TIGER BRANDS

Integrated annual report 2015

ADDING VALUE TO LIFE

Tiger Brands regards its employees as its greatest asset, and is committed to their growth in the evolution of the organisation. We aim to attract and retain key talent to build organisational competencies and leadership capacity for long-term growth and to cement our reputation as a good corporate citizen.

Contents

About this report

This integrated annual report provides a consolidated view of Tiger Brands Limited's performance for the year ended 30 September 2015, and follows a similar report for the financial year to 30 September 2014.

For further information, please contact the group company secretary, Rosh Naidoo
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E: companysecretary@tigerbrands.com

Reporting principles and approach

By integrating its financial, social and environmental performance, this report gives stakeholders a fuller understanding of the group's business, prospects and strategy in the context of its operating environment.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act.

In reporting on non-financial aspects of its performance, the group is guided by:

- King III report – the key principles have been applied and material non-adherence explained
- Listings Requirements of the JSE Limited
- Standards and codes governing specific areas, including the Department of Trade and Industry's broad-based black economic empowerment (B-BBEE) Codes of Good Practice
- Guiding principles of the International Integrated Reporting Committee (IIRC) framework (2013) – Tiger Brands reports against strategic goals and has included the six capitals proposed in this framework as appropriate (page 16)
- Principles and guidelines from the Global Reporting Initiative and the relevant sector supplement (collectively GRI G4) in accordance with the core level of application.

Boundary and scope

While this report is aimed primarily at providers of capital, we believe the balance between financial and non-financial disclosure will be of interest to all stakeholder groups. The report covers the operations of Tiger Brands and its subsidiary and associate companies for the review period. There were no significant changes in size, structure or ownership of the group during the year, except as disclosed in this report.

In the operating environment section on page 22, we identify external threats, opportunities and outcomes that have a significant effect on the group's ability to create value. In elaborating on our strategy, page 28, we identify the most material issues for the group and outline our response:

- In increasingly competitive markets, defending and growing the leading market shares of our core brands in South Africa
- Sustaining the equity of our brands through product quality improvements, innovation and marketing support
- Addressing consumer needs by ensuring our products are competitively priced and offer value for money
- Driving growth in the balance of the continent
- Ensuring continued investment in our assets and capabilities to support the group's long-term growth ambitions.

Please refer to page 93 for our risk report.

There were no changes to the boundary or any measurement techniques in 2015.

Supplementary information

This report is one element of a suite of reports to stakeholders. It should be read in conjunction with the following reports on our website for a full understanding of the group:

- Sustainability report
- GRI G4 Index
- King III application register.

Assurance

Our current combined assurance model is set out below:

Business process	Nature of assurance	Assurance provider	In this report
Annual financial statements	External audit	Ernst & Young Inc	The scope of this audit is limited to information in the annual financial statements and does not extend to any financial or operating indicators in the integrated annual report.
Risk management and internal controls	Internal audit	KPMG Services (Pty) Limited	Risk management, page 93. Audit committee report, page 74.
Environmental risk assessments	External audit	Marsh (Pty) Limited	Pages 63 to 67.
Social responsibility and sustainability	External audit	JSE Limited National Business Initiative (NBI)	Tiger Brands is part of the SRI Index. Tiger Brands reports annually on its carbon emissions under the global CDP.
B-BBEE	External verification	EmpowerLogic (Pty) Limited	Transformation, page 58.

Approval

The audit committee and board acknowledge their joint responsibility for ensuring the integrity of the integrated annual report. Appropriate judgement and rigour have been applied in preparing this report and we conclude that it is presented in accordance with the IIRC framework.

Chairman
Board

Chairman
Audit committee

2015 at a glance

for the year ended 30 September 2015

Key achievements

- Domestic operating income up by **11%** to R3,6 billion
- Domestic operating margin up to **15,2%**
- Market leadership sustained in core categories
- Volume and value market leadership regained in bread
- Grains operating income up **7%** and operating margins of **18,1%** despite increased competition in bread
- Groceries operating income up **28%** and operating margins up to **9,6%**
- Reinvigoration of Home and Personal Care (excluding stationery), with operating income up **24%** and operating margin of **17,3%** despite **72%** increase in marketing investment
- Decisive action taken on Tiger Branded Consumer Goods plc (TBCG) (formerly Dangote Flour Mills plc (DFM))

Chairman's letter to stakeholders

This integrated annual report is intended to give stakeholders a clear understanding of Tiger Brands' performance and its strategy for driving growth in complex and competitive markets.

I am pleased to present results for the year to 30 September 2015 that underscore the progress achieved against our strategy, despite the challenges experienced in certain of our exports and international businesses.

Operating environment

In South Africa, a constrained economy has placed pressure on consumers while increasing competitor activity, particularly in the food sector, has exacerbated the challenges. We elaborate on our operating environment on page 22. Commendably, the group has maintained its leading position in key categories, and protected both its brands and margins through improved operational focus, increased marketing investment and greater efficiencies. Progress has also been achieved in reducing the group's environmental impact and managing our natural and human resources more effectively, as detailed later in this report.

In Nigeria, the 55% decline in the oil price has had a significant effect on the country's government revenues while the local currency devalued 25% against the US dollar over the year. The capable team now in place in Nigeria has managed these factors as well as could be expected, increasing volumes and market share. This has, however, not translated into an improved bottom-line result due to the challenging trading environment.

Subsequent to the year end, the group announced that it would not extend any further financial support to Tiger Branded Consumer Goods plc (TBCG) (formerly known as Dangote Flour Mills plc (DFM)) and indicated that it was in discussions with the board of TBCG regarding future funding options for TBCG. This decision was taken after considerable and lengthy deliberations, taking into account the group's international expansion ambitions, especially in the important Nigerian market, as well as the group's responsibility to the shareholders of Tiger Brands to deliver an appropriate return on capital while managing risk. It is the group's intention to retain its interests in the other two Nigerian businesses, namely Deli Foods and UAC Foods.

On 14 December 2015, the group announced that it had reached agreement with Dangote Industries Limited (DIL) in terms of which DIL would, subject to regulatory approvals, provide TBCG with an immediate cash injection of N10 billion (R0,7 billion). Tiger Brands would, in return, sell its 65,7% shareholding in TBCG to DIL for a nominal consideration of US$1 and write off its shareholder loans to TBCG of R0,7 million. Tiger Brands will also assume and settle outstanding debt guaranteed on behalf of TBCG, amounting to R0,4 billion. The transaction is aimed at ensuring that TBCG is maintained as a viable going concern, able to retain its employees and meet its obligations to its stakeholders.

Performance

Details of the group's results are detailed by the chief financial officer on page 32.

From the board's perspective, we believe the 11% increase in domestic operating earnings in a highly competitive market underscores the strength of our brands, the capability and experience of our management teams as well as the commitment of our workforce.

While acknowledging setbacks during the period, we are confident that the group's strategy continues to support our long-term growth ambitions. However, renewed focus is required in respect of our international expansion plans to ensure the delivery of sustainable, profitable growth for the group.

Responsible citizenship

The current low rate of growth in South Africa cannot address the challenges faced by the large number of marginalised citizens in need of social and economic upliftment. As a leading food producer, Tiger Brands is playing its part together with government, NGOs and other businesses through our corporate social investment projects outlined later in this report. In the review period, we invested over R24 million in projects focused on food security, nutrition education, hygiene and sanitation.

We are particularly proud of the progress made by the Tiger Brands Foundation through an integrated model of working effectively with government to provide free breakfasts to learners at schools throughout the country. In only four years, this programme has grown to cover 64 schools in nine provinces, providing the essential breakfast meal to over 43 000 learners. This year we reached the cumulative milestone of 30 million meals served to needy learners who would otherwise have started their daily studies hungry.

Given the success of the feeding programme, the foundation is expanding its activities to other schools across the country. This has been funded by doubling the feeding programme's share of dividends received by the Tiger Brands Foundation from 15% to 30%.

Governance

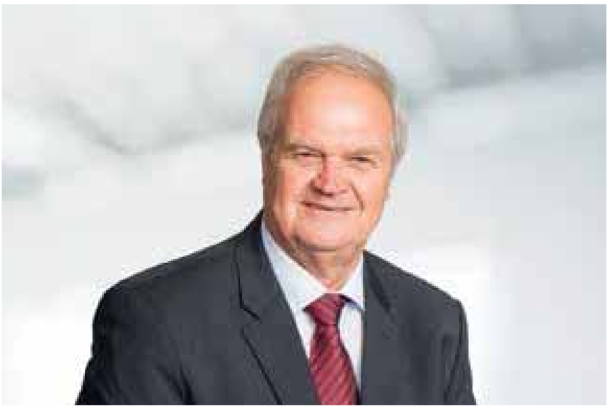
Tiger Brands is committed to maintaining governance standards that reflect best practice. Throughout the group, structures and controls are in place to ensure compliance as a minimum standard. We were particularly disappointed by the setback in the performance of our Kenyan business in the first half due to prior year irregularities. Appropriate corrective action has been implemented. Importantly, lessons learned from this have been shared across the group.

Just before the year end our chief executive officer, Peter Matlare, announced his decision to step down. Peter has served Tiger Brands with distinction for more than seven years – a period characterised by a turbulent external environment, especially in the latter half of his tenure. He has done well in steering the company through these challenges to where it is today, Africa's largest branded foods company. Personally, I have found Peter to be a man of huge intellect and dignity. We will miss him and wish him well in his future endeavours. He has much to offer the business landscape in South Africa. Hamba kahle bra Peter!

Other changes to the board during the year were:

- Richard Dunne retired after nine years on our board as an independent non-executive director. We deeply appreciate his valuable contributions as chair of both the audit and risk and sustainability committees, and as a member of the remuneration and investment committees
- Michael Ajukwu was appointed as an independent non-executive director in March 2015. His financial and business experience in Africa, particularly Nigeria, will strengthen the breadth of experience on the risk and sustainability committee
- Yunus Suleman was appointed as an independent non-executive director in July 2015, bringing extensive financial acumen to our audit, remuneration and investment committees
- Noel Doyle was appointed as an executive director in July 2015, bringing industry and operational experience to the board.

Ian Isdale, our group company secretary and legal adviser, retired after over 30 years' service. We wish Ian a long and healthy retirement and thank him for his many contributions over the years. We welcomed Thiroshnee (Rosh) Naidoo to the group in the capacity of group company secretary and look forward to her contributions.



Outlook

The outlook for the year ahead remains challenging, with low domestic economic growth, rising costs and job security concerns weighing on the South African consumer. These factors are exacerbated by the weak rand which is fuelling inflationary pressures and intensifying the competitive trading dynamics already evident. The macro-economic outlook for the rest of sub-Saharan Africa is muted, with currency weakness and foreign exchange liquidity presenting additional risks.

We are confident that the right strategies are in place to address these challenges, and that Tiger Brands has the depth of management to execute effectively against its plans. We will continue to focus relentlessly on cost savings and efficiencies, as well as further investment in innovation, customer engagement and brand development.

Appreciation

On behalf of the board, I thank our strategic partners in Nigeria, Chile, Kenya, Cameroon, Ethiopia and Zimbabwe, whose valued input supports our continued operation in these countries.

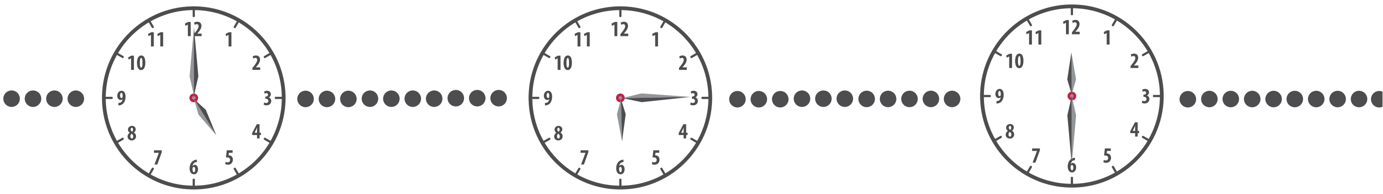
I thank our loyal consumers and business partners for their continued support. In return for your confidence, we will continue striving to meet your needs.

These results bear testimony to the calibre of people across our group. We thank our management teams and all our people for their commitment and constant willingness to go beyond the expected. In return, we will work with you to realise your full potential.

André Parker
Chairman

Tiger Brands – adding value to life

Our brands are household names and part of every South African's daily life.



WAKE UP!

Ingram's

Kair

Dolly Varden Pure Glycerine B.P.

Status Deodorant

Lemon Lite

Protein feed

gill

Perfect Touch

BREAKFAST

Albany

Jungle

KOO It's the best you can do.

Enterprise

Morvite

Oros

Golden Cloud

LUNCH TIME

Albany

KOO It's the best you can do.

Purity

Tastic Perfect. Every time.

Fatti's & Moni's

Enterprise

Ace

Black Cat

Hall's

Energade

PLAY DATE

Tinkies

Jelly Tots

Oros

Beacon

Beacon Allsorts

Maynards

SUPPER TIME

Tastic

Fattis & Monis

Ace

All Gold
Tastes real good

Crosse & Blackwell

Mrs H.S. Ball's

KOO
It's the best you can do.

Purity
Elizabeth Anne's

Rose's

BED TIME

Ingram's
THE SKIN DOCTOR

Peaceful Sleep

Doom

Airoma

Purity
Elizabeth Anne's

Only the best will do

Celebrating 75 years and even greater things to come!

Everyone has a KOO story – fond memories of getting together, simple gatherings with delicious KOO meals, or late-night studying with KOO beans on toast. We are celebrating 75 years of home-grown goodness with loyal KOO fans across South Africa.

KOO is a rainbow nation brand

Like our country, KOO is a rainbow brand for a rainbow nation – reflecting our diverse flavours and tastes from Die Bloukrans to Boksburg, Soweto to Sandton, Thaba 'Nchu to Mafikeng, and Cape Town to Chatsworth.

Our legacy

From our humble beginnings as a "koöperasie" of farming families in 1940, today KOO is a brand all South Africans know, love and trust. The secret to our success – we are a business that began as a family, and a business that knows how to put family first. KOO's earliest labels paid homage to the land that yields the bountiful, quality crops in every can, and made the KOO name synonymous with excellence.

The KOO heritage and iconic brand status was recognised by consumers who voted KOO South Africa's number one iconic brand and the top brand in *Sunday Times* Top Brands Awards.

The new packaging design introduced in 2015 connects the brand and the product to the land, and conveys quality and freshness.

Continued brand investment

New KOO community cook-off TV ad

The ad showcases our wide and versatile range of delicious products, sourced from established farms.

In-store promotions

Great value for consumers through promotions and in-store activations.

Digital promotions

We launched an exciting website in June 2015 to share the joy that KOO brings to our fans' lives.

Social media

KOO's daily presence on social media platforms keeps customers in touch, building a loyal fan base.

KOO collaborates with the Expresso show

On 26 June 2015, KOO celebrated 75 years of heritage and excellence with our debut episode on the Expresso Morning Show on SABC 3.

75 years of even greater things to come

As a trusted partner in today's world, we know very few people have time to cook for hours, so we offer sealed-in goodness with a range of products that can be used for breakfast, lunch, dinner, desserts, snacks and anything else our foodie fans can dream up!

Thank you South Africa for making us such a significant, trusted part of your lives. Here's to another 75 years!

KOO A MULTI-AWARD WINNING BRAND

KOO performed exceptionally well in the 2015 annual brand awards, affirming its position in the hearts and minds of all South Africans:

- Voted South Africa's favourite brand in the *Sunday Times* Top Brands Awards 2015.
- KOO baked beans won Most Iconic Brand in Ask Afrika ICON Brands 2015/2016.
- Won overall favourite brand at the 2015 Kasi Star Brand Awards.
- Won number one place as the KOOlest tinned food brand in the *Sunday Times* Generation Next Awards.

www.koo.co.za

Group profile

Tiger Brands is a leading African manufacturer of branded food, home and personal care products. In South Africa, it has leading market shares across a broad range of categories and, over the years, has grown through acquisitions and by developing its brands.

In addition to its core South African business, the group also has operations in West, East and Central Africa and has built a sizeable exports business for our products throughout Africa.

Tiger Brands prides itself on being a world-class manufacturer and marketer of fast-moving consumer goods (FMCG). Its success is underpinned by innovation, and the continuous revitalisation and extension of its brands into adjacent categories and new markets. The core brands are well supported by focused investment in marketing, as well as consumer and shopper research that provides comprehensive insights into the categories and markets in which the group operates.

In addition to operations under its control, Tiger Brands holds meaningful minority shareholding interest in several associate companies:

- JSE-listed fishing company Oceana Group Limited (42,1%)
- Chile-based FMCG company Empresas Carozzí (24,4%)
- Nigeria-based FMCG company UAC Foods Limited (49,0%)
- Zimbabwe-listed FMCG company National Foods Holdings Limited (37,4%).

Salient features

Financial*

Group turnover
R31,6 billion

Operating income
R3,7 billion

HEPS per share
1 786 cents

Diluted headline earnings per share
1 757 cents

Strong balance sheet

Constituent of JSE Top 40 Index

** From continuing operations.*

Non-financial

Market-leading brands

Constituent of JSE Socially Responsible Investment Index

Voluntary participation in CDP (global standard for disclosure on carbon emissions and water management)

Level 3 for B-BBEE

Certified as a top employer

Our organisational structure

Operating segments

Grains

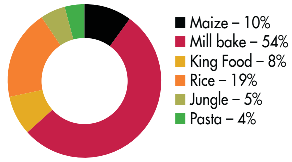
Manufacturing plants: 19
Workforce: 4 297

36%
of group turnover

Brands

Milling and Baking – Albany, Golden Cloud, Ace
Sorghum Beverages & Breakfast – King Korn, Mabela, Morvite, Ace Instant, Jungle Oats, Taystee Wheat, Oatso Easy, Jungle Energy Crunch, Crunchalots
Rice – Tastic, Aunt Caroline, Surprise, Cresta
Pasta – Fatti's & Moni's

Grains
% contribution to turnover



Consumer Brands

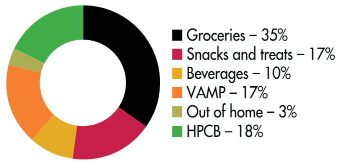
Manufacturing plants: 18
Workforce: 4 114

39%
of group turnover

Brands

Groceries – KOO, All Gold, Crosse & Blackwell, Black Cat, Mrs Ball's, Hugo's, Colmans
Snacks, Treats and Beverages – MMMallows, Beacon, Maynards, Allsorts, Jelly Tots, Jungle Energy Bar, Wilsons, Toff-O-Luxe, XXX, Fizzpop, Damascus, Smoothies, Oros, Energade, Hall's, Rose's, Monis, Game
VAMP (Value Added Meat Products) – Enterprise, Renown, Mielie-Kip, Bokkie, canned meats
HPCB (Home, Personal Care and Baby) – Purity, Ingram's Camphor Cream, Doom, Elizabeth Anne's, Jeyes, Perfect Touch, Dolly Varden, Status, Lemon Lite, Kair, Protein Feed, Airoma, Peaceful Sleep, Bio Classic

Consumer Brands
% contribution to turnover



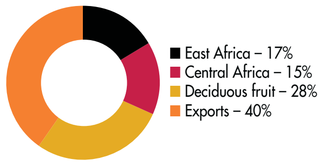
Exports and International

Manufacturing plants: 5
Workforce: 3 341

15%
of group turnover

Langeberg & Ashton Foods (South Africa) (Deciduous fruit) – Gold Reef, Silverleaf
Tiger Brands International (Exports) – This division exports the group's branded products into the rest of Africa
Davita Trading (South Africa) (Exports) – Jolly Jus, Benny, Davita
Haco Tiger Brands (Kenya) (51%) – Ace, BIC, Jeyes, Miadi, Motions, TCB, Bloo, SoSoft
East African Tiger Brands Industries (Ethiopia) (51%) – Peacock, Crown, Solar, Micky, Miracle, Florida
Chocolaterie Confiserie Camerounaise (Chococam) (Central Africa) (74,7%) – Arina, Big Gum, Kola, Mambo, Matinal, Tartina, Tutoux, Chococroc

Exports and International
% contribution to turnover



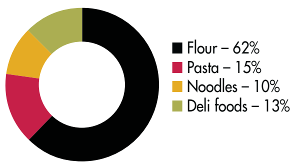
Nigeria

Manufacturing plants: 6
Workforce: 1 976

10%
of group turnover

Deli Foods (100%) – Deli, Igloo, Orange Star
Tiger Branded Consumer Goods plc
(formerly Dangote Flour Mills plc (DFM)) (65,7%) – Dangote Flour, Dangote Pasta, Dangote Noodles

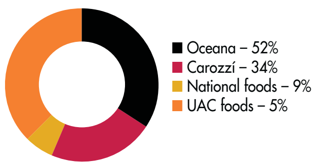
Nigeria
% contribution to turnover



Associates

Oceana Group (South Africa) (42,1%)
Empresas Carozzí (Chile) (24,4%)
National Foods Holdings (Zimbabwe) (37,4%)
UAC Foods (Nigeria) (49,0%)

Associates
% contribution income from associated companies



Our history

1920	❍ Jacob Frankel establishes business in Newtown, Johannesburg, and the Tiger Oats logo is born
1925	❍ Jungle Oats launched
1944	❍ Tiger Oats and National Milling Company Limited incorporated and listed on the JSE
1982	❍ Barlow Rand (now Barloworld) acquires majority share in Tiger Oats through CG Smith Limited
1993	❍ CG Smith unbundled from Barlow Rand
1998	❍ Tiger Oats acquires ICS Holdings Limited (formerly Imperial Cold Storage and Supply Company)
1999	❍ Acquires stake in Empresas Carozzí of Chile
2000	❍ Tiger Oats renamed Tiger Brands ❍ Adcock Ingram becomes wholly owned subsidiary and delists from the JSE
2001	❍ Tiger Brands unbundles and separately lists its animal feed and poultry operations into Astral Foods
2004	❍ Tiger Brands unbundles and separately lists Spar
2006	❍ Acquires the sugar confectionery businesses of Nestlé, including Jelly Tots
2007	❍ Expands branded portfolio further into beverages by acquiring Bromor Foods, with key brands Oros, Energade and Rose's
2008	❍ Unbundles and separately lists Adcock Ingram ❍ Extends African footprint by acquiring controlling stake in Haco Industries of Kenya and Chococam of Cameroon
2009	❍ Expands branded portfolio by acquiring Crosse & Blackwell
2011	❍ Further African expansion by acquiring interests in the East African Group of Ethiopia, Deli Foods of Nigeria and Davita, a South African exporter of powdered seasoning (Benny) and beverages (Jolly Jus)
2012	❍ Acquires controlling interest in Dangote Flour Mills in Nigeria (now Tiger Branded Consumer Goods plc – TBCG) and the Mrs Ball's trademark

Sub-Saharan Africa

Fastest population growth in the world

One billion people by 2018

2015 GDP growth of 3,8%

Consumer expenditure reached US$1,1 trillion in 2014

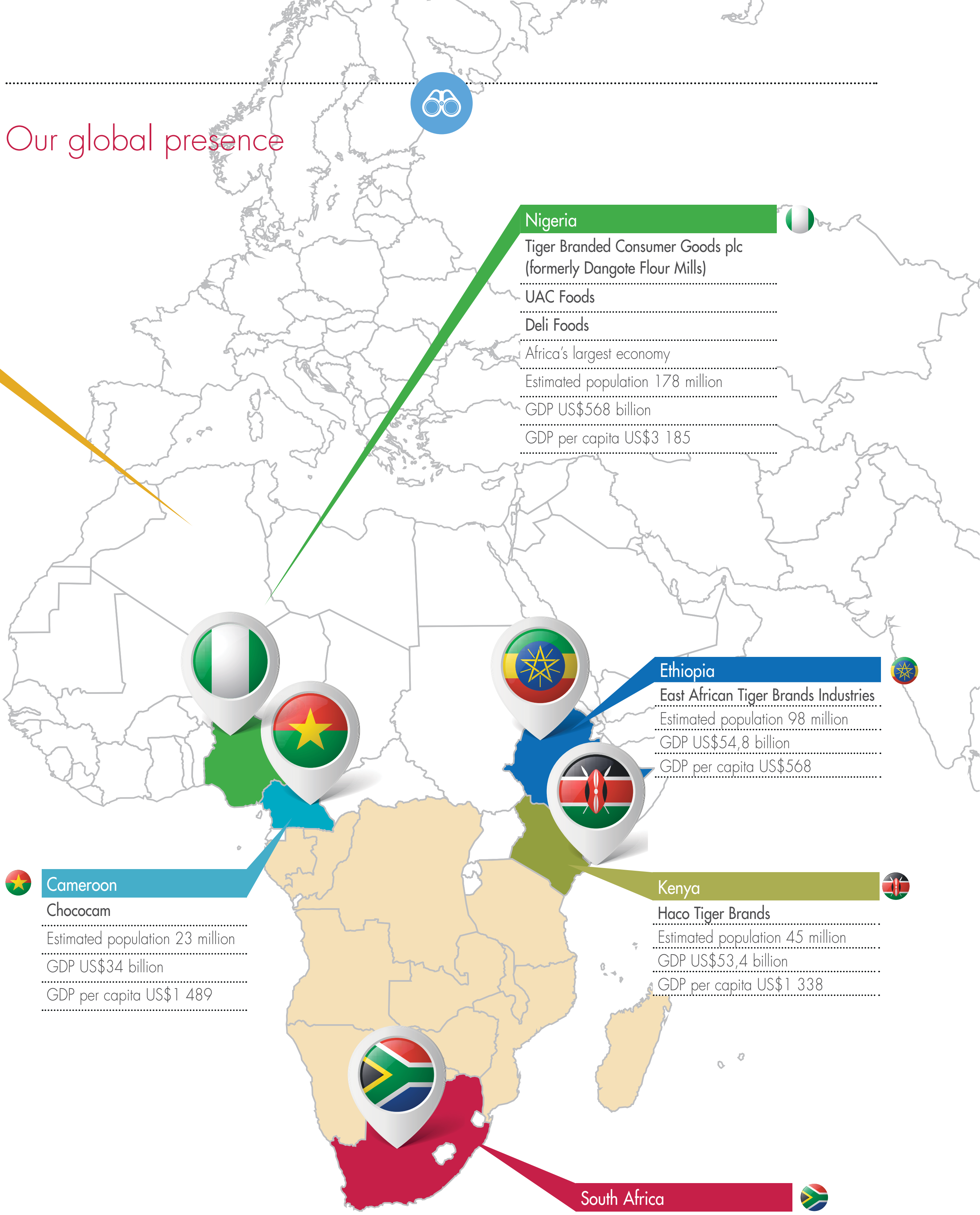
On-shore manufacturing

- Cameroon
- Ethiopia
- Kenya
- Nigeria
- South Africa
- Zimbabwe

Export territories

- Angola
- Botswana
- Burkina Faso
- Chad
- Chile
- DRC
- Equatorial Guinea
- Ghana
- Guinea
- Ivory Coast
- Liberia
- Madagascar
- Mali
- Mozambique
- Namibia
- Malawi
- Sierra Leone
- Tanzania
- Uganda
- Zambia
- Zimbabwe

Our global presence



Nigeria

Tiger Branded Consumer Goods plc (formerly Dangote Flour Mills)

UAC Foods

Deli Foods

Africa's largest economy

Estimated population 178 million

GDP US$568 billion

GDP per capita US$3 185

Ethiopia

East African Tiger Brands Industries

Estimated population 98 million

GDP US$54,8 billion

GDP per capita US$568

Cameroon

Chococam

Estimated population 23 million

GDP US$34 billion

GDP per capita US$1 489

Kenya

Haco Tiger Brands

Estimated population 45 million

GDP US$53,4 billion

GDP per capita US$1 338

South Africa

Tiger Brands Limited

Africa's second largest economy

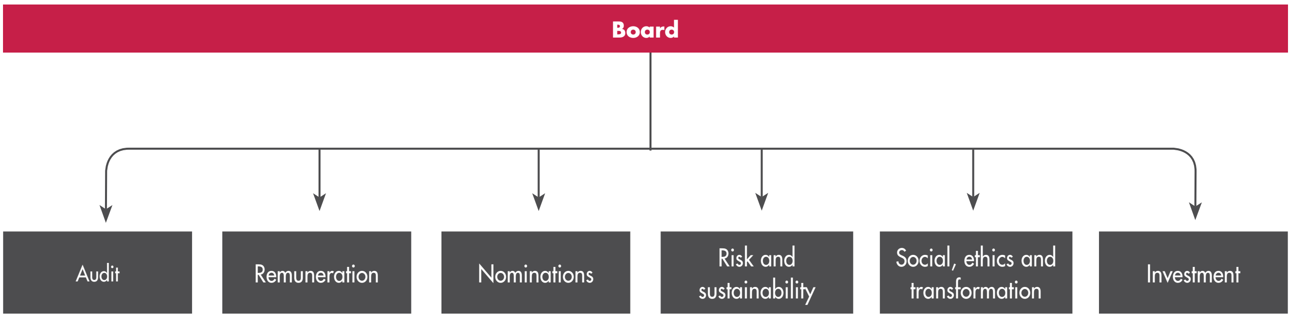
Estimated population 54 million

GDP US$349 billion

GDP per capita US$6 478

Managing our business

Tiger Brands is committed to the highest standards of corporate governance, and ethical and moral business behaviour.



The board sets the tone and standards, which filter down to executive management and all employees throughout the organisation.

Directors and management are aware of their responsibilities as custodians of the company and its assets, and manage these on behalf of shareholders, who are the true owners of the company.

Managing our business sustainably

As one of the largest food producers in sub-Saharan Africa, Tiger Brands acknowledges its responsibility to actively contribute to the communities and regions where it operates by facilitating sustainable economic growth and social development.

The group is guided by its vision to be the most admired, branded FMCG company in emerging markets. This vision extends beyond simply manufacturing and supplying products. Sustainability at Tiger Brands is framed by strict adherence to the principles of good governance and environmental management, which are driven by our core values (page 18). The social, ethics and transformation committee assists the board in monitoring the implementation of plans to drive good corporate citizenship.

Our leadership

Directorate

André Parker (64)

Chairman

MCom

Appointed in 2007, chairman in February 2012

Committees

Nominations (chair), investment (chair), remuneration

External appointments

Independent non-executive director of Distell Limited, Empresas Carozzí of Chile, Standard Bank Group Limited.

Bheki Sibiya (58)

Deputy Chairman

BAdmin, MBA

Appointed in March 2003

Committee

Social, ethics and transformation

External appointments

Non-executive director of Famous Brands Limited, chairman of Cape Africa and PPC Limited, executive chairman of Smartvest Investments.

Michael Ajukwu (59)

BSc (finance), MBA

Appointed in March 2015

Committee

Risk and sustainability

External appointments

Non-executive director of Intafact Beverages Limited, a subsidiary of SABMiller in Nigeria, and Novotel: Port Harcourt, Nigeria, a member of Accor Hotels group.

Santie Botha (51)

BEcon (hons)

Appointed in August 2004

Committees

Remuneration (chair), nominations

External appointments

Chancellor of Nelson Mandela Metropolitan University, non-executive director of Telkom Limited and Liberty Holdings Group Limited, chairman of Famous Brands Limited and Curro Holdings Limited.

Mark Bowman (49)

BCom, MBA

Appointed in June 2012

External appointments

Executive director of SABMiller plc and managing director of its African operations.

Maya Makanjee (53)

BA (fine arts), BCom, MBL (cum laude)

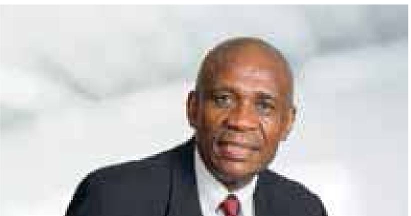
Appointed in August 2010

Committees

Social, ethics and transformation (chair), nominations

External appointments

Chief officer: corporate affairs of Vodacom group, director of Vodacom (Pty) Limited trustee of Nelson Mandela Foundation and chairman of Vodacom Foundation.



Khotso Mokhele (59)

BSc (agriculture), MSc (food science), PhD (microbiology)

Appointed in August 2007

Committees

Risk and sustainability (chair), audit, investment

External appointments

Director of African Oxygen Limited, Zimplats Holdings Limited and Hans Merensky Holdings, trustee of Hans Merensky Foundation and chancellor of the University of the Free State.

Rob Nisbet (60)

BCom, MBA, diploma in marketing management

Appointed in August 2010

Committees

Audit (chair), risk and sustainability, investment

Experience

He was group Financial Director of MTN Group Limited for 14 years until he resigned to pursue his own interests. Prior to joining MTN Group he was a director of other private and public companies.

Independent non-executive directors ■

Our leadership continued

Directorate continued

Makhup Nyama (58)

BCom, MBA, diploma in marketing management

Appointed in August 2010

Committees
Remuneration, nominations, social, ethics and transformation

External appointments
Former chief executive officer of Saab Grintek (Pty) Limited and deputy chief executive of CS Holdings Limited. Director of Makhup Properties, Kapela Holdings and Xon Holdings.

Yunus Suleman (58)

CA(SA), BCom, BCompt (hons), leadership programmes

Appointed in July 2015

Committees
Audit, remuneration, investment

External appointments
Former chairman of KPMG SA, chairman of Enactus South Africa, Global Treasurer of WMO (community charity), chairman of Sulfam Holdings (Pty) Limited, independent non-executive director of Liberty Holdings Limited and Liberty Group Limited.

Peter Matlare (56)

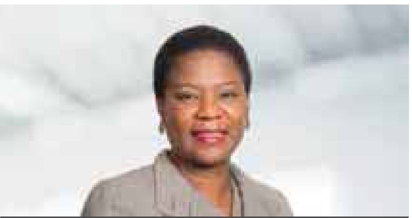
Chief executive officer

BSc (hons), MA

Appointed in April 2008, retired in December 2015

Committees
Audit, remuneration, nominations, social, ethics and transformation, investment

External appointments
Non-executive director of Oceana Group Limited, independent non-executive director of Barclays Africa.



Funke Ighodaro (52)

Chief financial officer

BSc (hons), FCA (England and Wales)

Appointed in June 2011

Committees
Audit, risk and sustainability, investment

External appointments
Independent non-executive director of Datatec Limited.

Noel Doyle (49)

Chief operating officer

FCA, CA(SA)

Appointed to the board in July 2015. Served on the executive committee from July 2012

Committees
Risk and sustainability, investment

External appointments
Non-executive director of Oceana Group Limited.

Clive Vaux (64)

Corporate finance director

CA(SA)

Appointed in February 2000

Committees
Audit, remuneration, risk and sustainability, nominations, investment

Experience
Former group financial director of CG Smith Foods Limited and Reunert Limited.

Executive management committee

Peter Matlare

Funke Ighodaro

Noel Doyle

Clive Vaux

Detailed above

Neil Brimacombe (51)

Business executive: Exports and International (excluding Nigeria); HPCB

BCom (hons), MBL

Appointed in September 2000

Experience
Twenty-seven years in FMCG.

External appointments
Non-executive director of Empresas Carozzi of Chile.

Grattan Kirk (51)

Business executive: Consumer Brands – Foods

FCA, CA(SA)

Appointed in July 2013

Experience
Sixteen years in retail and 13 years at Deloitte & Touche, former chief executive officer of JD Group Limited, board member of Consumer Goods Council and Consumer Goods and Services Ombud.

■ Independent non-executive directors
■ Executive directors

Executive management committee continued

Tswelo Kodisang (42)

Group executive: human resources

BCom, postgraduate diploma in labour law, HR management

Appointed in May 2014

Experience

Twenty years in FMCG, including serving as global HR vice-president at Unilever.

Brenda Koornneef (63)

Group executive: marketing

BCom

Appointed in January 2011

Experience

Thirty years' experience in FMCG, including 17 years at Unilever as marketing director: detergents.

Rosh Naidoo (42)

Group company secretary and legal adviser

BProc, EDP

Appointed in May 2015

Experience

Admitted attorney, with over 15 years' experience as corporate counsel, mostly in the FMCG industry, and particularly in African operations.

Patrick Sithole (48)

Group executive: supply chain

BSc (chem eng)

Appointed in August 2012

Experience

Twenty-six years in FMCG, including as supply chain vice-president for Unilever South Africa.

Bridgette Backman (51)

Group executive: corporate affairs

BSc (chemistry) UCT, MBA (Rotterdam School of Management, Erasmus University)

Appointed in February 2015

Experience

Bridgette's broad business experience includes corporate affairs, sustainability, entrepreneurship and business development in the FMCG field, as well as development finance. She is a board member at InnoVenton: Institute for Chemical Technology, and NMMU (Nelson Mandela Metropole University).

Marc Eyres (56)

Group executive: customer

BA (social science)

Appointed in April 2015

Experience

Extensive experience in the FMCG industry, particularly in senior sales and customer marketing roles across South Africa, Ethiopia, Kenya, India, Pakistan, and UK.

Our business model

This incorporates the full value chain from procurement of raw materials through manufacturing processes to marketing and distributing our products to customers and consumers.

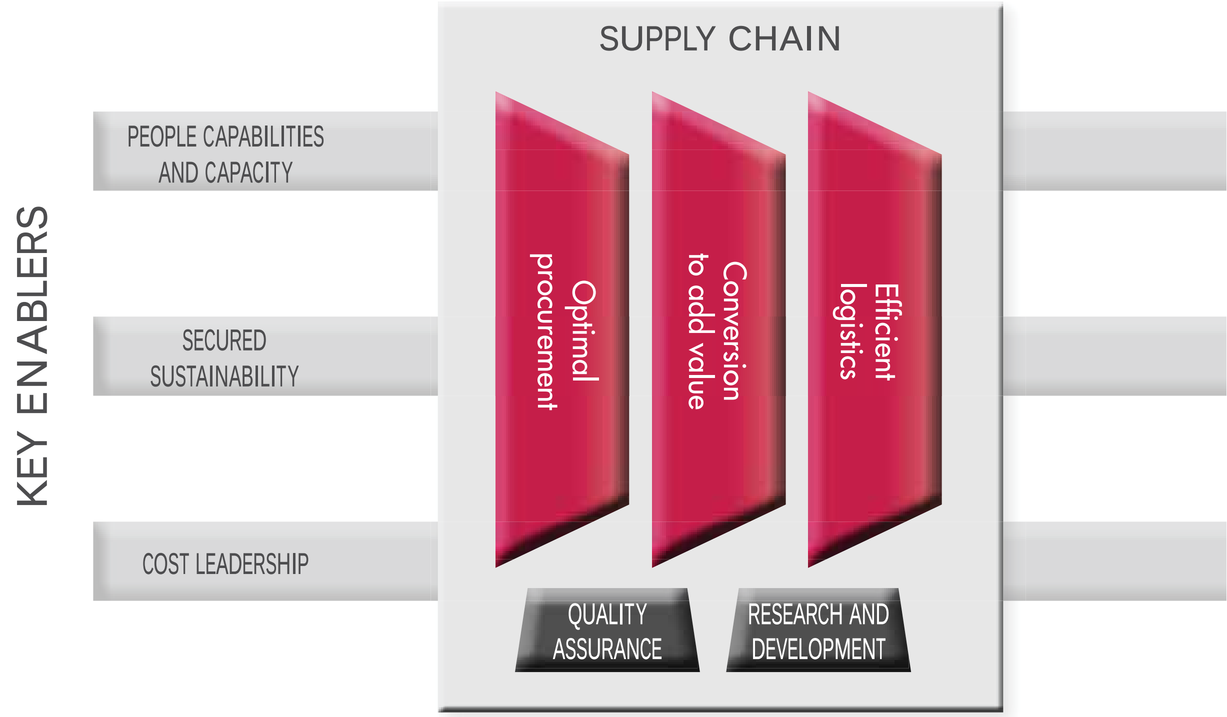
We acknowledge the six capitals set out in the IIRC's Integrated Reporting Framework, and have adjusted these to better suit our business model.

HUMAN CAPITAL

Tiger Brands invests in the wellbeing, skills and capabilities of its employees. We strive for a consumer-focused and high-performance culture, underpinned by our core values.

MANUFACTURING FACILITIES

Tiger Brands has 48 manufacturing sites across sub-Saharan Africa producing a wide range of food, home and personal care products.



SOCIAL AND RELATIONSHIP CAPITAL

Ensuring sustainability and managing our reputation are key elements of our business model. Under an integrated approach to sustainability, we are committed to adding value to our community, business, labour and government stakeholders in our operating territories.

NATURAL CAPITAL

Tiger Brands uses natural resources and commodities in manufacturing its products. Our procurement strategies focus on the long-term sustainability and environmental impact of our processes.

FINANCIAL CAPITAL

The group is committed to delivering value for all its stakeholders, including employees, shareholders, governments and the communities in which we operate.

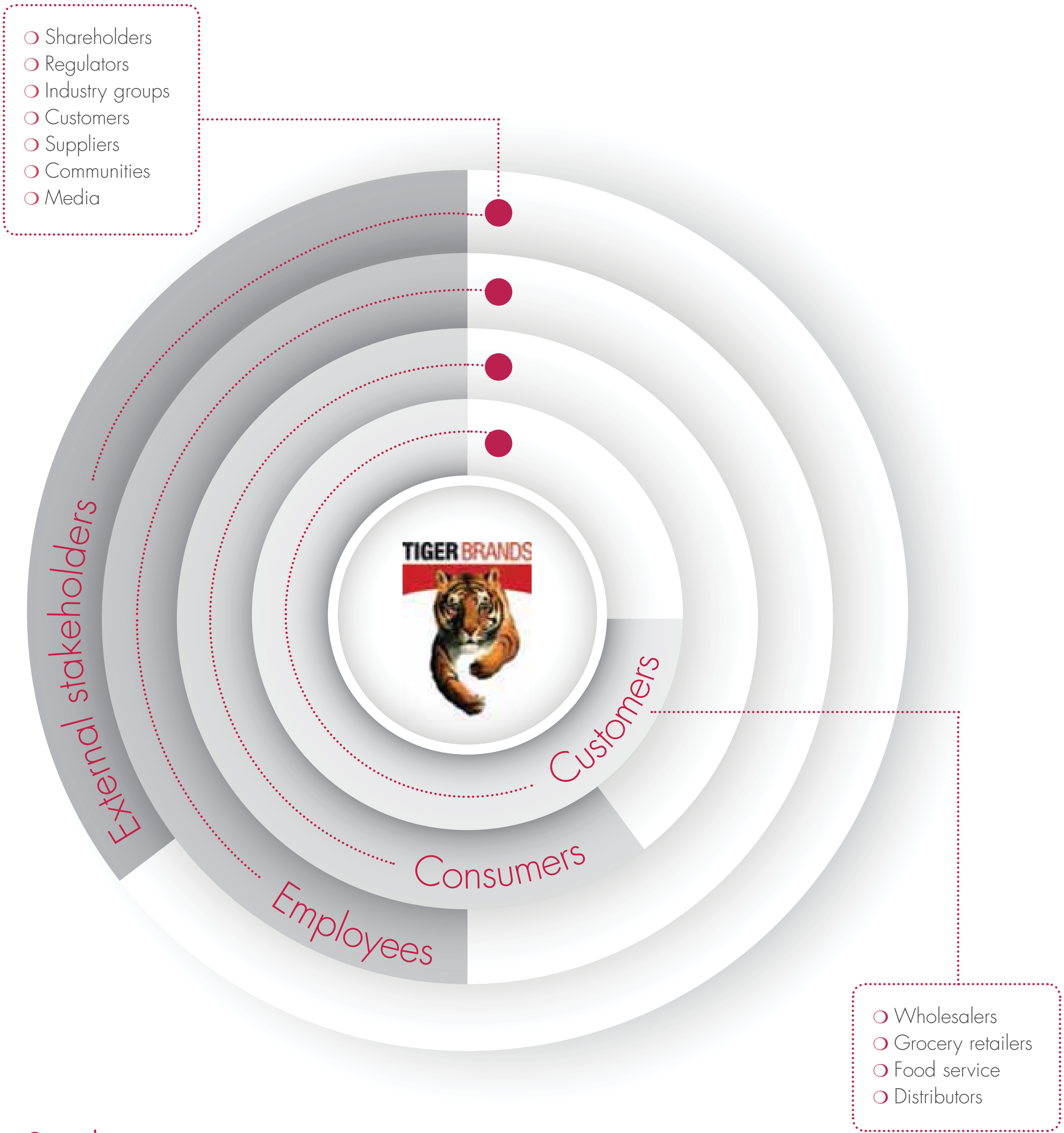
INTELLECTUAL CAPITAL
BRAND SUPPORT AND INNOVATION

We invest in research and consumer marketing for deep insight into the changing needs of our consumers. We use our R&D capability and networks to deliver the innovation that supports the equity of our brands.

Key factors driving our strategy

Our key relationships

The group recognises that positive relationships with all key stakeholders are essential to its sustainability. For a business to perform optimally, people need to be keen to work for, buy from, supply to, invest in and partner with that business. Our ability to nurture and maintain positive stakeholder relationships is therefore a strategic priority.



Our values

- Our consumers are our business.
- We act with integrity in everything we do.
- We have a passion for excellence.
- We value our people and treat them with dignity.
- We continue to reinvest in our society.

We actively create opportunities for stakeholders to interact with Tiger Brands. Direct employee interaction is facilitated through staff conferences and information is shared through various internal communication channels. We communicate with consumers, investors and other key stakeholders through our consumer help line, corporate and brand websites, social media channels, investor contact centre and through investor presentations, conferences and roadshows. We participate in various industry events, associations and governmental forums.

