as the measuring unit current (or general price index) to restate amounts as CPI provides an observable indication of the change in the price of goods and services.
- The carrying amounts of non-monetary assets and liabilities carried at historical costs are restated to reflect the change in the general price index.
- All items recognised in the statement of comprehensive income at historical costs are restated by applying the change in the general price index from the dates when these items were initially earned or incurred.
- Gains or losses on the resulting net monetary position are recognised in the statement of comprehensive income and included in our share of associate's income.
- Impairment losses are recorded in the statement of comprehensive income if the remeasured value of assets exceeds the estimated recoverable amount and included in our share of associate's income.
- The application of IAS 29 on a retrospective basis within the statement of comprehensive income of NFH have resulted in the recognition of both a gain on the net monetary position and an impairment loss on the revalued assets in the current and prior periods.

As the group's presentation currency is not that of a hyperinflationary economy, the comparative information of the group's financial results relating to NFH is not restated. Any difference between our share of NFH adjusted equity balance after applying IAS 29 and the balance previously recorded by the group as at 30 September 2019 is recognised in other comprehensive income as part of foreign currency translations for the current period.

Exchange rates applied in translating the results of investment in associate

During the current and prior period under review, the following changes to the functional and presentation currencies of NFH occurred:

- Since the adoption of multiple currencies by the Zimbabwean Government in 2009, entities in Zimbabwe were operating in a multi-currency regime. As a result, prior to 1 October 2018, the US dollar was designated as the functional and presentation currency of NFH.
- On 1 October 2018, following the directive issued by the RBZ, the RTGS dollar was adopted as the functional and presentation currency of NFH. The application of the change in functional currency was applied prospectively. As disclosed in the accounting policies, judgement was applied in the estimation and application of exchange rates used when translating the results of NFH for the 2019 financial year. Inputs considered in this estimate include the official inflation rate and the premium at which Old Mutual shares trade on the Zimbabwe Stock Exchange versus on the JSE.
- On 24 June 2019, the RBZ introduced statutory instrument 142 of 2019 resulting in the renaming of the RTGS dollar to the Zimbabwe dollar (ZWL$), and the ZWL$ being the only form of legal tender in the country. The ZWL$ was therefore adopted as the functional and presentation currency of NFH prospectively from this date. In line with the judgements applied during the 2019 financial year, management assessed that the official interbank closing exchange rate of 1,00 ZWL$ to the South African rand and this was therefore used when translating the result of NFH.

The results and net asset value of NFH have been translated into the group's presentation currency at the closing exchange rate, in accordance with hyperinflationary provisions of IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

ANNEXURE C
DIRECTORS' EMOLUMENTS

Table of directors' emoluments for the year ended 30 September 2019

	GROUP						
(R000)	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2019
Executive directors							
LC Mac Dougall	–	8 973	–	160	329	–	9 462
NP Doyle	–	5 832	–	30	961	4 446	11 269
Total A	–	14 805	–	190	1 290	4 446	20 731
*Non-executive directors***		EFs*					
CH Fernandez[1]	434	–	–	–	–	–	434
DG Wilson[2]	196	–	–	–	–	–	196
GA Klintworth	1 103	–	–	–	–	–	1 103
KDK Mokhele (chairman)	1 918	–	–	–	–	–	1 918
M Makanjee	723	–	–	–	–	–	723
MJ Bowman	806	–	–	–	–	–	806
MO Ajukwu	1 531	–	–	–	–	–	1 531
MP Fandeso[3]	127	–	–	–	–	–	127
MP Nyama	649	–	–	–	–	–	649
TE Mashilwane	890	8	–	–	–	–	898
YGH Suleman[4]	224	8	–	–	–	–	232
Total B	8 601	16	–	–	–	–	8 617
Total A + B	8 601	14 821	–	190	1 290	4 446	29 348
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
PW Spies	–	4 354	–	364	339	–	5 057
Y Maharaj	–	4 347	–	366	339	–	5 052
PD Sithole	–	4 547	–	120	339	1 674	6 680
Total	–	13 248	–	850	1 017	1 674	16 789
Aggregated details of remuneration paid to members (eight) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder							
Total	–	23 952	106	3 549	2 181	1 429	31 217

[1] CH Fernandez appointed on 1 March 2019.
[2] DG Wilson appointed on 1 June 2019.
[3] MP Fandeso appointed on 1 July 2019.
[4] YGH Suleman resigned on 22 November 2018.
** EFs – fees paid to non-executive directors in respect of their attendance at special board meetings of the company.*
*** The fees to non-executive directors exclude VAT.*

Table of directors' emoluments for the year ended 30 September 2018

(R000)	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2018
	GROUP						
Executive directors							
LC Mac Dougall	–	8 512	–	153	340	–	9 005
NP Doyle	–	5 498	–	72	913	–	6 483
CFH Vaux[1]	–	1 968	–	23	146	725	2 862
Total A	–	15 978	–	248	1 399	725	18 350
Non-executive directors*		EFs*					
MO Ajukwu	1 208	–	–	–	–	–	1 208
SL Botha[2]	117	–	–	–	–	–	117
MJ Bowman	627	20	–	–	–	–	647
GA Klintworth[3]	229	–	–	–	–	–	229
M Makanjee	661	22	–	–	–	–	683
TE Mashilwane	556	–	–	–	–	–	556
KDK Mokhele (chairman)	1 797	8	–	–	–	–	1 805
RD Nisbet[4]	845	28	–	–	–	–	873
MP Nyama	573	–	–	–	–	–	573
YGH Suleman	854	22	–	–	–	–	876
BS Tshabalala[5]	525	–	–	–	–	–	525
Total B	7 992	100	–	–	–	–	8 092
Total A + B	7 992	16 078	–	248	1 399	725	26 442
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
PW Spies	–	4 030	–	423	345	–	4 798
AG Kirk[6]	–	3 861	–	239	316	3 597	8 013
Y Maharaj[7]	–	1 022	–	1 106	85	–	2 213
PD Sithole	–	3 988	–	142	345	–	4 475
Total	–	12 901	–	1 910	1 091	3 597	19 499
Aggregated details of remuneration paid to members (eight) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder[8]							
Total	–	16 863	–	5 548	1 800	2 245	26 456

[1] Stepped down as an executive director in February 2018.
[2] Resigned effective 24 November 2017.
[3] Appointed effective 16 August 2018.
[4] Resigned effective 7 September 2018.
[5] Resigned effective 15 August 2018.
[6] Resigned effective 31 August 2018.
[7] Appointed effective 1 July 2018. Sign-on bonus of R1 000 000 in lieu of variable pay forfeited at former employer.
[8] Sign-on bonus paid to new CHRO of R1 263 212 in lieu of variable pay forfeited at former employer. A retention bonus of R3 503 161 was granted to the previous CHRO on 1 December 2015, but payment was elected to be made at the end of the retention period, effective 30 November 2017.
** EFs – fees paid to non-executive directors in respect of their attendance at special board meetings of the company.*
*** The fees to non-executive directors exclude VAT.*

