Annual Report

For the year ended September 2008

Tiger Brands

Adding value to life

Tiger Brands Limited Annual Report 2008

www.tigerbrands.com

Contents

Listed on the JSE, Tiger Brands Limited is a branded fast-moving consumer packaged goods company that operates mainly in South Africa and selected emerging markets.

Our **vision**

To be the world's most admired branded consumer packaged goods company in emerging markets.

Strategy **implementation**

Ongoing focus and investment in:

Brand building
and innovation of core business

Capital
expansion

Acquisitions
domestic

Africa
expansion

Rebuilding
our reputation

Tiger Brands

- A demanding year with many changes
- Challenging economic environment
- Significant raw material and other cost pressures
- Demand for our brands remains robust
- Pleasing results achieved in most businesses
- Expansion by acquisition in new geographies
  - 51,0% stake in Haco Industries (Kenya)
  - 74,7% stake in Chococam (Cameroon)
- Unbundling of Adcock Ingram
- Planned domestic expansion through organic and acquisitive growth

(Rands in millions)	2008	2007	% change
Consolidated results (continuing operations)			
Turnover	19 888,4	16 209,9	23
Operating income	2 627,9	2 245,7	17
Headline earnings	1 886,3	1 381,2	37
Total assets employed	12 676,9	10 295,6	23
Cash generated from operations*	3 094,2	2 939,0	5
Capital expenditure	641,8	540,4	
Ordinary share performance (continuing operations)			
Headline earnings per ordinary share (cents)	1 194,7	878,0	36
Dividends and distributions out of capital per ordinary share (cents)	786,0	660,0	19
Dividend cover (times)	1,9	1,9	
Market price at year-end (cents)**	13 740	18 185	

**Group results, including Adcock Ingram Holdings Limited.*
***Share price for 2007 includes Adcock Ingram Holdings Limited.*

Turnover from continuing operations

+23%

Operating income before abnormal items from continuing operations

+17%

Headline earnings per share from continuing operations

+36%

Total dividend

786 cents per share **+19%**

Domestic **foods**

The Domestic foods division is a leading manufacturer, distributor and marketer of major food brands.

Grains: Ace, Albany, Golden Cloud, Jungle, King Korn, Morvite, Tastic

Groceries: All Gold, Black Cat, Colmans, KOO, Fatti's & Moni's

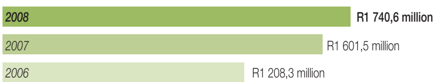
Snacks & Treats and Beverages: Anytime, Black Cat, FFWD, Jelly Tots, Inside Story, Wonderbar, Smoothies, Maynards, Beacon, Energade, Oros, Hall's, Roses

Value Added Meat Products: Enterprise, Like-it-Lean

Out of Home: Food service and home meal replacement

Contribution to group operating income Rm

+9%



Salient features

Domestic **foods**	2008 Rm	2007 Rm	% change
Turnover	14 446,8	11 713,9	23
Operating income	1 740,6	1 601,5	9
Operating margin (%)	12,0	13,7	

Consumer **healthcare**

The Consumer healthcare division is a leading manufacturer, distributor and marketer of personal care, babycare and homecare brands.

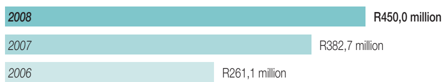
Personal care: Gill, Ingram's Camphor Cream, Lemon Lite, Perfect Touch, Protein Feed

Babycare: Elizabeth Anne's, Purity

Homecare: Airoma, Doom, FastKill, ICU, Jeyes, Peaceful Sleep, Rattex, Bio-Classic

Contribution to group operating income Rm

+18%



Salient features

Consumer **healthcare**	2008 Rm	2007 Rm	% change
Turnover	1 765,8	1 602,0	10
Operating income	450,0	382,7	18
Operating margin (%)	25,5	23,9	

Fishing

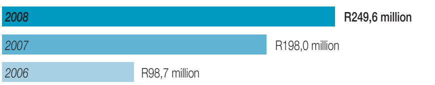
Sea Harvest Corporation is involved in deep-sea fishing, fresh and frozen fish and processing and marketing of fish products. Oceana is involved in the fishing, processing, marketing and trading of a wide variety of marine species. It also has interests in cold storage operations.

Sea Harvest: Feasts of Flavour, Simply Delicious

Oceana: Lucky Star, Glenryck

Contribution to group operating income Rm

+26%



Salient features

Fishing	2008 Rm	2007 Rm	% change
Turnover	2 298,7	1 923,9	19
Operating income	249,6	198,0	26
Operating margin (%)	10,9	10,3	

Exports and international

Tiger Brands has direct and indirect interests in international food businesses in Chile, Zimbabwe, Kenya and Cameroon.

Empresas Carozzi (Chile, Peru, Argentina): Carozzi, Costa, Molitalia, Bonafide – 24%

National Foods Holdings Limited (Zimbabwe): Red Seal, Gold Seal – 26%

DATLABS (Pvt) Limited (Zimbabwe): Cafemol, Ingram's Camphor Cream, Lanolene Milk – 50%

Haco Industries Kenya Limited (Kenya): Bic, Jeyes, Palmers, TCB, Motions, Miadi, Ace – 51%

Chococam S.A. (Cameroon): Tartina, Arina, Kola, Big Gum, Tutoux, Mambo, Martinal, Start – 74%

Contribution to group operating income Rm

+111%

Salient features

Exports and international	2008 Rm	2007 Rm	% change
Turnover	1 519,3	1 105,4	37
Operating income	219,8	104,2	111
Operating margin (%)	14,5	9,4	

Chairman's statement

The company is settling down after a very difficult period. Notwithstanding these difficulties, Peter and his team have delivered strong results and made significant strategic progress.

Lex van Vught
Chairman

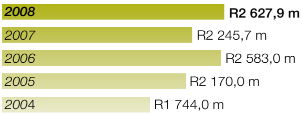
To the shareholders

In my last letter to shareholders I advised you that the most significant issues then facing the company were the appointment of a new Chief Executive Officer and the settling down of the company following the adverse impact of bread and milling collusion issues.

Peter Matlare assumed responsibility as Chief Executive Officer of the company with effect from 1 April 2008. I am pleased to report that Peter has immediately placed his mark on the company and has won the confidence of the board as well as the support of his management team. The company is settling down after a very difficult period. Notwithstanding these difficulties, Peter and his team have delivered strong results and made significant strategic progress.

In one of the most eventful years in the company's history, the most important event has been the listing and unbundling of Adcock Ingram Holdings Limited as a separately listed and focused pharmaceutical company. This resulted in Tiger Brands achieving its longer term strategic goal of becoming a focused, branded, fast-moving consumer goods company with particular focus on food, personal care and homecare products. The unbundling and separate listing of Adcock Ingram Holdings Limited has been readily accepted by the

Operating profit



Note
2007 and 2008 include the effects of the unbundling of Adcock Ingram Holdings Limited.

market which was reflected by the combined values of the two separate listed entities on closing of the first day of trade exceeding the closing market value of a Tiger Brands share on the last day of trading prior to the unbundling by R0,4 billion. This enhanced shareholder value was sustained until the end of the financial year. The listing of Adcock Ingram Holdings Limited was adjudged the most successful listing on the JSE in the 2008 calendar year. As Adcock Ingram Holdings Limited will be required to report separately to its own shareholders, notwithstanding the fact that the results of Adcock Ingram Holdings Limited for 11 months are included in the results reflected for this past year, the focus of this report will be primarily on the company's continuing operations.

Governance issues

After having resolved the action that had been taken by the Competition Commission against the company in the previous year relating to anti-competitive activity that had taken place in the company's milling and baking operations, the company in February 2008 received a complaint referral relating to alleged anti-competitive activity that had taken place in the company's hospital products operation housed within Adcock Ingram Critical Care (Pty) Limited.

The allegations related to collusive tendering in respect of a particular contract with the South African Government that allegedly was made by that business's Chief Executive Officer. The finding of the investigation of counsel was that the allegations made in the complaints referral were substantially correct. The company then engaged in a transparent and open manner with the Competition Commission in an endeavour to reach a satisfactory and urgent conclusion. The agreement that was reached with the Competition Commission and which was subsequently confirmed by the Competition Tribunal was a payment of R53,5 million being the equivalent of 7% of the turnover of the company's hospital products business.

The board again acted quickly, responsibly and transparently in addressing this issue in order to avoid long-term uncertainties that would not be in the shareholders' interests. On behalf of the board and the company I apologise unreservedly for this breach of acceptable ethical standards. The company undoubtedly suffered further reputational damage. The onus is on the board and its executive management to convince all its stakeholders of its integrity, ethical conduct and responsibility as a respected corporate citizen making a worthwhile contribution to the society in which it operates. Further details of the steps taken by the company are covered under the governance section of this report.

Internally steps have been taken to address internal employee morale and as I indicated last year, continued steps will be taken to examine the group's behavioural characteristics to ensure that its high performance culture does not compromise its need to be ethical and caring.

Operational issues and results

The company's management team has been required to perform under particularly difficult conditions. Operationally, in a turbulent period of high raw material input costs, volatile international oil prices and increasing inflation, the company has performed well in its continuing operations with operating profits increasing by 17% and headline earnings per share increasing by 36% on the previous year. The strong performance from several of the businesses was offset, to an extent, by the performance of the company's beverage and value-added meat operations. A particularly wet summer season impacted upon the company's beverages performance as inventories that were built up in anticipation of a hot summer were required to be disposed of at reduced margins as the unexpected wet and cool summer drew to a close.

From December until April the company's management team was required to operate in the absence of a Chief Executive Officer. The performance of the company over the period and for the full year is a reflection of the depth and strength of management that exists in the company.

Headline earnings for the year

Headline earnings for the year from continuing operations of 1 194,7 cents per share represented a 36% increase on that achieved in the previous year. The contraction in the operating margin from 13,9% last year to 13,2% this year, reflects the inability to fully recover raw material price increases. The Chief Executive Officer deals with the operational results in greater detail later in the report.

Solid improvement in profitability was achieved in the company's fishing and fruit canning operations, assisted by the depreciation of the rand against the major trading currencies.

The company has acknowledged the necessity of ensuring that its existing facilities have the capacity to meet the expected organic growth and thus further expansion projects have been completed.

Capital expansion projects this past year totalled R343 million with capital replacement projects of approximately R300 million. Over R800 million will be expended in the period to 2009 which reflects the company's commitment to South Africa and confidence in delivering a reasonable return on these investments.

Strategic focus

As mentioned above, the company is now a focused, branded, fast-moving consumer goods business.

The year has been characterised by the continued integration of recent acquisitions and selected expansion, particularly in Africa, has been vigorously pursued.

It is the intention of the company to use its significant platform in South Africa for selective expansion internationally and particularly, in Africa. In furtherance of these expansion objectives, the company during the course of the year acquired a 51% interest in Haco Industries Kenya Limited and a 74,7% interest in Chococam of Cameroon. These are significant strategic steps in order to position the company so that it can expand further into Africa and use those platforms as a basis to ensure that appropriate South African brands are able to be produced and marketed throughout Africa.

Expansion in Africa cannot take place without a focus on Nigeria. In this regard the company has been engaging with various parties in order to ascertain what would be the most suitable and effective method of positioning itself in that large and important African market.

Transformation

The implementation of the next phase of the company's BEE shareholding initiative could not take place until the unbundling and separate listing of the company's healthcare interests had occurred. The company remains committed therefore to increase the effective BEE equity holding in the company to approximately 10%. We remain committed to the intention of this transaction including a strong emphasis on including the participation of broad-based community groupings.

Corporate Social Investment (CSI)

The company remains committed to assisting in the upliftment of those who are less privileged and the reflection of this commitment is portrayed in the continued involvement in various CSI projects. The company's key focus continues to be in providing food and healthcare assistance with 1% of profit after tax being set aside for this assistance. Details of the CSI programmes are outlined later in this report.

Food security

Sustainability issues are strategically important for both the company and for South Africa. A reflection of the company's commitment to sustainability is the appointment of Bongiwe Njobe as an executive director responsible for sustainability. Food security, being the ability of the country to provide sufficient food for all its citizens in a sustainable way, is an important objective for South Africa. Tiger Brands is committed to assisting in addressing these issues and is facilitating the interaction of non-government and government stakeholders in focusing on the key components of food security.

Directorate

During the course of the year Brian Connellan resigned as a non-executive director of the company having been a director of the company for 15 years. He was also a key member of the company's audit committee. We thank Brian for his contribution to the company over his many years of service.

Nicky Padayachee, whose experience is founded in the healthcare industry, resigned upon the separate listing and unbundling of Adcock Ingram Holdings Limited, simultaneously with his appointment as a non-executive director of that company. Nicky's valuable contribution to the company, particularly in the healthcare sector, is indeed appreciated.

Noel Doyle, the Chief Financial Officer and executive director, resigned during the course of the year to pursue his own business interests. Noel's significant contribution to the company as Chief Financial Officer is greatly appreciated.

It was felt important that further executive directors be appointed to the board of the company and we welcomed during the year the appointment of Phil Roux, Neil Brimacombe and Bongiwe Njobe as executive directors of the company. We look forward to their contributions to the deliberations of the board.

Subsequent to the year-end Doug Band resigned as a director of the company.

Appreciation

I am extremely grateful and thankful to Peter Matlare, his management team and all Tiger Brands employees for achieving such pleasing results during a particularly difficult and challenging year.

Prospects

As a focused, branded consumer goods company, Tiger Brands is well positioned to expand its operations locally through organic and acquisitive growth and internationally, particularly in Africa.

Recent management realignment of responsibilities has emphasised the importance of this focus.

Each year provides its own challenges and the forthcoming year will again provide Peter Matlare and his management team with the challenges of addressing the vagaries of a volatile financial market, fluctuating raw material and commodity prices and weaker consumer demand.

The global economic downturn that is currently being experienced, prompted by the recent financial crisis, appears not to be a short-term issue. South Africa will undoubtedly be affected but the impact thereof is uncertain. Peter and his management team look forward to the challenge. With a basket of leading consumer brands, the company believes that it is well positioned in the forthcoming year to provide headline earnings per share that are expected to show growth, once again, in real terms.

Lex van Vught
Chairman

Directorate

Audit committee

R M W Dunne (Chairman)
L C van Vught
K D K Mokhele
A C Parker

Nominations/remuneration committee

D D B Band (Chairman)
B L Sibiya
L C van Vught
S L Botha

Risk committee*

R M W Dunne (Chairman)
C F H Vaux
M Fleming
I W M Isdale
B Koornneef
G J Ward

Transformation committee*

A C Nissen (Chairman)
B L Sibiya
U P T Johnson
P B Matlare
N G Brimacombe
B N Njobe
M Matooane
M J Manyi
B Koornneef
C Jackson
C Manning
Z Mabaso

**Includes members of executive management*

Non-executive directors

1. Lex van Vught (65)

BSc (Hons), BCom, independent non-executive director, chairman, member of the audit committee, remuneration and nomination committee

Lex van Vught joined Tiger Brands in March 2003 as non-executive director, and was appointed chairman in 2006. He is currently a director of Impala Platinum Holdings Limited and of some unlisted companies.

2. Bheki Sibiya (51)

BAdmin, MBA, deputy chairman, independent non-executive director, member of the transformation committee, remuneration and nomination committee

Bheki Sibiya is the executive chairman of Smartvest Investment, chairman of Brait South Africa Limited and director of Famous Brands Limited. Bheki was appointed to the Tiger Brands board in March 2003.

3. Doug Band (64)

CA(SA), independent non-executive director, chairman of the remuneration and nomination committee

Doug Band was appointed to the Tiger Brands board in May 2000. He currently serves on the boards of Standard Bank Group Limited, Stanlib Limited, MTN Group Limited, Bidvest Group Limited, Supersport International Holdings Limited and Business Against Crime South Africa. Doug resigned from the board on 6 October 2008.

4. Susan (Santie) Botha (44)

BEcon (Hons), independent non-executive director, member of the remuneration and nomination committee

Santie Botha is executive director of MTN Group Management Services. Santie was previously marketing director of Absa Bank Limited. Santie was appointed to the Tiger Brands board in August 2004.

5. Richard Dunne (60)

CA(SA), independent non-executive director, chairman of the audit committee and chairman of the risk committee

Richard is a director of Anglo Platinum, AECI Limited and Investec Bank Limited. Richard was appointed to the Tiger Brands board in June 2006.

6. Ursula Johnson (54)

BA, independent non-executive director, member of the transformation committee

Ursula Johnson is managing director of Network International (Pty) Limited and a director of SA Civil Society Initiative and SA International Women's Forum. She was appointed to the Tiger Brands board in February 2002.

7. Khotso Mokhele (53)

BSc (Agriculture), MS, PhD (Microbiology), independent non-executive director, member of the audit committee

Khotso Mokhele was appointed to the Tiger Brands board in August 2007. He currently serves as chairman of Adcock Ingram Holdings Limited and ArcelorMittal South Africa Limited, non-executive director of Impala Platinum Holdings Limited, African Oxygen Limited and Zimplats Holdings Limited, council member of NACI Council. In July 2007 he was appointed as a trustee of Hans Merensky Foundation.

8. Chris Nissen (50)

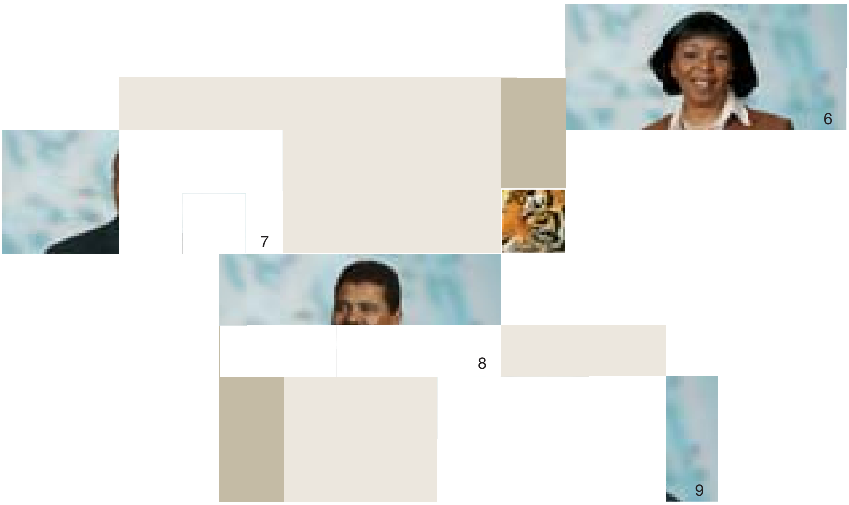
BA (Hons), MA, independent non-executive director, chairman of the transformation committee

Chris Nissen is a director of Standard Bank Group Limited, Boschendal Limited and Woolworths Holdings Limited and chairman of Sea Harvest Corporation Limited. He was appointed to the Tiger Brands board in May 2000.

9. André Parker (57)

BEcon (Hons), independent non-executive director, member of the audit committee

André Parker was managing director of SABMiller Africa and Asia until his retirement in September 2007. He is currently a director of AECI Limited. He was appointed to the Tiger Brands board in August 2007.



Executive directors

1. Neil Brimacombe (44)

BCom (Hons), MBL, executive director, member of the transformation committee

Appointed to the group in 1999

Neil Brimacombe joined Tiger Brands from Unilever where he held various marketing and sales positions across Personal Products, Food and Homecare categories. In 1999 he joined Tiger Brands as marketing director of the Confectionery division and was later appointed managing director of that division in October 2000. Between 2001 and 2003, he held executive responsibilities across the Confectionery, Baking and Culinary businesses. In 2006, he became a member of the Tiger Brands Limited executive committee. He was appointed to the Tiger Brands board of directors on 1 August 2008.

2. Peter Matlare (49)

BSc (Hons), Political Economy (MA), chief executive officer, member of the transformation committee

Appointed to the group in April 2008

Peter Matlare joined Tiger Brands from Vodacom where he was chief strategy and business development officer. Prior to joining Vodacom, he was the group chief executive of the South African Broadcasting Corporation from 2001 until 2006, where he led Africa's largest broadcaster.

3. Bongiwe Njobe (46)

MSc (Agriculture), executive director, member of the transformation committee

Appointed to the group in August 2008

Bongiwe Njobe joined Tiger Brands in August 2008 from South African Breweries Limited, where she had been corporate affairs director responsible for corporate reputation management, corporate social responsibility, enterprise development and legal services. Prior to joining SAB, Bongiwe had spent 10 years at the Department of Agriculture starting as chief director: Resources Conservation and Plant Health Services and moving to deputy director general until she was appointed the director general of Agriculture for the period 1997 to 2005. In that period she directed the development and implementation of emerging agricultural development programme. At the time she held the position of chairperson of the Economic Cluster of director's general and that of the deputy chairperson of the Forum for African Agricultural Research.

4. Phil Roux (43)

BCom (Hons), MBA, executive director

Appointed to the group in 2001

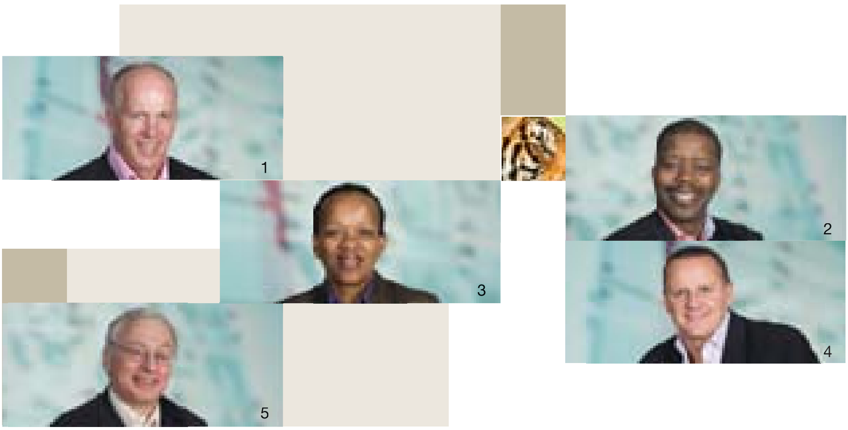
Phil Roux joined Tiger Brands from I&J where he held senior managerial positions in various functions. In 2001 he joined Tiger Brands and has since worked in various roles including category executive, customer executive, managing executive and provided traction to the expansion strategy into the rest of the continent. In 2006, he was appointed to the executive committee. Phil was appointed to the Tiger Brands board of directors on 1 August 2008.

5. Clive Vaux (57)

CA(SA), corporate finance director, member of the risk committee

Appointed to the group in 1985

Clive Vaux studied at the University of the Witwatersrand and served his articles of clerkship with Coopers & Lybrand Chartered Accountants, South Africa. He qualified as a chartered accountant in 1976. He was previously group financial director of CG Smith Limited and CG Smith Foods Limited, and prior to that he was group financial director of Reunert Limited. He joined Barlow Rand Limited (now Barloworld) in 1985 as a management accountant and progressed to the position of group financial manager. He joined the board of Tiger Brands Limited on 16 February 2000.



1. Neil Brimacombe

Executive director

Refer to Neil's CV on page 10

2. Michael Fleming (41)

CA(SA), chief financial officer and investor relations, member of the risk committee

Appointed to the group in 2000

Michael Fleming joined Tiger Brands in January 2000 and has held various financial positions within the Tiger Brands group. Prior to his appointment as chief financial officer on 1 June 2008, he was the financial executive responsible for the Tiger Brands Grocery and Consumer Healthcare businesses.

He is currently a non-executive director of Oceana Group Limited and chairman of the Oceana risk committee. He is also a director of Langeberg and Ashton Foods (Pty) Limited.

3. Brenda Koornneef (55)

BCom, group marketing and corporate strategy executive, member of the corporate strategy, risk management and transformation committees

Appointed to the group in 2001

Brenda Koornneef joined Tiger Brands as category director for the Main Meal category, and subsequently became managing executive for the Tastic Rice Corporation. She was subsequently appointed as group marketing and corporate strategy executive in 2005. Brenda started her marketing career with Unilever as a trainee graduate, and spent 15 years with the organisation both locally and internationally, progressing to marketing director, Unilever Detergents South Africa. She left Unilever to join the SABC as general manager for SABC2 (formerly TV One), where she spent several years working to successfully commercialise the channel. After leaving the SABC, Brenda was appointed managing director of Games Africa and Moribu Limited – the lottery games Ithuba, Viva and Zama-Zama.

4. Jimmy Manyi (44)

Member of the transformation committee

Appointed to the group in 2006

Jimmy Manyi, a chartered marketer, is president of the Black Management Forum (BMF) and chairperson of the Commission for Employment Equity which advises the Minister of Labour. He is currently employed as group executive: Corporate Affairs. He has over 20 years of experience in the corporate environment, mainly in companies and multinationals such as Anglo American, Toyota SA, Nedbank, IBM and Barclays Bank Plc. His education includes both studies at a technikon and at South African business schools, as well as Harvard Business School in America. Jimmy serves on several bodies and is the chairperson of the Standing Committee on Social Policy at BUSA, a member of the Labour Market Chamber – NEDLAC, director for various unlisted companies, alternate board and council member of Business Leadership SA and member of the Presidential Black Business Working Group.

5. Peter Matlare

Chief executive officer

Refer to Peter's CV on page 10

6. Matsie Matooane (43)

MIS, MBA, group executive: Human Resources, member of the transformation committee

Appointed to the group in 2005

Matsie Matooane joined Tiger Brands in 2005 as the group executive: Human Resources and a member of the group executive committee.

Prior to joining Tiger Brands Matsie was with the SABC where she held the position of GM Human Resources. Previously she had been with the CSIR where she held several managerial positions in various functions.

7. Bongiwe Njobe

Executive director

Refer to Bongiwe's CV on page 10

8. Phil Roux

Executive director

Refer to Phil's CV on page 10

9. Thabi Segoale (36)

MSc, managing executive: Grains division

Appointed to the group in 2007

Thabi Segoale joined Tiger Brands from Pioneer Foods Limited where he started his career in research and development within the Agri division in 1995. His career at Pioneer Foods spanned across various roles which included appointment to the executive committee of Pioneer Foods as executive in charge of the Agri division. He joined Tiger Brands on 1 July 2007 as managing executive in charge of the Grains division.

10. Clive Vaux

Corporate finance director

Refer to Clive's CV on page 10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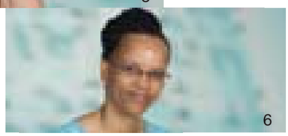
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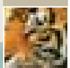


Chief executive officer's review

My objective as Chief Executive Officer has been to ensure that the appropriate value systems that are expected of us by society and by the company's various stakeholders are entrenched and enhanced within the organisation whilst at the same time delivering on shareholder expectations.

Peter Matlare
Chief Executive Officer

To the shareholders

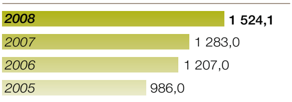
I write this review having been appointed Chief Executive Officer of Tiger Brands Limited with effect from 1 April 2008.

Whilst the company has been faced with significant challenges over the period under review it is appropriate for me to record that I have immediately enjoyed the support of my board and the executive management team.

I joined the company at a time when it was facing significant reputational damage as a consequence of the administrative penalty that it had paid in 2007 relating to collusive activities that had taken place within the company's baking operations and the corporate leniency that was granted in respect of collusive activity in the company's milling operations. This damage was exacerbated during February 2008 when a complaint referral was received from the Competition Commission relating to collusive activities that had taken place in respect of a particular government tender at the company's then hospital products business. The Chairman has dealt with these issues in his letter to shareholders in this report.

Tiger Brands

Headline earnings per share (group)
(cents)



My objective as Chief Executive Officer has accordingly been to ensure that the appropriate value systems that are expected of us by society and by the company's various stakeholders are entrenched and enhanced within the organisation whilst at the same time delivering on shareholder expectations. Important steps were taken through the investigation by the company's legal advisers Edward Nathan Sonnenbergs to ascertain whether any similar type of activity existed in any of the company's other operations. It was a relief to all that the report did not disclose any such activities.

The company faces the challenge of ensuring that its reputation, both internally and externally, is restored to the position that it deserves.

Strategic focus

The period under review has seen the company take a significant step towards its objective of being a focused branded consumer business. This was as a result of the unbundling and separate listing of the company's healthcare interests in August 2008.

We have enjoyed the challenges and successes of having Adcock Ingram as a wholly owned subsidiary of Tiger Brands, but it had become increasingly apparent that it was in the better interests of the company's shareholders and in the best interests of Adcock Ingram itself that it be separately listed. Strategic decisions could then be taken by the boards of the separate entities that would be relevant to the strategic objectives of each company. The value enhancement that has accrued to shareholders as a consequence of the unbundling and separate listing of Adcock Ingram was immediately apparent through the pricing of the shares of the separate entities and has confirmed the correctness of that decision. As a focused branded consumer products company, Tiger Brands is committed to growth, both organically where appropriate and by acquisition, in order to enhance shareholder value. We believe that growth will take place both in South Africa and, in particular, elsewhere on the African continent.

Significant steps were taken during the year under review to implement this growth strategy by the company's acquisition of 51% of Haco Industries Kenya Limited in Kenya and by the acquisition of 74% of the chocolate confectionery business, Chococam, in Cameroon. This is a clear manifestation of the company's commitment to the continent and to the growth opportunities that exist in Africa.

We look forward to the challenges that will be placed before us with regard to realising the performances that are expected of these acquisitions.

Tiger Brands

Overview of results

As a consequence of a decision taken on 6 November 2007 to unbundle the company's healthcare interests, these interests have been disclosed as a discontinued operation in the group income statement. Although the results for the year include the healthcare interest performance for 11 months i.e. to 25 August 2008, the commentary below will focus primarily on continuing operations, which is exclusive of the performance of healthcare.

Tiger Brands achieved headline earnings per share (HEPS) from continuing operations of 1 194,7 cents for the 12 months ended 30 September 2008, representing a 36% increase on that achieved in the prior year. The recognition of pension fund surpluses following regulatory approval of the relevant surplus apportionment schemes, accounts for 6,6 percentage points of the aforesaid increase. Excluding the impact of the pension fund surpluses in the current year and the impact, in the prior year, of both the administrative penalty of R98,8 million relating to the Baking and Milling division and the Adcock Ingram unbundling costs of R58,4 million, HEPS would have reflected an increase of 16,2%.

Earnings per share (EPS) from continuing operations increased by 5% to 1 121,8 cents per share. The lower percentage improvement in EPS compared to HEPS is primarily due to the inclusion in abnormal items, in March 2008, of an amount of R112,3 million which related to the impairment of the carrying value of the goodwill associated with the Beverages business. The comparative period included the gain of R270,4 million arising on the disposal of the company's dairy business. These two items are excluded for the purposes of determining HEPS in the respective reporting periods.

Turnover growth from continuing operations for the year of 23% is higher than the 18% recorded at the half year. This increase reflects the impact of the significant global price increases in food commodities and in fuel costs, giving rise to a difficult trading environment. The improved turnover also includes the turnover of the recently acquired African businesses, Haco Industries and Chococam, in which the company acquired a 51,0% and 74,7% stake respectively.

Operating income for the year rose by 17%. The contraction in the operating margin from 13,9% last year to 13,2% primarily reflects the challenges encountered in recovering raw material cost increases in the Milling and Baking and Value Added Meat Products operations, as well as the impact of the cool and wet summer conditions on the Beverages business. As a consequence, these businesses performed well below expectations. However, pleasing results were achieved in Exports, Fishing, Consumer Healthcare and the balance of the Domestic Foods businesses.

Abnormal items decreased by R190,4 million compared to the prior year, reflecting a net abnormal profit of R13,2 million in 2008. The prior year largely consisted of the net gain on the disposal of the Dairy business, partly offset by the administrative penalty of R98,8 million paid to the Competition Authorities, relating to the Baking and Milling operations. The current year composition of abnormal items predominantly reflects the release to income of R127 million relating to the recognition of pension fund surpluses, offset by the goodwill impairment of R112,3 million relating to the company's Beverages business.

Net financing costs were more or less in line with the prior year, notwithstanding the higher interest rate environment, increased capital expenditure levels, additional share repurchases during the year, recent acquisitions and higher levels of working capital throughout the past 12 months.

The increase in working capital levels was primarily due to rising raw material input costs, partially offset by lower inventory holdings in response to slowing consumer demand. Notwithstanding the higher working capital levels, net interest cover from continuing operations remained at a healthy level of 36,5 times (2007: 29,3 times). Net interest cover is expected to reduce in the year ahead due to the larger part of the above capital investment expenditure having occurred in the latter part of 2008.

Income from associates reflects an improved contribution from Chilean-based Empresas Carozzi.

The overall taxation charge reflects an increase of 11% compared to the increase in profit before taxation of 8%. This is largely due to the impact of abnormal items which decreased from a net abnormal profit of R203,6 million in 2007 to a profit of R13,2 million in 2008. The bulk of the abnormal items in both years have no tax effect. Excluding the effect of abnormal items and associates, the average tax rate from continuing operations reduced from 31,6% in 2007 to 30,5% in the year under review.

The share of income attributable to minority shareholders from continuing operations increased from R41,9 million in the prior year to R62,9 million in 2008, reflecting the improved profitability levels in both the Deciduous Fruit and Fishing businesses.

Review of operations

FMCG

Strong performances were experienced in most FMCG categories where the underlying consumer demand weakened marginally compared to the first six months of the financial year. The trend of increasing cost push inflation accelerated in the second half of the year across all categories. The inflationary impact of rising raw material, labour and distribution costs necessitated the implementation of phased price increases in order to soften the negative impact on consumers.

Domestic Foods increased turnover and operating income by 23% and 9% respectively.

Within the Grains segment, the lower growth in operating income relative to turnover was primarily as a result of significant raw material cost increases which were partially absorbed by the Milling and Baking business. Notwithstanding the difficult trading environment, the Albany brand continued to gain market share. The Tastic and Aunt Caroline rice brands sustained their positive first half performance despite the global pressures on raw material costs and freight rates.

The Oats category enjoyed the full benefits of the major upgrade of its manufacturing facility in Maitland, which was completed in 2007. The Sorghum beverages business continued to disappoint with both volumes and margins remaining under pressure.

The Groceries business recorded a 19% improvement in operating income off a 16% increase in turnover. Strong volume growth was achieved on the core KOO, All Gold and Black Cat brands in the face of rising input cost pressures. Pasta profitability and the supply of Fatti's & Moni's product normalised in the second half of the year following the commissioning of the new state-of-the-art pasta manufacturing facility in Isando.

Snacks & Treats posted a pleasing growth of 20% in operating income off an increase in turnover of 14%. Despite the pressure on consumer discretionary spending, volumes on key brands such as Beacon, mmmMallows and Smoothies continued to show growth.

The performance of the Beverages business was extremely disappointing with operating income 87% below last year. Consumer demand remained sluggish during the second half of the year following the negative impact on the business of the cold and wet summer in the first six-month period.

Raw materials costs continued to escalate rapidly in the Value Added Meat Products category. A highly competitive and challenging environment resulted in the business being unable to raise selling prices sufficiently, resulting in a compression in operating margins.

The Out of Home business recorded a 66% improvement in operating income off a 21% increase in turnover despite a disappointing performance by the Prepared Meals division.

Consumer Healthcare grew operating income by 18% compared to an increase in turnover of 10%. Personal Care achieved a modest improvement in operating income in a category where pressure on consumer discretionary spending is particularly noticeable. In Babycare, both the Nutrition and well-being categories recorded pleasing results with the Purity and Elizabeth Anne's brands continuing to drive profitable top line growth. The Homecare category benefited from a good pest season supported by the successful launch of new products under the Doom brand. The Bio-Classic brand, acquired in 2006, continues to contribute strongly to the performance of the Homecare category.

Exports achieved a significant improvement on the prior year, with operating income increasing by R115,6 million to R219,8 million. Langeberg and Ashton Foods (67% held), the Deciduous Fruit business, was the primary contributor to the improvement in profitability as a result of higher international prices, a weaker rand and improved volumes. The Tiger Brands Africa division has enhanced its distribution capabilities and has benefited from heightened in-country sales focus, particularly in Zambia and Angola.

As part of its stated strategy of seeking growth opportunities in Africa, the company has concluded two acquisitions during the past six months. The company acquired a 51,0% stake in Haco Industries Kenya Limited, a leading branded personal care and consumer products company in Kenya, with effect from 1 June 2008, and a 74,7% interest in Chocolaterie Confiserie Camerounaise (Chococam), a branded confectionery business in the Cameroon, effective 1 August 2008. These two acquisitions provide strategic in-country presence in the East and Central African regions from which Tiger Brands will continue to expand its horizons in efforts to grow a branded business on the rest of the African continent. The two companies performed in line with expectations for the period to 30 September 2008.

Fishing

The company's fishing interests comprise Sea Harvest (74% held) and Oceana Group Limited (45% held).

Higher winter catch rates and a larger average fish size mix, combined with the benefits of a weaker rand exchange rate, contributed to a much improved performance by Sea Harvest after a disappointing first half. The improvement in profitability was achieved despite significant increases in fuel and cold storage costs.