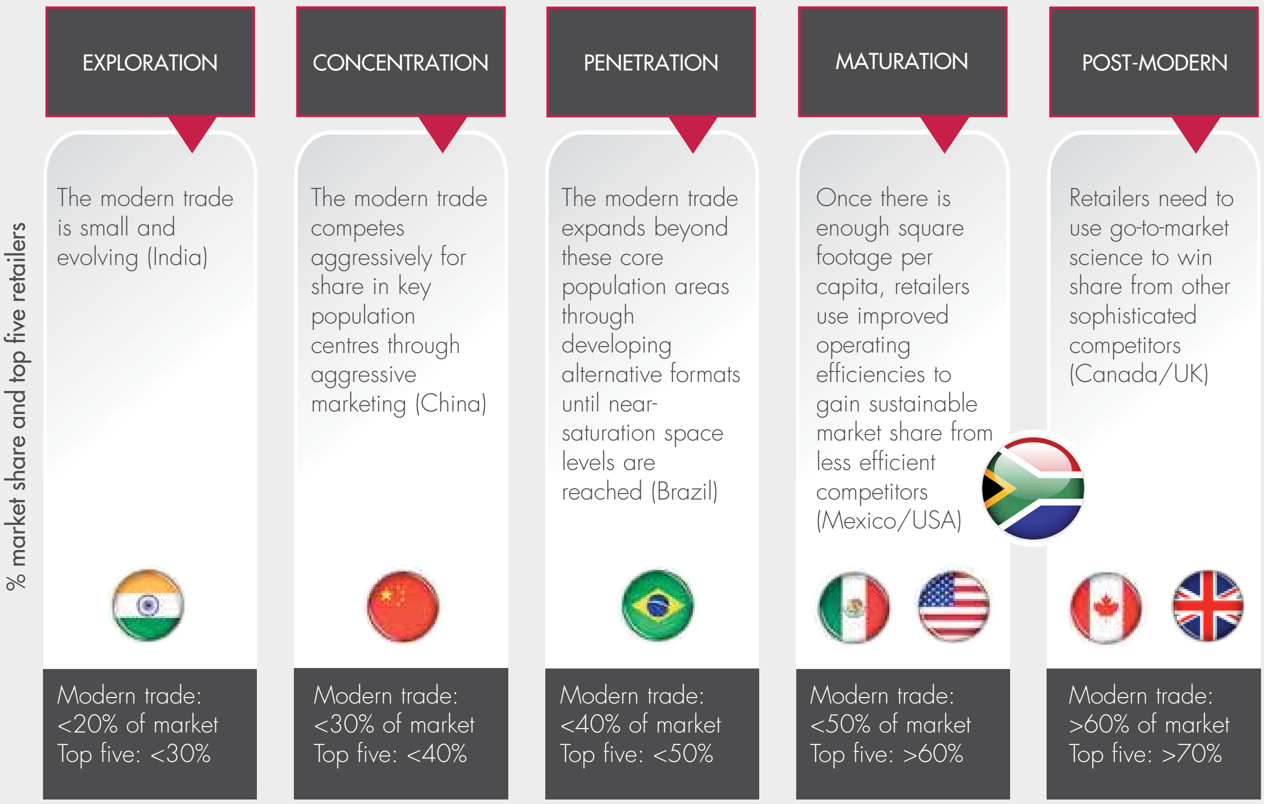
	KEY ISSUES IN 2015	OUR RESPONSE	READ MORE
Customers (retailers/ wholesalers)	❍ Muted consumer demand and intense pricing competition	❍ Joint business planning initiatives with customers to stimulate consumer demand and optimise category growth	20
Employees	❍ Impact of increasing competition on business performance ❍ Remuneration and incentives ❍ Job security	❍ Proactively engage with employees to discuss management actions to address competitive challenges and obtain their commitment through appropriate performance incentives	53
Consumers	❍ Product affordability	❍ Mitigate inflationary pressures through cost-saving initiatives and operational efficiencies ❍ Provide value-for-money offerings including affordable and convenient pack sizes and value-added products	22, 51
Community	❍ Food security and related nutritional issues	❍ Maintain strong partnerships with governments and developmental agencies to support initiatives that promote nutritional health and education, and contribute to the development of local communities and eradication of poverty	51, 60
Investors	❍ Turnaround of underperforming divisions ❍ Profitable growth and return on capital	❍ Continued focus on the health of our brands and quality of our products, drive cost savings to deliver sustainable, profitable growth ❍ Ensure long-term growth through premium value-added products and extending our brands into adjacent categories and markets while managing downside risks	28, 30, 32, 40
Government	❍ Regulations on packaging ❍ Promoting nutritional awareness ❍ Food security	❍ Keeping abreast of emerging issues and actively participate in dialogue prior to the promulgation of legislation	52
Media	❍ Access to management and information	❍ Conduct media engagement sessions to share information ❍ Increased Tiger Brands' media profile	52
Suppliers	❍ Optimising costs to enhance competitiveness ❍ Impact of currency weakness on input costs ❍ Crop shortages due to weather and commercial considerations	❍ Win-win partnerships to ensure sustainable growth and security of supply ❍ Partner with suppliers to drive innovation and continuous improvement initiatives	52

Key factors driving our strategy continued

Optimising customer relationships

The South African market has evolved rapidly over the years and is mature and concentrated in size. This has significant implications for Tiger Brands in its quest to drive growth in the domestic market.

Retail markets in five stages

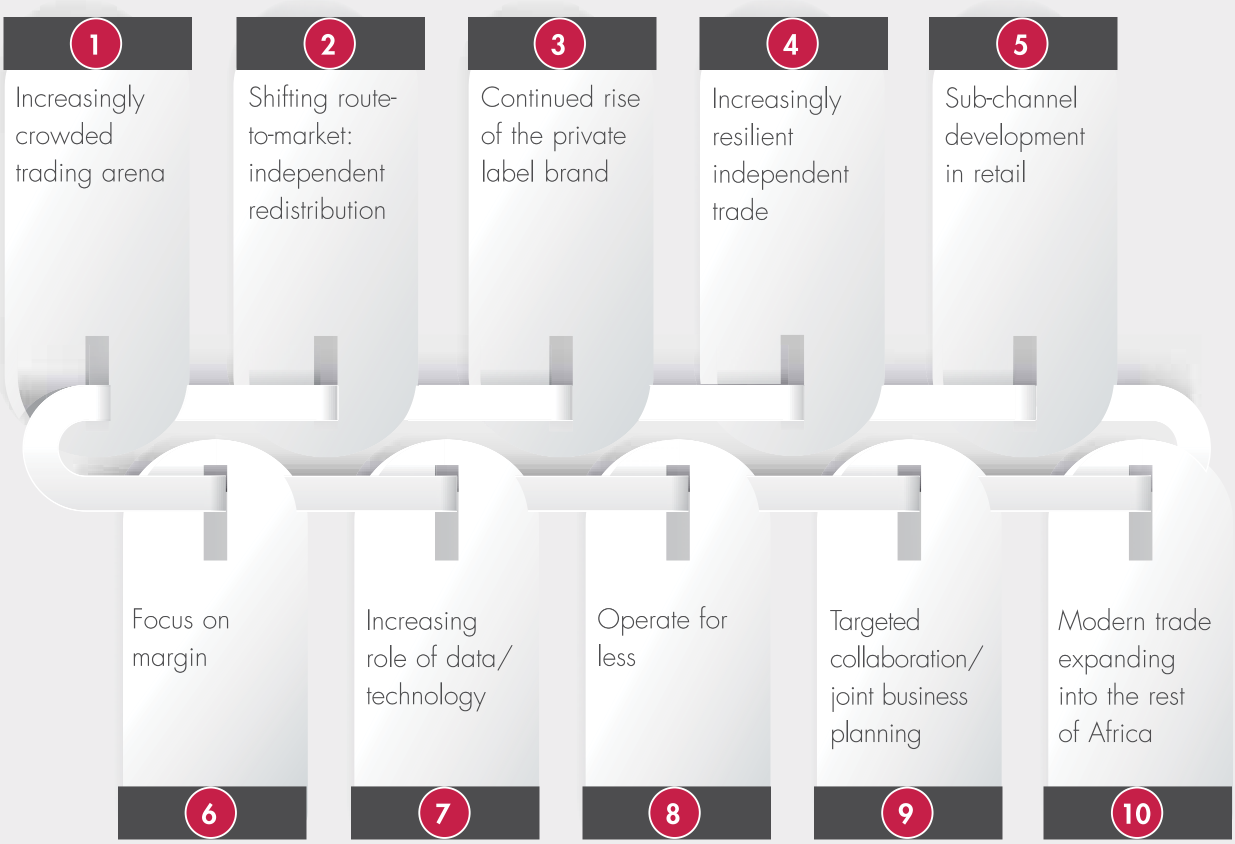


With a highly concentrated retail trade, powerful wholesale sector and fragmented general trade, understanding the needs of our customers and shoppers is paramount to achieving our strategic goals.

Tiger Brands has made good progress in key areas of our customer strategy:

- Investment in handheld technology for operational intelligence and insights that drive growth and efficiencies at the point of purchase
- Field sales teams provide live data to support actions on-shelf availability, pricing and promotions
- New apps being developed to speed up communication to retail stores and ensure the effective execution of shopper marketing campaigns
- Improving core customer skills through our customer academy
- Optimised investment with customers in key categories
- Our customer managers were rated first in South Africa for trade relationships by Objectivity Research

Joint business plans with all key retailers will drive the group's growth strategy. Our customer strategy therefore considers key retail trends, as shown below, and the needs of our customers to ensure strategy execution:



Building on our progress to date, we have identified the strategic priorities for the next five years that will optimise our customers' growth, as well as our own.

Priority	Growing with customers	Growing in store	Operational excellence and execution	Great place to work
Indicator	Channel, customer and format strategy	Next generation Tiger Brands field sales	Optimising route-to-market Trade category management	Customer, shopper and operational capability
Strategic enablers	❍ Harmonising customer operations in the field across all categories ❍ Customer IT and insight system ❍ Joint business planning ❍ Building a growth culture in customer teams			

Our operating environment

South Africa

Given that 75% of the group's turnover and 98% of its operating income is currently generated in South Africa, conditions in this market are critical to our performance and strategic progress.

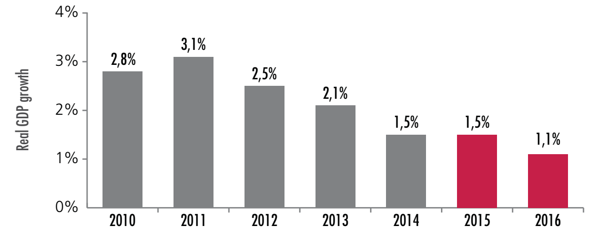
Tiger Brands is the largest constituent by market capitalisation of the R195 billion JSE Food Producers Index. Listed and unlisted food producers in turn, supply a R231 billion retail market, ranging from national supermarket chains to informal outlets.

Economic growth in South Africa was lacklustre for most of the reporting period, with downward revisions to the GDP rate forecast for 2015. The increasingly unfavourable global economic environment, inflationary cost pressures caused by the weak rand, together with electricity shortages and unsettled labour relations have exerted further pressure on the domestic economic outlook and undermined business confidence. During the year, the rand weakened by 23% against the US dollar as concerns about China's economy deepened and impacted emerging market assets. The continued depreciation of the rand over the last four years has exerted significant inflationary pressure on input costs and pricing, increasing the pressure on consumers and reducing demand.

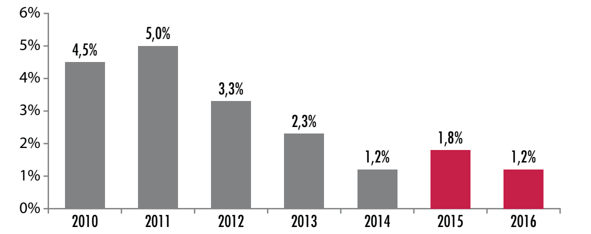
These factors together with the relatively high personal debt levels, rising interest rates, inflation and slower wage growth, have affected consumer confidence and constrained household consumption levels. Consequently consumers are adjusting their consumption habits, favouring lower priced products where necessary and deferring purchases of discretionary items.

In response to this increasing focus by shoppers on value, manufacturers are competing for volume sales opportunities through pricing and value offerings. The tough trading environment has been exacerbated by the increased pressure from customers for additional trade spend in respect of rebates, promotional activity, joint advertising, and supply chain efficiencies, thereby further impacting producer margins.

SA economic growth is expected to remain subdued over the medium term

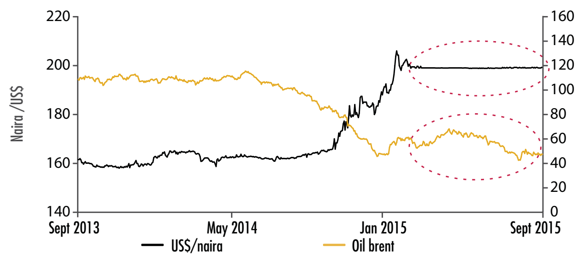


Growth in SA household consumption remains constrained



Continued rand depreciation against the US$ has intensified pressure on input costs

Naira has come under pressure in a lower oil price environment



Source: Broker reports, BMI, StatsSA, Deutsche Bank, Datastream.

Key trends over the next five years

Demand

- Strong population growth in Africa – youngest in the world, with rapid adaptation to modern trends and technology.
- Urbanisation continues, with increased income and spending power changing consumer patterns.
- SA retailers strengthening their presence on the continent, although traditional trade remains the dominant channel.
- Economic pressures lead to the continued growth of value segments across markets.

External factors

- Domestic economic and infrastructure constraints compress South African economic growth.
- Slow recovery in global advanced economies and slowdown in emerging market economic trends will continue to impact Africa.

Supply trends

- Food markets characterised by volatile commodity prices and rising input costs.
- Skills shortage in emerging markets will make talent management critical for business success.
- A focus on a streamlined value chain will be imperative to manage efficiencies and costs in a competitive environment.

Rest of Africa

In the rest of sub-Saharan Africa, economic growth rates have fared better, driven by infrastructure investment, direct foreign investment and consumer expenditure. Rapid urbanisation and improving living standards are supporting growth in these markets. However, the larger economies have been affected by the effects of lower oil prices and inflationary cost pressures due to weaker exchange rates as a result of devaluation. This has led to pressures on consumer demand and increased competition. While consumers seek out aspirational brands and new variety, value for money remains key as the overwhelming majority of consumers remain in the low-income bracket. Nevertheless, most markets are showing robust growth, as purchasing patterns change from bulk, unbranded products to branded packaged goods.

Although consumers are embracing trade expansion in Africa, the route-to-market in sub-Saharan Africa remains largely informal. The resulting reliance on wholesalers and distributors to reach the final point of purchase is significant and key to achieving market success. Poor infrastructure and logistical problems continue to restrict business expansion while socio-political instability and growing political/regulatory controls in certain countries present business challenges.

Given the size, changing demographic profile and growing income levels of the population in sub-Saharan Africa, we continue to believe that expansion in the rest of Africa represents a significant growth opportunity for Tiger Brands.

Our competitive advantages and market position

The power of

In line with our strategy to have the first or second brand in our chosen categories, Tiger Brands has built a solid portfolio of leading brands over the years.

This was amply reinforced in the 2015 *Sunday Times* top brands awards. In the prestigious Grand Prix category South Africa's favourite brand, KOO, took first place, while Tastic was again voted as the number one essential food brand. KOO was also voted number one in the Ask Afrika ICON Brands Survey 2015/2016.

Our brands also featured prominently in their categories:

Tinned foods

NO 1
KOO

No 3: All Gold
No 5: Enterprise
No 6: Hugo's

Essential foods

NO 1
Tastic
(14th consecutive year)

No 3: Albany
No 4: Fatti's & Moni's
No 6: Ace
No 9: Aunt Caroline
(despite being a regional brand)

leading brands

Fruit juices

NO 3
Oros

No 4: Halls

Personal care

NO 5
Ingram's

Jungle Oats celebrates 95 years of good breakfasts

The original South African favourite

Jungle Oats was launched in 1920 by the Cereal Manufacturing Company in Moorreesburg.

The present site in Maitland was purchased in 1926 by Mr Redler and production started from 1930.

From this modest beginning, the great industrial company Tiger Oats Limited was formed in 1944 after a merger between Jacob Frankel (Pty) Limited and Tiger Oats Company of South Africa.

This company would later come to be known as Tiger Brands (Pty) Limited.

The Jungle logo

According to Spoor & Fisher, a South African law firm specialising in intellectual property, one of the first logos they ever registered was a "Tiger peeping through long grass" – around 1931.

The logo has remained largely unchanged over the years, but has been continually refreshed to ensure the brand remains relevant and aligned to the ever-changing times.

The Jungle range of energy-packed breakfast cereals has grown beyond the "original favourite" in the form of different formats and flavour extensions.

The brand's first launch into the ready-to-eat breakfast segment came in 1990 with the introduction of Jungle Oatso Easy. The range of breakfast solutions has grown into various segments, both established and new.

In addition, the extension of Jungle into the confectionery countline market with Jungle Energy Bars innovated a new market segment and the bar became one of South Africa's top selling countlines.

Have a good breakfast…

Jungle followed its success into other markets with a move into the highly competitive children's pre-sweetened cereals and ready-to-eat instant porridges segment.

For more lifestyle tips and delicious recipes, go to www.jungleoats.co.za/ultra

…You have a big life ahead of you!

We all love kids. We all love sport. They are a winning combination. However, it is especially exciting when a much-loved brand like Jungle Oats develops a refreshing highly entertaining context around the "breakfast of champions" concept. Hence, the launch of the newest ad campaign that featured young real-life champions doing what they love.

These young winners prove that, with the right start, and the right breakfast, you too can have a big life ahead of you!

2015 ACCOLADES AND AWARDS:

- **Number one** in the cereals category (hot and cold breakfast cereals) SA's 2015/16 Ask Afrika ICON Brands
- **Number one** breakfast in Ask Afrika youth survey 2015/16
- **Gold finalist** in the Gold Pack awards 2015 for Jungle Ultra range packaging
- **Winner** of the POPAI (global association for marketing at retail level) awards 2015

www.jungleoats.co.za

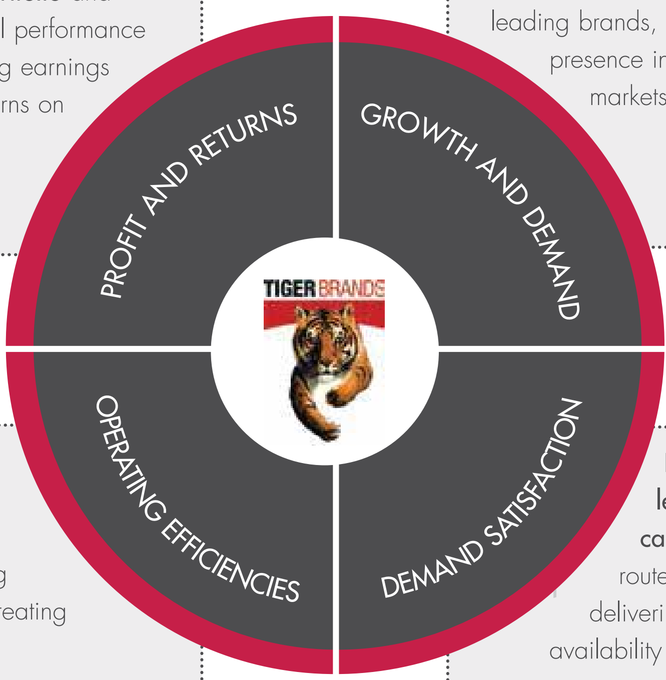
Strategy

The continued growth and success of the group's core South African business remains central to its strategic five-year plan and supports our ambitions to accelerate our geographic expansion.

Five-year strategy

Optimising our business portfolio and managing targeted financial performance for the long term – delivering earnings growth and acceptable returns on capital investments.

Driving top-line growth by building leading brands, and expanding our presence in selected emerging markets and categories.



Focus on operational excellence, developing a competitive and sustainable supply chain, and delivering cost savings to reinvest in creating demand.

Focus on developing leading customer capabilities and competitive route-to-market channels, delivering superior product availability and quality.

Strategic choices for sustained growth

Tiger Brands' five-year strategic plan clearly defines the vectors that will underpin sustainable and profitable growth for the group. Key drivers emerging from this strategy and critical to achieving our sustainable growth targets are summarised below and shown graphically on page 29:

Where will profitable growth come from and why?
In South Africa's constrained economy, we will need to create top-line revenue growth by:

- Stimulating markets – driving increased penetration and consumption of our products
- Gaining or maintaining market share in existing categories through brand building and innovation
- Expanding into new categories that align to our core business and deliver profitable growth opportunities.

In the rest of Africa we will:

- Continue to fix, optimise and grow our established businesses and regain the growth trajectory of our exports business
- Seek expansion opportunities through green/brownfield initiatives and appropriate acquisitions

In other emerging markets, we will continue to seek expansion opportunities that build on our core competencies and add scale to our operations.

Key elements to enhance our existing strengths include:

Clear investment choices

Within the group's business portfolio, the categories and/or geographies that are likely to provide the best potential and requisite return on investment to meet our strategic objectives.

Critical resources of people and talent

Tiger Brands' growth and expansion plan is challenging and will need the right calibre, capability and capacity of human resources to achieve its strategic objectives. This in turn will require a leadership mix of strategic and entrepreneurial thinking, coupled with disciplined and rigorous executional capability.

In the transitional and expansionary phase of our business from domestic to multi-country operation, we will need to balance the need for a lean, cost-efficient organisation in terms of resources with the necessary depth of talent and leadership capable of driving expansionary growth. Proper talent management and individual development will be a key underpin to the successful execution of our strategy.

Optimum organisational structure

As Tiger Brands matures into a multi-geography, multi-category organisation, we will need an optimal organisational structure to:

- Maximise synergies and cost efficiencies
- Achieve strategic alignment
- Deliver optimal operating efficiency
- Support group strategic initiatives
- Sustain an entrepreneurial approach.

Some changes have already been made to the group's organisational structure but further refinements will be implemented in determining the optimum structure to lead Tiger Brands into the future and ensure the sustainable delivery of our strategic objectives.

Managing sustainability and reputation

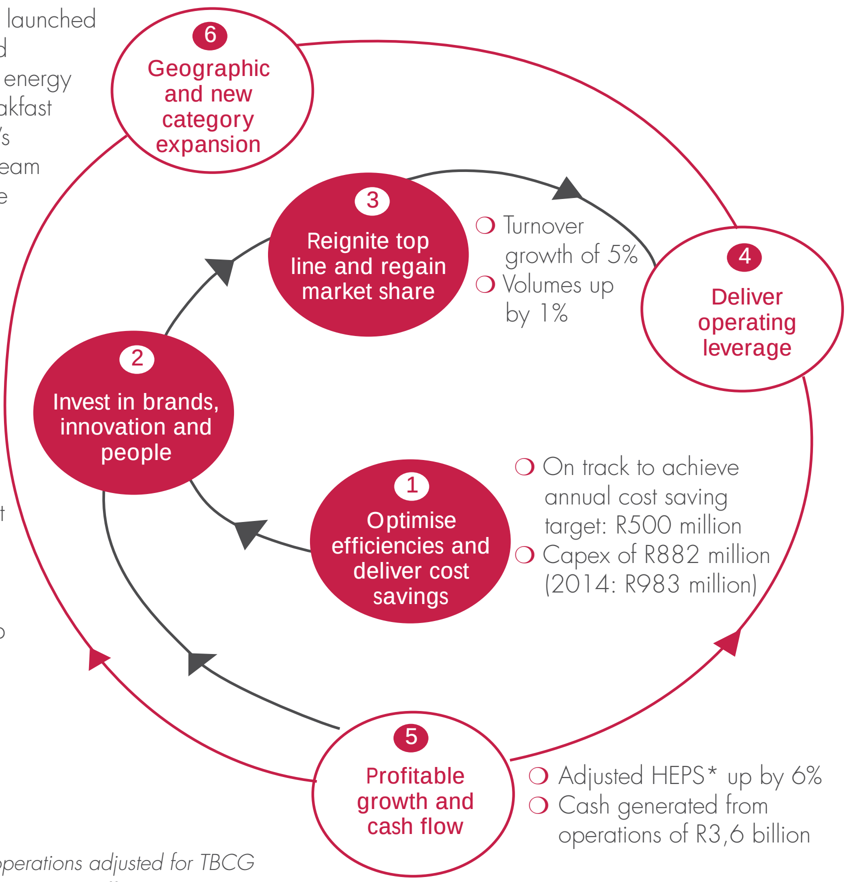
Central to achieving the group's financial and brand growth objectives is managing sustainability and reputation. Key elements include:

- Building on our current strong brands and reputation
- Promoting the corporate identity to all stakeholder groups
- Adding value to society with integrity
- Driving internal communication, aligned to company goals
- Protecting our licence to trade through proper governance and engaging with stakeholders
- An integrated sustainability approach.

Key drivers

- In South Africa, we launched Jungle Ultra, aimed at the fast growing energy segment of the breakfast market and Ingram's Triple Glycerine Cream in the personal care category

- Investment in marketing up 12% to R845 million, innovation rate up to 3,5%
- Marketing investment and innovation in Home and Personal Care results in operating income up 24% and margins of 17,3%



- Margin of 11,6%
- Operating income growth of 3%

- Adjusted HEPS* up by 6%
- Cash generated from operations of R3,6 billion

* *HEPS from continuing operations adjusted for TBCG once-off tax and other asset write-offs.*

Q&A with the chief executive officer

As noted by the chairman, this is my last report as I will step down as CEO on 31 December 2015. After careful consideration, I believe this is the right time for new leadership at Tiger Brands. I am proud of the progress we have made since my appointment. Our business is more resilient and disciplined on cost management and we have introduced key strategies that will improve our position both locally and on the rest of the continent. While the external environment will remain challenging, I am confident the group has the wherewithal to overcome these challenges over time.

How would you summarise 2015 for Tiger Brands?

On balance, the group has recorded a solid underlying performance from the core business in South Africa while our international operations presented some challenges. These included a volatile macro-environment in Nigeria with increased competition, the failure of a key distributor affecting our exports business and irregularities in Kenya.

However, our performance in the 12 months to 30 September 2015 is the result of several years of hard work and focused investment.

In South Africa, our strategic objective in recent years has been to profitably defend and grow our market shares. To achieve this, we initiated a multi-pronged action plan:

- **Marketing and innovation:** Understanding that our primary asset is our portfolio of high quality brands, we continued to support our brands through increased marketing investment and innovation. In the current year, marketing investment increased by 12% to R845 million while our rate of innovation increased to 3,5% from 3,3%, helping to support the continued leadership of our brands in core categories as highlighted by the awards achieved during the year (page 24).
- **Manufacturing facilities:** We have continued to invest in our facilities to improve efficiencies and support the drive for innovation. In 2015, R882 million was spent on various capital projects in execution of this objective and to provide for expansionary growth.
- **People:** Skills development is a key element to achieving our strategic goals. We have invested in our existing talent pool and brought on board new skills that have enhanced the breadth and depth of our leadership teams. Tiger Brands continues to perform favourably against its peers in country-wide benchmarks, such as the Top Employers survey.
- **Supply chain and route-to-market:** In an intensely competitive and evolving trading environment, building an efficient and effective route-to-market and supply chain capability is essential to ensuring that we continue to win with our customers and consumers. Accordingly, the group has streamlined its supply chain structures to drive efficiencies and is on track to fully realise its target of R500 million cost savings per annum, off the 2012 base, from changes to our manufacturing architecture and the centralisation of procurement, finance and various administrative functions. Customer-facing structures have also been enhanced with the introduction of technology to improve our market reach and development of joint business planning initiatives to drive category growth.

How would you characterise the external environment in which you operated over the past year?

Our operating environment (page 22) was challenging across many fronts, with more headwinds than tailwinds. Given the slow growth in South Africa and on the balance of the continent, I believe our progress in managing and reducing costs was commendable. Equally, regaining market share in key categories is testimony to the quality of our brands, depth of management and determination of our teams.

What pleased you most about the company's performance in 2015?

On the financial side, results from our Grains, Groceries, and Home and Personal Care divisions reflect solid operational execution and the benefit of investing in our manufacturing facilities and marketing support. The Grains division remains a strong and well-run business. At the half year, there were concerns about volume declines and market share losses in the bread category. The recovery in the second half to a market-leading position again highlights the strength of our brands and the quality of management. In the Groceries division, margins are gradually improving towards our targeted levels of between 10% and 12%.

As part of the recovery of the performance of the Home and Personal Care division, we focused on supporting the long-term competitiveness of our brands with appropriate investment in marketing, research and new product development. The success of this collective effort is reflected in the division's results (page 44).

Success in the highly competitive Personal Care category is dependent on continuous innovation to drive brand loyalty and support brand extensions. Accordingly, we will continue to pursue technical partnerships to enhance our innovation funnel going forward.

We keenly understand that expanding into the rest of Africa will drive long-term growth but there will be salutary lessons for us along the way. While we have recorded good progress with our Central African operation (Cameroon) and our Exports business in recent years, we faced some challenges in 2015 which have now been addressed.

The underlying trading performance of Tiger Branded Consumer Goods plc (formerly known as Dangote Flour Mills plc (DFM)) continued to reflect a positive trend, although this did not result in an improved bottom-line performance.

As outlined in the chairman's report, the board of Tiger Brands took the difficult decision to discontinue funding TBCG with effect from mid-November 2015 and has subsequently reached agreement with Dangote Industries Limited to sell its interest in TBCG in return for an immediate cash injection to sustain TBCG's operations going forward.

The irregularities in Kenya in the 2014 financial year unfortunately affected perceptions of the quality of management and oversight of that business. We are confident that the Haco board has taken appropriate measures to strengthen controls and ensure the company's continued progress. From a Tiger Brands perspective, we have increased oversight from the centre through more regular interaction.

On the non-financial side, we have made significant progress in strengthening the depth and breadth of skill and experience in our group in recent years. As the group has grown and become more complex, we have recruited both functional and operational expertise. I am proud of the fact that Tiger Brands enjoys the benefits of teams with accumulated FMCG experience spanning Nigeria, Ethiopia, the UK, Brazil and, of course, South Africa. Collectively, our senior management teams have significant years of FMCG experience, with clear benefits for our group. Importantly, much of this expertise is country-specific, a distinct and competitive advantage in establishing Tiger Brands in new territories.

The skill of all our people is fundamental to our sustainable growth. To ensure that we retain and attract the calibre of people we need, we launched a far-reaching talent management programme in the review period, supported by performance-based rewards. We also benchmarked our group against peers by participating in the Top Employers survey. Commendably, Tiger Brands was certified as a top employer because of our attractive employee offerings.

We appointed Noel Doyle as chief operating officer. His exceptional industry knowledge and experience in both South Africa and Nigeria provides an operational focus that frees the chief executive officer and, by extension the board, to concentrate more externally on the longer-term view.

What do you see as the principal challenges for Tiger Brands in the year ahead?

The FMCG industry is currently characterised by change, which is happening at an unprecedented pace and on multiple levels. Success in this fluid market will require quick thinking, supported by accurate market intelligence, deep experience and appropriate investment to remain ahead.

I believe Tiger Brands has the financial and non-financial resources to meet these challenges.

I thank the leadership team and employees of Tiger Brands for their commitment and support over the years. I also value the guidance and support received from the board during my tenure. I wish the group every success and am confident it will succeed in its goal of becoming the pre-eminent FMCG company in emerging markets.

Peter Matlare
Chief executive officer

Chief financial officer's review

The group's results for the year ended 30 September 2015 reflect a solid performance in the domestic business, but were impacted by poor results from certain of the Exports and International businesses and the significant impairments arising from the TBCG decision.

Salient features

				Operating margins	
	2015	2014	Change %	2015	2014
Turnover	31 558	30 072	5		
Operating income before IFRS 2 charges	3 683	3 661	1	11,7%	12,2%
Domestic	3 595	3 252	11	15,2%	14,5%
Exports and International	527	691	(24)	11,4%	15,1%
Nigeria	(439)	(282)	(56)	(13,3%)	(9,0%)
Operating cash flow	3 605	4 193	(14)		
Headline earnings per share – continuing operations	1 786	1 804	(1)		

The group recorded a solid performance driven by its core South African businesses. However, this was partially offset by underperformance in certain of the Exports and International operations.

Domestic operations

In an increasingly competitive domestic and demand constrained environment, volumes were maintained and turnover grew by 6%. Operating income for the domestic businesses increased by 11% to R3,6 billion with the domestic operating margins improving from 14,5% to 15,2%, demonstrating the resilience and strength of the group's brands under challenging trading conditions. The results also reflect the execution of the group's strategic intent, particularly with regard to increased innovation, higher marketing investment and ongoing cost management. Particularly pleasing was the improved performance of the Groceries, Home and Personal Care businesses, which recorded improved margins and double digit profit growth. The Grains business also achieved a solid result, regaining its market leading position in the bread category, while improving overall margins.

Exports and International

The results also reflect continued progress from Chococam and Langeberg & Ashton Foods (L&AF) but were significantly impacted by the irregularities in Haco and the failure of a key distributor in Mozambique during the fourth quarter who has subsequently been replaced. The Haco issue, disclosed at the interim, which consisted of pre-invoicing of R106 million in the previous year, as well as other accounting misstatements, had a negative impact on the current year's operating profit of R50 million. Appropriate disciplinary action has been taken against the former Haco management team and the business is being monitored even more closely from the centre.

Nigeria

Following the sharp drop in the price of crude oil and the resultant devaluation of the naira, the macro-economic environment in Nigeria deteriorated significantly during the review period. Tiger Branded Consumer Goods plc (TBCG) (formerly Dangote Flour Mills (DFM)) achieved strong volume growth, improved efficiencies and new product launches. However, these operational improvements did not translate into an improved bottom line performance as the increased cost inflation due to the naira devaluation could not be immediately recovered in pricing. In addition, the business experienced significant trading disruptions during the third quarter due to fuel shortage and labour stoppages. The TBCG's results also include a R134 million foreign exchange loss in respect of its working capital borrowings used to fund wheat purchases.

As disclosed in the chairman's report, with effect from mid-November 2015, the board of Tiger Brands decided not to extend any further financial support to TBCG and consequently from this date, the business will be reflected as a discontinued operation in Tiger Brands' results. Tiger Brands reached agreement with Dangote Industries Limited (DIL) on 11 December 2015 to sell its 65,7% shareholding interest for a nominal sum of US$1 and to forgive its shareholder loans to TBCG of R0,7 billion. In addition, Tiger Brands will assume responsibility for debt of R0,4 billion guaranteed on behalf of TBCG in return for DIL providing an immediate cash injection of R0,7 billion into TBCG. The transaction is subject to the fulfilment of certain conditions precedent, including approval of the Exchange Control Division of the South African Reserve Bank and the Securities and Exchange Commission of Nigeria.

The investment in TBCG and related exposures have been fully provided against as at 30 September 2015 and consequently, no further loss will be incurred on disposal. Given the losses that have been sustained by TBCG since its acquisition by Tiger Brands, the transaction will have a positive impact on Tiger Brands' earnings in the future.

Income statement

Group turnover increased by 5% to R31,6 billion (2014: R30,1 billion), underpinned by 1% volume growth and pricing inflation of 4%. Operating income of R3,7 billion was up 3% on the prior year after accounting for a R29 million IFRS 2 share option charge (2014: R105 million) and the foreign exchange losses in TBCG of R134 million.

Profit before tax decreased by 20% to R2,1 billion (2014: R2,7 billion) after accounting for net financing costs of R397 million, income from associate companies of R603 million and abnormal charges of R1,7 billion. These included a R1,4 billion impairment charge relating to the group's residual investment in TBCG. Goodwill and intangible assets relating to the group's investment in Deli Foods of R250 million was also impaired during the year, primarily as a result of the naira devaluation and increased cost of capital in Nigeria.

Income from associates of R603 million was up 1% on the prior year. Oceana delivered another solid set of results, contributing R309 million to the group's earnings, reflecting a 10% increase on the prior year. The group's share of earnings from Empresas Carozzí increased by 4% to

R207 million, while UAC Foods and National Foods Holdings recorded weaker earnings, with their contribution to group earnings down 25% and 26% to R33 million and R54 million respectively. (The performance of the associate companies is set out on page 49.)

Net financing costs of R397 million were in line with the prior year, despite higher domestic borrowing rates and the increased level of debt in TBCG.

The group's income tax expense of R1,2 billion (2014: R832 million) represents an effective tax rate of 37,3% (2014: 28,1%) based on total profits before abnormal items and associate income. The lower tax rate in the prior year was primarily due to special investment allowances claimed on qualifying capital projects completed during the year, as well as a prior year deferred tax adjustment. The current year tax rate was negatively impacted by the non-recognition of deferred tax in respect of losses and other timing differences arising in TBCG during the current year as well as the derecognition of the balance of TBCG's net deferred tax asset brought forward from 2014. Excluding the impact of the above tax adjustments relating to TBCG, as well as the release in 2015 of surplus tax provisions, the group tax rate for the year was 29,3%.

After accounting for minority shareholders' share of after-tax losses in TBCG and Haco, non-controlling interests amounted to R785 million (2014: R127 million).

Profit attributable to ordinary shareholders from continuing operations decreased by 13% to R1,7 billion (2014: R2,0 billion) while earnings per share from continuing operations decreased by 14% to 1 068 cents (2014: 1 243 cents).

Chief financial officer's review continued

Headline earnings per share from continuing operations decreased by 1% to 1 786 cents (2014: 1 804 cents), including the effect of the TBCG deferred tax asset impairment. In the prior year, TBCG disposed of its packaging subsidiary, Dangote Agrosacks, which was consequently disclosed as a discontinued operation. Headline earnings per share from total operations decreased by 2% to 1 786 cents (2014: 1 816 cents).

Adjusted headline earnings per share from continuing operations, excluding the TBCG deferred tax asset impairment, increased by 6% to 1 920 cents (2014: 1 804 cents).

Cash flow

The group generated operating cash flows of R3,6 billion which were deployed in funding capital expenditure of R882 million, dividends of R1,6 billion and tax payments of R1,2 billion. The group's working capital requirements increased due to the normalisation of stock levels in Groceries following the prior year's production disruptions in baked beans and the timing of raw material procurement in a number of businesses just before the year end. Oceana acquired the entire issued share capital of Daybrook Fisheries, based in Louisiana in the United States. The acquisition was partly funded by a rights issue, with Tiger Brands' participation amounting to R525 million.

Capital expenditure

The group continues to manage its capital expenditure prudently, focusing on return on capital while ensuring adequate investment in maintaining and replacing assets to sustain optimal operational efficiency and capability, and build capacity for growth.

During the year, the net book value of the group's investment in property, plant and equipment decreased to R4,6 billion (2014: R5,9 billion). Capital expenditure of R882 million exceeded the total depreciation charge of R662 million. In addition, the group impaired TBCG and other assets with a carrying value of R1,4 billion as outlined above.

Balance sheet

The group maintains a strong balance sheet, with ordinary shareholder funds of R13,8 billion (2014: R13,2 billion) after accounting for attributable profits of R1,7 billion in 2015 and dividend payments to shareholders of R1,6 billion (net of dividends retained for treasury and empowerment shares).

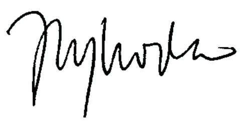
The group's return on average net assets of 26,4% increased from 24,6% in the prior year, primarily due to the improved domestic performance and the impairment of the TBCG investment.

Tiger Brands' net debt increased from R3,5 billion in 2014 to R3,8 billion at year end. The net debt to EBITDA ratio increased to 0,9 times (2014: 0,8 times), remaining well within the group's covenant limit of 2,5 times.

Outlook

The weak rand and currency devaluation across the continent are likely to exert significant upward pressure on input costs over the coming year. Given the ongoing pressure on consumers due to low economic growth and job security concerns, it may not be possible to fully recover these higher costs through price increases. To maintain the strength of our brands, we will continue to invest in marketing support and drive innovation while mitigating the pressure on margins through ongoing cost-savings initiatives.

It will also be necessary to continue to invest in our manufacturing facilities to ensure the capacity to support our long-term growth ambitions. Three strategic projects have been identified for 2016 to upgrade facilities and drive capacity expansion. In addition, projects carried over from the 2015 financial year, and the group's normal replacement capital expenditure will result in significantly increased capital expenditure in the 2016 year, which is forecast at R1,7 billion.



Funke Ighodaro
Chief financial officer

Five-year review

for the year ended 30 September 2015

Rm	2015	2014	Restated* 2013	2012	2011
Consolidated income statements					
Revenue	31 588	30 126	27 065	22 771	20 479
Profit before taxation, income from associates and abnormal items	3 257	3 155	2 721	3 356	3 200
Income from associates	603	597	515	416	265
Abnormal items	(1 710)	(1 056)	(2)	5	127
Profit before taxation	2 150	2 696	3 234	3 777	3 592
Taxation	(1 208)	(832)	(837)	(1 029)	(1 014)
Profit for the year from continuing operations	942	1 864	2 397	2 748	2 578
Attributable to:					
Owners of the parent	1 727	1 991	2 516	2 718	2 584
Non-controlling interests	(785)	(127)	(119)	30	(6)
Consolidated statements of financial position					
Property, plant and equipment	4 641	5 868	5 499	3 359	3 317
Goodwill and intangible assets	4 233	4 527	5 424	4 012	3 826
Investments	4 312	3 422	3 413	2 655	2 360
Current assets	11 617	10 728	9 486	7 783	6 693
Assets classified as held-for-sale	–	–	1 281	–	–
Total assets	24 803	24 545	25103	17 809	16 196
Issued capital and reserves before share-based payment reserve	13 407	12 753	12 423	10 970	9 562
Share-based payment reserve	424	425	364	332	298
Non-controlling interests	(53)	770	1 028	393	385
Net deferred taxation liability/(asset)	150	(28)	225	250	300
Provision for post-retirement medical aid	643	626	581	407	377
Long-term borrowings	1 215	627	1 453	235	537
Current liabilities	9 017	9 372	8 330	5 222	4 737
Liabilities classified as held-for-sale	–	–	699	–	–
Total equity and liabilities	24 803	24 545	25 103	17 809	16 196
Consolidated cash flow statements					
Cash operating profit after interest and taxation	2 861	3 168	2 915	3 048	2 686
Working capital changes	(811)	(348)	(337)	(592)	(173)
Dividends received	326	287	301	176	152
Cash available from operations	2 376	3 107	2 879	2 632	2 665
Dividends and capital distributions paid[1]	(1 643)	(1 467)	(1 426)	(1 318)	(1 230)
Net cash flow from operating activities	733	1 640	1 453	1 314	1 435
Net cash flow from investing activities	(1 056)	(415)	(3 282)	(732)	(2 914)
Net cash flow before financing activities	(323)	1 225	(1 829)	582	(1 479)
Net cash flow from financing activities	76	(1 109)	426	(297)	(96)
Net (decrease)/increase in cash and cash equivalents	(247)	116	(1 403)	285	(1 575)

[1] *Includes capital distribution of R372,7 million in 2011.*

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

Value-added statement

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:

Rm	2015	%	2014	%
Turnover	31 557,6	100,0	30 072,0	100,0
Less: Net cost of products and services	23 414,3	74,2	22 068,0	73,4
Value added	8 143,3	25,8	8 004,0	26,6
Add: Income from investments and associates	619,9	2,0	624,7	2,1
Wealth created	8 763,2	27,8	8 628,7	28,7
Applied to:				
Employees				
Salaries, wages and other benefits	3 582,4	40,9	3 307,2	38,3
Providers of capital	2 007,8	22,9	1 896,2	22,0
Interest on borrowings	413,8	4,7	429,0	5,0
Dividends and capital distributions to non-controlling interests and preference shareholders	19,4	0,2	20,7	0,2
Dividends to ordinary shareholders	1 574,6	18,0	1 446,5	16,8
Government				
Taxation (refer note 1)	1 219,6	13,9	1 472,8	17,1
Retained in the group	1 953,4	22,3	1 952,5	22,6
	8 763,2	100,0	8 628,7	100,0
Note 1				
Income taxation (excluding deferred tax)	1 007,2		1 053,1	
Skills development levy	26,6		22,8	
Rates and taxes paid to local authorities	89,6		23,8	
Customs duties, import surcharges and excise taxes	96,2		373,1	
Gross contribution to government	1 219,6		1 472,8	

Payments to government exclude taxation deducted from employees' remuneration of R378,0 million (2014: R365,4 million), net VAT of R396,1 million (2014: R413,1 million), excise duty on revenue and UIF payments.

Rm	2015	%	2014	%	2013	%	2012	%	2011	%
Trend of value added										
Employees	3 582,4	41	3 307,2	38	2 860,2	38	2 530,1	36	2 241,1	36
Providers of capital	2 007,8	23	1 896,2	22	1 825,5	24	1 509,2	21	1 313,8	21
Government	1 219,6	14	1 472,8	17	1 346,1	18	1 189,1	17	1 082,6	17
Retained in the group	1 953,4	22	1 952,5	23	1 539,3	20	1 822,7	26	1 603,4	26
	8 763,2	100	8 628,7	100	7 571,1	100	7 051,1	100	6 240,9	100

Segment report

for the year ended 30 September 2015

Rm	Turnover[1] 2015	Turnover[1] Restated* 2014	Operating income[2] 2015	Operating income[2] Restated* 2014	Depreciation and amortisation 2015	Depreciation and amortisation Restated* 2014
Domestic operations	23 630,6	22 373,2	3 595,1	3 252,2	419,3	399,7
Grains	11 375,4	10 948,6	2 060,8	1 918,9	147,1	147,9
Milling and Baking[3]	8 160,5	8 043,0	1 680,5	1 596,5	126,6	126,9
Other Grains[4]	3 214,9	2 905,6	380,3	322,4	20,5	21,0
Consumer Brands	12 255,2	11 424,6	1 539,5	1 375,8	226,9	201,7
Groceries	4 265,4	3 968,7	410,6	320,4	110,1	98,9
Snacks & Treats	2 137,1	2 054,5	314,9	309,4	51,2	39,1
Beverages	1 166,8	1 107,9	137,8	126,6	17,0	17,8
Value Added Meat Products	2 095,1	1 896,2	146,3	130,8	31,1	30,0
Out of Home	443,7	437,1	86,3	90,1	–	–
HPCB	2 147,1	1 960,2	443,6	398,5	17,5	15,9
Personal Care	630,9	564,2	129,7	112,8	3,8	3,9
Baby Care	803,0	747,2	214,2	210,2	9,0	7,2
Home Care	713,2	648,8	99,7	75,5	4,7	4,8
Other[5]	–	–	(5,2)	(42,5)	45,3	50,1
Exports and International*	4 617,4	4 578,7	526,7	691,1	87,9	70,2
Exports	1 872,4	1 846,5	364,4	423,6	11,4	10,6
International operations – Central Africa*	706,5	659,1	115,8	103,5	20,1	18,3
International operations – Eastern Africa*	762,6	803,6	(48,9)	103,6	35,1	26,8
Deciduous Fruit	1 434,0	1 440,1	95,4	60,4	21,3	14,5
Other intergroup sales	(158,1)	(170,6)	–	–	–	–
Nigeria	3 309,6	3 120,1	(438,9)	(281,9)	178,7	247,3
Total from continuing operations before IFRS 2 charges	31 557,6	30 072,0	3 682,9	3 661,4	685,9	717,2
IFRS 2 charges	–	–	(29,2)	(105,4)	–	–
Total from continuing operations after IFRS 2 charges	31 557,6	30 072,0	3 653,7	3 556,0	685,9	717,2
Discontinued operation	–	186,9	–	30,8	–	–
Total group	31 557,6	30 258,9	3 653,7	3 586,8	685,9	717,2

** Segmental reporting has been revised during the current year, with international operations being further segmented into Central and East Africa operations. The comparative disclosures have been restated accordingly.*

[1] Refer to note 3 of the financial statements for further information on geographical split.