ANNEXURE C CONTINUED
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 2019 appear below:

Name	Date of grant	Holding at 1 October 2018	Granted 2019	Exercised 2019
NP Doyle	February 2013	15 000	–	–
	July 2012	15 000	–	15 000
Total		30 000	–	15 000

Prescribed officers

Aggregated details of phantom cash options held by prescribed officers at 30 September 2019 appear below:

Name	Date of grant	Holding at 1 October 2018	Granted 2019	Exercised 2019
PD Sithole	February 2013	1 400	–	–

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 2019 appear below:

Name	Date of grant	Holding at 1 October 2018	Granted 2019	Exercised 2019
Total	Various*	3 633	–	–

** Includes CFH Vaux who stepped down as an executive director in February 2018.*

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	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 2019 R'000
15 000	–	–	–	–	299,8	–
–	–	–	–	–	252,0	–
15 000	–	–	–	–		–

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	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 2019 R'000
1 400	–	–	–	–	299,8	–

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	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 2019 R'000
3 633	–	–	–	–	Various	–

ANNEXURE C CONTINUED

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 2019 are set out below:

Name	Date of grant	Holding at 1 October 2018	Granted 2019	Adjustment due to Oceana unbundling (Note 1) 2019
NP Doyle	December 2018	–	52 700	3 988
	December 2017	45 830	–	3 468
	December 2016	33 780	–	2 556
	February 2016	22 870	–	1 154
	February 2015	8 732	–	370
	February 2014	12 950	–	670
Note 2	February 2014	5 250	–	271
Total		129 412	52 700	12 477
LC Mac Dougall	December 2018	–	57 420	4 344
	December 2017	8 990	–	681
	December 2016	32 840	–	2 485
	May 2016	36 000	–	1 816
Total		77 830	57 420	9 326

Note 1:
Tiger Brands implemented the unbundling of its investment in Oceana, shareholders were notified that participants in the Tiger Brands 2013 Share Plan will be placed in a position which is as close as possible to the position that they would have been in, had the unbundling not taken place. Consequently, the number of instruments that had been awarded in terms of the rules of the plan were increased by 7,5679% and the strike prices applicable to SARs were reduced by 7,035%.

Note 2:
A special retention allocation of share appreciation rights was made on 28 February 2014. These are subject to normal performance and vesting conditions.

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	Number of options subject to performance targets and retention	Grant price (Rand)	Revised grant price due to Oceana unbundling (Note 1) (Rand)	Fair market value of vested options at 30 September 2019 R'000
–	56 688	–	56 688	274,1	254,8	
–	49 298	–	49 298	414,5	385,3	
–	36 336	–	36 336	396,0	368,1	
7 623	16 401	–	16 401	291,7	271,2	
3 847	5 255	1 117	4 138	385,3	358,2	1
4 102	9 518	9 518	–	254,5	236,6	26
1 664	3 857	3 857	–	254,5	236,6	11
17 236	177 353	14 492	162 861			38
–	61 764	–	61 764	274,1	254,8	
–	9 671	–	9 671	414,5	385,3	
–	35 325	–	35 325	396,0	368,1	
12 000	25 816	–	25 816	341,7	317,6	
12 000	132 576	–	132 576			

ANNEXURE C CONTINUED
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 2019 appear below:

Name	Date of grant
NP Doyle	February 2016
	February 2015
Total	
LC Mac Dougall	May 2016
Total	

Details of restricted shares granted to executive directors under the Tiger Brands Limited 2013 Share Plan as at 30 September 2019 appear below:

Name	Date of grant	Holding at 1 October 2018
NP Doyle	December 2016	3 710
	February 2016	1 330
	December 2015	5 376
	February 2015	2 320
Total		12 736
LC Mac Dougall	December 2016	1 950
Total		1 950

Note 1:

Tiger Brands implemented the unbundling of its investment in Oceana, shareholders were notified that participants in the Tiger Brands 2013 Share Plan will be placed in a position which is as close as possible to the position that they would have been in, had the unbundling not taken place. Consequently, the number of instruments that had been awarded in terms of the rules of the plan were increased by 7,5679% and the strike prices applicable to SARs were reduced by 7,035%.

Holding at 1 October 2018	Adjustment due to Oceana unbundling (Note 1)	Options received/ forfeited as result of performance conditions achieved/ not achieved	Exercised 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10-day VWAP share price on grant date (Rand)
5 720	–	3 575	2 145	–	–	291,7
4 358	–	–	4 358	–	–	385,3
10 078	–	3 575	6 503	–	–	
8 160	618	8 778	–	–	–	341,7
8 160	618	8 778	–	–	–	

Granted 2019	Adjustment due to Oceana unbundling (Note 1)	Exercised 2019	Forfeited 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10-day VWAP share price on grant date (Rand)
	280	–	–	3 990	–	396,0
–	–	1 330	–	–	–	291,7
–	–	5 376	–	–	–	342,9
–	–	2 320	–	–	–	385,3
–	280	9 026	–	3 990	–	
–	147	–	–	2 097	–	396,0
–	147	–	–	2 097	–	

ANNEXURE C CONTINUED
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 2019 are set out below:

Name	Date of grant	Holding at 1 October 2018	Granted 2019	Adjustment due to Oceana unbundling (Note 1)
PW Spies	December 2018	–	25 570	1 935
PW Spies	December 2017	17 710	–	1 340
PW Spies	September 2017	13 102	–	992
Y Maharaj	December 2018	–	28 110	2 127
PD Sithole	December 2018	–	35 810	2 710
PD Sithole	December 2017	24 150	–	1 827
PD Sithole	December 2016	11 040	–	835
PD Sithole	February 2016	10 220	–	515
PD Sithole	February 2015	5 410	–	229
PD Sithole	February 2014	12 090	–	624

Note 1:
As Tiger Brands implemented the unbundling of its investment in Oceana, shareholders were notified that participants in the Tiger Brands 2013 Share Plan will be placed in a position which is as close as possible to the position that they would have been in, had the unbundling not taken place. Consequently, the number of instruments that had been awarded in terms of the rules of the plan were increased by 7,5679% and the strike prices applicable to SARs were reduced by 7,035%.

