

TIGER BRANDS



Adding value to life

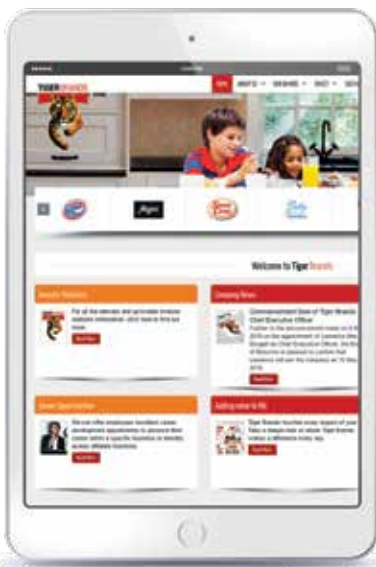


INTEGRATED ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

2016

Adding value to life

Our reputation as a good corporate citizen is essential in our evolution. Understanding the diverse needs of all our stakeholders – our people, communities, shareholders, governments, suppliers and others – guides our strategies for building mutually beneficial relationships that add real value.



For more information
see pages within the report



Visit our website
for additional
information

For further information visit our website:

www.tigerbrands.com

Contents

Introduction

1 2016 at a glance

Business overview

2 Group profile

3 Our organisational structure

6 Our footprint

10 Managing our business

11 Our leadership

14 Chairman's review

16 Chief executive officer's review

20 Strategic review

22 Creating a virtuous growth cycle

Key factors driving our strategy

24 Our key relationships

26 Our operating environment

28 Our competitive advantages and market position

29 2016 awards and accolades

Financial review

30 Chief financial officer's review

33 Five-year review

34 Value-added statement

35 Segment report

37 Summary of ratios and statistics

Operational review

40 Grains

42 Consumer Brands – food

46 Home, Personal Care and Baby

48 International (including Exports)

51 Associates

Non-financial review

54 Sustainability review

56 Our people

60 Health and safety

63 Transformation

65 Our communities

69 Our customers and consumers

74 Environment

Governance review

82 Governance review

87 Committee reports

92 Remuneration report

102 Risk management report

107 Preparation of annual financial statements

107 Directors' approval

107 Certificate by company secretary

108 Report of the independent auditor

109 Consolidated financial statements

119 Notes to the consolidated financial statements

Shareholders' information

186 Shareholders' diary

186 Declaration of final dividend 144

187 Analysis of registered shareholders and company schemes

188 Definitions

190 Company information



About this report

This integrated annual report provides a consolidated view of Tiger Brands Limited’s performance for the year ended 30 September 2016, and follows a similar report for the financial year to 30 September 2015.

For further information, please contact the company secretary, Thiroshnee Naidoo
T: +27 11 840 4000 E: companysecretary@tigerbrands.com

Reporting principles and approach

By integrating financial, social and environmental performance, this report gives stakeholders a full understanding of our business, prospects and strategy in the context of our 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, we are 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 (BBBEE) codes of good practice
- Guiding principles of the International Integrated Reporting Committee (IIRC) framework (2013) – Tiger Brands reports against strategic goals (currently under review) and, as appropriate, how these affect the six capitals proposed in this framework (page 22 and 23)
- Principles and guidelines from the Global Reporting Initiative and the relevant sector supplement (collectively GRI G4) in line with the core level of application.

Boundary and scope

While this report is aimed primarily at providers of capital, we believe financial and non-financial disclosure will interest all stakeholder groups. The report covers the operations of Tiger Brands Limited (Tiger Brands) and its subsidiary and associate companies for the review period. The only significant change in our size, structure or ownership during the year was the disposal of Tiger Branded Consumer Goods plc (TBCG) (formerly Dangote Flour Mills).

In the operating environment section (pages 26 and 27) and risk report starting on page 102, we identify external threats, opportunities and outcomes with a significant effect on our ability to create value. In elaborating on the strategic review currently under way (pages 20 and 21), we identify the most material issues for the group and outline our response:

- **Allocation of capital** – identify categories with the best potential for growth, margin enhancement and requisite return on investment in South Africa while refining the international strategy to be accretive to domestic performance
- **People and talent** – the current operating environment demands the right calibre, capability and capacity of human resources to stabilise the business in the short term and grow in the long term. This in turn will require a leadership mix of strategic and entrepreneurial thinking, coupled with sound execution capabilities
- **Optimum organisational structure** – that leverages group functions to deliver optimal operating efficiency

- **Managing sustainability and reputation** – building on our current strong brands and reputation while protecting our licence to operate through rigorous governance and engaging with stakeholders.

There were no changes to the boundary or any measurement techniques in 2016.

Supplementary information

This report forms part of a suite of reports to stakeholders. It should be read with the reports on our website for a full understanding of the group:

- Annual financial statements
- Supplementary 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 Proprietary Limited	Risk management, page 102. Audit committee report, page 87.
Environmental risk assessments	External audit	Marsh Proprietary Limited	Pages 74 to 79.
Social responsibility and sustainability	External audit	JSE Limited National Business Initiative (NBI)	Tiger Brands ranks well on the FTSE ESG ratings (part of the FTSE4Good series), a multi-dimensional measure of environmental, social and governance exposure and practice. The group reports annually on its carbon emissions under the global CDP. Refer to website.
BBBEE	External verification	EmpowerLogic Proprietary Limited	Transformation, page 63 to 64.

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

2016 at a glance

for the year ended 30 September 2016

Key performance indicators*



Turnover
up 11% to
R31,7 billion



Operating income**
up 5% to
R4,2 billion



**Group volumes
up 1%, with domestic
volumes up 2%**



Income from
associates
up 43% to
R861 million

Grains operating
income at
R2 billion
amid
high inflation
in raw materials



**Groceries operating income up 13%
and operating margin of 9,9%**

* From continuing operations.

** Before impairment, abnormal items and IFRS 2 charges.



Group profile

Tiger Brands is one of Africa's largest, listed FMCG manufacturers and distributes brands spanning food, home and personal care and baby products. In South Africa, it has leading market shares across a broad range of categories and has grown over the years through acquisitions and by developing its brands.

In addition to our core South African business, we also have operations in West, East and Central Africa and have 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). Our success is underpinned by the strength of our brands and continuous improvement initiatives. Marketing investment in support of our core brands has increased over recent years while consumer and shopper research provides

comprehensive insights into the categories and markets in which we operate.

In addition to controlled operations, Tiger Brands holds meaningful minority interests in associate companies:

- South Africa: JSE-listed Oceana Group Limited (42,1%) (fishing)
- Chile: Empresas Carozzi (24,4%) (FMCG)
- Nigeria: UAC Foods Limited (49,0%) (FMCG)
- Zimbabwe: Listed National Foods Holdings Limited (37,4%) (FMCG).

Salient features

Financial

Earnings per share (EPS)
from total operations

2 034 cents

(2015: 1 068 cents)

Headline EPS (HEPS)
from total operations

2 127 cents

(2015: 1 786 cents)

Final dividend

702 cents per share

(2015: 611 cents)

EPS from continuing
operations

2 007 cents

(2015: 1 930 cents)

HEPS from continuing
operations

2 130 cents

(2015: 2 091 cents)

Total dividend

1 065 cents per share

(2015: 950 cents)

Non-financial





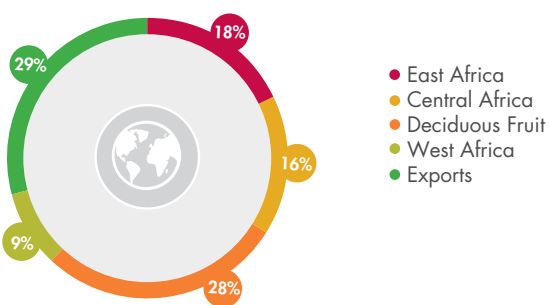
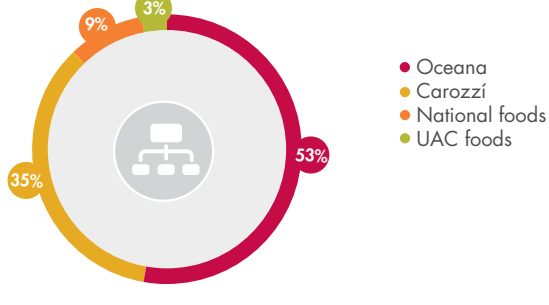
Our organisational structure



Our organisational structure continued

Operating segments			
Grains		Consumer Brands	
<h2>41%</h2> <p>of group turnover*</p>		<h2>42%</h2> <p>of group turnover*</p>	
<p>Brands</p> <p>Milling and Baking – Albany, Golden Cloud, Ace</p> <p>Sorghum Beverages & Breakfast – King Korn, Mabela, Morvite, Ace Instant, Jungle Oats, Taystee Wheat, Oatso Easy, Jungle Energy Crunch, Crunchalots</p> <p>Rice – Tastic, Aunt Caroline, Surprise, Cresta</p> <p>Pasta – Fatti’s & Moni’s</p>		<p>Brands</p> <p>Groceries – KOO, All Gold, Crosse & Blackwell, Black Cat, Mrs Ball’s, Hugo’s, Colmans</p> <p>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</p> <p>Value Added Meat Products (VAMP) – Enterprise, Renown, Mielie-Kip, Bokkie, canned meats</p> <p>Home, Personal Care and Baby (HPCB) – 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</p>	
<p>Manufacturing plants:</p> <h2>20</h2>		<p>Manufacturing plants:</p> <h2>19</h2>	
<p>Workforce:</p> <h2>4 549</h2>		<p>Workforce:</p> <h2>4 729</h2>	
<p>Grains – % contribution to turnover</p> <ul style="list-style-type: none"> Maize Mill bake King Food Rice Jungle Pasta 		<p>Consumer Brands – % contribution to turnover</p> <ul style="list-style-type: none"> Groceries Snacks and treats Beverages VAMP Out of home HPCB 	

* From continuing operations.

International (including Exports)	Associates
<p style="text-align: center;">17% of group turnover*</p>	<p style="text-align: center;">26% of group profit after tax*</p>
	
<p>Deciduous Fruit (Langeberg & Ashton Foods (LAF)) (South Africa) – Gold Reef, Silverleaf Tiger Brands International exports the group’s branded products into the rest of Africa Davita Trading (South Africa) (Exports) – Jolly Jus, Benny, Davita</p> <p>East Africa 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</p> <p>Central Africa Chococam (Cameroon) (74,7%) – Arina, Big Gum, Kola, Mambo, Matinal, Tartina, Tutoux, Chococroc</p> <p>West Africa Deli Foods (Nigeria) (100%) – Deli, Igloo, Nutribix</p>	<p>Oceana Group (South Africa) Empresas Carozzi (Chile) National Foods Holdings (Zimbabwe) UAC Foods (Nigeria)</p>
<p style="text-align: center;">Manufacturing plants: 6</p> <p style="text-align: center;">Workforce: 3 329</p>	
<p>International (including Exports) – % contribution to turnover</p>  <ul style="list-style-type: none"> ● East Africa ● Central Africa ● Deciduous Fruit ● West Africa ● Exports 	<p>Associates – % contribution income from associated companies</p>  <ul style="list-style-type: none"> ● Oceana ● Carozzi ● National foods ● UAC foods

* From continuing operations.



Our footprint



South Africa



Tiger Brands Limited

Estimated population 55 million

GDP US\$313 billion

GDP per capita US\$5 692

Kenya



Haco Tiger Brands

Estimated population 46 million

GDP US\$63,4 billion

GDP per capita US\$1 333

Nigeria



Deli Foods

Estimated population 182 million

GDP US\$481 billion

GDP per capita US\$2 640

Cameroon



Chococam

Estimated population 23 million

GDP US\$29 billion

GDP per capita US\$1 251

Ethiopia

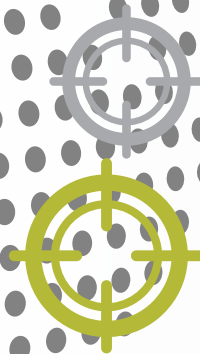
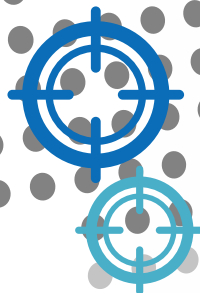


EATBI

Estimated population 99 million

GDP US\$61,5 billion

GDP per capita US\$619





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



Core categories
• Beverages
• Condiments and ingredients
• Personal care
• Snacks and treats
• Home care



On-shore manufacturing



KEY BRANDS (for export)



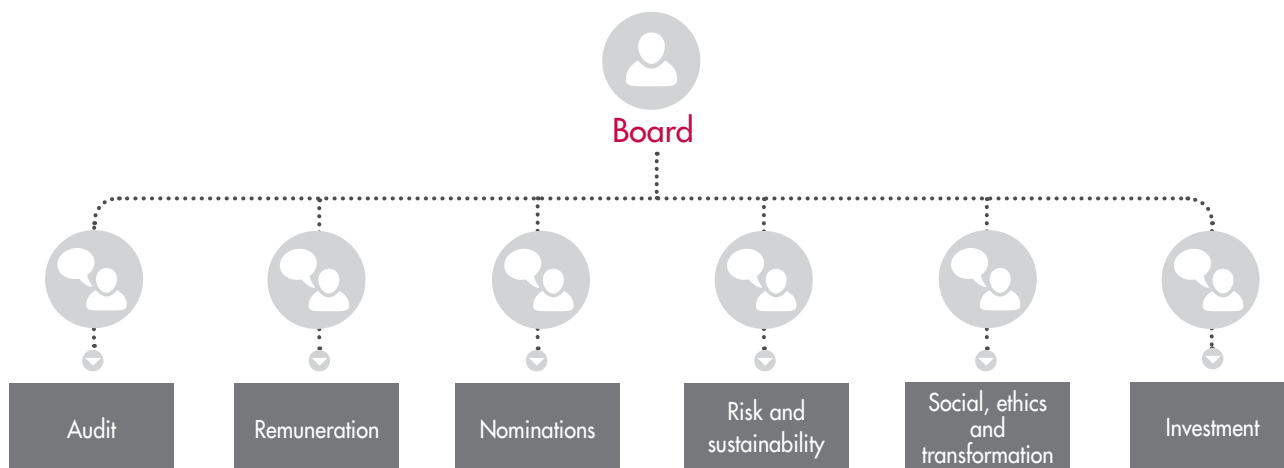




Albany is the **market leader** in bread and despite increased competition, has **retained its leading position** in its core markets of KwaZulu-Natal and Gauteng. Similarly, it has successfully maintained its premium pricing. The promise of quality, represented by freshness, is a promise the Albany brand has held for years through its superior offering. Albany has also taken the lead in satisfying consumer needs through innovation with products such as Best of Both (white and brown bread), Low GI, Ultima health range and now D'Lite, the indulgent range.

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.

Directors and management understand 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 against global benchmarks

During the review period, Tiger Brands was assessed on its environmental, social and governance (ESG) exposure and risk. This multi-dimensional measure, conducted on behalf of the FTSE for all companies included in the FTSE4Good index series, evaluates the ESG risk and performance of companies worldwide to give market participants a useful tool for portfolio design and management against related criteria, or as a framework for corporate engagement and stewardship.

Our absolute score of 3,4 out of 5 positions Tiger Brands in the upper quintile (84%), but indicates that more needs to be done. On the measured pillars, we scored 3,4 on environmental, 3,3 on social and 3,6 on governance, with the full scorecard on our website. 

Managing our business sustainably

Sustainability (encompassing social, environmental and economic issues) is managed centrally by Tiger Brands' corporate affairs function and is therefore built into the group's corporate affairs strategy. We reviewed this strategy in 2015, building on a facilitated dialogue with 85 leaders from across the group. These individuals provided a cross-functional perspective and input on what world-class corporate affairs and sustainability management should entail as well as actions required to close any gaps.

The outcome was a series of short and long-term actions that we believe will help the group to better create and capture value from conducting business sustainably.

Accordingly, our strategic priority is supported by seven key aspirations or aims that are underpinned by our commitment to being an admired corporate citizen and a demonstrated business case for adding value, as shown below.

Tiger Brands is the "go-to" company on public policy issues	The Tiger Brands voice that inspires and protects	Proactive shaping and influencing of key business changers	Tiger Brands valued and experienced as a responsible, caring corporate citizen	Aligned and socialised Tiger Brands' position on critical industry matters	Admired stakeholder engagement programme	Respected corporate Tiger Brands identity
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Ignite, inspire and influence the experience of Tiger Brands as an admired corporate citizen

Demonstrate business value add

Our leadership

Independent non-executive directors



André Parker (65)

Chairman of the board

MCom

Appointed: 1 August 2007

Board committee membership

Chairman: Nominations, investment

Member: Remuneration

External appointments

Independent non-executive director of Distell, Empresas Carozzi and Standard Bank Group.

Area of expertise and contribution

Strategy, business intelligence, sales and distribution, Africa.



Bheki Sibiya (59)

Deputy chairman

BAdmin, MBA

Appointed: 14 March 2003

Board committee membership

Member: Social, ethics and transformation

External appointments

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

Area of expertise and contribution

Governance, stakeholder engagement, Africa.



Michael Ajukwu (60)

BSc (finance), MBA

Appointed: 31 March 2015

Board committee membership

Member: Risk and sustainability

External appointments

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

Area of expertise and contribution

Stakeholder engagement, risk, general management, corporate finance, West Africa.



Santie Botha (52)

BEcon (hons)

Appointed: 18 August 2004

Board committee membership

Chairman: Remuneration

Member: Nominations

External appointments

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

Area of expertise and contribution

Marketing, sales, strategy, business intelligence, governance, HR and remuneration.



Mark Bowman (50)

BCom, MBA

Appointed: 1 June 2012

External appointments

Non-executive director of DisChem.

Area of expertise and contribution

Strategy, Africa, general management, fast-moving consumer goods.



Maya Makanjee (54)

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

Appointed: 1 August 2010

Board committee membership

Chairman: Social, ethics and transformation

Member: Nominations

External appointments

Non-executive director of Mpac, AIG South Africa and AIG Life South Africa, trustee of Nelson Mandela Foundation.

Area of expertise and contribution

Africa, general management, governance, strategy, stakeholder relations, reputation management, corporate communication, human resources, fast-moving consumer goods.