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

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

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

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

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

Segment report continued

for the year ended 30 September 2015

Rm	Total assets 2015	Total assets Restated* 2014	Accounts payable, provisions and accruals and taxation 2015	Accounts payable, provisions and accruals and taxation Restated* 2014	Capital expenditure 2015	Capital expenditure Restated* 2014
Domestic operations	17 654,1	15 715,2	3 731,8	3 693,3	520,3	636,4
Grains	4 649,7	4 981,1	1 301,1	1 117,4	148,0	108,3
Milling and Baking[1]	3 222,6	3 845,4	924,8	847,2	133,5	103,8
Other Grains[2]	1 427,1	1 135,7	376,3	270,2	14,5	4,5
Consumer Brands	9 312,5	9 553,1	2 091,3	1 960,5	280,4	454,7
Groceries	4 115,8	4 156,1	834,4	769,6	146,3	276,7
Snacks & Treats	895,6	1 086,7	365,7	382,6	37,4	133,2
Beverages	1 989,6	1 668,5	225,8	218,0	15,2	15,2
Value Added Meat Products	811,6	1 151,9	257,6	237,2	34,3	20,8
HPCB	1 499,9	1 489,9	407,8	353,1	47,2	8,8
Other[3]	3 691,9	1 181,0	339,4	615,4	91,9	73,4
Exports and International*	5 468,8	5 162,6	713,7	705,1	209,1	206,0
Exports	2 899,4	2 752,8	191,4	178,6	83,8	50,6
International operations – Central Africa*	638,8	588,1	231,7	211,5	52,5	25,8
International operations – Eastern Africa*	824,5	891,5	74,1	106,6	29,8	33,6
Deciduous Fruit	1 106,1	930,1	216,5	208,4	43,0	96,0
Nigeria	1 680,9	3 667,3	948,0	951,4	152,2	140,5
Total	24 803,8	24 545,1	5 393,5	5 349,8	881,6	982,9

* *Segmental reporting has been revised during the current year, with International operations being further segmented into Central and East Africa operations. The comparative disclosures have been restated accordingly.*

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

2 *Comprises rice, pasta and oat-based breakfast cereals.*

3 *Includes the corporate office.*

Rm	Total assets 2015	Total assets 2014
Split of non-current assets		
South Africa	5 139,4	5 962,0
Outside South Africa	3 734,8	4 432,3
Total	8 874,2	10 394,3

Rm	2015	2014
Reconciliation of total assets		
Total assets per statements of financial position	24 854,3	24 852,0
Deferred taxation asset	(50,5)	(306,9)
	24 803,8	24 545,1

Summary of ratios and statistics

	2015	2014	Restated* 2013	2012	2011
Ordinary share performance					
Number of ordinary shares upon which headline earnings per share is based (000)[2]	161 693	160 127	159 755	159 263	158 655
Headline earnings per ordinary share (cents)	1 786	1 816	1 629	1 689	1 575
Dividends per ordinary share (cents)[1]	950	940	865	850	791
Dividend cover (times)[1]	1,9	1,9	1,9	2,0	2,0
Net worth per ordinary share (cents)	8 507	8 221	7 998	7 086	6 209
Profitability and asset management					
Asset turnover (times)	2,3	2,1	2,2	2,6	2,8
Working capital per R1 000 turnover (R)	22,3	22,1	23,2	22,5	20,1
Operating margin (%)	11,6	11,8	11,4	15,3	15,9
Effective taxation rate (%) – as defined	56,2	30,9	25,9	27,0	28,2
Return on equity (%)	24,8	22,7	19,7	24,1	25,0
Return on average net assets (%)	26,4	24,6	24,6	33,8	38,2
Financing					
Current ratio	1,3	1,1	1,1	1,5	1,4
Net interest cover (times)	9	9	8	25	51
Net debt/(cash) to net funding (%)	22	20	24	9	14
Total liabilities to total shareholders' funds (%)	74	72	71	47	51
Cash flow to net liabilities (%)	31	36	32	60	56
Employee statistics					
Number of employees at year end[3]	20 591	16 884	15 048	12 739	12 894
– Permanent	14 220	12 925	12 760	10 878	10 755
– Seasonal	6 371	3 959	2 288	1 861	2 139
Revenue per employee (R000)	1 534	1 784	1 798	1 788	1 588
Value added per employee (R000)	395	474	466	515	460
Operating profit per employee (R000)	177	211	159	216	200
Economic indicators					
Consumer price index (September on September)	4,5%	5,9%	6,0%	5,5%	5,7%
Key closing exchange rates at 30 September vs ZAR					
– USD	13,87	11,32	10,05	8,29	8,10
– GBP	21,05	18,35	16,23	13,38	12,60
– EUR	15,52	14,28	13,60	10,69	10,88
Stock exchange statistics					
Market price per share (cents)					
– year end	30 479	31 543	29 911	27 312	21 000
– highest	40 086	32 200	33 499	29 321	21 050
– lowest	26 732	24 444	26 700	20 252	17 297
Number of transactions	873 519	508 975	553 725	418 955	373 418
Number of shares traded (000)	179 732	139 926	140 315	150 973	157 833
Value of shares traded (Rm)	57 859	39 468	41 357	38 662	29 955
Number of shares traded as a percentage of total issued shares	93,6	72,9	73,3	79,0	82,8
Dividend yield at year end (%)	3,1	3,0	2,9	3,1	3,8
Earnings yield at year end (%)	5,9	5,9	5,5	6,2	7,5
Price earnings ratio at year end	17	17	18	16	13
Market capitalisation at year end (Rm)	58 541	60 546	57 294	52 219	40 035
Market capitalisation to shareholders' equity at year end (times)	4,2	4,6	4,5	4,6	4,1

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

[1] *Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year end. Also includes capital distributions paid out of share premium in January 2011.*

[2] *Net of treasury and empowerment shares.*

[3] *Includes employees of international operations.*

Operational review
Grains

Noel Doyle
Chief operating officer

Salient features

- Strong performance despite trying conditions
- Market leadership restored in bread category
- Jungle Ultra launched in fast-growing energy segment of breakfast market

Segment overview

The Grains division recorded a 7% rise in operating profit for the year to R2,1 billion, with operating margins of 18,1%.

Strategy

In line with the group's strategic objective to profitably defend and grow our market share, the Grains division increased its marketing investment by 24% after a 25% increase in the prior year to support the sustainable performances of businesses in this division.

Performance

Rm	2015	2014	% change
Turnover	11 375,4	10 948,6	4
Operating income*	2 060,8	1 918,9	7
Operating margin (%)	18,1	17,5	

** Before abnormal items.*

www.tigerbrands.com

Milling and Baking

The bakeries business reported a modest increase in operating income, despite competition intensifying significantly. Volumes declined 3% in the first half, but recovered to growth in the second half, reflecting a measured response focused on the attributes of the Albany brand and supported by tactical pricing initiatives. In the second half, Albany regained its volume and value market share leadership.

International wheat prices declined during the year. However, this has been offset by the increase in the local wheat tariff, which was introduced in October 2014 and has subsequently increased by 480% from R157 per ton to R911 per ton. This, together with the impact of a weaker rand, has resulted in a significant increase in local wheat prices. Despite these developments, the wheat milling business delivered another solid performance, growing operating income and volumes. Margins improved modestly.

The maize price increased by 65% from January to September, reflecting drought in many producing regions. Despite this, maize milling reported strong growth in operating income and revenue. This performance was supported by ongoing product enhancements after upgrading the Randfontein mill in the prior period.

The performance of the sorghum and maize breakfast and beverage business was affected by delays in a capacity expansion capital project.

Outlook

With currency weakness expected to be a feature of the economic landscape for some time, and adverse weather conditions forcing significant increases in soft commodity prices, the focus will remain on driving operating efficiencies.

Other grains

A strong performance from the rice business is reflected in high single-digit volume growth that underscores the strength of our Tastic and Aunt Caroline brands. Lower international prices offset rand weakness to some extent.

The pasta business, which was incorporated into this division in the prior year, recorded a strong increase in operating income after another year of good volume growth.

The oats business generated strong top-line growth, driven by the resilience of the core Jungle offering and boosted by significant innovation, including the group's entry to the fast-growing energy segment with Jungle Ultra. Operating profit growth was modest due to margin pressure from higher oat prices.

Operational review continued

Consumer Brands – food

Salient features

- Successful Groceries turnaround evident in market shares and improved profitability
- Brand health evident from top awards (page 24)
- Improved manufacturing performance
- Groceries portfolio strategy implemented – relaunch of Hugo brands

Segment overview

This division houses many of the group's iconic brands and includes Groceries, Snacks and Treats, Beverages, Value-added meat products and Out of home.

Strategy

Entrench brand leadership and recover market share in specific categories through improved operating performance, innovation, cost efficiency and enhanced manufacturing facilities.

Rm	2015	2014	% change
Turnover	10 108,1	9 464,4	7
Operating income*	1 095,9	977,3	12
Operating margin (%)	10,8	10,3	

** Before abnormal items.*

Performance

The division reported a pleasing performance with turnover up 7% to R10,1 billion and operating income rising 12% to R1,1 billion, despite challenging trading conditions and higher input costs. The operating margin improved from 10,3% to 10,8%.

Groceries

With leading brands such as KOO, All Gold, Mrs Ball's, Black Cat and Crosse & Blackwell, Groceries recorded an excellent financial performance for the year. Turnover rose 7% to R4,3 billion (2014: R4,0 billion) while operating income increased by 28% to R411 million (2014: R320 million). Market shares improved across most categories compared to the prior year, notwithstanding pricing adjustments taken to recover costs and a fiercely competitive trading environment.

In line with the ongoing focus on our manufacturing facilities, the commissioning of the R230 million mayonnaise facility in Boksburg, Johannesburg, was completed in June 2015, with improved production and supply chain efficiencies.

To maintain and improve market share, new product ranges and variants are continually introduced across all major categories. Recent innovations include KOO Chakalaka, a traditional spicy vegetable relish, and the relaunched Hugo's brand, a more affordable offering backed by the same quality guarantee as our premium brands.

The benefit of strategically investing in our brands was evident in the group's excellent 2015 rankings in the *Sunday Times* top brands awards (page 24), with KOO displacing international leaders as South Africa's favourite brand. KOO was also recognised as the number one brand in the Ask Afrika ICON Brands survey. The appeal of the Hugo's brand is clear in its steady progress into the top 10.

Snacks and treats

This business focuses on sugar confectionery: chocolate (Beacon), gums and jellies (Maynard) and hard-boiled sweets (Smoothies).

After a relatively subdued first half, annual turnover increased by 4% to R2,1 billion (2014: R2,0 billion) and operating income by 2% to R315 million (2014: R309 million). Operating margin declined to 14,7% primarily due to increased raw material costs.

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In 2015, Beacon chocolates underwent a successful product reformulation and brand relaunch which is being supported by further marketing investment and innovation. Capital expenditure of R70 million has been committed to upgrade the chocolate facility in 2016.

As the price sensitivity of this category requires continuous innovation, we commissioned a new R150 million gums and jellies plant in Durban during the year which has increased capacity and enhanced innovation. We will continue to invest in 2016 to enhance our capability in the hard-boiled sweets category.

During the year, a procurement fraud was uncovered in the Snacks and Treats business which had been perpetrated over a number of years. Criminal proceedings have been instituted against the individuals involved and corrective action taken where appropriate.

Beverages

The focus on innovation in this highly competitive category, particularly new variants for brands such as Oros, Energade, Rose's and Hall's, is reflected in excellent growth and further cost benefits after commissioning the consolidated beverages facility in 2014.

Turnover rose 5% to R1,2 billion (2014: R1,1 billion), while operating income grew by 9% to R138 million (2014: R127 million). The operating margin increased from 11,4% to 11,8%.

Capital expenditure in 2016 and 2017 will enhance our ability to further penetrate this market while expanding our presence in specific categories.

Value-added meat products

Valued-added meat products (primarily the market leader, Enterprise) continued to gain market share, despite a subdued category and ongoing raw material cost increases.

Turnover increased by 10% to R2,1 billion (2014: R1,9 billion) and operating income by 12% to R146 million (2014: R131 million). Volumes were maintained by managing costs and further improving operational efficiencies. The division achieved an operating margin of 7%.

Grattan Kirk
Business executive: Consumer Brands – foods

As affordability is key in this segment, the business has recently added value through a number of innovations, including resealable packaging and no-pork products, an important benefit for many consumers.

Out of home

This business posted reasonable results for the year, increasing turnover by 2% to R444 million (2014: R437 million) while operating income declined by 4% to R86 million (2014: R90 million). Out of home sells all Tiger Brands' products to food services customers such as caterers and restaurants, and is uniquely able to tailor solutions for these customers. This is a distinct competitive advantage in difficult trading conditions where customers face immense cost pressures.

Outlook

Trading conditions are expected to remain challenging in the year ahead, given the low economic growth scenario and widespread pressure on consumer spending. Accordingly, we will focus on maintaining market share, driving cost savings and efficiencies and prioritising marketing efforts. In a highly competitive market, where it is not always possible to pass through cost increases, we will continue to focus on innovation across all categories to reinforce our core brands.

Operational review continued

Home, Personal Care and Baby

Salient features

- Marketing investment increased by 59%
- Key efficiency benchmarks achieved
- Exceptional performance achieved in major categories – Body care and pest categories

Segment overview

This division houses a portfolio of entrenched brands, many with a heritage and pedigree built over years, including:

- **Personal care:** Ingram's, Dolly Varden, Status, Perfect Touch, Protein Feed, Kair and Lemon Lite
- **Home care:** Doom, Jeyes, Airoma, Peaceful Sleep and Dyrange
- **Baby care:** Purity and Elizabeth Anne's

Strategy

The division is focused on supporting the long-term competitiveness of its brands with appropriate investment in marketing, research and new product development.

During the year, the focus was on reinvesting in core brands and strengthening business disciplines. As part of a detailed strategy with clear targets, the division concentrated on pricing, costs, service levels, consumers and its own people.

Rm	2015	2014	% change
Turnover	2 147,1	1960,2	10
Operating income*	443,6	398,5	11
Operating margin (%)	20,7	20,3	

** Before abnormal items.*

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Neil Brimacombe
Business executive: Exports and International (excluding Nigeria); Home, Personal Care and Baby

Performance

The success of this collective effort is reflected in operating income rising 11% to R444 million, and an operating margin of 20,7%.

Home care

Growth was driven by the pest segment, although margins improved across all categories except fabric care. The marketing investment in this category rose by 38%.

Personal care

Exceptional performance was noted in the body care category. Continuous improvement programmes resulted in better margins in all categories except the highly competitive hair care segment. The marketing investment increased by 112% in this category.

Baby care

The nutrition and well-being segments recorded satisfactory top-line growth of 9%, although margins contracted in the nutritional segment due to input costs not being fully recovered in pricing. Purity launched a range of core pouches in July 2015 to increase its market share. Marketing investment rose by 18%.

Outlook

Moderate growth is expected in 2016. Ongoing priorities are continuous cost reductions, improving efficiencies (specifically forecast accuracy, service levels and equipment efficiency) and continued innovation in line with strategy. The Isando reconfiguration project will be completed in June 2016 and these benefits, as well as the recent investment in pouches for the baby nutrition segment, will support performance. In the longer term, we are confident the division is well positioned with leading brands to drive market growth and share recovery, and expand into new segments in core brands through sustained innovation.

Exports and International

Performance

Results for the Exports division (including Davita which exports to 33 countries across Africa) were affected by the business failure of the Mozambican distributor which resulted in a bad debt exposure and a decline in trading in the fourth quarter.

Demand for our products remains robust in the southern African region, particularly Mozambique, Zambia and Zimbabwe, although capacity issues in selected categories curtailed potential growth. This has been addressed for the new year.

Rm	2015	2014	% change
Turnover	4 617,4	4 578,7	1
Operating income*	526,7	691,1	(24)
Operating margin (%)	11,4	15,1	

*Before abnormal items.

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As this division is an important channel for our products outside South Africa, it continues to expand its offerings in existing and new markets, supported by focused brand support across key categories.

The strength of the US dollar resulted in liquidity issues that curtailed potential growth. Investment in brands to drive awareness and visibility continued to deliver positive results.

Further capital expenditure projects will be considered for improved efficiency and increased demand projection. Innovation and broader penetration are key opportunities in this business, and its prospects remain positive, subject to the macro-economic and competitive dynamics of each country.

Cameroon: Chococam (74,7% held)

Chococam manufactures chocolate, chocolate spread, candy, gum and powdered beverages. It maintained its excellent performance, with growth of 7% in turnover and 12% in operating income. Volume growth of 9% was recorded across all key categories in both domestic and export markets, despite the negative economic impact lower oil prices have on oil-dependent countries such as Cameroon.

Operational review continued
Exports and International continued

Key drivers behind this performance were continued investment in our brands through media support, trade and consumer activations, and a more efficient sales force calling on over 27 500 stores. As a result, retail coverage improved from 60% to 70% and customer service levels to 97%.

The company continued to aggressively pursue its regional export strategy. Key export markets include Gabon, Chad, Congo Brazzaville and Equatorial Guinea, representing over 27% of turnover. Plans are in place to expand the regional footprint.

Innovation is an important element in driving business performance, with new products contributing 6,5% to net sales in the review period from 5% in 2014. A strong innovation pipeline resulted in the launch of seven new products in 2015, and five launches planned for 2016. Market shares remain high and Chococam is the market leader in four of the five categories in which it competes.

The company continues to invest in capacity enhancements in hard candy and spreads, facility upgrades and continuous improvement projects such as productivity and customer service to support its growth.

Ethiopia: East Africa Tiger Brands Industries (51% held)
Ethiopia Tiger Brands Industries manufactures home and personal care products and delivered a solid top-line performance, reflecting the focused execution of its strategy to fix, optimise and grow. Strong growth in the core categories of home care and personal care was driven by successfully relaunching laundry soaps and new marketing activity for detergent powders. The company's core brands, which include Solar, Crown and Peacock, continue to strengthen their positions in the Ethiopian market.

Once-off stock write-downs in its powdered beverage and supplementary foods businesses (under a world food programme to address nutritional deficiencies in the country) affected business performance in the first half. Foreign currency shortages, customs-clearing inefficiencies and ongoing customer liquidity issues remain key challenges that are continuously addressed by management, with group support where possible.

Overall, prospects for this business are positive and will be supported by investing in capacity, new product categories, route-to-market and its core brands to enhance market penetration and capitalise on economic growth opportunities in Ethiopia.

Kenya: Haco Tiger Brands (51% held)

Haco Tiger Brands manufactures stationery, home and personal care products. This subsidiary had a very disappointing year after the management team bypassed key controls to bolster prior-year performance. This significantly affected 2015 results due to overstock positions carried forward by major distributors and the required once-off corrections. Appropriate corrective measures have been implemented and the business stabilised in the second half. Further improvements in business performance are expected in the first half of the new financial year while we expect the business to reach profitability levels similar to those achieved in 2013 by 2017.

The rapid recovery reflects the resilience of the company's core brands, for example BIC pens and shavers, Ingram's camphor cream, Black Silk and Miadi (hair care), So Soft (laundry) and the strength of relationships with all key trading partners in local and export markets. Prospects for the new financial year therefore remain positive.

Langeberg & Ashton Foods (LAF)

Langeberg & Ashton recorded another year of strong earnings growth, driven by sales growth in its key markets in the Far East, ongoing manufacturing efficiencies driven by improved yields, cost containment and favourable exchange rates. During the year, it expanded into dried fruits, a complementary and value added category, after installing new equipment. The business has significantly increased sales to China over the past three years and continues to focus on growth markets, such as China and Russia, to replace more saturated and mature markets like Europe.

The agricultural output in 2015 returned to normal after a poor 2014 crop. Communication between the company and grower representatives to address issues affecting farmers remains a priority. During the year, the business established a stable industrial relations environment and there was no strike action, a significant improvement on the volatile environment of previous years.

The global industry remains highly competitive and financial uncertainty in Greece, the largest canned fruit exporter globally, adds further instability to the market given the pricing leverage enjoyed by Greek manufacturers. Despite this, prospects for the business remain positive with the continuous shift to higher growth markets with China and Russia being the current focus.

Operational review continued
Nigeria

Salient features

- Significant volume growth
- Key operating objectives achieved
- Decisive action taken to halt further financial support

Tiger Branded Consumer Goods plc (TBCG) (formerly Dangote Flour Mills) (65,7% held)

Initiatives on quality, distribution and innovation are reflected in overall volume growth of 20%, with flour volumes up by 19% and pasta by 59%. Volume growth, however, did not produce any appreciable improvement in the level of operating losses as competition intensified in a deteriorating macro-economic environment. Results were impacted in the third quarter, in particular after a delay in passing on higher raw material costs caused by the naira's depreciation in February 2015. In addition, operations were disrupted by fuel shortages and labour unrest in the country's trucking and ports services.

Good progress has been made with innovation, successfully introducing smaller pack sizes for semolina and wholemeal under the Tastic brand while new pasta products were launched after the year end.

Rm	2015	2014	% change
Turnover	3 309,6	3 120,1	6
Operating loss*	(438,9)	(281,9)	(56)
Operating margin (%)	(13,3)	(9,0)	

*Before abnormal items.

As set out more fully in the chief financial officer's report, subsequent to the year end, Tiger Brands reached agreement to sell its interest in TBCG to Dangote Industries Limited subject to regulatory approvals.

Deli Foods (wholly owned)

The performance of Deli Foods was affected by currency devaluation and the loss of a key production line in the first half. The new replacement line was commissioned in November 2015.

Outlook

Economic conditions and intense competition, exacerbated by fuel shortages, will continue to make trading in Nigeria challenging in the short term. However, Nigeria remains an important growth market and Tiger Brands is committed to maintaining its presence through its two remaining operations.

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Associates

Nigeria: UAC Foods (49,0% held by Tiger Brands)

UAC Foods is a leading manufacturer and marketer of convenience foods in Nigeria. Its brands span a broad spectrum of the country's food market, with specific focus on snacks, dairy products and beverages.

The snacks category consists of Gala Sausage Roll, which is the number one sausage roll in Nigeria, Funtime cup cake, Funtime coconut chips and Snaps puffed maize. The dairy category comprises the Supreme range of ice-cream products. Brands in the beverage category include Delite fruit juice, Swan natural spring water and the carbonated, fruit-flavoured Swan soft drink.

The intensely competitive trading environment of 2014 in a weakening macro economy continued into 2015, particularly in the snacks category, characterised by a number of new entrants and many existing competitors using price discounts to increase volume and factory throughput. Across the board, large distributors have increased their demands for more favourable terms of trade.

In tandem, cost increases from devaluation of the Nigerian naira have not been recoverable in the market, resulting in margin pressure. This is despite excellent progress in manufacturing efficiencies and general cost management.

Currency devaluation and the associated inflationary pressure in the second half of 2015 are expected to persist into 2016, indicating a more muted outlook for this business.

Chile: Empresas Carozzí (24,4% held by Tiger Brands)

Empresas Carozzí is a leading branded food business in South America, based in Santiago, Chile. It also has significant manufacturing operations in Lima, Peru.

The company recorded a satisfactory performance at a consolidated level for the review period, with pleasing results from its core Chile division, driven by solid performances from its pet food, pasta, and biscuits categories. Disappointing performances were recorded by the agro-industrial division as a result of global pricing pressure and the Peru division due to weaker macro-economic fundamentals weighing on consumer sentiment.

Government changes in Chile in 2014, and their associated populist policy decisions, have muted the outlook for economic growth and consequent consumer demand in their core market. This is likely to persist into 2016.

The hallmarks of Carozzí's sustained success include its exceptional innovation capability, off the back of strong number one or number two brands in the relevant categories, depth of market penetration and efficient manufacturing capability. The business is therefore well placed to continue competing effectively.

Zimbabwe: National Foods Holdings Limited (37,4% held by Tiger Brands)

National Foods is a leading branded food company operating in Zimbabwe through an infrastructure of factories, depots and agencies. It recorded profit before tax of US$17,25 million, almost 21% below the prior year. The results were primarily driven by the poor performance of the Maize division, where volumes declined by 39% after a significantly improved 2013/14 local maize harvest forced prices down. Excluding this division, revenue grew over 5%, reflecting a strong performance from the Flour division. Capital expenditure for the year was US$5,7 million as initiatives to progressively upgrade the various manufacturing facilities continued.

The Zimbabwean economy again deteriorated during the period as rising unemployment affected disposable income. In addition, deflationary pressures continued, with the consumer price index recording food prices deflating at 3,3% for the year to June 2015. This, together with a weaker rand and the entry of several new competitors, heightened trading pressures.

Given the subdued trading environment, optimising the cost base will be a priority in the year ahead.

Oceana (42,1% held by Tiger Brands)

Oceana is a leading fishing company, listed on the JSE. Headline earnings for the year ended 30 September 2015 increased by 7% from the previous year, driven by a 17% increase in operating income.

Oceana completed two material acquisitions during the year, namely the fishing assets of Foodcorp Proprietary Limited and the US-based Daybrook Fisheries Incorporated. The Foodcorp acquisition was effective from 2 February 2015 and Daybrook from 30 June 2015.

Excellent growth was recorded by the canned fish and fishmeal operations, and commercial cold storage, aided by the newly acquired Daybrook division. This was offset by a decline in operating income from the Horse Mackerel division. Although relatively small, the lobster, squid and French fries business delivered a strong performance.

Sustainability review

This section has been prepared in accordance with the core level of disclosure of GRI G4 principles and guidance, the requirements of the JSE SRI Index, as well as governance guidelines in the JSE Listings Requirements and King III. Tiger Brands fully supports the principles of the United Nations Global Compact Network, which recognises the positive contribution business can make to a more sustainable planet.

The full GRI G4 Index is on our website **www.tigerbrands.com.**

Our approach to managing sustainability is set out on page 12 and underpinned by our core values, summarised below:

	People	Consumers	Performance	The world we live in	Integrity
Our values	We value our people and treat them with dignity	Our consumers are our business	We have a passion for excellence	We continually reinvest in our society	We act with integrity at all times in everything we do
How we live our values	Treat all with care, concern and respect	Produce quality products	Value flawless execution	Respond to the needs of society whenever we can	What we say on the outside is what is on the inside
	Develop, empower and enable our people	Understand and satisfy our consumers' needs	Zero tolerance for mediocrity	Committed corporate social investment	Never compromise the safety of our consumers
	Promote workplace diversity	Invest in the safety of our products	Act with a sense of urgency	Business practices guided by our desire to sustain our environment	Never do anything we would be ashamed of if the facts became public
	Work hard and play hard together	Attend to every consumer request or complaint	Deliver on time every time		
	Help our people thrive		Encourage innovative thinking		
			Recognise and reward excellence		

Stakeholder engagement

Managing our business sustainably means proactively and continually engaging with key stakeholders to identify and address matters of mutual interest. Key issues raised during the year are summarised on page 19.

The table below shows key stakeholders across the group and summarises the relevant interactions:

Tiger Brands' commitment	Nature of engagement
Employees	
An employer of choice that offers opportunities for growth and fulfilment. Tiger Brands complies with all relevant employment regulations and is committed to protecting human rights.	❍ Regular communication of the group's strategy and performance ❍ Regular intranet communication to inform employees of significant events or developments ❍ Various forums at manufacturing units to address employment equity, skills development and management issues ❍ Workplace culture programmes at manufacturing units to facilitate improved employee relationships ❍ Tiger Stripes recognition awards ❍ *Tiger Tales* quarterly magazine ❍ Annual employee climate survey
Consumers	
Trustworthy, high-quality, leading brands that add value to consumers' lives. The group complies with the Consumer Protection Act and other relevant legislation and regulations relating to consumers. We monitor trends in nutrition and conform to international standards.	❍ Research surveys to capture consumer insights and gain category understanding ❍ Regular communication with consumers through mobile and website interfaces for each core brand ❍ In-house consumer services centre that addresses all consumer complaints and queries ❍ Member of the Consumer Goods Council of South Africa ❍ Guideline daily amount (GDA) table informs consumers of the nutritional content in Tiger Brands' food products
Customers (retailers/wholesalers)	
A high-performance, leading company that builds valuable future growth.	❍ Regular communication on matters concerning partnerships for category strategy, value chain efficiencies, transactional and promotional activities ❍ Focus on cost efficiencies throughout the value chain to effectively compete on value ❍ Customer structures aligned to ensure category expansion and profitable growth
Community	
A successful company that is part of and adds to the wellbeing of the community. A successful, stable and ethical company that contributes to the economic growth of the communities in which we operate.	❍ Preferential procurement policy (page 59) ❍ Enterprise development projects (page 59) ❍ CSI projects (page 60) ❍ Tiger Brands Foundation (page 61) ❍ Taxes paid timeously ❍ Industry participation through Business Leadership South Africa, Business Against Crime, National Business Initiative, Consumer Goods Council and other relevant industry chambers ❍ Adherence to B-BBEE Codes (page 58)

Stakeholder engagement continued

Tiger Brands' commitment	Nature of engagement
Investors and providers of debt	
A sound understanding of the company's local and international strategy and its value proposition.	❍ Integrated annual report, annual general meeting, results presentations, investor days, investor conferences, roadshows, and group and individual meetings ❍ SENS announcements and news releases
Media	
A transparent and engaging company that facilitates interaction and provides relevant information quickly and accurately.	❍ Media forums ❍ Website ❍ Direct queries
Government	
Alignment and collaboration on matters which affect the economy and industry, as well as ongoing engagement with compliance departments.	❍ Active participation in industry and business engagement forums to understand policy direction ❍ Attend meetings, written and verbal communication ❍ Submit legal documentation to ensure compliance with regulatory requirements ❍ Participate at conferences ❍ Complete documentation, meetings and facilitating audits to ensure compliance with permits and other approval structures
Suppliers	
Relationships that result in consistent supply of quality materials and services with procurement aligned with global initiatives.	❍ Meetings, one-on-one discussions, and written and verbal communication through centralised procurement ❍ Written contracts
Trade unions	
Mutual understanding and respect, and non-adversarial relationships between the group, its divisions and trade unions to facilitate transparent and constructive debate on issues facing the business and its employees.	❍ Negotiated national agreements, recognition agreements and bargaining forums are in place. These form the basis of formal engagements with trade unions ❍ Regular information sharing and involvement in consultation affecting trade unions ❍ Robust conflict management structures

Our people

Highlights

Revised group-wide talent management policy implemented

Tiger Brands certified in Top Employer SA survey

The group's five-year strategy (page28) and related targets are focused on building a leading FMCG business in emerging markets. To achieve this, we will need high calibre employees and leaders with the right capabilities and a winning culture that enables employees to thrive.

Accordingly, over the last year, we reviewed our approach to talent and succession management to accommodate the needs of a broader Tiger Brands group. This unified group talent policy ensures we have a complete view of available talent and the appropriate development plans to address any gaps. Integral to this process is a model that enables human resource (HR) practitioners and management to identify and develop the skills that support our strategic goals.

Strategic intent To build a leading FMCG emerging market business by having top-quality people with the right capabilities, enabled by inspiring leaders and a winning culture.				
Talent management	Leadership development	High-performance and engaging culture	Skills and capability development	Organisational development and effectiveness
❍ Workforce planning ❍ Employer brand ❍ Management trainee programme ❍ Talent management process and practices ❍ Talent acquisition and integration ❍ People management capability ❍ Career management and development	❍ Leadership development model ❍ Leadership development programmes ❍ Leadership pipeline benchmarking ❍ Key roles and key people alignment	❍ Performance management approach ❍ High-performance culture change programme ❍ Build total reward and recognition approach ❍ Impactful industrial relations/employee relations approach	❍ Capability building framework ❍ Business critical capabilities ❍ Functional academies ❍ Build mission critical skills	❍ Organisational design to enable business performance ❍ Drive benchmark productivity ❍ Enable collaboration and teamwork ❍ Clear roles and responsibilities ❍ Implement high-impact employee survey

Brilliant HR basics and one aligned HR team

- ❍ Harmonise, standardise and simplify HR policy, processes, systems and HR data/scorecard
- ❍ Enterprise-wide HR information management system in support of HR value chain
- ❍ HR operating model/structure: focused HR business partnering, centre of expertise and shared services teams
- ❍ HR governance, ways of working (fix basics/lay the foundation)
- ❍ HR roles, capabilities and knowledge management/HR environment (great place to work)

Our people continued

Under this approach, Tiger Brands is building talent sustainably by concentrating on internal appointments and promotions while increasing the investment in training and development to build capability and strengthen the talent pipeline. Key initiatives include a focused management trainee and leadership development programme. During the reporting period, 11 graduates joined Tiger Brands as trainees.

Regular talent reviews at appropriate levels ensure that high-potential individuals are identified, development plans are agreed, and progress against agreed targets is tracked.

In addition, a new short-term incentive scheme was introduced in 2015, focused on strategic and financial objectives. This will more effectively align individual performance with corporate performance.

	2015 %	2014 %	2013 %
Overall staff turnover rate	7,9	9,6	10,2
Retention rate of key talent	87	86	87

Leadership development

In line with the revised approach to talent management, and to ensure we have leaders who can drive our strategy, we reviewed our model for leadership skills. To determine an accurate baseline and parameters for leadership development initiatives, the skills of all middle managers and above are being assessed, and a customised leadership development programme will be launched in 2016.

Tiger Brands Academy

This internal facility comprises separate academies for the disciplines of supply chain, leadership, finance, customer, human resources and marketing.

A total of 524 employees participated in programmes during the year (2014: 409), over 4 036 (2014: 3 322) training days.

Workforce

In 2015, the group employed 10 379 permanent staff and 4 222 temporary staff in South Africa, excluding 2 363 seasonal and casual workers.

Outside South Africa, the group employs 3 841 permanent staff and 2 149 temporary staff, bringing the total group workforce to 20 591 (excluding seasonal and casual workers) (2014: 16 884).

The total salary bill for the year was R3,6 billion, compared to R3,3 billion in 2014.

Key indicators

	2015	2014	2013
Employee headcount*	20 591	16 884	15 048
Female employees	3 696	3 555	3 386
Learnership participants	264	285	159
Total training spend (Rm)	10,8	7,7	10,1

* *Includes international operations but excludes seasonal and casual workers.*

Skills development

In 2015, we invested R10,8 million (2014: R7,7 million) on in-house training in South Africa, led through the Tiger Brands Academy, as well as learnerships.

We believe training and developing all employees is a prerequisite to creating a competitive advantage. Our people have the opportunity to continually develop themselves through workplace qualifications and shorter, function-specific programmes. Documented objectives and targets are submitted to the sector education and training authority (FoodBev Seta) in our workplace skills plan and annual training report.

Workplace experience project

Young people receive workplace experience in food technology, engineering, marketing, production and operations. These students become a feeder pool for the graduate programme and other entry level appointments. Around 344 people have completed the programme since 2008 and, wherever possible, are employed by the business.

External programmes

Thusani Trust provides bursaries to qualifying black employees' children. In 2015, R3,1 million (2014: R4,5 million) was spent on bursaries for 158 students (2014: 186). A total of 371 students have graduated from tertiary institutions since 2007 with the trust's support, and 27 graduated in 2015.

We provided bursaries for nine engineering students. On graduating, these students are incorporated into our talent pool.

This programme is currently being funded by "trickle dividends" in respect of shares in Tiger Brands indirectly held by the trust. As a result of the success of the bursary scheme, the trust required additional funding. This will be facilitated by an increase from 10% to 25% in trickle dividend in respect of the Tiger Brands shares indirectly acquired by the trust in terms of the staff empowerment transaction implemented in 2005. The trust will benefit from the increased trickle dividend from January 2016.

Employee benefits

Tiger Brands generally offers employees benefits in excess of statutory requirements:

Retirement funding – we have designed our retirement funding based on employee requirements and worker category. These are being reviewed in line with imminent legislative changes.

Medical aid – we offer a closed scheme medical aid to which employees can elect to belong. This is structured on a benefit cost analysis as a very competitive proposition to employees. We have also limited our annual increase to single digits consistently below medical aid inflation over the last three years.

Employees wellness – realising the value of this benefit for our people, we have recently reviewed the offering to extend its reach and further enhance benefits that support employee wellbeing.

Group personal accident – in addition to normal death and disability benefits in each of the retirement funds, we also offer accident cover for all employees.

Leave – we have recently reviewed our policy to include leading practice on parenting leave, for example adoption and paternity leave.

Discounted deals – capitalising on the group's purchasing power, employees enjoy preferential rates for a spectrum of lifestyle purchases.

Tiger Brands regularly tracks market trends, legislation and best practice to ensure our employee benefits remain relevant and competitive to support our people strategy.

Labour relations

To ensure a constructive, safe and fair working environment for all our people, we work closely with employee bargaining units to ensure that all employees have a voice in matters that affect them daily.

Our employees enjoy full freedom of association. Some 62% of employees belong to 33 unions (including three* major unions) at South African sites, with site management and shop stewards meeting monthly. At each site, unions are represented on forums that monitor employment equity, skills development and any other issues requiring management attention.

Clear communication between staff and management helps to ensure that disputes are resolved and grievances are dealt with appropriately by all parties. Our disciplinary code serves as a guideline to all managers and employees to:

- create a fair and equitable structure for dealing with misconduct; and
- encourage timely corrective action in the event of an employee's behaviour or conduct being unsatisfactory or unacceptable.

As part of our workplace culture, scheduled meetings are held daily at production sites. These focus on pertinent issues that improve productivity and safety, and provide a regular opportunity for feedback from our employees.

Health and safety

The safety of our workers, visitors to our operations, and the public is key to our long-term success. We believe a safe and healthy workplace is both the fundamental right of every person and a business imperative.

The group health and safety policy stipulates our responsibility for maintaining productive workplaces across our company by minimising the risk of accidents, injury and exposure to health hazards for our own people, associates and contractors.

The chief executive officer is accountable for the safety of employees while the risk and sustainability committee maintains oversight on behalf of the board on health and safety issues. Health and safety committees, led by supply chain executives and site management, are responsible for implementing health and safety measures at manufacturing sites.

Our policies and standards for managing safety, the environment and quality are defined in operating requirements throughout the group. Our manufacturing facilities continue to adopt the requirements and principles of the internationally recognised Occupational Health and Safety Assessment Series (OHSAS) 18001 standard as the framework of an occupational health and safety management system.

Generally accepted food manufacturing standards are rigorously applied and food safety at all facilities is regularly audited by independent assurance providers.

* *SACCAWU (South African Commercial, Catering and Allied Workers Union), FAWU (Food and Allied Workers Union) and AMITU (African Meat Industry and Allied Trade Union).*

Our people continued

The Tiger Brands environmental, health and safety risk management programme has been implemented at all our business units. Rigorous operational controls manage known risks and align with international best practice. An accredited independent risk management company assesses implementation and adherence, and provides third-party verification. Any non-conformance is identified and assessed, and risk mitigation and corrective actions are implemented. In addition, compliance audits on applicable laws and regulations as well as the group's occupational health and safety requirements are conducted bi-annually at each manufacturing operation.

During the year, all permanent and temporary employees in the manufacturing facilities received health and safety training. We continue to provide our safety managers and supervisors with the requisite knowledge, skills and attitude to recognise hazards and take effective preventive actions to reduce injuries and foster a healthy, safe culture at our manufacturing sites.

In support of our aim to achieve zero fatalities, zero injuries and zero tolerance of unsafe behaviour and practices, during the year a group of our safety managers attended the RISK-STAR training qualification, delivered by SGS – South Africa. This intensive 11-module programme focuses on practical application of the outcomes required for the health and safety qualification and has assisted our manufacturing facilities to improve key areas, including:

- Behaviour-based safety culture
- Interpreting hazard identification and risk assessments (HIRAs)
- Rigorous procedures for issuing work permits (such as lockout/tag out)
- Quality of root-cause analysis and understanding consequences of incidents
- Educating all employees and contractors on good safety practices and managing safety outliers
- Leadership skills for supervisors and safety officers through coaching for behaviour-based safety
- Safety audits to reinforce the integration of safety, health, environment and quality (SHEQ) management programmes
- Enforcing legal standards and a zero-tolerance culture on hazardous chemical substances
- Implementation requirements of the relevant ISO standards (ISO 14001 and ISO 9001).

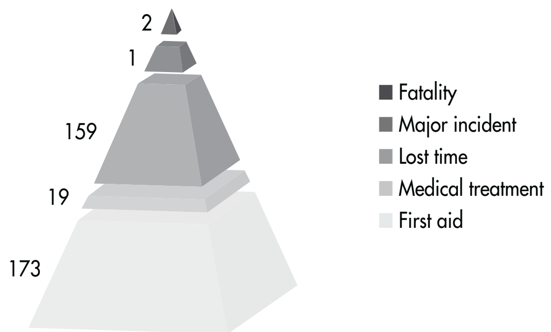
We conduct ongoing training needs analysis for employees to identify any health and safety knowledge gaps. This includes specialised training requirements for safety, health and environmental representatives as well as first-aider representatives to raise health and safety awareness. Our safety programmes include training at induction and periodic refresher training for employees and contractors. In addition, ongoing on-the-job risk assessments are performed to identify safety risks. With a renewed focus on these safety programmes and initiatives, injury rates declined over the reporting period.

Route-to-market safety remains a focus area. In FY15, we recorded a fatality after an attempted armed robbery. We extend our sincere condolences to the family and friends of Michael Nkadimeng and his colleagues at Albany Bakeries. Continuous support on the route-to-market security and resolving safety incidents is provided by external specialists and local police authorities.

In September 2015, contract worker Franck Mamoun A Befoung died in a forklift incident at the Chococam factory in Cameroon. Remedial steps are being taken and we extend our condolences to his family and colleagues.

In June 2015, a major incident was reported at one of our manufacturing facilities, but does not form part of our annual statistics as it was ruled not work-related. The protection of our employees remains paramount and every effort is taken to mitigate the risk to individuals and the group.

As shown below, first aid and lost-time injuries account for a significant portion of the total recorded during the year. Accordingly, we continue to deliver safety toolbox talks in multidisciplinary team meetings, conduct safety critical equipment inspections and deliver process safety-related training to raise awareness on injuries recorded and share lessons learned.



In FY15, we formalised the use of lost-time injury frequency rate (LTIFR), a universal statistic to report on safety performance. By migrating to LTIFR as a group measure for safety incidents, we have eliminated subjective interpretation and introduced a measurable performance indicator.

LTIFR

Key performance indicators	Target	2015	2014	2013	2012	2011
Fatalities	0	2	1	2	0	0
LTIFR	0,86*	0,36	0,74	0,67	0,78	1,03

* *The group target is the average of the Grains, Consumer Brands and International divisions, and considers individual site targets set at an 8% to 12% improvement on actual performance in the reporting period.*

Depending on the nature of each plant, our manufacturing sites have annual LTIFR improvement targets ranging from 8,5% to 12%. In FY15, 18% of our manufacturing sites achieved zero LTIFR, while 63% met their targets and 37% did not meet targets.

Activities to improve health and safety

Health and safety is a priority for all managers and executives. Key initiatives introduced in the review period include:

- Developing a workplace health improvement plan for implementation next year
- Further integration of safety into business processes, understanding that safety should be a core business and strategic value
- Extensively improving management commitment and leadership and employee participation as these are key to safety management
- In addition, safety skills development programmes and role-based competence matrixes are being defined and launched for our business units.

Employee wellness

Our employee wellness support programme offers a 24-hour telephonic counselling service, and face-to-face professional counselling. Users can access psychologists, social workers, dieticians, biokineticists, and financial and legal advisers.

We also offer all South African employees voluntary membership to our in-house medical scheme that offers cost-effective comprehensive health cover. The scheme has 4 335 principal members (2014: 4 336) and 9 659 beneficiaries.

We have a comprehensive HIV/Aids framework that includes support for HIV-positive employees. In 2015, 331 employees were voluntarily counselled and tested (2014: 584) and 95% of employees who tested positive have enrolled on the programme. Our recorded prevalence rate in South Africa is 1,8% (2014: 2,7%).

Transformation

In South Africa, we promote social transformation in the interest of nation building, most notably through the continued advancement of broad-based black economic empowerment (B-BBEE) initiatives. Compliance with B-BBEE and employment equity legislation is a business imperative and our B-BBEE data and reporting is independently assured. Tiger Brands retained its Level 3 contributor rating for the year, as shown below.

The implementation of revised B-BBEE codes will have a significant effect on Tiger Brands, in common with most South African companies. Although our group falls under the agricultural scorecard, for which new targets are still to be published, we conducted an impact assessment in December 2014 to prepare for the change. In a phased action plan, closely tied to our strategic targets, we aim to return to a level 4 rating within three years and regain our level 3 status by 2020.

Tiger Brands B-BBEE scorecard

	Available points 2015*	2015	2014	2013
Ownership	20	20,3	19,7	19,7
Management control	10	7,6	7,6	6,5
Employment equity	10	5,6	5,1	7,5
Skills development	20	12,9	11,2	8,1
Preferential procurement	20	19,2	18,8	18,8
Enterprise development	10	7,0	7,5	11,7
Socio-economic development	10	10,0	10,0	5,0
Total	100	82,6	79,9	77,3
Level		3	3	3

* *Tiger Brands is now measured in terms of agriculture sector codes as gazetted on 28 December 2012.*

Ownership	
Brimstone (a black empowerment investment company)	1,0%
Tiger Brands Foundation	5,0%
Employees Black Managers Trusts (BMT I and BMT II)	2,7%
General Staff Trust	0,1%
Thusani Trusts (beneficiaries are children of black employees)	2,0%
Effective black ownership (using the exclusion principle)	35,9%
Total black women	5,6%

Management control

Our board includes five black directors (as defined by the B-BBEE codes), one of whom is female. Management control is driven at group level by the board and chief executive officer.

Employment equity

In South Africa, 92% of our employees are black (African, Indian and coloured), of whom 19% are women, and 1% are people with disabilities.

Tiger Brands' workforce profile

									Outside of South Africa		
	African	Indian	Coloured	White	Disabled	Permanent	Temporary	Total	Permanent	Temporary	Total staff
2015	7 648	698	1 189	844	53	10 379	4 222	14 601	3 841	2 149	20 591
2014	6 535	726	1 155	836	58	9 252	2 453	11 705	3 673	1 506	16 884
2013	6 178	739	1 192	881	68	8 990	1 500	10 490	3 770	788	15 048
2012	6 260	777	1 027	938	76	9 002	1 079	10 081	1 876	782	12 739
2011	6 172	769	1 067	996	74	9 004	990	9 994	1 751	1 149	12 894

International employees are accounted for only where Tiger Brands is the majority shareholder.

The increase in the number of permanent employees is largely due to the permatisation of temporary employees.

The increase in temporary employees is due to a change in legislation regarding the classification of casual workers whose working hours exceed a minimum threshold.

We remain committed to growing our black management talent pool. We realise that employment equity is a long-term challenge and we are investing in junior and middle management levels to develop a pipeline of future black leaders at senior and executive level.

Preferential procurement

Tiger Brands procured agricultural commodities, ingredients, packaging, consumables and services totalling R16,5 billion from B-BBEE suppliers in 2015 (2014: R15,6 billion). This represents 57% of our discretionary procurement. Preferential procurement is embedded in our sourcing process in South Africa, and developing and supporting B-BBEE suppliers remains a key element of our procurement strategy.

In addition to tracking progress on our suppliers' B-BBEE scorecards, we have improved our management information system to allow for better transparency and quicker decision-making at the point of purchase. Compliance under the revised codes is expected to be a longer-term process as suppliers come to terms with new targets and implement the required steps to improve their scorecard levels.

We remain focused on supporting small and medium black-owned businesses, especially in our core spend. As detailed below, we regard this as a business imperative that will contribute to a vibrant and competitive supply landscape in South Africa in the longer term.

Enterprise development

Tiger Brands drives enterprise development projects across its value chain, focusing on growing small businesses that we can support over the longer term. While financial support of R39,4 million (2014: R28,5 million) is a cornerstone of our contribution, the sustainability of these initiatives is driven by the specialist support of our staff to mentor and develop skills in small businesses where required.

Our annual investment in enterprise development equates to 4% of FY15 net profit after tax, spread over most of our businesses. Albany's owner-driver scheme is the main contributor (at R17,4 million). The balance comprises donations and loans to organisations that presently supply Tiger Brands.