Details of performance shares awarded to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2019 are set out below:

Name	Date of grant	Holding at 1 October 2018
PD Sithole	February 2016	1 860
PD Sithole	February 2015	2 275

Details of restricted shares awarded to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2019 are set out below:

Name	Date of grant	Holding at 1 October 2018
PW Spies	December 2017	7 270
PD Sithole	December 2017	6 300
PD Sithole	December 2016	770
PD Sithole	February 2016	1 220
PD Sithole	February 2015	1 870

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	Number of options subject to performance targets and retention	Grant price (Rand)	Revised grant price due to Oceana unbundling (Note 1)	Fair market value of vested options at 30 September 2019 R'000
–	27 505	–	27 505	274,1	254,8	–
–	19 050	–	19 050	414,5	385,3	–
–	14 094	–	14 094	403,6	375,2	–
–	30 237	–	30 237	274,1	254,8	–
–	38 520	–	38 520	274,1	254,8	–
–	25 977	–	25 977	414,5	385,3	–
–	11 875	–	11 875	396,0	368,1	–
3 406	7 329	–	7 329	291,7	271,2	–
2 383	3 256	692	2 564	385,3	358,2	–
3 831	8 883	8 883	–	254,5	236,6	25

Granted 2019	Options received/ forfeited as result of performance conditions achieved/ not achieved	Exercised 2019	Forfeited 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10-day VWAP share price on grant date (Rand)
–	1 162	698	–	–	–	291,7
–	–	2 275	–	–	–	385,3

Granted 2019	Adjustment due to Oceana unbundling (Note 1)	Exercised 2019	Forfeited 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10 – day VWAP share price on grant date (Rand)
–	550	–	–	7 820	–	414,5
–	477	–	–	6 777	–	414,5
–	58	–	–	828	–	396,0
–	–	1 220	–	–	–	291,7
–	–	1 870	–	–	–	385,3

ANNEXURE C CONTINUED

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 2019, are set out below:

Total for FY	Date of grant	Holding at 1 October 2018	Granted 2019	Adjustment due to Oceana unbundling (Note 1)	Exercised 2019
2019*	December 2018	–	213 410	15 029	–
2018	December 2017	31 650	–	1 694	–
2017	December 2016	33 940	–	2 184	–
2016	February 2016	16 400	–	709	–
2015*	February 2015	9 980	–	423	–
2014*	February 2014	34 903	–	1 580	2 203

** Includes CFH Vaux who stepped down as an executive director in February 2018.*

Note 1:

As Tiger Brands implemented the unbundling of its investment in Oceana, shareholders were notified that participants in the Tiger Brands 2013 Share Plan will be placed in a position which is as close as possible to the position that they would have been in, had the unbundling not taken place. Consequently, the number of instruments that had been awarded in terms of the rules of the plan were increased by 7,5679% and the strike prices applicable to SARs were reduced by 7,035%.

Aggregated details of performance shares awarded to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2019, are set out below:

Total for FY	Date of grant	Holding at 1 October 2018
2016	February 2016	2 236
2015*	February 2015	4 726

** Includes CFH Vaux who stepped down as an executive director in February 2018.*

Aggregated details of restricted shares granted to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2019, are set out below:

Total for FY	Date of grant	Holding at 1 October 2018
2018	Various	8 510
2017	Various	2 780
2016	Various	1 450
2015*	Various	2 940

** Includes CFH Vaux who stepped down as an executive director in February 2018.*

Note 1:

As Tiger Brands implemented the unbundling of its investment in Oceana, shareholders were notified that participants in the Tiger Brands 2013 Share Plan will be placed in a position which is as close as possible to the position that they would have been in, had the unbundling not taken place. Consequently, the number of instruments that had been awarded in terms of the rules of the plan were increased by 7,5679% and the strike prices applicable to SARs were reduced by 7,035%.

Forfeited 2019	Holding at 30 September 2019	Number of options vested at 30 September 2019	Number of options subject to performance targets and retention	Grant price (Rand)	Revised grant price due to Oceana unbundling (Note 1)	Fair market value of vested options at 30 September 2019 R'000
24 482	203 957	–	203 957	274,1	254,8	–
15 672	17 672	–	17 672	414,5	385,3	–
8 275	27 849	–	27 849	396,0	368,1	–
7 755	9 354	–	9 354	291,7	271,2	–
4 396	6 007	1 276	4 731	385,3	358,2	1
11 834	22 446	22 446	–	254,5	236,6	62

Granted 2019	Options received/ forfeited as result of performance conditions achieved/ not achieved	Forfeited 2019	Exercised 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10-day VWAP share price on grant date (Rand)
–	–	980	1 256	–	–	291,7
–	–	–	4 726	–	–	385,3

Granted 2019	Adjustment due to Oceana unbundling (Note 1)	Forfeited 2019	Exercised 2019	Holding at 30 September 2019	Number of options vested as at 30 September 2019	10-day VWAP share price on grant date (Rand)
–	645	893	3 690	4 572	–	414,45
–	115	700	2 195	–	–	396,0
–	–	–	1 450	–	–	291,7
–	–	–	2 940	–	–	370,2

ANNEXURE D
SHARE-BASED PAYMENT PLANS

The information noted below 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 (last allocation to employees – 5 June 2019)
› Conditional awards of full value performance shares
› Grants of full value restricted shares (bonus matching and deferral element).

As a result of the unbundling of Oceana, and to put shareholders (including holders of instruments under the plan) into a position, which is approximately similar to what shareholders would have been in had the unbundling not taken place, adjustments were made to the strike prices (where applicable) and the number of instruments in issue at the date of unbundling. Since the adjustments to the terms of the issued instruments were designed to be financially neutral, the impact of the adjustments would not lead to an increase in the total value of the instruments previously granted, and therefore no additional costs are required in terms of IFRS 2.

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.

	2019		2018	
	Number	**WAEP (Rand)**	Number	WAEP (Rand)
Outstanding at the beginning of the year	**1 583 769**	**363,7**	1 441 342	336,2
Granted during the year	**1 093 677**	**254,4**	594 390	414,5
Granted in respect of Oceana unbundling	**174 704**	**305,7**	–	–
Forfeited during the year	**(477 651)**	**303,2**	(405 446)	360,8
Exercised during the year	**(10 361)**	**236,6**	(46 517)	259,6
Outstanding at the end of the year	**2 364 138**	**304,4**	1 583 769	363,7
Exercisable at the end of the year	**165 947**	**252,0**	160 472	270,0
Weighted average remaining contractual life (years)		**4,1 years**		3,8 years
Weighted average fair value of options granted (per option)		**74,6**		127,7
Weighted average fair value of options granted in respect of Oceana unbundling (per option)		**6,7**		–
Range of exercise prices outstanding at the end of the year (per option)		**R218,9 – R385,3**		R254,5 – R414,5