Proportionately consolidated Oceana, which is separately listed on the JSE Limited, reported a 46% increase in headline earnings per share for the year ended 30 September 2008. Oceana's results were separately published on 13 November 2008.

Disposal of Sea Harvest

On 29 October 2008, Tiger Brands shareholders were advised that a consortium led by Brimstone Investment Corporation Limited, which includes key members of Sea Harvest management, submitted an offer to purchase the entire shareholding of Sea Harvest held by Tiger Brands, being 78 753 841 ordinary shares, representing 73,16% of the total number of Sea Harvest ordinary shares in issue. The offer was accepted by Tiger Brands subsequent to year-end and is subject to certain conditions precedent as outlined in the joint announcement by Tiger Brands and Brimstone. The purchase consideration for the transaction is R541 million, to be settled in cash, which amount will escalate at a predetermined rate from the effective date of 1 October 2008 until payment is made upon fulfilment of all conditions precedent.

Share repurchases

During the year, a wholly owned subsidiary acquired 1 737 430 shares in the company for a total consideration of R259,6 million in terms of the mandate received from shareholders at the company's annual general meeting held on 19 February 2008.

Potential offer for AVI Limited

On 17 November 2008, Tiger Brands shareholders were advised that the company is considering making a cash and share offer for AVI Limited (AVI) of R24,00 per share, implying a total equity value for AVI of R8,0 billion. This represents a 62% premium to AVI's share price on the last trading day prior to the announcement as well as to the 30-day volume weighted average price. Tiger Brands has acquired 15,85 million shares in AVI, representing approximately 4,6% of AVI's entire issued share capital.

The proposed offer price of R24,00 per share would be settled by R14,40 in cash for every 1 AVI share and 6,989 Tiger Brands shares for every 100 AVI shares (based on an issue price of R137,35 per Tiger Brands share), allowing AVI shareholders to realise a substantial portion of their holding in cash and still providing the opportunity to participate in the benefits of the combined entity. The proposed offer price will be increased by a notional interest amount based on the publicly quoted basic prime overdraft rate of interest per annum calculated from 31 January 2009 to 30 April 2009 and at prime plus 200 basis points from 1 May 2009 up until the date of payment.

Tiger Brands believes the rationale for combining the two companies is compelling and, if implemented, will benefit both Tiger Brands and AVI shareholders. The combination will create a focused and balanced Fast Moving Consumer Goods company and will result in a more efficient and effective platform from which to position the combined entity for accelerated growth. Furthermore, it will allow the combined entity to improve its global competitiveness for the benefit of consumers, customers and other stakeholders and will provide a stronger base to expand further into the rest of Africa.

Shareholders are referred to the announcement made on 17 November 2008 relating to this possible offer in which shareholders were advised to exercise caution in dealing in their respective securities.

Transformation

The company is committed to transformation and has several initiatives underway that have as their objective the achievement of our targets as are reflected later in this report.

We are pleased to have been accredited as being a Level 6 contributor in terms of the BBBEE Codes of Practice.

We have been unable to actively pursue the second phase of the company's shareholding initiative in view of the unbundling of the company's Healthcare interests. We are committed to the achievement of the objective of phase two of the initiative and to have that finalised during 2009.

Appreciation

I would like to thank the Chairman and members of the board of the company together with the executive management team, all employees, our suppliers, customers and other stakeholders for the warm welcome that you have provided to me on my assuming the position as Chief Executive Officer of Tiger Brands. I particularly would like to thank all employees for their support in what has been a difficult year for the company.

It has been a stimulating introduction to the complexities and strategic imperatives of the company and I look forward to continuing to assist the company in achieving its strategic objectives.

Peter Matlare
Chief Executive Officer

Financial results

In line with strategy, the group unbundled its Healthcare interests to shareholders on 25 August 2008. Accordingly, the results of the Healthcare operations for the 11 months ended 24 August 2008 have been reflected as a discontinued operation.

Headline earnings from **continuing operations** for the year ended 30 September 2008 of R1 886,3 million reflected an increase of 36,5% compared to the previous year. At the headline earnings per share (HEPS) level, this translates to an increase of 36,1% following a 0,4% increase in the weighted average number of shares in issue.

In total, there are 173,0 million shares in issue. This includes 10,3 million held as treasury shares and a further 5,9 million shares held, in aggregate, by the Tiger Brands Black Managers' Trust and Thusani Empowerment Investment Holdings (Pty) Limited in terms of a staff empowerment transaction which was implemented during October 2005. The weighted average number of ordinary shares (157,9 million) on which headline earnings per share and basic earnings per share are based, excludes both the treasury and the empowerment shares. Altogether 1,7 million additional treasury shares were purchased during the year ended 30 September 2008. The treasury shares and empowerment shares, together, account for 9,4% of the company's total issued share capital.

Group headline earnings per share improved by 18,8% to 1 524,1 cents compared to the prior year. Group headline earnings for the year ended 30 September 2008 of R2 406,5 million have been adversely impacted by the inclusion of the cost of the settlement reached with the Competition Commission as a consequence of contraventions of the Competition Act in the Healthcare Hospital Products business, and the inclusion of 11 months' Healthcare earnings as a result of the unbundling versus 12 months' earnings included in the prior year.

Earnings per share (EPS) from **continuing operations** increased by 4,7% to 1 121,8 cents per share, compared to the 36,1% improvement recorded at the HEPS level. The difference between the percentage change in HEPS and EPS is mainly due to the inclusion in abnormal items in the current year of an amount of R112,3 million relating to the impairment of the carrying value of the goodwill associated with the Beverages business.

The comparative period included the gain of R270,4 million arising on the disposal of the company's Dairy business. These two items are excluded for the purposes of determining HEPS in the respective reporting periods.

Group earnings per share for the year ended 30 September 2008 increased by 1,0% to 1 440,0 cents per share.

Turnover from continuing operations rose by 22,7% to R19,9 billion with operating income increasing by 17,0% to R2,6 billion.

Turnover from **continuing operations** rose by 22,7% to R19,9 billion with operating income increasing by 17,0% to R2,6 billion. Excluding the impact of the acquisitions of Haco Industries and Chococam, turnover and operating income grew by 21,9% and 16,7%, respectively. Apart from the impact of acquisitions, turnover for the year reflected the impact of rising international prices for commodities, high domestic food inflationary pressures, as well as strong levels of organic growth, particularly in the grains, groceries and export businesses. The decrease in the operating margin to 13,2% (2007: 13,9%) was largely due to challenges encountered in recovering raw material cost increases in the Milling and Baking and Value Added Meat Products operations as well as the impact of the cool and wet summer conditions on the Beverages business.

Abnormal items declined by R190,4 million compared to the prior year, resulting in a net abnormal profit of R13,2 million in 2008. The prior year largely consisted of a net profit on disposal of the dairy business and the settlement in favour of the Competition Authorities of R98,8 million. The current year composition predominantly reflects the goodwill impairment of the company's Beverages business of R112,3 million and the release to income of R127 million relating to the recognition of pension fund surpluses.

Net financing costs from continuing operations declined by R5,3 million to R72,6 million, notwithstanding the increased capital expenditure levels, share buybacks, recent acquisitions and higher levels of working capital throughout the past 12 months. The increase in working capital levels was primarily due to higher raw material input costs partially offset by lower inventory holdings in response to slowing consumer demand. Notwithstanding the higher working capital levels, net interest cover from continuing operations remained at a healthy level of 36,5 times (2007: 29,3 times).

Income from associates increased from R57,1 million in 2007 to R72,0 million in 2008 due to an improved contribution from Chilean-based Empresas Carozzi.

The taxation charge reflected an increase of 11,4%, compared to the rate of increase in profit before taxation of 7,8%. This is largely due to the impact of abnormal items which decreased from a net abnormal profit of R203,6 million in 2007 to a profit of R13,2 million in 2008. The bulk of these abnormal items, in both years, have no tax effect. Excluding the effect of abnormal items and associates, the average tax rate from continuing operations decreased from 31,6% in 2007 to 30,5% in the year under review.

Discontinued operations comprise the profit after tax attributable to the Healthcare business, determined from the commencement of the 2008 financial year to the date of its unbundling on 25 August 2008. The prior year discontinued operations include the profit attributable to the company's Healthcare interests, for the full year ended 30 September 2007, as well as the profit after tax attributable to the dairy business for the seven months ending 30 April 2007.

The share of income attributable to minority shareholders increased from R49,5 million in the prior year to R71,2 million in 2008. This increase reflects the improved levels of profitability in both the Deciduous Fruit and Fishing businesses.

Cash flow performance (including Healthcare)

Cash operating profit increased by 7,0% from R3,7 billion to R4,0 billion. Cash available from operations of R1,7 billion reflected a decrease of 8,6% compared to the previous year. This decrease was due to payment of Competition Commission fines and a higher working capital outflow in 2008 of R914,1 million, compared to an outflow of R806,8 million in 2007. The large increase in working capital levels was primarily due to inflationary cost pressures on raw material inputs.

After taking into account dividend payments and the net cash movements from investing activities, there was a net cash outflow, before financing activities, of R1 620,5 million compared to a net cash inflow of R121,9 million in the previous year.

The significant cash outflow of R2 240,9 million in respect of investing activities in 2008, largely comprised capital expenditure amounting to R888,5 million (2007: R615,5 million) and the cost of acquisitions of R186,7 million (2007: R556,9 million), and also included the distribution relating to the Adcock Ingram unbundling of R1 130,2 million (2007: inflow R428,2 million arising from the disposal of businesses).

The group closed the year with net borrowings of R1 272,7 million (2007: R726,5 million).

Cash flow performance from continuing operations (pro forma)

Continuing operations generated cash from operations of R2,4 billion after accounting for working capital outflows of R547,5 million in 2008.

After taking into account dividend payments and the net cash movements from investing activities, there was a net cash outflow before financing activities of R572,5 million. The significant cash outflow of R811,4 million in respect of investing activities in 2008 largely comprised capital expenditure of R641,8 million and the cost of acquisitions of R186,7 million.

Key financial ratios

The key ratios for the group are outlined below:

	2008[1]	2007[1]	2007[2]	2006[2]
Profitability and asset management				
Operating margin (%) – continuing operations	**13,2**	13,9	16,4	16,1
Net asset turn (times)	**3,5**	3,2	3,4	3,9
Return on average net assets (%)	**46**	44	54	63
Working capital per R1 turnover (cents) (end of year)	**14,8**	17,0	20,1	19,4
Financing and liquidity				
Net debt/(cash) to equity (%)	**20,5**	(1,3)	12,1	20,1
Net interest cover (times)	**36,5**	29,3	17,5	22,2
Current ratio (:1)	**1,3**	1,6	1,5	1,5
Total liabilities to total shareholders' funds (%)	**93**	71	89	106

[1] *FMCG only.*

[2] *Including Healthcare.*

The improvement in the return on average net assets (RONA) in 2008 is reflective of the increase in the group's net asset turn from 3,2 in 2007 to 3,5 in the year under review despite the high levels of capital expenditure in both 2008 (R0,6 billion) and the prior year (R0,5 billion).

Notwithstanding the increased capital expenditure and working capital levels, net interest cover remained at a healthy level for continuing operations of 36,5 times (2007: 29,3 times). Net interest cover is expected to reduce in the year ahead due to the larger part of the capital expenditure having been incurred in the latter part of 2008.

The percentage of total liabilities to total shareholders' funds reflected the higher level of gearing in 2008. In addition, the net debt to equity ratio moved to 20,5% by the end of the financial year (2007: (1,3%)).

Final dividend

Based on a total headline earnings figure of 1 524,1 cents per share (which includes the Healthcare results until its unbundling in August 2008), the board has decided to declare a final dividend for the year of 541 cents per share. This, together with the interim dividend of 245 cents per share, bring the total dividend for the year to 786 cents per share (2007: 660 cents per share, comprising interim and final capital distributions and a final dividend). The total dividend for the year represents an increase of 19% on the total amount of 660 cents per share declared in respect of the previous year.

Inflation

Details of the group's performance after adjusting for the cumulative effects of inflation are outlined on page 95. The effect of inflation is constantly monitored and built into future plans in order to meet the group's long-term objective of creating shareholder wealth in real terms.

brand market **leaders**

A highlight of the year was the commissioning of the pasta plant in Isando, which is a state-of-the-art facility, producing the full Fattis & Moni's pasta range with spaghetti and macaroni as the key lines.

Domestic **foods**

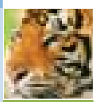
Highlights

❖ Most categories achieved pleasing performances which were partially offset by:
- Milling and Baking which absorbed significant raw material cost increases
- A cold and wet summer season negatively impacting profitability in Beverages

Operating income

Salient features

Domestic **foods**	2008 Rm	2007 Rm	% change
Turnover	14 446,8	11 713,9	23
Operating income	1 740,6	1 601,5	9
Operating margin (%)	12,0	13,7	



continued **success**

Despite margin pressure, we continued our innovation strategy with success. Product renovations and new products were launched with success within Albany Bakeries as well as the breakfast and rice businesses.

Grains

The business performed well despite severe margin pressure from significantly increased input costs and delayed implementation of price increases.

The gap between global demand and supply of agricultural commodities narrowed during the year resulting in dramatic increases in raw material costs. In addition, the high fuel price increased input and distribution costs. The company applies conservative procurement risk management policies and considers alternatives for key raw materials. The focus on continuous improvement delivered further cost savings across the value chains.

The profit in Milling and Baking was negatively impacted by the delay of two price increases to the market. The delays in price increases were part of a wide range initiative to restore the reputation of our business following the fine imposed in 2007 by the Competition Authorities. Despite margin pressure, we continued our innovation strategy with success. Product renovations and new products were launched with success within Albany Bakeries as well as the breakfast and rice businesses. The business is strengthening the platform for long-term value creation by investing in new production capability in the breakfast business and additional capacity in the wheat milling and baking businesses.

International prices of soft agricultural commodities and fuel are already declining. The prospect of lower product prices to consumers should stimulate increased demand during 2009.

Groceries

The groceries business continued to perform strongly amidst high inflation and intense competitive rivalry. A number of product categories that reflected pleasing growth were Chakalaka, tomato products, tomato sauce, mixed vegetables and vegetable stews.

The key brands that have driven the groceries performance were All Gold and KOO.

These results have been achieved as a consequence of a clear growth strategy, which included focus on margins, expanding innovation, rigorous cost management, highly focused brand investment, a customer centric approach and the benefits of a stable management team.

A highlight of the year was the commissioning of the pasta plant in Isando, which is a state-of-the-art facility, producing the full pasta range with spaghetti and macaroni as the key lines.

All Gold tomato sauce achieved its highest market volume share in May on the back of a campaign theme around the All Gold 100th birthday.

Baked beans continued to show strong volume growth. The commissioning of the expanded tomato sauce plant commenced in November 2008. This will enhance the capacity for tomato sauce production.

Peanut butter has performed strongly showing significant volume growth despite the price of peanut butter having doubled as a consequence of the significant increase in the cost of peanuts.

The Chakalaka product has managed to sustain significant volume growth.

The objectives for the forthcoming year for groceries will be based primarily on organic growth and innovation around the core categories.

A key enabler of the strategy is the significant investment behind expansion projects such as the commissioning of the tomato sauce plant which commenced in November 2008 and the baked beans line which is expected to be commissioned in October 2009.

Snacks & Treats

The solid performance of Snacks & Treats in 2008 can be attributed to optimising demand creation, relentless focus on service level improvement and disciplined cost containment.

The core sweet range growth was fuelled by core brands Smoothies, Maynards and newly acquired Jelly Tots. In particular, the value add Smoothies with a liquid centre has been well received by consumers.

The chocolate product portfolio recovered well in the second half of the year driven by its barline performance. This is as a result of the impact of innovation on the core brands of Black Cat and TV Bar together with our entry into the wafer-based product.

The snacking category continued to boost portfolio performance through the sustainable innovation and support programme behind the Jungle branded products.

Significant capital expenditure has taken place over the past year which has created additional manufacturing capacity and capability to service the expected demand towards 2014.

Continuous improvement remains a key enabler and despite high commodity cost pushes, impressive progress has been made in terms of improving throughput.

2009 will include a growth plan to strengthen the core business, with continued focus on efficiency, improvement and organisational capability.

Beverages

The Beverage business completed the year with volumes below the prior year due to cool and wet summer conditions. Profitability, however, was a particular challenge with the business falling well below expectations.

sustainable innovation

The snacking category continued to boost portfolio performance through the sustainable innovation and support programme behind the Jungle branded products.

The poor profitability was attributed to the cost push pressure on input materials, inventory liquidation to correct the inventory position in the first half of the year and escalating distribution costs driven by fuel price increases.

The highlight for this business was the performance of the Energade brand. During November 2007 Energade had a design and label relaunch that refreshed the brand and ensured that it remained the pre-eminent sports energy drink in South Africa. Energade also continued to drive and leverage its successful promotions and sponsorships of the pinnacle sports teams in South Africa, the Springboks and Proteas. The brand also continued to obtain mileage as official drinks sponsors of premium sporting events such as the Energade Triathlon Series and the Comrades Marathon. Other efforts to drive growth included initiatives to leverage Tiger Food Brands into the beverage sector with the launch of Beacon Hot Chocolate during winter 2008. This launch was well received by both the trade and the consumer.

The KOO Veggie Fruit Drink was launched at the end of 2007 and the All Gold Tomato Cocktail Drink was launched in March 2008.

2009 will focus on the core beverage business in order to restore profitability levels.

The business will focus on creating greater manufacturing flexibility and stringent cost management. There will be a focused investment behind the key brands with the objective of restoring the expected margin for this business.

Perishables

The Enterprise business has maintained its market leadership position under difficult trading conditions in a highly competitive chilled processed meat category. The category has continued to show double-digit growth in the past year, but growth has been driven by low margin products such as polony. Market conditions continue to be challenging with the continued, unanticipated rising costs of all protein raw materials. The international increase in demand for protein in markets such as China, as well as the increase in production of biofuel which places tremendous pressure on animal feed costs, were the key factors driving cost increases, particularly in the second half of the year.

As a result of the above, the business was unable to increase consumer prices fast enough to maintain margins.

During the year the business conducted substantial consumer and shopper research and from these insights brand and product portfolio strategies were devised to ensure a more consumer-centric approach for future sustainable growth.

Good progress was made on the commissioning of the investment in the latest slaughtering and deboning technology. Apart from the efficiency improvements, the technology will enhance the functionality of meat for further processing which will result in superior quality products.

Out of Home Solutions

The Out of Home business has delivered a strong profit growth, despite exceptionally challenging market conditions particularly in the second half of the year. The growth was largely achieved through improved cost and price management, while the business also benefited from the inclusion of Beverages sales for the first time. The reduction in disposable income across most consumer groups negatively impacted on the out of home market, with most restaurants reporting significant declines in patron numbers, further exacerbated by a down-trading to cheaper menu items. Premium-priced, chilled ready meals within retail were also severely affected.

Tougher trading conditions and increased focus on price resulted in the business sourcing several relatively low-cost, high quality international suppliers. The first shipments of product, landed during the second half of the year, have been well received by the market. The business experienced a high success rate with innovative lines, and also refined the brand strategy to include appropriate endorsements from Tiger's well entrenched and much-loved consumer brands such as All Gold.

The Cape Town-based prepared meals plant is in the process of an upgrade with the intention of semi-automating the production processes. This will ensure that it remains a state-of-the-art prepared meals facility, with sufficient capacity for future growth, without losing its ability to produce authentically prepared meals.

strong **performance**

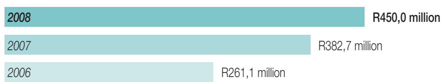
Many key consumer brands had strong performances during the year under review.

Consumer **healthcare**

Highlights

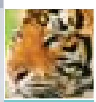
- Babycare and Homecare categories deliver strong operating results
- Personal Care shows modest growth in discretionary spend category

Operating income



Salient features

Consumer **healthcare**	2008 Rm	2007 Rm	% change
Turnover	1 765,8	1 602,0	10
Operating income	450,0	382,7	18
Operating margin (%)	25,5	23,9	



investment focus

Key highlights for the Designer Group include a new management team, an investment focus on the key brands, the disposal of its salon business, improved customer contribution mix and investment in an IT platform and infrastructure.

Personal Care

The Personal Care business continued its growth into 2008, driven by a clear focus on “getting back to basics” – particularly in its core brands.

Many key consumer brands had strong performances during the year under review. Ingram’s Camphor Cream gained market share to strengthen Tiger’s position in the ever-growing hand and body care market, while Dolly Varden maintained its status as leader within the Glycerine segment. Impressive volume growth on Lemon Lite translated into market share growth with the company continuing to hold second position within the face care market with the brand. Relaunches in the Personal Care portfolio will add to these market share successes.

2009 will be characterised by continued focus on building brands through various brand awareness, innovation and renovation initiatives. Continuous improvement projects will be key in facilitating defensive, flexible pricing strategies.

Designer Group

The Designer Group was acquired in October 2006. The performance for the year under review reflects the results of significant intervention to rightsize, consolidate and focus the business. Key highlights include a new management team, an investment focus on the key brands, the disposal of its salon business, improved customer contribution mix and investment in IT platform and infrastructure.

The business is well positioned for growth. The primary drivers being building brand equity and awareness, re-establishment of the innovation and renovation run rate, improved product profitability mix, continuously addressing customer contribution mix, ensuring the achievement of targeted service levels and growth into Africa.

Actions designed to ensure performance delivery include relentless cost containment through the achievement of continuous improvement plans and leveraging of the wider group synergies.

Homecare

Homecare's performance benefited from healthy fabric care volume growth driven by new innovations in the launch of fabric conditioner refills. There was significant competitor activity and input cost pushes during the year which were contained through various continuous improvement projects leading to improved margins.

In the pest control category the business continued to strengthen its market leadership position with the healthy growth in our Doom and Peaceful Sleep brands, both achieving record volume and value shares. The new innovative products Doom X-treme and Doom Destroyer led to share gains within the aerosol segment and are margin enhancing.

During the year the business also successfully migrated Rattex and Blue Death to the Doom brand, thus optimising the pest control brand portfolio.

In 2009 the business will focus on further increasing the rate of innovation and improving its operational excellence.

Baby category

The baby category, comprising the nutrition and well-being segments, has sustained its positive performance.

Baby nutrition has again reflected volume and value growth. Purity remains the brand of choice in the jarred baby food market and has maintained its market share despite new entries into that sector. Purity's ready-to-eat cereals continue to reflect year-on-year double-digit growth as a result of the increased capacity following the installation of a new drum drier. Purity's hot porridges currently has four variants out of the top seven selling variants in the total infant cereals market. Purity cereals continue to gain market share and holds the lion's share in the retail end of the market. Future category growth will be driven by brand building and shopper education, increased distribution, affordable pricing, innovation and extending the time spent in the baby nutrition category.

Baby well-being, which comprises both toiletries and medicines, continues to reflect both top-line and operating profit growth. Elizabeth Anne's, the key baby toiletries brand, has experienced volume market share growths across each of its six core segments. The baby medicinal segment, with leading brands such as Telament, Vidaylin, Muthi Wenyoni and Phipps, has reflected double-digit top-line and operating profit growth. Future growth for this segment will be driven by focusing on the core business and through innovation.

best **quality** for customers

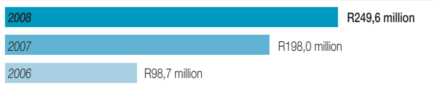
The focus of the business has been to move up the value chain using lower value raw material from smaller fish and finding niche markets for these products.

Fishing

Highlights

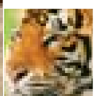
- The benefits of a weaker rand and better hake fishing conditions improve profitability in Sea Harvest
- Oceana achieves a 34% increase in operating income

Operating income

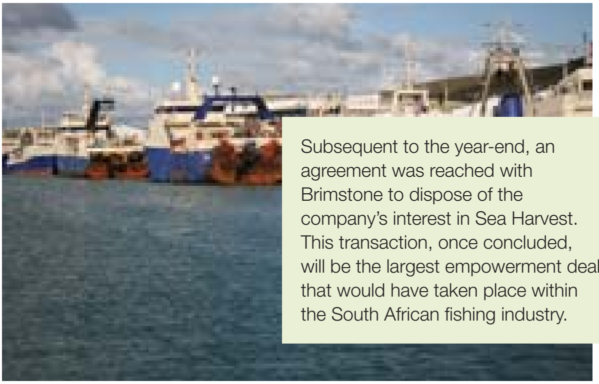


Salient features

Fishing	2008 Rm	2007 Rm	% change
Turnover	2 298,7	1 923,9	19
Operating income	249,6	198,0	26
Operating margin (%)	10,9	10,3	



empowering the future



Subsequent to the year-end, an agreement was reached with Brimstone to dispose of the company's interest in Sea Harvest. This transaction, once concluded, will be the largest empowerment deal that would have taken place within the South African fishing industry.

Sea Harvest

Sea Harvest achieved exceptional results given the very difficult trading conditions.

The Total Available Catch (TAC) reduction for 2008 was expected to be 10% but was limited to 3,4% due to very good survey results conducted into the fish resource during 2007. All quotas held by the participants in the industry reduced proportionately and consequently Sea Harvest's quota was reduced by 3,4% to 32 986 tons.

Sea Harvest experienced poor catches in the first half of the year but materially improved catches were experienced during winter. Winter fishing improved on the West Coast which is closer to the main operation in Saldanha Bay, resulting in more efficient catching.

The business experienced material cost pushes for all major expense items but particularly in respect of the fuel bill which increased by over 80% compared to the previous financial year. The business was unable to recover these cost increases from the market in pricing.

The focus of the business has been to move up the value chain using lower value raw material from smaller fish and finding niche markets for these products. As a consequence of this strategy export sales increased by approximately 30% in volume whilst also achieving an increase in local market share. There was a softening in the export market over the last quarter of the year as the effects of the global economic crisis started to impact consumers.

During the year Sea Harvest acquired a second-hand newer generation trawler which had been refurbished and which will commence operations in January 2009.

Subsequent to the year-end, an agreement was reached with Brimstone to dispose of the company's interest in Sea Harvest. This transaction, once concluded, will be the largest empowerment deal that would have taken place within the South African fishing industry.

We have confidence that Brimstone as the new controllers of Sea Harvest will continue to enjoy the benefits that have been achieved over the years from Sea Harvest.

Oceana

Oceana is separately listed on the JSE Limited.

Earnings per share for the year ended 30 September 2008 increased by 49% compared to that of the previous year following improved results in most business units. Headline earnings per share improved by 46%. Group turnover reached R3,0 billion and the operating margin improved to 10,6%.

Lucky Star canned fish sales were significantly up on last year due to imports of large volumes of product to supplement the lower volumes from local canneries.

Glenryck Foods, the group's canned fish business in the UK, increased sales of canned pilchard although at lower margins due to procurement constraints while canned tuna volumes were lower but at better margins.

Oceana's landings of anchovy and redeye herring at 120 263 tons were above the previous year (97 884 tons). However, reduced pilchard offal from the cannery resulted in overall fishmeal production volumes being similar to the prior year. The average fishmeal sales price for the year declined due to the impact of lower prices in the first quarter as a consequence, profits from fishmeal were lower.

Oceana's volumes of horse mackerel reduced due to the lower TAC and fewer vessels catching in the fishery. Ocean's additional (third) Namibian vessel, acquired and refurbished at a cost of R72 million, commenced fishing in August. All Oceana's vessels experienced good catch rates and the size mix of Namibian fish improved. Fuel costs were substantially higher than in the previous year.

The cold store division experienced higher occupancies in most stores whilst non-fruit handling activity levels were in line with the previous year.

international **expansion**

The acquisitions of Haco Industries Kenya Limited in Kenya and Chococam in Cameroon have resulted in immediate access to manufacturing capability and distribution networks in East and Central Africa.

Exports and international

Highlights

- Deciduous fruit exports benefit from improved international prices and a weaker rand
- Acquisitions in East and Central Africa create platform for growth

Operating income

Salient features

Exports and international	2008 Rm	2007 Rm	% change
Turnover	1 519,3	1 105,4	37
Operating income	219,8	104,2	111
Operating margin (%)	14,5	9,4	

expanding into Africa

Chococam is particularly well positioned in the confectionery category in Central Africa.

Langeberg and Ashton Foods

Langeberg and Ashton Foods experienced a record year driven by higher selling prices, increased volumes and a favourable exchange rate.

In excess of 85% of the products canned by the business are exported and the company maintained its position as a supplier of choice for leading international retailers and food service businesses. The synergies of the merger between the Langeberg and Ashton business that occurred in 2006 are now embedded and the company has embarked on a focused customer strategy in order to add value to its stakeholders.

Langeberg and Ashton Foods has worked closely with government and the industry as part of the DTI funded "Private-Public-Initiative" which aims to improve the industry's global competitiveness. Key actions are focused on improving the industry's market access in key markets such as the EU, EFTA and USA. A significant achievement was the reduction in import duty payable in the EFTA zone, which includes Switzerland.

During 2009 continued focus will be placed on the refinement of the customer strategy enabled by cost containment and continuous improvement within the manufacturing operation.

Tiger Brands Africa

Tiger Brands Africa experienced continued strong revenue and profit growth during the year under review for the core export business.

The growth achieved has been enabled by an improved logistics supply chain as well as the development of strong distributor relationships particularly in Zambia and Mozambique. The business has also benefited from improved economic conditions throughout the African continent as well as stronger demand for confectionery products from Canada and Australia.

The Tastic, Doom, All Gold, Beacon, Purity and Elizabeth Anne's brands all performed particularly well for the year and a more focused product approach has resulted in improved sales.

The strategy of the company has moved from a more export orientation to the establishment of regional hubs throughout the African continent. The acquisitions of Haco Industries Kenya Limited in Kenya and Chococam in Cameroon have resulted in immediate access to manufacturing capability and distribution networks in East and Central Africa. In addition, the acquisition of regional brands with strong equity provides immediate traction and a strong platform for the implementation of the vision of the Tiger Brands pan-African strategy.

Chococam is particularly well positioned in the confectionery category in Central Africa and Haco Industries in the personal care and household categories in East Africa. In addition, both businesses have strong management teams. A majority of shares have been acquired in Chococam and Haco Industries and both are expected to make a strong contribution to the performance of the international business in 2009.

The financial 2009 prospects are positive. Distributor development is expected to ensure growth in export sales and further improvement in brand marketing throughout the SADC region will ensure that the traction achieved is accelerated. As well as ensuring the successful integration of the newly acquired businesses, the focus will be on finding further value-enhancing opportunities to enable a more rapid expansion of the international division.

Empresas Carozzi

Empresas Carozzi is a leading company in the Chilean food industry with manufacturing, marketing, and distribution activities in Chile, Peru and Argentina. It enjoys market leadership positions in most of the market sectors in which it operates.

The contribution by Carozzi to Tiger Brands earnings was 30,9% higher than the previous year. The Carozzi performance was achieved notwithstanding very significant cost push inflation experienced during the reported period, most notably on key raw materials such as rice, wheat and cocoa.

In particular, the 2008 fiscal witnessed continued exceptional growth and margin performance from the Agro-Industrial division, Agrozzi, where global demand for fruit and vegetable puree outstripped expectations. Positive growth was again enjoyed in the Biscuits category, while the Rice category continued to disappoint due to a highly competitive market environment.

2008 has seen the launch of some exciting new product innovation from Carozzi, with a new lifestyle brand “Vivo” entering both the Pasta and Powdered Juices category. This was in addition to a successful new entry into the Breakfast Cereals category, leveraging off their core “Costa” brand.

Growth in Peru has been encouraging although the country contribution remains relatively small due to a lack of critical mass. Sustained losses from the Argentinian operation resulted in the sale of 50% of the related Argentinian equity to Molinos Del Plata, a locally based food company.

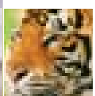
helping our **community**

Tiger Brands Unite Against Hunger is the vehicle that is used to carry out all the activities of social investments. Currently this programme is feeding well over 100 000 people on a daily basis.

Sustainability **report**

Highlights

- Group compliance officer appointed
- 144 children of employees granted tertiary education assistance by Thusani Trust
- Solid progress made on transformation
- CSI programmes feeding over 100 000 people daily
- Environmental risk management systems initiated



Corporate governance

The board of directors and management of Tiger Brands are committed to the highest standards of corporate governance and ethical and moral business behaviour.

The lapse in ethical behaviour in the group which was discovered as a result of the investigation into collusive practices in the baking and milling businesses in 2007, and the recent anti-competitive behaviour at the hospital products business of Adcock Ingram, has necessitated an enhanced focus on corporate governance and ethics in the group.

Having received two complaint referrals from the Competition Commission within a period of a year, shareholders would be quite entitled to be extremely concerned as to whether within the group there was a culture of non-compliance. The board was equally concerned and consequently initiated two extensive investigations.
The first investigation was that Edward Nathan Sonnenbergs was authorised to conduct a complete and comprehensive investigation into all of the group's operations including Healthcare, to ascertain whether any anti-competitive activity was taking place.
Webber Wentzel, who have particular expertise in the healthcare industry, were authorised to conduct a comprehensive investigation as to the compliance of the group's healthcare operations with all relevant legislation pertaining to the pharmaceutical and healthcare industry, apart from competition law issues.

It was with relief and satisfaction that both reports that were provided indicated that there was not a culture of non-compliance within the organisation and that there was substantial compliance with both competition law issues and healthcare legislative requirements. The Edward Nathan Sonnenbergs report did indicate certain areas where practices could be improved upon in order to ensure that there was no perception of non-compliance practices taking place.

The chief executive officer of the hospital products business resigned on 31 July 2008 with the forfeiture of any benefits, prior to disciplinary action taking place against him.

In the complaint referral relating to the allegations pertaining to the hospital products business, reference was made to the fact that a former employee of the group had advised two executive directors of the company (M H Franklin and M C Norris) and the company secretary (I W M Isdale), that the company had been involved in anti-competitive activities. These allegations were independently addressed by counsel who found that the statement made by the former employee reflected in the complaint referral received from the Competition Commission was substantially correct. In respect of the two executive directors, who have since retired, the board took a decision to cancel any unvested options that they held. With regard to the company secretary, the facts of the matter were referred to a respected senior counsel and retired labour court judge with the request that he provide a recommendation relating to disciplinary action against the company secretary. The board having received the recommendation, then acted on the recommendation and, as a consequence, the company secretary received a final written warning, forfeiture of any short-term incentive bonus payable for the year ended 30 September 2008 and the cancellation of options that were granted to him in April 2008.

The group has appointed a group compliance officer to assist in ensuring that appropriate processes and systems are in place to enable the group to be compliant with legislation and group policies.

The group compliance officer has direct access to the chairman of the risk committee.

The group is committed to sound and transparent business practices and to complying in all material respects with the principles contained in the King Code of Corporate Practices and Conduct (King II). The group is also committed to compliance with the principles, policies and practical application of corporate governance as outlined recently by the Public Investment Corporation, as the Public Investment Corporation is an important stakeholder.

The board

The board of Tiger Brands currently consists of eight non-executive directors and five executive directors.

The board is governed by a charter as are each of the subcommittees that have been established by the board. Copies of the board and committee charters are available on request from the company secretary and are accessible on the company's website.

The primary powers and responsibilities of the board include:

- responsibility for approving the strategic direction of the group and the budgets necessary for the implementation thereof;
- being the guardian of the values and ethics of the group;
- responsibility for appointing the chief executive officer;
- retaining full and effective control of the group;
- monitoring the management and the implementation of the corporate vision;
- communicating with shareholders openly and timeously throughout the year; and

It may delegate responsibility to an executive committee or board subcommittees.

The charter outlines certain key responsibilities that may not be delegated.

The subcommittees of the board are the remuneration/nominations committee, the audit committee, the transformation committee and the risk committee, which is a subcommittee of the audit committee. Each of the committees is chaired by an independent non-executive director. Details in respect of each committee are reflected on pages 44 to 49. An independent director is as defined in King II.

Performance of individual board members is assessed when board members are required, in terms of the articles of association, to retire from the board and offer themselves for re-election. It is intended that external evaluation of the effectiveness of the board and its members will take place from time to time.

The board meets at least six times a year to monitor the performance of the group, to approve the budget for the forthcoming year and to approve the strategic plan of the group.