As part of our strategy to comply with the revised B-BBEE Codes, we are increasing our investment in enterprise development to meet requirements within the next two years. While the scope of our investment is broad, the first phases will focus on emerging farmers to play a greater role in our supply chains. To support this initiative, we recently signed a memorandum of understanding with the Department of Agriculture, Forestry and Fisheries and allocated R10 million in the new budget year to fuel this initiative (see sidebar).

Developing small farmers

In August 2015, Tiger Brands entered its first private-public partnership of this scale by committing to the strategic development of projects in the agri-sector through our enterprise and supplier development initiatives, as part of the broader economic transformation of the country. Our key undertaking is to provide sustainable offtake agreements to small producers of identified crops. We aim to partner with rural communities to establish farming cooperatives and will provide technical and financial support where possible.

From a business perspective, the strength and growth of the agricultural sector is vital to us. This agreement will help us deliver on our supply chain strategy to increase the local supply of raw material. It also gives us the opportunity to build on our existing smallholder development initiative (tomato farmers) and to expand to other products. While we have a broad scope (that includes a variety of crops) within the agreement, the pilot project will focus on tomatoes, maize, sunflowers and beans.

This leverages our position as a key player in food security in South Africa, and reinforces our social licence to operate.

This partnership demonstrates our support of government's aim to develop smallholder farmers as part of accelerating the agro-processing sector. It also has the potential to raise productivity, enhance food security and promote rural development, while creating jobs outside farming in the service and production sectors.

Our communities

Corporate social investment (CSI)

Highlights 2015

- Invested R24 million (3% of net profit after tax) in various socio-economic development initiatives.

Snapshots in 2015

- Funds raised through the Tiger Brands golf day (now in its seventh year) were used to buy a 12-metre container classroom for 45 learners at Elim Early Childhood Development Centre in De Rust, Western Cape. The classroom was painted, decorated and filled with books, stationery and toys by employees of the Purity division
- The group's school holiday food parcel project is intended to address food insecurity by supplying learners, food handlers and their families with basic food supplies for the long school holidays in July and December to ensure that learners do not return to school malnourished. In June 2015, 120 employees distributed 12 000 food parcels to the needy. Employees from our Western Cape facilities nominated schools from their communities and contributed their time as part of the distribution teams, encouraging and providing career advice to learners. Another 12 000 food parcels were distributed to schools in Mpumalanga, KwaZulu-Natal, Limpopo and Free State
- For Mandela Day 2015, over 100 employees volunteered their time in helping the elderly and vulnerable children of Ebenezer Hannah Home in Orange Farm, near Johannesburg. Activities covered all the Mandela Day themes: food security, education and literacy, shelter and infrastructure, and service (volunteerism). The volunteers gave the home a much needed makeover by refurbishing the study centre to make it a more conducive environment for children to study, repairing the roof and ceiling, and painting the orphanage houses and playground equipment. They also prepared food for the residents and planted vegetables
- In a 22-year partnership with the Avril Elizabeth Home for the Mentally and Physically Disabled, Tiger Brands has contributed R7,5 million to date from the sale of Elizabeth Anne and Purity toiletry products.

Our CSI approach is rooted in the belief that Tiger Brands can add value to people's lives – and is evidenced by our investment in our surrounding communities. We believe that, through socio-economic upliftment, we leave a sustainable legacy, and help to weave a positive and constructive social fabric in each country where we operate. Our focus areas are food security, nutrition education, hygiene, sanitation and heritage.

The group again committed over 3% of net profit after tax, or R24 million, to community development in 2015, achieving several milestones:

- 12 million daily meals served in communities each year with the help of Tiger Brands
- 107 000 food parcels distributed every year
- over 43 000 learners reached via the Tiger Brands nutrition education programme
- 23 000 school holiday food parcels distributed to learners.

Our CSI strategy is executed through established policies and procedures, overseen by the social, ethics and transformation committee. We regularly review beneficiary organisations to ensure the most effective impact on our communities.

2015 CSI spending breakdown

Project type	Geographical presence	Impact	Donation (R000)
NGOs providing social support to communities	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal and Mpumalanga	Food provision and cash donation	17 293
Cause-related marketing	Gauteng	Cash donation	730
Nutrition education	Gauteng, Eastern Cape and Mpumalanga	Food provision	500
School holiday food parcel distribution	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga and North West	Food provision	5 140
Humanitarian support/ad hoc donations	All provinces	Food provision and cash donation	509
Total			24 172

Food security
We believe true transformation is only possible through education – and good nutrition enhances the ability to learn and creates a platform for learners to fulfil their potential at school. In collaboration with the Department of Basic Education (DBE) and the Mandela Centre of Memory, Tiger Brands has initiated a food parcel distribution programme to alleviate food insecurity in our disadvantaged schools (detailed under Tiger Brands Foundation below). Since December 2012, 72 235 learners have benefited from this programme.

Strategic food security partnerships

Our valuable partnerships with non-governmental organisations (NGOs) and other community organisations are critical to achieving our goals. Key partnerships are summarised below.

Buhle Farmers Academy

Buhle Farmers Academy was established in 2000 to provide practical skills training to farmers on crop, livestock, vegetable, poultry production and farm management. Its purpose is to support and empower new farmers to start up their own profitable farming activities. The academy also provides post-training support to assist farmers in setting up and expanding their farms.

It enrols up to 588 students per annum, with over 5 000 students trained over the past 15 years.

Tiger Brands has supported farmer development through this academy since 2009 by supplying dry foodstuffs for students' meals. Buhle Farmers has been able to return the equivalent value back into subsidising students who could not otherwise afford the full cost of training.

Afrika Tikkun

Afrika Tikkun was started in 1994 to alleviate poverty under a model that seeks to develop the competencies of South Africans living in townships and using these skills to deliver much needed developmental services to children and youth. The model focuses on investing in the development of children from infancy into young adulthood and into the world of work.

Afrika Tikkun also provides family support services, early childhood development, career readiness and entrepreneurial development, nutrition, food security and support services, as well as primary healthcare.

Tiger Brands provides food products that help serve over 14 000 weekly meals for beneficiaries in various programmes.

Nelson Mandela Metropolitan University (NMMU) community project

In 2008, NMMU and Tiger Brands collaborated to ensure needy students and communities received vital nutrition.

NMMU provides meals to 682 students to ensure they have the nutritional support to complete their studies and enter the world of work. This way, with Tiger Brands' support, they endeavour to break the cycle of unemployment and poverty.

The NMMU community project also uses our products to support surrounding communities with food, including 60 orphans from Sinethemba Children's Home and Laphumilanga HIV/Aids home-based care centre for children affected by the disease. They also provide 100 daily meals to the community through a soup kitchen operating in Malabar, while Noxolo Preschool benefits from food products for 40 learners daily.

Cotlands

Cotlands has cared for thousands of vulnerable children since 1936. From its roots as a baby sanctuary, community-based programmes were introduced in 1999, primarily focused on HIV and nutrition, later adding psychosocial and educational support.

Cotlands now offers early learning sessions for children from birth to six years who do not have access to formal early childhood development opportunities. We have supported Cotlands since 2012 with food products for all its centres in Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape and Mpumalanga, benefiting over 8 000 vulnerable children and adults.

Tiger Brands Foundation

The Tiger Brands Foundation owns an effective 5% interest in Tiger Brands Limited and was established in 2010 to enhance our community impact.

The foundation implemented the first in-school breakfast feeding programme in 2011 in partnership with the Department of Basic Education's national school nutrition programme. Initially, this covered six primary schools in Alexandra but has expanded to 64 schools across nine provinces, providing the essential breakfast meal to over 43 000 learners. To date, over 30 million breakfasts have been served to our country's most vulnerable learners.

Our communities continued

Until 2014, the feeding programme was funded by a "trickle dividend" equal to 15% of dividends received from the foundation's shareholding in Tiger Brands. Given the success of the current feeding programme, the foundation intends to expand its activities to other schools across the country. This will be funded by increasing the trickle dividend from 15% to 30% from January 2015.

Since inception, the programme has demonstrated that an effective public-private partnership can make a significant difference to the lives of learners via an in-school feeding programme, contributing to improved attendance, class participation and performance while helping to reduce obesity.

The foundation fulfils its mission in partnership with a number of stakeholders, including:

- The DBE at national, provincial and local level
- Academic and research institutions (such as University of Johannesburg – Centre for Social Development in Africa)
- Beneficiary schools, parents and community leaders
- Community-based agencies (food delivery partners)
- Funders/donors wishing to invest in food security and school nutrition programmes
- Tiger Brands, the public and shareholders.

The programme has been instrumental in supporting 229 jobs for food handlers who prepare the breakfasts provided by the foundation. Each food handler is employed by the DBE and offered a stipend by the foundation.

In the Lady Frere district, Eastern Cape, our in-school breakfast programme covers 27 schools. It supplements the government's national school nutrition programme (NSNP), ensuring these vulnerable learners have two nutritious meals per day. In addition, a programme to support these learners over the July and December holidays was established, with food parcels distributed in June 2015.

In the Western Cape and Free State, 6 040 food parcels were distributed to learners in 10 primary schools participating in the breakfast programme at the start of the July school holidays.

In March 2015, Meqheleng Primary School in Ficksburg (Free State) was awarded first prize in the NSNP best school awards. The foundation sponsors this prize which entails adopting the school onto the in-school breakfast feeding programme, and R450 000 towards constructing a school kitchen.

In July, the Deben Primary School in Kathu, Northern Cape, was adopted onto the programme. In Kathu, the programme is implemented with the financial support of a corporate partner, Sishen Solar Facility. We are excited about this development, which is the first partnership of its kind for the foundation.

Human rights

Tiger Brands supports and respects the protection of internationally proclaimed human rights and endeavours to ensure the group is not complicit in any related abuses. We do not tolerate discrimination of any kind, nor any form of forced or child labour.

There were no reported incidents of human rights violations in 2015.

Environment

The desire to create a more sustainable world requires understanding, collaboration and action at many levels: by governments, companies, brands and consumers. This drive also comes from consumers themselves, who want to understand the environmental impacts of their choices. In addition to our initiatives to reduce and manage the group's environmental impact, we have intensified our participation in industry forums to help shape sustainable consumption standards, tools and best practices.

Each year, Tiger Brands voluntarily discloses its performance under the Carbon Disclosure Project (CDP) for carbon emissions and water management. This global standard allows us to benchmark our performance against international peers and to learn from best practices.

In addition, the group is a signatory to We Mean Business, committing to three categories flagged by CDP that are most relevant to our business:

- Adopt a science-based emissions reduction target
- Responsible corporate engagement in climate policy
- Report climate change information in mainstream reports as a fiduciary duty.

We are also working with South Africa's Council for Scientific and Industrial Research (CSIR) on assessments conducted by the national cleaner production centre to enhance manufacturing industry competitiveness through its resource efficiency and cleaner production programme. This is aimed at reducing the use of natural resources and minimising waste.

Tiger Brands environmental performance scorecard

Tiger Brands is committed to achieving sustainable, profitable growth and, over the years, sustainability has been incorporated into our strategic scorecard. Formal health, safety and environmental policies are in place, outlining our commitment to addressing material issues for the environment. In addition, we monitor and set targets in line with international best-practice standards such as ISO 14001.

Key areas identified for improvement and our progress are set out below:

	Target (baseline 2014)	Read more
Water Projects being implemented across our manufacturing facilities aim to reduce water consumption, while ensuring the quality and integrity of our products.	Reduce water consumption and water discharges by 5% per annum for the next three years.	Page 67
Energy The amount of energy consumed per kilo of product is being reduced.	Improve energy efficiency by 5% per year for the next three years.	Page 66
Packaging We support initiatives using materials from sustainably managed, renewable resources while considering our packaging and product performance requirements.	Reduce packaging use by 3% per year for the next three years.	Page 64
Waste Recycle or recover energy from by-products with an ultimate goal of zero waste landfill and full recovery of unavoidable by-products.	Reduce waste for disposal by 4% per annum.	Page 66
Carbon emissions Emissions at our operations are substantially below stipulated limits in the National Environmental Management Air Quality Act 2004.	Ultimately, eliminate emissions and greenhouse gases as far as practically possible.	Page 64

Environment continued

Intensity scorecard

	2015	Improvement	2014	2013
Energy (MWh)/ton)	0,11	●	0,11	0,12
Water (kℓ/ton)	1,98	●	1,94	1,98
Waste (ton)	0,011	●	0,017	0,020
Packaging (ton)	0,45	●	0,70	0,86
Production CO_2e	0,22	●	0,22	0,24

In addition to these focus areas, our manufacturing operations conduct the legislated testing of air emissions from boilers, ventilation areas, dust particle matter disposed, noise, carbon monoxide and carbon dioxide levels.

The primary certification process being driven across our manufacturing operations is the stringent, global ISO 14001. Progress against this certification has been achieved in 95% of manufacturing South African operations. Environmental awareness training is ongoing where necessary to close identified gaps from first-stage audits.

Key developments in 2015

- We continued to strengthen systems and structures to support the execution, performance measurement and continuous improvement of initiatives identified in our scorecard (below)
- We are establishing partnerships and social models to manage expectations and co-design solutions. Some of our actions in this area are summarised below.

Reducing CO_2 emissions

As part of understanding the environmental impact of our products, we have conducted product lifecycle assessments using a cradle-to-grave approach.

This assessment considers how raw materials are extracted, how resources involved in planning or designing the product are consumed, the materials and energy used in manufacturing, packaging and distribution, impacts from using the product, and waste and pollution created during the process and at end of life.

Extraction, location and processing can contribute significantly to carbon emissions and the overall footprint of a product. Where possible, by lightweighting our packaging, we are significantly reducing carbon emissions and costs, while directly improving the lifecycle assessment of products. The table below summarises two examples of this initiative.

All Gold Tomato Sauce	Original weight	Current weight	Annual reduction in mass	CO_2 emissions reduced (tons)
350ml glass bottle	230g	205g	210	188
700ml glass bottle	367g	330g	1 408	1 260

What we analyse in a product lifecycle assessment

Impact	Description	Example
Energy use *Indicator*: primary energy demand	Total primary energy extracted from the earth, expressed as energy demand from non-renewable resources (eg petrol or natural gas) and renewable resources (eg hydropower, wind or solar). Efficiencies in energy conversion (electricity, heats and steam) are taken into account	Bean farming contributes significantly to primary energy demand due to the agriculture and plantation process. In the preparation process, the major contributors to primary energy demand are bean farming, steam consumption and transporting beans to the manufacturing site (86% of beans are imported by ship and transported by truck to our factories). Squeeze bottle has 4% less environmental impact than glass.
Climate change *Indicator*: global warming potential (over 100 years)	Greenhouse gas emissions (CO_2 and methane)	Filling and canning stage accounts for 30% of global warming potential (22% from producing the cans). Squeeze bottle has 50% less environmental impact than glass.
Water body health *Indicator*: eutrophication (soil run-off into water bodies that supports robust plant life but deoxygenates the water, killing animal life)	Identifying the equivalence between sodium and potassium for both terrestrial and aquatic systems	
Acidification *Indicator*: acidification potential	Emissions with acidifying effects on the environment, specifically sulphur, sodium and halogen atoms	
Air *Indicator*: photochemical ozone creation potential (or smog potential)	Emissions that contribute to low-level smog (the reaction of nitrogen oxides and volatile organic compounds under ultraviolet light)	

Environment continued

Greenhouse gas (GHG) emissions reduction

The diverse sources of GHG emissions include:

- Direct GHG emissions from sources owned or controlled by the group (scope 1)
- Indirect GHG emissions from generating electricity, heating and cooling, or steam generated off site but purchased by the group (scope 2)
- Indirect GHG emissions (not included in scope 2) from sources not owned or directly controlled by the group but related to our activities (scope 3).

Tiger Brands is committed to reducing its carbon emissions by improving energy efficiency in its operations. In addition, since water is a significant business continuity resource for the group, we continue to drive initiatives to reduce our water use. As part of our commitment, we participate annually in disclosing our carbon emissions and water footprint under CDP, the accepted global standard for carbon and water reporting for its 2015 carbon and water submissions. Tiger Brands was well rated on both disclosure and performance. This is an encouraging result and we will continue to work towards our goals.

To drive continuous improvement in these areas, it was deemed imperative to raise awareness in our operations and to develop champions in manufacturing units with the highest impact on carbon emissions and water use.

Tiger Brands has enrolled engineering managers, site services (utilities) managers and technical/artisan employees on some of the national cleaner production training offered by the CSIR. This includes courses on energy management systems, and system optimisation for fans, compressed air and steam. Attendees have now launched focused optimisation projects at their respective business units.

To monitor and measure improvements and GHG reductions, we focus on intensity reduction (lowering the ratio of energy use per ton of product produced) (see the table on page 64).

The table below shows the group's scope 1, 2 and 3 emissions for the year. The data covers our South African manufacturing sites, in line with our strategy to initially focus on these operations and extend the programme to international operations in the rest of Africa over the next three to five years.

	2015	Improvement %	2014	Improvement %	2013
Direct GHG emissions (scope 1)	258 392	(0,17)	258 834	13	297 570
Electricity indirect GHG emissions (scope 2)	321 439	11,4	288 515	4	299 509
Other indirect GHG emissions (scope 3)*	7 099	2 599	263	(21)	217
CO_2e (tons)	586 930	7,2	547 611	8	597 296
Carbon intensity	0,22	–	0,22	10	0,24
Energy use	0,11	(5,0)	0,11	5	0,12

**In 2014, scope 3 emissions were limited to air travel. In 2015, we have expanded our reporting to include road logistics which skews the year-on-year comparison.*

Managing our environmental impact

Manufacturing encompasses all the processes in transforming perishable raw materials into safe, shelf stable, value added food products for consumers. We aim to reduce environmental impacts by using efficient technologies and applying best practices.

Key initiatives identified to reduce our environmental impact include:

- Replacing fluorescent lighting with LED lights to reduce electricity consumption and save cost
- Online water metering – this will enable more accurate reading and understanding for high-consumption areas across all facilities, and ensure monthly charges from municipality readings are correct
- Reducing steam losses by sheathing unlagged steam lines; and repairing damaged lagging on steam and condensate pipes. This will reduce heat loss and coal use, and therefore the carbon footprint. In addition, water and electrical meters will be installed to monitor and manage water and electrical use
- Installing tanks to collect waste vinegar, improving effluent quality and reducing the possibility of effluent penalties and water table damage
- A project to reuse bottle-washer water for external cleaning, preparation areas and all structural cleaning and staff facilities. This will help to reduce water use.

Water management

The quantity and quality of water is vital to our organisation to process products and as a key ingredient for specific products. In addition, given that the bulk of our products are for human consumption, water quality is imperative.

However, South Africa is classified as a water-stressed region which elevates water management to both a risk and critical success factor. We have several initiatives under way to improve our direct use of water, including the possible use of recycled and grey water at some facilities and water-saving schemes which have helped to reduce the volume of municipal water used each year.

In terms of indirect use, we have focused on enhancing agricultural water efficiency programmes with suppliers, specifically for water-intensive crops, such as tomatoes, beans, fruits and sugarcane.

The bulk of our water comes from municipal sources, and we have recently started monitoring consumption, as well as water availability and reliability by river basin and water management area source.

We also interact with the government, Department of Trade and Industry, municipalities and water boards. This enables the group to influence legislation, build partnerships in the industry and to learn from organisations using sustainable best practices that Tiger Brands can apply to internal processes.

The highest level of responsibility in terms of climate change lies with the board. Water security, use and cost are indicators monitored by the risk and sustainability committee of the board.

Carbon tax

In light of the imminent introduction of carbon tax, we continue to engage extensively with external parties to establish holistic, practical and affordable solutions to reduce our carbon emissions.

To ensure the group is adequately prepared, we are considering:

- The extent of the group's potential liability, taking into account proposed tax-free thresholds
- The effect on suppliers that may be directly liable to pay the carbon tax and seek to pass on these costs
- Tiger Brands will apply pressure on suppliers to improve the fuel efficiency of their operations and reduce their GHG emissions.

Governance review

Our approach to corporate governance and ethical leadership is detailed on page 12.

Governance structure

Board	
Members	AC Parker (chairman) BL Sibiya (deputy chairman) MO Ajukwu (appointed 31 March 2015) SL Botha MJ Bowman RMW Dunne (resigned 31 May 2015) M Makanjee KDK Mokhele RD Nisbet MP Nyama YGH Suleman (appointed 13 July 2015) PB Matlare (chief executive officer) O Ighodaro (chief financial officer) NP Doyle (chief operating officer) (appointed 13 July 2015) CFH Vaux
Responsibility	The board of Tiger Brands has overall responsibility for directing the company to achieve its strategic objectives, vision and mission. It is accountable for the development and execution of the group's strategy, operating performance and financial results. In terms of its charter*, responsibilities include: ❍ Approving the strategic direction of the group and budgets necessary for its implementation ❍ Being the guardian of the values and ethics of the group ❍ Appointing the chief executive officer ❍ Retaining full and effective control of the company ❍ Monitoring the management and implementation of the corporate vision ❍ Delegating responsibility to an executive committee or board committees ❍ Provide effective leadership based on ethical foundations.
Number of meetings per year	There are at least six meetings each year: four quarterly business performance reviews, one five-year strategic plan review and one annual budget review.

** The charter is published on our website.*

Application of King III

In conforming to the primary South African corporate governance framework, the King Report on Corporate Governance for South Africa 2009 (King III), the group is satisfied that Tiger Brands has applied the key principles in all material respects, except where indicated. Tiger Brands has also adopted the principles of GRI and the principal policies and practical applications of corporate governance as outlined by the Public Investment Corporation. In addition, we are committed to complying with all relevant legislation, regulations and best practices in the countries where we operate.

Details of the application of King III are on page 96.
The GRI Index is on our website.

The board

The board meets at least six times a year and monitors the performance of executive management. It addresses a range of key operational and strategic issues and ensures that debate on matters of policy, strategy and performance is critical, informed and constructive. In addition to four quarterly board meetings, separate sessions are held annually to discuss strategy and budget plans. Non-executive directors are encouraged to meet regularly, both officially and unofficially, with senior executive management. Twice a year, non-executive directors meet without executive management present to informally discuss company matters.

In addition to board meetings, board education and training takes place as required.

Attendance at meetings

Director	Board	Audit	Remuneration	Nominations	Risk and sustainability	Social, ethics and transformation	Investment
Number of meetings held	8	3	4	4	3	3	6
Attendance by directors							
Independent non-executive directors							
AC Parker (chairman)[1]	8	–	4	4	–	1	6
BL Sibiya (deputy chairman)	7	–	–	–	–	3	–
MO Ajukwu[2]	6	–	–	–	1	–	–
SL Botha	8	–	4	4	–	–	–
MJ Bowman	5	–	–	–	–	–	–
RMW Dunne[3]	3	2	2	2	2	–	4
M Makanjee	7	–	–	1	–	3	–
KDK Mokhele	7	3	–	–	3	–	6
RD Nisbet[4]	8	3	–	–	1	–	6
MP Nyama[5]	3	–	3	3	–	1	–
YGH Suleman[6]	2	1	–	–	–	–	–
Executive directors							
PB Matlare[7] (chief executive officer)	8	3	4	4	–	3	6
O Ighodaro (chief financial officer)	8	3	–	–	3	–	6
NP Doyle[8]	2	–	–	–	1	–	–
CFH Vaux	8	3	4	4	3	–	6

Notes

1 *AC Parker resigned from social, ethics and transformation – 4 February 2015*
2 *MO Ajukwu appointed 31 March 2015*
3 *RMW Dunne resigned 31 May 2015*
4 *RD Nisbet appointed to risk and sustainability – 13 July 2015*
5 *MP Nyama appointed to social, ethics and transformation – 18 May 2015*
6 *YGH Suleman appointed 13 July 2015*
7 *PB Matlare retired with effect from 31 December 2015*
8 *NP Doyle appointed 13 July 2015*

Governance review continued

Committees	Audit committee	Risk and sustainability committee
Members	RD Nisbet (chairman) (appointed chairman 1 June 2015) RMW Dunne (chairman) (resigned 31 May 2015) KDK Mokhele YGH Suleman (appointed 13 July 2015)	KDK Mokhele (chairman) (appointed chairman 1 June 2015) RMW Dunne (chairman) (resigned 31 May 2015) MO Ajukwu (appointed 13 July 2015) RD Nisbet (appointed 13 July 2015) Members of executive management
Responsibility	This committee is a statutory committee established in terms of the provisions of the Companies Act 71 2008. It is responsible for reviewing interim financial statements and the integrated annual report, internal control framework and procedures, confirming and reviewing internal audit, the effectiveness and system of internal controls, risk management, and recommending the appointment of external auditors. See the audit committee report on page 74.	The committee has an independent oversight role and reports to the audit committee and board on risk and sustainability issues. The committee reviews annual risk and environmental assessments. See page 73 and risk management report on page 93.
Number of independent directors	3/3	3/3
Number of meetings per year	3	3
Terms of reference encapsulated in a charter and reviewed annually*	Yes	Yes

*Committee charters can be found on our website.

	Remuneration committee	Nominations committee	Social, ethics and transformation committee	Investment committee
	SL Botha (chairman) AC Parker RMW Dunne (resigned 31 May 2015) MP Nyama YGH Suleman (appointed 13 July 2015)	AC Parker (chairman) SL Botha RMW Dunne (resigned 31 May 2015) M Makanjee (appointed 13 July 2015) MP Nyama	M Makanjee (chairman) (appointed chairman 3 August 2015) BL Sibiya (resigned as chairman 3 August 2015) AC Parker (resigned 4 February 2015) MP Nyama (appointed 18 May 2015) PB Matlare Members of executive management	AC Parker (chairman) KDK Mokhele RMW Dunne (resigned 31 May 2015) RD Nisbet YGH Suleman (appointed 13 July 2015)
	The committee is responsible for determining policy on executive and senior management remuneration, ensures performance management system is in place and aligns with the strategic objectives of the group. See page 73 and the remuneration report on page 78.	The committee is responsible for recommending nominations to the board and will consider the composition of the board. It is also responsible for succession planning for key management positions. See page 73.	This is a statutory committee established in terms of the provisions of the Companies Act 71 2008. It assists the board in ensuring the company is and remains a good and responsible corporate citizen. This includes monitoring the company's activities with regard to relevant legislation, legal requirements and prevailing codes of best practice on social, ethics and transformation matters. See page 77.	The committee is responsible for considering acquisitions and other material financial issues prior to submission to the board.
	4/4	4/4	3/3	4/4
	4	4	3	Ad hoc
	Yes	Yes	Yes	Mandated by board and meets ad hoc

Governance review continued

All directors have access to the advice and services of the company secretary. In appropriate circumstances they may, at the group's expense, seek independent professional advice on its affairs.

The roles of the chairman and the chief executive officer are strictly separate. All non-executive directors are considered independent and appointed for their business acumen and skill.

Board and committee evaluation

The board is evaluated externally every second year and had its last external evaluation in 2014.

In 2015, the chairman conducted an internal evaluation of the board's performance and of its statutory and sub-committees. The scope of assessing the board's effectiveness was aligned with the prescripts of the King III.

Board processes	
Appointment of directors	The appointment process is conducted in a transparent and formal manner and is the responsibility of the nominations committee. New appointees to the board are appropriately familiarised with the company through an induction programme. This includes a dossier of information on past meetings, board and committee charters and relevant information. Site visits are held at the largest manufacturing plants and visits to retailers are arranged with seasoned trade professionals to provide better insights into markets and competitors. In July 2015, the board visited manufacturing facilities in Lagos, Nigeria.
Rotation of directors	In terms of the memorandum of incorporation, no directors have fixed-term appointments. Directors are subject to retirement by rotation and re-election by shareholders. Executive directors are subject to standard terms and conditions of employment and a three-month notice period, save for one executive director who is subject to a one-month notice period. Executive directors are required to retire from the board by rotation on the same basis as non-executive directors. Any director appointed to fill a vacant position during the year must retire and stand for re-election at the first annual general meeting after appointment. Accordingly, directors standing for re-election at the 2015 annual general meeting are MO Ajukwu, SL Botha, MJ Bowman, NP Doyle, KDK Mokhele, YGH Suleman and CFH Vaux.
Dealing in company shares and conflicts of interest	A formal policy outlining procedures for dealing in Tiger Brands shares aims to protect directors and executives against possible and unintentional contravention of insider trading laws and stock exchange regulations. Any investment in or disinvestment from a group company by a director or a member of the senior executive management committee must be referred to the chairman for consent before instructing a stockbroker. Short-term or speculative positions may not be taken by directors or executives of the company in any securities of group companies. Participants in the group's equity-settled share incentive schemes are subject to the rules of the scheme/s and provisions of the JSE Listings Requirements. No investment or divestment may take place in closed periods (between 31 March and release of the interim results in May, and between 30 September and release of final results in November), or in any other closed period as outlined by the JSE Listings Requirements.

Board committees

The board has delegated specific responsibilities to committees. In addition, statutory committees (audit and social, ethics and transformation) report to the board. These committees assist the directors in discharging their duties and responsibilities in terms of the Companies Act and appropriate governance authorities.

Audit committee

The report of the audit committee appears on page 74.

Remuneration and nominations committees

The company's chief executive officer, Peter Matlare, attends meetings by invitation and assists the committee in its deliberations save when his own compensation is discussed. As with the chief executive officer, no directors are involved in determining their own remuneration. The committee takes advice from the company's human resource and finance functions, as well as independent consultants.

The committees perform two distinct functions, one relating to remuneration and the other on nominating non-executive directors to the board. When nomination issues are considered, the committee is chaired by the group chairman, André Parker.

A comprehensive remuneration report appears on pages 78 to 92 of this report.

Risk and sustainability committee

Although the committee has an independent oversight role, it does not assume the function of group management. This remains the responsibility of executive directors, officers and other members of senior management.

The duties of committee members are in addition to their responsibilities as members of the board. The other members of the committee comprise the group's senior management, including representatives of the sustainability, compliance, financial, legal/secretarial, operational management and supply chain functions. The group compliance officer also attends meetings and has direct access to the chairman.

The internal and external auditors, and the service provider conducting risk and environmental reviews, attend all meetings. Specialists are invited when appropriate to provide advice on risk and sustainability matters.

Reports on proceedings and minutes of meetings are submitted to the audit committee and the group executive committee. In addition, major risks presented by the committee are regularly considered by the board.

The report of the committee appears on page 93.

Social, ethics and transformation committee

The committee operates in line with the requirements of the Companies Act and King III. Its main objectives are to monitor the group's activities in terms of relevant legislation, regulations and prevailing codes of best practice.

The report of the committee appears on page 77.

Audit committee report

This report is provided by the audit committee appointed for the 2015 financial year in compliance with the Companies Act 71 of 2008, as amended. The committee's operation is guided by a detailed charter informed by the Companies Act and King III, and approved by the board.

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

Structure

The committee comprises three independent non-executive directors. During the year, Richard Dunne resigned as chairman and member of the audit committee. Rob Nisbet, who has been a member of the committee since November 2010, was appointed chairman on 1 June 2015. Yunus Suleman was appointed as a member of the board and audit committee on 13 July 2015.

The chairman of the audit committee is not the chairman of the board of the company. The following directors served on the committee during the period:

- Richard Dunne (chairman) – resigned on 31 May 2015
- Rob Nisbet (chairman) – appointed as chairman on 1 June 2015
- Khotso Mokhele
- Yunus Suleman – appointed 13 July 2015.

Biographical details of committee members appear on pages 13 and 14. Fees paid to committee members are outlined in the remuneration report on page 91.

The year under review

External audit

The committee, among other matters:

- Nominated Ernst & Young Inc to shareholders for appointment as the external auditor, and W Kinnear as the designated auditor, for the financial year ended 30 September 2015. It ensured that the appointment complied with all applicable legal and regulatory requirements, and that the auditor and designated auditor are accredited by the JSE Limited
- Approved the external audit engagement letter, plan and budgeted audit fees payable to the external auditor. Fees paid to the auditor are detailed in note 4.1 of the group annual financial statements
- Reviewed the audit, evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality control procedures
- Obtained an annual written statement from the auditor that its independence was not impaired
- Considered the reports of the external auditor on the group's systems of internal control, including financial controls
- Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non-audit services to be undertaken
- Obtained assurances from the external auditor that adequate accounting records were being maintained
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act 26 of 2005, and determined that there were none
- Nominated the external auditor and designated independent auditor for the company.

Independence of the external auditor

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

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

Financial statements

In respect of the financial statements, the committee:

- Confirmed the going-concern requirement as the basis of preparing interim and annual financial statements
- Reviewed compliance with the financial conditions of loan covenants and determined that the capital and debt facilities of the group are adequate
- Examined and reviewed the interim and annual financial statements, as well as all financial information disclosed to the public prior to submission to and approval by the board

- Ensured the annual financial statements fairly present the financial position of the company and group at the end of the financial year and the results of operations and cash flows for that financial year, and considered the basis on which the company and group were determined to be a going concern
- Considered accounting treatments, significant unusual transactions and accounting judgements
- Considered the appropriateness of accounting policies adopted and any changes
- Reviewed the external auditor's audit report
- Reviewed the representation letter on the group financial statements signed by management
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- Met separately with management and external audit to review and discuss the annual financial statements
- Received and considered reports from the internal auditors.

Internal controls and internal audit

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

- Reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter
- Considered reports of the internal auditor on the group's systems of internal control including financial controls, business risk management and maintaining effective internal control systems
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded assets against unauthorised use or disposal
- Reviewed significant issues raised by internal and forensic audit processes and the adequacy of corrective action in response to significant internal and forensic audit findings
- Assessed the performance of the internal audit function and found it satisfactory
- Based on the above, and despite the incidence of fraud uncovered at Haco and the Snacks & Treats division, the audit committee confirms it has no reason to believe there were any material breakdowns in the design and operating effectiveness of internal financial controls during this financial year which have not been addressed or are not being addressed by management.

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

- Reviewed the group's policies on risk assessment and risk management, including fraud risks and information technology risks as they relate to financial reporting and the going-concern assessment, and found them sound
- Considered and reviewed the findings and recommendations of the risk and sustainability committee.

In respect of sustainability issues, the committee:

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

For legal and regulatory requirements, to the extent that these may have an impact on the financial statements, the committee:

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

Audit committee report continued

In terms of coordinating assurance activities, the committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

Chief financial officer expertise and experience

The committee also considered the expertise, resources and experience of the chief financial officer, Ms Funke Ighodaro, and concluded that these were appropriate. Biographical details appear on page 14.

Company secretary

During the period, Ian Isdale (BA, LLB, EDP) retired after more than 30 years with the group and was succeeded by Thiroshnee Naidoo on 15 May 2015. In terms of section 3.84 of the JSE Listings Requirements, we have determined that both have the competence, qualifications and experience to hold the position of company secretary for their respective periods of appointment during the year. Biographical details appear on page 15.

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

The company secretary is also responsible for ensuring the proper administration of proceedings and matters relating to the board, the company and shareholders in line with applicable legislation and procedures.

The committee confirms that the company secretary maintains an arm's-length relationship with the board and directors, taking into account that the company secretary is not a director of the company and is not related to any of the directors.

Annual financial statements

Following its review of the annual financial statements of Tiger Brands Limited for the year ended 30 September 2015, the audit committee believes that, in all material respects, these comply with the relevant provisions of the Companies Act and IFRS and fairly present the consolidated and separate financial position of the company at that date and the results of its operations and cash flows for that year. The committee has also satisfied itself of the integrity of the remainder of this integrated annual report 2015.

Having achieved its objectives, the audit committee recommended the annual financial statements and integrated annual report for approval by the board. The board has since approved the annual financial statements and integrated annual report 2015, which will be open for discussion at the upcoming annual general meeting.

Robert Nisbet
Chairman
Audit committee

15 December 2015

Social, ethics and transformation report

The social, ethics and transformation committee operates under defined terms of reference set out in its charter and the authority granted to it by the board. These terms of reference guide the agenda and activities of the committee.

Committee membership comprises:
- A non-executive director as chair – Maya Makanjee was appointed chairman in August 2015 after Bheki Sibiya resigned from that role
- Two non-executive directors – André Parker (resigned in February 2015), Makhup Nyama (appointed in May 2015), Bheki Sibiya
- CEO, Peter Matlare.

Executives responsible for human resources, supply chain, legal services and corporate affairs attend and report at meetings. The legal, compliance and regulatory department acts as the secretariat.

The committee meets at least three times during the year. Details of attendance are on page 69.

Broadly, the committee is tasked with overseeing the good corporate citizenship of the group on behalf of the board. This includes the focus areas of:
- Delivering socio-economic value
- Promoting social and economic development
- Promoting nutrition security through the Tiger Brands Foundation
- Creating value for communities through our integrated corporate social investment programme
- Driving enterprise and supplier development
- Stimulating economic growth by initiating smallholder farmer programmes
- Developing and building a stakeholder framework for enhanced stakeholder relations.

In South Africa, we actively partner with government to drive socio-economic transformation, aligned with the country's national development plan and associated initiatives focused on smallholder farmer development, agro-processing, nutrition and in-school feeding schemes and food security. These focus areas all contribute to economic development.

In 2015, we signed a three-year memorandum of understanding with the Department of Agriculture, Forestry and Fisheries to develop smallholder farmers in five provinces in certain key primary commodities for Tiger Brands' sourcing requirements. We will provide these farmers with market access through offtake agreements for their produce. In addition, we will provide technical expertise, business support and mentorship (page 59).

Our five-year B-BBEE strategy, in line with the revised codes, was approved by the board for implementation (page 58).

Activities during the year

During the year, the committee considered reports on:
- Manufacturing excellence initiatives (environmental)
- Sustainability (safety, environmental, supply chain)
- Human resources (global standards, transformation, employment equity, skills development)
- Compliance and regulatory matters affecting the group and its operations
- Consumer care line trends
- Corporate social investment programmes
- Tiger Brands Foundation programmes
- Stakeholder relations
- Investor relations.

It also reviewed the company's performance relative to:
- Employment Equity Act
- Broad-based Black Economic Empowerment (B-BBEE) Act and implications of changes to this act
- Group transformation plans
- The International Labour Organisation protocol.

Where necessary, the committee brings matters to the attention of the board and reports on salient issues to shareholders at the annual general meeting.

The committee actively monitors aspects such as the prohibition of child labour, forced compulsory labour and discriminatory practices. No human rights incidents were reported during the year. Appropriate board committees or other structures in our operations outside South Africa report back on these aspects before each committee meeting.

The committee ensures that consumer complaints are monitored by executive management, as well as the risk and sustainability committee, in line with the Consumer Protection Act. Over the past four years, there has been a progressive decline in the number of complaints.

Maya Makanjee
Chairman

15 December 2015

Remuneration report

This report primarily covers remuneration of the company's executive and non-executive directors, and senior management (including prescribed officers and members of the executive committee).

The remuneration policy, approved by shareholders in a non-binding advisory vote at the AGM on 9 February 2015, is set out below. The policy is reviewed annually by the remuneration committee to ensure it reflects best practice, remains competitive and that reward is aligned with the company's growth and financial performance for the year under review. Details of the committee's membership, responsibility and number of meetings held during the year are set out on page 70.

Remuneration policy

Objective

The Tiger Brands remuneration policy aims to ensure that the group attracts and retains key and critical talent required to deliver the group's business goals and results.

The policy, in conjunction with the remuneration philosophy and strategy, is predicated on the following key principles:
- Remuneration should support the vision to be the most admired, branded FMCG company in selected emerging markets by attracting and retaining the right talent
- Remuneration should have a direct correlation with the growth plans and financial performance of the businesses and the group
- Remuneration should be reviewed and benchmarked annually through professional in-country service providers to ensure the group remains competitive in its diverse markets, never applying percentiles rigidly but considering industry type, skills scarcity, performance and legislative structures and requirements
- Remuneration must support the group's strategy, and be consistent with its culture of fairness and equity
- Remuneration should motivate, drive deeper engagement and allow for differentiation in rewarding high performers
- Individual contributions based on the role and responsibilities should have a direct bearing on levels of remuneration
- Variable remuneration (short and long-term incentives) practices should be tested periodically through external service providers to ensure these support the group's objective of reward for achieving short-term and long-term growth, and retaining talent. The remuneration committee actively participates in the entire process.

Remuneration mix, recognition and reward

The Tiger Brands group remuneration and reward system comprises the following elements:

Definitions of terms used in this policy
- Total remuneration package (excluding bargaining unit employees): comprises base pay and benefits, differentiated on performance and the size and complexity of the business
- Short-term incentives (for employees in middle management and above): annual short-term cash incentive based on attaining financial and strategic objectives. Primarily, this incentive is intended to improve financial performance and focus the attention of participants on key strategic objectives
- Long-term incentive (for employees in senior management and above): the medium to long-term investment by the group, through its various share incentive schemes, in its key talent to ensure sustained long-term growth and health of the group
- The group also invests in developing employees to ensure sustainable growth and excellent performance.

Total remuneration package (guaranteed)

In determining the appropriate level of total remuneration package, the following is considered:
- A role profile is determined based on competencies, outputs and behaviours required for the job
- The role profile fit within the organisational structure is determined and the appropriate job grade assigned
- Comparisons are made annually with external and internal benchmarks to ensure equity, fairness and defensibility
- Appropriate market percentiles are applied based on skills, experience, affordability and market competitiveness
- For existing employees, market percentiles are based on performance ratings, time in the role, whether development is still required to fulfil the role requirements, and value-add to the business and organisation as a whole.

- Scarce skills are determined annually and, where scarcity is due to demand outstripping supply, a plan is put in place to derisk the business or organisation. Where scarcity is the result of a unique combination of skills and experience an individual holds, deliberate efforts are made to build a talent pool around the scarce individual to derisk the business or organisation. Total remuneration package applied to this category of people is targeted at the top end of the market range or, alternatively, a non-pensionable temporary adjustment is considered until the market stabilises or the risk is mitigated
- The composition of the total remuneration package includes both compulsory (eg retirement) benefits and discretionary (eg medical aid) benefits. As the group has implemented a total remuneration package approach, employees are given a choice to join the Tiger Brands Medical Scheme should they value the quality of benefits offered
- Total remuneration packages are reviewed annually, now effective in December of each year. Previously, this review took place in October. The reason for the change was to better align the timing of the review with the company's upgraded performance management system. Interim reviews to total remuneration packages may be undertaken to retain talent, adjust to market, and on promotion of employees.

Short-term incentive

The group's short-term incentive scheme is designed to drive improved results annually. It is governed by scheme rules that are reviewed and approved by the remuneration committee annually.

- Eligibility for participation is based on attaining a combination of financial and strategic targets, reset annually
- The company has adopted a five-point individual performance rating scale and only qualifying employees rated two and above in the review period participate in this scheme
- Employees found guilty of gross misconduct will not be allowed to participate
- No adjustments are made for extraneous factors; the short-term incentive is based on reported earnings.

Long-term incentive

The long-term incentive scheme is designed to retain employees in the medium to long term, to focus their attention on longer-term strategic imperatives and ensure sustained growth of the organisation. This scheme is governed by rules that are reviewed and updated by the remuneration committee as required, to align with best practice.

- The group's executives and senior managers are eligible to participate in this scheme
- Eligibility criteria, the quantum of allocations and grants, as well as conditions governing each allocation and grant, are determined by the remuneration committee
- Allocations are made annually
- The board determines appropriate measures in dealing with allocations and grants made to employees subsequently found guilty of gross misconduct.

Recognition and rewards

- The group has mechanisms for recognising and rewarding its employees for excellence in various categories, including high performance, living the values, continuous improvement
- The group encourages participation in motivational programmes by individual businesses
- The businesses are encouraged to align their programmes to Tiger Stripes, the group's values-based performance recognition programme
- Businesses should invest in developing employees to ensure sustained performance and growth
- All people development initiatives should align to business goals and be based on personal development plans.

Governance

The remuneration committee takes an active role in reviewing the remuneration philosophy, policy, strategy and practices to ensure alignment to best practice and the strategic imperatives of the group. The desired outcome of the policy is to attract and retain the right talent for the group and align short-term and long-term incentive schemes with shareholder interests.

Variation

This policy may be varied at the discretion of the executive committee (for guaranteed remuneration) or the remuneration committee (for incentive schemes) at any time. This may include adding or deleting benefits. The policy applies to all employees and supersedes policies in place at the time of their appointment.

The policy is to be read in conjunction with the company's letter of appointment, disciplinary code, Code of Ethics, applicable employment legislation, as well as the company's short-term and long-term incentive scheme rules.

Executive remuneration

Total remuneration packages for executive directors and senior management are subject to annual review and independently benchmarked against external market data, considering the size of the company, its market sector and business complexity. Individual performance, as reflected by formal performance ratings, value-add to the business and organisation as a whole, and overall responsibility are also considered. For consistently high performers, the group's intention is to set guaranteed (non-variable) pay at above-median levels of remuneration as reflected by an appropriate external executive remuneration survey.

Details of remuneration payable to executive directors, prescribed officers and members of the executive committee for the 2014 and 2015 financial years are set out in note 4.2 of the annual financial statements.

In addition, executive directors and senior management participate in a short-term incentive bonus plan and the Tiger Brands 2013 Share Plan (and previously the Tiger Brands phantom cash-settled option scheme). One executive director and four members of the executive committee also participate in one or both of the company's black manager empowerment schemes.

Incentive bonus plan

Executive directors and senior management participate in an annual incentive bonus plan, based on achieving short-term performance targets. These targets comprise a financial component and a number of strategic components.

In September 2014, the remuneration committee appointed PricewaterhouseCoopers to conduct a holistic review of the company's short-term incentive scheme to ensure that this was in line with best practice and that its construction had the correct balance between personal and business performance.

Following the review, and in line with local and global best practice, we now calculate the structure of the short-term incentive plan on a multiplier basis:

Short-term incentive = total remuneration package (TRP) x on-target % x business multiplier x personal multiplier

The business multiplier will range from 0% for unacceptable business performance to 100% for meeting suitably challenging performance targets to a maximum of 150% for meeting stretch targets. The personal multiplier, which will also range from 0% to 150%, will reflect the performance of individuals against a set of measures and targets aligned with their portfolio and responsibilities. The business multiplier will have a weighting of 70% based on group HEPS performance, and 30% based on strategic measures (previously 80% and 20% respectively).

In 2015, the short-term incentive scheme for members of the Tiger Brands executive committee (including the chief executive officer) reflected an unchanged on-target level of 50% of TRP, with a maximum incentive of 112,5% of TRP for meeting stretch business and personal performance levels.

Measures and targets are set and reviewed annually by the remuneration committee.

For 2015, the strategic element of the bonus had a number of components, focused on specific areas (weightings in brackets):

- Continued reduction in losses at TBCG – achieving approved budget (8%)
- Meaningful increase in the group's innovation rate – at least one percentage point higher against total group turnover (5%)
- Demonstrable progress in regaining market shares – measured by achieving a specified total volume growth target for the categories in which Tiger Brands participates (5%)
- Achieving net savings of R200 million in specific group cost-saving initiatives – financial shared services, information technology, procurement and manufacturing efficiencies (4%)
- Drive a high-performance culture by implementing the group's new performance management approach, underpinned by differentiated pay for performance and an improved performance rating trend line (4%)
- Effective leadership development and considered strategic appointments (4%).