Options were valued using a modified Black-Schöles 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	Revised strike price of option due to the unbundling of Oceana (Rand)	Original 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)**
28/02/2014	236,6	254,5	12/02/2020	**250,0**	**21,5**	**3,0**
04/02/2015	358,2	385,3	04/02/2020	**394,9**	**21,3**	**2,9**
09/02/2016	271,2	291,7	09/02/2021	**302,9**	**25,5**	**3,0**
31/03/2016	299,7	322,4	31/03/2021	**325,2**	**25,7**	**3,0**
24/05/2016	317,6	341,7	24/05/2021	**337,0**	**25,7**	**2,9**
07/12/2016	368,1	396,0	07/12/2021	**386,8**	**25,8**	**2,9**
05/09/2017	375,2	403,6	05/09/2022	**380,0**	**24,9**	**2,8**
11/12/2017	385,3	414,5	11/12/2023	**425,0**	**24,7**	**2,8**
06/12/2018	254,8	274,1	06/12/2023	**271,0**	**27,1**	**3,0**
02/01/2019	249,7	268,6	02/01/2024	**264,1**	**27,0**	**3,0**
05/06/2019	218,9	218,9	05/06/2024	**217,6**	**27,3**	**3,3**

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:

	2019 Number	2018 Number
Outstanding at the beginning of the year	**62 002**	94 850
Granted in respect of Oceana unbundling	**854**	–
Forfeited during the year	**(34 980)**	(17 317)
Exercised during the year	**(27 876)**	(15 531)
Outstanding at the end of the year	**–**	62 002
Exercisable at the end of the year	**–**	21 221
Weighted average remaining contractual life (years)	**–**	0,3 years

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.

ANNEXURE D CONTINUED

SHARE-BASED PAYMENT PLANS continued

1 General Employee Share Option Plan continued

Restricted shares

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

	2019 Number	2018 Number
Outstanding at the beginning of the year	242 924	205 820
Granted during the year	6 360	139 070
Granted in respect of Oceana unbundling	13 998	–
Forfeited during the year	(28 057)	(35 921)
Exercised during the year	(78 632)	(66 045)
Outstanding at the end of the year	156 593	242 924
Exercisable at the end of the year	1 831	16 952
Weighted average remaining contractual life (years)	1,0 year	1,4 years
Weighted average fair value of options granted (per option)	231,8	391,4
Weighted average fair value of options granted in respect of Oceana unbundling (per option)	26,0	–

Options were valued using a modified Black-Schöles 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)
28/02/2014	27/02/2017	244,4	22,4	3,0
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	07/12/2019	386,8	26,9	2,9
31/03/2017	31/03/2020	325,2	27,4	3,0
11/12/2017	07/12/2020	425,0	25,4	2,8
06/12/2018	06/12/2021	271,0	26,5	3,0

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:

	2019		2018	
	Number	**WAEP (Rand)**	Number	WAEP (Rand)
Outstanding at the beginning of the year	**49 315**	**282,9**	124 203	274,6
Forfeited during the year	**(34 315)**	**296,5**	(21 492)	291,6
Exercised during the year	**(15 000)**	**252,0**	(53 396)	258,7
Outstanding at the end of the year	**–**	**–**	49 315	282,9
Exercisable at the end of the year	**–**	**–**	49 315	282,9
Range of exercise prices outstanding at the end of the year (per option)		**–**		R252,01 – R299,83
Weighted average share price at the date of exercise (per option)		**–**		R426,6

Cash options were valued using a modified Black-Schöles 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. At 30 September 2019, six years after grant date, all cash-settled options have been forfeited due to the performance conditions not being met.

The following inputs were historically 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)**
03/02/2012	253,2	02/02/2018	**255,0**	**31,3**	**2,9**
02/07/2012	252,0	01/07/2018	**247,0**	**31,3**	**2,9**
01/10/2012	265,4	30/09/2018	**272,4**	**31,3**	**2,9**
13/02/2013	299,8	12/02/2019	**289,5**	**30,4**	**2,9**

The average volatility was 0% (2018: 30,5%) and the risk-free rate was 0% (2018: 7,2%) during the year.

The carrying amount of the liability relating to the cash-settled options at 30 September 2019 is Rnil (2018: R0,3 million) – refer to note 27. Cash-settled options exercised during the year amounted to Rnil (2018: R9,1 million).

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

ANNEXURE D CONTINUED
SHARE-BASED PAYMENT PLANS continued

2 Black managers participation rights 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
› 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 2019 is R16,3 million (2018: R25,3 million).

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

	2019 Number	2018 Number
Outstanding at the beginning of the year	**839 127**	1 035 365
Granted during the year	**90 835**	35 000
Forfeited during the year	**(77 350)**	(101 435)
Shares sold	**(62 462)**	(129 803)
Outstanding at the end of the year	**790 150**	839 127
Exercisable at the end of the year	**479 870**	466 017
Weighted average remaining contractual life (years)	**6,7**	7,9
Weighted average fair value of options granted during the year (per option)	**R189,3**	R351,1
Notional average exercise price (per option)	**R250,3**	R415,9

Participation rights were valued using the Monte-Carlo simulation approach to estimate the average, optimal payoff of the participation rights using 10 000 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 rights 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	85,8	30/09/2027	266,0	25,3	3,8
31/07/2014	85,9	30/09/2027	308,8	25,3	3,8
31/01/2015	81,9	30/09/2027	394,2	25,3	3,8
31/07/2015	82,5	30/09/2027	284,9	25,3	3,8
31/01/2016	79,0	30/09/2027	291,0	25,3	3,8
31/07/2017	74,5	31/07/2023	399,5	24,1	3,8
31/01/2018	70,6	31/01/2024	461,0	24,6	2,9
31/07/2018	69,6	31/07/2024	350,0	26,0	3,2
31/01/2019	66,0	30/09/2024	276,2	26,4	3,1
31/07/2019	58,1	30/09/2024	222,9	26,5	2,8

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 rights schemes (equity settled)

Brimstone

Brimstone held 1 813 613 Tiger Brands shares via Brim Tiger SPV Proprietary Limited (Brimstone SPV). Brimstone and the Brimstone SPV were prohibited from selling or encumbering such shares until 31 December 2017 (the "end date"). The IFRS 2 charge of R61,9 million relating to Brimstone was expensed upfront.

Tiger Brands repurchased 861 257 shares from Brimstone SPV at a subscription price of R7,40 and the number of shares were calculated in terms of a repurchase formula, whose inputs were:

- 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.

The remaining 952 356 Tiger Brands shares were retained by Brimstone SPV.

Black Managers Trust II

Over the period of the Tiger Brands Black Managers Trust No II (BMT II), 2 814 149 Tiger Brands shares were allocated to qualifying black managers. The lock-in period for the scheme expired on 31 December 2017. Immediately following this date, Tiger Brands exercised its rights in terms of a repurchase option, and repurchased 1 389 685 shares from BMT II at a subscription price of 10 cents per share.