Khotso Mokhele (61)

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

Appointed: 1 August 2007

Board committee membership

Chairman: Risk and sustainability

Member: Audit, investment

External appointments

Director of African Oxygen, Mapitso Consortium, Hans Merensky Holdings, Kenosi Investment Holdings. Special adviser to the Minister of Science and Technology and Chancellor of the University of the Free State. Former chairman of ArcelorMittal South Africa, Impala Platinum and Adcock Ingram.

Area of expertise and contribution

General management, risk, auditing and accounting, governance.



Rob Nisbet (61)

BCom, BAcc, CA(SA)

Appointed: August 2010

Board committee membership

Chairman: Audit

Member: Risk and sustainability, investment

Area of expertise and contribution

Finance, mergers and acquisitions, risk, general management, strategy.

Our leadership continued

Independent non-executive directors continued



Makhup Nyama (59)

BCom, MBA, diploma in marketing management
Appointed: 1 August 2010

Board committee membership

Member: Remuneration, nominations, social, ethics and transformation

External appointments

Director of Xon Holdings, BDO Inc, Makhup Properties, Kapela Holdings and its subsidiaries.

Areas of expertise and contribution

General management, HR and remuneration, governance, information and communication technology.



Yunus Suleman (59)

CA(SA), BCom, BCompt (hons), leadership programmes
Appointed: 13 July 2015

Board committee membership

Member: Audit, remuneration, investment

External appointments

Independent non-executive director of Liberty Holdings, Liberty Group, Albaraka Bank and Gold Fields, chairman of Enactus South Africa and Sulfam Holdings.

Areas of expertise and contribution

Accounting, fast-moving consumer goods and telecommunications in Africa.

Executive directors (and executive management committee members)



Lawrence Mac Dougall (59)

Chief executive officer

Appointed: 10 May 2016

Board committees

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

External appointments

Non-executive director of Oceana Group.

Areas of expertise and contribution

General management, strategy execution, fast-moving consumer goods, Africa, developing markets.



Noel Doyle (50)

Chief financial officer

FCA, CA(SA)

Appointed: July 2015 (member of executive committee from July 2012)

Board committees

Audit, risk and sustainability, investment.

External appointments

Non-executive director of Oceana Group and National Foods Holdings (Zimbabwe).

Areas of expertise and contribution

Accounting and auditing, governance, fast-moving consumer goods, corporate finance, mergers and acquisitions.



Clive Vaux (65)

Corporate finance director

CA(SA)

Appointed: 16 February 2000

Board committees

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

External appointments

Non-executive director of Group Risk Holdings Proprietary Limited.

Areas of expertise and contribution

Accounting and auditing, corporate finance, mergers and acquisitions.

Executive management committee continued



Neil Brimacombe (52)
 Business executive: International (including Exports, excluding Nigeria); Home, Personal Care and Baby
 BCom (hons), MBL
 Appointed in September 2000
Experience
 Twenty-eight years in FMCG.



Grattan Kirk (52)
 Business executive: Consumer Brands – Foods
 FCA, CA(SA)
 Appointed in July 2013
Experience
 Seventeen years in retail and 13 years at Deloitte, former chief executive officer of JD Group Limited and Connection Group Holdings and current board member of Consumer Goods Council of South Africa and consumer goods and services ombud.



Tswelo Kodisang (43)
 Chief human resources (HR) officer
 BCom, postgraduate diploma in labour law, HR management
 Appointed in May 2014
Experience
 Twenty-one years in FMCG, including as global HR vice-president at Unilever.



Brenda Koornneef (64)
 Group executive: marketing and corporate strategy
 BCom
 Appointed in January 2011
Experience
 Thirty-one years in FMCG, including 17 years at Unilever.



Thiroshnee Naidoo (43)
 Group company secretary and legal adviser
 BProc, EDP
 Appointed in May 2015
Experience
 Admitted attorney, with over 16 years' experience as corporate counsel, mostly in the FMCG industry, and particularly in African operations.



Patrick Sithole (49)
 Group executive: supply chain
 BSc (chem eng)
 Appointed in August 2012
Experience
 Twenty-seven years in FMCG, including as supply chain vice-president for Unilever South Africa.



Marc Eyres (57)
 Group executive: customer
 BSocSci
 Appointed in April 2015
Experience
 Senior FMCG sales and customer marketing roles across Africa, south Asia and Australia, including customer vice-president for Unilever South Africa and India.

Bridgitte Backman held the position of group executive: corporate affairs and resigned on 30 September 2016. MaryJane Morifi has been appointed to this position effective 1 December 2016.

Chairman's review

After a challenging few years, Tiger Brands is being placed on a stronger footing. This will enable the group to create predictable value in the form of stable financial returns to those who provide our capital, and tangible value for all our stakeholder groups through real benefits and constructive partnerships.

Tiger Brands is successfully emerging from a challenging period. The board is confident that under the leadership of Lawrence Mac Dougall, the new management team will effect the requisite turnaround that will position the group to successfully compete in its markets.

A comprehensive strategy review is under way and during the course of FY17, the plans for sustainable growth in South Africa and further afield, supported by key metrics and clear targets, will be outlined. In this integrated annual report, we have concentrated on providing stakeholders with a fuller understanding of the key drivers behind the strategic review, as well as the group's performance for the year under review.

The board has given management a clear mandate, which is to position Tiger Brands for sustainable, profitable growth. While we understand that there are opportunities for short-term improvements, we are taking a longer-term view to capitalise on the group's inherent strengths which include its portfolio of leading brands, a sound manufacturing architecture and people skills. We expect the entire process to take approximately 18 months.

We recognise that additional opportunities for sustainable growth lie outside our core markets in South Africa, and we remain optimistic about opportunities on the balance of the continent. Valuable lessons have been gained from our recent experiences which will facilitate future corporate activity in Africa and further afield.

Given the group's strong balance sheet, we continue to evaluate potential acquisitions against strict criteria. These include disciplined benchmarks for capital allocation. Any acquisition will only be considered if it is at the right price, fits into our risk parameters and is value enhancing. This will not be easy as there is a scant supply of potential acquisitions that fit our portfolio, but we remain open to opportunities. Our growth strategy will be guided by our core capabilities, and will be focused on key categories in which we wish to participate.

The group's capital programme will be geared towards investing for future growth and enhancing its manufacturing capabilities and efficiencies. To facilitate this flexibility, we will maintain our dividend policy of 2x cover, based on

headline earnings per share. This will be reviewed from time to time based on the required levels of capital expenditure and the group's other corporate activities.

Operating environment

In South Africa, poor economic growth and high food inflation, caused in part by the severe drought, have increased the pressure on consumer spending, forcing food manufacturers and retailers to aggressively compete for their fair share of the constrained spending levels. We discuss the operating environment in further detail on pages 26 and 27 of the integrated annual report.

After disposing of our interest in Tiger Branded Consumer Goods plc (formerly Dangote Flour Mills) in February 2016, the group is less exposed to economic fluctuations in Nigeria. Ongoing electricity disruptions and the devaluation of the local currency continue to affect the performance of our remaining operations in that country.

The Nigerian sale has freed up management time to concentrate on challenges presented by little to no economic growth in South Africa. This is a mature market with aggressive competition and shifting consumer trends in a time of political uncertainty. Our response to these and other material risks is detailed in the risk report.

Performance

Against this background, Tiger Brands has done well to maintain its leading positions in its key categories, as noted on pages 28 and 29, reflecting the benefits of greater operational focus and increased marketing investment behind its brands. We have made good progress in reducing our environmental impact and managing our natural and human resources more effectively, as set out later in this report.

The group's financial results for the year under review are discussed in detail on pages 30 to 37. I believe these results reflect stability and discipline in the face of the macro-economic headwinds which are being experienced. The 19% increase in total headline earnings per share was achieved amid rising inflation in a highly competitive market, which highlights the strength of our brands, as well as the blend of fresh insight and experience in our management teams and the ongoing commitment of our employees.

Responsible citizenship

Stagnant GDP growth rates in South Africa are compounding the challenges faced by millions of marginalised citizens looking for social and economic upliftment. As a leading food producer, Tiger Brands continues to play its part alongside government, non-governmental organisations (NGOs) and other businesses.

We clearly understand both the risks and opportunities presented by the income inequalities that exist in South Africa. In the review period, Tiger Brands invested directly and indirectly R42 million through various corporate social investment projects primarily focused on food security and nutrition education, benefiting in excess of 100 000 people. These achievements are outlined later in the report.

Governance

Tiger Brands is committed to governance standards that reflect best practice. Throughout the group, appropriate structures and controls ensure that compliance to these standards is maintained.

A new executive management team is now in place following the resignations of chief executive officer (CEO), Peter Matlare, in December 2015, and chief financial officer, Funke Ighodaro, effective July 2016. On behalf of the board, I thank them both for their valuable contributions to the group.

After a rigorous five-month process, we were pleased to announce the appointment of Lawrence Mac Dougall as chief executive officer of Tiger Brands. With over 25 years' FMCG experience across Africa, the Middle East, Eastern Europe and Russia, Lawrence brings sound commercial and strategic acumen, a proven ability to lead extensive growth and turnaround strategies and the leadership skills to develop strong integrated teams that deliver sustainable performance.

We are most grateful to experienced Tiger Brands executive, Noel Doyle, who ably stepped in as acting chief executive pending the appointment of the new CEO. During this period, Noel enjoyed the full support of both our management teams and the board. In August 2016, he was appointed chief financial officer of the company.

I believe the new executive team is a strong combination of industry and institutional experience, and will benefit from the fresh insights brought to the team with the appointment of the new CEO.

After nine years on the board, of which four were served as chairman, I will retire at the annual general meeting. It has been a real privilege to serve on the board of such an iconic South African champion, and leave with the knowledge that Tiger Brands is well placed on the road to recovery and future success. I am pleased to announce that I will be succeeded as chairman by Dr Khotso Mokhele, a respected past chairman of listed South African entities, and currently chairman of our risk and sustainability committee and a member of the audit and investment committees, I am confident that Khotso brings the skills and knowledge that this role demands.



Post-year-end, we appointed Emma Mashilwane and Kevin Hedderwick as non-executive directors. We look forward to their input in their respective fields of expertise, detailed in the notice of annual general meeting.

Outlook

After a challenging few years, Tiger Brands is being placed on a stronger footing. This will enable the group to create predictable value in the form of stable financial returns to those who provide our capital, and tangible value for all our stakeholder groups through real benefits and constructive partnerships.

The board is satisfied that solid progress in transforming Tiger Brands into a sustainable company, with long-term benefits for all our stakeholders, is under way.

Appreciation

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

The continued support of our customers and business partners is deeply appreciated, and we will continue to focus on meeting your needs.

We also thank our management teams and all our people for their dedication and willingness to go beyond the expected. In return, the company will continue to work with you to assist in realising your full potential.

On a personal note, I thank my fellow board members for their support over the past nine years, particularly during the recent period of management changes, and for their counsel that always enriched our deliberations. I have enjoyed working with you.

André Parker
Chairman

22 November 2016

Chief executive officer's review

Given its winning brands, diversified portfolio, extensive manufacturing footprint and integrated supply chain, Tiger Brands has all the elements required to succeed in this dynamic market. The measure of success will lie in how effectively we harness our strengths and correct areas of weakness to achieve top-tier financial performance.

Building the Tiger Brands of the future

I have joined Tiger Brands at an exciting time in the global FMCG industry – one where the challenges presented by significant shifts in consumer and shopper trends have spurred equally significant changes in the retail sector. Around the world, manufacturers are reviewing their portfolios, processes and strategies to prepare for these emerging trends. We discuss the salient features of our operating environment in more detail on pages 26 and 27, with arguably the most important trends and inherent opportunities being the consumer search for value, convenience and healthier options and the evolving trade environment, with the emerging strength of informal traders.

Given its winning brands, diversified portfolio, extensive manufacturing footprint and integrated supply chain, Tiger Brands has all the elements required to succeed in this dynamic market.

Global FMCG strategic themes

- Macro-economic and political challenges
- Changing consumer consumption patterns
- Growing competition with acquisitive expansion in emerging markets
- Changing trade environment
- Focus on entire consumer pyramid
- Innovation is driving growth
- Digital marketing more pervasive
- Supply chain and other cost efficiencies
- Expanding flagship brands to new markets

The measure of our success, however, will lie in how effectively we harness our strengths and correct areas of weakness to achieve top-tier financial performance.

We operate in an intensely competitive industry where increasing market share against well-funded and established participants requires the full commitment of an experienced and expert team working towards a clear strategy.

I am mandated by the board to continue to grow our business by focusing on profitable brands. The first step is a thorough review of our strategy and underlying capabilities. In recent months, I have had many frank conversations with people at every level that highlighted the depth of experience and expertise in our group. The insights from these discussions have fuelled a common goal – together, we can create a winning team and a cost-conscious culture that will recover ground with both our customers and consumers through focus and accountability.

This commitment underpins the process of reviewing our strategy and setting the targets that will measure our progress against corporate goals. On pages 20 and 21, we set out our thinking and our progress to date on improving the basics. We expect to finalise this review in the new financial year, setting a clear framework for the group over the next five years.

Our brands

The group produced solid results, given the difficult trading environment and significant input cost pressure driven by the prolonged drought in South Africa and sizeable currency movements. Based on continuing operations, group turnover increased by 11% and operating income (before impairments, abnormal items and IFRS 2 charges) by 5%. Headline earnings per share from continuing operations increased 2% to 2 130 cents per share while headline earnings per share from total operations (including TBCG) increased 19% to 2 127 cents per share.

We invested R866 million supporting our core brands and a further R945 million in capital expenditure to build capacity for growth and improve efficiencies.

In our Grains division, we maintained our leadership in the bread market, although operating income was marginally constrained by responsible pricing decisions. Our pasta and oats businesses delivered strong results.

In the Consumer Brands division, the Groceries business maintained its operating margin and market leadership in core categories. The Home, Personal Care and Baby business delivered another strong performance with excellent growth and improved margins.

Results from our International division were mixed. Operating results were affected by macro-economic issues, including currency devaluations and foreign-exchange shortages. Cameroon delivered a solid performance, however, and continued to record profitable growth.

Associates made significant contributions to our earnings, with a 43% increase in income to R861 million driven by Oceana and Empresas Carozzi.

Our people

People are the heart of our organisation, which makes it imperative to retain their skills while developing their full potential:

- We continue to invest in preparing our teams to win in this challenging macro-environment and are proud to have retained our level 3 BBBEE rating in 2016
- Tiger Brands again achieved Top Employer status with a better year-on-year score, and was ranked among the top three preferred employers in the FMCG sector by graduates
- Regrettably, four colleagues were killed in armed robbery attempts, despite the focus on route to market security. Another colleague was accidentally electrocuted in our Ethiopian operation. We extend our sincere condolences to their families and reiterate our commitment to zero harm. Reflecting our focus on eliminating recurring behaviour-based incidents, the group reduced lost-time injuries by 13% in FY16
- Group talent processes were entrenched to ensure a solid pipeline of skills on page 56. Our remuneration structures were reviewed and adjusted where necessary to retain the skills on which our business depends on pages 94 and 97.

Our communities

We invested R23 million (over 1% of net profit after tax) in socio-economic development initiatives. In addition, our breakfast programme, facilitated by the Tiger Brands Foundation, ensured 60 000 school children per day did not start their lessons hungry. In just five years, this translates to over 40 million meals served. Our initiatives are detailed on page 66.



Environmental commitments

The review period was the last year of a rolling three-year programme focused on reducing our key environmental impacts. This targeted approach proved constructive and new targets have been set. Understanding that a concerted approach will have a broader impact, we also strive to build on a culture where our supply chain is engaged, empowered and supported in improving environmental sustainability practices. Please refer to pages 74 to 79 for more information.

Outlook

Tiger Brands enters the new financial year on a stronger footing, energised by the progress made in 2016 as well as the new thinking in our group. While we understand that trading conditions are likely to remain difficult, we are excited about the many opportunities for profitable growth in our core markets.

Supported by a strong balance sheet, capable and committed teams, as well as the strength and leading positions of our brands, we are focused on establishing a solid foundation for future growth based on an appropriate business model and cost structure.

Appreciation

I greatly appreciate the welcome and support I have received from the Tiger Brands teams. I believe the collective commitment encountered across our group bodes well for our sustained growth and I thank every member of our many teams for their contribution. I also thank our loyal service providers, suppliers and customers for their continued support.

Lawrence Mac Dougall

Chief executive officer

22 November 2016





Purity is South Africa's **leading** baby homogenised nutrition brand and has successfully maintained market share of around 90% in the baby nutrition market for the past decade. As a result, over 115 000 South African mothers follow the Purity Promise page on Facebook.

Strategic review

Tiger Brands operates in a rapidly changing industry. Globally, the FMCG market is undergoing change on a scale that demands an innovative approach to every element of the value chain – the successful companies of tomorrow will be those able to quickly capitalise on the opportunities presented today while anticipating and managing the risks through effective strategies underpinned by market insight.

Several factors are driving this need to reassess the way we do business:

- Global macro-economic challenges – constrained economies amid low to no economic growth
- Consumer demand trends and opportunities – health and wellness, value, convenience and sustainability
- Growing competition – focused and entrepreneurial local competitors and expanding multinational companies, plus the development of private label brands by retailers
- Changing trade environment – relationship with retailers, retail consolidation and growth, stronger non-traditional channels
- Meeting the needs of low-income consumers – better nutrition, value and convenience through innovation.

Our strategic review is underpinned by a comprehensive and regular scan of trends (political, economic, social and consumer, technology and supply chain, legal and regulatory, environmental, customers and competitors) that will affect Tiger Brands over the next five years, providing insights into:

- Significant trends affecting our operating environment
- Key threats
- Opportunities that can be leveraged
- Implications for Tiger Brands.

We fully understand that “business as usual” is not an option in this world. As such, the management team assessed the company’s performance over the last five years in the context of internal targets and external benchmarks to develop a sustainable strategy to achieve our vision. The medium-term corporate strategy will seek to achieve:

- A rejuvenated domestic business that delivers sustainable profitable growth
- An international strategy accretive to domestic performance
- A capable and cost-conscious culture with the capacity to grow
- A great place to work.