Incentive bonuses payable to executive directors for 2015 are set out in the table of directors' emoluments under note 4.2 of the annual financial statements. Incentive bonuses payable to prescribed officers are reflected in a separate table below directors' emoluments. Incentive bonuses payable to members of the executive committee, excluding executive directors and prescribed officers, are aggregated under note 4.2 of the annual financial statements.

The strategic measures for 2016 will focus on the Africa turnaround strategy, specific initiatives to drive operational excellence, product innovation, the further recovery of Tiger Brands' market shares, new cost-reduction initiatives, talent management and succession planning.

Tiger Brands Limited 2013 Share Plan

This share plan was implemented in February 2013. It is in line with global best practice and emerging South African practice, as it recognises the required attributes of shareholder alignment, retention of key talent and long-term sustained performance.

Its purpose is to attract, retain, motivate and reward executives and managers who are able to influence the performance of Tiger Brands and its subsidiaries on a basis that aligns their interests with those of the company's shareholders.

Under the 2013 Share Plan, executives and selected managers of the company and its subsidiaries will annually be offered a weighted combination of:

- Allocations of share appreciation rights
- Conditional awards of full-value performance shares
- Grants of full-value restricted shares.

The correlation between share price and company financial performance is often influenced by exogenous factors that can override executive performance. The 2013 Share Plan focuses executive attention and reward on performance by combining a growth-oriented element (share appreciation right) with two full-value elements, one rewarding future company performance (performance share) and the other rewarding actual individual performance and retaining key talent (restricted share).

The share appreciation right element is similar in architecture to Tiger Brands' 2006 cash-settled phantom share option scheme. Under the latter scheme, annual allocations were based on a set multiple of guaranteed package to define a face value. The number of phantom share options was then derived by dividing the face value amount by the prevailing share (strike) price. This methodology has been retained in allocating share appreciation rights under the 2013 Share Plan, but with a reduced set multiple to accommodate the parallel offer of the two other elements, both forms of full-value shares.

When a participant exercises a phantom share option or share appreciation right, the value that accrues is the positive gain (appreciation) of the underlying share price above the strike price. Full-value shares differ as there is no strike price; the full value of the share accrues to a participant on vesting. As such, full-value shares rely less on share price growth, and are less sensitive to the volatility of share prices, timing of offers and external factors that can drive share prices.

Performance shares closely align the interests of shareholders and executives by rewarding superior shareholder and financial performance in future. Performance shares will be awarded mainly to senior executives who can influence and impact long-term strategic performance.

Restricted shares provide for share-based retention of senior managers who, through their annual performance, have demonstrated their value to the company. Restricted shares will primarily be granted to high-performing senior managers to assist in their retention. The restricted share element of the plan will also offer the opportunity for executives to electively waive a portion (25%, 33% or 50%) of their annual cash incentive bonus, and to use the elective deferred portion to invest in Tiger Brands shares, matched by the company with additional shares.

Offers will be governed by our reward philosophy and strategy, in which a target reward is set for defined categories of executives and senior management. Target reward is defined as the present value of the future reward outcome of an allocation, given the targeted future performance of the company and of its share price.

The combined, weighted implementation of these elements of the 2013 Share Plan will allow Tiger Brands to remain competitive in annual and share-based incentives, and ensure executives share a significant level of personal risk with the company's shareholders.

Share appreciation rights element

Annual allocations of share appreciation rights will be made to executives and selected managers. They can be settled in equal thirds on the third, fourth and fifth anniversaries of the date of allocation, but need not be exercised until the sixth anniversary, when they must be exercised or they will lapse.

On settlement, the value accruing to participants will be the appreciation of Tiger Brands' share price. Settlement may be in cash (as with the 2006 Phantom Cash-settled Option Scheme) or in shares, which may be issued and allotted, or acquired and transferred to participants. The company intends to settle these in shares.

These share appreciation rights will be subject to performance vesting criteria, with the number of share appreciation rights vesting relative to the full number allocated being proportionately reduced if company financial performance targets are not met. The performance criteria in the following table were adopted for the 2006 Phantom Cash-settled Option Scheme for the vesting of 50% of any allocation, and will now continue to be applied to 100% of any allocation of share appreciation rights.

Sliding scale for applying performance vesting conditions
(based on a targeted increase of 3% per annum real growth rate in HEPS over three, four and five-year periods)

Threshold levels for real HEPS growth	% of allocation to vest
>0% and <0,5%	5
≥0,5% and <1,0%	10
≥1,0% and <1,5%	16
≥1,5% and <2,0%	27
≥2,0% and <2,5%	44
≥2,5% and <3,0%	75
≥3,0%	100

Share appreciation rights will be allocated at a reduced level compared to allocations made under the phantom cash option scheme, with the balance of the allocation comprising a weighted combination of the other two elements detailed below.

Performance share element

Annual conditional awards of performance shares will be made to executives and senior managers. These will vest on the third anniversary of their award, if the company has met specified performance criteria over that period. Essentially, the value per share that vests is the full value of the share (no strike price), but the number of shares that will vest depends on the company's performance over the intervening three-year period against set targets.

The board will determine the performance criteria for each award. For awards made in 2013, 2014 and 2015, it was agreed that vesting would be determined by the company's comparative total shareholder return (TSR) relative to the constituent members of the FINDI 30 index.

The vesting of these performance shares will thus be based on the relationships summarised below. If Tiger Brands' TSR over the three-year period places it in:

- 15th position out of the 30 companies comprising the index, then the targeted number (one-third of the maximum number) of performance shares awarded will vest
- 7th position or better, the maximum number (three times the targeted number) of performance shares awarded will vest
- 23rd position or worse, all performance shares awarded will be forfeited
- Between 7th and 15th position on the one hand, or between 15th and 23rd position on the other, a pro rated number of performance shares will vest.

No retesting against the performance criteria will be allowed. Any performance shares that do not vest at the end of the three-year period will be forfeited. It is envisaged that the award of performance shares will feature at all executive and senior management levels, but feature more strongly the higher the participant's grade in the organisation.

Restricted share element

Annually, executives, senior managers and key talent will receive a grant of restricted shares. The value of restricted shares granted will be linked to the annual cash bonus scheme, in one or a combination of:

Bonus matching

- Matching, according to a specified ratio, the actual annual cash incentive accruing to the executive. Standard matching ratios have been set for each grade, based on:
  - The on-target bonus percentage for the grade
- The required balance within the offer of full-value shares between performance shares and restricted shares:
  - Chief executive officer – 70%/30%
  - Executive committee – 60%/40%
  - Senior management – 50%/50%.

Bonus deferral

- An elective, prior year-end deferral of a portion (25%, 33% or 50%) of an individual's actual bonus calculation and its immediate conversion into restricted shares, with matching by the company (according to a set ratio) through additional restricted shares.

As individuals are effectively opting to put an element of a cash bonus that would otherwise accrue to them at risk, the bonus deferral sub-element of the 2013 Share Plan may be termed a "co-investment plan". All restricted shares will vest after three years and are not subject to any further performance conditions. The restricted share element provides for share-based retention of executives who, through their annual performance, have demonstrated their value and commitment to the company.

Vesting of share options on termination of employment – Phantom Cash-settled Option Scheme

The Tiger Brands Phantom Cash-settled Option Scheme was adopted on 23 February 2006. In terms of this scheme, cash options have been granted annually to executive directors and senior managers from 2006 to the last allocation in February 2013, which was made as part of the transition to the Tiger Brands 2013 Share Plan (page 83).

If an individual's employment is terminated, vesting of any outstanding (unvested) share options under the Phantom Cash-settled Option Scheme depends on the reasons for termination. The termination rules are in line with the recommendations of King III after certain changes were made to the rules in late 2010.

A summary of the rules that apply to all unvested phantom cash options at 30 September 2015 is set out below.

Termination event	Consequence
Resignation and dismissal	Options not exercised on or before the last date of employment will lapse
Normal retirement	No early vesting. All options will be retained and will vest post-retirement subject to normal vesting criteria
Early retirement	No early vesting. The number of options retained will be pro rated, based on the period of service at the date of early retirement relative to the full vesting period of the unvested options. Retained options will vest post-retirement subject to the normal vesting criteria applicable to the respective years
Retrenchment	The number of options retained will be pro rated, based on the period of service at the date of retrenchment relative to the full vesting period of the unvested options. The 50% portion of these options that are not subject to performance conditions will be allowed to vest early and must be exercised within six months after the date of retrenchment. The remaining 50% will not vest early and will continue to be subject to the specified performance conditions
Disposal of a subsidiary or business	The number of options retained will be pro rated, based on the period of service at the date of disposal relative to the full vesting period of the unvested options. A total of 50% of retained options must be exercised within six months after the date of disposal. The remainder will continue to be subject to performance conditions
Death	Performance conditions are waived and all unvested options are deemed to vest on the date of death. These options must be exercised by the executor within six months after date of death

Vesting of share appreciation rights and full-value shares on termination of employment – Tiger Brands 2013 Share Plan

If an individual's employment is terminated, vesting of any outstanding (unvested) share options or full-value shares under the 2013 Share Plan depends on the reasons for termination. The termination rules are in line with the recommendations of King III. The principles to be applied for units awarded under the 2013 Share Plan are summarised below.

The consequence of terminating employment is based on the definition of no-fault versus fault termination. The definition of a no-fault termination is the termination of employment of a participant by the company or applicable employer company by reason of:

- Death
- Injury, disability or ill health
- Dismissal based on operational requirements in terms of the Labour Relations Act No 66 of 1995
- Retirement on or after the normal retirement date
- Voluntary early retirement in terms of the rules of the retirement plan of which the participant is a member
- The company where the participant is employed, ceasing to be a member of the Tiger Brands group
- Mutual agreement between the company and the participant
- The undertaking in which the participant is employed being transferred to an entity that is not a member of Tiger Brands.

Under these circumstances, if employment is terminated on a no-fault basis, then, depending on the nature of the unit (ie whether it is a share appreciation right, performance share or restricted share) and the reasons for termination, a participant may either retain all units or only a pro rata portion. Accelerated vesting and settlement of the retained units may apply in certain circumstances.

The definition of a fault termination is terminating the employment of a participant by reason of dismissal for misconduct or poor performance or resignation by the participant.

If employment is terminated on a fault basis, the units will be cancelled.

Remuneration report continued

Phantom Cash-settled Option Scheme

Executive directors

Details of phantom cash-settled options held by executive directors under this scheme, as at 30 September 2015, appear below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to retention	Number of options subject to per-formance targets	Grant price (Rand)	Number of options vested at 30 September 2015	Fair market value of vested options at 30 September 2015 (R000)
NP Doyle	Feb 2013	30 000	–	–	–	30 000	15 000	15 000	299,83	–	–
	Jul 2012	30 000	–	–	5 000	25 000	15 000	10 000	252,01	5 000	349
Total		60 000	–	–	5 000	55 000	30 000	25 000	–	5 000	349
O Ighodaro	Feb 2013	3 400	–	–	–	3 400	1 701	1 699	299,83	–	–
	Feb 2012	18 900	–	–	3 150	15 750	9 450	6 300	253,18	3 150	211
	Jun 2011	18 209	–	–	3 641	14 568	10 926	3 642	186,97	7 284	859
Total		40 509	–	–	6 791	33 718	22 077	11 641	–	10 434	1 070
PB Matlare	Feb 2013	4 400	–	–	–	4 400	2 200	2 200	299,83	–	–
	Feb 2012	32 800	–	–	5 467	27 333	16 401	10 932	253,18	5 467	366
	Feb 2011	29 417	–	11 766	5 884	11 767	5 885	5 882	189,09	–	–
	Feb 2010	61 000	–	24 400	–	36 600	–	36 600	172,07	–	–
Total		127 617	–	36 166	11 351	80 100	24 486	55 614	–	5 467	366
CFH Vaux	Feb 2013	3 700	–	–	–	3 700	1 851	1 849	299,83	–	–
	Feb 2012	20 600	–	–	3 433	17 167	10 300	6 867	253,18	3 433	230
	Feb 2011	18 417	–	–	3 683	14 734	11 050	3 684	189,09	7 366	893
	Feb 2010	45 400	–	–	–	45 400	22 701	22 699	172,07	22 701	3 022
Total		88 117	–	–	7 116	81 001	45 902	35 099	–	33 500	4 145

Prescribed officers

Details of phantom cash-settled options held by prescribed officers under Tiger Brands Phantom Cash-settled Option Scheme, as at 30 September 2015, appear below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to retention	Number of options subject to per-formance targets	Grant price (Rand)	Number of options vested at 30 September 2015	Fair market value of vested at options 30 September 2015 (R000)
NG Brimacombe	Feb 2013	3 600	–	–	–	3 600	1 800	1 800	299,83	–	–
NG Brimacombe	Feb 2012	19 800	–	–	3 300	16 500	9 900	6 600	253,18	3 300	221
NG Brimacombe	Feb 2011	14 200	–	–	3 550	10 650	7 100	3 550	189,09	3 550	421
NG Brimacombe	Feb 2010	30 266	–	–	–	30 266	7 565	22 701	172,07	7 565	1 007
Total		67 866	–	–	6 850	61 016	26 365	34 651	Various	14 415	1 649

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of phantom cash options held by members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2015, appear below:

	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to retention	Number of options subject to perform-ance targets	Grant price (Rand)	Number of options vested at 30 September 2015	Fair market value of vested options at 30 September 2015 (R000)
Total	Various	232 184	–	52 306	22 387	157 491	78 768	78 723	Various	47 165	5 542

Tiger Brands Limited 2013 Share Plan

Executive directors

Details of share appreciation rights allocated to executive directors under this plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to per-formance targets	Grant price (Rand)	Number of options vested at 30 September 2015
NP Doyle	Feb 2015	–	11 540	–	–	11 540	11 540	385,33	–
	Feb 2014	12 950	–	–	–	12 950	12 950	254,45	–
Note 1	Feb 2014	5 250	–	–	–	5 250	5 250	254,45	–
Total		18 200	11 540	–	–	29 740	29 740	–	–
O Ighodaro	Feb 2015	–	11 800	–	–	11 800	11 800	385,33	–
	Feb 2014	13 290	–	–	–	13 290	13 290	254,45	–
Note 1	Feb 2014	5 390	–	–	–	5 390	5 390	254,45	–
	Sep 2013	21 200	–	–	–	21 200	21 200	298,67	–
	Feb 2013	9 500	–	–	–	9 500	9 500	299,83	–
Total		49 380	11 800	–	–	61 180	61 180	–	–
PB Matlare	Feb 2015	–	17 640	–	–	17 640	17 640	385,33	–
	Feb 2014	20 540	–	–	–	20 540	20 540	254,45	–
	Feb 2013	16 300	–	–	–	16 300	16 300	299,83	–
Total		36 840	17 640	–	–	54 480	54 480	–	–
CFH Vaux	Feb 2015	–	9 060	–	–	9 060	9 060	385,53	–
	Feb 2014	12 880	–	–	–	12 880	12 880	254,45	–
Note 1	Feb 2014	5 220	–	–	–	5 220	5 220	254,45	–
	Feb 2013	10 300	–	–	–	10 300	10 300	299,83	–
Total		28 400	9 060	–	–	37 460	37 460	–	–

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

Remuneration report continued

Details of performance shares awarded to executive directors under the Tiger Brands Limited 2013 Share Plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of performance shares vested at 30 September 2015
NP Doyle	Feb 2015	–	2 490	–	–	2 490	385,33	–
	Feb 2014	2 790	–	–	–	2 790	254,45	–
Total		2 790	2 490	–	–	5 280	–	–
O Ighodaro	Feb 2015	–	2 540	–	–	2 540	385,33	–
	Feb 2014	2 860	–	–	–	2 860	254,45	–
	Feb 2013	2 000	–	–	–	2 000	299,83	–
Total		4 860	2 540	–	–	7 400	–	–
PB Matlare	Feb 2015	–	4 410	–	–	4 410	385,33	–
	Feb 2014	5 140	–	–	–	5 140	254,45	–
	Feb 2013	4 100	–	–	–	4 100	299,83	–
Total		9 240	4 410	–	–	13 650	–	–
CFH Vaux	Feb 2015	–	1 950	–	–	1 950	385,35	–
	Feb 2014	2 780	–	–	–	2 780	254,45	–
	Feb 2013	2 200	–	–	–	2 200	299,83	–
Total		4 980	1 950	–	–	6 930	–	–

Details of restricted shares granted to executive directors under the Tiger Brands Limited 2013 Share Plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of restricted shares vested at 30 September 2015
NP Doyle	Feb 2015	–	2 320	–	–	2 320	–	–
Total		–	2 320	–	–	2 320	–	–
O Ighodaro	Feb 2015	–	2 380	–	–	2 380	–	–
Total		–	2 380	–	–	2 380	–	–
CFH Vaux	Feb 2015	–	1 850	–	–	1 850	–	–
Total		–	1 850	–	–	1 850	–	–

Prescribed officers

Details of share appreciation rights allocated to prescribed officers under the Tiger Brands Limited 2013 Share Plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to performance targets	Grant price (Rand)	Number of options vested at 30 September 2015
NG Brimacombe	Feb 2015	–	8 890	–	–	8 890	8 890	385,33	–
NG Brimacombe – Note 1	Feb 2014	5 120	–	–	–	5 120	5 120	254,45	–
NG Brimacombe	Feb 2014	12 640	–	–	–	12 640	12 640	254,45	–
NG Brimacombe	Sep 2013	20 100	–	–	–	20 100	20 100	298,67	–
NG Brimacombe	Feb 2013	10 000	–	–	–	10 000	10 000	299,83	–
AG Kirk	Feb 2015	–	8 260	–	–	8 260	8 260	385,33	–
AG Kirk	Feb 2014	11 800	–	–	–	11 800	11 800	254,45	–

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

Details of performance shares awarded to prescribed officers under the Tiger Brands Limited 2013 Share Plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of performance shares vested at 30 September 2015
NG Brimacombe	Feb 2015	–	1 920	–	–	1 920	385,33	–
NG Brimacombe	Feb 2014	2 720	–	–	–	2 720	254,45	–
NG Brimacombe	Feb 2013	2 200	–	–	–	2 200	299,83	–
AG Kirk	Feb 2015	–	1 780	–	–	1 780	385,33	–
AG Kirk	Feb 2014	2 540	–	–	–	2 540	254,45	–

Details of restricted shares granted to prescribed officers under the Tiger Brands Limited 2013 Share Plan, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of restricted shares vested at 30 September 2015
NG Brimacombe	Feb 2015	–	1 810	–	–	1 810	385,33	–
AG Kirk	Feb 2015	–	1 690	–	–	1 690	385,33	–
AG Kirk	Dec 2014	–	7 084	–	–	7 084	382,41	–

Remuneration report continued

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of share appreciation rights allocated to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Exercised 2015	Forfeited 2015	Holding at 30 September 2015	Number of options subject to performance targets	Grant price (Rand)	Number of options vested at 30 September 2015
Total for 2015	Feb 2015	–	25 860	–	–	25 860	25 860	385,33	–
Total for 2014	Feb 2014	66 416	–	–	11 970	54 446	54 446	254,45	–
Total for 2013	Feb 2013	30 036	–	–	–	30 036	30 036	299,83	–

Aggregated details of performance shares awarded to members of the executive committee, other than executive directors and prescribed officers above, at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of performance shares vested at 30 September 2015
Total for 2015	Feb 2015	–	4 710	–	–	4 710	385,33	–
Total for 2014	Feb 2014	8 493	–	310	2 533	5 650	254,45	–
Total for 2013	Feb 2013	5 400	–	–	1 000	4 400	299,83	–

Aggregated details of restricted shares granted to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2015, are set out below:

Name	Date of grant	Holding at 1 October 2014	Granted 2015	Settled 2015	Forfeited 2015	Holding at 30 September 2015	10-day VWAP share price on grant date	Number of restricted shares vested at 30 September 2015
Total for 2015	Various	–	6 324	–	–	6 324	Various	–

Black Managers Trust

The Tiger Brands Black Managers Trust (BMT I) was established in 2005 as part of the company's Phase I staff empowerment transaction implemented in October 2005. In terms of this transaction, the allocation of participation rights to black managers will entitle beneficiaries to receive the underlying Tiger shares (and shares in Adcock Ingram on a one-for-one basis) – after making the required capital contributions to BMT I – at any time after the specified lock-in period. For all shares allocated on or before 31 July 2010, the lock-in date was 1 January 2015. The lock-in date for allocations made after that date varies, depending on the date of allocation.

In terms of the Phase 1 transaction, PB Matlare, the chief executive officer of the company, was allocated the rights to 13 500 Tiger shares in July 2008 at an initial notional price of R117,91 per underlying share. This notional cost will vary over time in terms of a repurchase formula and, when these participation rights are taken up, the participant will be entitled to receive 13 500 Tiger Brands shares, as well as 13 500 Adcock Ingram shares. In addition, on 31 December 2009, a top-up allocation of rights to 2 763 Tiger Brands shares (and 2 763 Adcock Ingram shares) was awarded by BMT I to PB Matlare at an initial combined notional price of R122,39 for a Tiger Brands and an Adcock share.

PB Matlare exercised his rights on the 16 263 Adcock shares allocated to him in the current financial year, resulting in a gain of R438 926.

In addition to these allocations, certain members of the executive committee have received various allocations from BMT I. These represent, in aggregate, the rights to 53 526 Tiger Brands shares (and 52 476 Adcock Ingram shares), allocated at an initial combined notional price ranging between R98,57 and R122,39 for a Tiger Brands and an Adcock Ingram share.

In the current financial year, rights to 16 263 Adcock shares were exercised, resulting in a gain of R494 102.

The Tiger Brands Black Managers Trust II (BMT II) was established as part of Tiger Brands' Phase II empowerment transaction that was implemented in October 2009. In terms of this scheme, PB Matlare received an allocation of rights to 16 300 Tiger shares on 31 January 2010 at a notional price of R147,59 per share. The lock-in period of the BMT II scheme expires on 31 December 2017. In terms of this scheme and as a retention mechanism, PB Matlare also received an allocation of rights to 58 900 Tiger shares on 1 January 2014, at a notional price of R173,76 per share.

In addition, certain members of the executive committee have also received allocations from BMT II. These represent, in aggregate, the rights to 153 692 Tiger Brands shares, allocated at a notional price ranging between R147,59 and R181,16 per share.

Share dilution limits

In terms of the rules of the Tiger Brands Phantom Cash-settled Option Scheme, at any point, the aggregate of the number of phantom shares for all unexercised options in terms of the scheme, is limited to 10% of the total issued share capital of the company. As at 30 September 2015, the aggregate number of all outstanding options under the scheme represented 0,36% (2014: 0,97%) of the company's total issued share capital.

The maximum aggregate number of shares that may be acquired by participants under the 2013 Share Plan and any other share plan is not to exceed 5 500 000 shares. For any one participant the maximum aggregate number is not to exceed 550 000 shares. In determining these limits, shares that have been acquired through the JSE and transferred to participants are not considered. As at 30 September 2015, the actual number of shares that may be acquired by participants under the 2013 Share Plan is, in aggregate, 1 824 026 shares (2014: 1 486 082 shares).

Retirement benefits

During the year, the group made contributions on behalf of executive directors to an umbrella retirement scheme operated by Investment Solutions. This is a defined contribution retirement plan, with the company contributing 15,7% (2014: 15,7%) of gross pensionable remuneration for retirement funding. The cost of these contributions is a component of the directors' total remuneration packages. The two prescribed officers are also members of this umbrella retirement scheme.

In addition, five other members of the executive committee participated in this umbrella retirement scheme. The two remaining members of the executive committee belong to the Tiger Brands Management Provident Fund, a defined contribution plan. The company contributed on average 16,5% (2014: 16,1%) of gross pensionable remuneration to the Tiger Brands Management Provident Fund for retirement funding.

Details of contributions made in the review period on behalf of executive directors, prescribed officers and other members of the executive committee appear in note 4.2 of the annual financial statements.

Other benefits

Executive directors, prescribed officers and other members of the executive committee enjoy various benefits, including medical aid cover, permanent health insurance, death in service and funeral cover, as well as a travel allowance where applicable.

The total values of other benefits paid for executive directors, prescribed officers and other members of the executive committee are set out in note 4.2 of the annual financial statements.

Executive service contracts

Executive directors, prescribed officers and other members of the executive committee are not employed on fixed-term contracts and have standard employment agreements with current notice periods of either one or three months. The current retirement age is 63 although a retirement age of 65 applies to two members.

Contractual entitlements on terminating employment include, for employees who leave due to retirement or retrenchment, a pro rata short-term incentive payment, subject to the extent of achieving the relevant financial and strategic performance targets at the end of the financial year and the necessary individual performance agreement being in place for the individual concerned at the date of exit. This pro rata incentive payment is subject to the relevant employee being in service for a minimum period of three months during the financial year in question. No pro rata bonus is paid for employees who leave other than for reasons of retirement or retrenchment.

The termination rules relating to options issued under the Tiger Brands Phantom Cash-settled Option Scheme and instruments issued under the Tiger Brands Limited 2013 Share Plan are on pages 82 and 83.

Succession planning

Developing a formal succession plan for senior and executive management takes place annually. The plan is discussed and approved by the executive committee and submitted to the remuneration and nomination committee for discussion and final approval. The objective is to ensure that immediate succession is in place and to develop a talent pool with potential for development and future placement. This includes managers at lower levels. The succession planning process includes all the company's international businesses.

External company board appointments

Tiger Brands encourages members of the executive committee to consider accepting appropriate opportunities to serve as non-executive directors on the main board or board committees of external companies. Tiger Brands believes this policy encourages members of the executive to broaden their skills base and experience. A formal policy has been adopted, in terms of which an executive member is limited to one substantive outside directorship. In terms of the policy, the chairman of Tiger Brands, as chairman of the nomination committee, and the chairman of the remuneration committee are required to authorise any such appointment based on a recommendation from the chief executive officer. Directors' fees paid to executive members by outside companies under this policy may be retained by the individual concerned. Tiger Brands currently has two members of the executive committee serving as non-executive directors on the main boards of external companies.

Non-executive directors

Non-executive directors are expected to carry out all the tasks and duties normally associated with the position of a non-executive director as defined by the Companies Act, King III and the memorandum of incorporation of the company. The board and each of its committees have a charter setting out their respective responsibilities.

Non-executive directors are expected to provide the organisation with leadership, expertise and knowledge on strategy, enterprise, innovative ideas and to contribute to its business planning.

Non-executive directors are compensated based on their overall contribution and input to the company, and not just for attendance at board and committee meetings. Consistent non-attendance at meetings, if applicable, will be appropriately handled as part of the company's board evaluation process. On this basis, non-executive directors receive an annual fee for their services on the board and its committees, rather than a base fee and a separate meeting attendance fee as contemplated by King III.

There are no contractual arrangements for compensation for the loss of office. Non-executive directors do not receive short-term incentives or participate in the company's long-term incentive scheme. Annual fees payable to non-executive directors for the period that started on 1 March 2015 were approved by shareholders on 9 February 2015.

Fees payable to non-executive directors are approved by shareholders in terms of the company's memorandum of incorporation. In terms of the memorandum of incorporation, non-executive directors who perform services outside the scope of their ordinary duties may be paid additional remuneration, with the reasonable maximum fixed by a disinterested quorum of directors.

The board recommends fees payable to non-executive directors for approval by shareholders at the annual general meeting. Proposals for fees are first prepared by the executive committee for consideration by the remuneration and nomination committees, after which a final recommendation is made to the board for its consideration prior to being presented to shareholders for approval.

Consideration is given to the increasing levels of responsibility being placed on directors, as well as to market benchmarks for similar sized companies and projected inflation over the relevant period.

The table below sets out the current and prior annual fees:

Fees for non-executive directors

	1 March – 29 February 2016	1 March – 28 February 2015
Base fee (Rand)	344 063	323 064
Committee chair		
Audit committee	261 487	245 528
Remuneration committee	194 995	183 094
Risk and sustainability committee	178 920	168 000
Social, ethics and transformation committee	148 635	139 564
Committee membership		
Audit committee	134 249	126 055
Remuneration committee	97 052	91 128
Risk and sustainability committee	82 910	77 850
Social, ethics and transformation committee	74 317	69 781
Chairman's remuneration	1 597 825	1 500 305
Deputy chairman's remuneration	825 750	775 352

The chairman and deputy chairman do not receive any additional remuneration for participating in committees of the board.

In addition to these fees, non-executive directors are currently paid R18 100 per special meeting of the board and R3 600 per hour for any additional work undertaken, provided that payment for such additional work is approved by the remuneration and nomination committees and the chief executive officer.

With effect from July 2015, members of the nominations committee (other than the chairman of the committee) receive a fee of R3 600 per meeting of the committee.

Fees paid to individual non-executive directors for the year ended 30 September 2015 are disclosed in the table of directors' emoluments under note 4.2 of the annual financial statements.

The board, based on the recommendation of the remuneration committee, has determined that shareholders be requested to approve that various fees payable to non-executive directors be increased from 1 March 2016. Shareholder approval will also be sought to increase fees paid for attendance at special board meetings and additional work undertaken by non-executive directors.

Remuneration report continued

Details of proposed increases appear in the notice of annual general meeting of shareholders to be held on 16 February 2016. Resolutions to be voted on by shareholders relating to directors' remuneration increases are special resolutions number 2, 3 and 4.

It is company practice to conduct an external benchmarking exercise on fees payable to non-executive directors every two years. A market review of non-executive directors' remuneration was undertaken in 2015 and forms the basis of the proposed increases, effective from 1 March 2016. The current fees have accordingly been adjusted by market-related increases of between 5,0% and 9,0% for the year beginning 1 March 2016, subject to shareholder approval. In the case of the remuneration committee, no increases are proposed, either to the chairman of the committee or the individual committee members, as the current fees paid are in line with the market.

Board evaluation process

In compliance with various regulatory frameworks (including the JSE Listings Requirements, Companies Act and King III), in 2014 the Tiger Brands board and its committees participated in an external evaluation exercise conducted by an independent service provider. A comprehensive evaluation process gives the board of directors the opportunity to enhance performance and to better meet the needs of the company and its stakeholders through:

- Improved board performance by identifying areas that require attention and training
- Confirmation that matters are being discussed and approved in the most appropriate governance forums
- Assessing whether the board, its members and committees are operating optimally.

The evaluation is intended to contribute to ensuring that the board of directors is strong, balanced and independent.

The 2014 evaluation process concluded that the board was a high-performing body, although some areas were identified where improvements to its effectiveness could be made, including:

- Ongoing training in areas relevant to the board, particularly distinguishing between the roles played by management and the board
- Enhanced understanding of the company's operations through more regular site visits
- Expanding the board by including a director or directors with relevant experience in key areas of strategic focus outside South Africa.

Progress was made in 2015 in addressing these areas. Board training was conducted in November 2014, with the next board training session planned for February 2016. Board site and trade visits took place in Nigeria and, in addition, new non-executive directors visited certain South African manufacturing operations. A trade visit programme designed and led by the customer executive, gives new directors further insight on the customer and consumer aspects of the business.

During the year, Michael Ajukwu and Yunus Suleman were appointed to the board. Both directors, in addition to Mark Bowman, have significant experience in African developing markets.

In terms of company policy, an internal board evaluation exercise is conducted every alternate year. The internal assessment this year was completed in October 2015.

This year's evaluation was based on three themes, namely board structure, effectiveness and processes.

On board structure, there were no matters which the board thought needed significant improvement, but the following observations were made:

- There was a need for more FMCG emerging market experience
- Improvement in black female diversity would be an added benefit.

On board effectiveness, the feedback was that management could be more effective in the execution of strategy tracking, while on board processes, the board considered that tighter succession planning was required.

Risk management report

Risk management

Effective risk management is fundamental to the business activities of our group. Tiger Brands has a comprehensive risk management programme, which has been implemented across all its operations. By identifying and proactively addressing risks and opportunities, the group is able to sustain value for stakeholders while protecting its business operations, reputation and the wellbeing of its employees.

A formal risk policy is in place, outlining Tiger Brands' risk management objectives and the process for continually identifying, evaluating and managing risks.

Risk control framework

The risk management process involves identifying and documenting key risks, which are assessed by likelihood and impact. The controls and business processes in place to manage risks are evaluated and action plans developed to manage risk to an acceptable level.

Responsibility and accountability for risk management permeates all levels of the organisation and Tiger Brands has established a culture of risk management that is embedded through processes, resources and structures. These include internal audit, risk control and environmental audits, systems, insurance, IT security, compliance processes, quality management and a range of line management interventions. Risk management is further strengthened by enforcing the group's code of conduct and encouraging employees to use the confidential ethics hotline to report concerns.

The board obtains assurance that controls for identified risks are operating effectively through a multi-tiered combined assurance framework, comprising the following:

The board	Risk and sustainability committee	Executive directors and management
❍ Retains ultimate responsibility for oversight of the group's risk management processes ❍ Sets the level of risk tolerance and limits of risk appetite for the group ❍ Instils a prudent approach to risk ❍ Ensures the group's strategic objectives, management priorities and stakeholder expectations inform decisions ❍ Monitors the effectiveness of the risk management process.	❍ Actively monitors key risks as part of its standard agenda ❍ Oversees the group's risk management programme ❍ Reports to the audit committee and the board ❍ Regularly focuses on the process for determining the group's lost-time injury frequency rate (LTIFR) and the severity of injuries, and annually reviews LTIFR targets across the group.	❍ Are responsible for day-to-day risk management ❍ Regularly review strategic and operational risks at divisional level, prioritising high-risk areas. Responsibility for each identified risk is assigned to an appropriate member of the senior management team who reports to the executive committee on steps taken to manage or mitigate these risks ❍ Drive specific risk control initiatives, addressing health and safety management, security, fire defence, food safety, environmental management and quality management.

Insourced and outsourced internal auditors and other assurance providers

- ❍ Conduct core assurance and risk-based audits focused on the control environment, as well as key risks identified through the company's risk management process
- ❍ Address potential fraud or criminal activity and respond to issues from the ethics hotline
- ❍ Follow-up work on issues requiring investigation.

Tiger Brands has a zero-tolerance approach to legislative non-compliance in any jurisdiction in which it operates.

External auditors Ernst & Young Inc, external assurance providers, other professional service providers and regulatory/legislative audits

- ❍ The preparation of the annual financial statements remains the responsibility of the directors. The audit committee meets regularly with the external auditors and formally evaluates their independence annually
- ❍ The independent external auditors report on whether the annual financial statements fairly present the state of affairs of the company and the group, in compliance with IFRS and the Companies Act.

Environment risk assurance

Marsh Proprietary Limited conducts compliance audits and reports on the group's environment, health and safety risk management programme.

Risk management report continued

Significant risks

Tiger Brands has identified the most significant inherent risks facing the group. These are not presented in any order of priority. Additional risks and uncertainties not presently known to the group (or currently deemed immaterial) may arise (or worsen in severity), which could affect the long-term sustainability of the group's business and/or operations.

Increased domestic competition

As outlined on page 22, the operating environment in South Africa remains challenging, with low economic growth, inflationary pressures arising from the weak currency and ongoing financial pressure on consumers driving a more competitive trading environment. In response to these challenges, we have implemented clear brand investment plans and continuously review the entire value chain to identify efficiency and cost saving opportunities.

Innovation

Given the intensely competitive trading environment, the group's ability to anticipate consumer preferences and offer relevant, high-quality products is critical to ensuring that we maintain our market shares and continue to strengthen our brands. As outlined in the strategy section (page 28), the group is intensifying its brand building efforts through increased marketing support, new product development and innovation and investing appropriately in its own R&D resources as well as other external networks.

Expansion of private label offerings

To stimulate consumer demand and drive volume growth into their stores, retailers are increasingly competing against branded manufacturers and other retailers through focused private-label offerings and extended promotional activity. This means increased pricing pressure on branded products and higher distribution costs for manufacturers as retailers expand their store footprint without significant additional volume growth in the overall market. Equitable trading terms are in place with customers to drive volume performance and customer and supply chain structures are being strengthened to ensure better alignment and focus. Our customer strategy is summarised on page 21.

Key talent

Key to the group's future success is the ability to attract and retain the key talent required to lead and deliver on strategy. As outlined on page 53, HR structures are being strengthened to ensure adequate depth of skills ahead of demand, along with the leadership capability and capacity to deliver on our core objectives. These include competitive incentives aligned to the group's performance against strategic goals as set out in the remuneration report on page 80.

Maintaining cost competitiveness

In South Africa, inflationary pressures are likely to result in higher input costs, exacerbated by a weakening rand. Across the rest of Africa, currency devaluation has resulted in pricing pressures from customers who are unable to pass on higher costs to their consumers. The group is on track to fully realise its cost savings target of R500 million per annum identified three years ago in the areas of centralised procurement, finance and administrative functions as well as from changes to its manufacturing architecture. Further cost savings initiatives are being targeted.

Changes in consumer preferences

Given the ongoing pressures on disposable income, consumers have become more value conscious in their purchasing decisions, although product quality and brand loyalty remain important. The group continues to focus on ensuring that its products remain affordable on shelf, while enhancing their functional attributes through quality improvements, convenient pack formats and value-added offerings.

Increase in legislation

Tiger Brands fully complies with the regulatory framework within which it operates. Areas relevant to the group, where interaction at appropriate governmental level is required, include fair trade, product safety and tariff enforcement. To ensure employees have adequate skills to interpret legislative requirements and remain abreast of new legislation, regular compliance training is conducted in all territories in which the group operates.

Health and safety

The quality and safety of our products is of paramount importance to the success of our brands and the group's reputation. Quality control and assurance processes, as well as health and safety procedures, are embedded across all our manufacturing facilities, with restricted access controls at production facilities. Effective crisis management plans are in place and regularly tested. As detailed on page 55, our manufacturing facilities continue to adopt the requirements and principles of the internationally recognised OHSAS 18001 standard.

Foreign currency risk

A significant proportion of the group's raw material costs are either denominated in foreign currencies or trade at parity with international commodity prices. Consequently, the group is exposed to foreign currency fluctuations directly or indirectly through transactions denominated in foreign currencies. While these exposures are managed through forward exchange contracts in South Africa, the resulting volatility in costs cannot always be recovered through price increases, due to the competitive operating environment, which could impact earnings.

In South Africa, foreign exchange exposures are regularly monitored and governed by a clear foreign exchange policy that limits open positions. However, in other African countries where appropriate, cost-effective hedging instruments are not readily available and foreign currency shortages have become endemic, volatile exchange rates have had a significant direct impact on earnings, which is difficult to manage in the short term.

The group is also exposed to foreign currency translation differences due to its shareholding interests in foreign subsidiary and associate companies whose reporting currency is not denominated in rand. Where possible, the group's investment exposure is offset by foreign currency loans to mitigate the foreign currency translation risk.

Labour unrest

South Africa's labour environment remains challenging, with widespread labour action in certain sectors. Industrial action could disrupt production and distribution, resulting in failure to meet customer service delivery expectations.

Tiger Brands prioritises strong relationships with its labour force and unions and promotes open communication with union representatives (page 55).

Oceana – fishing rights

The group's 42,1% associate company, Oceana, currently contributes 52% of the total income from associates attributable to Tiger Brands. A significant portion of Oceana's earnings is derived from fishing rights in various jurisdictions, awarded by tender in heavily regulated markets. These rights typically depend on government policy, and include regulations on the economic participation of previously disadvantaged and indigenous groups in the fishing industry which Oceana must comply with in order to retain its fishing rights. Oceana's board monitors and ensures strict adherence to regulatory requirements and has sought to mitigate its risk by diversifying its product base and geographical span across a number of territories. This includes its entry into the global fishmeal and oil industry through its recent acquisition of the US-based Daybrook Fisheries Inc.

Other significant risks affecting the group include:

- Risks associated with post-acquisition integration
- IT system risks
- Catastrophic loss of manufacturing facility
- Reputation and increased consumer activism through social media
- Political/country risk
- Resources (power/water)
- Food security (in terms of changes to climatic conditions and weather patterns).

King III application register

Chapter 1: Ethical leadership and corporate citizenship

	Principles	Compliance
1.1	The board should provide effective leadership based on an ethical foundation.	In accordance with its charter, the board is the guardian of the values and ethics of the group.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	The social, ethics and transformation committee, which reports to the board and shareholders, embodies and effects Tiger Brands' commitment to responsible corporate citizenship. In addition to compliance with King III, the group has also adopted the principles of the Global Reporting Initiative (GRI) which guide its corporate responsibility.
1.3	The board should ensure that the company's ethics are managed effectively.	Tiger Brands has a Code of Ethics (the Code), to which all members of the board, management and employees are required to adhere. The Code promotes and enforces ethical business practices. Commitment to ethical management is reflected in the group status as a founder member of the Ethics Institute of South Africa. Enforcement of the group's Code of Ethics complements risk management activities.

Chapter 2: Boards and directors

	Principles	Compliance
2.1	The board should act as the focal point for and custodian of corporate governance.	In line with the board charter, the board is committed to the highest standards of corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	The board, in accordance with its charter, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The group's formalised risk management process takes into account the full range of risks including strategic and operational risk encompassing performance and sustainability.
2.3	The board should provide effective leadership based on an ethical foundation.	Refer to chapter 1.1 above.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer to chapter 1.2 above.
2.5	The board should ensure that the company's ethics are managed effectively.	Refer to chapter 1.3 above.
2.6	The board should ensure that the company has an effective and independent audit committee.	Refer to chapter 3 below.
2.7	The board should be responsible for the governance of risk.	Refer to chapter 4 below.
2.8	The board should be responsible for information technology (IT) governance.	Refer to chapter 5 below.
2.9	The board should ensure that the company complies with applicable laws and considers adhering to non-binding rules, codes and standards.	Refer to chapter 6 below.

Chapter 2: Boards and directors continued

	Principles	Compliance
2.10	The board should ensure that there is an effective risk-based internal audit.	Refer to chapter 7 below.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	Refer to chapter 8 below.
2.12	The board should ensure the integrity of the company's integrated annual report.	Refer to chapter 9 below.
2.13	The board should report on the effectiveness of the company's system of internal controls.	Refer to chapter 7 and 9 below.
2.14	The board and its directors should act in the best interests of the company.	The board acknowledges its role as a trustee on behalf of shareholders and is required to act at all times in the company's best interests.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	Business rescue has not been required.
2.16	The board should elect a chairman who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board.	The chairman of the board, Mr AC Parker, is an independent non-executive director. He also acts as chairman of the nominations committee. The roles of the CEO and chairman are separate.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	The board appointed Mr PB Matlare as chief executive officer and the current delegation of authority is under review and to be finalised shortly.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Tiger Brands has a unitary board of 14 directors. There are ten independent non-executive directors and four executive directors.
2.19	Directors should be appointed through a formal process.	A formal appointment process is in place. The appointment of directors is a function of the board, based on the recommendations made by the nominations committee.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Newly appointed board members are formally informed of their fiduciary duties by the company secretary. Upon appointment, new directors receive an induction pack which includes relevant information such as minutes of previous meetings, sub-committees, annual financial statements, the integrated report and all board charters and the company's code of conduct. It is the intent that the information pack provides a background for them to understand risk in the context of the company and its affiliates across the continent. New directors also attend induction meetings with executive directors and management executives. New directors also visit certain of the manufacturing operations throughout the country and the trade visit programme designed and led by the sales executive provides them with further insight on the customer and consumer side of the business.

King III application register continued

Chapter 2: Boards and directors continued

	Principles	Compliance
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	The board annually reviews the competence, qualifications and experience of the company secretary. Ms Rosh Naidoo was appointed company secretary in May 2015.
2.22	The evaluation of the board, its committees and individual directors should be performed every year.	The board evaluations are conducted annually. An internal evaluation was performed in 2015.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board has appointed the following committees without abdicating its own responsibilities: ❍ Audit committee ❍ Risk and sustainability committee ❍ Remuneration committee ❍ Nominations committee ❍ Social, ethics and transformation committee ❍ Investment committee. All committees operate under board-approved terms of reference, which are updated from time to time.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	In conformity with the primary South African corporate governance framework, the King Report on Corporate Governance for South Africa 2009 (King III), the group is satisfied that it has applied the key principles in all material respects other than where indicated to the contrary in this integrated annual report. Tiger Brands has also adopted the principles of the GRI and the principal policies and practical applications of corporate governance as outlined by the Public Investment Corporation. In addition to this framework, Tiger Brands is committed to complying with all relevant legislation, regulations and best practices in all countries in which it operates.
2.25	Companies should remunerate directors and executives fairly and responsibly.	The group's remuneration committee determines the remuneration policy on executive and senior remuneration in line with the group's remuneration philosophy and strategy. The total remuneration packages of executive directors and senior management 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. A detailed remuneration report appears in the integrated annual report on pages 78 to 92.
2.26	Companies should disclose the remuneration of each director and prescribed officer.	This is fully disclosed in the remuneration report.
2.27	Shareholders should approve the company's remuneration policy.	A resolution is put to shareholders at the annual general meeting for a non-binding advisory vote on the remuneration policy. This is set out in the notice of annual general meeting.

Chapter 3: Audit committees

	Principles	Compliance
3.1	The board should ensure the company has an effective and independent audit committee.	The group has an audit committee comprising three independent non-executive directors.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	All members of this committee are suitably skilled and experienced independent non-executive directors.
3.3	The audit committee should be chaired by an independent non-executive director.	The audit committee chairman, Mr RD Nisbet, is an independent non-executive director.
3.4	The audit committee should oversee integrated reporting.	This forms part of the audit committee mandate.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	The audit committee oversees the assurance activities to ensure that they are constructed in a coordinated manner.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	The audit committee considered the expertise, resources and experience of the chief financial officer and the finance function and concluded these were appropriate.
3.7	The audit committee should be responsible for overseeing internal audit.	The audit committee reviews and approves the internal audit plan submitted by the outsourced revenue providers, KPMG Services Proprietary Limited.
3.8	The audit committee should be an integral component of the risk management process.	This forms part of the audit committee's terms of reference.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	This is part of the audit committee's terms of reference.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	The audit committee formally reports to the board after each meeting and the report on the activities of the audit committee is on page 74 of this integrated annual report.

King III application register continued

Chapter 4: The governance of risk		
	Principles	Compliance
4.1	The board should be responsible for the governance of risk.	The board is the ultimate custodian of risk governance.
4.2	The board should determine the levels of risk tolerance.	The risk and sustainability committee assesses the levels of risk tolerance and limits of risk appetite for the group and makes recommendations to the board.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	The board has appointed the audit committee and risk and sustainability committee to assist with its risk responsibilities.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	The board has delegated the day-to-day responsibility for risk management to management.
4.5	The board should ensure risk assessments are performed on a continual basis.	The risk and sustainability committee actively monitors the group's key risks as part of its standard agenda.
4.6	The board should ensure frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	All risks are identified and steps to mitigate these are outlined, including reasonably unpredictable risks.
4.7	The board should ensure management considers and implements appropriate risk responses.	The risk and sustainability committee ensures that the executive committee has in place appropriate responses to perceived risks.
4.8	The board should ensure continual risk monitoring by management.	Responsibility for identified risks is assigned to an appropriate member of the group's senior management team, who is required to report to the executive committee on the steps being taken to manage or mitigate such risks.
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	The risk and sustainability committee is provided with the assurance on the effectiveness of the risk management process from the internal audit service providers, KPMG Services Proprietary Limited.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	The group's integrated annual report provides a detailed outline of the risk management process to its stakeholders.