The remaining shares, 1 424 464, were distributed to the participating black managers, with 130 361 shares subject to a further retention period of three years, which will expire on 30 September 2020.

The number of shares repurchased by Tiger Brands was 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).

The expense recognised for employee services received during the year to 30 September 2019 is R9,1 million (2018: R21,1 million).

ANNEXURE D CONTINUED
SHARE-BASED PAYMENT PLANS continued

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

Black Managers Trust II continued

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

	2019 Number	2018 Number
Outstanding at the beginning of the year	–	2 814 792
Granted during the year	–	–
Forfeited during the year	–	(643)
Shares sold/distributed during the year	–	(2 814 149)
Outstanding at the end of the year	–	–

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 20 retirement plans, three of which are defined benefit pension funds, two are defined contribution pension funds, one is a defined benefit provident plan, one is a benefit fund 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 2018 to 30 September 2019 was R27,6 million (2018: R28,5 million). This compares with the expected return for the same period of R38,0 million (2018: R35,7 million).

The value of contributions expected to be paid by group companies for the year ending 30 September 2020 amounts to R291,2 million (2019 actual: R268,7 million).

As at 30 September 2019, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets (2018: Rnil).

As at 30 September 2019, the percentage of the fair value of plan assets in respect of defined benefit arrangements invested in Tiger Brands Limited shares amounted to 0% (2018: 0%).

Major categories of plan assets in respect of defined benefit arrangements as at 30 September are shown in the table below:

	GROUP	
(%)	**2019**	2018
Equities	**6,1**	6,5
Bonds	**30,0**	26,8
Cash	**58,2**	61,0
Property	**1,0**	0,9
International	**3,6**	3,7
Other	**1,1**	1,1
	100,0	100,0

	GROUP	
(R'million)	**2019**	2018
Balance at the end of the year		
Present value of defined benefit obligations	**(273,7)**	(269,0)
Fair value of plan assets in respect of defined benefit obligations	**441,8**	425,0
Funded status of defined benefit plans	**168,1**	156,0
Unrecognised due to paragraph 65 limit	**(19,1)**	(22,9)
Asset at reporting date	**149,0**	133,1

ANNEXURE E CONTINUED
PENSION OBLIGATIONS continued

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.

	GROUP	
	2019	2018
Actuarial assumptions		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate		
Tiger Brands Defined Benefit Pension Fund	**Full yield curve**	Full yield curve
Tiger Oats Benefit Foundation	**7,50%**	8,00%
Nestlé Pension Fund	**11,10%**	10,70%
ICS Pension Fund	**7,50%**	8,00%
Future salary increases		
Tiger Brands Defined Benefit Pension Fund	**1% above inflation + merit scale**	1% above inflation + merit scale
Nestlé Pension Fund	**8,00% + merit scale**	8,10% + merit scale
Defined Contribution Funds	**7,8%**	8,1%
ICS Pension Fund, Tiger Oats Benefit Foundation and Tiger PRDBS Provident Fund	**5,1%**	5,8%
Tiger PRDBS Provident Fund		
Pension increase allowance		
Tiger Brands Defined Benefit Pension Fund	**100% of inflation**	100% of inflation
Nestlé Pension Fund	**80% of inflation**	80% of inflation
Post-retirement discount rate		
Tiger Brands Defined Benefit Pension Fund	**3,00%**	3,00%
Nestlé Pension Fund	**3,00%**	3,00%

(R'million)	**2019**	2018
Reconciliation of the defined benefit obligation:		
Defined benefit obligation at the beginning of the year	**(269,0)**	(292,5)
Current service cost	**(4,9)**	(5,5)
Member contributions	**(0,7)**	(0,9)
Interest cost	**(24,9)**	(25,0)
Actuarial gain	**12,1**	15,3
Benefits paid	**11,2**	36,5
Administrative expenses	**2,2**	2,8
Risk premiums (Group Life and Permanent Health)	**0,3**	0,3
Defined benefit obligation at the end of the year	**(273,7)**	(269,0)

(R'million)	GROUP 2019	GROUP 2018
Reconciliation of fair value of plan assets		
Assets at fair market value at the beginning of the year	**425,0**	431,6
Interest on plan assets	**38,0**	35,7
Contributions	**2,8**	4,5
Risk premiums (Group Life and Permanent Health)	**(0,3)**	(0,2)
Benefits paid	**(11,2)**	(36,5)
Administrative expenses	**(2,2)**	(2,8)
Actuarial loss	**(10,3)**	(7,3)
Assets at fair market value at the end of the year	**441,8**	425,0
Reconciliation of asset ceiling		
Unrecognised due to paragraph 64 limit	**(19,1)**	(22,9)
Asset ceiling at the end of the year	**(19,1)**	(22,9)
Asset balance at the end of the year	**149,0**	133,1

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 2019	+1%	–1%
Discount rate			
Defined benefit obligation (R'million)	(226,5)	(214,8)	(241,6)
Change (%)		(5,5)	6,2
Inflation rate			
Defined benefit obligation (R'million)	(226,5)	(240,8)	(218,6)
Change (%)		5,9	(3,6)

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 2019.

(%)	2019	2018
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**9,80**	9,80
Medical inflation	**7,10**	7,80
Future salary increases	**7,10**	7,80
Post-retirement mortality tables	**PA(90) ultimate rated down 2 years plus 1% improvement pa from 2006**	PA(90) ultimate rated down 2 years plus 1% improvement pa 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.
- **Future National Health Insurance (NHI):** The risk that the liability could be impacted due to the implementation of NHI and its impact on medical schemes.

	2019			2018		
Sensitivity analysis	**Base case**	**Medical inflation**		Base case	Medical inflation	
Key assumption (%)	**7,10**	**(1,0)**	**1,0**	7,80	(1,0)	1,0
Accrued liability 30 September (R'million)	**582,8**	**532,0**	**641,9**	617,5	560,6	684,4
% change		**(8,7)**	**10,2**		(9,2)	10,8
Current service cost plus interest cost (R'million)	**56,3**	**51,1**	**62,5**	60,2	54,3	67,2
% change		**(9,3)**	**10,9**		(9,8)	11,6
Sensitivity analysis	**Base case**	**Discount rate**		Base case	Discount rate	
Key assumption (%)	**9,80**	**(1,0)**	**1,0**	9,80	(1,0)	1,0
Present value of obligations 30 September (R'million)	**582,8**	**639,2**	**535,0**	617,5	681,9	563,5
% change		**9,7**	**(8,2)**		10,4	(8,7)
Sensitivity analysis	**Base case**	**Expected retirement age**		Base case	Expected retirement age	
Key assumption	**60/63/65 years**	**1 year younger**	**1 year older**	60/63/65 years	1 year younger	1 year older
Present value of obligations 30 September (R'million)	**582,8**	**586,1**	**579,8**	617,5	621,0	614,2
% change		**0,6**	**(0,5)**		0,6	(0,5)

The duration of the liability at 30 September 2019 is 11 years (2018: 10,8 years).