Attendance at board meetings

	19/11/07	29/11/07	06/02/08	19/02/08	18/04/08	19/05/08	16/07/08	06/08/08	17/09/08
D D B Band	P	P	P	P	P	P	P	P	P
P B Matlare[2]	N/A	N/A	N/A	N/A	P	P	P	P	P
S L Botha	P	P	P	P	P	P	P	P	P
B P Connellan[1]	P	A	P	A	N/A	N/A	N/A	N/A	N/A
N Dennis[1]	P	P	A	A	N/A	N/A	N/A	N/A	N/A
N P Doyle[3]	P	P	P	P	P	P	N/A	N/A	N/A
R M W Dunne	P	P	P	P	A	P	P	P	P
K D K Mokhele	P	A	P	P	P	P	P	P	P
U P T Johnson	P	P	P	P	P	P	P	P	P
A C Nissen	A	P	P	A	P	P	P	P	P
A C Parker	P	A	P	P	P	P	P	P	P
G N Padayachee[6]	A	P	P	P	P	P	P	P	N/A
B L Sibiya	P	P	P	P	P	P	P	P	P
L C van Vught (Chairman)	P	P	P	P	P	P	P	P	P
C F H Vaux	P	P	P	P	P	P	P	P	P
B N Njobe[5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P
P M Roux[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P
N G Brimacombe[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P

P – *Present.*
A – *Apology.*
[1] *Resigned 19 February 2008.*
[2] *Appointed 1 April 2008.*
[3] *Resigned 31 May 2008.*
[4] *Appointed 1 August 2008.*
[5] *Appointed 11 August 2008.*
[6] *Resigned 25 August 2008.*

Remuneration and nomination committee

The remuneration and nomination committee is a subcommittee of the board, the responsibilities of which are governed by a charter which outlines that the role of the committee is to work on behalf of the board and be responsible for its recommendations within the terms of reference approved by the board.

The terms of reference *inter alia* include the determination, agreeing and developing of the group's general policy on executive and senior management's remuneration, determining any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities, and reviewing (at least annually) the terms and conditions of remuneration packages for executive directors and senior management. The committee is responsible for making recommendations to the board on all fees payable by the group to non-executive directors for membership of both the board and any board subcommittee.

The committee is also required to play an integral part in succession planning, particularly in respect of the chief executive officer and the executive directors of the company.

The committee comprises four independent non-executive directors. At 30 September 2008 the committee comprised D D B Band (Chairman), L C van Vught, B L Sibiya and S L Botha.

Attendance at remuneration and nomination committee meetings

	14/11/07	22/01/08	13/05/08	16/09/08
D D B Band (Chairman)	P	P	P	P
B L Sibiya	P	P	P	P
L C van Vught	P	P	P	P
S L Botha	A	A	P	P

P – *Present.*
A – *Apology.*

Audit committee

The company has an audit committee which operates under an approved charter, the members of which are all independent non-executive directors.

As at 30 September 2008 the composition of the committee was R M W Dunne (Chairman), L C van Vught, K D K Mokhele and A C Parker.

The Chief Executive Officer, the Chief Financial Officer and at least one representative of the external auditors and the internal auditors are required to attend the meetings of the audit committee.

The objectives of the audit committee are to:

- determine that management has created and maintained an effective control environment and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties;
- review the scope and outcome of audits. The review will include an assessment of the effectiveness of the annual audit, ensuring emphasis is placed on areas where the committee, management or the auditors believe special attention is necessary;
- ensure that the board of directors makes informed decisions and is aware of the implications of such decisions regarding accounting policies, practices and disclosures;
- provide a safeguard for directors' liabilities by informing the board of directors on issues of importance to the business and the status of the financial reporting; and
- enquire into the process of risk identification.

Operational audit committees are also in place which are responsible to the audit committee of the company. These operational audit committees focus largely on divisional issues. The audit committee reviews the effectiveness of internal control in the group with reference to the findings of both the internal and external auditors. In addition, the audit committee reviews the work of the risk committee which has been established as a subcommittee of the audit committee.

The external and internal auditors have unrestricted access to the audit committee.

The audit committee has adopted a policy limiting the consulting work of the auditors, apart from their work as external auditors, and prior approval of any such work is required.

Attendance at audit committee meetings

Director	15/11/07	15/05/08	07/07/08	17/09/08
R M W Dunne (Chairman)	P	P	P	P
B P Connellan[2]	P	N/A	N/A	N/A
L C van Vught	P	P	P	P
K D K Mokhele[1]	N/A	P	A	P
A C Parker[1]	N/A	P	P	P

[1] *Appointed November 2007.*
[2] *Resigned February 2008.*

Risk committee

The board is responsible for overseeing the risk management processes in the group in accordance with corporate governance best practice. This is achieved through the risk committee, a subcommittee of the audit committee.

The risk committee is chaired by an independent non-executive director, R M W Dunne. The other members of the risk committee comprise members of the group's senior management. These members are representatives of the marketing, financial, legal/secretarial and supply chain functions of the group.

The risk committee is governed by a charter which outlines its primary purposes as being to:

- establish and maintain a common understanding of the risk universe, which needs to be addressed in order to meet corporate objectives;
- ensure that a proper business risk assessment is carried out and that a risk profile is compiled by management;
- identify on an ongoing basis the most significant commercial risks and the most significant financial risks;
- satisfy the corporate governance reporting requirements;
- monitor the group's risk management and assurance efforts; and
- report to the board on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement.

The risk management process, which is continually assessed by the risk committee, involves a formalised system to identify and assess risk, both at a strategic and operational level.

The process includes the evaluation of the mitigating controls and other assurances in identifying and assessing the risks.

The risk categories assessed include reputation risk, brand risk, product risk, legislative issues, people risks, competitive forces, information technology issues, insurable perils and financial risks.

Major risks are reviewed annually and are also updated during the course of the year as the risk environment changes.

The group's strategic risks have been identified and documented by management and reviewed by the risk committee.

The risks identified include the following areas:

Legislative issues

The group participates in both industry and corporate responses to proposed government legislation affecting the group. In addition, the group also engages directly with the relevant government departments where appropriate. The company recognises that participation in the successful transformation of South African society is critical for the sustainability of the current macroeconomic environment.

Fair trade and tariff enforcement are areas relevant to the group, where interaction at appropriate governmental level is required.

Products

The group continually monitors, reviews and approves quality control procedures in the supply chains throughout the business.

Production facilities

The group formally reviews both preventative and mitigating controls on a regular basis relating to key production facilities and assets throughout the group.

Information technology

The risks surrounding the security back-up and conversion and update risks relating to the company's information technology systems are continually assessed. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have a material impact on the group's continuing operations.

Foreign exchange

The foreign exchange environment is reviewed on an ongoing basis and any transactions entered into involving foreign currency are managed through a clear foreign exchange policy where open positions are limited to certain exports.

Human resources

The group continues to develop its internal talent pool and to seek innovative ways to find and retain skilled staff.

Succession planning is in place and specific skills shortages are being addressed.

Resources

The group continually monitors and reviews the changes in climatic conditions, catches, mix and size relating to the group's fishing interests. It has become clear that it is necessary to expand this assessment into the agricultural arena in view of the increasing focus on climate change and its implications.

Procurement

Exposures and strategy relating to procurement of raw materials required by the group are reviewed on an ongoing basis.

Electricity supply

As a consequence of the increase in demand for electricity in South Africa, the company is required to assess its current exposure and back-up position with regard to electricity supply and possible alternative sources of energy. Loadshedding during the early part of 2008 by Eskom has resulted in a higher level of focus on this risk.

It has also become necessary for the company to review and assess savings opportunities in respect of electrical consumption.

The responsibility for each of the strategic risks that have been identified have been assigned to an appropriate member of the group's senior management team. During the year various members of the senior management team have addressed the risk committee on the identified risks assigned to them and outlined the steps being taken to manage or mitigate such risks. Specialists are also invited to attend meetings of the committee when necessary so as to provide advice on matters of risk addressed by the committee.

The group also runs a number of specific risk control initiatives addressing safety management, security, fire defence, food safety, environmental management and quality management and has adopted a system of incident reporting at operational level which allows for reporting to management by exception.

The group has also implemented a control risk assessment process at all operations.

These risk management activities are complemented by the enforcement of the group's code of ethics, the confidential ethics hotline and the use of an internal commercial audit department to assist in addressing potential fraud or criminal activity.

The commercial audit department carries out compliance-based audits focusing on the control environment.

The focus areas for the year under review included procurement, engineering, inventory control, sales, administrative compliance and payroll.

The commercial audit department also responds to issues arising from the ethics hotline as well as any reports of defalcation or other issues requiring investigation.

Attendance at risk committee meetings

	07/11/07	06/02/08	07/05/08	06/08/08
G N Padayachee (Chairman)[3]	P	P	P	P
N P Doyle[2]	P	A	P	N/A
C F H Vaux	P	P	P	P
R M W Dunne[1]	N/A	P	P	P

P – *Present.*
A – *Apology.*
[1] *Appointed subsequent to November 2007.*
[2] *Resigned May 2008.*
[3] *Resigned 25 August 2008.*

Transformation committee

The transformation committee has been established by the board and acts in terms of a charter which outlines as its primary purposes, the following:

- to change and develop a new way of doing business within Tiger that represents and celebrates diversity;
- to foster and encourage broader economic participation in the food and healthcare industry;
- to develop a personnel profile that is more inclusive and representative of the demographic spectrum of South Africa and subsequently develop a reputation of being an "employer of choice";
- to ensure that actual change occurs, and business benefits are achieved; and
- to report to the board on the transformation work undertaken, and the extent of any action taken by management to address areas identified for improvement.

The transformation committee primarily comprises representatives of management but is chaired by an independent non-executive director. Two other independent non-executive directors are members of the committee. The committee is chaired by A C Nissen, and the independent non-executive directors who are also members are B L Sibiya and U P T Johnson. Messrs P B Matlare, N G Brimacombe and Ms B N Njobe are also members of this committee.

Attendance at transformation committee meetings

	14/11/07	13/02/08	14/05/08	13/08/08
A C Nissen (Chairman)	P	P	P	P
N Dennis[1]	P	A	N/A	N/A
B L Sibiya	P	P	P	P
U P T Johnson	P	P	P	P
P B Matlare[2]	N/A	N/A	P	P
N G Brimacombe[3]	P	P	P	P
B N Njobe[4]	N/A	N/A	N/A	P

P - *Present.*
A - *Apology.*
[1] *Resigned February 2008.*
[2] *Appointed April 2008.*
[3] *Has been a member of the transformation committee, appointed to the board of directors in August 2008.*
[4] *Appointed August 2008.*

Ethics

The group has adopted a code of ethics which code applies to executive directors, non-executive directors, managers and all other employees of the group.

The purpose and scope of the code is:

- to promote and enforce ethical business practices and standards in the group; and
- to reflect the group's policy on ethics and accordingly should be carefully studied as it forms part of the expectations the company has of all its managers and employees. An acceptance of employment with the company is deemed to be an acceptance of the principles set out in this code.

The company subscribes to the principles of the King Code (King II) on Corporate Governance, which principles are embodied in the group's code of ethics:

- Adherence to the code is seen as a strategic business imperative and a source of competitive advantage.
- The code is intended for use to raise ethical awareness, and as a guide in day-to-day decisions. It can also be used in training programmes, and to help assure customers, suppliers and competitors of the integrity of the group companies with which they deal.

The group is a founder-member of the Ethics Institute of South Africa.

A confidential ethics hotline has been established and all reports received are investigated by the commercial audit department. The commercial audit department has been successful in investigating and assisting in prosecutions as and when fraud or defalcations have been reported and identified.

Dealing in company shares

The code of ethics makes provision for the procedure for dealing in Tiger Brands shares.

The code outlines procedures that are to be implemented throughout the group to protect directors and executives against possible and unintentional contravention of the insider trading laws and stock exchange regulations.

Any investment in or disinvestment from a group company must be referred to the chairman of the company concerned to obtain consent before any instruction is given to a stockbroker. The consent so required may be delayed or withheld according to judgement of the circumstances prevailing at the time.

Short-term or speculative positions may not be taken by directors or executives of the company in any of the securities of the group companies.

Participants in the group's share incentive schemes are subject to the rules of the scheme and the provisions of the Listing Requirements of the JSE Limited.

Unless extraordinary circumstances exist, and are approved by the chairman, no investment or disinvestment may take place during the closed periods which are between 31 March and the release of the interim results in May and between 30 September and the release of the final results in November and any other closed period as may be outlined in terms of the JSE Listing Requirements.

Party political support

The group does not support, financially or otherwise, any individual political party.

Accountability – financial statements

The directors of Tiger Brands are responsible for preparing financial statements and other information presented in the annual report in a manner that fairly presents the state of affairs and results of the operations of the company and the group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards of Auditing (ISA) and reporting their findings thereon.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies' Act in South Africa. They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates.

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.

Directorate and executive management

The board of directors of Tiger Brands includes independent non-executive directors who are chosen for their business acumen and skills. The chairman of Tiger Brands acts in a non-executive capacity and is independent.

New appointees to the board are appropriately familiarised with the company's businesses through an induction programme.

The board of the company meets regularly and monitors the performance of executive management. It addresses a range of key issues and ensures that debate on matters of policy, strategy and performance is critical, informed and constructive.

All directors of Tiger Brands have access to the advice and services of the company secretary and, in appropriate circumstances, may, at the group's expense, seek independent professional advice concerning its affairs.

Directors' and senior management's remuneration

(i) Remuneration committee

The remuneration committee ("the committee") has been delegated by the board with the responsibility for determining the remuneration of the executive directors and other senior management members as well as approving all grants of options under the Tiger Brands Phantom Cash Option Scheme. The committee comprises four independent non-executive directors which at 30 September 2008, were D D B Band (Chairman), B L Sibiya, L C van Vught and S L Botha. The chairman of the committee reports to the board on the committee's deliberations and decisions.

(ii) Remuneration policy

Remuneration policy is formulated to attract, retain and motivate top-quality people in the best interests of the group, and is based upon the following principles:

- Remuneration arrangements will be designed to support Tiger Brands' business strategy, vision and to conform to best practices.
- Total rewards will be set at levels that are competitive within the context of the relevant areas of responsibility and the industries in which the group operates.
- Total incentive-based rewards are earned through the attainment of demanding targets consistent with shareholders' growth expectations.

(iii) Composition of executive remuneration

The remuneration of executive directors is determined on a total cost-to-company basis (i.e. total remuneration package). The total remuneration packages comprise an annual cash amount, various benefits including retirement provision, group life, health and disability insurance, funeral benefits and a car allowance scheme.

The total remuneration packages of the executive directors are subject to annual review and benchmarked against external market data taking into account the size of the company, its market sector and business complexity. Individual performance and overall responsibility are also taken into consideration. Subject to individual performance considerations, it is the intention to set guaranteed (non-variable) pay at above median levels of remuneration as reflected by an appropriate external executive remuneration survey.

Outside of the total remuneration package structure, executive directors participate in an incentive bonus plan and in the Tiger Brands Phantom Cash Option Scheme (and the Tiger Brands (1985) Share Option Scheme).

The incentive bonus plan, Phantom Cash Option Scheme, retirement and other benefits are commented on in more detail below:

Incentive bonus plan

The executive directors participate in an annual incentive bonus plan, which is based on the achievement of short-term performance targets. These targets comprise a financial as well as a non-financial component. For 2008, the non-financial element of the bonus consisted of two elements, namely the achievement of agreed transformation targets as well as the level of progress made in respect of organisational development issues. Each of these elements carried an appropriate weighting. The financial performance element is based on growth in profits, as measured by headline earnings per share, and the return on net assets employed, with growth in headline earnings per share carrying a higher weighting. Measures and targets are reviewed annually by the remuneration committee.

Incentive bonuses payable to executive directors in respect of 2008 are outlined in the table of directors' emoluments.

The incentive scheme for 2008 was capped at 100% of total remuneration package, with 80% of the incentive bonus being based on the group's financial performance (headline earnings per share and return on net assets) and the remaining 20% (subject to minimum financial performance criteria being achieved) based partly on the achievement of the group transformation targets as measured by the corporate transformation scorecard, and partly on the progress made in respect of organisational development issues. The bonuses accruing to executive directors (those eligible in terms of the scheme rules i.e. Messrs N G Brimacombe, P M Roux and C F H Vaux) in respect of 2008 equated to, in aggregate, 91,04% (2007: 6,6%) of their combined total remuneration packages.

The profit incentive scheme for 2009 is similar to the 2008 scheme, with 80% of the bonus being based on financial performance criteria and the remaining 20% based on transformation, people development and further development of the strategy in the rest of Africa. As in the past, performance against individual personal objectives will be taken into account in the final bonus determination.

Phantom Cash Option Scheme

The committee gives consideration to granting options to executive directors on an annual basis.

On 23 February 2006 shareholders approved the adoption of a Phantom Cash Option Scheme to replace the Tiger Brands (1985) Share Option Scheme. In terms of the Phantom Cash Option Scheme cash options have been granted to the executive directors in each of the years 2006, 2007 and 2008.

The rules of the Phantom Cash Option Scheme are based on the 1985 share option scheme. Apart from the fact that the options in the new scheme are "cash settled" rather than "equity settled", the major difference between the two schemes is that the maturity period of the cash settled options is six years as opposed to 10 years. The cash options awarded in 2006 and 2007 are subject to purely time-based vesting conditions, which is consistent with the previous scheme (i.e. one-third becoming vested on each of the third, fourth and fifth anniversary of the date of grant). With effect from January 2008 and in line with global best practice and emerging South African practice, the company has introduced performance vesting conditions to govern the vesting of a portion of the options granted under the Phantom Cash Option Scheme.

With regard to the options granted in 2008, a total of 50% of the options will not be subject to performance conditions. The vesting of these options will remain time-based. The performance condition applicable to the remaining 50% is subject to the requirement that the company's headline earnings per share increase by a minimum of 3% per annum above inflation over the relevant three, four and five year performance periods. Annual retesting of the performance condition is permitted up to the sixth anniversary of the date of original grant of the options.

The grant price of a cash settled option is equal to the average closing market price of a Tiger Brands share on the JSE for the 30 trading days immediately prior to the grant date of the option. The cash settlement amount of the option is equal to the difference between the closing market price of a Tiger Brands share on the date on which the option is exercised and the grant price. The participants therefore receive the same net proceeds as under the previous equity settled option scheme, apart from broking fees and associated costs which are not payable under the Phantom Cash Option Scheme.

After vesting, the options will become exercisable in terms of the rules of the scheme but, all options must be exercised not later than six years from the date of grant, failing which they will lapse.

The value of the underlying Phantom shares over which the cash options are granted is determined by reference to a predetermined multiple of annual total remuneration package. The individual multiples applied, in respect of the 2008 allocations, ranged between 0,74 and 1,2 times.

Details of equity settled options over shares in Tiger Brands Limited held by directors as at 30 September 2008, together with options exercised during the year, are set out in note 24.5.

In addition to holding equity settled options over shares in Tiger Brands Limited, some of the executive directors also hold options over shares in The Spar Group Limited and Adcock Ingram Holdings Limited. These options were created as part of the Spar and Adcock Ingram unbundling transactions, to ensure that Tiger option holders were treated on a consistent basis with Tiger shareholders following the distribution of Tiger's investments in those companies.

On 18 October 2004, The Spar Group Limited was unbundled and separately listed on the JSE Limited. Holders of Tiger Brands options received one option in The Spar Group Limited for each Tiger Brands option held. The price of a Spar option was determined by reference to the relative average prices of the shares of the company and The Spar Group Limited for the first five trading days following upon the unbundling. The price of each Tiger option was accordingly reduced by 18,88112% and the exercise price of the options in The Spar Group Limited was determined as 18,88112% of the original price at which the options in the company were granted. These Spar options are exercisable directly against The Spar Group Limited and are subject to the same vesting terms and conditions as the original Tiger options.

On 25 August 2008, Adcock Ingram Holdings Limited was unbundled and separately listed on the JSE Limited. Holders of Tiger Brands equity settled options received one equity settled option in Adcock Ingram Holdings for each Tiger Brands option held. The price of an Adcock option was determined by reference to the relative average prices of the shares of the company and Adcock Ingram Holdings Limited for the first five trading days following upon the unbundling. The price of each Tiger option was accordingly reduced by 20,9877% and the exercise price of the options in Adcock Ingram Holdings Limited was determined as 20,9877% of the original price at which the options in the company were granted. These Adcock options are exercisable directly against Adcock Ingram Holdings Limited and are subject to the same vesting terms and conditions as the original Tiger equity settled options.

With regard to the impact of the Adcock Ingram unbundling on the Tiger Brands Phantom Cash Option Scheme, all cash settled options in favour of Tiger Brands employees which were unexercised at the date of the unbundling, were adjusted in terms of an equalisation formula as to quantum and to price. As a result, no Adcock Ingram cash settled options were granted to Tiger Brands employees. Tiger Brands cash settled options previously issued to Adcock Ingram employees were cancelled and replaced by cash settled options in Adcock Ingram, using an appropriate equalisation formula.

The first two tables below reflect the details of cash settled options granted to executive directors in January 2008 and April 2008 respectively, whilst the third table reflects the details of cash settled options granted in January 2007.

Cash settled options granted January 2008 (adjusted for Adcock Ingram unbundling)

Name	Number of cash options	Grant price per cash option	Value of allocation
N G Brimacombe*	23 920	R130,59	R3 123 748
P M Roux*	23 920	R130,59	R3 123 748
N P Doyle**	23 920	R130,59	R3 123 748
C F H Vaux	23 920	R130,59	R3 123 748

These options were granted prior to N G Brimacombe and P M Roux's appointment as executive directors of the company.

***Options forfeited, as resigned on 31 May 2008.*

Cash settled options granted April 2008 (adjusted for Adcock Ingram unbundling)

Name	Number of cash options	Grant price per cash option	Value of allocation
P B Matlare	126 563	R106,44	R13 471 040
N G Brimacombe*†	29 363	R106,44	R3 125 322
P M Roux*†	29 363	R106,44	R3 125 322
C F H Vaux†	29 363	R106,44	R3 125 322

These options were granted prior to N G Brimacombe and P M Roux's appointment as executive directors of the company.

†*The options granted in April 2008 to N G Brimacombe, P M Roux and C F H Vaux, constituted a special allocation of options as part of a retention bonus which was awarded to members of the Tiger Brands executive committee.*

Cash settled options granted January 2007 (adjusted for Adcock Ingram unbundling)

Name	Number of cash options	Grant price per cash option	Value of allocation
N Dennis**	37 969	R133,39	R5 064 629
N P Doyle**	21 642	R133,39	R2 886 794
C F H Vaux	22 022	R133,39	R2 937 482
N G Brimacombe*	21 642	R133,39	R2 886 794
P M Roux*	21 642	R133,39	R2 886 794

These options were granted prior to N G Brimacombe and P M Roux's appointment as executive directors of the company.

***Options subsequently forfeited.*

Retirement benefits

During the year, the group made contributions on behalf of the executive directors to an umbrella retirement scheme operated by Investment Solutions. The scheme is a defined contribution retirement plan, with the company contributing 15,3% of gross pensionable salary for retirement funding. In addition, contributions were made in respect of one executive director to an external executive umbrella provident fund. The cost of these contributions forms a component of the directors' total remuneration packages.

Details of contributions made in the year ended 30 September 2008 on behalf of executive directors are set out in the table of directors' emoluments.

Other benefits

The executive directors enjoy various other benefits including medical aid cover, permanent health insurance, death in service and funeral cover, as well as the entitlement to a travel allowance. Post-retirement death benefits are also provided in respect of the former Chief Executive Officer, Mr N Dennis. The latter benefit is payable in December 2009, subject to the fulfilment of certain conditions.

The total value of other benefits is set out in the table of directors' emoluments.

Deemed interest

Two directors enjoyed the benefit of low interest loans from the Tiger Brands Share Trust in order to finance the purchase of ordinary shares in the company in terms of the Tiger Brands (1985) Share Purchase Scheme. Details of the deemed interest benefit relating to these loans, in respect of the year ended 30 September 2008, are set out in the table of directors' emoluments.

(iv) Employment agreements

On 15 June 1999, Mr I W M Isdale entered into an employment agreement with the company in respect of his services as company secretary. The employment agreement is subject to a notice period of not less than three months to be given by either party. The company may elect to make the payment of a cash sum in lieu of notice of termination.

In the event of such termination of employment creating an obligation on the employer to pay severance pay to the individual concerned in terms of the Labour Relations Act, 1995 or the Basic Conditions of Employment Act, 1997, then the severance package shall be equal to a multiple of monthly remuneration. The multiple applicable to Mr I W M Isdale equates to 20 months' remuneration. However, the multiple is limited to the number of months that remain from the termination date to the date on which the employee would have reached his normal retirement age. The payment is based on pensionable remuneration plus the value of medical aid, group life and permanent health insurance benefits. In addition, a fixed amount will be payable by the company as compensation for the loss of benefits arising in terms of the company's post-retirement death benefit scheme.

Mr N Dennis resigned as Chief Executive Officer and as a director of the company on 19 February 2008. In terms of an agreement reached with Mr N Dennis, he received full cost to company benefits up to and including 19 February 2008. In terms of the agreement, share options awarded to Mr N Dennis that were due to vest after 19 February 2009, lapsed.

(v) Succession planning

Revision of a formal succession plan for senior and executive management is undertaken in October each year and thereafter discussed by the remuneration committee and the board of directors. The objective is to ensure that immediate succession is in place and also to develop a pool of persons with potential for development and future placement. This includes managers at lower levels.

(vi) Non-executive directors' fees

The remuneration of the non-executive directors is approved by the shareholders in terms of the company's articles of association. In terms of the company's articles of association, non-executive directors who perform services outside the scope of the ordinary duties of a director may be paid additional remuneration, the reasonable maximum of which is fixed by a disinterested quorum of directors.

For the year ended 30 September 2008, each non-executive director, other than the chairman and deputy chairman of the company, was paid an annual fee of R148 580 for his/her general board duties. Mr B P Connellan was paid a pro rata fee in respect of the period up until his retirement on 19 February 2008. Dr G N Padayachee was paid a pro rata fee in respect of the period up until his resignation on 25 August 2008. Mr L C van Vught received annual remuneration of R850 650 in respect of his services as chairman of the company, whilst Mr B L Sibiya received annual remuneration of R283 550 in respect of his services as deputy chairman of the company.

The chairman of the audit committee, Mr R M W Dunne, received an additional fee of R130 000 in respect of his services as chairman of the audit committee.

The chairman of the remuneration committee received an additional fee of R77 126.

One non-executive director received a pro rata fee of R25 179 for serving on the audit committee prior to his retirement on 19 February 2008, whilst another non-executive director received a pro rata fee of R56 345 for serving on the audit committee with effect from 16 November 2007. One non-executive director received an additional fee of R41 398 for services rendered as a member of the remuneration committee.

A pro-rata fee of R63 882 was paid to the chairman of the risk committee for the period up until his resignation of 22 August 2008, whilst another non-executive director received a pro rata fee of R35 886 for serving on the risk committee. One non-executive director received an additional fee of R41 398 for services rendered as a member of the transformation committee.

Fees paid to non-executive directors for the year ended 30 September 2008 are set out in the Table of directors' emoluments, which includes additional fees paid for special board meetings and for additional work undertaken.

The board, based on the recommendation of the remuneration committee, has determined that shareholders be requested to approve that the fee payable to non-executive directors be increased to R200 000 per annum with effect from 1 October 2008. This increase represents a market related adjustment of 34,6%.

Subject to shareholder approval, it has been agreed by the board that for the year commencing 1 October 2008 the emoluments paid to the chairman in respect of his services as chairman of the company, be increased to R1 075 000 per annum.

Furthermore, the emoluments paid to the deputy chairman of the company will be increased to R355 000 per annum. The annual fee payable to the chairman of the audit committee will be R175 000, and the remaining members of the audit committee will receive an annual fee of R87 500. The chairman of the remuneration committee will receive an annual fee of R120 000, with the chairmen of the risk and transformation committees each receiving R100 000. Non-executive directors who are members of the remuneration committee will receive an annual fee of R60 000, while non-executive members of the risk and transformation committees will each receive an annual fee of R50 000. These fees are reviewed on an annual basis.

Approval of shareholders will also be sought for increasing the fees paid for attendance at special board meetings from R10 000 to R12 500 per meeting and for additional work undertaken from R2 000 per hour to R2 500 per hour.

Tiger Brands

(vii) (a) Table of directors' emoluments for the year ended 30 September 2008

(all figures are stated in rand thousands)

Name	Fees	Cash salary	Bonus	Other bene-fits	Retire-ment fund contri-butions	Deem-ed interest	Gains on options exer-cised	Total 2008
Executive directors								
N G Brimacombe (note 4) (from 1 August 2008)		347	2 367	15	72	—	—	2 801
N Dennis (former CEO) (note 1) (to 19 February 2008)		2 061	—	2 052	477	706	—	5 296
N P Doyle (note 2) (to 31 May 2008)		1 385	—	254	290	38	—	1 967
P B Matlare (CEO) (from 1 April 2008)		1 384	1 250	120	247	—	—	3 001
B N Njobe (note 3) (from 11 August 2008)		257	1 000	38	48	—	—	1 343
P M Roux (note 4) (from 1 August 2008)		324	2 367	36	72	—	—	2 799
C F H Vaux (note 4)		2 145	2 372	21	434	—	—	4 972
Total A		7 903	9 356	2 536	1 640	744	—	22 179
Non-executive directors		EF's						
L C van Vught (Chairman)	1 731	880						1 731
D D B Band	310	84						310
S L Botha (note 5)	242	52						242
B P Connellan (to 19 February 2008)	93	10						93
R M W Dunne	334	20						334
U P T Johnson	220	30						220
K D K Mokhele	225	20						225
A C Nissen	250	30						250
G N Padayachee (to 25 August 2008)	227	30						227
A C Parker	206	30						206
B L Sibiya (Deputy chairman)	342	58						342
Total B	4 180							4 180
Total A + B	4 180	7 903	9 356	2 536	1 640	744	—	26 359

Note 1 *Included in other benefits is a retirement gratuity (leave) of R1 932 395.*

Note 2 *Included in other benefits is a leave payout of R195 211.*

Note 3 *Includes a sign on bonus of R1 000 000.*

Note 4 *In April 2008, a retention bonus comprising a cash lump sum of one times total remuneration package and a special allocation of shares, was awarded to N G Brimacombe, P M Roux and C F H Vaux. The payment of the cash lump sum was subject to the recipient still being in the employ of the company on 1 April 2010, failing which the full amount would be refundable to the company. Messrs Roux and Vaux elected to take payment only in 2010. All these amounts are not included in the table above.*

Note 5 *Director's fees paid to MTN Group Management Services.*

EF's *Extra fees paid for attending special board meetings and for additional work undertaken. These extra fees are included in the column under fees.*

Tiger Brands

(vii) (b) Table of directors' emoluments for the year ended 30 September 2007

(all figures are stated in rand thousands)

Name	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Deemed interest	Gains on options exercised	Total 2007
Executive directors								
N Dennis (former CEO) (note 1)		4 895	—	626	1 160	1 352	—	8 033
N P Doyle		1 723	—	87	354	37	1 707	3 908
M H Franklin (to 31 March 2007) (note 2)		1 062	—	1 677	238	190	7 577	10 744
M C Norris (to 31 March 2007) (note 3)		1 164	485	440	258	111	—	2 458
C F H Vaux		2 018	790	19	408	—	19 350	22 585
Total A		10 862	1 275	2 849	2 418	1 690	28 634	47 728
Non-executive directors								
L C van Vught (Chairman) (note 4)	805							805
B H Adams (to 14 February 2007)	202							202
D D B Band (note 4)	221							221
S L Botha (notes 4 and 5)	188							188
B P Connellan (note 4)	205							205
R M W Dunne (note 4)	260							260
U P T Johnson (note 4)	188							188
K D K Mokhele (from 1 August 2007)	23							23
A C Nissen (note 4)	216							216
G N Padayachee	206							206
A C Parker (from 1 August 2007)	23							23
B L Sibiya (Deputy chairman) (note 4)	275							275
Total B	2 812							2 812
Total A + B	2 812	10 862	1 275	2 849	2 418	1 690	28 634	50 540

Note 1 *Included in other benefits is a 25 year Long Service Award amounting to R418 686 in respect of Mr N Dennis.*

Note 2 *Included in other benefits in respect of Mr M H Franklin, is a lump sum amount of R1 509 856 payable under a post-retirement death benefit scheme, as well as retirement gifts valued at R43 138.*

Note 3 *Included in other benefits in respect of Mr M C Norris, is a 25 year Long Service Award amounting to R205 363 and a retirement gift valued at R42 608.*

Note 4 *Includes an additional fee of R10 000 in respect of the attendance at an extraordinary board meeting held during the year.*

Note 5 *Director's fees paid to MTN Group Management Services.*

Tiger Brands

Management reporting

There are comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all operating units and categories. Individual operational, functional and category budgets are approved by the relevant company executives, while the group budget is reviewed by the directors of the company. Monthly results and the financial status of operating units are reported against approved budgets and compared to the prior year. Profit projections and cash flow forecasts are updated regularly, while working capital and cash/borrowing levels are monitored on an ongoing basis.

As part of the strategic planning process, category growth and brand plans are compiled at the appropriate level, incorporating detailed action plans and allocated responsibilities. Progress against the action plans is reviewed on a regular basis.

Our goal remains to be the most admired employer in the branded consumer packaged goods sector in our chosen geographies.

Our medium-term agenda

We have updated and aligned our 2010 people strategy to our corporate strategy for the period to 2012. The five key thrusts that we will be pursuing in implementing this 2012 strategy are:

- growing our reputation as a good corporate citizen;
- enhancing our standing as an admired FMCG company;
- continuing our efforts in creating and maintaining an enabling culture;
- increasing our efforts in growing people capability and capacity ahead of demand; and
- ensuring that line management takes responsibility for people management.

Context for 2009 and our key challenges

The years 2007 and 2008 were turbulent for us as an organisation. Our country is also going through a challenging transition which impacts on attraction and retention aspects. The global economic crisis has focused the energies of the global HR community as it will have severe impact on employee morale and sense of security in several industries. A key people challenge on the global scale, is talent availability and engagement – and we are not exempt.

"Gallup" in their 2005 "global" employee engagement study revealed that only 29% of US employees were engaged/

committed; 18% Australian; 17% New Zealanders; 12% Chinese and Thai; and 9% Japanese and Singaporeans. Our own commitment survey conducted in 2006 indicated that only 23% of our employees were truly engaged/loyal.

We expected that the recent negative publicity surrounding the competition law issues would have had an adverse impact on employee morale and cause the employee commitment levels to decline. A study commissioned to test the extent of the reputational damage on our employees revealed that our employees still believed in Tiger as a favourable employer of choice (72%) and would like to put the experience behind us and rebuild the image and reputation of the company.

Deloitte & Touche reports that, in South Africa, of the 13,4% executive turnover, 15% is attributable to emigration (2007: 11% of the 10,5%). Of our resignations at management levels, 4% were due to emigration. This is our highest figure experienced to date. The upward trend, both as reported by Deloitte and per our own experience, suggests that we need to find different ways to reassure our employees but that, as a country, we also need to find ways to settle the citizens.

The current economic outlook means that we have to look for efficiencies to counter rising input costs and the impact of currency fluctuations – this in the context of our rigorous continuous improvement culture and lean organisational structure.

Clearly this context requires of us to find different ways to ensure the company remains on course to deliver the results that are expected of us.

We are energised for sustained growth

We have set our sights beyond our borders and have successfully concluded the acquisition of interests in Haco Industries in Kenya and Chococam in Cameroon. This is an energising new chapter for us and gives us an opportunity to cross-pollinate and share learnings as well as expand our capabilities.

Another key source of energy for us is the many awards and accolades we receive from our customers, peers and consumers. Tastic was voted "Top food brand of the year" by South Africans for the 10th consecutive year. In the pantry category, Tastic was voted number one, Ace took the third place, KOO fourth and Albany seventh. Ingrams, TV Bar, Enterprise and Oros also made the top 10 in their respective categories. One of our key customers awarded "Supplier of the year awards" to four of our customer executives. Another two received nominations. This is an awesome acknowledgement for our employees and brands.

Review of our 2008 commitments

Growing our own timber

We continue to grow our own timber, as detailed in the people development section further on in this report. We offer bursaries to our employees, financial support for tertiary education to the children of our employees through the Thusani Trust as well as personal development opportunities to our employees on an ongoing basis. Currently we are hosting and training 58 learners (2007: 23; 2006: 34). Additionally we brought in 18 graduates and are developing them through the ranks (2007: 20; 2006: 11).

Our leadership development model has been reviewed. The leadership competencies have been defined and objective assessment tools introduced. Our top 40 leaders have been assessed and development plans are being crafted. We have also reviewed the model to ensure depth in functional areas. Functional leaders are identifying and implementing development plans as necessary.

We continue to review organisational and individual performance annually. Individual performance remains an important input into the achievement of Tiger's growth prospects.

Our values and culture

Our reputation was tarnished by the two incidents where we contravened the Competition Act. We have dealt with the two matters and have tested with our employees, customers and consumers the extent of the reputational damage and sought to understand from them what we ought to do to restore trust and our reputation. Additionally all our employees have completed declarations confirming that they are not involved in any unethical conduct.

It is our intent to restore our proud heritage. We will continue to espouse care and respect and in our pursuit of high performance we will continue to uphold our high quality standards that we have come to be admired for.

Our values remain:

- Care and respect
- High performance
- Teamwork
- Imagination

As a consequence of our employees indicating that we needed to demonstrate "care and concern", an action plan was agreed and implemented. We report at board level on progress made.