VISION

To be the most admired, branded, FMCG company in emerging markets

STRATEGIC THRUSTS

TO DRIVE DEMAND THAT GENERATES GROWTH, WE FIRST NEED TO DECIDE:

WHERE TO PLAY

HOW TO WIN

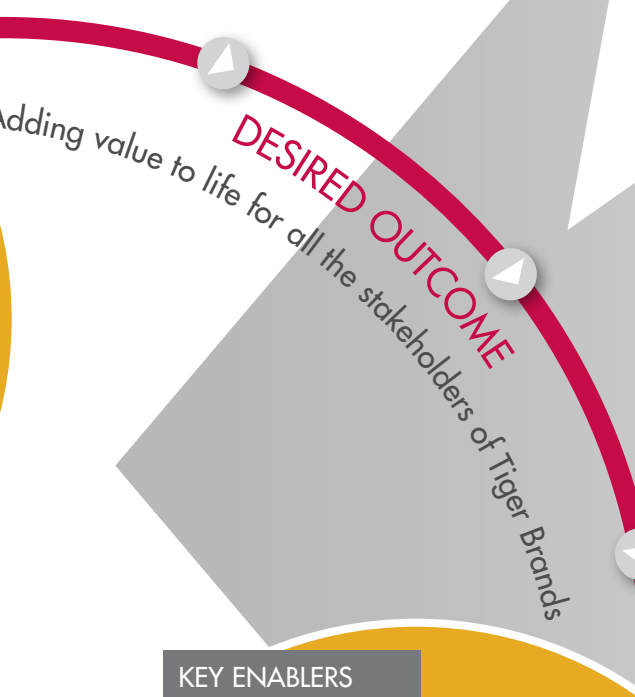
The steps below will inform these decisions.

- 1 Optimal portfolio with focused investment in our core growth categories to drive top and bottom-line growth
- 2 Define the core brand portfolio and drive targeted investment in brand building and innovation to enhance number one and two category positions
- 3 Reignite growth in the rest of Africa, focusing on our core categories and key selected geographies
- 4 Review operating model and unlock efficiencies across the value chain
- 5 Seek further growth opportunities in new categories/geographies through innovation and/or acquisitions
- 6 Clear investment choices in selected associate companies to enhance growth and earnings

Applying value to life for all the stakeholders of Tiger Brands

DESIRED OUTCOME

Applying value to life for all the stakeholders of Tiger Brands



DESIRED OUTCOME

Adding value to life for all the stakeholders of Tiger Brands

KEY ENABLERS

- 1 Competitive route to market capability and winning customer strategies
- 2 Strong portfolio of leading brands and enhanced innovation capability
- 3 Competitive supply chain delivering growth, enhanced margin and cash
- 4 Integrated architecture and enabling IT capability
- 5 Ensured sustainability through competitive BBBEE position, and strong governance and risk management
- 6 Efficient operating model and structure to deliver competitive cost base
- 7 Motivated, high-performance culture; competitive competencies in key areas; and strong talent pool to support growth

The aim of the reviewed strategy is to:

- Stabilise the business in the short term
- Re-establish a sound foundation for future profitable growth
- Fundamentally restructure and re-engineer towards a competitive cost base and provide savings for reinvestment
- Establish a competitive organisational structure fit for growth over the medium and long term
- Re-establish a strong and profitable growth trend in the rest of Africa.

We have adopted a phased approach to delivering an executable strategy and during the course of FY17, the plans for sustainable growth in South Africa and further afield, supported by key metrics and clear targets, will be outlined.

PHASE 1 – PERFORMANCE ASSESSMENT COMPLETED

PHASE 2 – SET FOUNDATION FOR FUTURE GROWTH (FY17)

PHASE 3 – PLAN TO ACTION

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

Creating a virtuous growth cycle

We have adjusted the six capitals in the IIRC's integrated reporting framework to better suit our business model. By understanding what each capital contributes to our business, we balance the necessary trade-offs while ensuring we replenish our capitals in the most appropriate way.





Financial capital – profitable growth

We aim to deliver consistent value for stakeholders wherever we operate, firstly by remaining a profitable company that rewards shareholders appropriately. Total dividend increased by 12% to 1 065 cents per share.



Social and relationship capital – adding real value

We add value to society through various initiatives – 53,3% of value created is distributed to a number of stakeholders annually.



Intellectual capital – consistent investment behind key brands to drive profitable growth

In FY16, we invested R866 million 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. Innovation accounted for 4,5% of turnover in FY16.



Manufactured capital – improved efficiency and flexibility

We continuously invest ahead of depreciation to maintain and enhance 45 manufacturing sites across sub-Saharan Africa. We will continue to invest to further improve our facilities and enhance flexibility.



Natural capital – focused on responsible growth

While our supply chain draws on most of our capitals, its key impact is on the natural capital. Our procurement strategies focus on the long-term sustainability of our processes. Over the past three years, we have focused on reducing this impact through specific initiatives.

Our key relationships

The Tiger Brands group recognises that positive relationships with key stakeholders are essential to its sustainability. Shareholders, employees, consumers, customers and suppliers are all part of the chain that creates value.

Additionally, we understand that we depend on the broader society – not only stakeholders in our immediate value chain – to provide a conducive operating environment, and a consumer and talent base that we can sustainably draw from in future.

As such, stakeholders in our broader socio-economic environment – law-makers, regulators, industry groups, the media and communities – all hold a stake in our licence to operate.

We develop key insights to inform our strategic choices for sustained growth through:

- A deep understanding of requirements for sustainable socio-economic development
- Considering the interests and expectations of material stakeholders
- Establishing relationships with stakeholders beyond those in our immediate value chain.

Stakeholder relations at Tiger Brands is, therefore, a strategic function that centres on the quality and consistency of our relationships with all interested and affected parties. Our approach to stakeholder relations directs the organisation on how it behaves, interacts, collaborates, influences and transacts with external parties, regardless of the platform, to ensure we uphold our principles and core values, and to ensure the consistency of our messages.

Different management functions assume responsibility for analysing the needs, interests and expectations of stakeholders in various categories, while the group stakeholder relations function provides strategic leadership

and direction. Ultimately, the governance goal of managing stakeholder relations is trust, good reputation and legitimacy.

In 2016, we implemented an integrated stakeholder communications plan that:

- Acknowledges the critical roles media and social media play in driving perception, and uses these platforms to build our social and relationship capital (reputation)
- Drives internal communication to enhance employee alignment with the group's emerging purpose, vision and strategy
- Proactively manages stakeholder perceptions of Tiger Brands as a group
- Adheres to standards and processes for developing content and sharing information on all communication platforms
- Systematically gathers and analyses information emanating from communication platforms to assess reputational risks
- Offers process and mechanisms to develop appropriate responses and standard operating procedures to deal appropriately with any required crisis communication.

Our approach to managing issues was revised and a media protocol developed to bolster internal capacity in responding to issues raised by stakeholders. Dispute resolution mechanisms for employees, investors, the media and consumers are in place and used effectively. Any stakeholder with a complaint or issue can approach the group through the website (www.tigerbrands.com). Internal systems to address these issues are well managed with strict timelines for response, resolution and feedback.



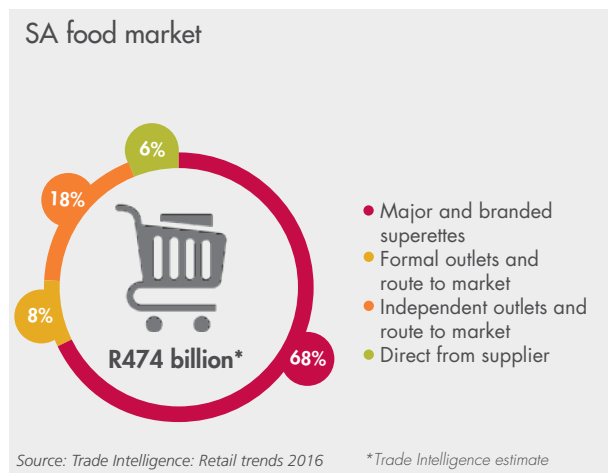


Key issues in 2016	Our response	Read more
Customers (retailers/wholesalers)		
<ul style="list-style-type: none"> Increased competition amid muted consumer demand 	<ul style="list-style-type: none"> Joint business planning initiatives and growth workshops with customers to stimulate shopper offtake and repeat purchase Driving in-store activation, on-shelf availability and general trade distribution to improve visibility and availability Increasing use of category management data to support innovation and new mobile platforms to develop insights and improve efficiencies at store level 	<p> For more information see pages 69 to 73</p> <p> For more information please see www.tigerbrands.com</p>
Employees		
<ul style="list-style-type: none"> Performance and rewards Talent and career development Teamwork and collaboration Internal communications 	<ul style="list-style-type: none"> In-depth engagement with employees to co-create solutions to challenges Benchmarking rewards and benefits to ensure market competitiveness; obtaining employee commitment through appropriate performance incentives 	<p> For more information see pages 56 to 59</p> <p> For more information please see www.tigerbrands.com</p>
Consumers		
<ul style="list-style-type: none"> Product affordability Value proposition Commitment and compliance to issues regulated by government (eg labelling, salt and sugar) 	<ul style="list-style-type: none"> Mitigate inflationary pressures through cost-saving initiatives and operational efficiencies Proactive communication on complying to regulation 	<p> For more information see pages 69 to 73</p> <p> For more information please see www.tigerbrands.com</p>
Community		
<ul style="list-style-type: none"> Food security and related nutritional issues 	<ul style="list-style-type: none"> 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 	<p> For more information see pages 65 to 68</p> <p> For more information please see www.tigerbrands.com</p>
Investors		
<ul style="list-style-type: none"> Strategic direction post-appointment of new leadership and recent disposals Outcome of strategic review Stabilising the business Earnings growth and return on capital 	<ul style="list-style-type: none"> Conducted thorough assessment of business Identified gaps and opportunities Initiatives to strengthen the business and create a solid platform for growth Clear communication plan 	<p> For more information please see www.tigerbrands.com</p>
Government		
<ul style="list-style-type: none"> Regulations on sodium reduction; proposed tax on sugar-sweetened beverages Promoting awareness of nutrition education Food security Growth and development of local agricultural sector 	<ul style="list-style-type: none"> Complying with all relevant regulation; active participation in dialogue before promulgation of legislation Keeping abreast of emerging issues Active partnership to promote agri-sector development and greater inclusion of smallholder farmers 	<p> For more information see pages 64, 72 and 73</p> <p> For more information please see www.tigerbrands.com</p>
Media		
<ul style="list-style-type: none"> Access to management and information Swift response to queries Fair treatment of consumers 	<ul style="list-style-type: none"> Specific website for media enquiries Enhanced one-on-one media engagements Respond to all enquiries within specified period Respond to media on all consumer-related enquiries 	<p> For more information please see www.tigerbrands.com</p>
Suppliers		
<ul style="list-style-type: none"> Impact of currency volatility on input costs Crop shortages due to persistent drought 	<ul style="list-style-type: none"> Partnering with suppliers to drive innovation and continuous improvement Focused savings programme that interrogates all costs to dilute the impact of currency-related cost increases Continued support to develop domestic farmers Flexible global sourcing strategies to augment domestic crop shortages 	<p> For more information please see page 64</p>

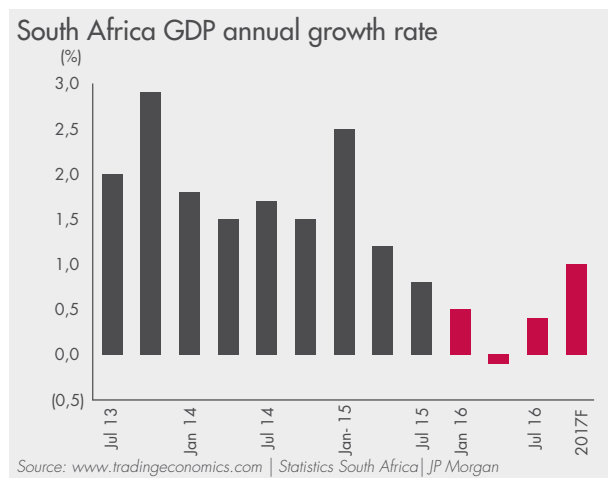
Our operating environment

Tiger Brands is the largest constituent by market capitalisation of the R147 billion JSE Food Producers Index. Listed and unlisted food producers in turn supply a R474 billion food market, ranging from national supermarket chains to informal outlets.

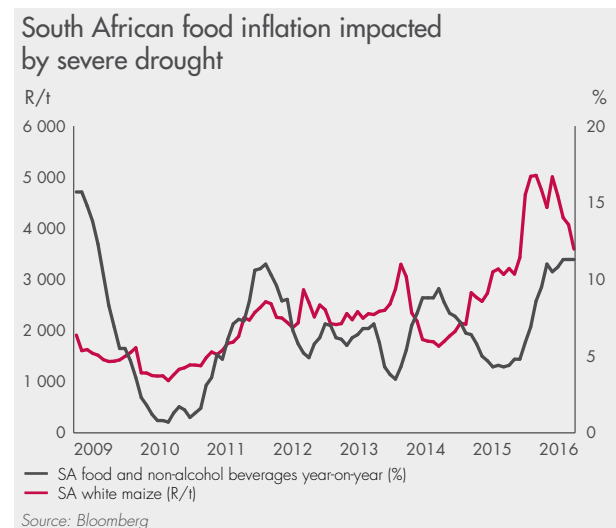
South Africa



With over 80% of the group's turnover and almost 90% of its operating income generated in South Africa, conditions in this market have a large bearing on our performance.

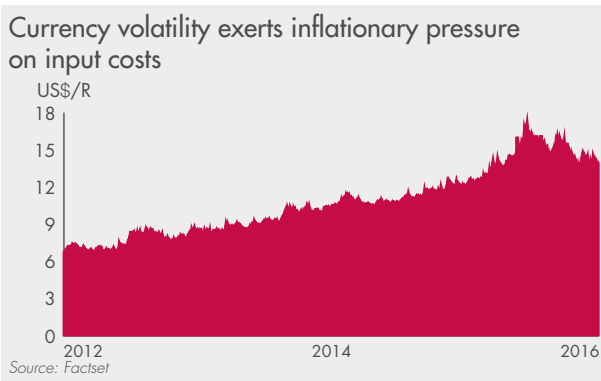


Economic growth in South Africa was barely positive for most of the reporting period, with GDP growth forecasts for calendar 2016 at around 0,4% and just 1% for FY17. These poor forecasts reflect weak private consumption, in turn an indicator of rising unemployment, high household debt and food inflation spiralling up amid South Africa's worst drought in a century.

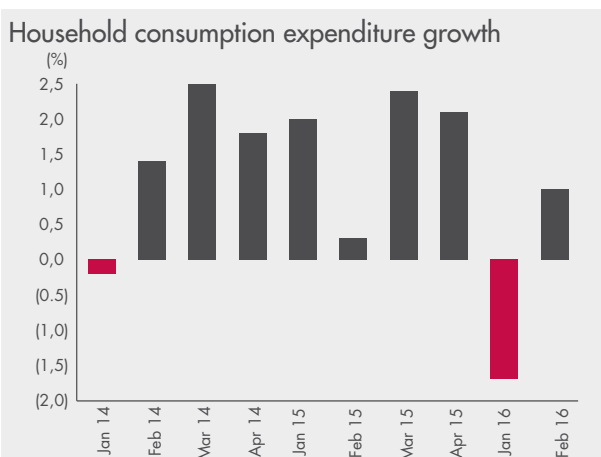


Any improvement in these forecasts will depend on satisfactory resolutions of some major political issues to restore business confidence to more acceptable levels.

In contrast to significant depreciation in recent years, including at the start of our financial year, the rand subsequently appreciated over 16% against the US dollar in 2016 to date. The caveat to this remains political risk which remains difficult to quantify and any adverse developments could easily spark a new round of depreciation. The currency volatility of recent years has exerted major inflationary pressure on input costs and pricing, increasing the pressure on consumers and reducing demand.



Collectively, these factors continue to affect consumer confidence and constrain household consumption levels. Consequently, consumers are adjusting their consumption habits, favouring lower-priced products where necessary and deferring purchases of discretionary items.



Key trends over the next five years

Demand

- Strong population growth in Africa – with the highest global proportion of people under 30, future consumers looking for a modern shopping experience. Africa has one of the fastest-growing middle-class segments in the world
- Rapid urbanisation continues, with increased income changing consumer patterns despite the challenges presented by urbanisation
- While slowing household expenditure is forecast, economic pressure supports the growth of value segments and highlights the importance of affordable quality.

Supply trends

- Food markets reflect volatile commodity prices and rising input costs

- Skills shortages make talent management critical for business success
- Streamlined value chain will be imperative to manage efficiencies and costs in a competitive environment
- Shifting route to market (new markets, formats, channels and categories such as liquor stores and pharmacies) critical to create accessibility for urban and rural consumers
- Extended distribution footprint to service growing number of general (informal) trade stores.

External factors

- Domestic economic and infrastructure constraints, as well as political uncertainty, suppress South African GDP growth
- Moderate growth in developed economies and slowing growth in emerging market economies, particularly China, continue to affect Africa.

Rest of Africa

In sub-Saharan Africa, economic growth has weakened markedly. Low commodity prices continue to weigh heavily on public finances, not just in oil-dependent states like Nigeria, but also in more diversified economies like Ghana. In addition, widespread drought is significantly affecting agricultural productivity and local food markets.

Fundamentally, however, the region already enjoys strong mining, agriculture and oil production. A growing pool of young and well-educated people is poised to enter the workplace. Investments in infrastructure, and the wider adoption of new technologies such as mobile and internet, could accelerate the growth of a consumer and service-led economy.

Admittedly, the region faces significant challenges. Even as democracy spreads across its constituent countries, there are still logistical bottlenecks; poor governance; threats of increased terrorism and social unrest caused by rising urban unemployment; vulnerability to commodity price shocks and economic downturns in key trading partners, indicating risk to the region's transformation.

Based on our continual market scans and consensus insight, we believe the outlook remains encouraging for Africa to gather momentum and create greater opportunities for its rapidly growing population. This, in turn, creates opportunities for retailers and manufacturers such as Tiger Brands.

Our competitive advantages and market position

The power of leading brands

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

This was again reinforced in the 2016 *Sunday Times* Top Brands Awards. In the prestigious Grand Prix category, KOO took first place as South Africa's favourite brand, while Tastic was voted the number one essential food brand, both for the second consecutive year. KOO was also voted number one in the Ask Afrika Icon Brands Survey 2016/2017 (page 29).