SEGMENT **REPORT**

for the year ended 30 September 2019

(R'million)	Revenue[1] 2019	Revenue[1] 2018*	Operating income[2] 2019	Operating income[2] 2018*	Depreciation and amortisation 2019	Depreciation and amortisation 2018*
Domestic operations	**25 987,9**	24 706,5	**2 472,1**	3 050,8	**551,9**	520,5
Grains	**13 225,9**	12 753,5	**1 441,8**	1 886,0	**187,8**	181,4
Milling and baking[3]	**9 436,7**	8 889,2	**1 240,0**	1 544,2	**169,1**	164,9
Other Grains[4]	**3 789,2**	3 864,3	**201,8**	341,8	**18,7**	16,5
Consumer Brands	**12 762,0**	11 953,0	**1 039,1**	1 169,3	**284,5**	268,2
Groceries	**5 100,4**	4 747,5	**325,3**	432,4	**134,3**	126,4
Snacks and Treats	**2 249,4**	2 060,6	**312,7**	304,8	**41,9**	37,5
Beverages	**1 546,9**	1 294,7	**296,2**	212,5	**25,0**	29,3
Value Added Meat Products	**653,8**	1 065,5	**(547,0)**	(252,0)	**42,6**	39,7
Out of Home	**541,3**	559,1	**106,3**	130,2	**–**	–
Home, Personal Care and Baby (HPCB)	**2 670,2**	2 225,6	**545,6**	341,4	**40,7**	35,3
Personal Care	**639,3**	615,5	**88,6**	64,7	**22,8**	11,2
Baby Care	**980,8**	795,9	**150,8**	132,5	**12,7**	12,2
Home Care	**1 050,1**	814,2	**306,2**	144,2	**5,2**	11,9
Other[5]	**–**	–	**(8,8)**	(4,5)	**79,6**	70,9
Exports and International	**3 244,8**	3 658,2	**212,1**	320,4	**75,8**	65,4
Exports	**1 491,6**	1 820,4	**47,8**	289,7	**17,2**	16,8
International operations – Central Africa (Chococam)	**906,2**	881,7	**172,0**	159,0	**28,6**	24,7
Deciduous Fruit (LAF)	**1 281,7**	1 303,9	**(7,7)**	(128,3)	**30,0**	23,9
Other intergroup sales	**(434,7)**	(347,8)	**–**	–	**–**	–
Total from continuing operations – before IFRS 2 charges	**29 232,7**	28 364,7	**2 684,2**	3 371,2	**627,7**	585,9
IFRS 2 charges	**–**	–	**(60,9)**	(81,9)	**–**	–
Total from continuing operations – after IFRS 2 charges	**29 232,7**	28 364,7	**2 623,3**	3 289,3	**627,7**	585,9
Discontinued operations – East Africa	**–**	42,9	**–**	11,0	**–**	(12,5)
Discontinued operations – West Africa	**151,0**	109,2	**(17,1)**	(50,5)	**3,1**	17,0
Total	**29 383,7**	28 516,8	**2 606,2**	3 249,8	**630,8**	590,4

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

[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 intersegment pricing.

SEGMENT REPORT CONTINUED

for the year ended 30 September 2019

	Total assets		Accounts payable, provisions and accruals and taxation		Capital expenditure	
(R'million)	**2019**	2018	**2019**	2018	**2019**	2018
Domestic operations	**18 360,0**	19 878,3	**4 424,3**	3 802,2	**903,3**	629,3
Grains	**5 136,1**	5 623,8	**1 719,6**	1 266,1	**389,2**	231,3
Milling and baking[1]	**3 553,6**	4 097,2	**1 050,3**	939,5	**196,0**	112,7
Other Grains[2]	**1 582,5**	1 526,6	**669,3**	326,6	**193,2**	118,6
Consumer Brands	**8 858,8**	8 331,1	**2 300,7**	1 980,8	**449,5**	316,5
Groceries	**4 173,8**	3 958,8	**1 025,5**	890,3	**106,4**	145,6
Snacks and Treats	**1 342,7**	1 238,7	**434,1**	313,1	**83,1**	49,1
Beverages	**1 518,0**	1 292,4	**246,2**	174,0	**179,0**	9,8
Value Added Meat Products	**605,9**	621,0	**208,1**	257,5	**53,3**	93,0
Home, Personal Care and Baby (HPCB)	**1 218,4**	1 220,2	**386,8**	345,9	**27,7**	19,0
Other[3]	**4 365,1**	5 923,4	**404,0**	555,3	**64,6**	81,5
Exports and International	**3 783,3**	4 033,3	**681,9**	681,9	**196,4**	90,3
Exports	**1 916,2**	2 416,1	**191,9**	239,5	**102,2**	10,6
International operations – Central Africa (Chococam)	**778,8**	680,3	**352,0**	265,9	**42,1**	38,6
International operations – West Africa (Deli Foods)	**–**	32,2	**–**	26,1	**–**	4,2
Deciduous Fruit (LAF)	**1 088,3**	904,7	**138,0**	150,4	**52,1**	36,9
Assets classified as held-for-sale[4]	**23,5**	–	**–**	–	**3,8**	–
Total	**22 166,8**	23 911,6	**5 106,2**	4 484,1	**1 103,5**	719,6

[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.*
[4] *Refer to note 34 for detail on assets classified as held for sale.*

(R'million)	**2019**	2018
Split of non-current assets		
South Africa	**6 818,8**	6 346,9
Outside South Africa	**1 379,4**	1 699,5
Total	**8 198,2**	8 046,4
Reconciliation of total assets:		
Total assets per statement of financial position	**22 180,5**	23 928,4
Deferred taxation asset	**(13,7)**	(16,8)
	22 166,8	23 911,6

VALUE ADDED **STATEMENT**

for the year ended 30 September 2019

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)	2019	%	2018*	%
Revenue	**29 232,7**	**100,0**	28 364,7	100,0
Less: Net cost of products and services	**21 524,5**	**73,6**	20 509,7	72,3
Value added	**7 708,2**	**26,4**	7 855,0	27,7
Add: Income from investments and associates	**414,3**	**1,4**	790,3	2,8
Wealth created	**8 122,5**	**27,8**	8 645,3	30,5
Applied to:				
Employees				
– Salaries, wages and other benefits	**4 219,1**	**51,9**	3 857,5	44,6
Providers of capital	**5 682,9**	**70,0**	1 932,7	22,4
– Interest on borrowings	**31,4**	**0,4**	78,2	0,9
– Dividends and capital distributions to non-controlling interests and preference shareholders	**27,4**	**0,3**	25,2	0,3
– Dividends to ordinary shareholders	**5 624,1**	**69,3**	1 829,3	21,2
Government				
Taxation (refer note 1)	**998,5**	**12,3**	1 033,9	12,0
Retained in the group	**(2 778,0)**	**(34,2)**	1 821,2	21,0
	8 122,5	**100,0**	8 645,3	100,0