Chapter 5: The governance of information technology

	Principles	Compliance
5.1	The board should be responsible for information technology (IT) governance.	Item 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7. The board understands the importance, relevance and inherent risks in IT and has delegated the management thereof to management. The risk and sustainability and audit committees assist in ensuring appropriate compliance structures are in place. The chief financial officer has taken direct responsibility for the introduction of a standardised and consistent platform across the group which is necessary to align the IT infrastructure with the strategy of the group, as well as the performance and sustainability objectives of the group. As this is a long-term project, regular updates on the progress of this initiative are presented to the audit committee. This update includes the business case for the proposed IT spend, as well as the status of the implementation of the overall project and overall IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	
5.4	The board should monitor and evaluate significant IT investments and expenditure.	
5.5	IT should form an integral part of the company's risk management.	
5.6	The board should ensure that information assets are managed effectively.	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	

Chapter 6: Compliance with laws, codes, rules and standards

	Principles	Compliance
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The risk and sustainability committee and the company secretary review the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities. The group compliance officer assists in this role.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	The directors and the board understand the appropriate applicable laws, rules, codes of standards required by the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process.	Compliance is an identified significant risk and addressed as part of the risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and process.	This has been done and a group compliance officer has been appointed to manage and implement the framework and processes throughout the group.

King III application register continued

Chapter 7: Internal audit		
	Principles	**Compliance**
7.1	The board should ensure there is an effective risk-based internal audit.	A risk-based internal audit is in place.
7.2	Internal review should follow a risk-based approach to its plan.	A risk-based approach is followed by internal audit.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	A written assessment of the effectiveness of the company's system of internal control and risk management is provided.
7.4	The audit committee should be responsible for overseeing internal audit.	The audit committee is responsible for overseeing the internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives.	Internal audit is independent, with no material breakdowns, enabling it to achieve its objectives.

Chapter 8: Governing stakeholder relationships		
	Principles	**Compliance**
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Tiger Brands recognises that developing and nurturing positive relationships with its significant stakeholders are key drivers of success that inform business strategy and enable the group to better understand and address the impact of its activities on society.
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	The group executive – corporate affairs has responsibility for the management and implementation of the stakeholder framework.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	The appropriate balance is assessed on a continuous basis.
8.4	Companies should ensure the equitable treatment of shareholders.	The board ensures the equitable treatment of shareholders.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The company has a comprehensive stakeholder engagement process in place and communicates with stakeholders in a variety of ways, detailed on page 51.
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	The board ensures that disputes are resolved as effectively as possible.

Chapter 9: Integrated reporting and disclosure		
	Principles	Compliance
9.1	The board should ensure the integrity of the company's integrated report.	The board is responsible for the integrity of the integrated annual report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	The company's vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with sustainability as the ultimate objective.
9.3	Sustainability reporting and disclosure should be independently assured.	At present the company does not obtain independent assurance of its sustainability reporting.

Annual financial statements

Contents

Annual financial statements

Preparation of annual financial statements

The preparation of the annual financial statements for the year ended 30 September 2015, which appear on pages 37, 38, 84 to 88, 107, 108, and 110 to 193, has been supervised by O Ighodaro, chief financial officer of Tiger Brands Limited.

Responsibility for annual financial statements

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

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

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

The annual financial statements, prepared in terms of International Financial Reporting Standards, are 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 internal and external auditors and management to discuss internal accounting controls and auditing and financial reporting matters. The auditors have unrestricted access to the audit committee.

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

Directors' approval

The annual financial statements for the year ended 30 September 2015, which appear on pages 37, 38, 84 to 88, 107, 108, and 110 to 193, which are in agreement with the books of account at that date, and the related annual financial statements, were approved by the board of directors on 15 December 2015 and signed on its behalf by:

André Parker
Chairman

Peter Matlare
Chief Executive Officer

15 December 2015

Certificate by company secretary

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

T Naidoo
Company secretary

15 December 2015

Report of the independent auditor

To the shareholders of Tiger Brands Limited

We have audited the consolidated and separate financial statements of Tiger Brands Limited as set out on pages 37, 38, 107, 108, and 110 to 193, as well as the directors' share option scheme detail within the tables on pages 84 to 88 which comprise the statements of financial position as at 30 September 2015, the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information and statutory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tiger Brands Limited as at 30 September 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2015, we have read the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Warren Kenneth Kinnear
Registered Auditor
Chartered Accountant (SA)
102 Rivonia Road, Sandton, 2196
15 December 2015

Statutory information

Authorised and issued share capital

Details of authorised and issued share capital are set out in notes 24 and 25 on pages 159 to 160 of the annual financial statements and in the statement of changes in equity on pages 116 to 118.

During the year under review, the number of shares in issue increased by 121 600 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 Option Scheme

	2015	2014
Shares under option at the beginning of the year	106 600	458 400
Exercised and paid in full	(106 600)	(351 800)
Shares under option at the end of the year	–	106 600

The above table excludes Spar and Adcock Ingram employees. Refer to note 24.2 which reflects details including both Spar and Adcock employees.

Subsidiaries, associates and investments

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

Dividends

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

Attributable interest

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

(R'million)	2015	2014
Subsidiaries		
Total income after taxation	1 056,5	1 370,4
Associate companies		
Total income after taxation	602,8	596,9

Major shareholders

Details of the registered and beneficial shareholders of the company are outlined on page 195.

Directors

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

Resignations

31 May 2015 RMW Dunne

Appointments

31 March 2015 MO Ajukwu
13 July 2015 NP Doyle
13 July 2015 YGH Suleman

All retiring directors are eligible and offer themselves for re-election.

The names of the directors who presently hold office are set out on pages 13 and 14 of this report.

No director holds 1% or more of the ordinary shares of the company. The directors of the company beneficially hold, directly and indirectly, 1 221 ordinary shares of its issued ordinary shares.

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

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

	2015		2014	
Name of director	Direct number of shares	Indirect number of shares	Direct number of shares	Indirect number of shares
RMW Dunne	–	–	–	2 500
SL Botha	1 221	–	1 221	–
	1 221	–	1 221	2 500

There were no changes to the direct and indirect beneficial interests of directors from 30 September 2015 to the date the integrated annual report was released.

Share repurchase

At the annual general meeting of shareholders held in February 2015, shareholders passed a special resolution authorising the company, or a subsidiary, to acquire the company's own ordinary shares. Notwithstanding the approval obtained, during the period to 30 September 2015, no further shares were acquired as the directors did not deem it appropriate.

Statutory information continued

The company, through its subsidiary Tiger Consumer Brands Limited, has previously purchased a total of 10 326 758 shares at an average price of R106,67 per share, for a total consideration of R1,1 billion.

American Depository Receipt facility

With effect from 9 September 1994, a sponsored American Depository Receipt (ADR) facility was established. This ADR facility is sponsored by the Bank of New York Mellon and details of the administrators are reflected under administration on page 197.

Special resolutions

Special resolutions were passed on 30 April 2015 relating to the adoption of the revised memorandum of incorporation (MoI) by subsidiary companies.

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

Retirements funds

Details in respect of the retirement funds of the group are set out in note 34 of the annual financial statements.

Insurance and risk management

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

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

Events subsequent to the year ended 30 September 2015

As set out in the chairman's report on page 2, a decision was taken by Tiger Brands Limited on 16 November 2015 not to extend any further financial support to TBCG.

Subject to regulatory approvals, with effect from 11 December 2015, Tiger Brands Limited has reached agreement with the board of TBCG and Dangote Industries Limited (DIL) in terms of which DIL will provide TBCG with an immediate cash injection of N10 billion (R0,7 billion). In return Tiger Brands will sell its 65,7% shareholding in TBCG to DIL for a nominal consideration of $1 and write off its shareholder loans to TBCG of R0,7 billion. In addition, Tiger Brands will settle outstanding debt guaranteed on behalf of TBCG amounting to R0,4 billion. On a pro forma basis, assuming the agreement between Tiger Brands Limited and DIL had been concluded on 30 September 2015, Tiger Brands would not have reflected a loss on disposal of its interest in TBCG as at that date.

There were no other material subsequent events that occurred during the period subsequent to 30 September 2015, but prior to these consolidated annual financial statements being authorised for issue.

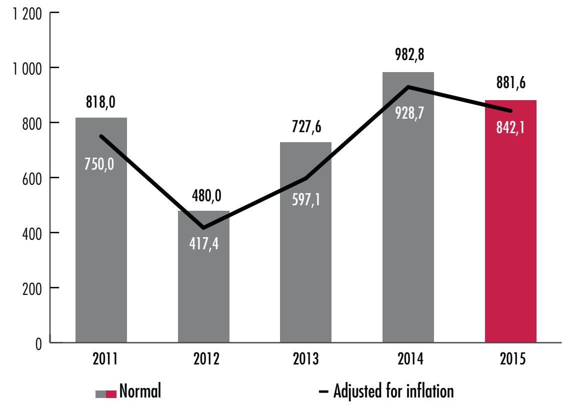
Effects of changing prices

The group has a diverse range of operations spread throughout South Africa as well as internationally. 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.

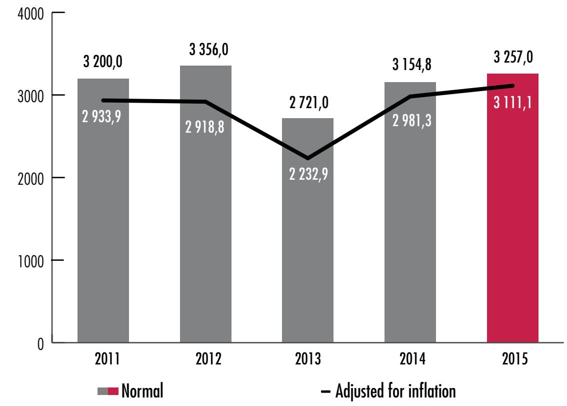
The effect of inflation is monitored by examination of cash flows inherent in operating results, budgets, plans and new projects, with emphasis concentrated towards the objective of the creation of shareholder wealth in real terms.

The following graphs show the extent to which certain key performance indicators compare when discounted by the movement in the Consumer Price Index (base December 2012).

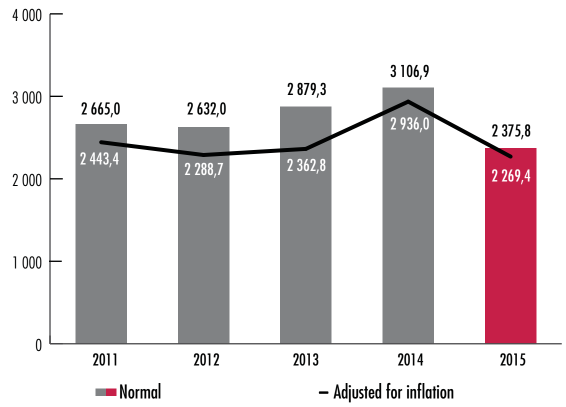
Capital expenditure (Rm)



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



Cash available from operations (Rm)



Income statements

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014	(R'million)	Notes	GROUP 2015	GROUP 2014
2 235,3	1 993,5	Revenue	2	31 587,7	30 126,0
		Turnover	3	31 557,6	30 072,0
		Cost of sales		(21 611,4)	(20 540,2)
		Gross profit		9 946,2	9 531,8
		Sales and distribution expenses		(3 671,4)	(3 495,1)
		Marketing expenses		(845,1)	(755,6)
14,6	(12,3)	Other operating (expenses)/income		(1 776,0)	(1 725,1)
14,6	(12,3)	Operating income/(loss) before abnormal items	4	3 653,7	3 556,0
(785,7)	(930,9)	Abnormal items	5	(1 709,6)	(1 055,5)
(771,1)	(943,2)	Operating income/(loss) after abnormal items		1 944,1	2 500,5
(22,7)	(16,9)	Finance costs	6,1	(413,8)	(429,0)
136,0	144,2	Interest received	6,2	16,3	26,3
2 099,3	1 849,3	Investment income	7	0,8	1,5
		Income from associated companies	16	602,8	596,9
1 441,5	1 033,4	Profit before taxation		2 150,2	2 696,2
(42,5)	(42,5)	Taxation	8	(1 208,2)	(832,4)
1 399,0	990,9	Profit for the year from continuing operations		942,0	1 863,8
		Discontinued operation			
		Profit for the year from discontinued operation	40	–	41,0
		Profit for the year		942,0	1 904,8
		Attributable to:			
1 399,0	990,9	Owners of the parent		1 727,1	2 020,2
		– Continuing operations		1 727,1	1 990,3
		– Discontinued operation		–	29,9
		Non-controlling interests		(785,1)	(115,4)
		– Continuing operations		(785,1)	(126,5)
		– Discontinued operation		–	11,1
1 399,0	990,9			942,0	1 904,8
		Basic earnings per ordinary share (cents)		1 068,1	1 261,6
		– Continuing operation		1 068,1	1 242,9
		– Discontinued operation		–	18,7
		Diluted basic earnings per ordinary share (cents)		1 050,9	1 230,7
		– Continuing operation		1 050,9	1 212,5
		– Discontinued operation		–	18,2
		Headline earnings per share is disclosed in note 9.			

Statements of comprehensive income

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014	(R'million)	Notes	GROUP 2015	GROUP 2014
1 399,0	990,9	Profit for the year		942,0	1 904,8
(1,6)	1,5	Other comprehensive income, net of tax		299,2	(28,5)
		Net gain/(loss) on hedge of net investment in foreign operation^		7,6	(3,2)
		Foreign currency translation adjustments^		90,5	114,1
		Share of associates other comprehensive income^		281,7	–
		Net gain/(loss) on cash flow hedges^		7,0	(5,1)
(1,6)	1,5	Net loss on available-for-sale financial assets^		(91,3)	(117,4)
		Remeasurement raised in terms of IAS 19R**		(14,5)	(40,8)
		Tax effect	26	18,2	23,9
1 397,4	992,4	Total comprehensive income for the year, net of tax		1 241,2	1 876,3
		Attributable to:			
1 397,4	992,4	Owners of the parent		1 995,1	1 944,7
		Non-controlling interests		(753,9)	(68,4)
1 397,4	992,4			1 241,2	1 876,3

^ *Items that may be subsequently reclassified to profit or loss. During the current year R95,6 million was reclassified to profit or loss on the available-for-sale financial asset derecognised in terms of the Black Managers Trust Participation Rights Scheme and Thusani SPV. During 2014, R94,3 million of the foreign currency translation reserve, relating to Dangote Agrosacks, was reclassified to profit or loss.*

** *Comprises a net actuarial gain of R6,9 million (2014: net actuarial loss of R40,8 million) and unrecognised loss due to asset ceiling of R21,4 million (2014: Rnil).*

Statements of financial position

at 30 September 2015

COMPANY 2015	COMPANY 2014	(R'million)	Notes	GROUP 2015	GROUP 2014
		ASSETS			
		Non-current assets			
		Property, plant and equipment	11	4 641,2	5 867,6
		Land and buildings		1 771,3	1 686,1
		Plant, vehicles and equipment		2 863,7	4 170,5
		Capitalised leased assets		6,2	11,0
		Goodwill	12,1	2 239,1	2 411,2
		Intangible assets	12,2	1 993,9	2 115,5
2 931,5	3 604,4	Interest in subsidiary companies	14		
2 606,8	2 561,4	Amounts owed by subsidiaries	15		
3 872,9	3 208,2	Investments		4 312,3	3 422,5
1 388,7	863,2	Investments in associated companies	16	4 150,7	3 066,9
2 030,7	1 990,1	Other investments	17	158,2	350,0
453,5	354,9	Loans	18	3,4	5,6
18,1	10,0	Deferred taxation asset	19	50,5	306,9
645,3	855,1	Current assets		11 617,3	10 728,3
		Inventories	20	5 670,0	4 700,6
18,7	85,6	Trade and other receivables	21	4 895,7	4 867,4
499,5	499,5	Amounts owed by subsidiaries			
127,1	270,0	Cash and cash equivalents	22	1 051,6	1 160,3
10 074,6	10 239,1	Total assets		24 854,3	24 852,0
		EQUITY AND LIABILITIES			
9 214,0	9 548,8	Issued capital and reserves		13 830,1	13 177,4
148,5	139,4	Ordinary share capital and share premium	25	148,5	139,4
2 942,3	2 943,9	Non-distributable reserves		2 644,1	2 086,3
5 680,6	6 067,2	Accumulated profits		13 152,9	13 198,8
		Tiger Brands Limited shares held by subsidiary	27	(718,0)	(718,0)
		Tiger Brands Limited shares held by empowerment entities	27	(1 820,9)	(1 953,9)
442,6	398,3	Share-based payment reserve	23	423,5	424,8
		Non-controlling interests		(52,5)	769,8
9 214,0	9 548,8	Total equity		13 777,6	13 947,2
556,7	545,8	Non-current liabilities		2 059,2	1 532,9
		Deferred taxation liability	28	200,3	279,1
		Provision for post-retirement medical aid	35	643,1	626,4
98,5	131,8	Long-term borrowings	31	1 215,8	627,4
458,2	414,0	Amounts owed to subsidiaries	38		
303,9	144,5	Current liabilities		9 017,5	9 371,9
22,4	29,1	Trade and other payables	29	4 796,8	4 441,6
		Provisions	30	523,3	664,6
–	1,8	Taxation		73,4	243,6
194,9	37,5	Short-term borrowings	31	3 624,0	4 022,1
86,6	76,1	Amounts owed to subsidiaries	38		
10 074,6	10 239,1	Total equity and liabilities		24 854,3	24 852,0

Statements of cash flows

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014	(R'million)	Notes	GROUP 2015	GROUP 2014
4,9	(23,4)	Cash operating profit/(loss)	A	4 416,9	4 541,2
8,7	(11,3)	Working capital changes	B	(811,6)	(348,0)
13,6	(34,7)	**Cash generated from/(utilised by) operations**		3 605,3	4 193,2
136,0	144,3	Interest received and income from investments		17,1	27,8
(22,7)	(16,9)	Finance costs		(413,8)	(434,0)
1 916,2	1 690,3	Dividends received from associate companies and subsidiaries		326,0	287,2
173,9	158,9	Dividends received from empowerment entities			
(52,4)	(44,4)	Taxation paid	C	(1 158,8)	(967,3)
2 164,6	1 897,5	Cash available from operations		2 375,8	3 106,9
(1 785,6)	(1 658,7)	Dividends paid	D	(1 643,0)	(1 467,2)
379,0	238,8	**Net cash inflow from operating activities**		732,8	1 639,7
		Purchase of property, plant, equipment and intangibles	E	(881,6)	(982,9)
		Proceeds from disposal of property, plant, equipment and intangible assets		53,7	26,0
		Disposal of subsidiary		–	496,4
		Black Managers Trust (BMT) shares exercised		285,7	–
		Proceeds received on insurance claims		7,5	43,2
0,4		Proceeds received on empowerment available-for-sale financial assets		4,2	2,5
(525,4)	(74,1)	Investments acquired		(525,4)	–
(116,5)	53,0	(Decrease)/increase in loans to subsidiaries, associates and others		–	–
(641,5)	(21,1)	**Net cash outflow from investing activities**		(1 055,9)	(414,8)
(262,5)	217,7	Net cash (outflow)/inflow before financing activities		(323,1)	1 224,9
9,1	22,1	Proceeds from issue of share capital	F	9,1	22,1
–	–	Acquisition of non-controlling interest in TBCG		–	(74,1)
110,5	(35,2)	Long and short-term borrowings raised/(repaid)		66,9	(1 056,5)
119,6	(13,1)	**Net cash inflow/(outflow) from financing activities**		76,0	(1 108,5)
(142,9)	204,6	**Net (decrease)/increase in cash and cash equivalents**		(247,1)	116,4
–	0,6	Effect of exchange rate changes on cash and cash equivalents		46,2	51,6
270,0	64,8	Cash and cash equivalents at the beginning of the year	G	(1 925,9)	(2 093,9)
127,1	270,0	**Cash and cash equivalents at the end of the year**	H	(2 126,8)	(1 925,9)

Notes to the cash flow statements

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		A	**Cash operating profit/(loss)**		
14,6	(12,3)		Operating profit/(loss) before abnormal items – Continuing operations	3 653,7	3 556,0
			Operating profit before abnormal items – Discontinued operation	–	30,8
			Add back:		
			Amortisation	23,8	38,1
			Loss on disposal of plant, equipment and vehicles	4,4	1,2
			Provision for post-retirement medical aid	16,7	53,2
			Depreciation	662,1	679,1
			Share-based payment expenses	29,2	105,4
(9,7)	(11,1)		Other non-cash items	27,0	77,4
4,9	(23,4)		Cash operating profit	4 416,9	4 541,2
		B	**Working capital changes**		
			(Increase)/decrease in inventories	(917,9)	64,0
8,4	(3,1)		(Increase)/decrease in trade and other receivables	(77,4)	(685,8)
0,3	(8,2)		Increase/(decrease) in trade and other payables	183,7	273,8
8,7	(11,3)		Working capital changes	(811,6)	(348,0)
		C	**Taxation paid**		
(1,8)	–		Amounts payable at the beginning of the year, net	(193,5)	(108,0)
(42,5)	(42,5)		Income statement charge – continuing operations	(1 208,2)	(832,4)
			Income statement charge – discontinued operation	–	(3,4)
(8,1)	(3,7)		Deferred tax	201,0	(220,7)
			Exchange rate difference and other non-cash items	3,0	3,7
–	1,8		Amounts payable at the end of the year, net	38,9	193,5
(52,4)	(44,4)		Total taxation paid	(1 158,8)	(967,3)

COMPANY 2015	COMPANY 2014		(R'million)		GROUP 2015	GROUP 2014
		D	Dividends paid			
(1 785,6)	(1 658,7)		Per statement of changes in equity		(1 574,6)	(1 446,5)
			Dividends paid to outside shareholders		(68,4)	(20,7)
(1 785,6)	(1 658,7)		Total dividends paid		(1 643,0)	(1 467,2)
		E	Purchase of property, plant, equipment			
			Expansion		(203,8)	(427,7)
			Replacement		(677,8)	(555,2)
					(881,6)	(982,9)
		F	Increase in shareholder funding			
9,1	22,1		Proceeds from issue of share capital		9,1	22,1
9,1	22,1				9,1	22,1
		G	Cash and cash equivalents at the beginning of the year			
270,0	64,8		Cash resources		1 160,3	632,9
–	–		Short-term borrowings regarded as cash and cash equivalents	31.6	(3 086,2)	(2 726,8)
270,0	64,8				(1 925,9)	(2 093,9)
		H	Cash and cash equivalents at the end of the year			
127,1	270,0		Cash resources		1 051,6	1 160,3
–	–		Short-term borrowings regarded as cash and cash equivalents	31.6	(3 178,4)	(3 086,2)
127,1	270,0				(2 126,8)	(1 925,9)

Statements of changes in equity

for the year ended 30 September 2015

(R'million)	Share capital and premium	Non-distributable reserves: Share of net earnings of associates	Other capital reserves	Cash flow hedge reserve
GROUP				
Balance at 1 October 2013	117,3	1 317,1	16,7	13,5
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	(5,1)
Total comprehensive income	–	–	–	(5,1)
Issue of share capital and premium	22,1	–	–	–
Disposal of Agrosacks	–	–	–	–
Acquisition of non-controlling interest – TBCG	–	–	(49,7)	–
Distribution to Oceana Empowerment Trust beneficiaries	–	(143,4)	–	–
Subsidiary – legal reserve transfer	–	–	25,8	–
Transfers between reserves	–	309,7	–	–
Share-based payment	–	–	–	–
Dividends on ordinary shares	–	–	–	–
Total dividends	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–
Sale of shares by empowerment entity	–	–	–	–
Balance at 30 September 2014	139,4	1 483,4	(7,2)	8,4
Profit for the year	–	–	–	–
Other comprehensive income for the year	–	–	–	7,0
Total comprehensive income	–	–	–	7,0
Issue of share capital and premium	9,1	–	–	–
Subsidiary – legal reserve transfer	–	–	3,3	–
Transfers between reserves	–	276,8	–	–
Share-based payment	–	–	–	–
Dividends on ordinary shares	–	–	–	–
Total dividends	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–
Purchase of Tiger shares by empowerment entity	–	–	–	–
Sale of shares by empowerment entity^	–	–	–	–
Balance at 30 September 2015	148,5	1 760,2	(3,9)	15,4
Refer to note:	25	16		

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

	Available-for-sale reserve	Foreign currency translation reserve	Accumulated profits	Shares held by subsidiary and empowerment entities	Share-based payment reserve	Total attributable to owners of the parent	Non-controlling interests	Total equity
	263,4	379,1	12 990,2	(2 674,0)	363,8	12 787,1	1 028,4	13 815,5
	–	–	2 020,2	–	–	2 020,2	(115,4)	1 904,8
	(111,8)	71,0	(29,6)	–	–	(75,5)	47,0	(28,5)
	(111,8)	71,0	1 990,6	–	–	1 944,7	(68,4)	1 876,3
	–	–	–	–	–	22,1	–	22,1
	–	–	–	–	–	–	(145,1)	(145,1)
	–	–	–	–	–	(49,7)	(24,4)	(74,1)
	–	–	–	–	–	(143,4)	–	(143,4)
	–	–	(25,8)	–	–	–	–	–
	–	–	(309,7)	–	–	–	–	–
	–	–	–	–	61,0	61,0	–	61,0
	–	–	(1 446,5)	–	–	(1 446,5)	(20,7)	(1 467,2)
	–	–	(1 599,0)	–	–	(1 599,0)	(20,7)	(1 619,7)
	–	–	152,5	–	–	152,5	–	152,5
	–	–	–	2,1	–	2,1	–	2,1
	151,6	450,1	13 198,8	(2 671,9)	424,8	13 177,4	769,8	13 947,2
	–	–	1 727,1	–	–	1 727,1	(785,1)	942,0
	(88,2)	358,9	(9,7)	–	–	268,0	31,2	299,2
	(88,2)	358,9	1 717,4	–	–	1 995,1	(753,9)	1 241,2
	–	–	–	–	–	9,1	–	9,1
	–	–	(3,3)	–	–	–	–	–
	–	–	(185,4)	–	(91,4)	–	–	–
	–	–	–	–	90,1	90,1	–	90,1
	–	–	(1 574,6)	–	–	(1 574,6)	(19,4)	(1 594,0)
	–	–	(1 732,9)	–	–	(1 732,9)	(19,4)	(1 752,3)
	–	–	158,3	–	–	158,3	–	158,3
	–	–	–	(71,0)	–	(71,0)	–	(71,0)
	–	–	–	204,0	–	204,0	(49,0)	155,0
	63,4	809,0	13 152,9	(2 538,9)	423,5	13 830,1	(52,5)	13 777,6
				27	23			

Statements of changes in equity continued

for the year ended 30 September 2015

(R'million)	Share capital and premium	Non-distributable reserves: Non-distributable reserves	Non-distributable reserves: Other capital reserves	Non-distributable reserves: Cash flow hedge reserve	Non-distributable reserves: Available-for-sale reserve	Accumulated profits	Share-based payment reserve	Total attributable to owners of the parent
COMPANY								
Balance at 1 October 2013	117,3	2 918,6	19,3	–	4,5	6 735,0	360,6	10 155,3
Profit for the year	–	–	–	–	–	990,9	–	990,9
Other comprehensive income for the year	–	–	–	–	1,5	–	–	1,5
Total comprehensive income	–	–	–	–	1,5	990,9	–	992,4
Issue of share capital and premium	22,1	–	–	–	–	–	–	22,1
Share-based payment	–	–	–	–	–	–	37,7	37,7
Dividends on ordinary shares	–	–	–	–	–	(1 658,7)	–	(1 658,7)
Balance at 30 September 2014	139,4	2 918,6	19,3	–	6,0	6 067,2	398,3	9 548,8
Profit for the year	–	–	–	–	–	1 399,0	–	1 399,0
Other comprehensive income for the year	–	–	–	–	(1,6)	–	–	(1,6)
Total comprehensive income	–	–	–	–	(1,6)	1 399,0	–	1 397,4
Issue of share capital and premium	9,1	–	–	–	–	–	–	9,1
Share-based payment	–	–	–	–	–	–	44,3	44,3
Dividends on ordinary shares	–	–	–	–	–	(1 785,6)	–	(1 785,6)
Balance at 30 September 2015	148,5	2 918,6	19,3	–	4,4	5 680,6	442,6	9 214,0

Notes to the financial statements

for the year ended 30 September 2015

Accounting policies

Corporate information

The consolidated financial statements of Tiger Brands Limited (the company) and the Tiger Brands group (the group) for the year ended 30 September 2015 were authorised for issue in accordance with a resolution of the directors on 15 December 2015. Tiger Brands Limited is incorporated and domiciled in South Africa, where the shares are publicly traded.

Basis of preparation

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations (IFRS Interpretations Committee) and the Companies Act No 71 of 2008.

Basis of consolidation

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

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. An investor controls an investee, if and only if, the investor has all the following:

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

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.

Non-controlling 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 statement of financial position, separately from own shareholders' equity.

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

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

If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies to the income statement, the amounts recognised in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities.

Changes in accounting policies

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the group, its impact is described in more detail under the heading further information on changes to accounting policies on pages 132 to 134.

Foreign currencies

Foreign currency transactions

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

Translation of foreign currency transactions

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

Tax charges and credits attributable to such exchange differences are also accounted for in other comprehensive income.

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

Foreign operations

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

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:

- Chocolaterie Confiserie Camerounaise (subsidiary) – Central African franc
- Haco Industries Kenya Limited (subsidiary) – Kenyan shilling
- Deli Foods Nigeria Limited (subsidiary) – Nigerian naira
- Tiger Branded Consumer Goods plc (formerly know as Dangote Flour Mills plc (DFM) (subsidiary) – Nigerian naira
- East Africa Tiger Brands Industries (subsidiary) – Ethiopian birr
- Empresas Carozzí (associate) – Chilean peso
- National Foods Holdings Limited (Zimbabwe) (associate) – United States dollar
- UAC Foods Limited (associate) – Nigerian naira.

Interest in group companies

Business combinations

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

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity

(b) Other contingent consideration that:
  (i) Is within the scope of IAS 39 (IFRS 9) shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with that IFRS
  (ii) Is not within the scope of IAS 39 (IFRS 9) shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

Associates

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

Associates are accounted for using the equity method of accounting. Under this method, investments in associates are carried in the consolidated statement of financial position 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 other comprehensive income, the group in turn recognises its share in the consolidated other comprehensive income. Profits and losses resulting from transactions between the group and associates are eliminated to the extent of the interest in the underlying associate.

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

Where an 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 cost of disposal.

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

Segment reporting

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. 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 when the asset is available for use. An asset's residual value, useful life and depreciation method is reviewed at least at each financial year-end. Any adjustments are accounted for prospectively.

The following useful lives have been estimated:

Freehold land	Not depreciated
Freehold buildings	
– general purpose	40 years
– specialised	20 – 50 years
Leasehold improvements	The lease term or useful life, whichever is the shorter period
Vehicles and computer equipment	3 – 5 years
Plant and equipment	5 – 15 years

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

Goodwill and intangible assets

Goodwill

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

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

Where goodwill relates to a specific cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

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

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

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

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

The following useful lives have been estimated:

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

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

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

Research and development costs

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

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

During the period of development, the asset is tested annually for impairment. Following the initial recognition of the development costs, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete. The development costs are amortised over the period of expected future sales.

Derecognition of intangible assets

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

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

Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Financial instruments

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

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

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 or loss.

The group determines the classification of its financial instruments at initial recognition.

Classification

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

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

Available-for-sale financial assets

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

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

Held-to-maturity investments
These 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 profit or loss when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

Where more than an insignificant portion of held-to-maturity investments have been sold or reclassified during the current or two preceding reporting periods the group does not classify these financial assets as held to maturity anymore.

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

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

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

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

Fair value
The fair value of listed investments is the quoted market bid price at the close of business on the reporting date. For unlisted investments, the fair value is determined using appropriate valuation techniques. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Such techniques include using recent arm's length market transactions, reference to the current market value of similar instruments, discounted cash flow analysis and option pricing models. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 37.

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

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

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

- The difference between the asset's acquisition cost (net of any principal payments and amortisation)
- 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 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 asset is reduced through the use of an allowance account, and is recognised in profit or loss. Impaired debts are derecognised when they are assessed as uncollectible.

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

Held-to-maturity financial investments
For held-to-maturity investments the group assesses individually whether there is objective evidence of impairment such as significant financial difficulty of the issuer. 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 profit or loss.

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 profit or loss.

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

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

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

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

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

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

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

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

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

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

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

Current versus non-current classification
Derivative instruments that are not designated and effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (ie the underlying contracted cash flows).

- Where the group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item.

Derecognition of financial assets and financial liabilities
Financial assets or parts thereof are derecognised when:

- The right to receive the cash flows have expired
- The right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed
- The group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

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

Non-current assets held for sale and discontinued operations

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

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

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

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

Inventories

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

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

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

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

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

Provisions

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

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

Group as a lessee

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

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee.

Finance lease assets and liabilities are recognised at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

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

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

Group as a lessor

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

Revenue

Revenue comprises turnover, rental income, 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.

The group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Sale of goods

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

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

Interest received

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

Borrowing costs

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

The group capitalises borrowing costs for all qualifying assets where construction was commenced on or after 1 October 2009.

Taxation

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

Normal tax – current

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

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

Normal tax – deferred

Deferred tax is calculated on the liability method, 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
- In respect of taxable temporary differences associated with investments in subsidiaries and 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent it has become probable that future taxable profit will allow the asset to be utilised.

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

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

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

Dividend withholding tax

A dividend withholding tax of 15% is withheld on behalf of the taxation authority on dividend distributions where applicable. The net amount payable to the taxation authority is included as part of trade and other payables at the time a dividend is declared.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

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

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

Employee benefits

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

In respect of defined contribution plans, the contribution paid by the company is recognised as an expense. 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 and the liability is measured using the projected unit credit method.

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

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

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

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

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

Post-retirement medical obligations

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

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

Share-based payments

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

Equity-settled 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

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

Shares awarded to employees in terms of the rules of the Tiger Brands Long-Term Incentive Plan (LTIP) are measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a modified version of the Black-Scholes model or Monte-Carlo simulation, further details of which are given in note 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, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. 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. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. 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 such as the general employee share option plan portion is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted (see note 23). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

Accounting for BEE transactions

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

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

Contingent assets and contingent liabilities

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

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

Events after the reporting date

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

Significant accounting judgements and estimates

Judgements

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

Consolidation of structured entities

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

Detailed disclosures of non-controlling interests

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's 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 notes 19 and 28.

Estimates and assumptions

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

Impairment assessment of goodwill, tangible and intangible assets

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

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

The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. Recoverable amount is calculated using the discounted cash flow valuation method when determining value in use. Key assumptions on which management has based its determination of recoverable amount include the weighted average cost of capital, projected revenues and gross margins. In addition, changes in economic factors, such as discount rates, could also impact this calculation. Further details are given in note 11, note 12 and note 13.

Residual values and useful lives of tangible and intangible assets

Residual values and useful lives of tangible and intangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future. Further details are given in note 11 and note 12.

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 and October 2009. 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).

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 34 and note 35.

Provisions

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

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

The group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is, however, unpredictable and actual costs incurred could differ materially from those estimated at the reporting date. Further details are given in note 30.

Assets, liabilities and contingent liabilities acquired in a business combination

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a large extent, on management's judgement.

The allocation of the purchase price affects the results of the group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are only tested for impairment on an annual basis.

Identifiable intangible assets acquired under business combination include trademarks and customer lists. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset, where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as set out below. The group has adopted the following new and amended IFRS standards and IFRIC interpretations during the year:

Further information on changes to accounting policies

The group has applied the following IFRS interpretations during the year:

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment has not had any impact on the group.
- IAS 32 *Offsetting Financial Assets and Financial Liabilities* – amendments to IAS 32. The amendments to IAS 32 *Financial Instruments: Presentation* clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. This amendment has not had any impact on the group.
- IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* – amendments to IAS 39. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations:
  - That arise as a consequence of laws or regulations, or the introduction of laws or regulations
  - In which the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
  - That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

  All of the above criteria must be met to continue hedge accounting under this exception. The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. This amendment has not had any impact on the group due to the fact that although Tiger Brands applies hedge accounting, the group does not make use of any novation of derivatives.
- IFRS 2 *Share-Based Payment* – definitions of vesting conditions. The amendment defines "performance condition" and "service condition" to clarify various issues, including the following:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied
  - This amendment has not had any impact on the group as the revised definitions were already applied.
- IFRS 3 *Business Combinations* – accounting for contingent consideration in a business combination.

The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment is applied prospectively and will impact future business combinations subject to contingent consideration.

- IFRS 8 *Operating Segments* – aggregation of operating segments. The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of operating segments that have been aggregated and the economic characteristics (eg sales and gross margins) used to assess whether the segments are similar. This amendment has not had any notional impact on the group.
- IFRS 8 *Operating Segments* – reconciliation of the total of the reportable segments' assets to the entity's assets. The amendment clarifies that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision-maker, similar to the required disclosure for segment liabilities. This amendment has not had any material impact on the group.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment has not had any impact on the group.
- IAS 24 *Related-Party Disclosures*. The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related-party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has not had any impact on the group.

Standards and interpretations not yet effective

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

Standard/amendment	Applied/effective	Impact
IFRS 9 *Financial Instruments*	1 January 2018	The adoption of IFRS 9 will have an effect on the classification and measurement of the group's financial assets, but no impact on the classification and measurement of the group's financial liabilities
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date
Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*	1 January 2016	These amendments are not expected to have any impact to the group
Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016	These amendments are not expected to have any impact to the group given that the group has not used a revenue-based method to depreciate its non-current assets
Amendments to IAS 27 *Equity Method in Separate Financial Statements*	1 January 2016	This amendment is not expected to impact the group, unless the group elects to equity-account investments in subsidiaries or associates which is currently not the case
IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations – Changes in methods of disposal*	1 January 2016	These amendments are not expected to have any material impact to the group
IFRS 7 *Financial Instruments: Disclosure – Servicing contracts*	1 January 2016	The amendments will have no impact on Tiger Brands as no servicing contracts are entered into
IFRS 7 *Financial Instruments: Disclosure – Applicability of the offsetting disclosures to condensed interim financial statements*	1 January 2016	These amendments are not expected to have any material impact to the group
IAS 19 *Employee Benefits – Discount rate: regional market issue*	1 January 2016	These amendments are not expected to have any material impact to the group as all defined benefit plans are based in South Africa with South African discount rates
IAS 34 *Interim Financial Reporting – Disclosure of information elsewhere in the interim financial report*	1 January 2016	These amendments are not expected to have any material impact to the group

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		2	**Revenue**		
			Turnover	31 557,6	30 072,0
136,0	144,2		Interest received	16,3	26,3
2 099,3	1 849,3		Dividend income	0,8	1,5
–	–		Rental income, fee income and other	13,0	26,2
2 235,3	1 993,5			31 587,7	30 126,0
		3	**Turnover**		
		3.1	Turnover comprises:		
			Non-South African turnover	7 817,6	7 589,0
			South African turnover	23 740,0	22 483,0
				31 557,6	30 072,0
			Turnover is net of value added tax, normal discounts, rebates and promotional allowances. Refer to the segmental analysis on pages 37 and 38 for details of the segmental split.		
		3.2	Turnover by major customer		
			Customer 1	4 473,9	4 310,6
			Customer 2	3 089,1	3 052,0
			Customer 3	2 566,1	2 524,5
			Customer 4	2 317,3	2 285,5
			Customer 5	407,8	335,6
			All other customers	18 703,4	17 563,8
				31 557,6	30 072,0
			Customers 1 to 5 relate to domestic operations.		

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		4	**Operating income/(loss) before abnormal items**		
		4.1	Operating income/(loss) has been determined after charging/(crediting):		
			External auditors' remuneration	32,0	35,6
–	0,3		– Audit fees	28,2	29,9
			– Other fees and expenses	3,8	5,7
			Internal auditors' remuneration	10,9	10,9
			Depreciation	662,1	679,1
			– On buildings	64,0	58,1
			– On plant, equipment and vehicles	595,3	617,5
			– On capitalised leased assets	2,8	3,5
			Amortisation	23,8	38,1
			– On trademarks	18,7	33,2
			– On licence agreements, supplier relationships and other intangibles	0,5	0,1
			– On customer lists	4,6	4,8
1,4	1,8		Fees paid for administrative, managerial and technical services	97,7	97,3
			Operating lease charges	170,2	165,0
			– On land and buildings	60,7	68,2
			– On plant, equipment and vehicles	109,5	96,8
			Loss on disposal of plant, equipment and vehicles	4,4	1,2
			Research, development and related expenditure	23,6	21,7
			IFRS 2 charges	29,2	105,4
			– Cash settled	(60,9)	44,4
44,3	37,7		– Equity settled, including BEE-related IFRS 2 expenses	90,1	61,0
			Staff costs	3 151,7	2 900,4
			Employer's contribution to retirement funding	228,1	201,3
			Employer's contribution to medical aid	95,7	91,7
(20,4)	0,9		Foreign exchange (profit)/loss	(84,0)	(21,7)
			Foreign exchange loss on TBCG letters of credit	134,3	24,3
		4.2	Directors' emoluments		
			Executive directors		
			– Salaries and bonuses	18,2	17,6
			– Retirement, medical and other benefits	8,9	29,3
			Non-executive directors		
6,7	5,9		– Fees	6,7	5,9
6,7	5,9		Total directors' emoluments	33,8	52,8
			Less: Paid by subsidiaries	(27,1)	(46,9)
6,7	5,9		Emoluments paid by company	6,7	5,9

4 Operating income/(loss) before abnormal items continued

4.2 Directors' emoluments continued

Table of directors' emoluments for the year ended 30 September 2015

GROUP

R'000	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2015
Executive directors							
O Ighodaro	–	3 893	753	60	648	–	5 354
PB Matlare	–	4 753	967	323	832	6 099	12 974
NP Doyle (13 Jul 2015 – 30 Sept 2015) – Note 1	–	949	1 843	18	159	–	2 969
CFH Vaux	–	3 639	1 447	43	737	–	5 866
Total A	–	13 234	5 010	444	2 376	6 099	27 163
Non-executive directors							
		EFs					
AC Parker (chairman)	1 557	91	–	–	–	–	1 648
MO Ajukwu (31 Mar 2015 – 30 Sept 2015)	194	54	–	–	–	–	248
SL Botha	530	54	–	–	–	–	584
MJ Bowman	335	–	–	–	–	–	335
RMW Dunne (1 Oct 2014 – 31 May 2015)	614	–	–	–	–	–	614
M Makanjee	431	54	–	–	–	–	485
KDK Mokhele	644	54	–	–	–	–	698
RD Nisbet	595	54	–	–	–	–	649
MP Nyama	433	–	–	–	–	–	433
BL Sibiya (deputy chairman)	805	54	–	–	–	–	859
YGH Suleman (13 Jul 2015 – 30 Sept 2015)	105	–	–	–	–	–	105
Total B	6 243	415	–	–	–	–	6 658
Total A + B	6 243	13 649	5 010	444	2 376	6 099	33 821
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
NP Doyle (1 Oct 2014 – 12 Jul 2015) – Note 1	–	2 847	–	54	476	–	3 377
NG Brimacombe – Note 2	–	3 490	–	198	717	–	4 405
AG Kirk	–	3 221	1 319	240	567	–	5 347
Total	–	9 558	1 319	492	1 760	–	13 129
Aggregated details of remuneration paid to members (six) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder:							
Total	–	13 598	4 858	1 150	2 496	3 623	25 725

Note 1 – *NP Doyle was appointed as an executive director on 13 July 2015.*
Note 2 – *The value of R71 480 was paid to NG Brimacombe for 15 years for Long Service Awards in December 2014.*
EFs – *Fees paid to the chairman for his attendance at meetings of the board of directors of Empresas Carozzí (R36 200), an associate of Tiger Brands. Also includes fees paid to non-executive directors in respect of their attendance at special board meetings of the company.*

4 Operating income/(loss) before abnormal items continued

4.2 Directors' emoluments continued

Table of directors' emoluments for the year ended 30 September 2014

GROUP

R'000	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2014
Executive directors							
O Ighodaro	–	3 617	3 051	60	604	–	7 332
PB Matlare	–	4 564	–	316	801	3 491	9 172
CFH Vaux	–	3 417	2 965	40	693	23 365	30 480
Total A	–	11 598	6 016	416	2 098	26 856	46 984
Non-executive directors							
		EFs					
AC Parker (chairman)	1 465	85	–	–	–	–	1 550
SL Botha	494	17	–	–	–	–	511
MJ Bowman	315	17	–	–	–	–	332
RMW Dunne	825	17	–	–	–	–	842
M Makanjee	384	10	–	–	–	–	394
KDK Mokhele	536	17	–	–	–	–	553
RD Nisbet	460	17	–	–	–	–	477
MP Nyama	404	17	–	–	–	–	421
BL Sibiya (deputy chairman)	757	17	–	–	–	–	774
Total B	5 640	214	–	–	–	–	5 854
Total A + B	5 640	11 812	6 016	416	2 098	26 856	52 838
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
NG Brimacombe	–	3 276	2 901	120	674	4 535	11 506
NP Doyle – Note 1	–	3 509	2 972	593	588	–	7 662
AG Kirk – Note 2	–	2 894	1 355	278	536	–	5 063
N Segoale (1 October 2013 to 28 February 2014) – Note 3	–	1 909	–	1 061	268	2 703	5 941
Total	–	11 588	7 228	2 052	2 066	7 238	30 172
Aggregated details of remuneration paid to members (five) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder:							
Total – Note 4	–	17 618	10 082	982	2 764	12 995	44 441

Note 1 – *A special once-off allowance of R521 070 was paid to NP Doyle in September 2014 in recognition of the additional responsibilities he had assumed in respect of the company's Nigerian subsidiaries, namely Dangote Flour Mills and Deli Foods.*

Note 2 – *The bonus value of R1 354 510 excludes an amount of R1 354 510 which has been deferred for the purchase of restricted shares in terms of the rules of the Tiger Brands Limited 2013 Share Plan.*

Note 3 – *Other benefits include accommodation and flights home for personal visits as part of an expatriate package.*

Note 4 – *The bonus value of R10 082 179 excludes an amount of R486 255 in respect of one member of the executive committee, who has deferred a portion of his bonus for the purchase of restricted shares in terms of the rules of the Tiger Brands Limited 2013 Share Plan.*

EFs – *Fees paid to the chairman for his attendance at meetings of the board of directors of Empresas Carozzí, an associate of Tiger Brands (R51 000). Also includes fees paid to non-executive directors in respect of their attendance at special board meetings of the company.*