Our brands also featured prominently in their categories:

TINNED FOODS				
No 1: KOO 	No 3: All Gold 	No 5: Enterprise 	No 7: Hugo's 	
ESSENTIAL FOODS				
No 1: Tastic 	No 2: Albany 	No 5: Fatti's & Moni's 	No 7: Ace 	No 8: Aunt Caroline 
FRUIT JUICES				
No 4: Oros 	No 6: Halls 			
CEREALS (NEW CATEGORY)				
No 3: Jungle Oats 	No 6: Morvite 	No 9: Jungle Oatso Easy 		
CHILLED PROCESSED MEATS (NEW CATEGORY)				
No 1: Enterprise 	No 4: Renown 	No 7: Mielie-Kip 	No 8: Bokkie 	
PERSONAL CARE				
No 5: Ingram's 				



Key factors
driving our
strategy

2016 awards and accolades

Ask Afrika Icon Brands 2016/2017

This annual benchmark survey identifies the brands most loved and used by South African consumers. Tiger Brands again featured prominently, winning numerous categories. Six of our brands were awarded prestigious icon brand status, while KOO was voted number one favourite brand overall.

Number one favourite brand



Only the best will do

Tinned/canned beans*
Tinned fruit*
Tinned vegetables*
Spreads:
jams



Non-alcoholic drinks:
energy sport drinks*



Spreads:
peanut butter*



Condiments/sauces:

tomato sauce*
Condiments/sauces:
salad dressing category
Cook-in/prepared sauces
and marinades
Spreads:
marmalade
Chilli/hot sauces



Pasta*



Vienna meats*
Polony meat
Russians meat

* Icon brand and category winner

Category winner



Category winner:
bread



Category winner:
Condiments/sauces:
chutney



Category winner:
Condiments/sauces:
mayonnaise



Category winner:
rice



Category winner:
Cake mixes:
including muffins/scones/
cupcakes/breads



Category winner:
Sweets:
cereal bars



Category winner:
Household
products:
drain cleaners

Chief financial officer's review

Despite a challenging operating environment, our resilient brands drove strong volume growth, particularly in the domestic market with total group turnover from continuing operations up 11% to R31,7 billion while operating income* was up 5% to R4,2 billion.

Introduction

The year under review was characterised by an unpredictable external environment. Consumer confidence remained weak, resulting in competition intensifying as retailers and manufacturers continued to compete for their share of constrained consumer spending. In addition, the prolonged drought and significant currency volatility led to high inflation in raw material input costs. The impact of this was felt across the domestic portfolio, most notably in the Grains and Groceries divisions. The operating environment is discussed in more detail on pages 26 and 27 of this report.

Analysis of financial performance

The following review of the group's financial performance should be read together with the annual financial statements (www.tigerbrands.com).

Income statement

Notwithstanding a challenging operating environment, our resilient brands drove strong volume growth, particularly in the domestic market, with total group turnover from continuing operations increasing by 11% to R31,7 billion (2015: R28,7 billion), while operating income before IFRS 2 charges increased by 5% to R4,2 billion (2015: R4,1 billion). Despite a marginal decline in the Grains division's operating income, driven primarily by drought-related cost increases in maize and sorghum, the performance of the balance of the domestic portfolio reflects the strength of our brands, with particularly strong performances from Groceries, Beverages and Home Care. The overall operating margin before IFRS 2 charges declined to 13,4% from 14,1% influenced by responsible pricing to protect our brand franchises.

Income from associates rose 43% to R861 million, driven primarily by Oceana Group and Chile-based Empresas

Carozzi. The contribution from associates includes capital profits of R117 million (2015: R3 million) after certain asset disposals.

The 13% reduction in net financing costs resulted from a net foreign gain of R121 million (2015: R21 million), including a once-off foreign exchange gain of R153 million, following the settlement of a naira-denominated loan assumed as part of the exit from Tiger Brands Consumer Goods plc (TBCG), partly offset by the impact of higher domestic interest rates in the current year.

Profit before tax from continuing operations increased by 10% to R4,5 billion (2015: R4,1 billion), after accounting for R335 million in impairment charges. These impairments related primarily to goodwill and other intangible assets in the Personal Care business.

A higher effective tax rate (before abnormal items and associate income) of 30,9% (2015: 25,6%) resulted in attributable earnings from continuing operations rising by 4% to R3,3 billion.

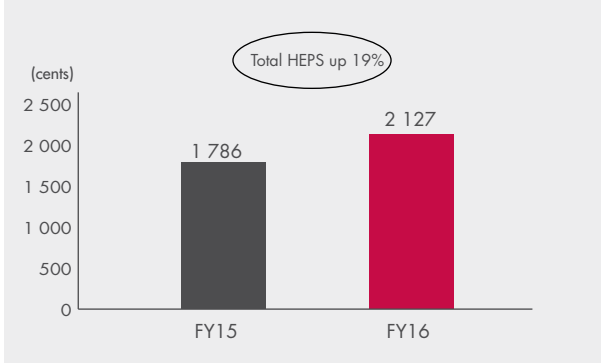
The group's interest in TBCG, formerly Dangote Flour Mills, was disposed of with effect from 25 February 2016. Consequently, TBCG has been treated as a discontinued operation in these results, and comparative information restated accordingly.

Earnings per share from continuing operations increased 4% to 2 007 cents (2015: 1 930 cents), while headline earnings per share from continuing operations rose 2% to 2 130 cents (2015: 2 091 cents).

Total earnings per share, including discontinued operations (TBCG), increased 90% to 2 034 cents (2015: 1 068 cents). Total headline earnings per share, including discontinued operations (TBCG), increased by 19% to 2 127 cents (2015: 1 786 cents).

* Before impairment, abnormal items and IFRS 2 charges.

Headline earnings per share

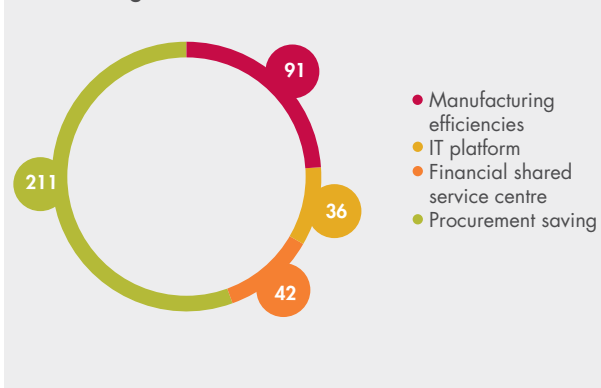


Segmental performance

Domestic operations

Turnover rose by 11%, driven by volume growth of 2% and price inflation of 9%. However, operating income grew at a slower rate of 3% to R3,7 billion. Strong growth in operating income was recorded by Groceries, Beverages and Home Care, with a marginal decline in the Grains division's performance, driven largely by a significant reduction in the profitability of the maize business. Ongoing cost management programmes have proven successful, with savings of R380 million during the year. However, these savings, coupled with higher realisations, were insufficient to counter inflationary pressures in soft commodities. Consequently, the overall domestic operating margin declined from 15,2% to 14,0%.

Continuous improvement programme generated cost savings of R380 million in FY16 (Rm)



International (including Exports)

Total turnover rose 7% to R5,4 billion (2015: R5,0 billion), while operating income increased by 19% to R547 million (2015: R462 million). The operating margin widened from 9,2% to 10,2%. Overall volumes decreased by 5% as a result of the significantly lower volumes recorded by the Exports division. Exports' performance was impacted by currency devaluations and foreign exchange shortages in major export regions including Nigeria, Mozambique, Zimbabwe and Zambia. This in turn affected the ability of key customers to stay within their credit limits and replenish stocks. In addition, import permit regulations imposed in Zimbabwe significantly impacted performance in the fourth quarter.

Detailed segmental disclosures appear on pages 35 and 36 and operational reviews on pages 40 to 51.

Statement of financial position

Key ratios	2016*	2015
Cash generated from operations (Rm)	4 233	3 585
Net (debt)/cash (Rm)	(2 028)	(3 788)
Net debt/equity (%)	13	28
Net debt/EBITDA (x)	0,4	0,8
Return on net assets (%)	31	26
Net interest cover (times)	14	18*

Tiger Brands' net debt decreased by R1,8 billion, benefiting largely from the disposal of TBCG. The net debt to EBITDA ratio decreased to 0,4 times (2015: 0,8 times), well within the group's covenant limit of 2,5 times. The strength of the balance sheet allows the company to take advantage of opportunities that may arise.

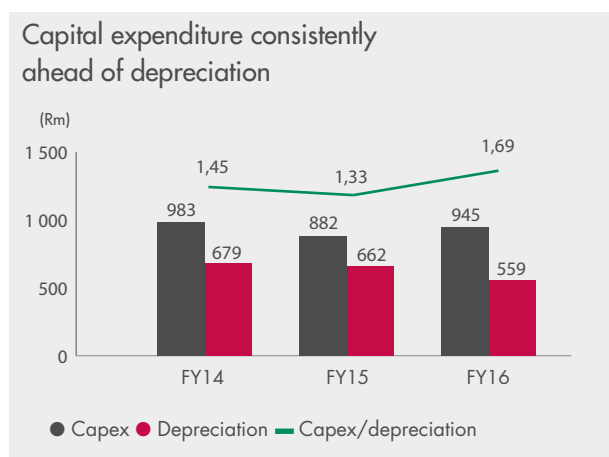
* From continuing operations

Chief financial officer's review continued

Cash flow and capital expenditure

Cash generated from operations increased 18% to R4,2 billion (2015: R3,6 billion). The improvement was primarily due to the disposal of TBCG in February 2016. Capital expenditure during the year was R945 million (2015: R882 million). Net debt for the group was reduced by R1,8 billion also benefiting largely from the disposal of TBCG.

Capital expenditure has consistently been ahead of depreciation and future investment will target growth, efficiency and flexibility. An amount of R1,9 billion has been budgeted for FY17.



Final dividend

The company has declared a final dividend of 702 cents per share (2015: 611 cents) for the year ended 30 September 2016. This, together with the interim dividend of 363 cents per share, brings the total dividend for the year to 1 065 cents. This is 12% higher than last year's total dividend of 950 cents.

Outlook

The difficult trading environment is expected to persist with inflation levels remaining high. The anticipated benefit of lower soft commodity prices is only likely to be felt in the latter part of the ensuing financial year.

Given the solid performance in 2016, Tiger Brands is well positioned to counter potential headwinds. The focus will be on optimising margins without sacrificing market share. Our leading positions will be supported with accretive innovation, while sustaining the strength of our brands through targeted investment. As input cost inflation is expected to persist, cost-saving initiatives will receive renewed and more assertive focus to drive profitability. The creation of a high-performance culture will underpin our efforts.

Acknowledgements

Thank you to our local and international shareholders for your continued investment in our group and to members of the broader investment community for their interest and engagement. I also thank my colleagues in the finance department who constantly strive to ensure the group achieves best practice standards in reporting and disclosure.

Noel Doyle

Chief financial officer

22 November 2016



Five-year review

for the year ended 30 September 2016

Rm	2016	Restated** 2015	2014**	Restated [^] ** 2013	2012**
Consolidated income statements					
Revenue	31 738	28 690	30 126	27 065	22 771
Profit before taxation, income from associates, abnormal items and impairments	3 978	3 823	3 155	2 721	3 356
Income from associates	861	603	597	515	416
Abnormal items and impairments	(324)	(339)	(1 056)	(2)	5
Profit before taxation	4 515	4 087	2 696	3 234	3 777
Taxation	(1 221)	(977)	(832)	(837)	(1 029)
Profit for the year from continuing operations	3 294	3 110	1 864	2 397	2 748
Attributable to (continuing operations):					
Owners of the parent	3 261	3 122	1 991	2 516	2 718
Non-controlling interests	33	(12)	(127)	(119)	30
Consolidated statements of financial position					
Property, plant and equipment	4 542	4 641	5 868	5 499	3 359
Goodwill and intangible assets	3 941	4 233	4 527	5 424	4 012
Investments	4 905	4 312	3 422	3 413	2 655
Current assets	11 099	11 617	10 728	9 486	7 783
Assets classified as held for sale	–	–	–	1 281	–
Total assets	24 487	24 803	24 545	25 103	17 809
Issued capital and reserves before share-based payment reserve	15 059	13 407	12 753	12 423	10 970
Share-based payment reserve	489	424	425	364	332
Non-controlling interests	487	(53)	770	1 028	393
Deferred taxation liability/(asset)	211	150	(28)	225	250
Provision for post-retirement medical aid	666	643	626	581	407
Long-term borrowings	1 069	1 215	627	1 453	235
Current liabilities	6 506	9 017	9 372	8 330	5 222
Liabilities classified as held for sale	–	–	–	699	–
Total equity and liabilities	24 487	24 803	24 545	25 103	17 809
Consolidated cash flow statements					
Cash operating profit after interest and taxation	3 432	2 841	3 168	2 915	3 048
Working capital changes	(604)	(812)	(348)	(337)	(592)
Dividends received	406	326	287	301	176
Cash available from operations	3 234	2 355	3 107	2 879	2 632
Dividends and capital distributions paid	(1 661)	(1 643)	(1 467)	(1 426)	(1 318)
Net cash flow from operating activities	1 573	712	1 640	1 453	1 314
Net cash flow from investing activities	115	(1 056)	(415)	(3 282)	(732)
Net cash flow before financing activities	1 688	(344)	1 225	(1 829)	582
Net cash flow from financing activities	(562)	76	(1 109)	426	(297)
Net increase/(decrease) in cash and cash equivalents	1 126	(268)	116	(1 403)	285

* The 2015 comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash and bank balances previously included in operating income/(loss) and now reclassified to net finance costs. Refer to annual financial statements for further details.

** Not restated for the exclusion of TBCG.

Income statement restated as required by IFRS 5 in relation to the treatment of Tiger Branded Consumer Goods plc (TBCG) as a discontinued operation.

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

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	2016	%	Restated*# 2015	%
Turnover	31 697,5	100,0	28 660,0	100,0
Less: Net cost of products and services	23 098,7	72,9	20 540,4	71,7
Value added	8 598,8	27,1	8 119,6	28,3
Add: Income from investments and associates	887,4	2,8	619,9	2,2
Wealth created	9 486,2	29,9	8 739,5	30,5
<i>Applied to:</i>				
Employees				
Salaries, wages and other benefits	3 736,3	39,4	3 422,6	39,2
Providers of capital	1 852,6	19,5	1 814,3	20,7
Interest on borrowings (net of foreign exchange profit/(losses))	203,0	2,1	220,3	2,5
Dividends and capital distributions to non-controlling interests and preference shareholders	19,7	0,2	19,4	0,2
Dividends to ordinary shareholders	1 629,9	17,2	1 574,6	18,0
Government				
Taxation (refer to note 1)	1 298,2	13,7	1 128,0	12,9
Retained in the group	2 599,1	27,4	2 374,6	27,2
	9 486,2	100,0	8 739,5	100,0

Note 1

Income taxation (excluding deferred tax)	1 160,5	998,3
Skills development levy	27,0	26,6
Rates and taxes paid to local authorities	28,0	24,9
Customs duties, import surcharges and excise taxes	82,7	78,2
Gross contribution to government	1 298,2	1 128,0

The payments to government exclude taxation deducted from employees' remuneration of R530,6 million (2015: R479,1 million), net VAT of R515,1 million (2015: R494,2 million), excise duty on revenue and UIF payments.

Rm	2016	%	Restated# 2015	%	2014	%	2013	%	2012	%
Trend of value added										
Employees	3 736,3	39	3 422,6	39	3 307,2	38	2 860,2	38	2 530,1	36
Providers of capital	1 852,6	20	1 814,3	21	1 896,2	22	1 825,5	24	1 509,2	21
Government	1 298,2	14	1 128,0	13	1 472,8	17	1 346,1	18	1 189,1	17
Retained in the group	2 599,1	27	2 374,6	27	1 952,5	23	1 539,3	20	1 822,7	26
	9 486,2	100	8 739,5	100	8 628,7	100	7 571,1	100	7 051,1	100

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash and bank balances previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

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



Segment report

for the year ended 30 September 2016

Rm	Turnover ¹		Operating income ²		Depreciation and amortisation	
	2016	Restated 2015	2016	Restated* 2015	2016	Restated 2015
Domestic operations	26 311,1	23 630,6	3 695,8	3 593,2	448,3	419,3
Grains	12 845,2	11 375,4	2 001,9	2 060,8	152,8	147,1
Milling and Baking ³	9 208,5	8 160,5	1 596,2	1 680,5	130,6	126,6
Other Grains ⁴	3 636,7	3 214,9	405,7	380,3	22,2	20,5
Consumer Brands	13 465,9	12 255,2	1 728,5	1 539,5	240,2	226,9
Groceries	4 700,8	4 265,4	465,6	410,6	116,6	110,1
Snacks & Treats	2 270,8	2 137,1	316,0	314,9	49,3	51,2
Beverages	1 326,4	1 166,8	156,8	137,8	18,4	17,0
Value Added Meat Products	2 229,6	2 095,1	158,0	146,3	35,0	31,1
Out of Home	501,7	443,7	98,4	86,3	–	–
HPCB	2 436,6	2 147,1	533,7	443,6	20,9	17,5
Personal Care	682,4	630,9	134,2	129,7	4,4	3,8
Baby Care	862,1	803,0	211,3	214,2	11,1	9,0
Home Care	892,1	713,2	188,2	99,7	5,4	4,7
Other⁵	–	–	(34,6)	(7,1)	55,3	45,3
International (including Exports)	5 386,4	5 029,4	547,2	461,7	122,4	122,3
Exports	1 625,7	1 872,4	247,0	338,0	16,9	11,4
International operations						
– Central Africa	883,8	706,5	150,2	115,8	21,8	20,1
– East Africa	959,8	762,6	50,9	(46,5)	34,6	35,1
– West Africa**	476,7	412,0	(48,5)	(38,2)	25,4	34,4
Deciduous Fruit (LAF)	1 683,3	1 434,0	147,6	92,6	23,7	21,3
Other intergroup sales	(242,9)	(158,1)				
Total from continuing operations – before IFRS 2 charges	31 697,5	28 660,0	4 243,0	4 054,9	570,7	541,6
IFRS 2 charges			(88,9)	(29,2)		
Total from continuing operations – after IFRS 2 charges	31 697,5	28 660,0	4 154,1	4 025,7	570,7	541,6
Discontinued operation**	1 598,5	2 897,6	63,2	(392,5)	4,8	144,3
Total group	33 296,0	31 557,6	4 217,3	3 633,2	575,5	685,9

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash and bank balances previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

** Previously reported Nigeria segment included TBCG which is now disclosed as a discontinued operation, with the remaining segment shown as International operations – West Africa.