Update on our transformation performance

We are aligned to the B-BBEE Codes of good practice and continue to increase our momentum on our contribution to nation building through B-BBEE.

Phase 2 of our second "Ownership" transaction which will take the group "effective" ownership by black people to over 20%, will be concluded during 2009.

The Thusani Trust, set up in November 2005 as part of the B-BBEE staff transaction, was operationalised in 2006. The trustees decided to use the funds to support tertiary education of the children of qualifying beneficiaries. In 2008 a total of 144 students who passed Matric, and would have struggled to afford tertiary education, were sent to universities and other institutions of higher learning (2007: 132). The process for the 2009 intake will commence shortly.

We continue to make significant progress on the "Management Control" element of the Codes. In 2008 Peter Matlare was appointed CEO of Tiger and Bongiwe Njobe was appointed executive director: Corporate Sustainability.

A group our size procures from tens of thousands of suppliers. We have a policy in place to encourage our suppliers to improve their BBBEE performance. This will provide traction with respect to our own "Preferential Procurement" efforts.

Our procurement policy will have a positive spin-off on "Enterprise Development" (ED). In addition to the group policy on ED, we are in the process of appointing a group ED manager to coordinate our efforts.

Our track record in "Socio-Economic Development" (formerly CSI), expanded on under a separate heading below, continues to shine. Our anchor project Unite Against Hunger continues to grow in strength and influence. Giving back to our communities and making a difference is part of the way we do business.

Our final overall score for 2008 qualified us as a Level 6 contributor as verified by EmpowerLogic (2007: Level 7).

Implementing our 2010 people strategy

As indicated in the opening paragraph above, we have updated and aligned our 2010 people strategy to our corporate strategy for the period to 2012.

In our pursuit of growth, portfolio optimisation has been identified as one of our key strategic thrusts. This optimisation results in acquisitions and divestitures. A key focus is mastering integration management – bringing together different organisational cultures and people management practices. There are uncertainties to be managed when making an acquisition as well as during a divestiture.

In 2008 we successfully unbundled and separately listed our healthcare divisions, Adcock Ingram. We are in the process of integrating Chococam, our Cameroonian business and aligning our practices with Haco, our Kenyan business.

Attract and retain

Our goal remains to be the most admired employer in the branded consumer packaged goods sector in our chosen geographies. One of the acid tests for "most admired" is our ability to attract and retain key talent.

Our performance in respect of the attraction of new external talent for 2008, for C-band and above, was as follows:

Grade	Black	White	Total	% Black
F	2	–	2	100
EL	7	1	8	88
D	55	17	72	76
C	163	85	248	66
Total	**227**	**103**	**330**	**69**

Sharing the wealth

Update on implementation of employee share ownership

All our employees who participated in the general staff share allocation have enjoyed bi-annual dividend payments since November 2005. We have now allocated about 79% of shares that were warehoused for allocation to black managers (2007: 70%; 2006: 52%).

Remuneration practices

Our variable remuneration instruments such as the short-term profit incentive scheme and the long-term incentive programme are well entrenched. In keeping with dynamic market conditions, we periodically review them for continued relevance and alignment with best practice. To this extent a portion of our 2008 cash settled phantom share options were subject to performance vesting conditions. Further details are provided on pages 53 and 54 of the annual report.

Update on relevant statistics

We continue to provide sustainable employment to a significant number of people as per the table below. Following the unbundling of Adcock Ingram, our total salary and wage bill is around R1,5 billion (2007: R2,1 billion).

We set employment equity targets annually as part of our broader transformation targets and monitor performance on a quarterly basis. Our levels of representivity are reflected below.

The composition of our staff is as follows:

	African	Indian	Coloured	White	Disab	Perm't	Temp	Total
2008	5 637	797	955	1 212	60	***8 601	3 386	11 987
2007	6 900	979	1 348	1 691	31	**10 918	5 321	16 239
2006	7 733	960	2 591	2 092	45	13 421	4 257	17 678
2005	7 756	969	2 690	2 260	47	*13 722	3 042	16 764
2004	8 223	1 235	3 121	2 989	72	15 640	2 947	18 587

*Notes: *Spar unbundled, **Sale of DairyBelle,***Adcock unbundled.*

With respect to the number of employees with disabilities, Stats SA reported that people with disabilities decreased from 6,5% (1996) to 4% (2007). Of the 4%, the physically disabled accounted for 1,7%.

People with disabilities as a % of our total headcount:

Year	Actual	% headcount
2008	60	0,7
2007	31	0,3
2006	45	0,3
2005	47	0,3
2004	72	0,5

The overall employee turnover rate for 2008 is 9% (2007: 8%). The reasons for these staff movements were:

Reason	%
Resignation	44,30
Contract expired	2,15
Retrenchment	9,62
Retirement	12,03
Dismissal	16,84
Deceased	9,75
Other (disability/absconded)	5,31

Our gender track record

Women constitute 52% of the total national population. Our transformation agenda includes the gender issue. Our performance to date is as follows:

	Executive	Senior	Middle	Junior
2008	30%	13%	30%	26%
2007	17%	14%	33%	33%
2006	13%	12%	31%	33%
2005	10%	13%	30%	35%
2004	—	12%	28%	32%

Our black management talent

In this environment where it is challenging to retain management talent, regardless of race, we have been able to steadily grow our black management talent pool. Our performance to date is reflected in the table below.

	Executive	Senior	Middle	Junior
2008	50%	29%	39%	51%
2007	18%	24%	36%	55%
2006	13%	18%	29%	43%
2005	10%	9%	27%	42%
2004	—	10%	25%	39%

Employee rights and relations

Our code of ethics governs our relationships with each other, as well as with our customers, suppliers, competitors and communities.

Our employees enjoy freedom of association. To that extent we have 15 unions recognised and operating at our various sites. In 2008 only one of our sites was affected by strike action which lasted five days with an attributable cost of about R3 million.

We continue to monitor and assess the implementation of our continuous improvement and culture creation processes at our manufacturing units to improve on our employment relations. Currently 88% of our operating sites have completed the culture creation process (involvement and communication), and 87% have gone a step further and implemented 20 keys, our continuous improvement programme. The table below reflects our performance to date.

	Sites which have completed InvoComs implementation	Sites in the process of implementing 20 keys
2008	88%	87%
2007	80%	84%
2006	71%	69%
2005	57%	55%
2004	45%	39%

As all our employees are shareholders, the Tiger share performance is monitored on a daily basis and shared during the InvoComs in most of the units, just as productivity is tracked. This is in addition to the tracking via our intranet.

Update on people development initiatives

We continue to invest in the learning and development of our employees. In 2008 we spent around R16 million (2007: R10 million) in various in-house learning programmes.

The Tiger Brands Academy (TBA), our in-house learning institution, provides an opportunity for our employees to acquire portable cross-functional skills. Our recent performance is represented on page 67.

	No of learners			Actual training days 2008
	2006	2007	2008	
Customer academy	68	156	118	307
IT academy	193	180	461	587
Leadership academy	78	261	128	124
Marketing academy	84	156	80	469
Manufacturing academy*	319	362	100	1 082
Pharma academy	61	90	—**	—
Finance academy	—	—	62	124
Total	**803**	**1 205**	**949**	**2 693**

**In 2008, 79 learners graduated, 105 were terminated (resigned, withdrew, or deceased). **Adcock unbundled.*

These figures exclude programmes offered by external providers such as ABET, core skills, and business specific skills, which are reflected separately below.

Additionally, we offer bursaries to our employees. In 2008, we offered bursaries to 109 employees (2007: 64).

We continue to support National Skills Development initiatives, through learnerships. We have been offering the national certificate in manufacturing management (NQF 5) and National Diploma in Manufacturing Management (NQF 6) since 2001. In 2007, we added three new learnerships:

- FET Certificate in Generic Management (NQF 4)
- Meat Processing Learnership (NQF 3)
- Packaging Learnership (NQF 3)

In 2008 we had 190 learners registered in learnership programmes (2007: 410).

The table below reflects details of the learner intake for both 2007 and 2008.

Learnership title	No of learners		
	2007 intake	2008 intake	Qualified in 2008
National certificate in manufacturing management (NQF 5)	16	9	41
National diploma in manufacturing management (NQF 6)	14	9	38
FET certificate in generic management (NQF 4)	34	5	—
Meat processing learnership (NQF 3)	17	49	—
Electrical learnership (Artisans & Apprentices) (NQF 3)	—	18	—
Fitter learnership (Artisans & Apprentices) (NQF 3)	—	23	—
Packaging learnership (NQF 3)	6 employed *25 unemployed	5 employed *21 unemployed	Fixed-term contract for 1 year
Total	**112**	**139**	**79**

**These unemployed learners were engaged on a fixed-term contract for 12 months.*

In 2007, our learners were awarded the National Diploma in Manufacturing Management. This was the first group in the country to receive this qualification. A further 37 learners qualified with the National Certificate in Manufacturing Management.

We continue to participate in the FoodBev SETA's core skills programme (Basic hand skills for shop-floor operators). Currently we have 115 learners (2007: 152).

In 2007 we introduced a new skills programme, Business fundamentals, at NQF 3 level, which bridges the gap between our learnership offerings and ABET level 4 qualifications. We currently have 25 learners enrolled on this programme (2007: 11).

Since 2006 we have placed workplace experience students in areas of scarce skills such as Food technology and engineering (33). The table below reflects our current and 2007 intake per functional discipline. These workplace experience students become a feeder pool for our graduate programme or entry level appointments.

	2007				2008				
Discipline	Food tech	Engineering	Finance	Marketing	Food tech	Engineering	Finance	Marketing	Other (Incl. production, operations)
Total	12	11	2	2	19	22	2	5	10

Our Adult Basic Education and Training (ABET) programme is well entrenched in most business units and has been introduced in some others in 2008. A total of 97 employees completed the programme in 2008 (2007: 55). We currently have 369 learners on the programme, at different levels – from basic orientation (BO) to level 4, as per the table below.

Year	Active learners	Literacy					Numeracy				
		BO	1	2	3	4	BO	1	2	3	4
2008*	369	2	110	51	69	71	3	17	22	7	17
2007	617	6	151	157	133	90	3	17	25	14	21
2006	710	12	171	188	187	121	2	7	11	9	2

**Number of active learners decreased in 2008 due to the unbundling of Adcock. 97 completed the programme.*

Update on employee wellness

We continue to provide holistic wellness services to our employees either through on-site clinics or contracted professional services. We invested around R6,5 million in 2008 to provide these services (2007: ±R5 million). These services are offered free of charge to all employees, irrespective of whether they are on a permanent or temporary contract.

We offer our employees voluntary membership to our in-house medical scheme. The scheme has 5 061 principal members (2007: 5 487) and 11 665 beneficiaries (2007: 12 747), of which 1 729 are pensioners (2007: 1 779). These members and their dependants have access to cost-effective comprehensive health cover.

Although access to the medical scheme is open to all employees, affordability remains a barrier for some. From our bargaining unit side, we have 264 (2007: 514) employees covered by the Sechaba Medical Solutions plan (Sizwe).

We have in place a comprehensive HIV/Aids management framework as well as a policy for the group. We support our HIV positive employees through a third-party administered programme designed to cater especially for employees not on medical aid. Employees on medical aid are supported by the same third party but the process is slightly different as their access to ARVs is through the medical scheme.

Of the employees voluntarily counselled and tested in 2008, 4% tested positive. They have all been enrolled on the programme and are provided with immune boosting supplements and appropriate education. An encouraging trend is that all employees who test positive enrol and remain on the programme. Although we have a number of employees in stages 2 and 3, the bulk remains in stage 1. In our estimation the overall prevalence rate is well under 10%.

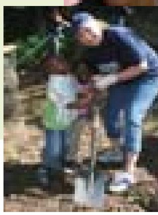
Antiretroviral treatment is provided to 97% of those on medical aid and to 18% of employees who are not – through provincial clinics.

Health and safety

As a food company, the health and safety of our employees and the end consumer of our products is very important to us. We have an in-house consumer services centre that addresses all consumer complaints and queries relating to any of our products. We adhere to generally accepted food manufacturing standards and have external bodies auditing food safety at our facilities on an ongoing basis. Examples include the American Institute of Baking and the South African Food Safety Inspection Services.

Risk control is high on our agenda and all sites are audited annually by an external provider on this broader metric. Included in our risk control system are elements such as health and safety, fire defence, security, emergency planning, etc. We have set a health and safety target of 95% for all our businesses. Our overall risk control score for 2008 was 94% (2007: 93%) while the overall health and safety score was 94% (2007: 91%).

As a minimum all our operating sites have health and safety committees. Aspects of health and safety form part of the culture creation and continuous improvement process referred to under employee rights and relations. Audit results are shared not only with the executive team but also with the risk committee.



The focus of the programme is largely food donation and the beneficiaries are by and large Orphans and Vulnerable Children (OVC).

Tiger Brands Unite Against Hunger is the vehicle that is used to carry out all the activities of social investments. The approach that is taken is more developmental and sustainable. Currently this programme is feeding well over 100 000 people on a daily basis. The representation is across seven provinces with a particular focus on provinces where there are Tiger operations so that the maintenance of the relationships with the NGOs can be better managed.

The focus of the programme is largely food donation and the beneficiaries are by and large Orphans and Vulnerable Children (OVC).

Ad hoc activities like supporting displaced communities and supporting worthy causes are considered on a case-by-case basis.

The execution strategy is a hub and spoke model where a well run NGO provides an anchor ship position which in turn caters for a whole range of other smaller players.

The CSI department provides an application form to all applicants so that the assessment is done on a transparent, uniform and objective basis and reasons are provided for all the declines.

All donations are governed by an approved CSI policy and the CSI department is subjected to an annual audit by a reputable independent firm of auditors.

Objectives

- Complement other players including government in the fight against poverty and ensuring long-term sustainability of communities.
- Conform and exceed to the requirements of the legislative process and position Tiger as a good corporate citizen.
- Collaborate with other stakeholders for a common goal of assisting less fortunate communities.
- Ensure that the donations have rural reach and are managed by strict adherence to corporate governance principles.

Focus areas

In order to ensure that Tiger as an organisation is able to add value, the focus of our donations is aligned to our core business.

CSI budget/spend

Tiger Brands spends no less than 1% of net profit after tax (NPAT) on CSI activities excluding project visitation and other non-monetary assistance.

Corporate flagship projects

We currently have five flagship programmes that constitute the hubs. Strict criteria are applied prior to approval of a hub and chief amongst those is the capacity to deliver and adherence to governance.

Participation of Tiger employees in the various governance structures is always welcomed by the NGOs.

Unite Against Hunger

African Children's Feeding Scheme (ACFS)

For over 60 years, the ACFS Community Education and Feeding programme has made a difference in the lives of poverty-stricken children by combating malnutrition through feeding and education. The ACFS has 17 township committees, 12 mothers' clubs, 13 feeding centres, five mobile vans and six tricycles that deliver food. Its activities are conducted through several interrelated projects:

- "Love Thy neighbour" Ubuntu campaign, which helps mitigate the socio-economic effects of HIV/Aids through education and training and entrenches the extended family Ubuntu culture through peer education. The information offered covers a number of topics such as counselling, communication skills, teenage pregnancy, HIV/Aids and the use of ARVs.
- "Care for the children" programme, which supports orphans and vulnerable children, particularly child-headed households who have lost their childhood due to having to take on parental roles which isolate them from their peer group friendship and support.
- Food gardening project; Apart from the feeding scheme, the ACFS food gardening project is an integral part of ACFS activities. The organisation's grounds are used for the gardening project and each family is urged to have gardening ground.

Stellenbosch Community Development Programme

Tiger Brands also supports the Stellenbosch Community Development Programme. This came about as a result of skills sharing between ACFS and the Stellenbosch Community Development Programme. This organisation was mentored by ACFS and is now using the same modus operandi as well. It operates from Kayamandi Primary School and 1 800 learners benefit from the feeding scheme in Kayamandi.

Heartbeat

Heartbeat supports orphaned and vulnerable children by ensuring that their basic needs are taken care of to ensure they can finish their schooling and live their lives as children.

In six years since inception, Heartbeat has successfully partnered projects in seven provinces, collectively meeting the needs of orphaned and vulnerable children. Heartbeat has developed five programmes which contribute to the holistic transformation of the child and consist of different products and services. These programmes are delivered through the project sites (called After-care centres). The programmes are:

1. Material provision
2. Education
3. Children's empowerment
4. Rights and access to basic services
5. Capacity building

Heartbeat has designed a community-based model of inclusion in which local communities are trained and encouraged to take ownership of the care and support of these children.

These communities are given appropriate skills training and the model aims for self-sustainability over a given period.

The Department of Welfare has recognised this as a best practice model.

Hope Worldwide

Since 1994, Hope Worldwide South Africa has been involved in community-based HIV/Aids care, support and prevention efforts, and initially in Côte d'Ivoire, then in South Africa, Nigeria and Kenya. Today Hope Worldwide Africa has representation in 25 African countries, with over 12 000 Hope Worldwide volunteers in more than 40 sub-Saharan cities.

The South African Programme began in 1994 in Soweto and quickly expanded to offer services at over 30 sites. Working in partnership with the South African Government and other host-country decision-makers and professionals, Hope Worldwide takes a comprehensive integrated community-based approach to programming. Hope's core competencies include HIV/Aids prevention, community capacity development and care and support services for adults and children.

Tiger Brands supports bed-ridden patients that are on recovery stage with nutritional food which helps to increase the intake of ARV medication. The vulnerable family members in each household depend on the food supplies.

St Clement Home Based Care

St Clement Home Based Care is a project based in Claremont and Kwa Dabeka townships in KwaZulu-Natal. These are densely populated areas with several informal settlements and two single-sex hostels.

St Clement Home Based Care's objectives are mainly doing home visits to families affected by HIV/Aids. The centre educates families on the importance of infection control, pain relief and general patient care. St Clement also motivates families or organisations on the plight of children orphaned by Aids by doing ongoing Aids awareness campaigns in the community, as well as career guidance for the youth, especially High school learners. The centre supports the orphans and child-headed and granny-headed families.

St Clement Home Based Care centre's responsibilities include:

- Home visits

  The poverty levels of the people in need of the food programmes are identified on home visits and the number increase on a monthly basis. Groceries are bought, packed and delivered to the sick and hungry identified on the home visits. There are ongoing visits monitored by community health care workers. A patient is attended according to his/her own needs.

- Meals on Wheels

  Groceries are bought in bulk, cooked and delivered. A family member waits on the roadside with their containers to collect the meal of samp, pap or rice, stew and vegetables. Basic nutritional needs are considered.

  The service is widening to the extent that two bakkies go out simultaneously in different directions to deliver meals.

- Orphaned and vulnerable children

  The Orphans and Vulnerable Children (OVC) are attended to their needs and problems which vary from health, education, and social welfare. There is also a healthcare centre which has procedures like voluntary counselling and testing, roll-out of antiretrovirals and any other medical procedure like medical check-up which are performed at the centre.

- Vegetable gardens and sewing

  As part of the sustainability mechanism, the centre has a variety of vegetables which are planted and used in the Meals on Wheels programme. A sewing project which includes knitting and beadwork is in place as an income generator for the project.

- Nelson Mandela Metropolitan University (NMMU)

  Part of the institution's mission is to be actively involved in community projects, therefore the institution engages in numerous outreach programmes throughout the year. Tiger Brands Food Products are also distributed to various identified needy groups of adults and children. These groups of children and adults are from children's homes in and around the Port Elizabeth area.

  Some of the beneficiaries are: Maranatha Street Children's Haven which takes care of children found on the street and feeds and clothes them until they can be reunited with their families, with most of these children remaining in the haven until they matriculate; the Mother of Hope Crisis Centre, which provides for women and children who are victims of abuse, a safe haven; Sinethemba Children's Shelter, a centre for abandoned children and orphans, and also the Aids Haven.

  Currently the NMMU is in a position to support them all once per year. With Tiger Brands product support, the NMMU is now able to distribute food to these needy shelters on a more regular basis, ensuring that with all the hardships the people in these shelters have to face, they have the strength that comes with eating a balanced meal.

Environmental performance

Management approach

Environmental performance at Tiger Brands is driven by a pragmatic risk-based approach combined with a group-wide drive for resource-use efficiency. This builds on our established reputation for strict legal compliance with all applicable national, provincial and local safety, environmental and health (SHE) laws and regulations.

SHE management is driven by a group-wide integrated SHE policy, adopted by the board and signed by our CEO, that commits all facilities and operations to best practice operating standards. SHE risk management is an integral part of the overall business risk management programme, and is monitored by the group risk committee, which reports to the board via the audit committee. In terms of this programme, all manufacturing units are audited annually by a reputable independent risk assessment contractor.

Eco-efficiency efforts (energy-use, water-use and materials-use efficiency) are part of the group's continuous improvement drive, coordinated by the group-level continuous improvement committee, particularly in terms of the process engineering component of this programme.

Environmental management systems

Tiger Brands has initiated the development of a group-wide environmental risk management system. Baseline environmental assessments were completed at all manufacturing units and roll-out of the system has taken place. This new system will facilitate improved monitoring and reporting of environmental key performance indicators going forward, as well as environmental management systems (EMS) certification to the ISO 14001 global standard.

Environmental compliance

There were no material incidents of, nor fines or non-monetary sanctions for, non-compliance with applicable environmental regulations during the year in review. The group is kept abreast of the implications of new environmental laws and regulations by external professionals on an ongoing basis.

Energy-use efficiency

Energy usage within the group includes electricity, natural gas, petrol and diesel. Tiger Brands is a major energy user in southern Africa and we are cognisant of the fact that nearly all of this energy is derived from non-renewable resources (Eskom electricity generated from burning coal and a transport fleet that uses diesel/petrol). We are also aware that burning non-renewable fuels is the major contributor to the production of greenhouse gases which is now widely acknowledged to be responsible for global warming.

A group-wide energy efficiency project has been undertaken. Future plans include the development of a management system to monitor and report on the consumption of key energy sources relative to either building floor space (for office space), per unit of production (for manufacturing facilities) and per kilometre of travel (for our transport fleet vehicles). Future reporting cycles will include these key performance indicators.

The burning of fossil fuels accounts for the vast majority of our greenhouse gas emissions and the above key performance indicators will therefore also facilitate the computation of CO_2 equivalents in terms of disclosing carbon emissions, and for potential future carbon emissions trading initiatives in terms of the Kyoto Protocol.

Emissions to air

Emissions to air (e.g. from boilers, furnaces and heaters) at all sites are required to be in strict compliance with applicable local authority by-laws, as well as the provisions of the South African Air Quality Act (Act No 39 of 2004). Stack emissions are monitored at all manufacturing facilities where air quality standards may be compromised. There were no material air quality non-compliance incidences within the group during the reporting period.

Water-use efficiency and wastewater compliance

Tiger Brands manufacturing facilities, all of which rely heavily on a sustainable supply of quality water, are located in southern Africa, which is drought-prone and facing a major water supply crisis.

Our response has been to firstly look closely at water-use efficiency at our manufacturing facilities, driven largely by integrated cost-reduction programmes.

Greater disclosure of water-use efficiency (in kℓ per unit of production) is planned for future reporting cycles.

It is group policy that all manufacturing sites are in strict compliance with applicable local authority by-laws, as well as national legislation (such as the South African National Water Act (Act No 36 of 1998)) that govern the discharge of wastewater and industrial effluent. There were no material non-compliances within the group during the reporting period in this regard.

The group is in the process of implementing a wastewater discharge water quality improvement programme to accommodate anticipated step-ups in facility production, water recycling projects (which have the effect of concentrating contaminants) and stricter national water quality standards.

Future reporting cycles aim to include BOD and COD levels as a unit of production for applicable facilities throughout the group.

Solid waste management

It is group policy that all solid waste be separated at source into hazardous and non-hazardous streams and disposed of separately. Hazardous waste is disposed of by registered contractors to licensed hazardous waste sites. Periodic audits of waste contractors are conducted by the company.

Recycling of paper, cardboard, wooden pallets, plastic chemical and product containers, glass and metal is conducted at all sites where volumes facilitate ongoing efforts.

Chemical storage and handling

In terms of potential soil and groundwater contamination resulting from leaking chemical underground storage tanks (USTs), above-ground storage tanks (ASTs) and/or associated pipe work, it is group policy that all our sites assess this risk on an ongoing basis and comply in full with the National Water Act (Act No 36 of 1998), the National Environmental Management Act (NEMA) (Act No 107 of 1998) and other regulations that govern such a risk.

Group policy requires that regular integrity testing, to ensure that tanks are not leaking, are conducted of all bulk chemical storage tanks at all our facilities. Where these tanks are owned and serviced by external petrochemical companies, integrity testing is required in terms of the service contracts. A group-wide inventory of all bulk ASTs and USTs used for the storage of hazardous substances is currently being developed. USTs are being phased out in terms of group policy, and are being replaced by ASTs complete with adequate secondary containment.

Smaller containers of hazardous chemicals are stored in dedicated chemical rooms, which are required to be certified by relevant local authority fire departments.

Asbestos

Asbestos was historically used for construction and insulation at our manufacturing facilities. Asbestos is no longer permitted for any new developments or retrofits and the group has embarked on a comprehensive asbestos identification and removal programme of existing facilities. Asbestos does not pose a material risk to workers or production within the group.

An asbestos handling and disposal guide has been approved and is being implemented throughout the group. All asbestos-containing construction material (typically roof sheeting) is removed by registered asbestos removal contractors in terms of the South African Occupational Health and Safety Act's 2002 Asbestos Regulations.

Climate change

The group is heavily reliant on sustainable agricultural production from within southern Africa. This includes fruit and vegetable production, as well as wheat, maize and sugar.

There is growing consensus that climate change will affect agricultural production in the region over the next 15 to 30 years. The exact nature of this phenomenon is being examined by scientists both globally and regionally and the group is following developments in this arena.

Sustainable fisheries

Through our holdings in Sea Harvest and Oceana, Tiger Brands is exposed to global fish stocks, though predominantly to southern African-based small pelagic stocks (pilchards/sardines and anchovy) and hake.

Long-term fishing quotas have been allocated for these key fisheries and sound management plans are in place to ensure that stocks are not overutilised. Both the South African hake and pelagic fisheries are monitored by independent on-board observers to ensure compliance with the South African Department of Environmental Affairs and Tourism's licence conditions. All fishing vessels are fitted with Vessel Monitoring Systems (VMS) to track that vessels do not fish in "no go" marine conservation areas.

The South African small pelagics industry is considered to be well managed and stable. The South African hake offshore demersal trawl fishery (which provides the majority of hake caught in South Africa) is Marine Stewardship Council (MSC) certified. As such, the fishery has been assessed by MSC-approved international fisheries scientists and found to adhere to the MSC's principles and criteria for sustainable fishing.

Contents

Tiger Brands

Value added statement

for the year ended 30 September 2008

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. The individual line items include the effect of discontinued operations.

	2008 Rm	2008 %	2007 Rm	2007 %
Turnover	22 815,3		19 705,3	
Less: Net cost of products and services	16 291,7		13 640,4	
Value added	6 523,6		6 064,9	
Add: Income from investments and associates	362,4		331,4	
Wealth created	6 886,0		6 396,3	
Applied to:				
Employees				
Salaries, wages and other benefits	2 577,2	37,5	2 463,8	38,5
Providers of capital	1 122,5	16,2	1 092,6	17,1
Interest on borrowings	462,2	6,7	423,2	6,6
Minorities and preference shareholders	24,0	0,3	13,1	0,2
Dividends to ordinary shareholders	636,3	9,2	656,3	10,3
Government				
Taxation (see note 1)	1 032,9	15,0	1 029,6	16,1
Retained in the group (see note 2)	2 153,4	31,3	1 810,3	28,3
	6 886,0	100,0	6 396,3	100,0

Note 1

	2008 Rm	2007 Rm
Income taxation (excluding deferred tax)	969,5	961,4
Skills Development Levy	17,5	16,2
Rates and taxes paid to local authorities	23,2	25,8
Customs duties, import surcharges and excise taxes	22,7	26,2
Gross contribution to central and local government	1 032,9	1 029,6

The payments to government exclude taxation deducted from employees' remuneration of R338,5 million (2007: R341,7 million), net VAT of R314,0 million (2007: R323,3 million), excise duty on revenue and UIF payments.

Note 2

Retained in the group excludes goodwill and trademarks written off.

	2008	%	2007	%	2006	%	2005	%	2004	%
Trend of value added (Rm)										
Employees	2 577,2	38	2 463,8	39	2 254,1	41	1 938,2	39	2 301,9	42
Providers of capital	1 122,5	16	1 092,6	17	1 141,1	21	1 229,5	24	1 114,5	20
Government	1 032,9	15	1 029,6	16	872,2	16	701,2	14	707,6	13
Retained in the group	2 153,4	31	1 810,3	28	1 222,2	22	1 171,0	23	1 371,2	25
	6 886,0	100	6 396,3	100	5 489,6	100	5 039,9	100	5 495,2	100

(Rands in millions)	Turnover 2008	Turnover 2007	Operating income[1] 2008	Operating income[1] 2007	Depreciation and amortisation 2008	Depreciation and amortisation 2007	Impairment losses/ (reversals) 2008	Impairment losses/ (reversals) 2007
FMCG – continuing operations	19 888,4	16 209,9	2 627,9	2 245,7	301,2	274,7	123,8	(17,4)
Domestic Foods	14 446,8	11 713,9	1 740,6	1 601,5	157,9	130,4	126,6	1,1
Grains	7 959,7	5 918,3	1 004,6	894,4	61,5	47,5	—	—
– Milling and baking[2]	5 948,9	4 518,2	764,9	724,3	54,9	43,0	—	—
– Other Grains[3]	2 010,8	1 400,1	239,7	170,1	6,6	4,5	—	—
Groceries	2 223,0	1 911,8	372,6	313,9	28,0	19,0	—	—
Snacks & Treats	1 605,6	1 412,7	246,8	206,3	22,0	12,8	—	1,1
Beverages	1 015,6	1 010,2	11,1	83,8	26,0	31,7	123,1	—
Value-added Meat Products	1 340,5	1 211,0	70,0	81,7	16,5	17,0	—	—
Out of Home	302,4	249,9	35,5	21,4	3,9	2,4	3,5	—
Consumer Healthcare	1 765,8	1 602,0	450,0	382,7	10,7	10,2	—	—
Personal care	630,5	596,5	185,2	171,7	6,8	3,9	—	—
Babycare	517,7	450,7	150,6	114,8	0,7	1,4	—	—
Homecare	618,3	554,8	114,2	96,2	3,2	4,9	—	—
Exports	1 519,3	1 105,4	219,8	104,2	19,0	10,6	—	—
Fishing[4]	2 298,7	1 923,9	249,6	198,0	82,1	81,8	(2,8)	(18,5)
Intergroup sales – FMCG	(142,2)	(135,3)	—	—	—	—	—	—
Other – FMCG[5]	—	—	(32,1)	(40,7)	31,5	41,7	—	—
Discontinued operations	2 926,9	3 495,4	899,5	993,2	61,9	59,8	17,8	80,7
Healthcare	2 926,9	2 817,4	899,5	957,3	61,9	53,8	17,8	80,7
DairyBelle	—	678,0	—	35,9	—	6,0	—	—
Total	22 815,3	19 705,3	3 527,4	3 238,9	363,1	334,5	141,6	63,3

Notes

1. *Operating income is stated after amortisation of intangible assets.*
2. *Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.*
3. *Comprises rice and oat-based breakfast cereals.*
4. *Includes fishing exports.*
5. *Includes the corporate office and international investments.*
6. *No geographical segments are reported as the company operates mainly in South Africa and the international operations do not meet the thresholds for reportable segments in terms of IAS 14.*

(Rands in millions)	Total assets 2008	Total assets 2007	Accounts payable, provisions and accruals and taxation 2008	Accounts payable, provisions and accruals and taxation 2007	Capital expenditure 2008	Capital expenditure 2007
FMCG – continuing operations	12 587,7	10 105,7	3 982,1	3 572,8	641,8	514,6
Domestic Foods	7 276,6	6 420,0	2 337,6	2 328,4	440,3	405,3
Grains	3 000,8	2 314,0	1 195,4	1 204,8	112,4	158,5
– Milling and baking[1]	1 868,3	1 553,7	839,9	888,6	95,1	120,8
– Other Grains[2]	1 132,5	760,3	355,5	316,2	17,3	37,7
Groceries	1 466,1	1 427,3	426,9	398,9	131,0	114,3
Snacks & Treats	810,8	723,9	350,5	304,5	59,6	76,0
Beverages	1 318,6	1 338,5	163,4	199,8	10,1	10,8
Value Added Meat Products	659,1	581,1	183,5	205,5	125,6	37,3
Out of Home	41,2	35,2	17,9	14,9	1,6	8,4
Consumer Healthcare	1 243,4	1 134,6	313,8	224,0	15,7	5,1
Personal care	736,8	544,3	138,5	67,5	6,5	3,7
Babycare	72,4	136,2	25,0	29,1	1,6	0,3
Homecare	434,2	454,1	150,3	127,4	7,6	1,1
Exports	1 112,0	608,1	289,5	151,3	26,0	5,9
Fishing[3]	1 621,6	1 512,2	380,5	654,1	115,7	65,5
Other – FMCG[4]	1 334,1	430,8	660,7	215,0	44,1	32,8
Discontinued operations	—	1 783,4	—	453,2	227,9	76,4
Healthcare	—	1 783,4	—	453,2	227,9	73,9
DairyBelle	—	—	—	—	—	2,5
Total	12 587,7	11 889,1	3 982,1	4 026,0	869,7	591,0

Notes

1. Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.
2. Comprises rice and oat-based breakfast cereals.
3. Includes fishing exports.
4. Includes the corporate office and international investments.
5. Reconciliation of total assets:

	2008	2007
Total assets per balance sheets	12 676,9	12 020,4
Deferred taxation asset	(89,2)	(131,3)
	12 587,7	11 889,1

6. No geographical segments are reported as the company operates mainly in South Africa and the international operations do not meet the thresholds for reportable segments in terms of IAS 14.

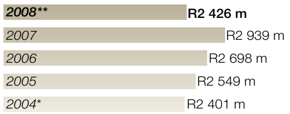
(Rands in millions)	2008[5]	2007[5]	2007[6]	2006	2005[3]	2004[1,2]	2004[1]
Consolidated income statements							
Revenue	20 126	16 477	19 980	16 706	15 062	14 296	25 422
Profit before taxation and abnormal items	2 575	2 207	3 090	2 583	2 170	1 744	2 158
Income from associates	72	57	57	4	72	40	40
Abnormal items	13	204	151	466	(107)	(156)	(145)
	2 660	2 468	3 298	3 053	2 135	1 628	2 053
Income tax expense	(826)	(741)	(1 006)	(730)	(570)	(526)	(659)
Profit for the year	1 834	1 727	2 292	2 323	1 565	1 102	1 394
Attributable to:							
Ordinary shareholders	1 771	1 685	2 243	2 303	1 553	1 083	1 375
Minorities	64	42	49	20	12	19	19
Consolidated balance sheets							
Property, plant and equipment, goodwill, intangible assets and investments	5 562	4 414	4 937	4 257	3 281	4 271	4 794
Deferred taxation asset	89	114	132	145	165	200	207
Current assets	7 026	5 767	6 951	5 873	5 745	6 041	7 257
Total assets	12 677	10 295	12 020	10 275	9 191	10 512	12 258
Ordinary shareholders' interest before share based payment reserve	5 639	5 352	5 665	4 393	3 208	3 546	3 965
Share based payment reserve	122	120	120	78	39	26	—
Minority interest	458	193	214	182	138	132	132
Deferred taxation liability	316	272	280	231	464	493	493
Provision for post-retirement medical aid	328	322	335	354	350	380	417
Long-term borrowings	498	365	772	912	762	1 274	1 276
Sea Harvest put option[7]	—	—	—	108	108	87	87
Current liabilities	5 316	3 671	4 634	4 017	4 122	4 574	5 888
Total equity and liabilities	12 677	10 295	12 020	10 275	9 191	10 512	12 258

(Rands in millions)	2008[5]	2007[6]	2007[6]	2006	2005[3]	2004[1,2]	2004[1]
Consolidated cash flow statements							
Cash operating profit after interest and taxation	1 858	2 655	2 655	2 043	1 866	1 594	1 879
Working capital changes	(548)	(807)	(807)	(333)	(112)	129	169
Dividends received	50	58	58	74	62	405	22
Cash available from operations	1 360	1 906	1 906	1 784	1 816	2 128	2 070
Dividends paid[4]	(1 121)	(1 000)	(1 000)	(865)	(677)	(534)	(534)
Net cash inflow from operating activities	239	906	906	919	1 139	1 594	1 536
Net cash (outflow)/inflow from investing activities	(811)	(784)	(784)	(1 302)	760	(588)	(864)
Net cash (outflow)/inflow before financing activities	(572)	122	122	(383)	1 899	1 006	672
Net cash outflow from financing activities	(854)	(142)	(142)	(287)	(1 980)	(732)	(435)
Net cash inflow from discontinued operations	225	—	—	—	—	—	—
Net (decrease)/increase in cash and cash equivalents	(1 201)	(20)	(20)	(670)	(81)	274	237

Notes

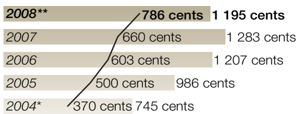
1. Restated due to change in accounting policies.
2. Excluding Spar, which was unbundled on 18 October 2004.
3. Adjusted for the adoption of IFRS.
4. Includes capital distribution of R499,8 million in 2008 (2007: R367 million).
5. Excluding Adcock Ingram Holdings Limited, which was unbundled on 25 August 2008.
6. Not adjusted for the unbundling of Adcock Ingram Holdings Limited.
7. 2007 has been reclassified from long-term to current liabilities.