4.3 Directors' service contracts

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

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		5	**Abnormal items**		
–	–		Impairment of property, plant and equipment (refer note 11.6)	(1 410,9)	(145,3)
(678,8)	(896,7)		Impairment of investments/intangible assets (refer note 13.4)	(280,0)	(916,4)
–	–		Profit on sale of empowerment available-for-sale financial assets	47,0	–
–	–		(Loss)/profit on disposal of plant, equipment and vehicles	(7,3)	14,8
–	–		Insurance claim income	7,5	43,2
(69,5)	–		Write-off of other assets	(72,9)	(3,1)
7,0	–		Historical statutory liabilities	7,0	(36,4)
–	(12,3)		Acquisition costs	–	(12,3)
(44,2)	(21,9)		Exchange rate translation of Mauritian loan	–	–
(0,2)	–		Other	–	–
(785,7)	(930,9)		Abnormal profit before taxation	(1 709,6)	(1 055,5)
12,4	6,1		Income tax expense	5,8	53,9
(773,3)	(924,8)		Attributable to shareholders in Tiger Brands Limited	(1 703,8)	(1 001,6)
			Abnormal items are items of income and expenditure which are not directly attributable to normal operations or where their size or nature are such that additional disclosure is considered appropriate.		
		6	**Interest**		
(22,7)	(16,9)	6.1	Finance costs	(413,8)	(429,0)
(13,0)	(16,4)		Long-term borrowings	(122,9)	(227,0)
(9,7)	(0,5)		Bank and other short-term borrowings	(278,7)	(190,8)
–	–		Other – financial liabilities	(10,1)	(8,3)
–	–		Other – non-financial liabilities	(2,1)	(2,9)
136,0	144,2	6.2	Interest received	16,3	26,3
29,4	25,4		From subsidiary companies	–	–
106,6	118,8		From cash and cash equivalents	16,3	21,3
–	–		From other sources – non-financial assets	–	5,0
113,3	127,3		Net (finance costs)/interest received	(397,5)	(402,7)
		7	**Investment income**		
1 925,4	1 690,3		From subsidiary companies and associate companies		
			From investment of employer-controlled reserve invested by pension fund	0,1	0,9
173,9	158,9		From BEE empowerment entities		
–	0,1		From other investments	0,7	0,6
2 099,3	1 849,3			0,8	1,5

COMPANY 2015	2014		(R'million)	GROUP 2015	2014
		8	Taxation		
37,8	36,9	8.1	South African current taxation	1 057,4	943,2
13,1	10,0		Withholding and foreign taxes	70,0	88,2
50,9	46,9			1 127,4	1 031,4
4,3	2,4		Deferred taxation – temporary differences	17,6	(107,2)
55,2	49,3			1 145,0	924,2
			Adjustments in respect of previous years		
(0,3)	(0,7)		– Current taxation	(136,6)	17,8
–	–		– Foreign taxation	7,5	–
–	–		– Deferred taxation	(32,7)	(55,7)
–	–		– Impairment of prior year deferred tax asset	230,8	–
54,9	48,6			1 214,0	886,3
			Taxation on abnormal items		
–	–		– Current	8,9	3,9
(12,4)	(6,1)		– Deferred	(14,7)	(57,8)
42,5	42,5			1 208,2	832,4
%	%	8.2	The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:	%	%
2,9	4,1		Taxation for the year as a percentage of income before taxation	56,2	30,8
–	–		Deferred tax asset not recognised on impairment of plant, equipment and vehicles	(21,5)	–
38,9	50,1		Dividend income	–	–
(12,9)	(25,3)		Expenses and provisions not allowed for taxation	(2,8)	(10,8)
–	–		Assessed losses not recognised	(5,6)	(0,2)
–	–		De-recognition of prior year assessed losses	(7,7)	–
–	–		Non-recognition of other current year timing differences	(3,8)	–
–	–		De-recognition of other prior year timing differences	(3,1)	–
–	–		Tax effect of bad debt provision not recognised on group basis	1,0	–
–	–		Impact of exchange rate differences	1,1	–
–	–		Additional investment allowances	–	1,6
–	–		Other prior year adjustments	7,5	1,4
(0,9)	(0,9)		Withholding taxes	(1,4)	(1,2)
–	–		Income from associates	7,9	6,2
–	–		Effect of differing rates of foreign taxes	0,4	0,1
–	–		Other sundry adjustments	(0,2)	0,1
28,0	28,0		Rate of South African company taxation	28,0	28,0
			(R'million)		
			Tax effect of losses available to reduce future taxable income	27,2	202,5

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		8	**Taxation** continued		
		8.3	Reconciliation of movement on deferred taxation		
			Movement recognised in the income statement for the year		
4,3	2,4		Current year charge	248,4	(107,2)
–	–		Adjustments in respect of previous years	(32,7)	(55,7)
(12,4)	(6,1)		Deferred tax on abnormal items	(14,7)	(57,8)
(8,1)	(3,7)			201,0	(220,7)
			Movement per deferred tax accounts		
(12,4)	(6,1)		(Increase)/decrease in deferred taxation asset	314,1	(123,3)
4,3	2,4		Increase/(decrease) in deferred taxation liability	(113,1)	(97,4)
(8,1)	(3,7)			201,0	(220,7)

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

		GROUP 2015	GROUP 2014
9.1	Opening balance of number of ordinary shares	181 621 510	181 220 710
	Weighted number of ordinary shares – issued	85 180	245 093
	Weighted number of shares held for BEE deal	(20 013 710)	(21 338 575)
	Weighted average number of shares in issue	161 692 980	160 127 228
9.2	Weighted average number of shares in issue	161 692 980	160 127 228
	Share options dilution	2 652 190	4 023 409
	Adjusted number of ordinary shares for diluted earnings per share and diluted headline earnings per share purposes	164 345 170	164 150 637
9.3	Headline earnings (R'million)	2 887,0	2 907,4
	– Continuing operation	2 887,0	2 889,3
	– Discontinued operation	–	18,1
	Income attributable to shareholders of the parent (R'million)	1 727,1	2 020,2
	– Continuing operation	1 727,1	1 990,3
	– Discontinued operation	–	29,9

9.4 Reconciliation between profit for the year and headline earnings

(R'million)	Gross	Taxation	Non-controlling interest	Net
2015				
Continuing operations				
Earnings/profit attributable to shareholders of the parent				1 727,1
Adjusted for:				
Loss on disposal of plant, equipment and vehicles	11,7	(1,9)	–	9,8
Impairment of intangible assets	280,0	(10,4)	–	269,6
Impairment of property, plant and equipment	1 410,9	(3,5)	(474,2)	933,2
Profit on sale of empowerment shares	(47,0)	7,9	–	(39,1)
Write-off of other assets	(3,7)	–	(1,5)	(5,2)
Insurance claim income	(7,5)	2,1	–	(5,4)
Headline earnings adjustments – Associates				
– Profit on sale of non-current assets	(3,0)	–	–	(3,0)
Headline earnings for the year	1 641,4	(5,8)	(475,7)	2 887,0

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

9.4 Reconciliation between profit for the year and headline earnings continued

(R'million)	Gross	Taxation	Non-controlling interest	Net
2014				
Continuing operations				
Earnings/profit attributable to shareholders of the parent				1 990,3
Adjusted for:				
Profit on disposal of plant, equipment and vehicles	(13,6)	2,5	–	(11,1)
Impairment of intangible assets	916,4	(26,1)	(20,9)	869,4
Impairment of property, plant and equipment	145,3	(41,9)	(25,2)	78,2
Write-off of other assets	3,1	(0,9)	(0,7)	1,5
Insurance claim income	(43,2)	12,1	–	(31,1)
Headline earnings adjustments – Associates				–
– Profit on sale of non-current assets	(9,3)	1,4	–	(7,9)
Headline earnings for the year	998,7	(52,9)	(46,8)	2 889,3
Discontinued operation				
Earnings/profit attributable to shareholders of the parent				29,9
Adjusted for:				
Gain on remeasurement to fair value on transfer of net assets to held-for-sale	(18,6)	–	6,8	(11,8)
Headline earnings for the year	(18,6)	–	6,8	18,1

	(R'million)	GROUP 2015	GROUP 2014
9.5	Headline earnings per share		
	Headline earnings per ordinary share (cents)	1 785,5	1 815,7
	– Continuing operation	1 785,5	1 804,4
	– Discontinued operation	–	11,3
	Diluted headline earnings per ordinary share (cents)	1 756,7	1 771,2
	– Continuing operation	1 756,7	1 760,2
	– Discontinued operation	–	11,0

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		10	Dividends		
1 785,6	1 658,7	10.1	Dividends on ordinary shares – paid	1 574,6	1 446,5
			Dividend to empowerment trusts	45,4	31,6
	1 040,6		Dividend No 138 of 555 cents per share		887,5
	618,1		Dividend No 139 of 329 cents per share		527,4
1 148,3			Dividend No 140 of 611 cents per share	980,6	
637,3			Dividend No 141 of 339 cents per share	548,6	
950	940	10.2	Dividends per ordinary share (cents)	950	940
	329		Dividend No 139 – paid		329
	611		Dividend No 140 – paid		611
339			Dividend No 141 – paid	339	
611			Dividend No 142 – declared 18 November 2015	611	

	(R'million)	GROUP 2015	2014
11	Property, plant and equipment		
11.1	Freehold land and buildings	1 211,3	1 165,4
	Cost	1 607,7	1 521,1
	Accumulated depreciation	(396,4)	(355,7)
11.2	Leasehold land and buildings	560,0	520,7
	Cost	665,7	625,9
	Accumulated depreciation	(105,7)	(105,2)
	Total land and buildings	1 771,3	1 686,1
11.3	Plant, vehicles, and equipment	2 863,7	4 170,5
	Cost	9 272,6	9 000,7
	Accumulated depreciation	(6 408,9)	(4 830,2)
11.4	Capitalised leased assets	6,2	11,0
	Cost	19,9	28,4
	Accumulated depreciation	(13,7)	(17,4)

11.5 Land and buildings and plant and machinery having a book value of R1 158,0 million (2014: R1 323,3 million), are mortgaged/pledged as security for long-term loans of R397,4 million (2014: R721,8 million) included in note 31.1 and capitalised finance leases of R5,2 million (2014: R7,0 million) as per note 31.3.

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

	GROUP (R'million)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised leased assets	Total
11.6	Movement of the group property, plant and equipment					
	2015					
	Net balance at the beginning of the year	1 165,4	520,7	4 170,5	11,0	5 867,6
	Additions	98,2	16,2	766,7	0,5	881,6
		1 263,6	536,9	4 937,2	11,5	6 749,2
	Disposals	(3,6)	–	(60,5)	(1,3)	(65,4)
	Depreciation	(48,7)	(15,3)	(595,3)	(2,8)	(662,1)
	Impairment	–	–	(1 410,9)	–	(1 410,9)
	Exchange rate translation difference	–	38,4	(6,8)	(1,2)	30,4
	Net balance at the end of the year	1 211,3	560,0	2 863,7	6,2	4 641,2
	2014					
	Net balance at the beginning of the year	1 061,1	491,6	3 931,5	14,5	5 498,7
	Additions	145,6	14,2	823,1	–	982,9
		1 206,7	505,8	4 754,6	14,5	6 481,6
	Disposals	–	–	(5,9)	–	(5,9)
	Depreciation	(43,8)	(14,3)	(617,5)	(3,5)	(679,1)
	Impairment	(3,8)	(12,1)	(129,4)	–	(145,3)
	Exchange rate translation difference	6,3	41,3	168,7	–	216,3
	Net balance at the end of the year	1 165,4	520,7	4 170,5	11,0	5 867,6

The impairment charge of R1,4 billion mainly relates to the Nigeria segment. Impairment of property, plant and equipment was largely as a result of an assessment of the value in use of certain production lines within this segment. Refer to key valuation assumptions detailed in note 13. The remaining impairment charge of R39,8 million is as a result of the various efficiency improvement initiatives which were concluded in the current year, which is further detailed in note 13. No borrowing costs relating to plant were capitalised during the year.

	(R'million)	GROUP 2015	GROUP 2014
12	**Goodwill and intangible assets**		
12.1	Goodwill	2 239,1	2 411,2
	Cost	3 343,7	3 337,1
	Accumulated impairment	(1 104,6)	(925,9)
	Movement of group goodwill		
	Net balance at the beginning of the year	2 411,2	3 173,2
	Impairment of goodwill (refer to note 13.4)	(178,7)	(809,8)
	Exchange rate translation difference	6,6	47,8
	Net balance at the end of the year	2 239,1	2 411,2
	The carrying value of goodwill is allocated to cash generating units as follows:		
	Exports and International	1 115,4	1 110,2
	Nigeria	–	177,3
	Beverages	580,5	580,5
	Groceries	72,3	72,3
	Value Added Meat Products	6,0	6,0
	HPCB	464,9	464,9
		2 239,1	2 411,2
12.2	Intangible assets		
12.2.1	*Trademarks and other*	1 506,0	1 573,6
	Cost	1 809,7	1 806,2
	Accumulated amortisation and impairment	(303,7)	(232,6)
12.2.2	*Licence agreements and supplier relationships*	20,3	20,8
	Cost	25,0	25,0
	Accumulated amortisation and impairment	(4,7)	(4,2)
12.2.3	*Customer lists*	467,6	521,1
	Cost	538,0	538,0
	Accumulated amortisation and impairment	(70,4)	(16,9)
	Total intangible assets	1 993,9	2 115,5

	GROUP (R'million)	Trademarks and other	Licence agreements and supplier relationships	Customer lists	Total
12.3	Movement of group intangible assets				
	2015				
	Net balance at the beginning of the year	1 573,6	20,8	521,1	2 115,5
	Impairment	(52,4)	–	(48,9)	(101,3)
	Amortisation	(18,7)	(0,5)	(4,6)	(23,8)
	Exchange rate translation difference	3,5	–	–	3,5
	Net balance at the end of the year	1 506,0	20,3	467,6	1 993,9
	2014				
	Net balance at the beginning of the year	1 704,6	20,9	525,9	2 251,4
	Impairment	(106,6)	–	–	(106,6)
	Amortisation	(33,2)	(0,1)	(4,8)	(38,1)
	Exchange rate translation difference	8,8	–	–	8,8
	Net balance at the end of the year	1 573,6	20,8	521,1	2 115,5

Trademarks comprise well-established, growing brands. Except for trademarks with a cost of R248,3 million (2014: R248,3 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 non-financial assets

Annually, or if there is an indication of impairment, all indefinite life intangible assets and goodwill are assessed for impairment. Goodwill acquired through business combinations, trademarks, licence agreements, supplier relationships, customer lists and restraint of trade agreements have been allocated to cash-generating units to facilitate this assessment.

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

13.1 Methods and assumptions

The group applies a discounted cash flow methodology (value in use) to assess goodwill and certain indefinite life intangible assets for impairment. This methodology entails a calculation of the present value of future cash flows generated by applicable cash-generating units over a period of five to 10 years and incorporates a terminal growth rate.

These cash flows have been based on the approved budget for the 2016 financial year which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure, an appropriate discount rate and a terminal growth rate. The terminal growth rate used is 1% (2014: 1%); however, it is dependent on the industry and maturity of the cash-generating unit.

Trademarks

The group applies 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 licensed to the company.

Main inputs used are forecast future sales, a notional royalty rate payable in an arm's length transaction and an appropriate discount rate.

Customer lists

The group applies the "multi-period excess earnings" valuation methodology to value customer lists. The method is based on apportioning the returns earned by a business across its tangible and intangible assets.

Main inputs used are forecast sales to which the customer relationships contribute and estimated cash flows earned from these sales, a tax rate of 28% (2014: 28%) and a required rate of return.

13.2 Discount rates

The group has calculated a weighted average cost of capital (WACC) which is utilised as a basis for performing the value-in-use calculation. In cases where the CGU is deemed to be of greater risk than the group as a whole, a risk premium has been included within the discount rate applied. The discount rate utilised for the purposes of the impairment testing was between 11,5% and 19,7% (2014: 11,0% and 15,5%).

13.3 Growth rates

In determining the growth rate, consideration is given to the growth potential of the respective CGU. As part of this assessment, a prudent outlook is adopted that mirrors an inflationary increase in line with the consumer price index and real growth expected within the specific market. Based on these factors, the nominal price growth rates applied for the purposes of the impairment testing ranges between 1% and 6%. Volume growth assumptions are based on management's best estimates of known strategies and future plans to grow the business. The terminal growth rates applied were between 1% and 8%.

13 Impairment testing of non-financial assets continued

13.4 Specific impairments in the current year

	GROUP 2015	2014
Nigeria – TBCG property, plant and equipment (refer note 11.6)	(1 371,1)	(105,2)
Nigeria – Deli Foods goodwill and intangible assets (refer note 12.1 and 12.3)	(250,4)	(48,0)
HPCB – Indefinite life intangible asset (refer note 12.3)	(29,6)	(15,7)
Grains – Property, plant and equipment (refer note 11.6)	(22,4)	–
Nigeria – Deli Foods property, plant and equipment (refer note 11.6)	(11,8)	–
International operations – Eastern Africa property, plant and equipment (refer note 11.6)	(5,6)	–
Nigeria – TBCG goodwill and related intangible assets (refer note 12.1 and 12.3)	–	(848,7)
Consumer Brands – property, plant and equipment (refer note 11.6)	–	(40,1)
HPCB – write-off of non-core domestic trademarks (refer note 12.3)	–	(4,0)
Total	(1 690,9)	(1 061,7)

Impairments were recognised in the current year as a result of the annual impairment assessments performed on goodwill, other intangible assets, as well as property, plant and equipment. The impairments noted in TBCG arose mainly as a result of macro-economic factors. In addition, the value of these impairments was increased at a Tiger Brands level as a result of the decision taken to discontinue funding to TBCG as noted in note 39. Given these factors and since the group is unlikely to derive any benefit from TBCG's business through continued use, the recoverable amount of the respective CGUs to the group has been determined as the fair value less cost of disposal. As a result, an impairment of R1,4 billion has been recognised against the affected CGU's property, plant and equipment and the remaining value of the CGU has been assessed as minimal. In determining this fair value, a capital asset pricing model was used to perform the valuation taking into consideration 10-year forecasts and the additional capital requirements of the business. In addition, the inputs into the model were mainly level 3 in terms of the fair value hierarchy and based on a WACC rate of 19,7% (2014:15,5%). The impairments recognised in the prior year within the TBCG business, arose due to overcapacity within that business. Furthermore, the carrying value of the company's investment in TBCG has also been evaluated and an impairment of R678,8 million recognised at a company level.

13.5 Changes in key assumptions

The determined value in use of each CGUs is most sensitive to the discount rate. No reasonably probable change in any of the above key valuation assumptions would cause the carrying amount of CGUs to materially exceed their recoverable amounts.

COMPANY 2015	2014		(R'million)	GROUP 2015	2014
		14	**Interest in subsidiary companies** (Annexure A)		
2 931,5	3 604,4		Shares at cost less amounts written off		
2 606,8	2 561,4	15	**Amounts owed by subsidiaries** (Annexure A)		
			Refer to the related parties note 38 for additional information		
		16	**Investments in associated companies** (Annexure B)		
967,6	442,1		Listed, at cost	1 472,1	946,7
421,1	421,1		Unlisted, at cost less amounts written off	1 005,8	1 005,8
			Share of accumulated profits and reserves since acquisition	1 672,8	1 114,4
1 388,7	863,2			4 150,7	3 066,9
6 570,6	4 606,3		Fair value of listed investments	6 570,6	4 606,3

Notes to the financial statements continued

for the year ended 30 September 2015

	(R'million)	GROUP 2015	2014
16	**Investments in associated companies** continued		
	The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
	Revenue (100%)	23 408,0	22 101,6
	Turnover (100%)	23 397,4	22 091,0
	Profit for the year (100%)	1 662,3	1 721,5
	Profit attributable to ordinary shareholders of Tiger Brands	602,8	596,9
	Oceana Group Limited		
	– Normal trading	308,7	284,7
	– Abnormal items	0,7	(2,5)
	Oceana Group Limited (after abnormal items)	309,4	282,2
	National Foods Holdings Limited		
	– Normal trading	56,6	77,3
	– Abnormal items	(3,0)	(5,4)
	National Foods Holdings Limited (after abnormal items)	53,6	71,9
	Empresas Carozzí	207,1	199,0
	UAC Foods	32,7	43,8
	Less: Dividends	(326,0)	(287,2)
	Share of associated companies' income less dividends received	276,8	309,7
	Share of movement in associates' reserves		
	The aggregate statements of financial position of associates are summarised as follows (100%):		
	Property, plant and equipment	10 727,5	8 863,4
	Goodwill and intangible assets	7 063,5	2 466,0
	Investments	411,8	239,7
	Deferred taxation	25,6	24,1
	Net current assets	5 086,7	4 246,6
	Total assets	23 315,1	15 839,8
	Long-term liabilities	(9 083,4)	(4 924,2)
	Deferred taxation	(1 429,7)	(771,1)
	Total shareholders' funds	12 802,0	10 144,5

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		17	**Other investments**		
			(Annexure C)		
			Listed, at fair value	102,2	292,7
4,7	8,5		Unlisted, at fair value	6,9	10,4
			Employer controlled reserve invested by pension fund on behalf of Tiger Brands Limited		
			– Defined contribution	2,1	2,1
			– Defined benefit (refer note 34)	47,0	44,8
1 610,4	1 610,4		BEE Phase II empowerment entities preference shares		
415,6	371,2		Notional investment in subsidiary companies in terms of IFRS 2		
2 030,7	1 990,1			158,2	350,0
			Fair value of listed investments	102,2	292,7
		18	**Loans**		
			Loans to empowerment entities		
378,5	293,7		– Tiger Brands Foundation		
72,9	58,7		– Thusani II		
2,1	2,5		Other	3,4	5,6
453,5	354,9			3,4	5,6
		18.1	**Loans to empowerment entities**		
			Loans to empowerment entities consist of accrued dividends receivable on the investment in preference shares in connection with the BEE Phase II empowerment transaction (refer to note 17). Preference dividends are calculated based on 93,5% of the prime interest rate prevailing from time to time.		
		19	**Deferred taxation asset**		
		19.1	**Movement of deferred taxation asset**		
15,5	9,4		Balance at the beginning of the year	803,5	638,3
			Net reallocation between deferred taxation asset and deferred taxation liability	27,5	–
			Post-retirement medical aid taken to other comprehensive income	–	7,7
			Adjustment in respect of currency losses taken directly to non-distributable reserve	12,4	5,8
			Exchange rate translation reserve	2,7	28,4
12,4	6,1		Income statement movement – continuing operations	(314,1)	123,3
27,9	15,5		Balance at the end of the year (refer note 28.1)	532,0	803,5

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		19	**Deferred taxation asset** continued		
		19.2	**Analysis of deferred tax asset**		
			Losses available for offset against future taxable income	27,2	202,5
			Provisions	443,9	482,4
			Property, plant and equipment	3,6	89,9
			Revaluation of loan	28,0	15,6
27,9	15,5		Other temporary differences	29,3	13,1
27,9	15,5			532,0	803,5
			Disclosed on the statement of financial position as follows:		
(18,1)	(10,0)		Deferred tax asset	(50,5)	(306,9)
–	–		Deferred tax liability	200,3	279,1
(18,1)	(10,0)		Net deferred tax liability/(asset)	149,8	(27,8)

Assessed losses available for offset against future taxable income have been recognised as it is probable, based on future cash flows, that there will be future taxable income against which the assessed loss may be utilised.

Following the decision to discontinue funding to TBCG, deferred tax assets in respect of its brought forward assessed losses and unutilised capital allowances, amounting to R260,9 million in aggregate has been derecognised and expensed as taxation in the current year. In addition, the tax effect of TBCG's current year assessed losses, amounting to R120,6 million has not been recognised.

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		20	**Inventories**		
			Raw materials	2 480,6	2 014,2
			Partially processed goods	98,8	101,5
			Finished goods and merchandise	2 717,6	2 244,0
			Consumable stores and spares	295,2	252,4
			Other	77,8	88,5
				5 670,0	4 700,6

Inventories to the value of R126,5 million (2014: R49,3 million) are carried at net realisable value which is lower than cost. The amount of inventories written down and recognised in cost of sales as an expense is R97,4 million (2014: R86,8 million). Inventory provision at 30 September 2015 is R119,4 million (2014: R91,3 million).

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		21	**Trade and other receivables**		
		21.1	**Analysis of trade and other receivables**		
			Trade receivables	4 459,1	4 194,7
			Tax overpaid	34,5	50,1
			Prepayments	131,0	203,7
			Defined benefit pension surplus (refer note 34)	54,2	63,0
			VAT receivable	229,4	225,6
			Rebates	96,2	92,4
18,7	85,6		Sundry receivables	446,4	517,4
18,7	85,6		Total gross receivables	5 450,8	5 346,9
			Impairment provision – Trade receivables	(555,1)	(479,5)
18,7	85,6		Total net receivables	4 895,7	4 867,4

Trade receivables, which generally have 30 to 60-day terms, are non-interest-bearing and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Included within trade receivables is derivative assets of R18,9 million (2014: R13,4 million) which are carried at fair value. Refer to note 37 for further details.

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		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:		
			Balance at the beginning of the year	(479,5)	(443,6)
			Utilised during the year	–	–
			Reversed during the year	6,8	22,4
			Raised during the year	(82,4)	(58,3)
			Balance at the end of the year	(555,1)	(479,5)
		21.3	**Past due analysis**		
			As at 30 September, the ageing of trade receivables was as follows:		
			Not past due	2 898,8	2 835,3
			The historical level of customer default is minimal and as a result the credit quality of year-end receivables, which are not past due or impaired, is considered to be favourable.		
			Past due		
			Current to 60 days	912,0	872,6
			61 to 90 days	112,7	46,6
			91 – 180 days	39,3	1,5
			> 180 days	496,3	438,7
			Total	4 459,1	4 194,7
			As at 30 September, the ageing of sundry receivables and defined benefit pension surplus was as follows:		
18,7	85,6		Not past due	344,2	682,4
			Past due		
			Current to 60 days	117,7	110,9
			61 to 90 days	336,6	84,8
			91 – 180 days	27,7	1,2
			> 180 days	–	19,1
18,7	85,6		Total	826,2	898,4
		21.4	**Trade receivable analysis**		
			Industry spread of trade receivables:		
			Retail	1 789,2	2 203,7
			Wholesale/distributors	1 877,9	1 385,1
			Export	729,5	463,4
			Other	62,5	142,5
			Total	4 459,1	4 194,7
			Geographical spread of trade receivables:		
			South Africa	2 791,2	2 645,5
			Rest of Africa	1 499,6	1 502,2
			Europe	61,1	12,3
			Rest of the world	107,2	34,7
			Total	4 459,1	4 194,7

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		21	Trade and other receivables continued		
		21.5	Collateral held		
			Fair value of collateral held	13,5	13,1
			Collateral held represents hawker deposits which may be applied against accounts which are in default.		
		22	Cash and cash equivalents		
127,1	270,0		Bank balances	1 051,6	1 160,3
127,1	270,0		Cash and cash equivalents	1 051,6	1 160,3

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.

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

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

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

Refer to pages 80 to 89 for additional details regarding the schemes reflected below.

The total expense recognised for employee services received during the year to 30 September 2015 is R29,2 million (2014: R105,4 million). No expense was recognised in the current or previous financial year relating to the previous equity-settled share-based scheme. Of the total expense recognised, the portion arising from the share appreciation rights, performance shares and restricted share option transactions amounted to R17,8 million, R18,1 million and R9,9 million (2014: R11,5 million, R9,9 million and R1,9 million) respectively.

Equity settled

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

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at the beginning of the year	106 600	75,13	458 400	59,54
Forfeited during the year	–	–	–	–
Exercised during the year[1]	(106 600)	75,13	(351 800)	54,81
Outstanding at the end of the year	–	–	106 600	75,13
Exercisable at the end of the year	–	–	106 600	75,13

[1] *The weighted average share price at the date of exercise for the options exercised is R283,10 (2014: R272,41).*

No options were outstanding as at 30 September 2015.

The observable volatility in the market was the basis upon which the options were valued.

Share options were fair valued using a modified Black-Scholes model.

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)
29/01/2004	51,29	28/01/2014	82,65	22,2	2,5
25/01/2005	75,13	24/01/2015	95,36	20,4	2,0

The interest rate yield curve was derived from the Nedbank Treasury calculation.

Share appreciation rights

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

	2015		2014	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	955 159	274,81	435 700	299,83
Granted during the year	292 850	385,33	559 010	255,56
Forfeited during the year	(62 449)	284,68	(39 551)	273,41
Exercised during the year[1]	–	–		
Outstanding at the end of the year	1 185 560	301,30	955 159	274,81
Exercisable at the end of the year	–	–	–	–

[1] *The weighted average remaining contractual life for equity-settled options outstanding as at 30 September 2015 is 4,38 years (2014: 5,07 years).*

The weighted average fair value of options granted during the year was R95,7 per option (2014: R59,21 per option).

The range of exercise prices for options outstanding at the end of the year was R254,54 to R385,33 (2014: R254,45 to R299,83).

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

The following inputs were used:

Date of grant	Strike price of option (rand)	Expiry date	Market price of underlying stock at grant date (rand)	Expected volatility of the stock over remaining life of option (%)	Expected dividend cover (times)
30/09/2013	299,83	29/09/2019	299,11	24,5	2,0
13/02/2013	299,83	12/02/2019	289,50	23,2	2,0
13/02/2014	254,45	12/02/2020	250,00	21,5	3,0
02/05/2014	272,94	01/05/2020	279,50	21,8	3,0
02/06/2014	298,27	01/06/2020	299,84	21,8	3,0
04/02/2015	385,33	04/02/2020	394,91	21,3	2,9

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

23 Share-based payment plans continued

23.1 General employee share option plan continued

Performance shares

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

	2015 Number	2014 Number
Outstanding at the beginning of the year	128 261	51 600
Granted during the year	56 230	82 650
Forfeited during the year	(13 601)	(5 989)
Exercised during the year[1]	–	–
Outstanding at the end of the year	170 890	128 261
Exercisable at the end of the year	–	–

[1] *The weighted average remaining contractual life for equity-settled options outstanding as at 30 September 2015 is 1,45 years (2014: 2,02 years).*

The weighted average fair value of options granted during the year was R611,30 per option (2014: R375,21 per option).

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

The following inputs were used:

Date of grant	Strike price of option (rand)	Expiry date	Market price of underlying stock at grant date (rand)	Expected volatility of the stock over remaining life of option (%)	Expected dividend cover (times)
13/02/2013		12/02/2016	289,50	20,8	2,0
28/02/2014		27/02/2017	244,44	22,4	3,0
04/02/2015		04/02/2018	394,91	23,6	2,9

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

Restricted shares

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

	2015 Number	2014 Number
Outstanding at the beginning of the year	26 950	–
Granted during the year	108 842	26 950
Forfeited during the year	(5 670)	–
Exercised during the year[1]	–	–
Outstanding at the end of the year	130 122	26 950
Exercisable at the end of the year	–	–

[1] *The weighted average remaining contractual life for equity-settled options outstanding as at 30 September 2015 is 2,1 years (2014: 2,35 years).*

The weighted average fair value of options granted during the year was R359,70 per option (2014: R229,93 per option).

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

23 Share-based payment plans continued

23.1 General employee share option plan continued

The following inputs were used:

Date of grant	Expiry date	Market price of underlying stock at grant date (rand)	Expected volatility of the stock over remaining life of option (%)	Expected dividend cover (times)
13/02/2013	12/02/2016	289,50	20,8	2,0
28/02/2014	27/02/2017	244,44	22,4	3,0
03/12/2014	02/12/2017	367,85	23,4	2,9
10/09/2014	09/09/2017	319,00	23,0	3,0
04/02/2015	03/02/2018	394,91	23,6	2,9
21/05/2015	20/05/2018	293,75	24,8	2,9

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

Cash settled

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

	2015		2014	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	1 764 355	207,85	2 372 827	192,88
Granted during the year	–	–	–	–
Forfeited during the year	(785 498)	226,12	(70 800)	210,30
Exercised during the year	(282 235)	187,34	(537 672)	141,48
Outstanding at the end of the year[1]	696 622	238,19	1 764 355	207,85
Exercisable at the end of the year	267 042	204,45	530 283	168,68

[1] *The weighted average remaining contractual life for cash-settled options outstanding as at 30 September 2015 is 2,0 years (2014: 2,36 years).*

The range of exercise prices for options outstanding at the end of the year was R281,00 to R399,25 (2014: R130,59 to R299,83).

The weighted average share price at the date of exercise was R366,96 (2014: R291,39).

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

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for the year ended 30 September 2015

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 option (%)	Expected dividend cover (times)
13/02/2013	299,83	12/02/2019	289,50	24,5	3,0
01/10/2012	265,42	30/09/2018	272,35	24,5	3,0
02/07/2012	252,01	01/07/2018	247,00	25,1	3,0
03/02/2012	253,18	02/02/2018	255,00	25,1	3,0
01/06/2011	186,97	31/05/2017	194,90	25,1	3,0
02/02/2011	189,09	01/02/2017	188,16	25,1	3,0
03/02/2010	172,07	02/02/2016	176,50	24,6	3,0

The average volatility was 24,6% (2014: 27,8%) and the risk-free rate ranged from 6,73% to 7,44% (2014: 6,37% to 7,38%) during the year.

The carrying amount of the liability relating to the cash-settled options at 30 September 2015 is R37,9 million (2014: R182,0 million) – refer to note 30. Cash-settled options exercised during the year amounted to R52,5 million (2014: R80,5 million).

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

23.2 Black managers participation rights scheme (equity settled)

In terms of the BEE transaction implemented on 17 October 2005, 4 381 831 Tiger Brands shares were acquired by the Tiger Brands Black Managers Trust. The allocation of vested rights entitles beneficiaries to receive Tiger Brands shares (after making capital contributions to the Black Managers Trust) at any time after the lock-in period. In respect of options allocated on or before 31 July 2010, the lock-in period ended on 31 December 2014. In respect of allocations made after 31 July 2010, the lock-in date will be the latter of 31 December 2014 or, in respect of one-third of the allocations, three years after the allocation, the next third, four years and the last third, five years after the allocation. These vested rights are non-transferable.

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

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

The expense recognised for employee services received during the year to 30 September 2015 is R22,7 million (2014: R17,8 million).

23 Share-based payment plans continued

23.2 Black managers participation rights scheme (equity settled) continued

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

	2015 Number	2014 Number
Outstanding at the beginning of the year	3 081 442	2 811 031
Granted during the year	48 000	336 000
Forfeited during the year	(78 086)	(52 575)
Shares sold	(1 720 914)	(13 014)
Outstanding at the end of the year	1 330 442	3 081 442
Exercisable at the end of the year	773 441	–

The weighted average remaining contractual life for share options outstanding as at 30 September 2015 is 12 years (2014: 13 years).

The weighted average fair value of options granted during the year was R292,02 (2014: R205,06).

The notional exercise price of participation rights at 30 September 2015 was R81,60 per option (2014: R90,04).

The weighted average exercise price of participation rights exercised during 2015 was R86,15 (2014: Rnil).

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

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

The following inputs were used:

Date of grant	Initial strike price of participation rights (rand)	Expiry date	Market price of the underlying stock at grant date (rand)	Expected volatility of the stock over the remaining life of the participation right (%)	Expected dividend yield of the stock over the remaining life of the participation right (%)
31/01/2014	85,84	30/09/2027	266,00	25,3	3,8
31/07/2014	85,87	30/09/2027	308,75	25,3	3,8
31/01/2015	81,91	30/09/2027	394,18	25,3	3,8
31/07/2015	82,47	30/09/2027	284,88	25,3	3,8

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

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

23 Share-based payment plans continued

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

Brimstone

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

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

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

Black Managers Trust II

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

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

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

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

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

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

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

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

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

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

The expense recognised for employee services received during the year to 30 September 2015 is R21,6 million (2014: R19,9 million).

23 Share-based payment plans continued

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

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

	2015 Number	2014 Number
Outstanding at the beginning of the year	2 682 356	2 109 644
Granted during the year	212 000	720 800
Forfeited during the year	(109 663)	(145 059)
Shares sold (death of employees)	(1 388)	(3 029)
Outstanding at the end of the year	2 783 305	2 682 356
Exercisable at the end of the year	–	–

The weighted average remaining contractual life for share options outstanding as at 30 September 2015 is 3,3 years (2014: 4,3 years). The weighted average fair value of options granted during the year was R153,00 (2014: R99,22). The notional exercise price of participation rights at 30 September 2015 was R181,16 per option (2014: R174,30). No weighted average exercise price has been calculated as there were no participation rights exercised.

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

The following inputs were used:

Date of grant	Initial strike price of participation rights (rand)	Expiry date	Market price of the underlying stock at grant date (rand)	Expected volatility of the stock over the remaining life of the participation right (%)	Expected dividend yield of the stock over the remaining life of the participation right (%)
31/07/2013	168,03	31/12/2018	317,00	25,4	2,0
01/01/2014	173,76	31/12/2018	264,80	25,4	2,0
31/01/2014	169,92	31/12/2018	266,00	25,4	2,0
31/07/2014	174,30	31/12/2018	308,75	25,4	2,0
31/01/2015	206,27	31/12/2018	394,18	25,4	2,0
31/07/2015	99,73	31/12/2018	284,88	25,4	2,0

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		24	**Authorised share capital**		
25,0	25,0	24.1	250 000 000 (2014: 250 000 000) ordinary shares of 10 cents each	25,0	25,0
25,0	25,0			25,0	25,0
Number of shares				Number of shares	
–	121 600	24.2	Number of outstanding options in terms of the company's share option scheme	–	121 600
–	121 600		At R75,13 per share, exercisable until 25 January 2015	–	121 600
53 926 059	53 926 059	24.3	Unissued shares	53 926 059	53 926 059
4 004 073	4 004 073	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	4 004 073	4 004 073
				Number of shares	Gain in R000
		24.5	Executive directors' options over shares in Tiger Brands Limited		
			Options exercised during 2015	–	–
			Options exercised during 2014	23 000	9 625

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		25	**Issued ordinary share capital and premium**		
		25.1	**Share capital**		
19,2	19,2		Issued share capital 192 069 868 (2014: 191 948 268) ordinary shares of 10 cents each	19,2	19,2
		25.2	**Share premium**		
120,2	98,1		Balance at the beginning of the year	120,2	98,1
9,1	22,1		Issues of shares	9,1	22,1
129,3	120,2			129,3	120,2
148,5	139,4			148,5	139,4
			The increase in ordinary shares issued is due to share options exercised.		
		26	**Tax effect of other comprehensive income**		
			The tax effect of the items reflected in the statement of comprehensive income is as follows:		
			Net (gain)/loss on hedge of net investment in foreign operations	(2,1)	1,0
			Foreign currency translation adjustments	12,4	6,1
			Net loss on available for sale financial assets	3,1	5,6
			Remeasurement raised in terms of IAS 19R	4,8	11,2
				18,2	23,9

27 Tiger Brands Limited shares held by subsidiary and empowerment entities

27.1 Tiger Brands Limited shares held by subsidiary

10 326 758 (2014: 10 326 758) shares are held as treasury stock.

27.2 Tiger Brands Limited shares held by empowerment entities

19 161 698 (2014: 21 338 578) shares are owned by empowerment entities.

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

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

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

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		28	**Deferred taxation liability**		
		28.1	**Movement of deferred taxation liability**		
5,5	3,1		Balance at the beginning of the year	775,7	863,6
			Net reallocation between deferred taxation asset and deferred taxation liability	27,5	–
			Adjustment in respect of disposal of investment in Adcock Ingram Holdings Limited	(4,2)	–
			Fair value adjustments – investments	0,5	(5,6)
			Adjustment taken directly to retained income	(5,5)	–
			IAS 19 adjustments taken to other comprehensive income	(4,8)	(3,5)
			Adjustment in respect of currency losses taken directly to non-distributable reserves	4,3	–
			Adjustment in respect of increase in capital gains tax rate taken directly to non-distributable reserve	–	2,3
			Exchange rate translation reserve	1,4	16,3
4,3	2,4		Income statement movement – current year temporary differences	(113,1)	(97,4)
9,8	5,5		Balance at the end of the year	681,8	775,7
(27,9)	(15,5)		*Less:* Deferred tax asset per note 19.1	(532,0)	(803,5)
(18,1)	(10,0)		Net deferred tax liability/(asset)	149,8	(27,8)
			Disclosed on the statement of financial position as follows:		
(18,1)	(10,0)		Deferred tax asset	(50,5)	(306,9)
–	–		Deferred tax liability	200,3	279,1
(18,1)	(10,0)		Net deferred tax liability/(asset)	149,8	(27,8)
		28.2	**Analysis of deferred taxation liability**		
			Fair value adjustments – investments	5,1	8,7
			Property, plant and equipment	430,0	496,3
			Liability in respect of intangibles raised on acquisition of businesses	152,8	168,4
			Prepayments	0,8	5,0
			Retirement fund surpluses	28,9	30,7
9,8	5,5		Revaluation of loans	0,1	1,2
			Withholding taxes	37,6	21,0
			Other temporary differences	26,5	44,4
9,8	5,5			681,8	775,7

Notes to the financial statements continued

for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		29	**Trade and other payables**		
			Trade payables	2 176,3	1 759,3
			Rebates and incentives	628,8	597,6
			Accruals	745,9	788,2
			VAT payable	185,1	179,0
22,4	29,1		Other creditors	1 058,0	1 113,5
			Defined benefit pension fund liability – refer to note 34	2,7	4,0
22,4	29,1			4 796,8	4 441,6

Trade payables are non-interest-bearing and are normally settled within 30 to 45-day terms. Included within trade payables is derivative liabilities of R9,2 million (2014: R8,4 million) which are carried at fair value. Refer to note 37 for further details.

Accruals and other payables are non-interest-bearing and have an average term of 60 days.

	GROUP	Leave pay	Other	Total
30	**Provisions**			
	2015			
	Balance at the beginning of the year	307,9	356,7	664,6
	Movement during the year	16,4	(157,7)	(141,3)
	Balance at the end of the year	324,3	199,0	523,3
	Analysed as follows:			
	Provision for leave pay	324,3	–	324,3
	Provision for cash-settled share-based payments (refer to note 23.1)	–	37,9	37,9
	Other	–	161,1	161,1
		324,3	199,0	523,3
	2014			
	Balance at the beginning of the year	294,6	266,4	561,0
	Movement during the year	13,3	90,3	103,6
	Balance at the end of the year	307,9	356,7	664,6
	Analysed as follows:			
	Provision for leave pay	307,9	–	307,9
	Provision for cash-settled share-based payments (refer to note 23.1)	–	182,0	182,0
	Other	–	174,7	174,7
		307,9	356,7	664,6

Leave pay is provided on accumulated leave balances at year end based on employees' cost to company. Other provisions includes employee-related benefits of R141,0 million (2014: R144,0 million).

COMPANY 2015	2014		(R'million)	GROUP 2015	2014
		31	**Borrowings**		
142,3	169,3	31.1	Secured loans	613,3	1 009,9
			Loan bearing interest at 4,0% per annum, repayable by 2016 (denominated in euro)	2,9	5,4
142,3	169,3		Loan bearing interest at 6,8% per annum, repayable by 2018 (denominated in CAF franc)	142,3	169,3
			Loan bearing interest at 12,0% per annum, repayable by 2020 (denominated in Kenyan shilling)	35,3	39,0
			Loan bearing interest at 8,4% per annum, repayable by 2017 (denominated in South African rand)	73,6	118,8
			Loan bearing interest at 7,0% per annum, repayable by 2018 (denominated in Nigerian naira)	11,1	16,0
			Loan bearing interest at 7,0% per annum, repayable by 2021 (denominated in Nigerian naira)	53,0	69,1
			Loan bearing interest at 0% per annum, repayable by 2056 (denominated in Ethiopian birr)	1,2	1,1
			Loan bearing interest at 16,0% per annum, repayable by 2016 (denominated in Nigerian naira)	138,8	178,8
			Loan bearing interest at 17,0% per annum, repayable by 2016 (denominated in Nigerian naira)	23,2	226,5
			Loan bearing interest at 16,5% per annum, repayable by 2016 (denominated in Nigerian naira)	47,5	–
			Loan bearing interest at 16,0% per annum, repayable by 2017 (denominated in Nigerian naira)	84,4	185,9
			Analysis of secured loans by nature of security:		
142,3	169,3		Pledge of shares (Chocolaterie Confiserie Camerounaise; refer to note 36)	142,3	169,3
			Property, plant and equipment	397,4	721,8
			Put option against Tiger Brands	73,6	118,8
142,3	169,3			613,3	1 009,9
			Refer also to notes 11.5 and 36 for details of security		
		31.2	Unsecured loans	1 042,9	546,4
			Loan bearing interest at 14,5% (2014: 11,1%) per annum, repayable by 2016 (denominated in Kenyan shilling)	20,6	29,1
			Loan bearing interest at 8,0% per annum, repayable by 2016 (denominated in Nigerian naira)	22,3	17,3
			Loan bearing interest at 6,0% per annum, repaid during 2015	–	500,0
			Loan bearing interest at 7,1% per annum, repayable on a 13-month notice period (denominated in South African rand)	1 000,0	–

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for the year ended 30 September 2015

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		31	**Borrowings** continued		
		31.3	Capitalised finance leases	5,2	7,0
			Repayment during the next year	2,1	2,2
			Repayments later than one year and no later than five years	3,1	4,8
			Refer note 33.4.		
			Liabilities under capitalised finance leases bear interest at 9,5% per annum.		
			Capitalised finance leases relate to plant and equipment with a book value of R6,2 million (2014: R11,0 million) as per note 11.4 of these annual financial statements.		
142,3	169,3			1 661,4	1 563,3
		31.4	Instalments disclosed as:		
43,8	37,5		Short-term borrowings	445,6	935,9
98,5	131,8		Long-term borrowings	1 215,8	627,4
142,3	169,3			1 661,4	1 563,3

	(R'million)	South African rand	Euro	Nigerian naira	Ethiopian birr	Kenyan shilling	CAF franc	Group total
31.5	Summary of borrowings by currency and year of repayment							
	During 2016	62,3	2,9	304,7	–	31,9	43,8	445,6
	During 2017	1 015,5	–	44,7	–	9,4	47,3	1 116,9
	During 2018	1,0	–	12,8	–	9,2	51,2	74,2
	During 2019	–	–	11,6	–	5,1	–	16,7
	During 2020 and thereafter	–	–	6,5	1,2	0,3	–	8,0
		1 078,8	2,9	380,3	1,2	55,9	142,3	1 661,4

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
194,9	37,5	31.6	Short-term borrowings	3 624,0	4 022,1
151,1	–		Bank overdrafts	3 178,4	3 086,2
43,8	37,5		Current portion of long-term borrowings	445,6	935,9
		32	**Group borrowings**		
			In terms of the company's Articles of Association the group's borrowings are unlimited.		
		33	**Group commitments**		
		33.1	Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
			Contracted	148,5	244,5
			Not contracted	970,9	733,5
				1 119,4	978,0

33.2 Additional commitments of R580,6 million will be approved in 2016 bringing the total commitments to R1,7 billion for 2016.