¹ Refer to note 3.2 of the financial statements for further information on geographical split.

² Operating income is stated after amortisation of intangible assets.

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

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

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

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

Segment report continued
for the year ended 30 September 2016

Rm	Total assets		Accounts payable, provisions and accruals and taxation		Capital expenditure	
	2016	2015	2016	2015	2016	2015
Domestic operations	19 056,9	17 654,1	4 082,4	3 731,8	847,0	520,3
Grains	5 550,3	4 649,7	1 429,7	1 301,1	346,7	148,0
Milling and Baking ¹	3 867,6	3 222,6	931,1	924,8	329,9	133,5
Other Grains ²	1 682,7	1 427,1	498,6	376,3	16,8	14,5
Consumer Brands	9 509,2	9 312,5	2 276,8	2 091,3	439,0	280,4
Groceries	4 304,4	4 115,8	880,4	834,4	127,4	146,3
Snacks & Treats	1 384,1	895,6	423,2	365,7	78,6	37,4
Beverages	1 483,5	1 989,6	237,6	225,8	67,5	15,2
Value Added Meat Products	975,7	811,6	282,5	257,6	33,2	34,3
HPCB	1 361,5	1 499,9	453,1	407,8	132,3	47,2
Other ³	3 997,4	3 691,9	375,9	339,4	61,3	91,9
International (including Exports)	5 429,4	7 149,7	728,1	1 661,7	98,4	361,3
Exports	2 535,4	2 899,4	119,3	191,4	(8,3)*	83,8
International operations						
– Central Africa	648,8	638,8	227,5	231,7	21,6	52,5
– East Africa	854,0	824,5	82,4	74,1	27,7	29,8
– West Africa**	146,4	1 680,9	54,7	948,0	20,8	152,2
Deciduous Fruit (LAF)	1 244,8	1 106,1	244,2	216,5	36,6	43,0
Total	24 486,3	24 803,8	4 810,5	5 393,5	945,4	881,6

* Capex spend is net of a government grant received during the year.

** Previously reported Nigeria segment has now been disclosed as West Africa. 2015 includes the TBCG discontinued operation.

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	
	2016	2015
Split of non-current assets		
South Africa	5 898,5	5 139,4
Outside South Africa	2 583,9	3 734,8
Total	8 482,4	8 874,2
Rm	2016	2015
Reconciliation of total assets		
Total assets per statements of financial position	24 528,9	24 854,3
Deferred taxation asset	(42,6)	(50,5)
	24 486,3	24 803,8



Summary of ratios and statistics

	2016	2015	2014	Restated [^] 2013	2012
Ordinary share performance					
Number of ordinary shares upon which headline earnings per share is based (000) ²	162 480	161 693	160 127	159 755	159 263
Headline earnings per ordinary share (cents)	2 127	1 786	1 816	1 629	1 689
Dividends per ordinary share (cents) ¹	1 065	950	940	865	850
Dividend cover (times) ¹	2,0	1,9	1,9	1,9	2,0
Net worth per ordinary share (cents)	9 553	8 507	8 221	7 998	7 086
Profitability and asset management					
Asset turnover (times)	2,4	2,3	2,1	2,2	2,6
Working capital per R1 000 turnover (R)	23,3	22,3	22,1	23,2	22,5
Operating margin (%) [#]	13,1	14,0	11,8	11,4	15,3
Effective taxation rate (%) [#]	27,0	23,9	30,9	25,9	27,0
Return on equity (%)	23,4	24,8	22,7	19,7	24,1
Return on average net assets (%)	30,8	26,4	24,6	24,6	33,8
Financing					
Current ratio	1,7	1,3	1,1	1,1	1,5
Net interest cover (times) [#]	14	18	9	8	25
Net debt/(cash) to net funding (%)	11	22	20	24	9
Total liabilities to total shareholders' funds (%)	47	74	72	71	47
Cash flow to net liabilities (%)	50	31	36	32	60
Employee statistics					
Number of employees at year end ³ #	14 180	15 163	16 884	15 048	12 739
– permanent [#]	13 121	12 800	12 925	12 760	10 878
– seasonal [#]	1 059	2 363	3 959	2 288	1 861
Revenue per employee (R000) [#]	2 238	1 892	1 784	1 798	1 788
Value added per employee (R000) [#]	606	541	474	466	515
Operating profit per employee (R000) [#]	293	265	211	159	216
Economic indicators					
Consumer price index (September on September)	6,5%	4,5%	5,9%	6,0%	5,5%
Key closing exchange rates at 30 September vs ZAR					
– USD	13,80	13,87	11,32	10,05	8,29
– GBP	17,92	21,05	18,35	16,23	13,38
– EUR	15,47	15,52	14,28	13,60	10,69
Stock exchange statistics					
Market price per share (cents)					
– year end	38 024	30 479	31 543	29 911	27 312
– highest	40 152	40 086	32 200	33 499	29 321
– lowest	26 958	26 732	24 444	26 700	20 252
Number of transactions	854 893	873 519	508 975	553 725	418 955
Number of shares traded (000)	179 123	179 732	139 926	140 315	150 973
Value of shares traded (Rm)	60 448	57 859	39 468	41 357	38 662
Number of shares traded as a percentage of total issued shares	93,3	93,6	72,9	73,3	79,0
Dividend yield at year end (%)	2,8	3,1	3,0	2,9	3,1
Earnings yield at year end (%)	5,6	5,9	5,9	5,5	6,2
Price earnings ratio at year end	18	17	17	18	16
Market capitalisation at year end (Rm)	73 033	58 541	60 546	57 294	52 219
Market capitalisation to shareholders' equity at year end (times)	4,7	4,2	4,6	4,5	4,6

¹ Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year-end.

² Net of treasury and empowerment shares.

³ Includes employees of international operations.

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

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





Two manufacturing plants process **95 000 tons of tomato crop** per year to produce All Gold tomato sauce.

Operational review

Turnover in the Grains division increased 13% to R12,8 billion while operating income declined marginally. In a challenging and high inflation environment, volumes were maintained despite lower volumes in maize and sorghum.

Grains



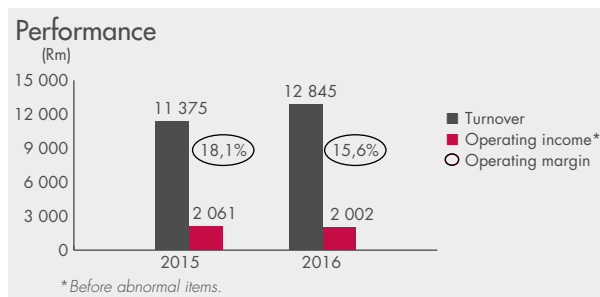
Salient features

- High raw material inflation driven by drought
- Operating income marginally down at R2 billion
- Market leadership maintained in bread category

Segment overview

This division houses the group's milling and baking and other grains businesses, and includes brands such as Albany (bread), Tastic (rice), Ace (maize), Jungle (breakfast) and Fatti's & Moni's (pasta).

The review period was characterised by significant inflation in raw material input costs. Turnover, driven entirely by inflation, increased 13% to R12,8 billion while operating income declined marginally to R2 billion. The decline of operating margins by 2,5 percentage points to 15,6% was adversely affected by high levels of input cost inflation. Despite growth in all other categories, overall volumes were flat due to significant declines in maize. The marketing investment increased by 13%, after a 16% increase in the prior year, to support sustainable performance in this division.



The performance of our Grains division is driven by raw material costs and price/volume management. Equally, it is sensitive to exchange rate volatility, wheat tariffs, Safex maize prices (shown below) and, of course, increased competition.

Rm	September 2016	September 2015	% change
US wheat price (USD)	194	250	(22)
Exchange rate (R/USD)	13,56	12,07	12
US wheat price (R)	2 631	3 018	(13)
Duty	1 591	461	245
Safex maize	4 202	3 479	21

Integrated approach to sustainability

People

In an industry competing for scarce skills, robust engagement is key to creating shared value

Safety and health

Route to market security remains a focus area. In FY16, we recorded four fatalities. Tiger Brands is working with other industry players and provincial authorities to build sustainable solutions



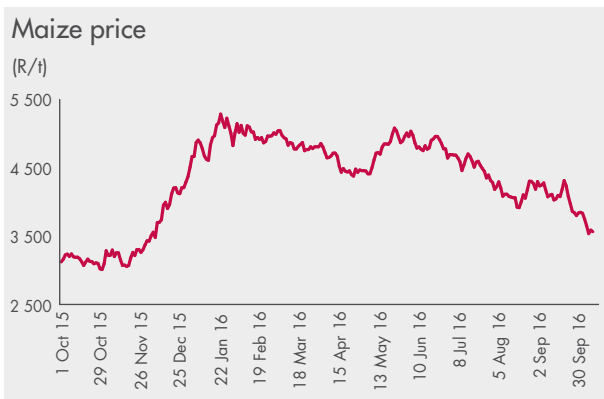
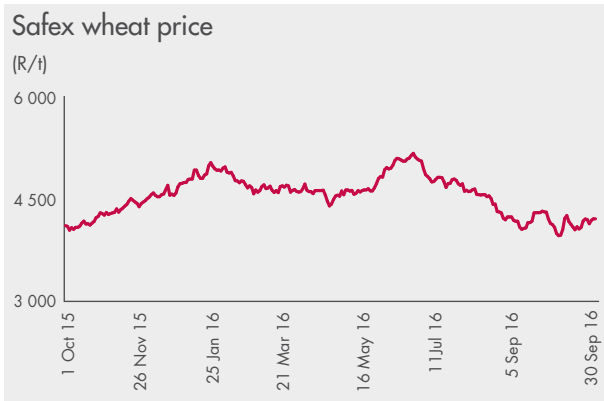
Visit our website for additional information

Environment

To guide our sustainable manufacturing journey, group targets are set for key areas. Each business unit is responsible for its performance against key indicators

Communities

R23 million (1% of net profit after tax) invested in socio-economic development (page 65), including breakfasts for almost 60 000 school children



Milling and Baking

Overall volumes in these categories were unchanged despite a significant decline in maize volumes. Fuelled by inflation, turnover increased by 13% to R9,2 billion (2015: R8,2 billion). A disappointing performance from maize and sorghum resulted in operating income declining 5% to R1,6 billion from R1,7 billion in the prior year. This contributed to a lower operating margin of 17,3% compared with the prior year of 20,6%. The wheat-to-bread value chain performed credibly in an increasingly competitive environment in both baking and wheat milling.

Except in the Western Cape, where volumes declined significantly in bread, positive volume growth reflected a measured response to increased competition, focused on the attributes of the Albany brand, supported by tactical pricing initiatives.

During the review period, a capex programme was initiated to improve the Western Cape bakery, which will come online in the latter part of FY17.

While international wheat prices declined during the year, this was offset by the increase in the local wheat tariff. This tariff has increased eightfold between 2014 and 2016, from R157 per ton to R1 591 per ton. This has meant a significant increase in local wheat prices. The wheat tariff formula is being reviewed by the International Trade Administration Commission of South Africa and an outcome is expected in due course. Despite these developments, the wheat milling business delivered a satisfactory performance.

The maize price peaked at R5 280 per ton in January 2016 due to widespread and severe drought. As a result, maize milling reported significantly lower operating income as volumes were impacted by exceptional levels of inflation. Margins were affected by the inability to fully recover costs amid aggressive competition.

The performance of the sorghum and maize breakfast and beverage business was constrained by high raw material costs, new entrants and aggressive pricing by regional competitors.

Other grains

The rice business reported strong turnover growth and good volume growth. Lower international prices were offset by rand weakness.

The pasta business recorded another strong operating performance, with strong volume growth as increased marketing investment continues to benefit the brand. During the year, the division expanded the Fatti's & Moni's brand into the fast-growing convenience segment with instant noodles. Early indications show encouraging growth.

The oats business delivered good results, driven by the resilience of the core Jungle range and boosted by innovation, such as the single-serve Jungle cups that leverage on the trend of convenience and breakfast-on-the-go.

Outlook

Although improved weather conditions are forecast, the business may benefit from lower raw material costs in the final quarter of the new financial year. Competition in bread is likely to intensify as additional capacity comes on stream, while the benefits of the new bread plant in the Western Cape are only likely to be felt at the end of FY17. The focus will remain on protecting market share through increased brand investment and in manufacturing efficiency and flexibility.

Turnover increased 9% to R11,0 billion and operating income was up 9% to R1,2 billion, despite aggressive competitor activity. The operating margin was maintained at 10,8%.

Consumer Brands – food 

Salient features

- Groceries achieves margin of 9,9% while maintaining brand leadership in core categories
- KOO maintains leading position in top awards on page 29
- Improved manufacturing performance across all divisions

Segment overview

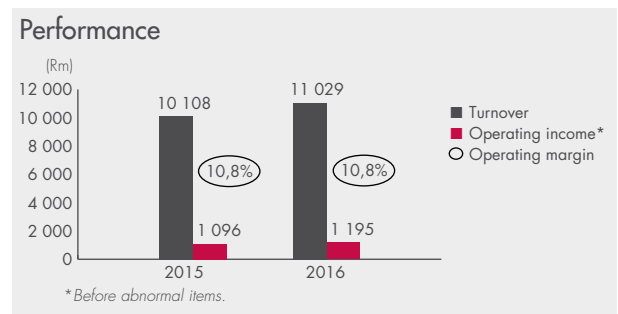
This division houses many of the group’s iconic brands and includes Groceries, Snacks & Treats, Beverages, Value Added Meat Products and Out of Home.

Strategy

Entrench brand leadership and recover operating margin in specific categories through strategic pricing, improved operating performance, innovation, cost efficiency and enhanced manufacturing performance.

Performance

Turnover increased 9% to R11,0 billion, driven by 3% volume growth and 6% inflation. Operating income was up 9% to R1,2 billion, despite aggressive competitor activity and above-inflation increases in input costs. The operating margin was maintained at 10,8%.



Integrating sustainability into operations

People

Recognised as top and preferred employer in separate surveys (page 56)

Safety and health

13% improvement in lost-time injuries in FY16



Only the best will do



Visit our website for additional information

Environment

Water scarcity and drought are key risks at present. Targets set for reducing consumption by at least 5% per annum, increased recycling and reuse

Transformation

Tiger Brands maintained its level 3 BBBEE rating and has proactively revised its strategy in anticipation of new codes. For more information refer to page 63.



HAPPY 90TH BIRTHDAY BLACK CAT – AND MANY MORE NUTTY YEARS AHEAD!



Open up the world's pantries and you will find one product in almost all of them, peanut butter. Ask a South African which brand they associate with peanut butter and their answer is likely to be Black Cat. In consumer research, Black Cat is mentioned by 91% of people asked to name a peanut butter.

We are celebrating 90 years of peanut buttery goodness with Black Cat, the nutty spread that changed South African sandwiches forever.

- **1926** – Black Cat developed in South Africa by a company in Mokopane (formerly Potgietersrus) to quickly become a household staple through word-of-mouth support for its quality



- **1946** – Tiger Oats acquired Black Cat, investing in the brand through modern manufacturing techniques as well as extensive advertising and marketing campaigns
- **1967** – Professional golfer and local icon, Gary Player, endorsed Black Cat and appeared in many adverts
- **1973** – Tiger Oats sponsored the children's radio programme *The Adventures of Jet Jungle* on Springbok Radio, heralding a new era for Black Cat and countering rising competition from private label brands



- **1980** – Does the name Felix Swart sound familiar? It should. Black Cat gave him supernatural strength in the popular TV programme *Die Swart Kat*.

Black Cat quickly became a household staple in South Africa and remains the brand choice of peanut butter among parents to feed their children. Although Black Cat is a firm favourite for children, the target audience includes adults (young and old) too, making it the number one selling peanut butter and a firm favourite for healthier snacks.

We remain ahead in continual innovation as well, such as plastic 600g tubs, and meeting health trends with our no-added sugar, no-added salt smooth and crunchy variants.



Consumer Brands – food continued



Groceries

Groceries continues its recovery and produced an improved performance driven by its portfolio of consumer-preferred brands including KOO, All Gold, Crosse & Blackwell, Black Cat and Mrs Ball's. Turnover rose 10% to R4,7 billion (2015: R4,3 billion) while operating income increased by 13% to R466 million (2015: R411 million). As a result, the operating margin improved from 9,6% to 9,9% in line with guidance.

The division's supply chain continues to focus on manufacturing excellence. The mayonnaise operation, which is now located in Boksburg (Gauteng), is now stable and performing to expectation after experiencing some initial challenges. Despite difficulties presented by the ongoing drought, the adverse impact on raw material availability was kept to a minimum. Although this was well managed, the drought and foreign currency volatility raised raw material and packaging costs significantly. We therefore implemented an appropriate pricing strategy, focused on price/volume management in a trading environment marked by aggressive competition and constrained consumer spending.

Innovation included the launch of successful flavour extensions to Mrs Ball's, KOO's expanded range of vegetable products and KOO Lite fruit products, as well as the domestic introduction of Benny stock flavouring.

Groceries continues to invest in its market-leading brands. The All Gold range was relaunched with a new brand advertising campaign. KOO continues to benefit from its current award-winning campaign, with the TV advert voted among Millward Brown's Top 10 Best-liked Ads of 2015

(published July 2016). In addition, KOO was voted by consumers as South Africa's favourite brand in the *Sunday Times* 2016 survey for a second consecutive year ahead of leading international brands.

Snacks & treats

This business is a market leader in sugar confectionery through brands including Maynards, Beacon Allsorts, MWMallows and Smoothies. It also markets chocolate slabs (Beacon) where it enjoys the number 2 position, chocolate bars (TV bar, Nosh, Nikki) as well as the snacking category through Jungle.

During the review period, turnover grew 6% to R2,3 billion, reflecting slight volume share gains in a contracting market. Operating income of R316 million was maintained, despite significant input cost increases on major ingredients such as sugar, glucose, cocoa and nuts.

Good progress was made in 2016 on key factory issues that affected supply and customer service levels. We also made progress in product streamlining the portfolio by eliminating non-value-adding product lines. The category optimisation process that started this year will pave the way for greater innovation in FY17.