Cash generated from operations



**2004 pro forma excluding Spar.*
***2008 pro forma excluding Adcock Ingram.*

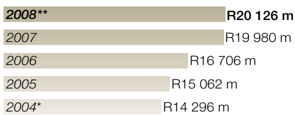
Headline earnings and dividends per share



Headline earnings per ordinary share.
Dividends per ordinary share (2007 includes distribution out of capital).

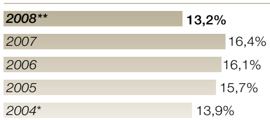
**2004 pro forma excluding Spar.*
***2008 headline earnings per share excluding Adcock Ingram.*

Revenue



**2004 pro forma excluding Spar.*
***2008 excluding Adcock Ingram.*

Operating margin



**2004 pro forma excluding Spar.*
***2008 excluding Adcock Ingram.*

Definitions

The five year review and summary of ratios and statistics are calculated in terms of the definitions below:

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. The denominator for 2007 includes a capital distribution paid out of share premium in July 2007 and a capital distribution paid out of share premium in January 2008.
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	Turnover 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 shareholders for dividends and taxation, at the beginning and end of the financial year divided by turnover (R'000).
Operating margin	Operating profit as a percentage of turnover.
Effective taxation rate	Taxation charge in the income statement as a percentage of profit before taxation.
Return on average net assets employed	Operating profit as a percentage of the average of net assets, excluding cash resources, short-term and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year.
Current ratio	Ratio of current assets to current liabilities.
Net interest cover	Operating profit plus dividend income divided by net interest paid.
Net funding	Capital and reserves, minority interest and long- and short-term borrowings net of cash.
Total liabilities	Long-term borrowings and current liabilities.
Cash flow to net liabilities	Cash generated from operations after interest and taxation as a percentage of long-term borrowings and current liabilities less cash resources.
Dividend yield	Dividend per share (including capital distribution per share) 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 (in 2008 based on headline earnings per share from continuing operations only).
Price:earnings ratio	Year-end market price per share as a multiple of headline earnings per share (in 2008 based on headline earnings per share from continuing operations only).

	2008[6]	2007[6]	2007[7]	2006	2005[4]	2004[1,2]	2004[1]
Ordinary share performance							
Number of ordinary shares upon which headline earnings per share is based (000)[5]	157 893	157 311	157 311	156 071	164 195	167 567	167 567
Headline earnings per ordinary share (cents)	1 195	878	1 283	1 207	986	745	915
Dividends per ordinary share (cents)[3]	786	660	660	603	500	370	370
Dividend cover (times)[3]	1,9	1,9	1,9	2,0	2,0	2,5	2,5
Net worth per ordinary share (cents)	3 673	3 453	3 665	2 855	2 015	2 158	2 395
Profitability and asset management							
Asset turnover (times)	3,5	3,2	3,4	3,9	4,1	4,7	6,8
Working capital per R1 000 turnover (R)	110	118	115	111	119	113	74
Operating margin (%)	13,2	13,9	16,4	16,1	15,7	13,9	9,3
Effective taxation rate (%)	31	30	30	24	27	32	32
Return on average net assets	45,7	43,8	53,5	62,7	64,3	63,7	63,5
Financing							
Current ratio	1,3	1,6	1,5	1,5	1,4	1,3	1,2
Net interest cover (times)	37	29	18	22	14	9	11
Net debt/(cash) to net funding (%)	17	(1)	11	17	(5)	23	25
Percentage total liabilities to total shareholders' funds	93	71	89	106	144	164	177
Cash flow to net liabilities (%)	35	75	40	41	51	50	35
Employee statistics							
Number of employees at year-end	11 987	13 302	16 270	17 678	16 764	17 160	18 587
– permanent	8 601	8 688	10 949	13 421	13 722	12 545	15 640
– seasonal	3 386	4 614	5 321	4 257	3 042	4 615	2 947
Revenue per employee (R)	1 678 977	1 238 650	1 211 125	945 016	898 473	833 094	1 367 730
Value added per employee (R)[8]	450 743	372 768	372 768	299 429	272 399	n/a	27 158
Operating profit per employee (R)	219 229	168 824	199 078	150 792	127 356	83 450	110 454
Stock exchange statistics							
Market price per share (cents)							
– year-end	13 740	18 185	18 185	14 150	13 880	9 801	9 801
– highest	19 259	20 279	20 279	17 800	14 000	9 900	9 900
– lowest	12 849	13 700	13 700	12 900	8 280	6 850	6 850
Number of transactions	172 932	127 625	127 625	104 848	58 212	39 619	39 619
Number of shares traded (000)	154 503	169 488	169 488	141 800	129 709	100 450	100 450
Value of shares traded (Rm)	23 560	29 701	29 701	23 185	14 035	8 570	8 570
Number of shares traded as a percentage of total issued shares	89,4	98,3	98,3	82,9	76,4	59,5	59,5
Dividend yield at year-end (%)	5,7	3,6	3,6	4,3	3,6	3,8	3,8
Earnings yield at year-end (%)	8,7	7,1	7,1	8,5	7,2	7,6	9,3
Price earnings ratio at year-end	12	14	14	12	14	13	11
Market capitalisation at year-end (Rm) (net of treasury and empowerment shares)	21 547	28 707	28 707	22 157	22 360	16 284	16 284
Market capitalisation to shareholders' equity at year-end (times)	3,7	5,0	5,0	5,0	6,9	4,6	4,1

Notes

1. Restated due to change in accounting policies.
2. Excluding Spar, which was unbundled on 18 October 2004.
3. Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year-end. In 2007, also includes a capital distribution paid out of share premium in July 2007 and a capital distribution declared out of share premium in November 2007, paid in January 2008.
4. Adjusted for the adoption of IFRS.
5. Net of treasury and empowerment shares.
6. Excluding Adcock Ingram Holdings Limited, which was unbundled on 25 August 2008.
7. Not adjusted for the unbundling of Adcock Ingram Holdings Limited.
8. Includes Adcock Ingram Holdings Limited.

Analysis of ordinary shareholders

Registered shareholder spread

In accordance with the JSE Listing Requirements, the following table details the spread of the registered shareholders as per the register dated 30 September 2008:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	13 294	74,83	4 575 099	2,64
1 001 – 5 000 shares	3 055	17,20	6 953 828	4,02
5 001 – 100 000 shares	1 207	6,79	26 691 548	15,42
100 001 – 1 000 000 shares	180	1,02	48 988 598	28,32
1 000 001 shares and over	29	0,16	85 833 971	49,60
Total	17 765	100,00	173 043 044	100,00

Public and non-public shareholdings	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	7	0,04	17 379 511	10,04
Directors and associates	1	0,01	2 880	0,00
Own holdings	1	0,01	10 326 758	5,97
Share trusts/incentive scheme	2	0,01	1 140 965	0,66
Empowerment holdings	2	0,01	5 896 140	3,41
Company pension fund	1	0,01	12 768	0,01
Public shareholders	17 758	99,96	155 663 533	89,96
Total	17 765	100,00	173 043 044	100,00

Beneficial shareholders holding of 3% or more*	Number of shares	%
Public Investment Corporation	25 808 954	14,93
Tiger Consumer Brands Limited	10 326 758	5,97
Dodge & Cox International Stock Fund	7 972 043	4,61
Investment Solutions	6 294 705	3,64

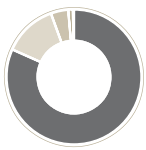
Investment management shareholdings of 3% or more*

Investment manager	Total shareholding	%
Public Investment Corporation	19 558 911	11,31
Coronation Fund Managers	15 842 340	9,16
Investec Asset Management	10 424 660	6,03
Tiger Food Brands Limited	10 326 758	5,97
RMB Asset Management	8 924 363	5,16
STANLIB Asset Management	8 097 124	4,68
Dodge & Cox	7 972 043	4,61
Sanlam Investment Management	6 836 013	3,95
Old Mutual Investment Group SA	6 834 457	3,95
Prudential Portfolio Managers	5 180 033	3,00
Total	99 996 702	57,82

**As at 26 September 2008 per J P Morgan Cazenove.*

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	157	0,88	27 224 927	15,73
Broker	20	0,11	618 091	0,36
Close corporations	165	0,93	170 487	0,10
Collateral account	16	0,09	755 531	0,44
Empowerment	2	0,01	5 896 140	3,41
Endowment funds	126	0,71	1 185 367	0,69
Individuals	11 749	66,14	9 073 551	5,24
Insurance companies	121	0,68	17 084 109	9,87
Investment companies	58	0,33	28 785 383	16,63
Medical aid schemes	22	0,12	601 283	0,35
Mutual funds	348	1,96	34 347 374	19,85
Nominees and trusts	3 823	21,52	9 403 928	5,43
Other corporations	281	1,58	1 562 692	0,90
Own holdings	1	0,01	10 326 758	5,97
Pension funds	439	2,47	21 460 755	12,40
Private companies	400	2,25	2 807 942	1,62
Public companies	35	0,20	597 761	0,35
Share trusts	2	0,01	1 140 965	0,66
	17 765	100,00	173 043 044	100,00

Ownership geography



82,0% *South Africa*
12,7% *USA*
4,2% *Other countries*
1,1% *Below threshold*

Shareholders' diary

Financial year-end	30 September	
Annual general meeting	February	
Report and accounts		
Interim report for the half-year ending 31 March	May	
Announcement of annual results	November	
Annual financial statements	January	
Dividends	**Declaration**	**Payment**
Ordinary shares		
Interim dividend	May	July
Final dividend	November	January

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

The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organisation structure which provides for delegation of authority and establishes clear responsibility, together with the constant communication and review of 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 examined by our 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 auditors and management to discuss internal accounting controls, auditing and financial reporting matters. The auditors have unrestricted access to the audit committee.

Tiger Brands

TO THE MEMBERS OF TIGER BRANDS LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Tiger Brands Limited, which comprise the balance sheet as at 30 September 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 80, 81, 92 to 94 and 96 to 189.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 September 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Johannesburg
9 January 2009

Directors' approval

The annual financial statements for the year ended 30 September 2008, which appear on pages 80, 81, 92 to 94 and 96 to 189, which are in agreement with the books of account at that date, and the related group annual financial statements, were approved by the board of directors on 9 January 2009 and signed on its behalf by:

L C van Vught
Chairman
9 January 2009

P Matlare
Chief Executive Officer

Certificate by company secretary

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 268G(d) of the Companies Act, 1973, and that all such returns are true, correct and up to date.

I W M Isdale
Company Secretary
9 January 2009

Authorised and issued share capital

Details of the authorised and issued share capital are set out in notes 24 and 25 on pages 147 to 150 of the annual financial statements and in the statements of changes in equity on pages 118 and 119.

During the year under review the number of shares in issue increased by 695 931 shares as a result of options exercised in terms of the Tiger Brands (1985) Share Option Scheme.

Share purchase and share option schemes

Tiger Brands (1985) Share Purchase Scheme

During the year under review, loans were granted in respect of 23 000 ordinary shares acquired by employees in terms of the Tiger Brands (1985) Share Purchase Scheme.

No shares were paid for in full and released to the employees concerned. A total of 577 000 ordinary shares remain subject to the provisions of the Tiger Brands (1985) Share Purchase Scheme.

Tiger Brands (1985) Share Option Scheme

	2008	2007
Shares under option at beginning of year	3 895 755	5 192 751
Movement of Adcock Ingram on unbundling	(1 239 355)	—
Options granted	—	—
Exercised subject to loans	(23 000)	(53 500)
Exercised and paid in full	(465 532)	(1 221 663)
Cancelled/Lapsed	(311 350)	(21 833)
Shares under option at end of year	1 856 518	3 895 755
Options available for issue	4 834 816	4 523 466

During the year under review, shares in issue increased by 695 931 shares as a result of options exercised in terms of the Tiger Brands (1985) Share Option Scheme.

Share option and share purchase schemes of listed joint venture

Details of the share option and share purchase schemes of Oceana Group Limited are reflected in the annual financial statements of that company.

Subsidiaries, associates, joint ventures and investments

Financial information concerning the principal subsidiaries, associates, joint ventures and investments of Tiger Brands Limited is set out in Annexures A to C of the annual financial statements. Details of joint ventures are given in note 39.

Dividends

Details of dividends paid and declared in respect of the year are outlined in note 10 to the annual financial statements.

Attributable interest

The attributable interest of the company in the profits and losses of its subsidiaries, joint ventures and associated companies is as follows:

	2008 Rm	2007 Rm
Subsidiaries and joint ventures		
Total income after taxation	2 272,9	2 177,7
Total losses after taxation	—	3,2
Associate companies		
Total income after taxation	72,0	57,1

Major shareholders

Details of the registered and beneficial shareholders of the company are outlined on pages 86 and 87.

Directors

In terms of the articles of association P B Matlare, N G Brimacombe, P M Roux and B N Njobe, U P T Johnson and A C Nissen retire at the annual general meeting of shareholders. These directors offer themselves for re-election.

The names of the directors who presently hold office are set out on pages 8 to 10 of this report.

No director holds 1% or more of the ordinary shares of the company. The directors beneficially hold, directly and indirectly, 2 880 ordinary shares in the company (2007: 493 345 shares).

Details of the directors' shareholdings (direct and indirect) are reflected below. The register of interests of directors and others in shares of the company is available to the members on request.

	2008	2007
Name of director	Number of shares	
B P Connellan		11 642
N Dennis		478 373
N P Doyle		450
L C van Vught	2 880	2 880
	2 880	493 345

Share repurchase

At the annual general meeting of shareholders held in February 2008, shareholders passed a special resolution authorising the company, or a subsidiary, to acquire the company's own ordinary shares. During the period to 30 September 2008, 1 737 430 shares were acquired.

The company has purchased a total of 10 326 758 shares at an average price of R106,67 per share, for a total consideration of R1 101,5 million.

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 and details of the administrators are reflected under administration on the inside back cover of this report.

Resolutions

Special resolutions passed during the year under view

Special resolutions were passed on 6 February 2008 for change of names for the following companies:

Adcock Ingram Holdings (Pty) Limited to Pharma I Holdings (Pty) Limited.

Adcock Ingram Healthcare (Pty) Limited to Pharma II Investments (Pty) Limited.

Newshelf 891 (Pty) Limited to Adcock Ingram Holdings (Pty) Limited.

Newshelf 900 (Pty) Limited to Adcock Ingram Healthcare (Pty) Limited.

A Special resolution was passed on 14 February 2008, for conversion of Adcock Ingram Holdings (Pty) Limited from private to public company, increase in authorised share capital, adoption of new set of articles of association and subdivision of shares.

Adoption of new set of articles of association for Adcock Ingram Healthcare (Pty) Limited.

Special resolution was passed on 26 May 2008, for amendment to the articles of association of Pharma I Holdings (Pty) Limited.

Retirement funds

Details in respect of the retirement funds of the group are set out on pages 107 and 108, and in note 35, on pages 158 and 159.

Insurance and risk management

The group's practice regarding insurance includes an annual assessment, in conjuction 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 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.

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.

Events subsequent to the year-end

Sea Harvest Corporation Limited

On 29 October 2008, Tiger Brands shareholders were advised that a consortium led by Brimstone Investment Corporation Limited, which included key members of Sea Harvest management, submitted an offer to purchase the entire shareholding of Sea Harvest held by Tiger Brands, being 78 753 841 ordinary shares, representing 73,16% of the total number of Sea Harvest ordinary shares in issue. The offer has been accepted by Tiger Brands and is subject to certain conditions precedent as outlined in the joint announcement by Tiger Brands and Brimstone. The purchase consideration for the transaction is R541 million, to be settled in cash, which will escalate at a predetermined rate from the effective date of 1 October 2008 until payment is made upon fulfilment of all conditions precedent.

AVI Limited

On 17 November 2008 Tiger Brands released an announcement on SENS relating to a potential offer for AVI Limited (AVI) as a consequence of which shareholders were advised to exercise caution in their dealings in the respective securities until a further announcement was made.

Tiger Brands advised shareholders that the company was considering making a cash and share offer for AVI of R24 per share. The proposed offer price of R24 per share would be settled as to R14,40 in cash for every one AVI share and 6 989 Tiger Brands shares for every 100 shares, based on an issue price of R137,35 per Tiger Brands share.

Tiger Brands believes the rationale for combining the two companies is compelling and if implemented would benefit both Tiger Brands and AVI shareholders. The company made it clear that its preference would be that the offer be implemented with the support of the board of AVI in terms of section 311 of the Companies Act, alternatively the company would proceed in terms of section 440 of the Companies Act.

The announcement did not constitute a firm intention to make an offer for the purposes of the Securities Regulation Code on Takeovers and Mergers.

At the time of the annual report being submitted for printing, a firm intent offer was in the process of being formulated but had not been announced.

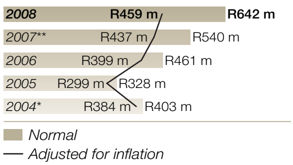
Tiger Brands

The group has a diverse range of operations spread throughout South Africa, East and Central Africa as well as South America. Many of these operations are affected by different inflation factors due to the varying nature of businesses, climatic conditions, geographical locations and business cycles. The diversity of these factors does not allow for meaningful inflation-adjusted statements to be prepared using a simple, standardised procedure.

The effect of inflation is monitored by examination of cash flows inherent in operating results, budgets, plans and new projects, with emphasis concentrated towards the objective of the creation of shareholder wealth in real terms.

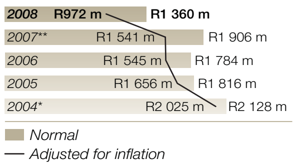
The following graphs show the extent to which certain key performance indicators compare when discounted by the movement in the consumer price index. Years prior to 2007 have not been adjusted for the unbundling of Adcock Ingram Holdings Limited. Figures presented for 2008 relate to continuing operations.

Capital expenditure



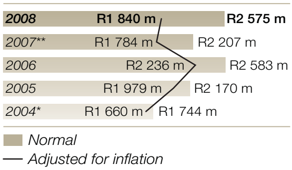
*2004 pro forma excluding Spar.
**2007 adjusted for the Adcock unbundling.

Cash available from operations



*2004 pro forma excluding Spar.
**2007 adjusted for the Adcock unbundling.

Profit before tax and abnormal items
(excludes income from associates)



*2004 pro forma excluding Spar.
**2007 adjusted for the Adcock unbundling.

Corporate information

The consolidated financial statements of Tiger Brands Limited (the company) and the Tiger Brands Group (the group) for the year ended 30 September 2008 were authorised for issue in accordance with a resolution of the directors on 9 January 2009. Tiger Brands Limited is incorporated and domiciled in South Africa, where the shares are publicly traded.

Basis of preparation

The consolidated financial statements have been prepared on the historical-cost basis, except as indicated below.

Statement of compliance

The annual financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries (as well as special-purpose entities controlled by the group or company). The financial statements of the subsidiaries are prepared for the same reporting period using consistent accounting policies.

The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

Subsidiaries acquired with the intention of disposal within 12 months are consolidated in line with the principles of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations and disclosed as held for sale.*

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Minority interests represent the portion of profit or loss, or net assets not held by the group. It is presented separately in the consolidated income statement, and in the consolidated balance sheet, separately from own shareholder's equity. Subsequent acquisitions of minority interests are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets is recognised as an equity transaction.

Underlying concepts

The financial statements are prepared on the going-concern basis, which assumes that the group will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is currently a legally enforceable right to offset, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. If, after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

Prior period errors are omissions or misstatements in the financial statements of one or more prior periods. They may arise from a failure to use, or misuse of, reliable information that was available or could reasonably be expected to have been obtained. Where prior period errors are material, they are retrospectively restated. If it is impracticable to do so, they are applied prospectively from the beginning of the earliest period practicable.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the group. They did however give rise to additional disclosures.

- IFRS 7 *Financial Instruments: Disclosures*
- IAS 1 *Amendment – Presentation of Financial Statements*
- IFRIC 10 *Interim Financial Reporting and Impairment*
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 14 *IAS 19 – The limit on a defined asset, minimum funding requirements and their interaction*

IFRS 7 *Financial Instruments: Disclosures*
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where necessary.

IAS 1 *Presentation of Financial Statements*
This amendment requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital. These new disclosures are shown in note 38.7.

IFRIC 10 *Interim Financial Reporting and Impairment*
The group adopted IFRIC Interpretation 10 effective 1 October 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the group had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the group.

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
The group has elected to adopt IFRIC Interpretation 11 effective 1 October 2007, insofar as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed.

IFRIC 14 *IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction.*

The group has elected to adopt IFRIC Interpretation 14 effective 1 January 2008, which addresses the treatment of refunds or reductions in future contributions in accordance with paragraph 58 of IAS 19; the effect of minimum funding requirements on the availability of these reductions; and instances when minimum funding requirements give rise to a liability. The effect of the adoption of this interpretation is disclosed in note 35.

Foreign currencies

Foreign currency transactions

The consolidated financial statements are presented in South African rands, 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 balance sheet 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 equity until the disposal of the net investment, at which time they are recognised in profit and loss. Tax charges and credits attributable to such exchange differences are also accounted for in equity.

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.

Foreign operations

At the reporting date the assets and liabilities of the foreign operations are translated into the presentation currency of the group (rands) at the exchange rate ruling at the balance sheet 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 equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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

The functional currencies of the foreign operations are as follows:

Empresas Carozzi (associate) – Chilean peso;
Haco (subsidiary) – Kenyan shilling; and
Chococam (subsidiary) – Cameroon franc.

Hyperinflationary economies

Where the functional currency of a foreign operation is the currency of a hyperinflationary economy, the financial statements are restated for the decrease in general purchasing power before they are translated into the group's presentation currency.

Interest in group companies

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of the assets given, liabilities incurred, and equity instruments issued plus any costs directly attributable to the business combination.

The acquiree's identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent, but excluding future restructuring liabilities) are recognised at fair value at the acquisition date. The exception is for non-current assets classified at the acquisition date as held for sale in accordance with IFRS 5. These assets are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill arising in a business combination is accounted for in terms of the policy outlined below.

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 venture.

Associates are accounted for using the equity method of accounting. Under this method, investments in associates are carried in the consolidated balance sheet at cost, plus post-acquisition changes in the group's share of the net assets of the associate. 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 equity, the group in turn recognises its share in the consolidated statement of changes in equity. 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 costs to sell. Impairment losses are recognised in the income statement.

Where an investment in an associate is classified as held for sale in terms of IFRS 5, equity accounting is discontinued, and the investment is held at the lower of its carrying value and fair value less costs to sell.

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.

Joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control. The strategic, financial and operating policy decisions of the joint venture require the unanimous consent of the parties sharing control.

The group reports its interests in joint ventures using proportionate consolidation. The group's share of the assets, liabilities, income and expenses of joint ventures are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Where the group transacts with its joint ventures, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

Any goodwill arising on the acquisition of a joint venture is accounted for in accordance with the group's policy for goodwill. The financial statements of the joint venture are prepared for the same reporting period as the group, using consistent accounting policies.

Where an investment, in a joint venture is classified as held for sale in terms of IFRS 5, proportionate consolidation is discontinued, and the investment is held at the lower of its carrying value and fair value less costs to sell.

Segment reporting

The principal segments of the group have been identified by grouping similar-type products. This basis is representative of the internal structure for financial reporting to key management personnel. No geographical segments are reported as the group operates mainly in South Africa and the international operations do not meet the thresholds for reportable segments in terms of IAS 14: *Segment Reporting*.

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. Assets subject to finance lease agreements are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate assets. Expenditure incurred on major inspection and overhaul, or to replace an item, is also accounted for separately 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 from when the asset is available for use. An asset's residual value, useful life and depreciation methods 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	The lease term or useful life, whichever is the shorter period
Vehicles and computer equipment	3 – 5 years
Plant, equipment and vessels	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 the income statement in the year the asset is derecognised.

Goodwill and intangible assets

Goodwill

Goodwill is measured initially as the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the acquisition date.

Where the group's interest in the net assets recognised at the acquisition date is in excess of the cost of the acquisition, the group reassesses the identification and measurement of the acquiree's net assets and the measurement of the cost of the acquisition. If after reassessment the group's interest in the net assets exceeds the cost of the acquisition, the excess is recognised in profit and loss.

Goodwill relating to subsidiaries and joint ventures 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. 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.

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to the income statement in the year in which the expense is 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 the 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	1 – 20 years
Customer and supplier-related intangibles	5 – 15 years
Fishing rights	5 – 15 years
Other intangible assets	1 – 5 years

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

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

Research and development costs

Research costs, being the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised 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 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.

Impairment

The group assesses tangible and intangible assets, excluding goodwill 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 costs to sell 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 a 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 costs to sell, the hierarchy is firstly a binding arm's length sale, then the market price if the asset is traded in an active market, and lastly recent transactions for similar assets.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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 immediately in profit or loss.

Financial instruments

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

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

A contract is assessed for embedded derivatives when the entity first becomes a party to the contract. When the economic characteristics and risks of the embedded derivative are not closely related to the host contract, the embedded derivative is separated out, unless the host contract is measured at fair value through profit and loss.

The group determines the classification of its financial instruments after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Classification

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

Description of asset/liability	*Classification*
Investments	Available-for-sale
Preference share investments	Held-to-maturity
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	Other liabilities
Trade and other payables	Other liabilities
Loans from subsidiaries	Other liabilities

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 equity. When such a financial asset is disposed of the cumulative gain or loss previously recognised in equity is recognised in the income statement and interest earned on the financial asset is recognised in the income statement using the effective interest rate method. Dividends earned are recognised in the income statement when the right of receipt has been established.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where there is a positive intention and ability to hold them to maturity.

After initial recognition, held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is computed as the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation. Amortisation is calculated using the effective interest rate method. The effective interest rate method allocates interest over the relevant period using a rate that discounts the estimated future cash flows (excluding future credit losses) to the net carrying amount of the instrument. The rate calculation includes all fees, transaction costs, premiums and discounts.

Gains and losses are recognised in the income statement when such investments are derecognised or impaired, as well as through the amortisation process.

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 less impairment losses.

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

Other liabilities

Liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. 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 the income statement 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 balance sheet date. For unlisted investments the fair value is determined using appropriate valuation techniques. 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.

Impairment of financial assets

The group assesses at each balance sheet date whether a financial asset, or group of assets, is impaired.

Available-for-sale financial assets

If an available-for-sale asset is impaired, the amount transferred from equity to the income statement is:

- the difference between the asset's acquisition cost (net of any principal payments and amortisation); and
- its current fair value, less any impairment loss previously recognised in 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 if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Assets carried at amortised cost

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 carrying amount of the asset is reduced through the use of an allowance account, and is recognised in profit and loss.

The group assesses whether there is objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. 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 receivable is reduced through use of an allowance account. 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.

Held-to-maturity financial investments

For held-to-maturity investments the group assesses individually whether there is objective evidence of impairment. 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 estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the profit or loss.

Derivative instruments

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

Hedge accounting

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

Fair value hedges

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

The gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognised immediately in profit and 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.

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

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

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

Amounts taken to equity are transferred to the income statement 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 equity 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 equity 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 equity remain in equity 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

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. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in equity, 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 equity 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; or
- 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.

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

A discontinued operation is a separate major line of business or geographical area of operation that has been disposed of, or classified as held for sale, as part of a single coordinated plan. Alternatively, it could be a subsidiary acquired exclusively with a view to resale.

Inventories

Inventories are stated at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and condition 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 equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

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

Provisions

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

Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

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 property 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. 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 above definition. Operating lease rentals are charged against trading profit on a straight-line basis over the lease term.

Revenue

Revenue comprises turnover, dividend income and interest income. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable excluding value-added tax, normal discounts, rebates, settlement discounts, promotional allowances, and internal revenue which is eliminated on consolidation.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on dispatch of the goods.

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 income is accrued on a time basis recognising the effective rate applicable on the underlying assets.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Taxation

Current tax

The income tax expense represents the sum of current tax payable, deferred tax and secondary taxation on companies.

The current 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. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred tax is calculated on the balance sheet liability method, using the difference between the carrying amounts of assets and liabilities and their corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences:

- except where the liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

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 asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, only to the extent that it is probable that the differences will reverse in the foreseeable future, and taxable profit will be available against which these differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 balance sheet 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/ laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Secondary tax on companies

Secondary taxation on companies (STC) on dividends declared is accrued in the period in which the 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; and
- 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 balance sheet.

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. If the employee has rendered the service, but the contribution has not yet been paid, the amount payable is recognised as a liability.

In respect of defined benefit plans, the company's contributions are based on the recommendations of independent actuaries as determined using the projected unit credit actuarial valuation method.

Actuarial gains and losses are recognised in the income statement when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a defined benefit plan, the past-service cost is recognised immediately.

The defined benefit asset or liability recognised in the balance sheet comprises the present value of the defined benefit obligation, plus any unrecognised actuarial gains (minus losses), less unrecognised past-service costs, net actuarial losses and the fair value of plan assets out of which the obligations are to be settled. The value of an asset recognised is restricted to the sum of the unrecognised past-service costs and unrecognised actuarial gain or loss and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions.

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. 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 pension obligations.

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 ('cash-settled transactions').

Equity-settled share options granted before 7 November 2002

No expense is recognised in the income statement for such awards.

The group has taken advantage of the voluntary exemption provision of IFRS 1: *First-time Adoption of International Financial Reporting Standards* in respect of equity-settled awards and has applied IFRS 2: *Share-based Payment* – only to equity-settled awards granted after 7 November 2002 that had not vested on 1 January 2005.

Equity-settled and cash-settled share options granted after 7 November 2002

Equity-settled transactions

The cost of equity-settled transactions with employees is 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, further details of which are given in note 23.

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.

Where the terms of an equity-settled award are modified, the expense is recognised as if the terms had not been modified. If, at the date of modification, the total fair value of the share-based payment is increased or is otherwise beneficial to the employee, the difference is recognised as an additional expense.

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. However, 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 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 (see note 23). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

Accounting for BEE transactions

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

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the income statement.

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 and Thusani Trust 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 balance sheet. 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.

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.

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.

Post-balance sheet events

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

Significant accounting judgements and estimates

Judgements

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

Consolidation of special-purpose entities

The special-purpose entities established in terms of the BEE transaction implemented in October 2005, have been consolidated in the group results. The substance of the relationship between the company and these entities has been assessed and the decision made that they are controlled entities.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 below.

Carrying value 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. 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. In addition, changes in economic factors, such as discount rates, could also impact this calculation.

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.

Fair value of BEE 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 the BEE participants in terms of the staff empowerment transaction implemented in October 2005. 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 note 23).

Had different assumptions been applied, this could have impacted the expense recognised.

Share-based payments

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 23.

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. Significant 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 23.

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 35 and 36.

Provisions

Best estimates, being the amount that the group would rationally pay to settle the obligation, are recognised as provisions at the balance sheet 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 judgement.