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

33 Group commitments continued

33.3 Commitments in respect of operating leases

GROUP

(R'million)	Land and buildings	Motor vehicles	Property, plant and equipment	Other	Total commitments
2015					
During 2016	60,5	51,5	4,0	–	116,0
During 2017	44,4	35,7	4,4	–	84,5
During 2018	21,6	26,5	2,9	–	51,0
During 2019	12,5	15,5	1,2	–	29,2
During 2020 and thereafter	4,3	10,8	0,7	–	15,8
	143,3	140,0	13,2	–	296,5
2014					
During 2015	61,7	37,8	31,0	–	130,5
During 2016	46,3	28,4	1,8	–	76,5
During 2017	18,6	16,3	1,6	–	36,5
During 2018	5,8	10,2	1,6	–	17,6
During 2019 and thereafter	5,1	7,0	0,8	–	12,9
	137,5	99,7	36,8	–	274,0

With the exception of the leases described below, operating leases are generally three to six years in duration, without purchase options and in certain instances have escalation clauses of between 7,0% and 10% or are linked to the prime rate of interest or consumer price index (CPI). Other contingent rentals are generally not applicable. One lease, relating to fruit processing equipment, has a remaining contract period of two years, contingent rental linked to tons of fruit processes and escalates based on the American CPI, amounts to R5,6 million (2014: R3,9 million).

33.4 Commitments in respect of finance leases

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

GROUP

(R'million)	2015 Minimum payments	2015 Present value of payments	2014 Minimum payments	2014 Present value of payments
Within one year	2,6	2,1	2,7	2,2
After one year but not more than five years	3,4	3,1	5,3	4,8
Total minimum lease payments	6,0	5,2	8,0	7,0
Less amounts representing finance charges	(0,8)	–	(1,0)	–
Total	5,2	5,2	7,0	7,0

Please refer to note 31.3 for further details.

33.5 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.

33.6 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.

34 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 24 of 1956, as amended. In terms of the Pension Funds Act, certain of the retirement funds are exempt from actuarial valuation. Those funds not exempt from valuation must, in terms of the Pension Funds Act, be valued at least every three years. For purposes of these disclosures, and in order to comply with the requirements of IAS 19, valuations have been performed by independent actuaries, using the projected unit credit method. Where valuations were not possible due to the limited availability of complete data, roll-forward projections of prior completed actuarial valuations were used, taking account of actual subsequent experience.

Within the company's group of subsidiaries, there are a total of 22 retirement plans, three of which are defined benefit pension funds, five are defined contribution pension funds, two are defined benefit provident funds and eight are defined contribution provident funds. There are a further four schemes of insurance into which the company and its subsidiaries contribute. Certain companies within the group sponsor external death, funeral and disability benefit insurance policies. These insurance costs have been allowed for in the disclosures provided. All of the funds above are funded with one exception.

The actual return on plan assets for the period 1 October 2014 to 30 September 2015 was R32,1 million (2014: R31,6 million). This compares with the expected return for the same period of R33,9 million (2014: R39,6 million).

The value of contributions expected to be paid by group companies for the year ending 30 September 2016 amounts to R240,4 million (2015 actual: R228,1 million).

As at 30 September 2015, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets (2014: Rnil).

As at 30 September 2015, the percentage of the fair value of plan assets in respect of defined benefit arrangements invested in Tiger Brands Limited shares amounted to 0% (2014: 0%).

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

	GROUP	
(%)	2015	2014
Equities	4,0	5,6
Bonds	38,4	32,8
Cash	53,4	57,3
Property	0,7	0,7
International	3,0	3,1
Other	0,5	0,5
	100,0	100,0

(R'million)	GROUP 2015	2014
34 Pension obligations continued		
Balance at the end of the year		
Present value of defined benefit obligations	(305,7)	(319,2)
Fair value of plan assets in respect of defined benefit obligations	425,6	423,0
Funded status of defined benefit plans	119,9	103,8
Unrecognised due to paragraph 64 limit	(21,4)	–
Asset at reporting date	98,5	103,8

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 Pension Fund and the Beacon Products Staff Pension Fund were approved by the Registrar in 2008. The surplus apportionment scheme for the ICS Pension Fund was approved in 2011. Where appropriate, surplus apportioned to the company has been recognised on the statement of financial position. 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.

(R'million)	GROUP 2015	2014
Movement in the net asset/(liability) recognised in the statement of financial position		
Balance at the beginning of the year	103,8	108,5
Contributions paid	228,1	201,3
Other movements (net expense in the income statement)	(218,9)	(193,6)
Interest cost	(26,2)	(29,4)
Current service cost	(227,7)	(203,8)
Interest on plan assets	33,9	39,6
Settlement cost	1,1	–
Remeasurements recognised in other comprehensive income	(14,5)	(12,4)
Net actuarial gains/(losses) released in terms of IAS 19R	6,9	(12,4)
Unrecognised due to paragraph 64 limit	(21,4)	–
Balance at the end of the year	98,5	103,8
The net asset is included in the statement of financial position as follows:		
Investments (refer note 17)	47,0	44,8
Other receivables (refer note 21.1)	54,2	63,0
Other payables (refer note 29)	(2,7)	(4,0)
	98,5	103,8

		GROUP 2015	GROUP 2014
34	**Pension obligations** continued		
	Actuarial assumptions		
	The principal actuarial assumptions used for accounting purposes were:		
	Discount rate		
		% Full yield curve	% Full yield curve
	Tiger Brands Defined Benefit Pension Fund		
	– Tiger Oats Benefit Foundation	6,90	6,70
	– Nestlé Pension Fund	9,70	9,30
	– ICS Pension Fund	6,90	6,70
	Future salary increases	8,20	7,90
	Post-retirement discount rate		
	– Tiger Brands Defined Benefit Pension Fund	3,00	3,00
	– Nestlé Pension Fund	3,73	3,58
	Future pension increases		
	– Nestlé Pension Fund	5,76	5,52
	(R'million)		
	Reconciliation of the defined benefit obligation:		
	Defined benefit obligation at the beginning of the year	(319,2)	(319,5)
	Current service cost	(3,6)	(4,7)
	Member contributions	(1,0)	(1,3)
	Interest cost	(26,2)	(29,3)
	Actuarial gain/(loss)	8,8	(5,4)
	Benefits paid	29,1	40,7
	Settlement cost	6,1	–
	Risk premiums (group life and permanent health)	0,3	0,3
	Defined benefit obligation at the end of the year	(305,7)	(319,2)
	Reconciliation of fair value of plan assets		
	Assets at fair market value at the beginning of the year	423,0	428,9
	Interest on plan assets	33,9	39,6
	Contributions	2,8	3,5
	Risk premiums (group life and permanent health)	(0,3)	(0,3)
	Benefits paid	(26,9)	(40,7)
	Settlement cost	(5,0)	–
	Actuarial loss	(1,9)	(8,0)
	Assets at fair market value at the end of the year	425,6	423,0
	Reconciliation of asset ceiling		
	Asset ceiling at the beginning of the year	–	–
	Unrecognised due to paragraph 64 limit	(21,4)	–
	Asset ceiling at the end of the year	(21,4)	–
	Asset balance at the end of the year	98,5	103,8

GROUP (R'million)	30 Sept 2015	30 Sept 2014	30 Sept 2013	30 Sept 2012	30 Sept 2011
34 Pension obligations continued					
Trend information					
Present value of defined benefit obligation	**(305,7)**	(319,2)	(319,5)	(350,8)	(329,5)
Fair value of plan assets	**425,6**	423,0	428,9	428,0	398,9
Funded status	**98,5**	103,8	109,4	77,2	69,4
Experience (gain)/loss on liabilities	**(8,5)**	1,4	(14,2)	1,7	51,4
Experience loss/(gain) on assets	**1,9**	8,0	(7,7)	(14,9)	(0,6)

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

- **Inflation:** The risk that future CPI inflation is higher than expected and uncontrolled
- **Longevity:** The risk that pensioners live longer than expected and thus their pension benefit is payable for longer than expected
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for the company
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the company
- **Administration:** Administration of this liability poses a burden to the company.

Sensitivity analysis

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

GROUP	Balance 2015	+1%	–1%
Discount rate			
Defined benefit obligation (R'million)	**(256,5)**	**(250,2)**	**(263,6)**
Change (%)		**(2,5)**	**2,8**
Inflation rate			
Defined benefit obligation (R'million)	**(256,5)**	**(263,2)**	**(250,4)**
Change (%)		**2,6**	**(2,4)**

35 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 2015.

(R'million)	GROUP 2015	GROUP 2014
Balance at the end of the year		
Present value of obligations	(643,1)	(626,4)
Liability at reporting date	(643,1)	(626,4)
Movement in the liability recognised in the statement of financial position:		
Balance at the beginning of the year	(626,4)	(580,9)
Contributions paid	38,4	36,2
Other expenses included in staff costs	(55,1)	(81,7)
Current service cost	(3,5)	(2,6)
Interest cost	(51,5)	(50,6)
Actuarial gains released in terms of IAS 19R	(0,1)	(28,5)
Balance at the end of the year	(643,1)	(626,4)

The employer's estimate of contributions expected to be paid for the 2016 financial year is R41,0 million (2015: R38,6 million).

(%)	GROUP 2015	GROUP 2014
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	9,10	8,50
Medical inflation	8,40	7,80
Future salary increases	8,40	7,80
Post-retirement mortality tables	PA(90) ultimate rated down 2 years plus 1% improvement pa from 2006	PA(90) ultimate rated down 2 years plus 1% improvement pa from 2006

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

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled
- **Longevity:** The risk that pensioners live longer than expected
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for Tiger Brands
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for Tiger Brands
- **Perceived inequality between current employees:** The risk of dissatisfaction of current employees who are not eligible for a post-employment healthcare subsidy
- **Administration:** Administration of this liability poses a burden to Tiger Brands
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.

35 Post-retirement medical aid obligations continued

35.1 Sensitivity analysis

GROUP	Base case	Medical inflation	
2015			
Key assumption (%)	8,40	(1,0)	1,0
Accrued liability 30 September 2015			
(R'million)	643,1	578,9	720,4
% change		(10,0)	12,0
Current service cost plus interest cost 2015/2016			
(R'million)	60,4	53,8	68,5
% change		(11,0)	13,4
2014			
Key assumption (%)	7,80	(1,0)	1,0
Accrued liability 30 September 2014			
(R'million)	626,4	563,1	702,7
% change		(10,1)	12,2
Current service cost plus interest cost 2014/2015			
(R'million)	55,1	49,1	62,3
% change		(10,8)	13,2

GROUP	Base case	Discount rate	
2015			
Key assumption (%)	9,10%	(1,0%)	1,0%
Present value of obligations 30 September 2015			
(R'million)	643,1	724,1	576,9
% change		12,6	(10,3)
2014			
Key assumption (%)	8,50%	(1,0%)	1,0%
Present value of obligations 30 September 2014			
(R'million)	626,4	706,6	561,1
% change		12,8	(10,4)

GROUP	Base case	Expected retirement age	
2015			
Key assumption	60/63/65 years	1 year younger	1 year older
Present value of obligations 30 September 2015			
(R'million)	643,1	647,0	639,7
% change		0,6	(0,5)
2014			
Key assumption			
Present value of obligations 30 September 2014			
(R'million)	626,4	630,7	620,9
% change		0,7	(0,9)

GROUP (R'million)	30 Sept 2015	30 Sept 2014	30 Sept 2013	30 Sept 2012	30 Sept 2011
Trend information					
Present value of obligations	(643,1)	(626,4)	(580,9)	(584,4)	(544,3)
Present value of obligations in excess of plan assets	(643,1)	(626,4)	(580,9)	(584,4)	(544,3)
Experience adjustments	0,1	(5,9)	(2,2)	(9,8)	1,6
Actuarial (gains)/losses before changes in assumptions:					
In respect of present value of obligations	0,1	(5,9)	(2,2)	(9,8)	1,6

The duration of the liability at 30 September 2015 is 12,9 years (2014: 13,0 years).

	(R'million)	GROUP 2015	2014
36	**Guarantees and contingent liabilities**		
	Guarantees and contingent liabilities	16,9	70,8

Guarantees exist against the group for third-party obligations of R16,9 million at 30 September 2015 (2014: R70,8 million), as well as R390,0 million (2014: Rnil) relating to TBCG as noted in further detail in note 39.

Company

Guarantees exist against the company for the obligations of certain subsidiaries amounting to R91,3 million at 30 September 2015 (2014: R55,0 million).

Shares in Chocolaterie Confiserie Camerounaise Sa ("Chococam"), acquired on 1 August 2008 have been pledged as security for the foreign loan utilised to acquire the subsidiary. (Refer note 31.1.)

37 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 a subsidiary company, Tiger Consumer Brands Limited.

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

37.1 Procurement risk (commodity price risk)

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

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

The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by the 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.

37 Financial instruments continued

37.1 Procurement risk (commodity price risk) continued

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

	GROUP	
	Derivative contracts expiring within 0 – 3 months	
(R'million)	Unrealised (profit)/loss at 30 September	Hedged value
2015		
Soft commodities		
Futures	(3,4)	128,1
2014		
Soft commodities		
Futures	(2,6)	62,7

Commodity price sensitivity analysis

The following table details the group and company's sensitivity to a 10% increase and decrease in the price of wheat, rice, maize and sorghum, excluding the impact of cash flow hedges.

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.

	GROUP	
	Profit or (loss) after tax	
(R'million)	2015	2014
Milling and Baking + 10%	(256,0)	(216,9)
Milling and Baking – 10%	256,0	216,9
Other grains + 10%	(126,8)	(98,7)
Other grains – 10%	126,8	98,7
Other + 10%*	(46,7)	(49,6)
Other – 10%*	46,7	49,6
Total + 10%	(429,5)	(365,2)
Total – 10%	429,5	365,2

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

Commodity price sensitivity is not applicable to the company.

37 Financial instruments continued

37.2 Foreign currency risk

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

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

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

Forward exchange contracts are mainly entered into to cover net import exposures, after setting off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2015.

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

(R'million)	South African rand	US dollar	Pound sterling	Euro	Nigerian naira	Other*	Total
GROUP							
2015							
Financial assets							
Accounts receivable	3 710,9	200,5	12,5	18,8	548,0	405,0	4 895,7
Cash and cash equivalents	386,7	390,3	4,1	8,5	113,5	148,5	1 051,6
Financial liabilities							
Borrowings**	(2 918,9)	–	–	–	(1 551,3)	(369,6)	(4 839,8)
Accounts payable	(3 880,5)	(185,5)	(10,3)	(28,5)	(927,4)	(284,7)	(5 316,9)
2014							
Financial assets							
Accounts receivable	2 227,1	841,3	249,1	305,8	747,8	496,3	4 867,4
Cash and cash equivalents	309,7	266,7	8,5	110,2	233,7	231,5	1 160,3
Financial liabilities							
Borrowings**	(2 942,9)	(23,3)	–	–	(1 383,8)	(299,5)	(4 649,5)
Accounts payable	(3 614,6)	(93,7)	(92,0)	(64,5)	(937,7)	(303,7)	(5 106,2)

* *Other includes the Australian dollar, Canadian dollar, Japanese yen, Swiss franc, New Zealand dollar, Cameroon franc and Kenyan shilling.*

** *In 2015, R270,7 million (2014: R169,3 million) is held by the company (refer to note 31).*

37 Financial instruments continued

37.2 Foreign currency risk continued

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

(R'million)	Assets	Liabilities	Average
GROUP			
2015			
US dollar	13,87	13,88	13,87
Pound sterling	21,04	21,05	21,05
Euro	15,52	15,53	15,52
2014			
US dollar	11,32	11,32	11,32
Pound sterling	18,35	18,36	18,35
Euro	14,27	14,28	14,28

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

(R'million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2015			
Foreign currency sold			
US dollar	4,5	13,94	62,9
Pound sterling	0,2	21,11	3,2
Euro	0,4	15,60	6,7
Other currencies	–	–	7,4
Foreign currency purchased			
US dollar	14,5	13,96	202,0
Pound sterling	2,0	21,14	42,5
Euro	7,3	15,96	116,1
Other currencies	–	–	6,2

37 Financial instruments continued

37.2 Foreign currency risk continued

(R'million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2015			
Unhedged foreign currency monetary assets			
US dollar	21,3	13,87	295,6
Pound sterling	0,7	21,03	15,3
Euro	1,4	15,52	22,3
Other currencies	–	–	12,3
Unhedged foreign currency monetary liabilities			
US dollar	0,5	14,62	7,0
Pound sterling	–	17,91	0,2
Euro	0,1	15,14	2,1
Other currencies			0,2
GROUP			
2014			
Foreign currency sold			
US dollar	10,9	11,37	123,9
Pound sterling	1,0	18,60	18,6
Euro	0,4	13,50	5,4
Other currencies	–	–	9,0
Foreign currency purchased			
US dollar	28,5	11,34	323,1
Pound sterling	5,7	18,46	105,2
Euro	5,6	14,38	80,5
Other currencies	–	–	2,6
Unhedged foreign currency monetary assets			
US dollar	16,5	11,31	186,6
Pound sterling	0,8	17,50	14,0
Euro	3,3	14,09	46,5
Other currencies	–	–	11,6
Unhedged foreign currency monetary liabilities			
US dollar	(0,4)	10,00	(4,0)
Pound sterling	–	18,36	–
Euro	(0,1)	18,00	(1,8)
Other currencies	–	–	(1,0)

37 Financial instruments continued

37.2 Foreign currency risk continued

Cash flow hedges

At 30 September 2015, the group had foreign exchange contracts outstanding designated as hedges of future purchases from suppliers outside South Africa for which the group has firm commitments or highly likely forecast transactions.

A summary of these contracts are:

(R'million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP			
2015			
Foreign currency bought			
US dollar	10,7	13,97	150,1
Euro	5,8	16,07	93,6
Pound sterling	1,9	21,15	40,1
Other currencies*	–	–	6,2
2014			
Foreign currency bought			
US dollar	27,7	13,48	373,3
Euro	4,9	14,55	71,3
Pound sterling	3,9	18,62	72,6
Other currencies	–	–	2,0

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

The cash flow hedge of expected future purchases was assessed to be effective and an unrealised profit of R13,8 million (2014: profit of R10,6 million) relating to the hedging instrument included in other comprehensive income.

Foreign currency (in millions)	GROUP 1 – 6 months	GROUP 7 – 12 months
US dollar	10,7	–
Pound sterling	1,9	–
Euro	2,8	3,0
Japanese yen	53,6	–

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

During the year, R13,1 million (2014: R22,9 million) was added to other comprehensive income and included in the cost or carrying amount of the non-financial asset or liability (highly probable forecast transactions).

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

There are no ineffective hedges to be recognised in profit or loss.

Notes to the financial statements continued

for the year ended 30 September 2015

37 Financial instruments continued

37.2 Foreign currency risk continued

Foreign currency sensitivity

The following table details the group 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 comprehensive income where the ZAR weakens against the relevant currency.

	Other comprehensive income	
(R'million)	2015	2014
GROUP		
USD + 10%	(13,2)	(18,8)
USD – 10%	13,2	18,8
EUR + 10%	(10,5)	(7,1)
EUR – 10%	10,5	7,1
Pound sterling + 10%	(3,7)	(7,3)
Pound sterling – 10%	3,7	7,3
Other + 10%	0,2	(4,1)
Other – 10%	(0,2)	4,1
Total + 10%	(27,2)	(37,3)
Total – 10%	27,2	37,3

	Profit or (loss) after tax	
(R'million)	2015	2014
COMPANY		
Milling and Baking + 10%	12,7	8,4
Other grains – 10%	(12,7)	(8,4)
Other + 10%*	6,6	5,4
Other – 10%*	(6,6)	(5,4)
Total + 10%	19,3	13,8
Total – 10%	(19,3)	(13,8)

37 Financial instruments continued

37.3 Interest rate risk management

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

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. At the reporting date, the group cash deposits were accessible immediately or had maturity dates up to six months.

The interest rates earned on these deposits closely approximate the market rates prevailing.

(R'million)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
GROUP				
The interest rate profile of the group's borrowings at 30 September 2015 and 30 September 2014 is reflected in note 31.				
2015				
Local currency denominated loans				
Loan repayable by 2016 (secured)	73,6	–	73,6	8,4
Loan repayable on a 13-month notice period	–	1 000,0	1 000,0	7,1
Other loans and capitalised finance leases (secured and unsecured)	–	5,2	5,2	9,5
	73,6	1 005,2	1 078,8	
Foreign currency denominated loans				
Loan repayable by 2018 (secured)*	–	142,3	142,3	6,8
Loan repayable by 2015 (unsecured)	–	22,3	22,3	8,0
Loan repayable by 2016 (secured)	–	2,9	2,9	4,0
Loan repayable by 2020 (secured)	–	35,3	35,3	12,0
Loan repayable by 2016 (secured)	–	138,8	138,8	16,0
Loan repayable by 2016 (secured)	–	23,2	23,2	17,0
Loan repayable by 2016 (secured)	–	47,5	47,5	16,5
Loan repayable by 2016 (unsecured)	–	20,6	20,6	14,5
Loan repayable by 2017 (secured)	–	84,4	84,4	16,0
Loan repayable by 2018 (secured)	–	11,1	11,1	7,0
Loan repayable by 2021 (secured)	–	53,0	53,0	7,0
Loan repayable by 2056 (secured)	–	1,2	1,2	–
	–	582,6	582,6	
Total	73,6	1 587,8	1 661,4	

37 Financial instruments continued

37.3 Interest rate risk management continued

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

(R'million)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
GROUP				
2014				
Local currency denominated loans				
Loan repayable by 2015 (secured)	118,8	–	118,8	8,4
Loan repayable by 2015 (unsecured)	500,0		500,0	6,0
Other loans and capitalised finance leases			–	
(secured and unsecured)	–	7,0	7,0	8,8
	618,8	7,0	625,8	
Foreign currency denominated loans				
Loan repayable by 2013 (secured)*	–	169,3	169,3	6,8
Loan repayable by 2014 (secured)	–	17,3	17,3	8,0
Loan repayable by 2014 (unsecured)	–	5,4	5,4	4,0
Loan repayable by 2016 (secured)	–	39,0	39,0	12,0
Loan repayable by 2016 (secured)	–	178,8	178,8	14,8
Loan repayable by 2016 (secured)	–	226,5	226,5	15,0
Loan repayable by 2016 (secured)	–	29,1	29,1	16,3
Loan repayable by 2016 (unsecured)	–	185,9	185,9	15,0
Loan repayable by 2017 (secured)	–	16,0	16,0	7,0
Loan repayable by 2018 (secured)	–	69,1	69,1	7,0
Loan repayable by 2056 (secured)	–	1,1	1,1	–
		937,5	937,5	
Total	618,8	944,5	1 563,3	

**Loans at a company level.*

Interest rate sensitivity

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

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

COMPANY 2015	COMPANY 2014		(R'million)	GROUP 2015	GROUP 2014
		37	**Financial instruments** continued		
		37.3	Interest rate risk management continued		
			Profit or (loss) after tax		
			ZAR borrowings		
(1,4)			+ 1%	(35,8)	(35,2)
1,4			– 1%	35,8	35,2
			Foreign borrowings		
(1,9)	(2,4)		+ 1%	(10,1)	(3,8)
1,9	2,4		– 1%	10,1	3,8
			Total		
(3,3)	(2,4)		+ 1%	(45,9)	(39,0)
3,3	2,4		– 1%	45,9	39,0

37.4 Liquidity risk management

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

The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. In terms of the articles of association, the group's borrowing powers are unlimited. Other than the major loans disclosed in note 31 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of liquidity risk with any other single counterparty.

The group's liquidity exposure is represented by the aggregate balance of financial liabilities as indicated in the categorisation table in note 37.7.

Contractual maturity for non-derivative financial liabilities

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

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

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
GROUP						
2015						
Trade and other payables	2 805,1	–	2 804,0	1,1	–	–
Borrowings (long and short term)*	1 661,4	(252,3)	262,4	356,8	1 293,3	1,2
Guarantees and future commitments not on the statement of financial position	–	–	289,5	–	–	–
Total	4 466,5	(252,3)	3 355,9	357,9	1 293,3	1,2
2014						
Trade and other payables	2 356,9	–	2 349,7	7,2	–	–
Borrowings (long and short term)*	1 563,9	(258,4)	863,0	375,2	583,2	0,8
Guarantees and future commitments not on the statement of financial position	–	–	411,5	8,2	–	–
Total	3 920,8	(258,4)	3 624,2	390,6	583,2	0,8

Notes to the financial statements continued

for the year ended 30 September 2015

37 Financial instruments continued

37.4 Liquidity risk management continued

Contractual maturity for non-derivative financial liabilities continued

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
COMPANY						
2015						
Borrowings (long and short term)*	270,7	(22,7)	151,1	43,8	98,5	–
Intergroup loan accounts	544,8	(204,3)	–	–	749,1	–
Guarantees not on the statement of financial position	–	–	91,3	–	–	–
Total	815,5	(227,0)	242,4	43,8	847,6	–
2014						
Borrowings (long and short term)	169,3	(35,4)	–	51,2	153,5	–
Intergroup loan accounts	490,1	(177,7)	–	–	667,8	–
Guarantees not on the statement of financial position	–	–	55,0	–	–	–
Total	659,4	(213,1)	55,0	51,2	821,3	–

* *Excludes bank overdrafts of R3 178,4 million (2014: R3 086,2 million) and cash of R1 051,6 million (2014: R1 160,3 million). These are repayable on demand and subject to annual review.*

Refer to notes 33.3 and 33.4 for disclosure relating to operating and finance lease commitments.

37.5 Credit risk management

GROUP

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

The group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing. The group does not expect any counterparties to fail to meet their obligations given their high credit ratings.

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

The group's credit exposure, in respect of its customer base, is represented by the net aggregate balance of amounts receivable. Concentrations of credit risk are disclosed in note 21.4.

Credit risk exposure at 30 September 2015 in respect of guarantees amounted to R16,9 million (2014: R70,8 million). Refer to note 36.

COMPANY

Credit risk exposure at 30 September 2015 relating to guarantees amounted to R91,3 million (2014: R55,0 million). Refer to note 36.

37 Financial instruments continued

37.6 Capital management

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

The company and group manage their capital structure, calculated as equity plus net debt, and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company and group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or increase or decrease levels of debt. No changes were made in the objectives, policies or processes during the years ended 30 September 2015 and 30 September 2014.

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

	GROUP	
(R'million)	2015	2014
Cash and cash equivalents	(1 051,6)	(1 160,3)
Long-term borrowings	1 215,8	627,4
Short-term borrowings	3 624,0	4 022,1
Net debt	3 788,2	3 489,2
Total equity	13 777,6	13 947,2
Total capital	17 565,8	17 436,4
Net debt to equity (%)	27,5	25,0

	COMPANY	
(R'million)	2015	2014
Cash and cash equivalents	(127,1)	(270,0)
Long-term borrowings	98,5	131,8
Short-term borrowings	194,9	37,5
Net (cash)/debt	166,3	(100,7)
Total equity	9 214,0	9 548,8
Total capital	9 380,3	9 448,1
Net debt/(cash) to equity (%)	1,8	(1,1)

Notes to the financial statements continued

for the year ended 30 September 2015

37 Financial instruments continued

37.7 Categorisation of financial assets and liabilities

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
GROUP						
2015						
Assets	–	–	–	–	18 745,4	18 745,4
Other investments	49,1	109,1	–	–	–	158,2
Loans	3,4	–	–	–	–	3,4
Trade and other receivables	4 034,6	–	–	18,9	842,2	4 895,7
Cash and cash equivalents	1 051,6	–	–	–	–	1 051,6
Total	5 138,7	109,1	–	18,9	19 587,6	24 854,3
Shareholders' equity and liabilities	–	–	–	–	(15 217,7)	(15 217,7)
Long-term borrowings	–	–	(1 215,8)	–	–	(1 215,8)
Trade and other payables	–	–	(2 807,8)	(9,2)	(1 979,8)	(4 796,8)
Short-term borrowings	–	–	(3 624,0)	–	–	(3 624,0)
Total	–	–	(7 647,6)	(9,2)	(17 197,5)	(24 854,3)
2014						
Assets	–	–	–	–	18 468,7	18 468,7
Other investments	46,9	303,1	–	–	–	350,0
Loans	5,6	–	–	–	–	5,6
Trade and other receivables	3 857,7	–	–	13,4	996,3	4 867,4
Cash and cash equivalents	1 160,3	–	–	–	–	1 160,3
Total	5 070,5	303,1	–	13,4	19 465,0	24 852,0
Shareholders' equity and liabilities	–	–	–	–	(15 760,9)	(15 760,9)
Long-term borrowings	–	–	(627,4)	–	–	(627,4)
Trade and other payables	–	–	(601,6)	(8,4)	(3 831,6)	(4 441,6)
Short-term borrowings	–	–	(4 022,1)	–	–	(4 022,1)
Total	–	–	(5 251,1)	(8,4)	(19 592,5)	(24 852,0)

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

37 Financial instruments continued

37.7 Categorisation of financial assets and liabilities continued

(R'million)	Loans and receivables Amortised cost	Financial assets available for sale Fair value	Other liabilities Amortised cost	Financial instruments at fair value through profit or loss	Non-financial items	Total book value
COMPANY						
2015						
Assets	499,5	–	–	–	4 338,3	4 837,8
Other investments	2 026,0	4,7	–	–	–	2 030,7
Loans	3 060,3	–	–	–	–	3 060,3
Trade and other receivables	16,6	–	–	–	2,1	18,7
Cash and cash equivalents	127,1	–	–	–	–	127,1
Total	5 729,5	4,7	–	–	4 340,4	10 074,6
Shareholders' equity and liabilities	–	–	(544,8)	–	(9 214,0)	(9 758,8)
Long-term borrowings	–	–	(98,5)	–	–	(98,5)
Trade and other payables	–	–	(22,4)	–	–	(22,4)
Short-term borrowings	–	–	(194,9)	–	–	(194,9)
Total	–	–	(860,6)	–	(9 214,0)	(10 074,6)
2014						
Assets	499,5	–	–	–	4 477,6	4 977,1
Other investments	1 981,6	8,5	–	–	–	1 990,1
Loans	2 916,3	–	–	–	–	2 916,3
Trade and other receivables	82,8	–	–	–	2,8	85,6
Cash and cash equivalents	270,0	–	–	–	–	270,0
Total	5 750,2	8,5	–	–	4 480,4	10 239,1
Shareholders' equity and liabilities	–	–	(490,1)	–	(9 550,6)	(10 040,7)
Long-term borrowings	–	–	(131,8)	–	–	(131,8)
Trade and other payables	–	–	(29,1)	–	–	(29,1)
Short-term borrowings	–	–	(37,5)	–	–	(37,5)
Total	–	–	(688,5)	–	(9 550,6)	(10 239,1)

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

37 Financial instruments continued

37.8 Fair value hierarchy

Financial instruments are normally held by the group until they close out in the normal course of business. The fair values of the group's financial instruments, which principally comprise put, call and futures positions with SAFEX, forward exchange contracts and listed investments, approximate their carrying values. The maturity profile of these financial instruments fall due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 31.1 of these annual financial statements.

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. Given that the group is exploring various alternatives regarding its investment in TBCG, the fair value will be reassessed throughout the process.

Trade and other receivables, investments and loans and trade and other payables carried on the statement of financial position approximate the fair values thereof except for amounts owed to subsidiaries where the fair value is R2,1 billion (2014: R1,8 billion) calculated using the effective interest rate method linked to market-related interest rates.

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. For further fair value discussion on TBCG, refer to note 13.4.

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

(R'million)	2015 Level 1	2015 Level 2	2015 Level 3*	2015 Total	2014 Level 1	2014 Level 2	2014 Level 3*	2014 Total
GROUP								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	102,2	2,5	4,4	109,1	292,7	2,3	8,1	303,1
Derivatives	–	18,9	–	18,9	–	13,4	–	13,4
Liabilities measured at fair value								
Derivatives	–	(9,2)	–	(9,2)	–	(8,4)	–	(8,4)
COMPANY								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	–	0,3	4,4	4,7	–	0,4	8,1	8,5
Derivatives	–	–	–	–	–	–	–	–
Liabilities measured at fair value								
Derivatives	–	–	–	–	–	–	–	–

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

38 Related-party disclosures

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

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. For the year ended 30 September 2015, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: Rnil). This assessment is undertaken at 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:

(R'million)	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Fees received from related parties
GROUP				
2015				
Related party – associates				
Oceana Group Limited	–	–	–	0,6
UAC Foods	–	–	18,9	9,5
GROUP				
2014				
Related party – associates				
Oceana Group Limited	–	–	–	0,5
UAC Foods	–	–	18,4	10,1

(R'million)	GROUP 2015	GROUP 2014
Other related parties		
Key management personnel*		
Short-term employee benefits	108,6	95,2
Post-employment and medical benefits	10,4	12,8
Share-based payments	28,7	76,9
Total compensation paid to key management personnel	147,7	184,9

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

Notes to the financial statements continued

for the year ended 30 September 2015

38 Related-party disclosures continued

(R'million)	Amounts owned by related party[1]	Amounts owed to related parties[1]	Dividends received
COMPANY			
2015			
Related party – intergroup			
Subsidiaries			
Durban Confectionery Works Proprietary Limited	33,0	–	–
Tiger Consumer Brands Limited	–	86,6	1 230,0
Tiger Brands (Mauritius) Limited	–	240,2	–
Enterprise Foods Proprietary Limited	0,4	–	–
Langeberg Holdings Limited	702,4	–	–
Langeberg Foods Africa Proprietary Limited	–	201,6	–
Langeberg & Ashton Foods Proprietary Limited	499,5	–	–
The Duntulum Trust	18,9	–	–
Gloriande NV	0,2	–	–
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	381,1	–	325,0
Pharma I Investment Holdings Limited	1 227,6	–	–
Investment and dormant companies	165,5	16,4	–
Chocolaterie Confiserie Camerounaise	–	–	43,4
Deli Foods Nigeria Limited	31,2	–	–
East Africa Tiger Brands Industries	46,5	–	8,8
Davita Trading Proprietary Limited	–	–	75,0
Empowerment entities			
Tiger Brands Foundation	378,5	–	145,0
Thusani II	72,9	–	28,9
Associate			
Oceana Group Limited	–	–	188,9
National Foods Holdings Limited	–	–	24,5
UAC Foods	–	–	29,8

[1] *Interest free with no fixed repayment terms. Not repayable before 30 September 2016 except for the amount owing by Langeberg & Ashton Foods Proprietary Limited, and the amount owing to Tiger Consumer Brands Limited that bear interest as may be agreed on from time to time and are repayable on demand. Interest has not been charged for the year (2014: Rnil).*

38 Related-party disclosures *continued*

(R'million)	Amounts owned by related party[1]	Amounts owed to related parties[1]	Dividends received
COMPANY			
2014			
Related party – intergroup			
Subsidiaries			
Durban Confectionery Works Proprietary Limited	33,0	–	–
Tiger Consumer Brands Limited	–	76,1	1 270,0
Tiger Brands (Mauritius) Limited	–	196,0	–
Enterprise Foods Proprietary Limited	0,4	–	–
Langeberg Holdings Limited	702,4	–	–
Langeberg Foods Africa Proprietary Limited	–	201,6	–
Langeberg & Ashton Foods Proprietary Limited	499,5	–	–
The Duntulum Trust	18,9	–	–
Gloriande NV	0,2	–	–
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	354,3	–	–
Pharma I Investment Holdings Limited	1 227,6	–	–
Investment and dormant companies	165,5	16,4	–
Chocolaterie Confiserie Camerounaise	–	–	39,2
Deli Foods Nigeria Limited	25,5	–	–
East Africa Tiger Brands Industries	33,6	–	3,0
Davita Trading Proprietary Limited	–	–	160,0
Empowerment entities			
Tiger Brands Foundation	293,7	–	132,4
Thusani II	58,7	–	26,5
Associate			
Oceana Group Limited	–	–	164,3
National Foods Holdings Limited	–	–	15,8
UAC Foods	–	–	38,0
Other	–	0,3	–
Tiger Brands Employee Share Trust			

[1] *Interest free with no fixed repayment terms. Not repayable before 30 September 2015 except for the amount owing by Langeberg & Ashton Foods Proprietary Limited, and the amount owing to Tiger Consumer Brands Limited.*

39 Subsequent events

As set out in the chairman's report on page 2, a decision was taken by Tiger Brands Limited on 16 November 2015 not to extend any further financial support to TBCG.

Subject to regulatory approvals, with effect from 11 December 2015, Tiger Brands Limited has reached agreement with the board of TBCG and Dangote Industries Limited (DIL) in terms of which DIL will provide TBCG with an immediate cash injection of N10 billion (R0,7 billion). In return Tiger Brands will sell its 65,7% shareholding in TBCG to DIL for a nominal consideration of $1 and write off its shareholder loans to TBCG of R0,7 billion. In addition, Tiger Brands will settle outstanding debt guaranteed on behalf of TBCG amounting to R0,4 billion. On a pro forma basis, assuming the agreement between Tiger Brands Limited and DIL had been concluded on 30 September 2015, Tiger Brands would not have reflected a loss on disposal of its interest in TBCG as at that date.

There were no other material subsequent events that occurred during the period subsequent to 30 September 2015, but prior to these consolidated annual financial statements being authorised for issue.

40 Analysis of profit from discontinued operation

	GROUP 2015	GROUP 2014
The combined results of the discontinued operation included in the profit for the year is set out below.		
Profit for the year from discontinued operation (attributable to owners of the company)		
Turnover	–	186,9
Expenses	–	(156,1)
Operating income before abnormal items	–	30,8
Gain on remeasurement to fair value on transfer of net assets to held-for-sale	–	18,6
Operating income after abnormal items	–	49,4
Finance costs	–	(5,0)
Profit before taxation	–	44,4
Taxation	–	(3,4)
Profit for the year from discontinued operation (attributable to owners of the company)	–	41,0
Attributable to non-controlling interest	–	(11,1)
Attributable to owners of parent	–	29,9
Cash flows from discontinued operation		
Net cash inflows from operating activities	–	(23,9)
Net cash outflows from investing activities	–	97,0
Net cash outflows from financing activities	–	(72,2)
Net cash outflows	–	0,9

The Dangote Agrosacks Limited business was acquired effective 4 October 2012 as part of the Dangote Flour Mills plc acquisition. During August 2013, a decision was made to dispose of the business resulting in Dangote Agrosacks Limited being classified and accounted for at 30 September 2013 as a disposal group held-for-sale. The business was disposed of, effective November 2013, thus the results noted above for the year ended 30 September 2014 are for two months only.

ANNEXURE A

Interest in subsidiary companies

(R'million)	Issued ordinary capital 2015	Issued ordinary capital 2014	Effective percentage holding 2015 %	Effective percentage holding 2014 %	Company's interest Shares at cost (net of impairment) 2015	Company's interest Shares at cost (net of impairment) 2014	Indebtedness 2015	Indebtedness 2014
Designer Group	0,1	0,1	100,0	100,0	132,1	132,1	–	–
Durban Confectionery Works Proprietary Limited	0,4	0,4	100,0	100,0	63,4	63,4	33,0	33,0
Enterprise Foods Proprietary Limited		–	100,0	100,0	49,7	49,7	0,4	0,4
Langeberg Holdings Limited	1,6	1,6	100,0	100,0	190,8	190,8	702,4	702,4
Langeberg & Ashton Foods Proprietary Limited	–	–	100,0	100,0	85,8	85,8	499,5	499,5
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	1,0	1,0	100,0	100,0	17,3	17,3	381,1	354,3
Tiger Consumer Brands Limited	0,1	0,1	100,0	100,0	0,1	0,1	(86,6)	(76,1)
Tiger Brands (Mauritius) Limited[2]	35,7	35,7	100,0	100,0	337,9	337,9	(240,2)	(196,0)
Haco Industries Kenya Limited[2]	11,1	11,1	51,0	51,0	45,5	45,5	–	–
Chocolaterie Confiserie Camerounaise[2]	71,8	71,8	74,7	74,7	152,7	152,7	–	–
Deli Foods Nigeria Limited[2]	2,1	2,1	100,0	100,0	213,2	213,2	31,2	25,5
East Africa Tiger Brands Industries[2]	212,2	212,2	51,0	51,0	121,4	121,4	46,5	33,6
Davita Trading Proprietary Limited	–	–	100,0	100,0	1 521,6	1 521,6	–	–
Pharma I Investment Holdings Limited[3]	–	–	100,0	100,0	–	–	1 227,6	1 227,6
Tiger Branded Consumer Goods plc (TBCG)[2]	0,1	0,1	65,7	65,7	–	672,9	–	–
Other miscellaneous, property, investment and dormant companies	–	–	100,0	100,0	–	–	(33,4)	(33,4)
					2 931,5	3 604,4	2 561,5	2 570,8

Note	2015	2014
[1] Non-current amounts owed to the company	*2 606,8*	*2 561,4*
Current amounts owed to the company	*499,5*	*499,5*
Non-current amounts owed by the company	*(458,2)*	*(414,0)*
Current amounts owed by the company	*(86,6)*	*(76,1)*
	2 561,5	*2 570,8*

[2] All companies are incorporated in South Africa other than six; one of which is incorporated in Mauritius, one in Kenya, one in Cameroon, two in Nigeria, and one in Ethiopia.

[3] Previously Adcock Ingram Holdings Proprietary Limited

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

ANNEXURE B

Interest in associated companies

(%)	Date of financial statements	Percentage holding 2015	2014	Nature of business	Listed/ Unlisted
Empresas Carozzí (Chile)	31/12/2014	24,4	24,4	Food processing	Unlisted
Oceana Group Limited	30/09/2015	42,1	41,9	Fishing	Listed
National Foods Holdings Limited	30/06/2015	37,4	37,4	Food processing	Listed
UAC Foods	30/06/2015	49,0	49,0	Food processing	Unlisted

ANNEXURE C

Other investments

	Effective percentage holding		GROUP Number of shares		COMPANY Number of shares	
	2015 %	2014 %	2015	2014	2015	2014
LISTED INVESTMENTS						
Adcock Ingram Holdings Limited	1,0	3,3	1 671 390	5 808 887	–	–
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.

Shareholders' diary

Financial year end		30 September
Annual general meeting		16 February 2016
Reports and accounts		
Announcement of interim report and interim dividend for half-year ending 31 March 2016		24 May 2016
Announcement of annual results and final dividend for the year ended 30 September 2016		23 November 2016
Integrated annual report		30 December 2016
Dividends 2016	**Declaration**	**Payment**
Ordinary shares		
Interim dividend	May 2016	July 2016
Final dividend	November 2016	January 2017

Declaration of final dividend number 142

The board has approved and declared a final dividend of 611 cents per ordinary share (gross) in respect of the year ended 30 September 2015.

The dividend will be subject to the dividends tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:
The dividend has been declared out of income reserves.
The local dividends tax rate is 15% (fifteen per centum).
There are no secondary tax on companies (STC) credits utilised.
The gross local dividend amount is 611 cents per ordinary share for shareholders exempt from the dividends tax.
The net local dividend amount is 519,35 cents per ordinary share for shareholders liable to pay the dividends tax.
Tiger Brands has 192 069 868 ordinary shares in issue (which includes 10 326 758 treasury shares).
Tiger Brands Limited's income tax reference number is 9325/110/71/7.

Shareholders are advised of the following dates in respect of the final dividend:

Last day to trade cum the final dividend	Friday, 8 January 2016
Shares commence trading ex the final dividend	Monday, 11 January 2016
Record date to determine those shareholders entitled to the final dividend	Friday, 15 January 2016
Payment in respect of the final dividend	Monday, 18 January 2016

Share certificates may not be dematerialised or rematerialised between Monday, 11 January 2016, and Friday, 15 January 2016 both days inclusive.

By order of the board
T Naidoo
Company secretary

15 December 2015

Analysis of registered shareholders and company schemes

Registered shareholder spread

In line with the JSE Listings Requirements, the table below confirms the spread of registered shareholders as detailed in the annual report and accounts dated 25 September 2015 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1–1 000 shares	16 865	80,7	4 626 309	2,4
1 001–10 000 shares	3 308	15,8	9 848 802	5,1
10 001–100 000 shares	559	2,7	16 626 890	8,7
100 001–1 000 000 shares	131	0,6	37 506 184	19,5
1 000 001 shares and above	32	0,2	123 461 683	64,3
Total	20 895	100,0	192 069 868	100,0

Public and non-public shareholdings

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

Public and non-public shareholdings

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	10	0,05	30 006 036	15,6
❍ Empowerment holdings	6	0,03	19 418 876	10,1
❍ Own holding	1	0,00	10 326 758	5,4
❍ Share trusts	2	0,01	259 181	0,1
❍ Directors and associates	1	0,00	1 221	0,0
Public shareholders	20 885	99,95	162 063 832	84,4
Total	20 895	100,00	192 069 868	100,0

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and in line with the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or over 3% of the issued share capital as at 25 September 2015:

Investment management shareholdings

Investment manager	Total shareholding	%
PIC	21 728 942	11,3
Colonial First State Global Asset Management	14 931 095	7,8
Tiger Consumer Brands Limited	10 326 758	5,4
Tiger Brands Foundation SPV	9 068 067	4,7
Sprucegrove Investment Management	7 611 531	4,0
Coronation Asset Management Proprietary Limited	7 483 532	3,9
Lazard Asset Management LLC Group	6 177 456	3,2
Total	77 327 381	40,3

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund	24 434 837	12,7
Tiger Consumer Brands Limited	10 326 758	5,4
Tiger Brands Foundation SPV	9 068 067	4,7
First State Global Emerging Markets Fund	7 444 447	3,9
Total	51 274 109	26,7

Definitions

Financial definitions

Abnormal items	Items of income and expenditure which are not directly attributable to normal operations or where their size or nature are such that additional disclosure is considered appropriate
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
Cash flow to net liabilities	Cash generated from operations after interest and taxation as a percentage of total liabilities, less cash resources
Current ratio	Ratio of current assets to current liabilities
Dividend cover	Headline earnings per share divided by the total ordinary dividend per share for the year, comprising the interim dividend paid and final dividend declared post-year end. Where applicable, the denominator includes the capital distribution paid out of share premium. For 2010, the dividend cover includes once-off empowerment transaction costs in headline earnings
Dividend yield	Dividends and capital distributions 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
Effective taxation rate	Taxation charge in the income statement as a percentage of profit before taxation
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)
Net debt	Cash and cash equivalents less long and short-term borrowings
Net funding	Capital and reserves, non-controlling interests and long and short-term borrowings net of cash
Net interest cover	Operating profit plus dividend income divided by net finance costs
NPAT	Net profit after taxation
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
Operating margin	Operating profit as a percentage of turnover
Price:earnings ratio	Year end market price per share as a multiple of headline earnings per share
Return on average net assets employed	Operating profit as a percentage of the average of net assets, excluding cash resources, short and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year
Return on equity	Profit attributable to ordinary shareholders excluding abnormal items divided by issued capital and reserves
Total equity	Includes ordinary share capital and share premium, less treasury shares and shares held by empowerment entities, plus reserves and non-controlling interests
Total liabilities	Long-term liabilities and current liabilities
Working capital per R1 000 revenue	The average of inventory and receivables less payables, excluding dividends payable to shareholders and taxation, at the beginning and end of the financial year, divided by turnover

Company information

Tiger Brands Limited
Registration number: 1944/017881/06

Company secretary
T Naidoo
Registered office
3010 William Nicol Drive
Bryanston
Sandton

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Telephone: +27 11 840 4000
Facsimile: +27 11 514 0477

Auditors
Ernst & Young Inc.

Principal banker
Nedbank Limited

Sponsor
JP Morgan Equities Limited

South African share transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051, Marshalltown, 2107

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

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

BASTION GRAPHICS

TIGER BRANDS