Building on the recent capacity investment in gums and jellies manufacturing, the business has invested in additional chocolate manufacturing capability to accelerate current momentum in chocolate slabs.

Beverages

With key brands including Oros, Energade, Rose's and Hall's, the business recorded strong volume growth in the period, driven by focused investment in core brands.





Both turnover and operating income grew by 14% to R1,3 billion (2015: R1,2 billion) and R157 million (2015: R138 million), respectively. Despite significant pressure on input costs, the operating margin was maintained at 11,8% through various cost-saving initiatives and mix management.

Investment continued during the year, building on the successful manufacturing architecture consolidation initiated in 2014. A state-of-the-art ready-to-drink production line was installed, paving the way for further innovation and productivity improvements.

Value-added meat products

The value-added meats category has moved from declining growth in the previous year to a moderately positive position, driven mainly by the polony segment. The market-leading Enterprise brand has held up well against this competition and has continued to gain share from other major national brands.

Turnover increased by 6% to R2,2 billion (2015: R2,1 billion) and operating income by 8% to R158 million (2015: R146 million) despite significant cost increases in pork, driven indirectly by higher maize prices, particularly in the second half. The business achieved an operating margin of 7,1%.

The rate of innovation remains well above historical levels, further widening the gap against its main competitors.

During the year, the business acquired Hercules Cold Storage Proprietary Limited. Its core business is processed meats, focused on the economy segment. The facility will be converted into a Halaal-certified plant providing access to identified new channels, including the independently owned wholesale channel.

Out of home

Key drivers for the year included optimising product and customer mix, with focus on higher-profit categories and customers. The business grew volume by optimising the entire Tiger Brands basket and focusing on combined profitability. Improved service levels on key categories contributed to an improved overall performance.

The food services market benefits when macro-economic conditions deteriorate and people trade down from fine dining to fast food.

For FY16, turnover increased 13% to R502 million (2015: R444 million) and operating income 14% to R98 million (2015: R86 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 widespread pressure on consumer spending, cost increases and aggressive competition. Accordingly, we will focus on increasing margins by driving cost savings and efficiencies and prioritising marketing efforts. In a highly competitive market, we will continue to focus on innovation to reinforce our core brands while optimising the price elasticity of our brands.



The division is now in the second year of the rebase and rebuild strategy and has responded positively to various initiatives. Turnover increased 13% to R2,4 billion and operating income 20% to R534 million resulting in an operating margin of 21,9%.

Home, Personal Care and Baby (HPCB)

Salient features

- Turnover growth of 13% with operating income growth of 20%
- Key efficiency benchmarks achieved
- Exceptional performance in major categories, with body care and pest recording strong growth

Segment overview

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

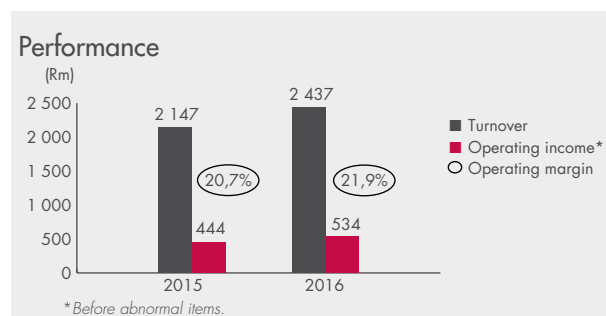
Strategy

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

The division is now in the second year of the rebase and rebuild strategy and has responded positively to various initiatives.

Performance

The success of the strategy is reflected in turnover increasing 13% to R2,4 billion (2015: R2,1 billion), driven in part by 6% volume growth. Operating income rose 20% to R534 million, with an operating margin of 21,9%.



Home care

Consumer-relevant innovation and excellent in-store execution underpinned a solid performance from the home enhancement segment. In the pest segment, significant share gains, as well as innovation into new segments, supported

Integrating sustainability into operations

People

Group talent processes entrenched to ensure the right skills in the right place

Customers and consumers

Intensified focus on market insight and operational efficiency to counter changes in consumer behaviour and increasing competition



Preferential procurement

73% of our discretionary procurement benefits BBBEE suppliers

Communities

Good corporate citizenship is intrinsic to Tiger Brands – our reputation depends on it



Visit our website for additional information



an excellent performance. Focused customer and marketing activities contributed to good growth in the sanitation segment, particularly the Jeyes brand.

Personal care

Growth in this category slowed, reflecting the pressure on consumer income exacerbated by key competitors investing aggressively in pricing strategies and brand support. The business countered these challenges to some extent by focusing on innovation (for example, Ingram’s Triple Glycerine and tissue oil creams) and specific propositions for key channels. The business recorded strong performances from core brands in the body care category such as Ingram’s, Dolly Varden and Skin Clinic.

Baby care

This business faced a difficult year as economic conditions affected homogenised baby food consumption, and consumers shifted from branded food to more affordable home cooking and general food brands. Marketing investment rose by 5%. Since launching in July 2015, the new pouch format has grown exponentially, with Purity’s share of this format reaching 70%.

During the period, the business leveraged off the strength of the Purity brand with a number of launches, including growing-up milk and Purity Junior. The launch of growing-up milk provides entry into a category with 7% annual volume growth while Purity Junior is a range of delicious and nutritious snacks, meals and drinks for pre-schoolers. Since launch, the range has driven incremental growth for the baby snacks portfolio. In baby well-being, a baby-friendly insect repellent and fabric conditioner were launched under Purity & Elizabeth Anne’s while the vitamin supplements range under the Vi-daylin brand was extended to toddlers and older children.

Outlook

In FY17, the focus remains on cost reductions, continued innovation in line with strategy and improving efficiencies, especially in the nutrition manufacturing units and Isando reconfiguration project, which was fully commissioned in November 2016. In the longer term, we are confident the Baby division is well positioned, with the leading brand Purity to drive sustained market and share growth by offering consumers affordable pack sizes, value-added promotions and innovation that meets their needs for convenience and time-saving solutions. We will continue to focus on innovation across all categories in Home and Personal Care to reinforce our core brands.

MANGWANANI AND AIROMA COLLABORATION



Mangwanani is an award-winning proudly South African day spa with 26 branches in Gauteng, Western Cape and KwaZulu-Natal. The brand is well known among urban women in the upper-income segment, synonymous with rest and relaxation, and acknowledged as originating in and inspired by Africa. As such, it provided a unique platform for an air-care range.

The common ground of the Airoma/Mangwanani collaboration is fragrance, combining Mangwanani’s credibility in “African fragrances” with Airoma’s heritage in “home fragrances”. In a spa environment, fragrance enhances the ambiance – a consumer need that Airoma aims to address.

This co-branded opportunity is founded on the global trend of collaboration but with local flavour. As a form of marketing, it provides a unique competitive advantage for Airoma and an opportunity to elevate the air-care category in the retail trade out of sanitation and into the home.

INGRAM’S INNOVATION A HIT WITH CONSUMERS

Ingram’s has been a household brand for decades. Based on a deep understanding of local consumer behaviour, we launched Ingram’s Triple Glycerine. In just three years and in a hotly contested market, it has overtaken established competitors to become one of the best-selling items in its category in key retail outlets, second only to the 500ml pack of Ingram’s Camphor Cream.

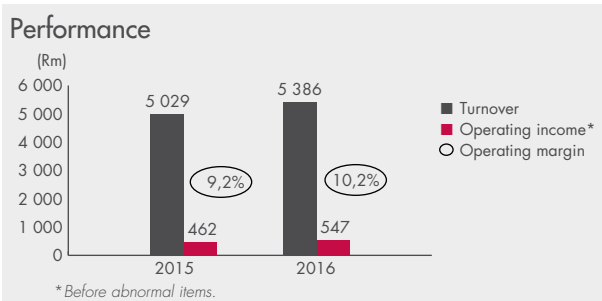


The rationale for this innovation stemmed from home visits with the people who buy our products (noting that consumers already decanted glycerine into their creams) and complemented the Ingram’s brand strategy of launching body care products that have unique functional benefits based on relevant local ingredients/behaviours.

The success of this and other launches (such as Ingram’s Tissue Oil Cream) proves our ability to effectively compete given our intimate understanding of the needs and wants of South African consumers. These deep insights guide the development of relevant and unique local products by a very capable new product development team.

Our export basket into southern Africa includes brands such as Benny stock powder, Crosse & Blackwell, Ingram's, Doom, All Gold and KOO.

International (including Exports)



The Tiger Brands export basket into southern Africa, particularly Mozambique, Zambia and Zimbabwe, includes brands such as Benny stock powder, Crosse & Blackwell mayonnaise, Ingram's Camphor Cream, Doom, All Gold and KOO. Demand for these brands remains robust, despite challenging economic conditions in these countries. The division continues to invest in these core brands to ensure sustained visibility and awareness.

Two major capex projects totalling R138 million were commissioned at the Davita factory in the review period to enhance capacity and overall compliance. This will ensure adequate ongoing supply to address local and export demand as well as enhanced compliance to safety, health, environment and quality standards.

Despite external challenges in the current year, the outlook for the new financial year is positive with renewed focus on existing and new markets to drive growth.

The performance of the Exports division (including Davita which exports Benny seasoning ingredients, Jolly Jus and Davita powdered soft drinks to 33 countries across Africa) was below the previous year.

Macro-economic issues in Nigeria, Mozambique, Zimbabwe and Zambia resulted in currency devaluations and foreign exchange shortages, in turn affecting key customers' ability to stay within their credit limits and replenish stocks. In addition, import permit regulations imposed in Zimbabwe significantly affected performance in the fourth quarter.

Integrating sustainability into operations

People

Focus on leadership programmes to support revised strategy

Safety and health

Focus on eliminating recurring behaviour-based incidents, and route to market safety



Environment

To achieve global benchmarks, discrete three-year targets set with full accountability on page 76.

Enterprise development

Financial support of R24 million augmented by mentorship and skills transfer



Visit our website for additional information



Central Africa

Cameroon: Chococam (74,7% held)

Chococam, which manufactures chocolate bars, chocolate spread, candy, gum and powdered beverages, recorded a seventh consecutive year of solid growth in turnover and operating income despite difficult economic conditions. These included protracted low oil prices (affecting all six countries in Central Africa), the insecurity created by regional conflict, and recent naira devaluation which generated a high increase in cheap imported goods from Nigeria.

Strong volume growth in FY16 was driven by the chocolate bar and spreads categories in particular. Other key drivers of this performance include the continued investment in brands through traditional and digital media support, trade and consumer activations, and improved coverage of the informal retail universe from 70% to 80%. Customer service levels remained high at 97%. The contribution to turnover from export markets (including Gabon, Chad, Congo-Brazzaville and Equatorial Guinea) improved despite trade disruptions created by presidential elections in Gabon, Chad and Congo-Brazzaville during the year.

Another important growth driver is the company's innovation strategy which allowed it to accelerate top-line growth and reinforce its strong market positions in all categories. Innovation contributed 7,2% to turnover from 6,5% in the prior year. During the period, innovations in powdered beverages, spreads, candy and chocolate bars were successfully taken to market.

Chococam's strong performance is reinforced by its selective investment in capital projects to drive capacity enhancements and a safer working environment, including employee well-being and productivity. As a result, it is well positioned for growth and the outlook for the new year remains positive.

East Africa

Ethiopia: East Africa Tiger Brands Industries (EATBI) (51% held)

EATBI's disappointing performance in FY16 was affected by severe drought in the eastern and northern parts of the country and ongoing protest action and unrest which impacted trading.

In June 2016, Tiger Brands announced its decision to dispose of its 51% shareholding in this company to its Ethiopian partner and minority shareholder.

Given the uncertainty of the timing of completing the transaction, this business has not been reflected as an asset held for sale at 30 September 2016. Both parties remain committed to the sale and will continue to work together to fulfil all remaining suspensive conditions.

Kenya: Haco Tiger Brands (51% held)

Haco Tiger Brands is a leading consumer goods manufacturer and distributor of stationery, shaving, hair care, skin care, home care and food products in the East African region (Kenya, Uganda, Ethiopia, Tanzania, Rwanda and Burundi).

The main objective in 2016 was to stabilise the business following revenue recognition issues in FY14, which had a significant negative impact on FY15 performance. This objective was achieved as sales volumes recovered in line with expectations despite tough regional economic conditions, including foreign currency shortages in Ethiopia, foreign exchange volatility in Uganda and Rwanda, and civil unrest in Burundi.

Key drivers behind this performance reflect the focus on end-to-end excellence in execution for priority brands from product listing, trade visibility to consumer engagement.

The contribution to turnover by export markets (Uganda, Ethiopia, Rwanda, Burundi, Tanzania and Congo) increased from 44% last year to 53% driven by successful and targeted marketing campaigns. Defending and growing sales and market shares in the Kenyan market is key to ensure sustained growth.

International (including Exports) continued



West Africa

Deli Foods

The performance of wholly owned Deli Foods was affected by currency devaluation and its impact on the cost of wheat imports. In addition, ongoing power outages and the introduction of value-added tax on biscuits have had a further adverse effect on the business.

Turnover increased 16% to R477 million (2015: R412 million). The inability to recover significant increases in key raw materials, resulted in losses rising 27% to R49 million (2015: R38 million).

Economic conditions and intense competition, exacerbated by electricity shortages, will continue to make trading in Nigeria challenging in the short term.

Performance in FY17 is expected to be based on the key priorities of continuous cost reductions, improving efficiencies across the value chain, an expanding presence in the modern trade and continued innovation. With ongoing work on its growth strategy, the business will be well placed to drive profitable growth through expansion in current and new categories.

Deciduous Fruit (LAF)

Given its export volumes, this company is sensitive to currency exchange rates and low economic growth rates in developed markets where it competes. To counter this, the business focused on increasing margins through geographic and product optimisation, and operating efficiencies.

Operating income increased by 59% to R148 million, driven by favourable exchange rates, volume growth into the Far East and Australasia, ongoing manufacturing efficiencies from improved yields, and cost containment. In 2016, LAF won the National Productivity Award for the most productive manufacturing company in the Western Cape region. Run by Productivity SA, this award was established by the government to enhance the productive capacity of the country and criteria included the facility's approach to productivity, its sustainability strategy in terms of social impact, safety and working environment, environmental impact, quality as well as growth and development.

In line with its growth strategy, expansion into related value-added products continued, with additional sales of dried fruit and tomato paste. A number of commercial trials of new products were successfully completed, with product launches planned for the coming season.

As agricultural output normalises, communication between the company and grower representatives to address issues affecting farmers remains a priority.

The global industry remains highly competitive and financial instability in Greece, the largest canned-fruit exporter in the world, directly affects 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. The business has significantly increased sales to China over the past four years and continues to focus on growth markets, such as China and Russia, to replace more saturated and mature markets like Europe.





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 cakes and coconut chips. The dairy category comprises the Supreme range of ice-cream products. Brands in the beverage category include Swan natural spring water and the carbonated, fruit-flavoured Swan soft drink.

The weaker Nigerian economy has intensified competition, with competitors using aggressive pricing strategies to increase volume and factory throughput amid suppressed consumer demand.

Cost increases following a weakening Nigerian naira have been significant, and only some of these could be recovered through price increases. Despite this, gross margins were maintained by adjusting the Gala sausage roll price and pack-size architecture.

Challenging macro-economic conditions are likely to persist into FY17, resulting in a muted outlook for this business.

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

Empresas Carozzi 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 consolidated performance for the review period, with results boosted by the disposal of 50% of its beverages assets by way of a joint venture with Compania Cervecerias Unidas SA, Chile's largest brewer.

Underlying performance was affected by the agro-industrial division, which faced lower global pricing in tomato paste and fruit purees although prices firmed somewhat in the second half of 2016. The division in Peru was also affected by weak macro-economic fundamentals weighing on consumer sentiment.

The populist policy changes implemented by government in 2014 continue to impact local consumer demand as well as overall business confidence. Similarly, political and economic challenges in Brazil and Venezuela are constraining regional export opportunities.

The hallmarks of Carozzi's success include its exceptional innovation capability, 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. Zimbabwe was impacted by macro-economic weaknesses, including foreign exchange shortages, exacerbated by import permit regulations. Despite these challenges, volumes increased driven primarily by maize and, to a lesser extent, cattle feed.

During the year, National Foods concluded two acquisitions. It acquired 40% of Pure Oils, a vegetable oil business, and 100% of Breathaway Food Caterers, a snacks and biscuits business. The acquisitions complement the existing portfolio and are likely to provide synergies on integration.

Foreign currency shortages in Zimbabwe are expected to intensify. The company's position has been strengthened by its acquisitions and focus in the year ahead will be on successfully integrating these businesses.

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 2016 increased by 34%, driven by a 69% increase in operating income.

The strong growth in operating income reflects the performance of its African operations, primarily driven by volume growth in canned fish, fishmeal and hake, underpinned by a favourable exchange rate and record occupancy levels in the Commercial Cold Storage (CCS) business. The inclusion of the Daybrook and Foodcorp assets, acquired in 2015, for the full period contributed to the rise in operating income. Daybrook's strong performance was driven by increased landings and a material improvement in oil yields compared with the 2015 fishing season.

Included in operating income are profits on the disposal of Lamberts Bay Foods and the CCS fruit business in the review period, in line with Oceana's strategy of focusing on its core strengths.





Golden Cloud is one of Tiger Brands' **leading brands** and ranks second* in the flour category. In response to consumer trends, Golden Cloud launched a range of **ready mixes**. The recent introduction of new variants will continue to **drive growth** ahead of the category.

*Nielson

Sustainability review

This section has been prepared against the core level of disclosure of GRI G4 principles and guidance (GRI G4 index can be found on our website), the requirements of the FTSE4Good 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 which recognises the positive contribution business can make to a more sustainable planet.

Against this background, we are incrementally improving our management and reporting of the key elements of sustainability as an important and integrated aspect of our strategy.