(R'million)	2019	2018
Note 1		
Income taxation (excluding deferred tax)	**763,4**	911,6
Skills development levy	**30,4**	32,4
Rates and taxes paid to local authorities	**36,0**	28,5
Customs duties, import surcharges and excise taxes	**168,7**	61,4
Gross contribution to government	**998,5**	1 033,9

The payments to government exclude taxation deducted from employees' remuneration of R621,1 million (2018: R674,5 million), net VAT of R25,2 million (2018: R428,8 million), excise duty on revenue and UIF payments.

(R'million)	2019	%	2018*	%	2017	%	2016	%	2015	%
Trend of value added										
Employees	**4 219,1**	**52**	3 857,5	45	3 733,7	39	3 621,8	39	3 422,6	39
Providers of capital	**5 682,9**	**70**	1 932,7	23	2 066,6	22	1 837,9	20	1 814,3	21
Government	**998,5**	**12**	1 033,9	12	1 257,8	13	1 292,6	14	1 128,0	13
Retained in the group	**(2 778,0)**	**(34)**	1 821,2	20	2 444,2	26	2 524,1	27	2 374,6	27
	8 122,5	**100**	8 645,3	100	9 502,3	100	9 276,4	100	8 739,5	100

* *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (Deli Foods) (International operations – West Africa) as a discontinued operation. Refer to note 33.*

FIVE-YEAR REVIEW

(R'million)	2019	2018 Restated°	2017 Reclass+	2016 Restated*#	2015 Restated~
Consolidated income statements					
Revenue	**29 233**	28 365	31 298	30 588	28 690
Profit before taxation, income from associates, abnormal items and impairments	**2 635**	3 271	4 317	3 941	3 823
Income from associates	**371**	731	533	861	603
Abnormal items and impairments	**1 735**	(620)	(583)	(324)	(339)
Profit before taxation	**4 741**	3 382	4 267	4 478	4 087
Taxation	**(798)**	(835)	(1 234)	(1 209)	(977)
Profit for the year from continuing operations	**3 943**	2 547	3 033	3 269	3 110
Attributable to:					
Owners of the parent – continuing operations	**3 915**	2 520	3 011	3 243	3 122
Non-controlling interests – continuing operations	**28**	27	22	26	(12)
Consolidated statements of financial position					
Property, plant and equipment	**4 976**	4 599	4 588	4 542	4 641
Goodwill and intangible assets	**3 221**	3 447	3 597	3 941	4 233
Investments	**2 732**	5 102	4 720	4 905	4 312
Current assets	**11 213**	10 764	10 665	11 099	11 617
Assets classified as held for sale	**24**	–	365	–	–
Total assets	**22 166**	23 912	23 935	24 487	24 803
Issued capital and reserves before share-based payment reserve	**14 612**	16 691	16 244	15 059	13 407
Share-based payment reserve	**632**	611	560	489	424
Non-controlling interests	**163**	163	257	487	(53)
Deferred taxation liability/(asset)	**402**	354	304	211	150
Provision for post-retirement medical aid	**583**	618	619	666	643
Long-term borrowings	**–**	74	2	1 069	1 215
Current liabilities	**5 625**	5 401	5 776	6 506	9 017
Liabilities classified as held for sale	**149**	–	173	–	–
Total equity and liabilities	**22 166**	23 912	23 935	24 487	24 803
Consolidated cash flow statements					
Cash operating profit after interest and taxation	**2 528**	2 998	4 024	3 432	2 841
Working capital changes	**91**	(573)	745	(604)	(812)
Dividends received	**282**	179	350	406	326
Cash available from operations	**2 901**	2 604	5 119	3 234	2 355
Dividends and capital distributions paid	**(2 284)**	(1 855)	(1 834)	(1 661)	(1 643)
Net cash flow from operating activities	**617**	749	3 285	1 573	712
Net cash flow from investing activities	**(33)**	(599)	(803)	115	(1 056)
Net cash flow before financing activities	**584**	150	2 482	1 688	(344)
Net cash flow from financing activities	**(100)**	(2)	(1 140)	(562)	76
Net increase/(decrease) in cash and cash equivalents	**484**	148	1 342	1 126	(268)

° *Restated as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (International operations – West Africa) as a discontinued operation. Refer note 33.*

+ *As part of the annual assessment of all disclosure and presentation, the JSE Report on Proactive Monitoring of Financial Statements issued in February 2018 was reviewed. As a consequence, the group has restated its cash flow treatment relating to equity-settled share option schemes as financing activities.*

* *The comparatives have been restated for the early adoption of IFRS 15* Revenue from Contracts with Customers.

Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (EA) 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.*

SUMMARY OF RATIOS AND STATISTICS

	2019	2018 Restated°	2017 Reclass+	2016 Restated*#	2015 Restated~
Ordinary share performance					
Number of ordinary shares upon which headline earnings per share is based (000)[2]	**165 623**	164 714	162 896	162 480	161 693
Headline earnings per ordinary share (cents)	**1 322**	1 589	2 161	2 127	1 786
Dividends per ordinary share (cents)[1]	**627**	1 080	1 080	1 065	950
Dividend cover (times)[1]	**2,1**	1,5	2,0	2,0	1,9
Net worth per ordinary share (cents)	**9 201**	10 448	10 307	9 553	8 507
Profitability and asset management					
Asset turnover (times)	**2,4**	2,3	2,5	2,5	2,3
Working capital per R1 revenue	**21,4**	21,6	19,9	21,2	22,3
Operating margin (%)	**9,0**	11,6	14,5	13,4	14,0
Effective taxation rate (%)	**16,8**	24,7	28,9	27,0	23,9
Return on equity (%)	**14,1**	16,7	22,1	23,4	24,8
Return on average net assets (%)	**21,6**	26,6	35,3	30,4	26,4
Financing					
Current ratio	**2,0**	2,0	1,8	1,7	1,3
Net interest cover (times)	**249**	79	25	14	18
Net debt/(cash) to net funding (%)	**(8)**	(3)	(3)	11	22
Total liabilities to total shareholders' funds (%)	**37**	31	34	47	74
Cash flow to net liabilities (%)	**65**	77	88	50	31
Employee statistics					
Number of employees at year end[3]	**11 103**	11 678	12 196	12 794	15 163
– permanent	**10 543**	11 348	11 705	11 829	12 800
– seasonal	**560**	330	491	965	2 363
Revenue per employee (R000)	**2 633**	2 438	2 566	2 391	1 892
Value added per employee (R000)	**694**	670	733	656	541
Operating profit per employee (R000)	**236**	277	371	321	265
Economic indicators					
Consumer Price Index (September on September) (%)	**4,1%**	4,8%	4,9%	6,5%	4,5%
Key closing exchange rates at 30 September versus ZAR					
– USD	**15,15**	14,17	13,51	13,80	13,87
– GBP	**18,66**	18,44	18,06	17,92	21,05
– EUR	**16,52**	16,41	15,95	15,47	15,52