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

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

Tiger Brands

Standards and interpretations not yet effective

The following is the list of standards and interpretations that have been issued, which are not yet effective. The group has not early adopted any of these standards and interpretations:

Standard or interpretation	Name	Commencement date**
IFRS 3[2]	Business Combinations	1 July 2009
IFRS 8[1]	Operating Segments	1 January 2009
IAS 1[1]	Presentation of Financial Statements	1 January 2009
IAS 23[2]	Borrowing Costs	1 January 2009
IAS 27[2]	Consolidated and Separate Financial Statements	1 July 2009
IFRIC 12[2]	Service Concession Arrangements	1 January 2008
IFRIC 13[2]	Customer Loyalty Programmes	1 July 2008
IFRIC 15[2]	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16[2]	Hedges of a Net Investment in a Foreign Operation	1 October 2008

1. This is a disclosure standard or interpretation which will not affect the recognition and measurement of any financial statement items.
2. The standard or interpretation is not expected to have a material impact on the financial statements of the group.
***To be implemented for annual periods beginning on or after this date.*

The following is the list of amendments issued which are not yet effective:

Standard or interpretation	Amendment name	Commencement date**
IFRS 2[2]	Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
IAS 32 & IAS 1[1]	Amendments to IAS 32 *Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 39[2]	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* – Eligible Hedged Items	1 July 2009
IAS 39 & IFRS 7[1]	Reclassification of Financial Assets – Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*	1 July 2008 (no connection to any specific annual period)
IFRS 1 & IAS 27[2]	Amendments to IFRS 1 *First-time Adoption of IFRS* and IAS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009

1. This is a disclosure standard or interpretation which will not affect the recognition and measurement of any financial statement items.
2. The standard or interpretation is not expected to have a material impact on the financial statements of the group.
***To be implemented for annual periods beginning on or after this date.*

Income statements

for the year ended 30 September 2008

COMPANY 2008	COMPANY 2007	(Rands in millions)	Notes	GROUP 2008	GROUP 2007
		Continuing operations			
3 653,4	388,1	Total revenues	2	20 125,9	16 476,5
—	—	Turnover	3	19 888,4	16 209,9
(0,5)	(10,6)	Operating (loss)/income before abnormal items	4	2 627,9	2 245,7
(643,3)	53,7	Abnormal items	5	13,2	203,6
(643,8)	43,1	Operating (loss)/income after abnormal items		2 641,1	2 449,3
(44,4)	(47,5)	Interest paid	6.1	(290,7)	(305,1)
93,1	121,2	Interest received	6.2	218,1	227,2
3 560,3	266,9	Dividend income	7	19,4	39,4
—	—	Income from associates	16	72,0	57,1
2 965,2	383,7	Profit before taxation		2 659,9	2 467,9
(54,4)	(107,2)	Taxation	8	(825,6)	(741,4)
2 910,8	276,5	Profit for the year from continuing operations		1 834,3	1 726,5
		Discontinued operations			
—	—	Profit after tax for the year – DairyBelle business	41.2	—	33,9
—	—	Profit after tax for the year – Healthcare business	41.1	510,6	531,9
2 910,8	276,5	Profit for the year		2 344,9	2 292,3
		Attributable to:			
2 910,8	276,5	Ordinary shareholders		2 273,7	2 242,8
—	—	Minorities		71,2	49,5
2 910,8	276,5			2 344,9	2 292,3
		Headline earnings per ordinary share (cents)	9	1 524	1 283
		Diluted headline earnings per ordinary share (cents)	9	1 517	1 262
		Basic earnings per ordinary share (cents)	9	1 440	1 426
		Diluted basic earnings per ordinary share (cents)	9	1 433	1 402
786	660	Dividends and distributions out of capital per ordinary share (cents)	10.2	786	660
		Headline earnings per ordinary share (cents) for continuing operations		1 195	878
		Diluted headline earnings per ordinary share (cents) for continuing operations		1 189	863
		Basic earnings per ordinary share (cents) for continuing operations		1 122	1 071
		Diluted basic earnings per ordinary share (cents) for continuing operations		1 117	1 053
		Headline earnings per ordinary share (cents) for discontinued operations		329	405
		Diluted headline earnings per ordinary share (cents) for discontinued operations		328	398
		Basic earnings per ordinary share (cents) for discontinued operations		318	355
		Diluted basic earnings per ordinary share (cents) for discontinued operations		316	349

Balance sheets

at 30 September 2008

COMPANY 2008	COMPANY 2007	(Rands in millions)	Notes	GROUP 2008	GROUP 2007
		Assets			
		Non-current assets			
—	—	Property, plant and equipment	11	2 369,2	1 915,7
—	—	Land and buildings		718,2	631,7
—	—	Plant, vehicles, vessels and equipment		1 650,8	1 282,4
—	—	Capitalised leased assets		0,2	1,6
—	—	Goodwill and intangible assets	12	1 713,9	1 770,7
1 638,7	1 446,2	Interest in subsidiary companies	14	—	—
3 472,2	3 092,8	Amounts owed by subsidiaries	15	—	—
304,9	129,0	Investments		1 478,7	727,6
—	—	Investments in associated companies	16	472,6	431,2
302,5	126,8	Other investments	17	965,2	250,1
2,4	2,2	Loans	18	40,9	46,3
4,9	—	Deferred taxation asset	19	89,2	114,4
590,2	267,7	Current assets		7 025,9	5 767,2
—	—	Inventories	20	3 364,7	2 488,1
26,8	52,7	Trade and other receivables	21	3 102,5	2 789,2
563,4	215,0	Cash and cash equivalents	22	558,7	489,9
—	—	Assets classified as held for sale	41	—	1 724,8
6 010,9	4 935,7	Total assets		12 676,9	12 020,4
		Equity and liabilities			
		Issued capital and reserves			
41,8	536,9	Ordinary share capital and premium	25	41,8	536,9
2 937,4	2 943,4	Non-distributable reserves	26	713,6	526,5
1 394,2	348,2	Accumulated profits		6 203,5	6 074,8
—	—	Tiger Brands Limited shares held by subsidiary		(817,7)	(823,6)
—	—	Tiger Brands Limited shares held by empowerment trusts	27	(502,2)	(649,5)
105,1	106,0	Share-based payment reserve	23	121,7	119,9
—	—	Minority interest		458,3	213,6
4 478,5	3 934,5	Total equity		6 219,0	5 998,6
783,5	821,8	Non-current liabilities		1 141,9	1 041,0
3,8	12,0	Deferred taxation liability	28	316,5	272,3
—	—	Provision for post-retirement medical aid	36	327,9	322,4
182,9	—	Long-term borrowings	32	497,5	364,9
596,8	809,8	Amounts owed to subsidiaries	40	—	—
748,9	179,4	Current liabilities		5 316,0	3 671,0
239,2	82,6	Trade and other payables	29	3 546,3	2 911,9
—	—	Provisions	30	299,8	446,6
—	—	Sea Harvest put option*	31	81,4	81,4
—	—	Taxation		54,6	182,5
509,7	96,8	Short-term borrowings	32	1 333,9	48,6
—	—	Liabilities classified as held for sale	41	—	1 391,2
6 010,9	4 935,7	Total equity and liabilities		12 676,9	12 020,4

**2007 has been reclassified from long-term to current liabilities.*

Cash flow statements

for the year ended 30 September 2008

COMPANY 2008	COMPANY 2007	(Rands in millions)	Notes	Pro forma continuing operations 2008	GROUP 2008	GROUP 2007
(0,5)	(4,9)	Cash operating income from continuing operations	A	2 973,7	2 973,7	2 915,6
		Cash operating income from discontinued operations	A	—	1 034,6	830,2
				2 973,7	4 008,3	3 745,8
10,0	2,0	Working capital changes	B	(547,5)	(914,1)	(806,8)
9,5	(2,9)	Cash generated from operations		2 426,2	3 094,2	2 939,0
94,5	122,8	Interest received and income from investments		218,1	265,8	227,2
(44,4)	(47,5)	Interest paid		(290,7)	(462,2)	(414,8)
3 558,9	265,3	Dividends received from associate companies and subsidiaries		50,0	55,2	58,3
(66,0)	(90,0)	Taxation paid	C	(944,7)	(1 059,1)	(904,0)
		Payment of competition commission fine		(98,8)	(152,3)	—
3 552,2	247,7	Cash available from operations – continuing operations		1 360,1	1 741,6	1 905,7
(2 406,1)	(1 082,9)	Dividends paid (including capital distribution)	D	(1 121,2)	(1 121,2)	(1 000,0)
1 146,4	(835,2)	Net cash inflow/(outflow) from operating activities		238,9	620,4	905,7
		Purchase of property, plant, equipment and intangibles	E	(641,8)	(888,5)	(615,5)
		Proceeds from disposal of property, plant and equipment		18,4	18,4	32,6
		Cash cost of businesses acquired	F	(186,7)	(186,7)	(556,9)
		Cash cost of unbundling of Adcock Ingram Holdings Limited	G	—	(1 130,2)	—
		Proceeds from disposal of businesses	H	20,1	20,1	428,2
		Research, development and related expenditure		(20,3)	(73,0)	(67,8)
(194,7)	(396,1)	Investments acquired		(2,9)	(2,8)	(57,8)
0,2	24,1	Proceeds from disposal of investments		—	—	50,6
(1 240,6)	1 126,1	Other (outflow)/inflow	I	1,8	1,8	2,8
(1 435,1)	754,1	Net cash (outflow)/inflow from investing activities		(811,4)	(2 240,9)	(783,8)
(288,7)	(81,1)	Net cash (outflow)/inflow before financing activities		(572,5)	(1 620,5)	121,9
40,0	75,3	Increase in shareholder funding	J	46,2	46,2	75,3
		Cash outflow relating to an increase in treasury shares		(259,6)	(259,6)	—
		Foreign long-term borrowings raised		183,5	183,5	—
597,1	(693,0)	Long- and short-term borrowings raised/(repaid)		(798,6)	514,2	(197,2)
		Capitalised finance leases repaid		(4,5)	(4,5)	(7,7)
—	(11,9)	Other outflow		(21,1)	(21,1)	(11,9)
637,1	(629,6)	Net cash inflow/(outflow) from financing activities		(854,1)	458,7	(141,5)
		Net cash inflow from discontinued operation	40.1	225,6	—	—
348,4	(710,7)	Net increase/(decrease) in cash and cash equivalents		(1 201,0)	(1 161,8)	(19,6)
215,0	925,7	Cash and cash equivalents at beginning of the year	K	475,6	436,4	456,0
563,4	215,0	Cash and cash equivalents at end of the year	L	(725,4)	(725,4)	436,4

COMPANY			Pro forma continuing operations	GROUP	
2008	2007	*(Rands in millions)*	2008	2008	2007
		A. Cash operating income			
(0,5)	(10,6)	Operating (loss)/income before abnormal items	2 627,9	3 527,4	3 238,9
		Add back:			
—	5,7	Depreciation and other non-cash items	318,6	400,3	417,7
		Loss on sale of property, plant and equipment	6,1	6,1	10,9
		Provision for post-retirement medical aid	0,8	1,5	10,5
		Research and development expenditure	20,3	73,0	67,8
(0,5)	(4,9)	Cash operating (loss)/income	2 973,7	4 008,3	3 745,8
		Attributable to:			
		Cash operating income from continuing operations		2 973,7	2 915,6
		Cash operating income from discontinued operations		1 034,6	830,2
				4 008,3	3 745,8
		B. Working capital changes			
		Increase in inventories	(775,9)	(902,3)	(708,6)
34,2	(32,5)	Decrease/(increase) in accounts receivable	(198,5)	(491,0)	(448,1)
(24,2)	34,5	(Decrease)/increase in accounts payable	426,9	479,2	349,9
10,0	2,0	Working capital changes	(547,5)	(914,1)	(806,8)
		C. Taxation paid			
(1,8)	(10,3)	Amounts (receivable)/payable at beginning of the year, net	214,3	190,8	131,2
66,6	98,5	Per income statements	785,3	984,1	961,4
		Subsidiaries (disposed of)/acquired, net	(62,7)	(62,7)	2,3
		Exchange rate difference	1,5	1,5	(0,1)
1,2	1,8	Amounts receivable/(payable) at end of the year, net	6,3	(54,6)	(190,8)
66,0	90,0	Total taxation paid	944,7	1 059,1	904,0
		D. Dividends paid			
		Amounts accrued and payable at beginning of the year	9,8	9,8	4,3
1 864,8	715,9	Per statement of changes in equity	636,9	636,9	656,3
541,3	367,0	Capital distribution (net of group credit in respect of treasury and empowerment shares)	457,8	457,8	336,1
		Dividends paid to outside shareholders	24,0	24,0	13,1
		Amounts accrued and payable at end of the year	(7,3)	(7,3)	(9,8)
2 406,1	1 082,9	Total dividends paid	1 121,2	1 121,2	1 000,0

Note: 2008 pro forma figures for continuing operations are presented to enhance comparability in future periods.

Tiger Brands

COMPANY			Pro forma continuing operations	GROUP	
2008	2007	*(Rands in millions)*	2008	2008	2007
		E. Purchase of property, plant, equipment and intangibles			
		Expansion	(343,0)	(467,2)	(287,5)
		Replacement	(298,8)	(402,6)	(303,5)
		Goodwill and trademarks acquired	—	(18,7)	(24,5)
			(641,8)	(888,5)	(615,5)
		F. Cash cost of businesses acquired			
		Inventories	(129,3)	(129,3)	(62,1)
		Accounts receivable	(114,8)	(114,8)	(58,6)
		Accounts payable	98,2	98,2	45,5
		Taxation and deferred taxation	15,8	15,8	2,0
		Borrowings and cash, net	62,5	62,5	1,9
		Property, plant and equipment	(148,5)	(148,5)	(52,3)
		Post-retirement medical aid	4,8	4,8	—
		Minorities	82,3	82,3	1,6
		Goodwill	(17,8)	(17,8)	(294,6)
		Intangibles	(54,7)	(54,7)	(189,0)
		Total cost of businesses acquired	(201,5)	(201,5)	(605,6)
		Add: Cash and cash equivalents acquired	14,8	14,8	48,7
		Cash cost of businesses acquired	(186,7)	(186,7)	(556,9)
		G. Cash cost of unbundling of Adcock Ingram Holdings Limited			
		Inventories	—	560,2	—
		Accounts receivable	—	960,8	—
		Accounts payable	—	(490,4)	—
		Taxation and deferred taxation	—	(55,7)	—
		Borrowings and cash, net	—	(1 355,9)	—
		Property, plant and equipment	—	442,5	—
		Investments	—	170,8	—
		Post-retirement medical aid	—	(13,5)	—
		Minorities	—	(21,0)	—
		Goodwill	—	95,3	—
		Intangibles	—	127,8	—
		Total cost of businesses unbundled	—	420,9	—
		Dividend in specie	—	(1 551,1)	—
		Cash cost of businesses unbundled	—	(1 130,2)	—

COMPANY			Pro forma continuing operations	GROUP	
2008	2007	*(Rands in millions)*	2008	2008	2007
		H. Proceeds from disposal of businesses			
		Inventories	9,5	9,5	71,4
		Accounts receivable	3,1	3,1	177,3
		Goodwill	6,0	6,0	—
		Accounts payable	—	—	(127,7)
		Provision for post-retirement medical aid	—	—	(27,2)
		Taxation and deferred taxation	—	—	7,7
		Borrowings and cash	—	—	43,2
		Property, plant and equipment, investments, premiums and minorities	—	—	56,7
			18,6	18,6	201,4
		Profit on disposals	1,5	1,5	302,8
		Add: Cash and cash equivalents disposed	—	—	(76,0)
		Proceeds of businesses disposed	20,1	20,1	428,2
		I. Other inflows/(outflows)			
(1 240,6)	1 126,1	Net (increase)/decrease in loans to subsidiaries, associates and others			
		Post-retirement medical aid buy-out	—	—	(1,9)
		Cash-related abnormal items	1,8	1,8	4,7
(1 240,6)	1 126,1		1,8	1,8	2,8
		J. Increase in shareholder funding			
40,0	75,3	Proceeds from issue of share capital	46,2	46,2	75,3
40,0	75,3		46,2	46,2	75,3
		K. Cash and cash equivalents at beginning of the year			
215,0	925,7	Cash resources	489,9	573,2	570,2
		Short-term borrowings regarded as cash and cash equivalents	(14,3)	(136,8)	(114,2)
215,0	925,7		475,6	436,4	456,0
		L. Cash and cash equivalents at end of the year			
563,4	215,0	Cash resources	558,7	558,7	573,2
		Short-term borrowings regarded as cash and cash equivalents	(1 284,1)	(1 284,1)	(136,8)
563,4	215,0		(725,4)	(725,4)	436,4

Statements of changes in equity

for the year ended 30 September 2008

Tiger Brands

(Rands in millions)	Share capital and premium	Non-distri-butable reserves	Accumu-lated profits	Shares held by subsidiary and empower-ment trusts	Share-based payment reserve	Total attribu-table to ordinary share-holders	Minorities	Total
Group								
Balance at 30 September 2006	828,6	513,7	4 554,2	(1 504,0)	78,0	4 470,5	181,7	4 652,2
Net profit for the year			2 242,5			2 242,5	50,0	2 292,5
Fair value adjustments recognised in equity		(13,8)				(13,8)		(13,8)
Foreign currency translation reserve movement		(10,9)				(10,9)		(10,9)
Total income and expenses for the period	828,6	489,0	6 796,7	(1 504,0)	78,0	6 688,3	231,7	6 920,0
Issue of share capital and premium	75,3					75,3		75,3
Capital distribution out of share premium – interim	(367,0)			30,9		(336,1)		(336,1)
Transfers between reserves		37,5	(37,5)			–		–
Other reserve movements					41,9	41,9		41,9
Dividends on ordinary shares			(656,3)			(656,3)	(18,1)	(674,4)
Total dividends			(715,9)			(715,9)	(18,1)	(734,0)
Less: Dividends on treasury and empowerment shares			59,6			59,6		59,6
Goodwill adjustment – IFRS 3			(17,7)			(17,7)		(17,7)
Arising on changes in and acquisition of subsidiaries and joint ventures			(10,4)			(10,4)		(10,4)
Balance at 30 September 2007	**536,9**	**526,5**	**6 074,8**	**(1 473,1)**	**119,9**	**5 785,0**	**213,6**	**5 998,6**
Net profit for the year			2 273,7			2 273,7	71,2	2 344,9
Fair value adjustments recognised in equity		164,4				164,4		164,4
Foreign currency translation reserve movement		(18,7)				(18,7)		(18,7)
Total income and expenses for the period	536,9	672,2	8 348,5	(1 473,1)	119,9	8 204,4	284,8	8 489,2
Issue of share capital and premium	46,2					46,2		46,2
Capital distribution out of share premium – interim	(499,8)			42,0		(457,8)		(457,8)
Distribution in specie in respect of unbundling of Adcock Ingram Holdings Limited	(41,5)		(1 450,5)		(33,3)	(1 525,3)	(25,8)	(1 551,1)
Minority interest arising from unbundling of Adcock Ingram Holdings Limited						–	138,0	138,0
Movement in treasury shares as a result of unbundling of Adcock Ingram Holdings Limited				370,8		370,8		370,8
Share buyback				(259,6)		(259,6)		(259,6)
Transfers between reserves		41,4	(41,4)			–		–
Other reserve movements					35,1	35,1		35,1
Dividends on ordinary shares			(636,3)			(636,3)	(23,5)	(659,8)
Total dividends			(694,5)			(694,5)	(23,5)	(718,0)
Less: Dividends on treasury and empowerment shares			58,2			58,2		58,2
Arising on changes in and acquisition of subsidiaries and joint ventures			(16,8)			(16,8)	84,8	68,0
Balance at 30 September 2008	**41,8**	**713,6**	**6 203,5**	**(1 319,9)**	**121,7**	**5 760,7**	**458,3**	**6 219,0**
Refer to note:	*25*	*26*		*27*	*23*			

(Rands in millions)	Share capital and premium	Non-distributable reserves	Accumu-lated profits	Share-based payment reserve	Total attributable to ordinary shareholders
Company					
Balance at 30 September 2006	828,6	2 941,7	787,6	73,6	4 631,5
Net profit for the year			276,5		276,5
Fair value adjustments recognised in equity		1,7			1,7
Total income and expenses for the period	828,6	2 943,4	1 064,1	73,6	4 909,7
Issue of share capital and premium	75,3				75,3
Capital distribution out of share premium – interim	(367,0)				(367,0)
Other reserve movements				32,4	32,4
Dividends on ordinary shares			(715,9)		(715,9)
Balance at 30 September 2007	536,9	2 943,4	348,2	106,0	3 934,5
Net profit for the year			2 910,8		2 910,8
Fair value adjustments recognised in equity		(6,0)			(6,0)
Total income and expenses for the period	536,9	2 937,4	3 259,0	106,0	6 839,3
Issue of share capital and premium	46,2				46,2
Capital distribution out of share premium – interim	(499,8)				(499,8)
Distribution in specie in respect of unbundling of Adcock Ingram Holdings Limited	(41,5)				(41,5)
Other reserve movements				(0,9)	(0,9)
Dividends on ordinary shares			(1 864,8)		(1 864,8)
Balance at 30 September 2008	41,8	2 937,4	1 394,2	105,1	4 478,5
Refer to note:	*25*	*26*		*23*	

Tiger Brands

1. Business combinations

Business combinations in 2008

1.1 African acquisitions

On 1 June 2008, the group acquired 51,0% of Haco Industries Kenya Limited (Haco) and on 1 August the group acquired 74,7% of Chocolaterie Confiserie Camerounaise Sa (Chococam), collectively referred to as the "African acquisitions".

The functional currency of Haco is the Kenyan Shilling, whilst Chococam is the Cameroon Franc.

The fair value of the identifiable assets and liabilities of the African acquisitions were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	145,6	145,6
Trademarks	54,1	0,8
Deferred taxation asset	1,5	1,5
Deposits, cash and cash equivalents	12,1	12,1
Debtors	111,0	111,0
Inventories	126,5	126,5
Fair value of assets acquired	450,8	397,5
Creditors and provisions	94,8	94,8
Long-term and short-term borrowings	76,6	76,6
Provision for post-retirement medical aid	4,8	4,8
Taxation payable	2,3	2,3
Deferred taxation liability	14,3	14,3
Fair value of liabilities acquired	192,8	192,8
Fair value of net assets acquired	258,0	204,7
Minority interest	(82,0)	
Goodwill arising on acquisition	17,9	
Purchase consideration	193,9	

Of the total purchase consideration of R193,9 million, a payment of R9,7 million has been deferred.

The deferred portion of the purchase price, which has been fully provided for in the group balance sheet, is subject to the achievement of certain performance conditions.

The total cost of the acquisition was R193,9 million and was funded out of external resources.

Cash outflow on acquisition:

Net cash acquired with the subsidiary	(12,1)
Cash paid	184,2
Net cash outflow	172,1

From the date of acquisition, the African acquisitions have contributed R126,6 million to revenue from continuing operations and R7,6 million to group operating income.

Should the African acquisitions have been included from 1 October 2007, their contributions are estimated to have been R536,2 million to revenue and R21,4 million to profit after tax before accounting for acquisition financing costs. The group's share of the R21,4 million profit after tax before accounting for acquisition financing costs is R15,4 million.

The significant factors that contributed to the recognition of goodwill include, but are not limited to, the establishment of a presence within the Central and East African markets, with local management and distribution capabilities to drive the group's product sales into the various channels and customers that exist within those markets.

1. Business combinations *(continued)*

Business combinations in 2007

1.2 The Designer Group (Pty) Limited

On 1 October 2006, the group acquired 100% of the issued share capital of the Designer Group (Pty) Limited, an unlisted company based in South Africa specialising in the manufacture and distribution of personal care products.

The fair value of the identifiable assets and liabilities of the Designer Group (Pty) Limited as at the date of acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	16,7	16,7
Intangible assets	33,1	10,7
Deposits, cash and cash equivalents	9,1	9,1
Debtors	40,9	40,9
Inventories	44,8	44,8
Fair value of assets acquired	144,6	122,2
Long-term borrowings	(3,7)	(3,7)
Short-term borrowings	(3,4)	(3,4)
Creditors and provisions	(39,0)	(39,0)
Receiver of revenue	(0,2)	(0,2)
Deferred taxation liability	(3,7)	(3,7)
Fair value of liabilities acquired	(50,0)	(50,0)
Fair value of net assets	94,6	72,2
Goodwill arising on acquisition	300,4	—
Purchase consideration	395,0	72,2

Of the total purchase consideration of R395,0 million, payment of R40 million was deferred, partly to October 2007 and the balance to March 2008.

This deferred portion of the purchase price, which was fully provided for in the group balance sheet, was subject to the achievement of certain performance conditions. These conditions were met and a payment of R15,0 million was made in October 2007.

The remaining R25 million was payable in March 2008. The requirements were met and the amount was paid. The initial cash cost of acquisition of R355,0 million was funded from internal cash resources.

Cash outflow on acquisition:

Net cash acquired with the subsidiary	(9,1)
Cash paid to sellers	355,0
Net cash outflow	345,9

From the date of acquisition to 30 September 2007, the Designer Group (Pty) Limited contributed R275,9 million to revenue from continuing operations and R65,9 million to group operating income after amortisation.

The significant factors that contributed to the recognition of goodwill include, but are not limited to, expected economies of scale in connection with Tiger's existing operations and the benefits of acquiring an established business with an assembled workforce.

1. Business combinations *(continued)*

Business combinations in 2007 *(continued)*

1.3 Nestlé confectionery business

On 1 October 2006, the group acquired the sugar confectionery business of Nestlé South Africa, a company incorporated in South Africa, specialising in the manufacturing and distribution of food products.

The fair value of the identifiable assets and liabilities of the Nestlé sugar confectionery business at the date of acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	7,5	7,5
Trademarks	120,0	120,0
Inventories	12,1	12,1
Fair value of net assets	139,6	139,6
Related capital cost	0,4	
Purchase consideration	140,0	

The total cost of the acquisition was R140,0 million and was funded from internal cash resources.

From the date of acquisition to 30 September 2007, the Nestlé sugar confectionery business has contributed R103,7 million to revenue from continuing operations and R41,4 million to group operating income after amortisation.

1.4 Soyatech (Pty) Limited

On 3 December 2006, the group acquired the property, plant and equipment of Soyatech (Pty) Limited, an unlisted company based in South Africa specialising in the production and distribution of ready-prepared meals.

The fair value of the identifiable assets as at the date of acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	14,0	14,0
Fair value of net assets	14,0	14,0

The total cost of the acquisition was R14,0 million and was funded from internal cash resources.

From the date of acquisition to 30 September 2007, the assets acquired of Soyatech (Pty) Limited contributed a loss before interest and tax of R5,3 million with a contribution to revenue of R5,4 million.

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		2. Total revenues		
		Turnover	19 888,4	16 209,9
93,1	121,2	Interest received	218,1	227,2
3 560,3	266,9	Dividend income	19,4	39,4
3 653,4	388,1		20 125,9	16 476,5
		3. Turnover comprises:		
		Turnover denominated in foreign currencies	2 354,6	1 947,0
		Turnover denominated in functional currency	17 533,8	14 262,9
			19 888,4	16 209,9
		Turnover, net of value-added tax, normal discounts, rebates and promotional allowances, excludes:		
		Turnover of associated companies (100%)	1 815,3	1 365,0
		4. Operating income		
		4.1 Analysis of expenses		
		Cost of sales	13 241,4	10 303,4
		Sales and distribution expenses	2 572,7	2 277,0
		Marketing expenses	480,2	483,3
		Other operating expenses	966,2	900,5

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		4. Operating income *(continued)*		
		4.2 Operating income has been determined after charging/(crediting):		
		External auditors' remuneration		
0,2	0,2	– Audit fees	16,7	16,0
		– Other fees and expenses	1,6	1,7
		Internal auditors' remuneration	5,1	5,8
		Depreciation		
		– On buildings	26,3	24,3
		– On plant, equipment, vessels and vehicles	267,4	236,6
		– On capitalised leased assets	1,4	8,0
		Amortisation		
		– On trademarks	4,1	4,3
		– On licence agreements and supplier relationships	0,1	—
		– On fishing rights	1,9	1,5
0,6	1,0	Fees paid for administrative, managerial and technical services	74,0	65,0
		Operating lease charges		
		– On land and buildings	43,6	35,4
		– On plant, equipment and vehicles	86,1	64,1
		Net loss/(profit) on disposal of plant, equipment and vehicles	6,1	(3,7)
		Research, development and related expenditure		
		– Research and development expenditure	19,8	18,2
		– Technology, royalty and associated costs	0,5	0,7
		Staff costs	1 819,6	1 788,6
		Employer's contribution to defined contribution retirement funding	135,7	114,5
		Employer's contribution to medical aid	70,1	70,4
(0,6)	6,4	Foreign exchange (profit)/loss	(9,2)	11,7

COMPANY 2008	COMPANY 2007	*(Rands in millions)*	GROUP 2008	GROUP 2007
		4. Operating income *(continued)*		
		4.3 Directors' emoluments		
		Executive directors		
		– salaries and bonuses	17,3	12,1
		– retirement, medical and other benefits	4,9	7,0
		Non-executive directors		
4,2	2,8	– fees	4,2	2,8
4,2	2,8	Total directors' emoluments	26,4	21,9
		Less: paid by subsidiaries	22,2	19,1
4,2	2,8	Emoluments paid by company	4,2	2,8
		Refer to page 58 of the sustainability report for further details pertaining to directors' emoluments.		
		4.4 Directors' service contracts		
		No directors have service contracts with notice periods of more than three months. Further details of employment agreements are provided on page 56 of the annual report under the heading "employment agreements".		
		5. Abnormal items		
		5.1 (Loss)/profit on sale of property, plant and equipment and intangibles, including impairment charges	(124,1)	17,8
0,4	23,5	Net profit on sale of interest in subsidiaries and joint ventures	10,6	305,2
		Reversal of impairment of investments, including profit on sale	3,8	25,9
		Fair value adjustment – Sea Harvest put option	—	26,6
		Empowerment transaction costs	—	0,3
		Competition Commission penalty	—	(98,8)
		Reversal of provision/(provision) for Healthcare unbundling costs	2,1	(58,4)
		Recognition of/(provision for) pension fund surpluses	127,0	(17,1)
(600,0)	—	Waiver of loan due to deregistration of subsidiaries		
(48,5)	30,2	Exchange rate translation of Mauritian loan		
4,8	—	Other	(6,2)	2,1
(643,3)	53,7		13,2	203,6
		Income tax expense	(39,7)	(37,4)
		Minority interest	(2,1)	(6,7)
(643,3)	53,7	Attributable to shareholders in Tiger Brands Limited	(28,6)	159,5

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		5. Abnormal items *(continued)*		
		5.2 Asset impairments		
		The following asset (impairments)/impairments reversals are included in abnormal items above. The impairments are shown before tax and minority interests:		
		(Impairment)/reversal of impairment of fishing vessels	(0,3)	21,3
		Reversal of impairment of investments	3,8	—
		Impairment of property, plant and equipment	(14,3)	(1,1)
		Impairment of intangible assets	(113,0)	(2,8)
			(123,8)	17,4
		The value-in-use method was used in assessing impairments and the discount rate used was 12,75% (2007:12,6%) for the whole group and 16,1% (2007: 17,7%) for the fishing business and Langeberg and Ashton Foods.		
		Included in the impairment of intangible assets is an impairment of goodwill of R112,3 million relating to Bromor. Refer to note 13 for further details.		
		Included in the impairment charge is property, plant and equipment relating to the closure and relocation of one manufacturing site for the Out of Home business and the closure of one manufacturing line for the Beverages business. The recoverable amount was based on fair value less costs to sell for these assets.		
		In the prior year, as a result of significantly improved performance in the fishing businesses, attributable to a focus on the beneficiation of smaller fish, improved global pricing and a weaker rand, previous impairments on fishing vessels were reversed. The recoverable amount was calculated using the value-in-use method.		
		6. Interest		
(44,4)	(47,5)	**6.1 Interest paid**	(290,7)	(305,1)
		– Finance lease charges	(0,6)	(1,1)
(3,7)	—	– Long-term borrowings	(39,1)	(39,6)
(39,3)	(40,8)	– Bank and other short-term borrowings	(226,4)	(242,5)
(1,4)	(6,7)	– Other	(24,6)	(21,9)
93,1	121,2	**6.2 Interest received**	218,1	227,2
2,8	36,1	– From subsidiary companies		
89,2	81,1	– From cash and cash equivalents	211,6	213,1
1,1	4,0	– From other sources	6,5	14,1
48,7	73,7	Net interest received/(paid)	(72,6)	(77,9)

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		7. Dividend income		
3 558,9	265,3	From subsidiary companies and joint ventures		
		From investment of employer-controlled reserve invested by pension fund on behalf of Tiger Brands Limited	(1,2)	5,0
		From other investments		
1,3	1,5	– listed	1,6	1,8
0,1	0,1	– unlisted	19,0	32,6
3 560,3	266,9		19,4	39,4
		8. Taxation		
16,6	21,8	**8.1 South African current taxation**	694,0	589,0
50,8	77,1	Secondary tax on companies	49,9	87,2
		Foreign taxes	8,3	7,8
67,4	98,9		752,2	684,0
0,2	—	Deferred taxation	33,6	26,0
67,6	98,9		785,8	710,0
		Adjustments in respect		
(0,8)	(0,4)	of previous years – current	(5,1)	5,0
		– foreign taxation	(1,3)	—
(2,2)	—	– deferred	6,5	(10,9)
64,6	98,5		785,9	704,1
		Taxation on abnormal items – current	1,8	14,5
(10,2)	8,7	– deferred	37,9	22,8
54,4	107,2		825,6	741,4
		Income tax expense reported in the consolidated income statement	825,6	741,4
		Income tax attributable to discontinued operations	198,9	264,6
			1 024,5	1 006,0

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		8. Taxation *(continued)*		
%	%	**8.2 The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:**	%	%
1,8	27,9	Taxation for the year as a percentage of income before taxation	31,0	30,0
33,6	20,0	Dividend income	0,3	0,2
—	1,7	Exempt income	0,1	0,5
(5,7)	(0,6)	Expenses and provisions not allowed for taxation	(2,3)	(3,0)
(1,7)	(20,0)	Secondary tax on companies	(1,9)	(3,5)
		Tax effect of capital profits	(0,2)	2,4
		Income from associates	0,8	1,0
		Effect of differing rates of foreign taxes, prior year adjustments and timing differences not provided for and other sundries	0,2	1,4
28,0	29,0	Rate of South African company taxation During 2008 the legislated corporate tax rate decreased from 29% to 28%	28,0	29,0
		Losses available to reduce future taxable income	18,8	17,2
		8.3 Reconciliation of movement on deferred taxation		
		Movement recognised in income statement this year		
0,2	—	Current year charge	33,6	26,0
(2,2)	—	Adjustments in respect of previous years	6,5	(10,9)
(10,2)	8,7	Deferred tax on abnormal items	37,9	22,8
(12,2)	8,7		78,0	37,9
		Movement per deferred tax accounts		
(4,0)	—	(Increase)/decrease in deferred taxation asset	47,0	1,3
(8,2)	8,7	(Decrease)/increase in deferred taxation liability	31,0	36,6
(12,2)	8,7		78,0	37,9
		9. Calculation of weighted average number of shares for headline earnings per share and basic earnings per share purposes		
		9.1 Opening balance of number of ordinary shares	163 757 905	162 482 742
		Weighted number of ordinary shares – issued	173 211	724 655
		Weighted number of ordinary shares – share buyback	(142 412)	—
		Weighted number of shares held for BEE deal	(5 896 140)	(5 896 140)
		Weighted average number of shares in issue	157 892 564	157 311 257

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		9. Calculation of weighted average number of shares for headline earnings per share and basic earnings per share purposes *(continued)*		
		9.2 Weighted average number of shares in issue	157 892 564	157 311 257
		Share options dilution	744 211	2 658 698
		Adjusted number of ordinary shares for diluted headline and basic earnings per share purposes	158 636 775	159 969 955
		9.3 Headline earnings (Rm)	2 406,5	2 018,3
		Income attributable to ordinary shareholders (Rm)	2 273,7	2 242,8

9.4 Reconciliation between profit for the year and headline earnings

(Rands in millions)

2008	Gross	Tax	Net
Profit attributable to ordinary shareholders			2 273,7
Adjusted for:			
Net profit on sale of interest in subsidiaries and joint ventures	(9,4)	0,7	(8,7)
Loss on sale of property, plant and equipment, including impairment charge on intangibles	141,1	0,6	141,7
Associates	1,2	0,2	1,4
Profit on sale of property, plant and equipment	(1,5)	0,2	(1,3)
Impairment of property, plant and equipment	2,7	—	2,7
Other	(2,8)	1,2	(1,6)
Headline earnings for the year	130,1	2,7	2 406,5

2007	Gross	Tax	Net
Profit attributable to ordinary shareholders			2 242,8
Adjusted for:			
Net profit on sale of interest in subsidiaries and joint ventures	(303,0)	32,4	(270,6)
Loss on sale of property, plant and equipment, including impairment charge on intangibles	64,5	—	64,4
Reversal of impairment including net profit on sale			(14,4)
Associates	(2,4)	—	(2,4)
Profit on sale of property, plant and equipment	(2,4)	—	(2,4)
Impairment of property, plant and equipment			—
Other	(1,5)	—	(1,5)
Headline earnings for the year	(242,4)	32,4	2 018,3

9. Calculation of weighted average number of shares for headline earnings per share and basic earnings per share purposes *(continued)*

9.5 Reconciliation between profit for the year and headline earnings

Discontinued operations

2008 *(Rands in millions)*	Gross	Tax	Net
Profit attributable to ordinary shareholders			502,4
Adjusted for:			
Loss on sale of property, plant and equipment, including impairment charges on intangibles	17,8	—	17,8
Headline earnings for the year	17,8	—	520,2
2007	**Gross**	**Tax**	**Net**
Profit attributable to ordinary shareholders			558,1
Adjusted for:			
Loss on sale of property, plant and equipment, including impairment charges on intangibles	80,7	(1,7)	79,0
Headline earnings for the year	80,7	(1,7)	637,1

COMPANY 2008	COMPANY 2007	*(Rands in millions)*	GROUP 2008	GROUP 2007
		10. Dividends and capital reductions		
2 406,1	1 082,9	10.1 Dividends and capital distributions on ordinary shares	2 306,9	992,4
270,6	715,9	Final dividend No 126 of 157 cents per share – paid	247,9	656,3
499,8	—	Capital distribution No 126 of 290 cents per share – paid	457,8	—
422,9	—	Interim dividend No 127 of 245 cents per share – paid	387,4	—
41,5	—	Distribution in specie in respect of unbundling of Adcock Ingram Holdings Limited	41,5	—
1 171,3	—	Dividend paid in respect of unbundling of Adcock Ingram Holdings Limited	1 171,3	—
—	—	Dividend paid to Thusani Trust	1,0	—
—	367,0	Capital distribution No 125 of 213 cents per share – paid	—	336,1
786,0	660,0	10.2 Dividends and capital distributions per ordinary share (cents)	786,0	660,0
245,0	—	Interim dividend No 127 declared 19 May 2008	245,0	—
—	213,0	Capital distribution No 125 declared 24 May 2007	—	213,0
—	290,0	Capital distribution No 126 declared 19 November 2007	—	290,0
541,0	157,0	Final dividend No 128 – declared post-year-end	541,0	157,0

COMPANY 2008	COMPANY 2007	*(Rands in millions)*	GROUP 2008	GROUP 2007
		11. Property, plant and equipment		
		11.1 Freehold land and buildings	635,0	586,2
		Cost	818,5	751,1
		Accumulated depreciation	(183,5)	(164,9)
		11.2 Leasehold land and buildings	83,2	45,5
		Cost	142,7	97,8
		Accumulated depreciation	(59,5)	(52,3)
		Total land and buildings	718,2	631,7
		11.3 Details of the individual properties are contained in a register which is open for inspection at the registered office of the company.		
		11.4 Land and buildings and plant and machinery having a book value of R6,4 million (2007: R11,4 million), are mortgaged/pledged as security for long-term loans and capitalised finance leases of R6,4 million as per note 34.4 (2007: R7,1 million).		
		11.5 Plant, vehicles, vessels and equipment	1 650,8	1 282,4
		Cost	3 875,9	3 187,9
		Accumulated depreciation	(2 225,1)	(1 905,5)
		11.6 Capitalised leased assets	0,2	1,6
		Cost	12,5	22,7
		Accumulated depreciation	(12,3)	(21,1)

Tiger Brands

(Rands in millions)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles, vessels and equipment	Capitalised leased assets	Total
11. Property, plant and equipment *(continued)*					
11.7 Movement of the group property, plant and equipment					
2008					
Net balance at beginning of the year	586,2	45,5	1 282,4	1,6	1 915,7
Business combinations	1,0	46,0	101,5	—	148,5
Transfer from discontinued operation	0,8	—	5,1	—	5,9
Additions	67,2	2,5	572,1	—	641,8
	655,2	94,0	1 961,1	1,6	2 711,9
Disposals	(1,5)	—	(3,9)	—	(5,4)
Transfer to discontinued operation	—	—	(23,9)	—	(23,9)
Impairment	—	—	(14,3)	—	(14,3)
Depreciation	(18,7)	(7,6)	(267,4)	(1,4)	(295,1)
Exchange rate translation difference	—	(3,2)	(0,8)	—	(0,4)
Net balance at the end of the year	635,0	83,2	1 650,8	0,2	2 369,2
2007					
Net balance at the beginning of the year	679,0	38,1	1 181,7	11,2	1 910,0
Discontinued operations	(136,5)	(0,8)	(146,2)	(1,6)	(285,1)
Net balance at the beginning of the year – continuing operations	542,5	37,3	1 035,5	9,6	1 624,9
Business combinations	16,2	0,9	21,1	—	38,2
Additions	48,4	14,6	477,4	—	540,4
	607,1	52,8	1 534,0	9,6	2 203,5
Disposals	(2,8)	—	(36,3)	—	(39,1)
(Impairment)/impairment reversals	(1,1)	—	21,3	—	20,2
Depreciation	(17,0)	(7,3)	(236,6)	(8,0)	(268,9)
Net balance at the end of the year	586,2	45,5	1 282,4	1,6	1 915,7

(Rands in millions)	GROUP 2008	GROUP 2007
12. Goodwill and intangible assets		
12.1 Trademarks	576,9	511,1
Cost	587,6	741,5
Accumulated amortisation	(10,7)	(35,0)
Discontinued operations	—	(195,4)
12.2 Goodwill	1 093,3	1 210,1
Cost	1 205,6	1 317,1
Accumulated impairment/amortisation	(112,3)	(11,7)
Discontinued operations	—	(95,3)
12.3 Licence agreements and supplier relationships	25,8	23,3
Cost	25,8	89,4
Accumulated amortisation	—	(5,9)
Discontinued operations	—	(60,2)
12.4 Fishing rights	17,7	24,0
Cost	21,3	27,9
Accumulated amortisation	(3,6)	(3,9)
12.5 Other intangible assets	0,2	2,2
Cost	0,3	5,3
Accumulated amortisation	(0,1)	(3,1)
Total goodwill and intangible assets	1 713,9	1 770,7

Group (Rands in millions)	Trade-marks	Goodwill	Licence agree-ments and supplier relation-ships	Fishing rights	Other in-tangible assets	Total
12. Goodwill and intangible assets *(continued)*						
12.6 Goodwill and intangible assets						
Movement of group goodwill and intangible assets						
2008						
Net balance at beginning of the year	511,1	1 210,1	23,3	24,0	2,2	1 770,7
Business combinations	53,6	18,0	0,8	—	—	72,4
Reclassification	16,3	(16,3)	—	—	—	—
Transfer (to)/from discontinued operations	0,7	(0,5)	1,7	—	(1,9)	—
	581,7	1 211,3	25,8	24,0	0,3	1 843,1
Disposals	—	(6,0)	—	(4,4)	—	(10,4)
Amortisation	(4,1)	—	—	(1,9)	(0,1)	(6,1)
Impairment	(0,8)	(112,3)	—	—	—	(113,1)
Exchange rate translation difference	0,1	0,3	—	—	—	0,4
Net balance at end of the year	576,9	1 093,3	25,8	17,7	0,2	1 713,9
2007						
Net balance at beginning of the year	577,6	936,0	83,5	11,1	2,2	1 610,4
Discontinued operations	(195,4)	(95,3)	(60,2)	—	—	(350,9)
Net balance at beginning of the year – continuing operations	382,2	840,7	23,3	11,1	2,2	1 259,5
Business combinations	153,1	294,6	—	16,6	—	464,3
Trademark reclassification	(67,4)	67,4	—	—	—	—
Additions	47,1	7,4	—	—	—	54,5
	515,0	1 210,1	23,3	27,7	2,2	1 778,3
Amortisation	(4,3)	—	—	(1,5)	—	(5,8)
Impairment	—	—	—	(2,8)	—	(2,8)
Exchange rate translation difference	0,4	—	—	0,6	—	1,0
Net balance at end of the year	511,1	1 210,1	23,3	24,0	2,2	1 770,7

12. Goodwill and intangible assets *(continued)*

12.6 Goodwill and intangible assets *(continued)*

The carrying value of goodwill at 30 September 2008 is allocated to cash-generating units as follows:

(Rands in millions)	2008	2007
Consumer Healthcare	156,5	172,9
Designer Group	308,4	314,4
Bromor	581,1	693,4
Oceana	19,7	19,7
Out of Home	3,7	3,7
Enterprise	6.0	6,0
African acquisitions	17,9	—
	1 093,3	1 210,1

In 2006 the value for Bromor Foods (Pty) Limited derived at acquisition was based on estimates at the time. Goodwill amounting to R67,4 million was subsequently recognised in 2007 due to a drop in the value of recalculated trademarks.