Our approach to managing sustainability is set out on page 55 and underpinned by our core values, summarised below:

	People	Consumers	Performance	The world we live in	Integrity
Our values	<ul style="list-style-type: none"> We value our people and treat them with dignity 	<ul style="list-style-type: none"> Our consumers are our business 	<ul style="list-style-type: none"> We have a passion for excellence 	<ul style="list-style-type: none"> We continue to reinvest in our society 	<ul style="list-style-type: none"> We act with integrity at all times in everything we do
How we live our values	<ul style="list-style-type: none"> Treat all with care, concern and respect 	<ul style="list-style-type: none"> Produce quality products 	<ul style="list-style-type: none"> Value flawless execution 	<ul style="list-style-type: none"> Respond to the needs of society whenever we can 	<ul style="list-style-type: none"> What we say on the outside is what is on the inside
	<ul style="list-style-type: none"> Develop, empower and enable our people 	<ul style="list-style-type: none"> Understand and satisfy our consumers' needs 	<ul style="list-style-type: none"> Zero tolerance for mediocrity 	<ul style="list-style-type: none"> Committed corporate social investment 	<ul style="list-style-type: none"> Never compromise the safety of our consumers
	<ul style="list-style-type: none"> Promote workplace diversity 	<ul style="list-style-type: none"> Invest in the safety of our products 	<ul style="list-style-type: none"> Act with a sense of urgency 	<ul style="list-style-type: none"> Business practices guided by our desire to sustain our environment 	<ul style="list-style-type: none"> Never do anything we would be ashamed of if the facts became public
	<ul style="list-style-type: none"> Work hard and play hard together 	<ul style="list-style-type: none"> Attend to every consumer request or complaint 	<ul style="list-style-type: none"> Deliver on time every time 		
	<ul style="list-style-type: none"> Help our people thrive 		<ul style="list-style-type: none"> Encourage innovative thinking 		
				<ul style="list-style-type: none"> Recognise and reward excellence 	



The case for sustainability

We support the philosophy that:

Good corporate citizenship is intrinsic to Tiger Brands

Tiger Brands believes in a holistic approach to building and enhancing its reputation

Doing good is **good business**



Tiger Brands does not operate in a **vacuum nor in a static environment** of "business as usual"



Robust stakeholder relationships and engagement, both within and outside the organisation, are key to creating and unlocking real stakeholder and shared value

Reputational and social capital can be tracked and measured **to enhance performance,** returns and drive improvement year-on-year



The communities in which we operate **must be better off** because we are there

To thrive as a **corporate organisation** in a global context, Tiger Brands will be responsive to and influence/shape the many environments it faces

Central to achieving our financial and market share objectives is managing sustainability and reputation. Key elements include:

- Building our reputation internally and externally
- Promoting our 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.

Our people

Highlights

Group talent processes entrenched

Top Employer status retained with improved year-on-year score

Again ranked in the top three of FMCG sector by graduates (South African Graduate Employers Association survey)

Challenge

The current operating environment demands the right calibre, capability and capacity of human resources (HR). Accordingly, in 2016, we continued to implement our strategy on transforming the HR function to be more responsive to business requirements underpinned by implementing a different HR operating model and integrated HR information management system

Strategic intent				
Winning through people, organisation and being a great place to work				
Talent management	Leadership development	High-performance and engaging culture	Skills and capability development	Organisational development and effectiveness
<ul style="list-style-type: none"> • Workforce planning • Enhance employer brand • Management trainee programme • Embed integrated talent management process and practices • Talent acquisition and integration • People management capability • Career management and development 	<ul style="list-style-type: none"> • Leadership development model • Leadership development programmes • Leadership pipeline benchmarking • Key roles and key people alignment 	<ul style="list-style-type: none"> • Enhance performance management approach • Drive plans to address key findings from employee Pulse survey • Implement culture change programme • Build a great place to work • Deliver valued reward and recognition programme • Impactful industrial relations/employee relations approach 	<ul style="list-style-type: none"> • Implement capability-building framework • Build business-critical capabilities • Refine functional academies • Build mission-critical skills 	<ul style="list-style-type: none"> • Organisational design to enable business performance • Drive benchmark productivity • Enable collaboration and teamwork • Role and responsibilities clarity
Brilliant HR basics and one aligned HR team				
<ul style="list-style-type: none"> • Enterprise-wide HR information management system in support of HR value chain • Harmonise, standardise and simplify HR policy, processes, systems and HR data • HR operating model and structure, ie focused HR business partnering, centres of expertise and shared services teams • HR governance • HR roles and skills, capabilities and knowledge management • HR environment (great place to work) 				



Workforce

In 2016, the group employed 11 109 permanent staff and 3 689 temporary staff in South Africa, excluding 1 059 seasonal and casual workers. Outside South Africa, we employ 2 012 permanent staff and 4 664 temporary staff, bringing the total group workforce to 21 474 (excluding seasonal and casual workers) (2015: 20 591). The total salary bill for the year was R3,7 billion, compared to R3,4 billion in 2015.

Our businesses use seasonal and casual workers for expected increases in production. For example, when peaches ripen, we employ additional staff to assist in picking and processing the crop timeously.

In other instances, we face unanticipated spikes in demand from large orders or other less predictable events. To meet these customer requirements, we hire the necessary temporary staff. In 2016, our temporary workforce represented 39% of our total staff complement.

Long term, we intend to convert temporary workers doing regular and ongoing work to permanent positions in the group.

While no formal commitment to local hiring is in place, in practice the vast majority of our workers are drawn from areas around our operations.

Key indicators	2016	2015	2014
Employee headcount*	21 474	20 591	19 134**
Female employees	3 910	3 696	3 555
Learnership participants	324	264	285
Total training spend (Rm)	24,7	10,8	7,7
Overall staff turnover rate	7,1	7,9	9,6
Retention rate of key talent (target 80%)	91%	87%	86%

* Includes international operations but excludes seasonal and casual workers.

** Restated.

Talent management

Our goal is to be able to deliver qualified talent to the business ahead of demand. This means finding the right people with the right capabilities, sourced internally.

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, 15 graduates joined Tiger Brands as trainees in various disciplines.

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

In 2016, we continued to embed our approach to enable Tiger Brands to outperform competitors and to strengthen our talent pipeline and leadership pool via the talent framework and high-potential process. This includes a group talent policy and review process for a group-wide view that will also

identify any gaps and focus on development plans to address these. These reviews take place at a business, functional and group level where talent is identified, development plans and actions are agreed and then tracked.

Identified high-potential employees, whose talent Tiger Brands can leverage for business-critical issues, receive commensurate benefits.

Leadership development

Our aim is to have leaders in place with the right capabilities to inspire people to deliver exceptional performance.

In line with our revised approach to talent management, and to ensure we have leaders who can drive our strategy, a new leadership competency model was introduced in 2015. Leaders are assessed against this framework to ensure we set the correct parameters for development programmes. Four flagship leadership programmes were launched in 2016 and the offering will be enhanced in FY17. In total, 11 flagship programmes were held in 2016 attended by 120 leaders.

High-performance and engaging culture

This pillar of our strategy aims to drive high performance through careful performance management, paired with strong rewards and recognition structures. We believe this drives an engaged and committed workforce and contributes to our success.

In 2016, our turnover rate was 7,1% (2015: 7,9%), marginally lower than the previous year. We are pleased with the progress and are developing metrics to track and reduce the loss of key talent.

Employee benefits

Given our strategic intent to attract and retain talent, we regularly track market trends, legislation and best practice to ensure our employee benefits are 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 everyone has a voice in matters that affect them daily.

Our employees have full freedom of association. Some 62% of employees belong to 18 unions (including three¹ major unions), with site management and shop stewards meeting monthly. The three biggest unions collectively represent 66% of unionised employees.

At each site, unions are represented on forums that monitor employment equity, skills development and other issues requiring management's attention. We continue to work closely with the unions to build productive relationships.

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

- Create a fair and equitable structure for dealing with misconduct
- Encourage timely corrective action if an employee's behaviour or conduct is 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 an opportunity for feedback from our employees.

Tiger Brands complies with South Africa's Labour Relations Act and Basic Conditions of Employment Act, the International Labour Organisation conventions, and all relevant regulations in the areas where it operates. In 2016, there were no instances of non-compliance with labour standards.

Skills and capability development

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.

In 2016, we invested R24,7 million (2015: R10,8 million) on in-house training in South Africa, led through the Tiger Brands Academy, as well as learnerships. A total of 1 151 employees (2015: 524) participated in over 11 733 (2015: 4 036) training days during the year.

Tiger Brands Academy

This internal facility comprises separate academies for the disciplines of supply chain, leadership, finance, customer, human resources and marketing. It also offers learnerships in relevant fields for the group such as manufacturing, logistics, supply chain and management.

To ensure we develop the right strategic skills, we recently revised the course content of two key academies:

- **Supply chain:** After the required skills were profiled and harmonised across the group, new learning plans were rolled out. In 2016, 29 unit managers were trained in a manufacturing excellence programme, four planning managers and 11 planning specialists were enrolled for the APICS² (CSCP) (Certified Supply Chain Professional) and APICS (CPIM) (Certified in Production and Inventory Management programmes), respectively. In procurement, six employees were enrolled for the Chartered Institute Procurement and Supply (CIPS) diploma. The shopfloor development project is well under way: two sites have launched formal learnerships and another three sites have completed assessments with learnerships planned for launch in early FY17. At other targeted sites, assessments continue ahead of implementing the next phase of learning plans.

¹ South African Commercial, Catering and Allied Workers Union (SACCAWU), Food and Allied Workers Union (FAWU) and African Meat Industry and Allied Trade Union (AMITU).

² APICS – premier international professional association for supply chain management.



- **Customer:** Our School of Mastery completed its fifth and final year in the current format in 2016. To date, 201 learners have completed three-year programmes as sales representatives, field sales managers, customer managers or shopper managers under this programme. The second intake of 70 learners received national qualifications in 2016, and the third intake will complete their national qualifications at the end of 2016 and will be awarded their qualifications in FY17. In the review period, professional customer skills were reviewed and a new skills dictionary developed. Following assessments against revised skills criteria and external benchmarking, a new customer academy curriculum is being developed to advance skills to the next level.

Workplace experience project

Unemployment is a significant challenge in South Africa, particularly among the country's youth. Tiger Brands is committed to creating opportunities by providing workplace experience for selected candidates in food technology, engineering, marketing, production and operations. These students become a feeder pool for the graduate programme and other entry-level appointments. Around 384 people have completed the programme since 2008 and, where possible, are employed by the business.

Adult Basic Education and Training (ABET)

We have an established ABET programme to promote literacy in the group and in 2016 we spent R0,3 million (2015: R0,9 million). As existing employees complete the ABET programme, the need for this training is diminishing.

External programmes

Thusani Trust provides bursaries to qualifying black employees' children. In 2016, we spent R3,5 million on bursaries for 291 students (2015: R3,1 million and 158 respectively). A total of 371 students have graduated from tertiary institutions since 2007 with the trust's support, and 26 graduated in 2015.

We provided bursaries for seven (2015: nine) engineering students. After graduating, they are incorporated into our talent pool.

Organisational development and effectiveness

Tiger Brands is striving to create an organisational environment that enables performance, motivating employees to contribute to the group's success.

Human rights

As a signatory to the United Nations Global Compact, Tiger Brands supports the protection of internationally proclaimed human rights and endeavours to ensure the group is not complicit in any related abuses. Our human rights policy outlines our stance, namely that we do not tolerate discrimination of any kind, nor any form of forced or child labour. This policy is overseen by the HR department and reported to the social and ethics committee. There were no reported incidents of human rights violations in 2016.

Health and safety

Highlight

13% year-on-year reduction in lost-time injuries

Challenge

Eliminating recurring behaviour-based incidents

To integrate our approach and raise awareness across the group, we launched the Tiger Brands health and safety forum in November 2015. Participants included risk managers and safety officers from all our manufacturing units, as well as external health and safety experts who shared best practice standards.

Supported by an analysis of lost-time injuries reported by our manufacturing units in FY15, participants agreed that our business units are dealing with multiple and repetitive

behaviour-based incidents. Eliminating these has been escalated to our highest priority.

Against this focus, key outcomes of the inaugural forum included:

- Sign-off of the health and safety strategic plan
- Framework defined
- Non-negotiable FY16 standards for each manufacturing unit
- Training plans for manufacturing employees
- FY16 losttime injury targets reviewed and ratified.

Behavioural safety through visible leadership (predict and prevent)

Achieving safety excellence

- Step change in safety performance
- Drive behavioural safety programme
- Robust governance
- Manage key risks
- Leadership accountability and responsibility
- Occupational health and safety
- Achieve a major shift in leadership thinking on safety culture
- Effective auditing to ensure process safety management is implemented properly.



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.

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

Our policies and standards for managing safety, the environment and quality are defined in operating requirements throughout the group. Our manufacturing facilities follow 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.

The group chief executive officer is ultimately responsible for the safety of employees. He reports to the risk and sustainability committee as well as the audit committee on these matters. Health and safety committees, led by supply chain executives and site management, are responsible for implementing health and safety measures at manufacturing sites.

The Tiger Brands environmental, health and safety risk management programme has been implemented at all 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 biannually at each manufacturing operation.

Training

To meet the milestones in our strategic plan, key employees are being trained and coached on the job to build on the required levels of safety expertise. The programmes are facilitated by an external specialist, and focused on developing careers in the safety, health and environment (SHE) field. Appropriate programmes have been agreed for employees, supervisors, SHE coordinators and safety officers, management, internal audit, and SHE practitioners.

To supplement formal training, we have implemented self-auditing and peer-auditing processes to drive the safety programme.

Our safety programmes include training at induction and periodic refresher training for employees and contractors. In addition, on-the-job risk assessments are regularly performed to identify safety risks.

With a renewed focus on these safety programmes and initiatives, injury rates declined over the reporting period.

Safety performance

Key performance indicators	Target	2016	2015	2014	2013	2012
Fatalities	0	5	2	1	2	0
Lost-time injury frequency rate (LTIFR)	0,78*	0,36	0,36	0,74	0,67	0,78

* The group target is the average of the Grains, Consumer Brands – including Food, Home, Personal and Baby care and International divisions, and considers individual site targets set at an 8,5% to 11% improvement on actual performance in the reporting period.

Health and safety continued

Route to market security remains a focus area for our industry. In FY16, we recorded four fatalities in Gauteng and the Western Cape. We extend our sincere condolences to the family and friends of Herman Mokaleng, Michael Mbesi, Bafana Amos Mtsweni and Mduduzi Joseph Ntuli and their colleagues at Albany Bakeries. Tiger Brands is working with other industry players and provincial authorities to share best practice, and build sustainable solutions in areas including route risk management, driver training, vehicle inspection and maintenance.

In our Ethiopian operation, Legesse Kassahun was accidentally electrocuted while conducting routine maintenance on a packing line. The appropriate remedial steps were taken and we offer our heartfelt condolences to his family and colleagues.

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. No operation recorded an unplanned shutdown due to health and safety issues in 2016.

Depending on the nature of each plant, our manufacturing sites have annual LTIFR improvement targets ranging from 8,5% to 11%. The group LTIFR target is 0,33 for FY17. In FY16, 31% of our manufacturing sites achieved zero LTIFR, while 42% beat their targets (FY15: 18% and 63% respectively).

Activities to improve health and safety

Health and safety is a priority for all managers and executives. Key initiatives introduced in FY16 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
- Safety skills development programmes and role-based competence matrixes are being defined and launched for our business units.

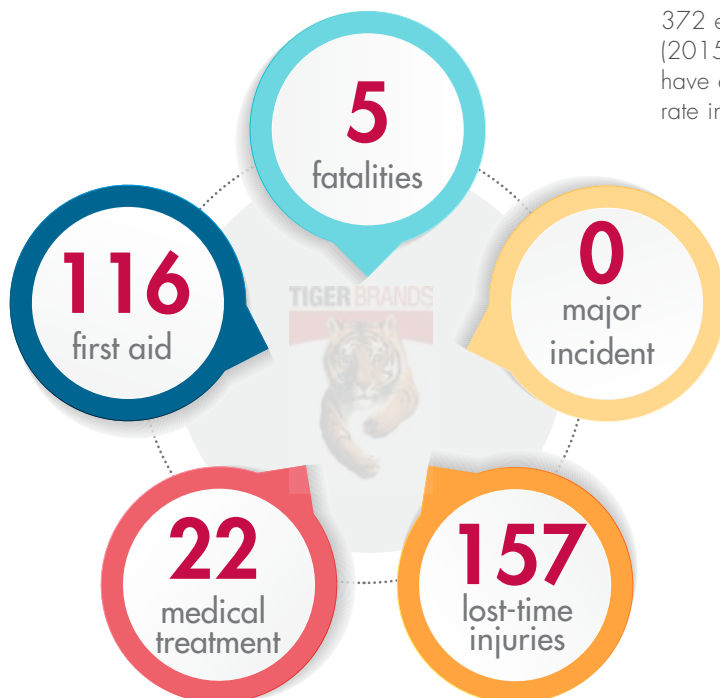
Employee wellness

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.

Two years ago, we invested almost R8 million in on-site clinic services. These include occupational health support, as well as limited primary healthcare, free to all permanent and temporary employees on site. Our clinic in Ashton (Western Cape, South Africa) is also open to the community. Contracted services include an HIV/Aids management programme and a free advisory and counselling service for all permanent and temporary employees.

We also offer all South African employees voluntary membership to our in-house medical scheme that offers cost-effective comprehensive health cover.

We have a comprehensive HIV/Aids framework that includes support for HIV-positive employees. In 2016, 372 employees were voluntarily counselled and tested (2015: 331) and 95% of employees who tested positive have enrolled in the programme. Our recorded prevalence rate in South Africa is 1,6% (2015: 1,8%).





Transformation

Highlight

Retain level 3 status for 2017

Challenge

Allocation of resources

In South Africa, we promote social transformation in the interest of nation building, most notably by advancing broad-based black economic empowerment (BBBEE) initiatives. Compliance with BBBEE and employment equity legislation is a business imperative and our BBBEE data and reporting is independently assured.

To the extent that the revised BBBEE codes of good practice have not been adopted by the agriculture sector, which is the sector against which Tiger Brands is measured, the group has retained its level 3 rating for the year, as shown below. In anticipation of the revised codes, we have proactively revised our strategy which aims to optimise associated investment while maximising the economic empowerment benefit by concentrating on skills development, enterprise and supplier development.

Tiger Brands BBBEE scorecard

	Available points		2015	2014
	2016*	2016		
Ownership	20	17,6	20,3	19,7
Management control	10	5,0	7,6	7,6
Employment equity	10	5,8	5,6	5,1
Skills development	20	15,7	12,9	11,2
Preferential procurement	20	18,7	19,2	18,8
Enterprise development	10	3,4	7,0	7,5
Socio-economic development	10	10	10,0	10,0
Total	100	76,1	82,6	79,9
Level		3	3	3

*Tiger Brands is measured against agriculture sector codes gazetted on 28 December 2012.