[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 as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (International operations – West Africa) as a discontinued operation. Refer note 33.
+ As part of the annual assessment of all disclosure and presentation, the JSE Report on Proactive Monitoring of Financial Statements issued in February 2018 was reviewed. As a consequence, the group has restated its cash flow treatment relating to equity-settled share option schemes as financing activities.
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 # Restated as required by IFRS 5 in relation to the treatment of East Africa Tiger Brands Industries Plc. (EATBI) and Haco Tiger Brands (EA) 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.

SUMMARY OF RATIOS AND STATISTICS CONTINUED

	2019	2018 Restated°	2017 Reclass+	2016 Restated*#	2015 Restated~
Stock exchange statistics					
Market price per share (cents)					
– year end	**21 056**	26 502	37 735	38 024	30 479
– highest	**26 942**	47 450	42 900	40 152	40 086
– lowest	**20 505**	26 502	35 945	26 958	26 732
Number of transactions	**993 320**	914 360	952 691	854 893	873 519
Number of shares traded ('000)	**179 529**	197 471	171 231	179 123	179 732
Value of shares traded (Rm)	**44 278**	72 584	67 133	60 448	57 859
Number of shares traded as a percentage of total issued shares	**108**	104,0	89,2	93,3	93,6
Dividend yield at year end (%)	**5,0**	4,1	2,9	2,8	3,1
Earnings yield at year end (%)	**6,3**	5,9	5,9	5,6	5,9
Price earnings ratio at year end	**16**	17	17	18	17
Market capitalisation at year end (Rm)	**39 968**	50 306	72 478	73 033	58 541
Market capitalisation to shareholders' equity at year end (times)	**2,6**	2,9	4,3	4,7	4,2

[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 as required by IFRS 5 in relation to the treatment of Deli Foods Nigeria Limited (International operations – West Africa) as a discontinued operation. Refer to note 33.*
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~ *Restated as required by IFRS 5 in relation to the treatment of Tiger Branded Consumer Goods Plc (TBCG) as a discontinued operation.*

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 turnover (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.

DEFINITIONS CONTINUED

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.

SHAREHOLDERS' INFORMATION

Analysis of registered shareholders and company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders dated 27 September 2019 as:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	16 011	84,76	3 634 024	1,91
1 001 – 10 000 shares	2 196	11,63	6 493 249	3,42
10 001 – 100 000 shares	522	2,77	16 824 517	8,86
100 001 – 1 000 000 shares	129	0,68	40 247 369	21,21
1 000 001 shares and above	31	0,16	122 619 767	64,60
Total	**18 889**	**100,00**	**189 818 926**	**100,00**

Public and non-public shareholdings

Within the shareholder base, we can confirm the split between public shareholdings and directors/company-related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	8	0,04	24 366 560	12,84
Empowerment holdings	4	0,02	13 818 961	7,28
Own holding	1	0,005	10 326 758	5,44
Share trusts	2	0,01	210 231	0,11
Directors and associates	1	0,005	10 610	0,01
Public shareholders	18 881	99,96	165 452 366	87,16
Total	**18 889**	**100,00**	**189 818 926**	**100,00**

SHAREHOLDERS' INFORMATION CONTINUED

Substantial investment management and beneficial interests

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 27 September 2019:

Investment management shareholdings

Investment manager	Total shareholding	%
Public Investment Corporation (PIC)	21 406 206	11,28
Colonial First State Global Asset Management	13 971 221	7,36
Silchester International Investors LLP	11 806 970	6,22
Allan Gray Proprietary Limited	9 832 572	5,18
Sprucegrove Investment Management	7 743 532	4,08
BlackRock Inc.	7 057 287	3,72
The Vanguard Group Inc.	6 420 266	3,38
Janus Henderson Investors	6 067 881	3,20
Total	**84 305 935**	**44,42**

Beneficial shareholdings

	Total shareholding	%
Government Employees Pension Fund (GEPF)	22 342 341	11,77
Tiger Consumer Brands Limited	10 427 558	5,49
Tiger Brands Foundation SPV	9 095 712	4,79
Stewart Investors Global Emerging Markets Leaders Fund	8 092 114	4,26
Silchester Intl Business Trust	6 915 857	3,64
Total	**56 873 582**	**29,95**

COMPANY INFORMATION

TIGER BRANDS LIMITED
Registration number: 1944/017881/06

COMPANY SECRETARY
JK Monaisa

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Sandton

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Telephone: +27 11 840 4000

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
PO Box 61051, Marshalltown, 2107

AMERICAN DEPOSITORY RECEIPT (ADR) FACILITY
ADR Administrator
The Bank of New York Mellon

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FORWARD-LOOKING INFORMATION
The report may contain forward-looking statements that, unless otherwise indicated, reflect the company's expectations at the time of finalising the report. Actual results may differ materially from these expectations if known and unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. Tiger Brands cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these statements. The company assumes no obligation to update or revise any forward-looking statements, even if new information becomes available as a result of future events or for any other reason, save as required by legislation or regulation.

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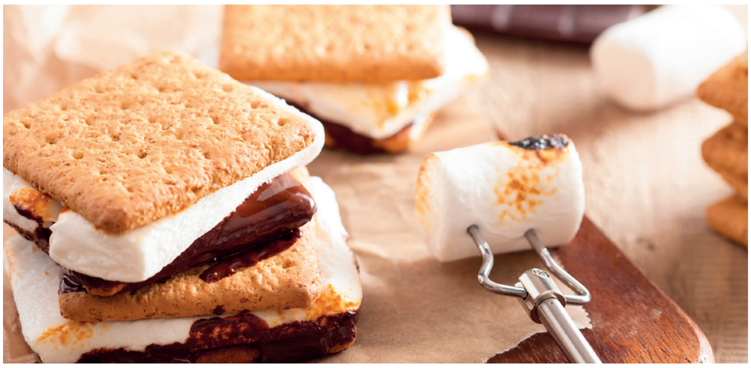

TIGER BRANDS

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