Trademarks comprise well-established, growing brands. Except for trademarks with a cost of R58,6 million which are amortised, the brand portfolio is considered to have indefinite useful lives and are therefore not amortised. Refer to the accounting policies for further details on amortisation.

13. Impairment testing of goodwill and intangibles with indefinite lives

Goodwill acquired through business combinations, trademarks, licence agreements, supplier relationships and restraint of trade agreements have been allocated to 22 cash-generating units.

Annually or if there is an indication of impairment, all indefinite life intangible assets and goodwill are assessed for impairment. The key assumptions disclosed below are based on management's experience and expectations. Based on this experience and the well-established brands the group owns, management considers forecast cash flow periods in excess of five years to be appropriate.

Discount rates applied range from 12,75% to 16,10% (2007: 12,6% to 17,7%) as applicable to the cash-generating unit.

The discounted cash flow models are most sensitive to the discount rate.

Reasonably possible movements in the discount rate of 1% do not result in any material movements to recoverable amounts which could cause them to be exceeded by carrying amounts except for Bromor as noted in 13.1 below.

The carrying amount of goodwill and other intangibles of the Bromor Foods cash-generating unit is significant in comparison with the group's total carrying amount of goodwill and other intangibles with indefinite useful lives.

Included in abnormal items from continuing operations, is the impairment of goodwill relating to the Bromor acquisition.

The impairment amounts to R112,3 million and is largely attributable to the expected reduction in the future profit stream, as well as an increase in the discount rate applied to the future cash flows of the business.

13.1 Key assumptions used in the value-in-use calculation of the Bromor and African acquisitions' cash-generating units for 30 September 2008

The carrying amount of goodwill and other intangibles for the African acquisitions' cash-generating unit can be found in note 1.

13. Impairment testing of goodwill and intangibles with indefinite lives *(continued)*

13.1 Key assumptions used in the value-in-use calculation of the Bromor and African acquisitions' cash-generating units for 30 September 2008 *(continued)*

Goodwill is tested at least annually for impairment. Specific details on the current year acquisitions and Bromor are detailed below.

Goodwill

African acquisitions

Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the acquisition date. Goodwill has been provisionally recognised and will be finalised within the next 12 months in accordance with IFRS 3.

Bromor

The group applied a discounted cash flow methodology to value goodwill. This methodology entailed a calculation of the present value of future cash flows generated by the business over a period of 10 years and a terminal growth rate. The difference between the present value and fair value of the assets acquired constituted goodwill.

Main inputs used were profit before interest and tax, a tax rate of 28% (2007: 29%), value of non-cash items per year, capital expenditure, movements in working capital, an appropriate discount rate and a terminal growth rate.

The impairment amounts to R112,3 million and is largely attributable to the expected reduction in the future profit stream, as well as an increase in the discount rate applied to the future cash flows of the business.

Trademarks

The group applied the "relief-from-royalty" valuation methodology to value trademark assets. This methodology entails quantifying royalty payments, which would be required if the trademark were owned by a third party and licenced to the company.

Main inputs used were forecast future sales, a notional royalty rate payable in an arm's length transaction and an appropriate discount rate.

Customer lists

The group applied the "excess earnings" valuation methodology to value customer lists for the Bromor acquisition. The method is based on apportioning the returns earned by a business across its tangible and intangible assets.

Main inputs used were forecast sales to which the customer relationships contribute and estimated cash flows earned from these sales, a tax rate of 28% (2007: 29%) and a required rate of return.

13.2 Key assumptions used in the value-in-use calculation of all other cash-generating units for 30 September 2008 and 30 September 2007

All indefinite life intangibles were tested for impairment by using a discounted cash flow model incorporating future cash flows to be generated by the asset. These cash flows were based on forecasts which included assumptions on operating profit, depreciation, working capital movements and maintenance expenditure. The growth rate is dependent on the industry and maturity fo the cash generating unit.

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		14. Interest in subsidiary companies (Annexure A)		
1 638,7	1 446,2	Shares at cost less amounts written off		
3 472,2	3 092,8	**15. Amounts owed by subsidiaries** (Annexure A) Refer to the related parties note 40 for additional information		
		16. Investments in associated companies (Annexure B)		
		Unlisted, at cost less amounts written off	342,0	342,0
		Share of accumulated profits and reserves since acquisition	130,6	89,2
			472,6	431,2
		Directors' valuation of unlisted investments	472,6	431,2
		The trading results of the associate companies whose results are equity-accounted in the consolidated financial statements are as follows:		
		Turnover	1 834,6	1 365,0
		Profit attributable to ordinary shareholders of Tiger Brands	72,0	57,1
		Empresas Carozzi (24%)	72,0	55,0
		Other	—	2,1
		Less: Dividends	(30,5)	(18,8)
		Share of associated companies' income	41,5	38,3
		The aggregate balance sheets of associates are summarised as follows:		
		Property, plant and equipment and investments	2 666,4	2 185,9
		Goodwill	962,3	853,2
		Net current assets	686,7	684,0
		Total assets	4 315,4	3 723,1
		Long-term liabilities	(1 438,7)	(1 428,3)
		Total shareholders' funds	2 876,7	2 294,8
		The results of Empresas Carozzi for the 12 months ended 31 August 2008 have been used in preparation of these financial statements. The management accounts represent the latest available financial information which have been subject to a limited review by the associate company auditors. There have been no material differences noted in the associate's results during September 2008. Empresas Carozzi operates in various food categories as outlined on page 39.		

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		17. Other investments (Annexure C)		
170,2	—	Listed, at fair value	738,0	31,8
6,0	5,8	Unlisted, at fair value	64,4	58,7
—		Employer controlled reserve invested by pension fund on behalf of Tiger Brands Limited	162,8	159,6
126,3	121,0	Notional investment in subsidiary companies in terms of IFRS 2	—	—
302,5	126,8		965,2	250,1
170,2	—	Fair value of listed investments	738,0	31,8
6,0	5,8	Directors' valuation of unlisted investments and employer controlled reserve	227,2	218,3
		Included in unlisted investments is the group's proportionate share of R51,8 million (2007: R44,3 million) of the Oceana Group Limited's preference share investment in Oceana SPV (Pty) Limited. These preference shares carry a coupon rate of 95% of the prime overdraft rate and a 20 year term. The carrying value includes preference dividends accrued but not yet declared.		
		18. Loans		
		18.1 Tiger Brands Share Trust participants	15,2	17,0
		Sea Harvest Share Trust participants	15,8	17,0
		Oceana loans to fishermen	1,8	5,3
2,4	2,2	Other	8,1	7,0
2,4	2,2		40,9	46,3

18.2 Tiger Brands Share Trust

The Tiger Brands Share Trust was formed to finance the purchase of ordinary shares in the company by employees of the group. The loan is secured by the pledge of the ordinary shares purchased in terms of the scheme and are repayable within 10 years after the grant of the option. Interest is determined by the directors six months in arrears. The rate applied is 1% for both 2007 and 2008.

The market value of Tiger Brands Limited shares pledged as security for loans granted amounted to R78,6 million at 30 September 2008 (2007: R120,4 million). The value of Adcock Ingram Holdings Limited shares pledged as security for loans granted amounted to R17,3 million at 30 September 2008 (2007: Rnil). In addition, as at 30 September 2008 the trust held 166 637 shares (2007: 217 344 shares) in Astral Foods Limited, which shares were transferred to it at the time of the unbundling of Astral Foods. These shares had a market value of R16,1 million at 30 September 2008 (2007: R26,3 million) which are pledged as security where employees have exercised their options.

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		18. Loans *(continued)*		
		18.3 Sea Harvest Share Trust		
		The Sea Harvest Share Trust was formed to finance the purchase of ordinary shares in the group by employees. The loans are secured by pledge of the shares purchased in terms of the scheme and are repayable within 10 years. The loans bear interest at between 0% to 3,2% per annum (2007: 0% – 3,2%).		
		19. Deferred taxation asset		
		19.1 Movement of deferred taxation asset		
		Balance at the beginning of the year	114,4	144,6
		Discontinued operations	—	(15,9)
		Balance at the beginning of the year – continuing operations	114,4	128,7
		Net reallocation between deferred taxation asset and deferred taxation liability	15,4	—
		Adjustment in respect of acquisition/(disposals) of businesses	2,6	(13,0)
		Adjustments in respect of currency losses taken directly to non-distributable reserves	2,8	—
0,9	—	Fair value adjustments – investments	1,0	—
4,0	—	Income statement movement	(47,0)	(1,3)
4,0	—	– current year timing differences	(42,9)	(1,3)
—	—	– tax rate change movement	(4,1)	—
4,9	—	Balance at the end of the year	89,2	114,4
		19.2 Analysis of deferred taxation asset		
		Property, plant and equipment	(35,1)	(33,9)
2,0	—	Pension fund deficit/(surplus)	(32,4)	—
0,9	—	Fair value adjustment – investment	1,0	—
2,0	—	Foreign exchange losses		
		Provisions	134,9	130,9
		Other temporary differences	20,8	17,4
4,9	—		89,2	114,4

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		20. Inventories		
		Raw materials	1 240,4	900,1
		Partly processed goods	37,5	33,2
		Finished goods and merchandise	1 905,2	1 480,6
		Consumable stores and spares	165,3	62,8
		Other	16,3	11,4
			3 364,7	2 488,1
		Inventories to the value of R68,9 million (2007: R34,7 million) are carried at net realisable value. The amount of writedown of inventories recognised as an expense is R36,5 million (2007: R19,0 million). This expense is included in cost of sales. Refer to note 4.1.		
		21. Trade and other receivables		
		21.1 Analysis of trade and other receivables		
		Trade receivables	2 752,6	2 478,5
1,2	1,8	Tax overpaid	—	—
—	—	Prepayments	88,2	78,8
25,6	50,9	Sundry receivables	342,4	317,7
26,8	52,7		3 183,2	2 864,0
		Impairment provision	(80,7)	(85,8)
		Trade receivables	(70,1)	(74,8)
		Sundry receivables	(10,6)	(11,0)
26,8	52,7		3 102,5	2 789,2
		Trade receivables, which generally have 30 – 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.		

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		21. Trade and other receivables *(continued)*		
		21.2 Impairment provisions		
		Provision is made when there is objective evidence that the company will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when identified. Movements in the impairment provision were as follows:		
		Reconciliation of trade receivables impairment provision		
		Balance at the beginning of the year	(74,8)	(89,8)
		Utilised during the year	17,6	1,0
		Reversed during the year	11,4	7,9
		Decrease due to disposal of business	—	10,0
		Raised during the year	(3,0)	(4,1)
		Increase due to acquisition of business	(21,3)	0,2
		Balance at the end of the year	(70,1)	(74,8)
		Reconciliation of sundry receivables impairment provision		
		Balance at the beginning of the year	(11,0)	(49,1)
		Utilised during the year	0,8	34,0
		Reversed during the year	0,8	4,2
		Raised during the year	(1,2)	(0,1)
		Balance at the end of the year	(10,6)	(11,0)
		21.3 Past due or impaired analysis		
		As at 30 September, the ageing analysis of trade receivables was as follows:		
		Not past due, or impaired	2 347,9	1 966,0
		Past due and not impaired:		
		Current to 60 days	315,8	409,3
		61 to 90 days	53,6	64,5
		91 to 180 days	24,6	28,1
		> 180 days	10,7	10,6
		Total	2 752,6	2 478,5
		As at 30 September, the ageing analysis of sundry receivables was as follows:		
25,6	50,9	Not past due, or impaired	327,6	309,5
		Past due and not impaired:		
		Current to 60 days	7,7	2,4
		61 to 90 days	1,2	1,7
		91 to 180 days	2,6	1,1
		> 180 days	3,3	3,0
25,6	50,9	Total	342,4	317,70

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		21. Trade and other receivables *(continued)*		
		21.4 Trade receivable analysis		
		Industry spread of trade receivables:		
		Retail	1 155,1	1 064,8
		Wholesale/Distributors	1 251,1	1 167,6
		Export	257,3	177,7
		Other	89,1	68,4
		Total	2 752,6	2 478,5
		Geographical spread of trade receivables:		
		South Africa	2 312,0	2 211,8
		Rest of Africa	171,6	88,3
		Europe	187,5	110,4
		Rest of the world	81,5	67,9
		Total	2 752,6	2 478,5
		21.5 Collateral held and pledged		
		Collateral pledged		
		A subsidiary of the group has pledged trade receivables with a carrying amount of R134 million (2007: R97,1 million) as security for a loan from the Landbank with a carrying amount of R186,4 million (2007: R241,8 million).		
		The group's joint venture has pledged trade receivables with a carrying amount of R38,1 million (2007: R23,3 million) as collateral against bank overdrafts.		
		Collateral held		
		Sundry receivables of the group's joint venture are secured by marine bonds over vessels and mortgage bonds over fixed property as appropriate.		
		Fair value of collateral held	3,6	10,2
		22. Cash and cash equivalents		
563,4	215,0	Cash	390,1	232,2
		Investments in marketable preference shares	168,6	257,7
		Portion of the surplus cash, which is available on demand, has been invested in preference shares carrying a coupon rate of 57,5% – 63% of prime.		
563,4	215,0		558,7	489,9

23. Share-based payment plans

23.1 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.

Options vest as follows: a third after three years, a third after four years and a third after five years. The exercise price is determined in accordance with the rules of the scheme.

From January 2006 a new option scheme was adopted by the company. The new scheme is a cash settled option scheme, which replaces the previous equity-settled share option scheme.

The expense recognised for employee services received during the year to 30 September 2008 is R6,8 million (2007: R26,8 million). The portion of that expense arising from equity-settled share-based payment transactions is R0,3 million (2007: R13,5 million).

Equity-settled

The following table illustrates the number (No) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2008		2007	
	No	WAEP	No	WAEP
Outstanding at the beginning of the year	3 895 755	52,59	5 192 751	61,69
Movement of Adcock Ingram on unbundling	(1 239 355)	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	(311 350)	62,70	(21 833)	75,01
Exercised during the year[2]	(488 532)	46,15	(1 275 163)	50,92
Outstanding at the end of the year[1]	1 856 518	52,56	3 895 755	65,11
Exercisable at the end of the year	1 318 618	47,22	1 629 521	50,94

1. Included within the number of options outstanding at the end of the year are options over 392 080 shares that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

2. The weighted average share price at the date of exercise for the options exercised is R116,15 (2007: R168,83). The weighted average remaining contractual life for share options outstanding as at 30 September 2008 is 4,88 years (2007: 5,69 years). The range of exercise prices for options outstanding at the end of the year was R33,29 – R106,67 (2007: R21,61 – R135,00).

The observable volatility in the market was the basis upon which the options were valued.
Share options were fair valued using a modified Black-Schöles model.

Tiger Brands

23. Share-based payment plans *(continued)*

23.1 General employee share option plan *(continued)*

The following inputs were used:

Date of grant	Strike price (Rand)	Expiry date	Market price of underlying stock at grant date (Rand)	Expected volatility of the stock over remaining life of option (%)	Dividend cover (times)
03/02/2003	69,16	02/02/2013	66,11	22,0	2,7
08/08/2003	69,76	07/08/2013	70,55	22,0	2,7
29/01/2004	80,02	28/01/2014	82,65	18,0	2,5
28/02/2004	82,16	27/02/2014	84,66	18,0	2,5
01/08/2004	89,08	31/07/2014	89,70	19,0	2,5
25/01/2005	95,09	24/01/2015	95,36	18,0	2,0
18/05/2005	97,93	17/05/2015	100,69	18,0	2,0
01/07/2005	107,70	30/06/2015	113,74	19,0	2,0
01/09/2005	125,60	31/08/2015	131,80	19,0	2,0

The interest rate yield curve was derived from the Nedbank Treasury calculation.

Cash-settled

The following table illustrates the number (No) and weighted average exercise prices (WAEP) of, and movements in, cash-settled options during the year.

	2008		2007	
	No	WAEP	No	WAEP
Outstanding at the beginning of the year	991 900	125,54	531 200	149,68
Movement of Adcock Ingram on unbundling	(272 500)	—	—	—
Compensation for exit of Adcock Ingram*	207 047	—	—	—
Granted during the year	1 138 568	124,09	478 100	168,88
Forfeited during the year	(341 338)	124,97	(6 700)	149,51
Exercised during the year	—	—	(10 700)	149,51
Outstanding at the end of the year[1]	1 723 677	124,69	991 900	158,93
Exercisable at the end of the year	—	—	—	—

**Refer to page 54 for further information.*

1. *The weighted average remaining contractual life for cash-settled options outstanding as at 30 September 2008 is 4,89 years (2007: 4,81 years).*

   The weighted average fair value of options granted during the year was R37,57 per option (2007: R46,08).

   The range of exercise prices for options outstanding at the end of the year was R106,44 – R136,53 (2007: R149,51 – R172,79).

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.

23. Share-based payment plans *(continued)*

23.1 General employee share option plan *(continued)*

The following inputs were used:

Date of grant	Strike price of option (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
22/01/2008	130,59	21/01/2014	146,50	28,3	2,0
01/04/2008	106,44	31/03/2014	132,90	27,9	2,0
16/09/2008	131,35	15/09/2014	137,00	27,2	2,0
22/01/2007	133,39	21/01/2013	172,51	28,7	2,0
30/03/2007	136,53	29/03/2013	177,00	28,2	2,0
26/01/2006	118,13	25/01/2012	162,00	29,1	2,0
21/04/2006	130,43	20/04/2012	171,00	28,5	2,0
08/05/2006	133,61	07/05/2012	170,00	28,6	2,0

The interest rate yield curve was derived from the Nedbank Treasury calculation. The average volatility was 28% and the risk-free rate ranged from 9,8% to 12,61% during the year.

The carrying amount of the liability relating to the cash-settled options at 30 September 2008 is R17,5 million (2007: R16,2 million). No cash-settled options were exercised during the year (2007: 10 700).

23.2 Black managers' share option 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. Allocations of vested rights to these shares were made to 435 black managers.

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 defined lock-in period, i.e. from 1 January 2015. These vested rights are non-transferable.

From 1 January 2015, 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 employees' tax), costs and expenses, and distribute to them the remaining shares to which they are entitled; or
- fund the capital contributions, taxation (including employees' tax), costs and expenses themselves and receive the shares to which they are entitled.

The expense recognised for employee services received during the year to 30 September 2008 is R30,2 million (2007: R32,0 million).

Tiger Brands

23. Share-based payment plans *(continued)*

23.2 Black Managers' share option scheme (equity settled) *(continued)*

The following table illustrates the number (No) of, and movements in, share participation rights during the year.

	2008 No	2007 No
Outstanding at the beginning of the year	1 832 700	2 272 200
Granted during the year	571 800	949 500
Forfeited during the year	(187 100)	(304 800)
Outstanding at the end of the year*	2 217 400	2 916 900
Exercisable at the end of the year	—	—

**2007 includes 1 084 200 allocation in respect of Adcock Ingram employees.*

The weighted average remaining contractual life for share options outstanding as at 30 September 2008 is 6,25 years (2007: 7,25 years).

The weighted average fair value of options granted during the year was R40,62 (2007: R60,09).

The notional exercise price of participation rights at 30 September 2008 was R119,62 per option (2007: R116,69).

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

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

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 option (%)	Expected dividend yield of the stock over the remaining life of the option (%)
01/11/2005	112,28	30/09/2027	140.00	22,0	3,6
31/01/2006	110,90	30/09/2027	159,90	25,0	3,6
31/07/2006	112,89	30/09/2027	150,00	25,0	3,6
31/01/2007	112,99	30/09/2027	172,30	30,4	3,5
31/07/2007	115,17	30/09/2027	186,70	27,8	3,5
31/01/2008	115,43	30/09/2027	151,00	27,5	4,0
31/07/2008	117,91	30/09/2027	145,00	28,1	4,2

The risk-free interest rate was taken from the Standard Bank, zero-coupon South African bond curves.

COMPANY Number of shares 2008	2007	(Rands in millions)	GROUP Number of shares 2008	2007
		24. Authorised share capital		
25,0	25,0	24.1 250 000 000 (2007: 250 000 000) ordinary shares of 10 cents each	25,0	25,0
25,0	25,0		25,0	25,0
2 784 584	3 895 755	24.2 Number of outstanding options in terms of the company's share option scheme		
—	8 500	At R17,07 (2007: R21,61) per share, exercisable until 9 March 2008		
—	11 500	At R31,69 (2007: R40,11) per share, exercisable until 19 May 2008		
—	2 667	At R21,85 (2007: R27,65) per share, exercisable until 11 September 2008		
—	77 566	At R23,13 (2007: R29,28) per share, exercisable until 22 September 2008		
—	5 500	At R26,56 (2007: R33,62) per share, exercisable until 2 October 2008		
24 900	38 265	At R33,29 (2007: R42,14) per share, exercisable until 24 June 2009		
1 333	1 333	At R27,05 (2007: R34,24) per share, exercisable until 8 July 2009		
74 500	81 369	At R36,69 (2007: R46,44) per share, exercisable until 8 November 2009		
1 700	1 700	At R32,72 (2007: R41,41) per share, exercisable until 13 October 2010		
33 300	38 733	At R33,74 (2007: R42,71) per share, exercisable until 14 November 2010		
1 733	1 733	At R39,42 (2007: R49,89) per share, exercisable until 1 September 2011		
516 513	611 288	At R36,53 (2007: R46,24) per share, exercisable until 29 January 2012		
—	700	At R40,51 (2007: R51,27) per share, exercisable until 4 April 2012		
616 604	814 706	At R44,33 (2007: R56,10) per share, exercisable until 3 February 2013		
98 700	197 328	At R44,33 (2007: R56,10) per share, exercisable until 31 March 2013		
5 000	11 700	At R44,71 (2007: R56,59) per share, exercisable until 8 August 2013		

COMPANY Number of shares 2008	2007	(Rands in millions)	GROUP Number of shares 2008	2007
		24. Authorised share capital *(continued)*		
		24.2 Number of outstanding options in terms of the company's share option scheme *(continued)*		
807 401	1 079 167	At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014		
—	5 000	At R52,66 (2007: R66,65) per share, exercisable until 28 February 2014		
568 200	870 000	At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015		
4 700	7 000	At R77,22 (2007: R97,73) per share, exercisable until 18 May 2015		
10 000	10 000	At R85,10 (2007: R107,70) per share, exercisable until 1 July 2015		
10 000	10 000	At R99,24 (2007: R125,60) per share, exercisable until 1 September 2015		
10 000	10 000	At R106,67 (2007: R135,00) per share, exercisable until 1 October 2015		
		Option prices reduced in 2008 as a result of the Adcock unbundling.		
69 252 546	69 252 546	24.3 Number of shares under the control of the directors until the next annual general meeting	69 252 546	69 252 546
4 919 706	4 504 466	24.4 Number of shares under the control of the directors for purposes of the Tiger Brands (1985) Share Purchase Scheme and the Tiger Brands (1985) Share Option Scheme	4 919 706	4 504 466

	COMPANY			
	Number of shares under option		Options exercised during 2008	
	2008	2007	Number of shares	Gain in R'000
24. Authorised share capital *(continued)*				
24.5 Executive directors' options over shares in Tiger Brands Limited				
N Dennis (retired 19 February 2008)	—	668 000	—	—
At R36,53 (2007: R46,24) per share, exercisable until 29 January 2012	—	208 000		
At R44,33 (2007: R56,10) per share, exercisable until 3 February 2013	—	152 000		
At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014	—	214 000		
At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015	—	94 000		
N P Doyle (resigned 31 May 2008)	—	51 800	—	—
At R44,33 (2007: R56,10) per share, exercisable until 3 February 2013	—	2 700		
At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014	—	19 100		
At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015	—	30 000		
N G Brimacombe (appointed 1 August 2008)	69 100	—	—	—
At R36,53 (2007: R46,24) per share, exercisable until 29 January 2012	21 400	—		
At R44,33 (2007: R56,10) per share, exercisable until 3 February 2013	24 700	—		
At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014	13 000	—		
At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015	10 000	—		
P M Roux (appointed 1 August 2008)	32 400	—	—	—
At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014	12 400	—		
At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015	20 000	—		
C F H Vaux	65 400	65 400	—	—
At R44,33 (2007: R56,10) per share, exercisable until 3 February 2013	23 400	23 400		
At R51,29 (2007: R64,91) per share, exercisable until 29 January 2014	19 000	19 000		
At R75,13 (2007: R95,09) per share, exercisable until 25 January 2015	23 000	23 000		
Totals for Tiger Brands Limited	166 900	785 200	—	—

	COMPANY			
	Number of shares under option		Options exercised during 2008	
	2008	2007	Number of shares	Gain in R'000
24. Authorised share capital *(continued)*				
24.5 Executive directors' options over shares in Tiger Brands Limited *(continued)*				
Executive directors' options over shares in Astral Foods Limited				
N Dennis (retired 19 February 2008)				
At R6,22 per share, exercisable until 14 November 2010	—	78 025		
N P Doyle (resigned 31 May 2008)				
At R6,22 per share, exercisable until 14 November 2010	—	300		
Totals for Astral Foods Limited	—	78 325		

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		25. Issued ordinary share capital and premium		
		25.1 Issued share capital 173 043 164 (2007: 172 347 233)		
17,3	17,2	Ordinary shares of 10 cents each	17,3	17,2
		25.2 Share premium account		
519,7	811,5	Balance at beginning of year	519,7	811,5
46,1	75,2	Issues of shares	46,1	75,2
(499,8)	(367,0)	Capital distribution out of share premium – interim	(499,8)	(367,0)
(41,5)	—	Distribution in specie in respect of unbundling of Adcock Ingram Holdings Limited	(41,5)	—
24,5	519,7		24,5	519,7
41,8	536,9		41,8	536,9
		The increase in ordinary shares issued is due to share options exercised as indicated in note 23.1.		

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		26. Non-distributable reserves		
16,6	16,6	Amounts transferred from share premium account	16,6	16,6
2,7	2,7	Capital redemption reserve fund		
2 918,6	2 918,6	Legal reserves and other	65,7	65,7
		Share of accumulated profits and reserves since acquisition in associated companies	473,8	432,4
		Fair value adjustment – forward exchange contracts	1,9	9,2
(0,5)	5,5	Fair value adjustment – investments	178,7	7,0
		Translation reserve	(23,1)	(4,4)
2 937,4	2 943,4		713,6	526,5

27. Tiger Brands Limited shares held by empowerment trusts

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

The total value of the staff empowerment transaction was R723,5 million, based on the closing price of the company's shares on the JSE Limited on 13 July 2005 of R112 per share. The transaction was implemented on 17 October 2005 through a number of trusts and a special purpose vehicle. The acquisition of 5 896 140 Tiger Brands shares by the Black Managers' Trust and Thusani Empowerment Investment Holdings (Pty) Limited in terms of the scheme, at an aggregate cost of R649,5 million is shown as a deduction from equity in the group balance sheet in 2007, and this has reduced to R502,2 million in 2008 as a result of the Adcock unbundling. Such shares in Adcock Ingram are now reflected as listed investments held for sale.

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

Tiger Brands

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		28. Deferred taxation liability		
		28.1 Movement of deferred taxation liability		
12,0	3,3	Balance at beginning of the year as reported	272,3	231,2
		Discontinued operations	—	(0,3)
12,0	3,3	Balance at beginning of the year – continuing operations	272,3	230,9
		Net reallocation between deferred taxation asset and deferred taxation liability	15,4	—
		Fair value adjustments – investments	19,0	1,3
		Arising on sale of subsidiaries	(8,2)	(5,2)
		Adjustment in respect of currency losses taken directly to non-distributable reserve	(13,0)	8,7
(8,2)	8,7	Income statement movement	31,0	36,6
(7,8)	8,7	– current year timing differences	34,9	36,6
(0,4)	—	– tax rate change movement	(3,9)	—
3,8	12,0	Balance at end of year	316,5	272,3
		28.2 Analysis of deferred taxation liability		
		Fair value adjustments – investments	19,2	2,4
		Property, plant and equipment	226,3	173,7
		Provisions	(84,6)	(89,7)
—	12,0	Foreign exchange gains	1,0	12,0
3,8	—	Other temporary differences	154,6	173,9
3,8	12,0		316,5	272,3
		29. Accounts payable		
		Trade and other payables	1 900,6	1 525,2
239,2	82,6	Accruals	1 645,7	1 386,7
239,2	82,6		3 546,3	2 911,9
		Trade payables are non-interest-bearing and are normally settled on 45-day terms. Other payables are non-interest-bearing and have an average term of 60 days.		

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		30. Provisions		
		Balance at the beginning of the year as reported	446,6	215,7
		Reclassification of accruals	(58,9)	82,5
		Charged to the income statement	108,1	253,7
		Utilised in the year	(178,9)	(74,2)
		Provisions reversed during the year	(17,1)	(31,1)
		Balance at the end of the year	299,8	446,6
		Analysed as follows:		
		Provision for leave	253,0	240,3
		Provision for Adcock unbundling	42,0	58,4
		Provision for Competition Commission fine	—	98,8
		Other	4,8	49,1
			299,8	446,6

Leave pay is provided on accumulated leave balances at year- end based on employees' cost to company.

The provision for the Competition Commission fine raised during 2007 related to the penalty imposed by the Competition Commission relating to contraventions of the Competition Act by the company's baking and milling operations.

The provision for Adcock unbundling relates to the costs associated with the unbundling and separate listing of the Healthcare business. Refer to note 41.1.

Certain accruals and provisions have been reclassified due to stricter application of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets.*

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		31. Sea Harvest put option	81,4	81,4
		As a result of difficult fishing conditions experienced over the last few years, compounded by the strengthening of the rand at that time and the uncertainty over future quota rights, the put option granted by the Tiger Brands group to Brimstone Investment Corporation Limited (Brimstone) resulted in a potential exposure to the group should the option be exercised by Brimstone.		
		During 2008, the put option has been reclassified to current liabilities.		
		Brimstone is expected to cancel the put option due to their intention to acquire the Tiger Brands group's interest in Sea Harvest which was announced subsequent to year-end. Refer to the Statutory Information section for further information in this regard.		
		The put option has been valued by an independent valuator utilising a discounted cash flow model based on the following:		
		– Forecasts for the years ending 30 September 2009 to 2018 provided by management;		
		– A discount rate range of 13% to 18%; and		
		– A terminal growth rate of 3,5%.		
		32. Borrowings		
182,9	—	**32.1 Secured loans**	540,2	376,0
		Loan bearing interest at 15,5% per annum, repayable by 2011	77,5	98,4
		Loan bearing interest at 15,0% per annum, repayable by 2012	10,5	—
153,0	—	Loan bearing interest at 6,8% per annum, repayable by 2013 (refer foot of note 37)	153,0	—
		Loan bearing interest at 11,5% per annum, repayable by 2013	1,7	—
29,9	—	Loan bearing interest at 12,0% per annum, repayable by 2015	29,9	—
		Loan bearing interest at 7,53% per annum, repayable by 2015	267,6	277,6
		32.2 Unsecured loans	0,2	10,0
		Interest-free loans, with no repayment terms	0,2	10,0

This loan is not repayable within 12 months from 30 September 2008.

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		32. Borrowings *(continued)*		
		32.3 Capitalised finance leases	6,4	12,8
		Repayment during the next year	4,3	6,5
		Repayment during the next five years subsequent to year one	2,1	6,3
		Liabilities under capitalised finance leases bear interest at 12,0% – 13,5% per annum. Capitalised finance leases relate to property, plant and equipment with a book value of R0,2 million (2007: R1,6 million) as per note 11.6.		
182,9	—		546,8	398,8
		32.4 Instalments disclosed as:		
		Short-term borrowings	49,3	33,9
182,9	—	Long-term borrowings	497,5	364,9
182,9	—		546,8	398,8

(Rands in millions)	SA rand	Kenya shilling	CAF franc	Total
32.5 Summary of borrowings by currency and year of repayment				
During 2009	44,3	5,0	—	49,3
During 2010	70,3	4,9	0,5	75,7
During 2011	22,6	4,1	1,1	27,8
During 2012	69,0	5,2	1,6	75,8
During 2013 and thereafter	147,2	21,2	149,8	318,2
	353,4	40,4	153,0	546,8

Tiger Brands

COMPANY 2008	COMPANY 2007	(Rands in millions)	GROUP 2008	GROUP 2007
		32. Borrowings *(continued)*		
509,7	96,8	**32.6 Short-term borrowings**	1 333,9	48,6
509,7	96,8	Bank overdrafts	1 284,1	14,3
		Unsecured loans	0,5	0,4
		Current portion of long-term loans	49,3	33,9
		33. Group borrowings		
		In terms of the company's articles of association the group's borrowings are unlimited.		
		34. Group commitments		
		34.1 Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
		Contracted	168,5	197,2
		Not contracted	266,8	337,2
			435,3	534,4

34.2 Commitments of R421,8 million will be expended in 2009 and the remaining commitments of R13,5 million will be expended during 2010.
The capital commitments amounting to R435,3 million include the following major items:

(Rands in millions)	
Groceries – plant and machinery (new baked bean production line)	62,8
Snacks & Treats – upgrade and increase capacity of manufacturing site	33,5
Value Added Meat Products – upgrade of manufacturing site	24,4

(Rands in millions)	Land and buildings	Motor vehicles	Other	Total commit-ments
34.3 Commitments in respect of operating leases				
2008				
During 2009	23,6	38,0	21,4	83,0
During 2010	20,8	29,7	19,9	70,4
During 2011	16,4	19,3	17,6	53,3
During 2012	15,5	13,1	16,7	45,3
During 2013 and thereafter	96,4	10,4	42,7	149,5
	172,7	110,5	118,3	401,5
2007				
During 2008	9,3	29,2	21,7	60,2
During 2009	9,0	22,1	19,6	50,7
During 2010	9,6	14,7	17,3	41,6
During 2011	8,4	8,4	14,7	31,5
During 2012 and thereafter	32,7	6,6	49,1	88,4
	69,0	81,0	122,4	272,4

Tiger Brands

34. Group commitments *(continued)*

34.3 Commitments in respect of operating leases *(continued)*

With the exception of the lease described below, operating leases are generally three to five years in duration, without purchase options and in certain instances have escalation clauses of between 7,5% and 10% or are linked to the prime rate of interest or CPIX. Contingent rentals are generally not applicable.

One lease, relating to the fruit processing equipment, has a remaining contract period of seven years, contingent rental linked to tons of fruit processed and escalates based on the American consumer price index.

34.4 Commitments in respect of finance leases

The group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum leases payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments, are as follows:

	GROUP			
	2008		2007	
(Rands in millions)	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	4,8	4,3	4,9	4,3
After one year but not more than five years	2,4	2,1	2,9	2,7
Total minimum lease payments	7,2	6,4	7,8	7,1
Less amounts representing finance charges	(0,8)	—	(0,8)	—
Total	6,4	6,4	7,0	7,1

34.5 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.

34.6 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.

35. Pension obligations

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 of 1956 (Act 24), 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 (Revised), 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 28 retirement plans, three of which are defined benefit pension funds, two are defined benefit provident funds, three are defined contribution pension funds, one a defined benefit plan and 13 are defined contribution provident funds. There are a further six 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.

The actual return on plan assets for the period 1 October 2007 to 30 September 2008 was R57,7 million (2007: R89,1 million). This compares with the expected return for the same period of R48 million (2007: R47,4 million).

The value of contributions expected to be paid by group companies for the year ending 30 September 2009 amounts to R145,7 million (2008: R173,2 million).

As at 30 September 2008, the percentage of the fair value of plan assets invested in Tiger Brands Limited shares amounted to 0,20% (2007: 0,15%).

As at 30 September 2008, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets (2007: Rnil).

	GROUP	
(Rands in millions)	2008	2007
Balance at the end of the year		
Present value of funded defined benefit obligations	388,5	111,8
Fair value of plan assets in respect of defined benefit obligations	(528,0)	(580,3)
Funded status of defined benefit plans	(139,5)	(468,5)
Unrecognised actuarial (losses)/gains	1,5	7,9
Unrecognised prior service cost	—	—
Asset not recognised at balance sheet date	127,4	430,3
IFRIC 14 additional liability	38,8	—
Liability/(asset) at balance sheet date	28,2	(30,3)

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 are apportioned such assets. The surplus apportionment schemes for the Tiger Brands Defined Benefit Fund and the Beacon Products Staff Pension Fund were approved by the Registrar during the year. 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.

(Rands in millions)	GROUP 2008	GROUP 2007
35. Pension obligations *(continued)*		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,25%	8,50%
Expected return on plan assets	9,25%	8,50%
Future salary increases	6,75%	6,25%
Future pension increases	4,05%	3,33%
The expected rate of return on assets is set equal to the discount rate as a significant portion of the assets are invested in the money market (hence the long term return is equal to the return on bonds).		
Reconciliation of the defined benefit obligation:		
Defined benefit obligation as at 30 September 2007/2006	111,8	125,7
Service cost	3,8	4,6
Member contributions	1,2	1,3
Interest cost	8,9	11,5
Actuarial gain	293,1	2,4
Benefits paid	(11,8)	(29,7)
Risk premiums	(0,6)	(0,6)
Amount settled	(17,9)	(3,4)
Defined benefit obligation as at 30 September 2008/2007	388,5	111,8
Reconciliation of fair value of plan assets		
Assets at fair market value as at 30 September 2007/2006	580,4	521,1
Expected return on assets	48,0	47,4
Contributions	3,5	4,0
Risk premiums	(0,5)	(0,6)
Benefits paid	(11,9)	(30,2)
Actuarial gain	9,7	38,6
Amount settled	(101,2)	—
Assets at fair market value as at 30 September 2008/2007	528,0	580,3
Net asset balance at the end of the year	(139,5)	(468,5)

Trend information

(Rands in millions)	30 Sep 2004	30 Sep 2005	30 Sep 2006	30 Sep 2007	30 Sep 2008
Present value of defined benefit obligation	122,5	98,5	125,7	111,8	**388,5**
Fair value of plan assets	(435,1)	(511,1)	(521,1)	(580,3)	**(528,0)**
Funded status	(312,7)	(412,6)	(395,4)	(468,5)	**(139,5)**

36. Post-retirement medical aid obligations

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 2008.

	GROUP	
(Rands in millions)	2008	2007
Balance at the end of the year		
Present value of obligations	363,3	317,8
Fair value of plan assets	—	—
	363,3	317,8
Unrecognised prior service cost	—	—
Unrecognised actuarial (losses)/gains	(35,4)	17,4
Liability at balance sheet date	327,9	335,2
Attributable to:		
Continuing operations	327,9	322,4
Discontinued operations	—	12,8
Liability at balance sheet date	327,9	335,2
Movement in the liability recognised in the balance sheet:		
Balance at the beginning of the year	335,2	353,7
Relief of liability on businesses sold	(13,5)	(26,0)
Contributions paid	(22,8)	(22,7)
Settlements	2,1	—
Other expenses included in staff costs	26,9	30,2
Current service cost	1,6	3,5
Interest cost	25,8	28,1
Actual gains recognised	(0,5)	(1,4)
Balance at the end of the year	327,9	335,2
Current portion	23,7	22,1
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,25%	8,50%
Medical inflation	6,25%	5,50%
Future salary increases	7,25%	6,25%
Post-employment mortality tables	PA(90) ultimate rated down 2 years with 1,0% improvement pa from 2006	PA(90) ultimate table

The employer's estimate of contributions expected to be paid for the 2009 financial year is R24,4 million (2008: R22,8 million).

36. Post-retirement medical aid obligations *(continued)*

36.1 Sensitivity analysis

2008	Base case	Healthcare cost inflation	
Key assumption	6,25%	(1,0%)	1,0%
Accrued liability 30 September 2008			
(Rand millions)	363,3	328,5	404,9
% change		(9,6%)	11,5%
Current service cost plus interest cost 2008/2009			
(Rand millions)	34,0	30,5	38,3
% change		(10,5%)	12,6%
2007			
Key assumption	5,5%	(1,0%)	1,0%
Accrued liability 30 September 2007			
(Rand millions)	317,8	288,7	352,0
% change		(9,2%)	10,8%
Current service cost plus interest cost 2007/2008			
(Rand millions)	27,6	24,8	30,8
% change		(10,1%)	11,9%

2008		Discount rate	
Key assumption	9,25%	(1,0%)	1,0%
Present value of obligations 30 September 2008			
(Rand millions)	363,3	407,0	327,2
% change		12,0%	(9,9%)
2007			
Key assumption	8,5%	(1,0%)	1,0%
Present value of obligations 30 September 2007			
(Rand millions)	317,8	353,1	288,3
% change		11,1%	(9,3%)

36. Post-retirement medical aid obligations *(continued)*

36.1 Sensitivity analysis *(continued)*

2008	Base case	Expected retirement age	
	60/63/65 years	1 year younger	1 year older
Key assumption			
Present value of obligations 30 September 2008 (Rand millions)	363,3	365,9	360,6
% change		0,7%	(0,7%)
2007			
Key assumption	8,5%	(1,0%)	1,0%
Present value of obligations 30 September 2007 (Rand millions)	317,8	320,3	315,5
% change		0,8%	(0,7%)

Trend information

(Rands in millions)	30 Sep 2004*	30 Sep 2005	30 Sep 2006	30 Sep 2007	30 Sep 2008
Present value of obligations	395,5	320,7	330,7	317,8	363,3
Fair value of plan assets	—	—	—	—	—
Present value of obligations in excess of plan assets	395,5	320,7	330,7	317,8	363,3
Experience adjustments	(1,4)	9,9	5,0	(9,3)	(15,0)
Actuarial gains/(losses) before changes in assumptions					
In respect of present value of obligations	(1,4)	9,9	5,0	(9,3)	(15,0)
In respect of fair value of plan assets	—	—	—	—	—

**Includes Spar which was unbundled in October 2004.*

COMPANY			GROUP	
2008	2007	*(Rands in millions)*	2008	2007
		37. Guarantees and contingent liabilities		
		Group guarantees and contingent liabilities	31,3	41,0
		Company		
		The company has bound itself as surety and co-principal debtor for the obligations of certain subsidiaries amounting to R77,5 million at 30 September 2008 (2007: R616,7 million).		
		An intercompany loan granted by the company to one of its subsidiaries with a book value of R1 151,8 million (2007: R1 552,4 million), has been assigned by the company as security for its obligations as surety.		
		Group		
		In 2007, investments and marketable preference shares, with a combined book value of R60,0 million were pledged as security for the obligations as sureties for group borrowings totalling R616,7 million. In the current year, borrowings amount to R77,5 million and the security is Rnil.		
		Shares in an unbundled subsidiary company owning certain intangible assets with an estimated 2007 value of R438,2 million (2007 book value: R93,6 million), have been pledged as security for the abovementioned borrowings. This security is no longer in place due to the unbundling of Adcock Ingram.		
		Shares in Chocolaterie Confiserie Camerounaise Sa (“Chococam”), acquired on 1 August 2008 (see also note 1) have been pledged as security for the foreign loan utilised to acquire the subsidiary.		

Tiger Brands

38. 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 the holding company, Tiger 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.

38.1 Fair values

There are no significant differences between carrying values and fair values of financial assets and liabilities, except for inter-company loans at a company level, which are eliminated on consolidation. Trade and other receivables, investments and loans and trade and other payables carried on the balance sheet approximate the fair values thereof.

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

38.2 Procurement risk (commodity price risk)

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

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

The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by the 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:

(Rands in millions)	Derivative contracts expiring within 0 – 3 months Unrealised loss at 30 September	Hedged value	Derivative contracts expiring within 3 – 6 months Unrealised profit at 30 September	Hedged value
38. Financial instruments *(continued)*				
38.2 Procurement risk (commodity price risk) *(continued)*				
2008				
Maize and wheat				
Futures	0,4	75,1	—	—
	0,4	75,1	—	—
2007				
Maize and wheat				
Futures	9,6	148,5	0,4	1,6
	9,6	148,5	0,4	1,6

Commodity price sensitivity analysis

The following table details the group's and company's sensitivity to a 10% increase and decrease in the price of wheat, rice, maize and sorghum. 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.

The sensitivity analysis includes only material outstanding, unmatured derivative instruments and adjusts their mark-to-market price at the reporting date for a 10% change in their prices. A positive/(negative) number indicates an increase/(decrease) in profit or loss and other equity where the respective price changes against the relevant forward position.

(Rands in millions)	GROUP 2008	GROUP 2007
	Profit or (loss)	
Milling and baking + 10%	(241)	(253)
Milling and baking – 10%	241	253
Other grains + 10%	(101)	(65)
Other grains – 10%	101	65
Other + 10%*	(31)	(36)
Other – 10%*	31	36
Total + 10%	(373)	(353)
Total – 10%	373	353

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

Commodity price sensitivity is not applicable to the company.

38. Financial instruments *(continued)*

38.3 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 equity until the disposal of the net investment, at which time exchange differences are recognised as income or expense.

Forward exchange contracts are mainly entered into to cover net import exposures, after setting off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2008.

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

(Rands in millions) Group	SA rand	US dollar	Pound	Euro	Other*	Total
2008						
Financial assets						
Accounts receivable	2 828,3	100,6	45,5	104,8	23,3	3 102,5
Cash and cash equivalents	445,9	107,2	(10,5)	14,9	1,2	558,7
Financial liabilities						
Accounts payable	(3 124,6)	(280,2)	(77,2)	(63,2)	(1,1)	(3 546,3)
2007						
Financial assets						
Accounts receivable	2 287,2	142,6	72,5	254,8	32,2	2 789,3
Cash and cash equivalents	460,0	20,8	(2,0)	6,2	4,9	489,9
Financial liabilities						
Accounts payable	(2 671,7)	(182,7)	(19,6)	(37,6)	(0,3)	(2 911,9)

**Other includes the Australian dollar, Canadian dollar and Japanese yen.*

38. Financial instruments *(continued)*

38.3 Foreign currency risk

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

	Assets	Liabilities	Average
2008			
US dollar	8,31	8,32	8,32
Pound sterling	14,97	14,98	14,98
Euro	11,79	11,79	11,79
2007			
US dollar	6,84	6,88	6,86
Pound sterling	13,94	14,00	13,97
Euro	9,73	9,77	9,75

	Foreign currency (in millions)	Average rate	Rands (in millions)
Forward exchange contracts outstanding at the balance sheet 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:			
2008			
Foreign currency sold			
US dollar	8,2	8,3	68,4
Pound sterling	0,4	15,0	6,6
Euro	7,5	11,9	89,1
Other currencies	—	—	15,6
Foreign currency purchased			
US dollar	55,7	8,3	464,4
Pound sterling	3,2	15,1	48,5
Euro	5,1	11,9	61,1
Other currencies	—	—	12,3
Unhedged foreign currency monetary assets			
US dollar	10,8	8,3	87,4
Pound sterling	1,1	15,0	16,1
Euro	4,2	11,8	49,1
Other currencies	—	—	24,2
Unhedged foreign currency monetary liabilities			
US dollar	1,5	8,3	12,4
Other currencies	—	—	0,5

	Foreign currency (in millions)	Average rate	Rands (in millions)
38. Financial instruments *(continued)*			
38.3 Foreign currency risk			
2007			
Foreign currency sold			
US dollar	1,7	6,9	11,7
Pound sterling	0,8	14,4	11,5
Euro	5,0	9,9	49,5
Other currencies	—	—	16,7
Foreign currency purchased			
US dollar	46,6	6,9	321,5
Pound sterling	2,7	14,3	38,6
Euro	10,1	10,0	101,0
Other currencies	—	—	6,8
Unhedged foreign currency monetary assets			
US dollar	9,8	6,9	67,6
Pound sterling	0,9	13,1	11,8
Euro	3,0	9,7	29,1
Other currencies	—	—	22,2
Unhedged foreign currency monetary liabilities			
US dollar	2,0	7,1	14,2
Other currencies	—	—	1,9

38. Financial instruments *(continued)*

38.3 Foreign currency risk *(continued)*

Cash flow hedges

At 30 September 2008, 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.

A summary of these contracts are:

	Foreign currency (in millions)	Average rate	Rands (in millions)
2008			
Foreign currency bought			
US dollar	27,1	8,0	215,6
Euro	3,4	12,0	40,6
Pound sterling	2,5	15,2	37,4
Other currencies	—	—	8,8
2007			
Foreign currency bought			
US dollar	25,6	7,2	184,3
Euro	9,1	9,9	90,1
Pound sterling	2,1	14,5	30,5
Other currencies	—	—	0,2

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 loss of R10,1 million (2007: profit R8,8 million), with deferred tax of R2,8 million (2007: R2,6 million) relating to the hedging instrument is included in equity. These are expected to affect the income statement in the following years:

Foreign currency *(In millions)*	1 – 6 months	7 – 12 months
US dollar	26,6	0,5
Euro	3,1	0,3
Pound sterling	2,4	0,1
Australian dollar	0,4	—
Japanese yen	77,8	—

During the year R10,8 million (2007: R3,8 million) was removed from equity and included in the cost of carrying amount of the non-financial asset or liability.

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

38. Financial instruments *(continued)*

38.3 Foreign currency risk *(continued)*

Foreign currency sensitivity

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

The sensitivity analysis includes only material outstanding foreign currency denominated monetary items as detailed in the table 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 equity where the ZAR weakens against the relevant currency.

	Group profit or (loss) 2008 Rm	2007 Rm	Other equity 2008 Rm	2007 Rm
USD + 10%	72	46	1	1
USD – 10%	(72)	(46)	(1)	(1)
EUR + 10%	(27)	(14)	—	—
EUR – 10%	27	14	—	—
Pound sterling + 10%	(3)	(3)	—	—
Pound sterling – 10%	3	3	—	—
Other + 10%	(1)	(1)	(1)	—
Other – 10%	1	1	1	—
Total + 10%	41	28	—	1
Total – 10%	(41)	(28)	—	(1)

The above table is not applicable to the company.

38. Financial instruments *(continued)*

Group

38.4 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. Cash deposits comprise call deposits and investments in preference shares placed on a fixed or floating term basis. At the balance sheet date, the group cash deposits and investments in preference shares were either accessible immediately or had maturity dates up to six months. The interest rates earned on these deposits and preference shares closely approximate the market rates prevailing.

(Rands in millions)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
The interest rate profile of the group's borrowings at 30 September 2008 and 30 September 2007 is reflected in note 32 to these annual financial statements – the average interest rates payable during the year, as given below, also approximated the year-end interest rates payable.				
2008				
Local currency denominated loans				
No fixed payment terms (unsecured)			0,2	interest-free
Loan repayable by 2011 (secured)	77,5		77,5	15,5
Loan repayable by 2013 (secured)	1,7		1,7	11,5
Loan repayable by 2015 (secured)	267,6		267,6	7,5
Other loans and capitalised finance leases (secured and unsecured)	Variable	Variable	6,4	12,0 to 13,5
			353,4	

(Rands in millions)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
38. Financial instruments *(continued)*				
38.5 Interest rate risk management *(continued)*				
2008				
Foreign currency denominated loans				
Loan repayable by 2012 (secured)		10,5	10,5	15,0
Loan repayable by 2013 (secured)*		153,0	153,0	6,8
Loan repayable by 2016 (secured)*		29,9	29,9	12,0
Total			193,4	
			546,8	
*Company loans.				
2007				
Local currency denominated loans				
No fixed payment terms (unsecured)			10,0	interest-free
Loan repayable by 2011 (secured)	98,4		98,4	15,5
Loan repayable by 2015 (secured)	277,6		277,6	7,5
Other loans and capitalised finance leases (secured and unsecured)	Variable	Variable	12,8	8,5 to 16,0
			398,8	

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 on page 173 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	
2008	2007	*(Rands in millions)*	**2008**	2007
		38. Financial instruments *(continued)*		
		38.5 Interest rate risk management *(continued)*		
		ZAR borrowings		
(3,6)	(4,3)	+ 1%	(20,0)	(9,1)
3,6	4,3	– 1%	20,0	9,1
		Foreign borrowings		
(0,4)	—	+ 1%	(0,5)	(0,3)
0,4	—	– 1%	0,5	0,3
		Total		
(4,0)	(4,3)	+ 1%	(20,5)	(9,4)
4,0	4,3	– 1%	20,5	9,4

38. Financial instruments *(continued)*

38.5 Liquidity risk management

Liquidity risk arises from the seasonal fluctuations in short-term borrowings 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 articles of association, the group's borrowing powers are unlimited.

Other than the major loans disclosed in note 32 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of credit 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 38.9.

Contractual maturity for its non-derivative financial liabilities

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

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

Group *(Rands in millions)*	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
For the year ended 30 September 2008						
Trade and other payables	3 546,3	—	3 540,2	6,0	—	0,1
Borrowings (long and short term)*	1 831,4	219,1	1 243,0	137,0	488,5	182,0
Sea Harvest put option	81,4	—	81,4	—	—	—
Total	5 459,1	219,1	4 864,6	143,0	488,5	182,1
For the year ended 30 September 2007						
Trade and other payables	2 911,9	—	2 905,5	6,4	—	0,1
Borrowings (long and short term)*	413,5	172,7	22,5	29,9	317,0	216,8
Sea Harvest put option	81,4	—	81,4	—	—	—
Total	3 406,8	172,7	3 009,4	36,3	317,0	26,9

**The borrowings figures include finance leases.*

38. Financial instruments *(continued)*

38.5 Liquidity risk management *(continued)*

Company *(Rands in millions)*	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
For the year ended 30 September 2008						
Trade and other payables	239,2	—	239,2	—	—	—
Borrowings (long- and short-term)	692,6	73,2	509,7	—	242,6	13,5
Intergroup loan accounts	596,8	—	—	—	596,8	—
Total	1 528,6	73,2	748,9	—	839,4	13,5
For the year ended 30 September 2007						
Trade and other payables	82,6	—	82,6	—	—	—
Borrowings (long- and short-term)	96,8	—	96,8	—	—	—
Intergroup loan accounts	809,8	—	—	—	809,8	—
Total	989,2	—	179,4	—	809,8	—

Refer to note 38.2 and 38.3 for the maturity analysis of derivative instruments.

38.6 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.

The group's credit exposure, in respect of it's customer base, is represented by the net aggregate balance of amounts receivable. The maximum credit exposure at balance sheet date was R3 095,0 million (2007: R3 453,2 million). Concentrations of credit risk are disclosed in note 21.4. 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.

Company

The company had no significant credit exposure at 30 September 2008.

38. Financial instruments *(continued)*

38.7 Capital management

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

The company and group manages its capital structure, calculated as equity plus net debt, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company and group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2008 and 30 September 2007.

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

(Rands in millions)	2008	2007
Group		
Cash and cash equivalents	(558,7)	(489,9)
Long-term borrowings	497,5	364,9
Short-term borrowings	1 333,9	48,6
Net debt	1 272,7	(76,4)
Total equity	6 219,0	5 998,6
Total capital	7 491,7	5 922,2
Net debt to equity (%)	20,5	(1,3)
Company		
Cash and cash equivalents	(563,4)	(215,0)
Long-term borrowings	182,9	—
Short-term borrowings	509,7	96,8
Net debt	129,2	(118,2)
Total equity	4 478,5	3 934,5
Total capital	4 607,7	3 816,3
Net debt to equity (%)	2,9	(3,0)

38.8 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, approximate their balance sheet carrying values. The maturity profile of these financial instruments fall due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 32.1 of these annual financial statements.

Trade and other receivables, investments and loans and trade and other payables carried on the balance sheet approximate the fair values thereof.

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

38. Financial instruments *(continued)*

38.8 Categorisation of financial assets and liabilities

Group

2008 *(Rands in millions)*	Held-to-maturity Amortised cost	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Other liabilities Fair value	Non-financial items	Total book value
Assets						8 009,6	8 009,6
Other investments			965,2				965,2
Loans		40,9					40,9
Trade and other receivables		3 014,3				88,2	3 102,5
Preference shares (included in cash and cash equivalents)	168,6						168,6
Cash and cash equivalents		390,1					390,1
Total	168,6	3 445,3	965,2	—	—	8 097,8	12 676,9
Shareholders' equity and liabilities						7 217,8	7 217,8
Long-term borrowings				497,4			497,5
Sea Harvest put option					81,4		81,4
Trade and other payables				3 546,3			3 546,3
Short-term borrowings				1 333,9			1 333,9
Total	—	—	—	5 377,6	81,4	7 217,8	12 676,9

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

Tiger Brands

38. Financial instruments *(continued)*

38.9 Categorisation of financial assets and liabilities *(continued)*

Group

2007 *(Rands in millions)*	Held-to-maturity Amortised cost	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Other liabilities Fair value	Non-financial items	Assets and liabilities held for sale	Total book value
Assets						6 720,1	1 724,8	8 444,9
Other investments			250,1					250,1
Loans		46,3						46,3
Trade and other receivables		2 710,4				78,8		2 789,2
Preference shares (included in cash and cash equivalents)	257,7							257,7
Cash and cash equivalents		232,2						232,2
Total	257,7	2 988,9	250,1	—	—	6 798,9	1 724,8	12 020,4
Shareholders' equity and liabilities						7 222,4	1 391,2	8 613,6
Long-term borrowings				364,9				364,9
Sea Harvest put option					81,4			81,4
Trade and other payables				2 911,9				2 911,9
Short-term borrowings				48,6				48,6
Total	—	—	—	3 325,4	81,4	7 222,4	1 391,2	12 020,4

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

38. Financial instruments *(continued)*

38.9 Categorisation of financial assets and liabilities *(continued)*

Company

2008	Loans and receivables	Financial assets available for sale	Other liabilities	Non-financial items	Total book value
(Rands in millions)	Amortised cost	Fair value	Amortised cost		
Assets				1 643,6	1 643,6
Other investments		302,5			302,5
Loans	3 474,6				3 474,6
Trade and other receivables	26,8				26,8
Cash and cash equivalents	563,4				563,4
Total	4 064,8	302,5	—	1 643,6	6 010,9
Shareholders' equity and liabilities			596,8	4 482,3	5 079,1
Long-term borrowings			182,9		182,9
Trade and other payables			239,2		239,2
Short-term borrowings			509,7		509,7
Total	—	—	1 528,6	4 482,3	6 010,9

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

Tiger Brands

38. Financial instruments *(continued)*

38.9 Categorisation of financial assets and liabilities *(continued)*

Company

2007	Loans and receivables	Financial assets available for sale	Other liabilities	Non-financial items	Total book value
(Rands in millions)	Amortised cost	Fair value	Amortised cost		
Assets				1 446,2	1 446,2
Other investments		126,8			126,8
Loans	3 095,0				3 095,0
Trade and other receivables	52,7				52,7
Cash and cash equivalents	215,0				215,0
Total	3 362,7	126,8	—	1 446,2	4 935,7
Shareholders' equity and liabilities			809,8	3 946,5	4 756,3
Long-term borrowings			—		—
Trade and other payables			82,6		82,6
Short-term borrowings			96,8		96,8
Total	—	—	989,2	3 946,5	4 935,7

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

Tiger Brands

	Percentage holding 2008	Percentage holding 2007
39. Joint ventures		
39.1 The principal joint ventures include:		
Oceana Group Limited	45,4	44,6
Sea Vuna Fishing Company (Pty) Limited	49,8	49,8

(Rands in millions)	2008	2007
39.2 The group's proportionate share of the assets and liabilities of the joint ventures, which are included in the consolidated financial statements, are as follows:		
Property, plant, equipment, goodwill and investments	253,6	219,9
Current assets	484,0	477,5
Less: Current liabilities	(237,1)	(258,6)
	500,5	438,8
Minority interest	(13,5)	(15,2)
Provision for post-retirement medical aid	(0,3)	(0,3)
Long-term liabilities including amounts due to reporting company	(7,2)	(8,6)
Deferred taxation (net)	(19,2)	(9,4)
Total shareholders' interest	460,3	405,3
39.3 The group's proportionate share of the trading results of the joint ventures is as follows:		
Revenue	1 411,7	1 203,8
Profit before abnormal items	166,8	126,2
Abnormal items	5,3	1,1
Profit after abnormal items	172,1	127,3
Income tax expense – inclusive of tax on abnormal items	(50,8)	(41,3)
Profit for the year	121,3	86,0
Attributable to:		
Ordinary shareholders	117,6	80,8
Minorities	3,7	5,2

	Percentage holding 2008	2007
39. Joint ventures *(continued)*		
39.4 The group's proportionate share of cash flows of the joint ventures is as follows:		
Cash operating income after interest and taxation	160,6	126,3
Working capital changes	(36,4)	(28,9)
Cash generated from operations	124,2	97,4
Dividends paid	(60,7)	(38,8)
Net cash inflow from operating activities	63,5	58,6
Net cash outflow from investing activities	(41,2)	(7,9)
Net cash inflow before financing activities	22,3	50,7
Net cash outflow from financing activities	(23,9)	(5,6)
Net (decrease)/increase in cash and cash equivalents	(1,6)	45,1

39.5 The group's proportionate share of the joint ventures' capital commitments included in the financial statements is R58,0 million (2007: R38,7 million).

39.6 The group's proportionate share of the joint ventures' contingent liabilities is Rnil for both 2008 and 2007.

40. Related-party disclosures

The board of directors of Tiger Brands Limited has given general declarations in terms of section 234 of the Companies Act. 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. For the year ended 30 September 2008, apart from the waiver of a loan for R600 million relating to deregistered dormant companies, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2007: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

(Rands in millions)	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Rentals and fees received from related parties
40. Related-party disclosures *(continued)*				
2008				
Group				
Related party				
Joint venture				
Oceana Group Limited	—	8,9	1,1	0,2
Sea Vuna Fishing Company (Pty) Ltd	1,1	32,1	3,2	0,6
2007				
Group				
Related party				
Joint venture				
Oceana Group Limited	—	4,6	2,0	0,2
Sea Vuna Fishing Company (Pty) Ltd	0,5	27,5	3,3	—

Other related parties

(Rands in millions)	2008	2007
Key management personnel*		
Short-term employee benefits	78,9	77,1
Post-employment and medical benefits	18,4	10,4
Share based payments	10,1	12,7
Total compensation paid to key management personnel	107,4	100,2

**Key management personnel comprises the top tier of the organisation and the managing executives of the individual businesses, forming the core of the decision-making process for the group.*

(Rands in millions)	Amounts owed by related parties[1]	Amounts owed to related parties[1]	Dividends received
40. Related-party disclosures *(continued)*			
2008			
Company			
Related-party – intergroup			
Subsidiaries			
Durban Confectionery Works (Pty) Limited	483,0	—	—
Sea Harvest Corporation Limited	—	—	29,9
Sea Vuna Fishing Company (Pty) Limited	2,0	3,2	—
Tiger Consumer Brands Limited	202,1	—	1 188,6
Tiger Brands Mauritius (Pty) Limited	—	281,4	—
Enterprise Foods (Pty) Limited	480,4	—	1 000,6
Langeberg Holdings Limited	702,4	—	—
Langeberg Foods Africa (Pty) Limited	—	201,6	—
Barberton Bakery (Pty) Limited	0,3	—	—
The Dantulum Trust	18,9	—	—
Glorianda NV	0,2	—	—
The Designer Group (Pty) Limited	—	—	45,0
Tiger Food Brands Intellectual Property Holding Company (Pty) Limited	220,6	—	—
Investment and dormant companies	1 364,3	113,8	1 244,3
Haco Industries Kenya Limited	—	—	—
Chocolaterie Confiserie Camerounaise	—	—	—
Joint ventures			
Oceana Group Limited	—	—	50,5
Other			
Tiger Brands Employee Share Trust	1,0	9,5	—

Note
1. *Interest-free with no fixed repayment terms. Not repayable before 30 September 2009.*

(Rands in millions)	Amounts owed by related parties[1]	Amounts owed to related parties[1]	Dividends received
40. Related-party disclosures *(continued)*			
2007			
Company			
Related-party – intergroup			
Subsidiaries			
Adcock Ingram Holdings (Pty) Limited	1 552,4	—	18,9
Durban Confectionery Works (Pty) Limited	483,0	—	—
Sea Harvest Corporation Limited	—	—	21,3
Sea Vuna Fishing Company (Pty) Limited	0,3	3,3	—
Tiger Consumer Brands Limited[2]	333,0	267,7	190,0
Tiger Brands Mauritius (Pty) Limited	—	232,9	—
Enterprise Foods (Pty) Limited	—	9,2	0,2
Langeberg Holdings Limited	702,4	—	—
Langeberg Foods Africa (Pty) Limited	—	201,6	—
Barberton Bakery (Pty) Limited[3]	0,3	—	—
The Duntulum Trust	18,9	—	—
Gloriande NV	0,2	—	—
Joint ventures			
Oceana Group Limited	—	—	34,9
Other			
Tiger Brands Employee Share Trust	1,3	6,4	—

Notes

1. Interest-free with no fixed repayment terms except for loans note in 2 and 3 below. Not repayable before 30 September 2008.

2. Loans to subsidiaries to the value of R0,5 million were repayable by 19 July 2008 and bore interest at 8,98% nacm.

3. This loan bears interest at a floating rate of between 5,75% and 6,75% nacm. There are no fixed repayment terms.

Tiger Brands

41. Discontinued operations

41.1 Healthcare

On 25 August 2008 the unbundling of Adcock Ingram Holdings Limited was completed.
The results of Adcock Ingram Holdings Limited for the 11 months to 24 August 2008 which are included in the group results are presented below:

(Rands in millions)	24 August 2008	30 September 2007
Turnover	2 926,9	2 817,4
Operating income before abnormal items	899,5	957,3
Abnormal items	(71,4)	(53,1)
Interest paid	(171,5)	(117,6)
Interest received	47,7	7,7
Dividend received	5,2	—
Profit before tax from a discontinued operation	709,5	794,3
Taxation	(198,9)	(262,4)
Profit for the year from a discontinued operation	510,6	531,9
The major classes of assets and liabilities of the Healthcare business classified as held for sale as at 30 September 2007 are as follows:		
Assets		
Property, plant and equipment	—	260,0
Goodwill and other intangibles	—	234,8
Investments	—	28,8
Deferred taxation asset	—	16,9
Cash and cash equivalents	—	83,3
Inventory	—	433,0
Trade and other receivables	—	668,0
Assets classified as held for sale	—	1 724,8
Liabilities		
Interest-bearing liabilities (long- and short-term borrowings)	—	886,2
Deferred taxation liability	—	7,2
Provision for post-retirement medical aid	—	12,8
Trade and other payables	—	476,8
Taxation	—	8,2
Liabilities directly associated with assets classified as held for sale	—	1 391,2
Net assets directly associated with disposal group	—	333,6
The net cash flows incurred by the Healthcare business are as follows:		
Operating	342,2	715,4
Investing	(1 429,5)	(95,5)
Financing	1 312,9	(825,5)
Net cash inflow/(outflow)	225,6	(205,6)

41. Discontinued operations *(continued)*

41.2 DairyBelle

DairyBelle was disposed of effective 1 May 2007. The results for the seven months ended 30 April 2007 are presented below.

(Rands in millions)	30 September 2008	30 April 2007
Turnover	—	678,0
Operating income before abnormal items	—	35,9
Abnormal items	—	0,5
Finance costs	—	(0,5)
Profit before tax from a discontinued operation	—	35,9
Taxation	—	(2,0)
Profit for the year from a discontinued operation	—	33,9

Profit on the disposal of DairyBelle amounted to R303,0 million before taxation of R32,6 million.

Tiger Brands

Interest in subsidiary companies and joint ventures

	Issued ordinary capital		Effective percentage holding		Company's interest			
					Shares at cost		Indebtedness	
	2008	2007	2008	2007	2008	2007	2008	2007
	Rm	Rm	%	%	Rm	Rm	Rm	Rm
Designer Group	0,1	0,1	100,00	100,00	396,3	396,3	—	—
Durban Confectionery Works (Pty) Limited	0,4	0,4	100,00	100,00	63,4	63,4	483,0	483,0
Enterprise Foods (Pty) Limited	—	—	100,00	100,00	49,7	49,7	480,4	(9,2)
Langeberg Holdings Limited	1,6	1,6	100,00	100,00	323,2	323,2	702,4	702,4
Sea Harvest Corporation Limited	0,8	0,8	74,64	74,24	220,6	220,6		
Tiger Food Brands Intellectual Property Holding Company (Pty) Limited	1,0	1,0	100,00	100,00	17,3	17,3	220,6	
Tiger Consumer Brands Limited	0,1	0,1	100,00	100,00	0,1	0,1	202,1	65,3
Tiger Brands Mauritius[3]	35,7	35,7	100,00	100,00	337,9	337,9	(281,4)	(233,0)
Oceana Group Limited[2]	0,1	0,1	45,44	44,57	31,5	31,5	—	—
Haco Industries Kenya Limited[3]	11,1	—	51,00		41,4			
Chocolaterie Confiserie Camerounaise[3]	71,8	—	74,70		152,5			
Pharma I Investment Holdings Limited[4]	—	—	100,00	100,00	—	—	1 151,8	1 552,4
Other miscellaneous, property, investment and dormant companies			100,00	100,00	4,8	6,2	(83,5)	(277,9)
					1 638,7	1 446,2	2 875,4	2 283,0
Notes								
1. Amounts owed to the company							3 472,2	3 092,8
Amounts owed by the company							(596,8)	(809,8)
							2 875,4	2 283,0

2. Details of joint ventures can be found in note 39 to the financial statements.

3. All companies are incorporated in South Africa other than four, two of which are incorporated in Mauritius, one in Kenya and one in Cameroon.

4. Previously Adcock Ingram Holdings (Pty) Limited.

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

Interest in associated companies

	Date of financial statements	Effective percentage holding 2008	2007	Nature of business
Empresas Carozzi (Chile)	31/12/2007	24,4	24,4	Food processing

Annexure C

Other investments

	Effective percentage holding		GROUP		COMPANY	
			Number of shares		Number of shares	
	2008 %	2007 %	2008	2007	2008	2007
Listed investments						
Adcock Ingram Holdings Limited	9,4	—*	16 222 941	—*	—	—
AVI Limited	3,3	—	11 382 134	—	11 382 134	—
Unlisted investments						
Ordinary shares						
Business Partners Limited	0,2	0,2	336 550	336 550	336 550	336 550

Note

The above lists the number of shares held by the group and the company, where material. A register is available for inspection at the registered office of the company.

**Refer to note 40.*

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Sponsor
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ADR Administrator
Bank of New York

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BASTION GRAPHICS

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Tiger Brands Limited Annual Report 2008