BBBEE ownership	%
Brimstone (a black empowerment investment company)	1,0
Tiger Brands Foundation	5,0
Employees Black Managers Trusts (BMT I and BMT II)	2,5
General staff trust	0,1
Thusani trusts (beneficiaries are children of black employees)	2,0
Effective black ownership (using the exclusion and modified flow through principle)	30,4
Total black women	4,8

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

In South Africa, 93% of our employees are black (African, Indian and coloured), of whom 30% are women, and 1% are people with disabilities on page 64.

73% of our discretionary procurement is with BBBEE suppliers on page 64.

1,1% of net profit after tax is invested in enterprise development on page 64.

Transformation continued

Tiger Brands' workforce profile

	African	Indian Coloured	White	Disabled	Permanent	Temporary	Total	Outside of South Africa		Total staff	
								Permanent	Temporary		
2016	8 437	720	1 120	831	72	11 109	3 689	14 798	2 012	4 664	21 474
2015	7 648	698	1 189	844	53	10 379	4 222	14 601	3 841	2 149	20 591
2014	6 536	726	1 153	838	69	9 253	4 537	13 790	3 673	1 671	19 134
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

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

The increase in permanent employees is largely due to the conversion of temporary contractors to permanent employees. 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

In our supply chain, we monitor environmental, social and governance performance through a questionnaire distributed annually to our highest-risk suppliers. The results are collaboratively reviewed by the procurement and safety, health and environment teams. Our revised procurement policy has been updated to include preferential procurement commitments. As part of our execution strategy for FY17, our preferential procurement policy will be reviewed and updated in line with the new BBBEE codes.

Tiger Brands procured agricultural commodities, ingredients, packaging, consumables and services totalling R13,2 billion from BBBEE suppliers in 2016 (2015: R16,5 billion). This represents 73% of our discretionary procurement.

Preferential procurement is embedded in our sourcing process in South Africa, and developing and supporting BBBEE suppliers remains a key element of our procurement strategy.

Compliance under the revised BBBEE 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. Our procurement team is working closely with suppliers to understand their scorecard trajectories and inform our sourcing strategies.

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. Our five-year BBBEE strategy outlines a roadmap to deliver this goal and forms part of our performance targets for FY17.

Enterprise development

We have projects in place across our value chain, focusing on growing small businesses that we can support over the longer term. While financial support of R24,0 million (2015: R39,4 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 where required. As example, we mentor farmers producing tomatoes for the group in Limpopo. While this is not a formal programme, it is part of the farm extension service we provide to farmers from which they benefit.

Our annual investment in enterprise development equates to 1,1% of FY16 net profit after tax, spread over most of our businesses. Albany's owner-driver scheme is at present the main contributor (at R17,6 million), although the revised codes may affect the status of this scheme. The balance comprises donations and loans to organisations that presently supply Tiger Brands.

As part of our strategy to comply with the revised 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. As examples, we will spend over R9 million to fund formal technical support and mentoring for tomato farmers in Nwanedi, pea farmers in Marble Hall and small white bean farmers. The bulk of this will be with farmers in Nwanedi to help them increase their yields by up to 30% in the next 12 months. These farmers will be exposed to world-class farming techniques, and enjoy increased revenue from higher yields. As part of this initiative, market leaders in soil preparation and fertiliser technology will join the mentoring group. This programme is expected to generate increased employment opportunities in the next four years.

To support this initiative, we signed a memorandum of understanding with the Department of Agriculture, Forestry and Fisheries in 2015.

Practically, supporting emerging farmers is a complex issue. We have approached this by drawing on in-depth research that aligns our supply needs with the availability of emerging farmers who require support. We provide technical support, firm offtake agreements and financial loans (totalling around R15 million for the first 18 months). Once the project is established, we will assess what other opportunities exist to support the farmers through entrepreneurial business training.



Our communities

Highlight

Allocated R23 million (over 1% of net profit after tax) to socio-economic development initiatives

Key indicators

Rm	2016	2015	2014	2013
Total CSI spend	23,0	24,2	24,0	22,9
Tiger Brands Foundation spend	19,0**	15,3	22,4	12,2
Beneficiaries reached	100 977	118 443	107 000	*

* 2013 beneficiary data not available.

** For the foundation's financial year (1 March 2015 to 29 February 2016).

Our approach

Our success as a group is inextricably linked with the well-being of our communities. They are not only the source of our most valuable asset – our employees – but also sustain our businesses by buying our products. It is therefore our responsibility to contribute to their welfare. We honour this commitment through our corporate social investment (CSI).

Our CSI approach is rooted in the belief that Tiger Brands can add value to people's lives and reflected by our investments in surrounding communities. Through socio-economic upliftment, we believe we build a sustainable legacy, and help to weave a constructive social fabric in each country where we operate.

Tiger Brands contributed food parcels to 15 non-profit organisations (NPOs), community-based organisations and beneficiary organisations. We also support requests for ad hoc donations or specific requests from organisations in crisis. This includes partnering with the Department of Agriculture, Forestry and Fisheries on a major drought-relief initiative which will provide support via boreholes, water, fodder and food parcels to identified villages and towns.

We also partnered with our customer, Shoprite, in a separate drought-relief programme, distributing 2 200 food parcels to destitute communities in Greytown, KwaZulu-Natal, while Shoprite provided water. This coincided with national water week.

Our core CSI programmes address some of the key goals of South Africa's national development plan (NDP) and the United Nations Sustainability Development Goals by contributing to the fight against food and nutrition insecurity through key focus areas:

- Food security: nutritional support programme
- Sustainability: green environment (carbon footprint, packaging recycling).

We encourage employee involvement in community-related initiatives that benefit the vulnerable, including orphans, children, youth, women, people infected with HIV/Aids, the disabled and the disadvantaged.

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.

2016 overview

The group committed over 1% of net profit after tax, or R23 million, to community development in 2016, achieving several milestones:

- Over 13 200 food parcels distributed
- 41 000 beneficiaries reached via the Tiger Brands nutrition support programme.

Our communities continued

2016 CSI investments

Project type	Geographical presence	Impact	R000
NGOs providing social support to communities	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, Limpopo	Food provision and cash donation	18 347
Humanitarian support/ad hoc donation	All provinces	Food provision and cash donation	2 767
Goodwill building	Western Cape	Capacity building	250
Cause-related marketing	Gauteng	Cash donation	845
Employee volunteerism	All provinces	Supplies donation	502
School holiday food distribution	Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga, North West	Food provision	382
Total			23 093

Food security

Food security is a natural fit with Tiger Brands, as much of our business stems from the sale of food. We are therefore keenly aware of the critical role our products play in supporting the well-being of the population in sub-Saharan Africa.

Our valuable partnerships with NGOs and other community organisations are critical to achieving our goals in terms of our beneficiaries. Key beneficiaries of FY16 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 profitable farming activities. The academy also provides post-training support to assist farmers in setting up and expanding their farms.

It enrolls over 500 students per annum, with some 5 000 students trained over the past 16 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 invest the equivalent value into subsidising students who cannot afford the full cost of training.

Love to Give Stellenbosch

Love to Give's primary focus is nutrition. It aims to fight malnutrition, prevent stunted growth and address obesity by giving children in need a nutritious meal that enables them to concentrate and learn better in school. It works with other NGOs in Kayamandi, Stellenbosch, on after-school care programmes, providing food that ensures good attendance and productivity on the programmes for almost 2 100 young beneficiaries who are all black.

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 over 680 students to ensure they have the nutritional support to complete their studies and enter the world of work. This way, with Tiger Brands' support, NMMU endeavours 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. It also provides 100 daily meals to the community through a soup kitchen in Malabar, while Noxolo Preschool benefits from food products for 40 learners daily.

Cotlands

Early childhood development (ECD) is a critical focus area in the national development plan and Cotlands specialises in the delivery of a holistic model on non-centre-based ECD. This includes education, nutritional support, health and psychosocial intervention and support.

Commitments for FY17

Building on a new strategy developed in FY16, the CSI team will focus on the tiered approach by investing in:

- Annual projects aligned to CSI strategy
- Employee volunteerism
- Brand-related CSI
- Site and operations-related CSI.

The Tiger Brands Great South African Student Chef Cookout

Tiger Brands proudly partnered with the Nelson Mandela Foundation to sponsor the first Great South African Cookbook – a celebration of South African cuisine from top local chefs, cooks and food artisans. In addition to the sponsorship, we facilitated a national competition among culinary students at technical and vocational education and training colleges.



Tiger Brands Foundation

The Tiger Brands Foundation owns an effective 5% of Tiger Brands Limited and was established in 2010 to enhance our community impact and assist a broader range of underprivileged people in South African society. It enables the group to develop partnerships with those disadvantaged communities with which we interact most. It is managed by an independent board of trustees that establishes the criteria and procedures governing resource allocation.

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. From six primary schools in Alexandra, this has expanded to 89 schools in all provinces, providing the essential breakfast meal to almost 60 000 learners. To date, over 40 million breakfasts have been served to our country's most vulnerable learners.

Tiger Brands Foundation snapshot

- 59 977 learners receive breakfast daily
- 2 514 educators and food handlers
- 52 000 holiday food parcels
- 89 schools
- 30 kitchens
- 9 provinces

The in-school breakfast feeding programme is funded by a "trickle dividend" equal to 30% of dividends received from the foundation's shareholding in Tiger Brands. Given the success of the current feeding programme, the foundation expanded its activities to significantly more schools across the country earlier this year.

In 2016, the Tiger Brands Foundation adopted a new strategy for 2022, aimed at becoming a highly effective, impactful and recognised industry leader in vulnerable child nutrition and wellness, with a sustainable financial position. To reach this goal, we will focus on:

- Financial sustainability
- Continued direct impact
- Targeted advocacy
- Strategic partnerships
- Positive reputation.

Practically, the foundation will build the necessary capabilities to support its objectives. These include specifying, measuring and managing its impact through effective monitoring and evaluation, developing packaged and replicable solutions and enhancing the capacity of key staff.

From January 2016, the foundation has added 24 schools (translating to roughly 20 000 beneficiaries). It also

provided infrastructural support by donating two school kitchens. Ongoing training includes support for the senior management teams of schools where the breakfast programme has been implemented.

Since inception, the programme has demonstrated the significant difference an effective public-private partnership can make to learners via an in-school feeding programme. The breakfast menus were specifically developed by an independent nutritionist to offer optimum nutrition to learners, in turn improving attendance, class participation and performance while supporting physical development. This was confirmed in recent research conducted by the Centre for Social Development in Africa: the 2015 study indicated that the combination of our feeding programme and the lunch meal from the Department of Basic Education has contributed to a reduced occurrence of wasting or stunting and obesity in learners and improved learner performance (see case study on page 68).

The foundation fulfils its mission by partnering with multiple stakeholders, including:

- The Department of Basic Education 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 also been instrumental in supporting 310 jobs for food handlers who prepare breakfasts provided by the foundation. Although food handlers are employed by the Department of Basic Education, they are offered a stipend by the foundation.

Commitments for FY17

- Given the positive results from our public-private partnership model for in-school nutrition, we will continue to expand this initiative to more schools in South Africa
- In line with this commitment, Tiger Brands Foundation will continue sponsoring the first prize in the Department of Basic Education's annual NSNP awards in the categories best school and best district. For the best school, this means a donation of R450 000 towards a school kitchen and adoption onto our in-school breakfast feeding programme for a minimum of three years. The best district will receive a donation of R80 000 towards office equipment for the NSNP office
- The foundation will also donate at least one more school kitchen (for a school identified by the department) in FY17.

ADDING VALUE TO LIFE

In South Africa, around one-third of 18 million children (0 to 18) have inadequate or severely inadequate access to food. The worst cases were found in the North West, Northern Cape and Eastern Cape provinces, with the Eastern Cape recording the worst prevalence of food insecurity at 39% – that translates into two of every five children facing hunger.

Recognising the long-term impact on physical and mental development, ability to learn and, ultimately, the economically active population, the government has implemented several programmes, including the National School Nutrition Programme or NSNP. The Tiger Brands Foundation joined this initiative in 2011 with the in-school breakfast programme.

In 2015, the Centre for Social Development in Africa evaluated the combined impact on learners who receive breakfast (Tiger Brands programme) and lunch (NSNP) at school daily in the Lady Frere district of the Eastern Cape. As background, over 50% of households in this district live in poverty, while 36% experience hunger –

making services such as government grants and nutritional initiatives especially important.

The results were unequivocal:

- Very low levels of children being underweight (a cause of stunting)
- Dramatic reduction in the rate of overweight and obese learners (at some 11% versus combined national rate of 28%)
- Learner performance improved by 10%
- Highest zero absenteeism rate at schools providing breakfast.

Childhood obesity is strongly associated with adult obesity and non-communicable (lifestyle) diseases such as type II diabetes and heart disease. The study indicated that the protective effects of the NSNP and breakfast programme may therefore translate into longer-term economic benefits from a healthier population, more economically productive and less burden on the healthcare system.





Our customers and consumers

Highlights

Maintained leading market shares in core categories

New mobile platforms provide insights and improve efficiencies at store level

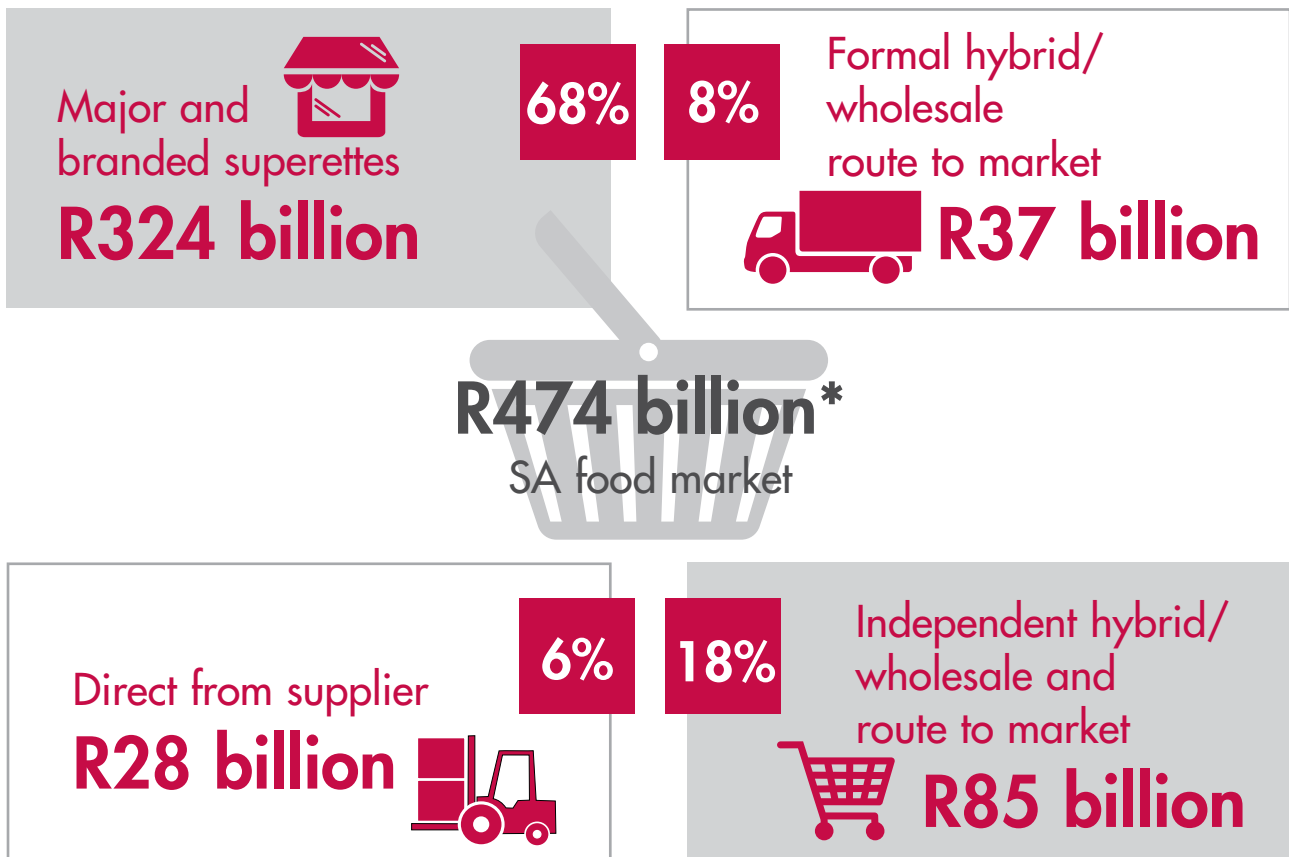
Challenge

Changing consumer behaviour and increasing competitive landscape

Our approach

Our customers are the retailers and wholesalers we distribute to in South Africa. We segment our major customers by channel (ie modern trade, general trade and pharmacy), by chain (ie major retailers, cash-and-carry shops) and by format (including hypermarkets, supermarkets

and spazas – informal stores mostly in townships). To sustain strong customer relationships and a growth mindset, dedicated customer executives and shopper managers work in functional teams to serve each customer and their shoppers directly.



Source: Trade Intelligence: Retail trends 2016

* Trade Intelligence estimate.

Our customers and consumers continued

Our consumers are individuals who use our products: 95% of households in South Africa use our products daily, and our products are sold in over 33 countries across Africa.

Given that satisfied customers and consumers ensure the sustained and profitable growth of our company, we take our engagement with both groups of stakeholders seriously. In particular, consumers shape our business strategy and underpin our brand innovation and marketing strategy. This consumer-centric approach adds value to our company by offering a positive consumer experience that builds brand loyalty, the key to our continued success.

Consumer strategy

Our marketing strategy is driven by our focus on consumers – and how to satisfy their needs better in our specific product areas of the FMCG market. Key features of our strategy include:

- The renovation and innovation of our leading brands to maintain the number one or two position in our categories
- Investing in marketing support and innovation to drive our organic and new business growth plans
- Continually evaluating new or adjacent category entry opportunities, either through acquisition or innovation – particularly where we are able to drive expansion based on our leading brands
- Keeping abreast of key consumer trends and adapting our brand marketing strategies to better satisfy their needs

- Continually striving to encourage healthier eating by our consumers
- Given prevailing economic conditions, we provide greater value for money through a portfolio strategy premised on affordability.

In our international strategy, we aim to nurture and grow the businesses we currently own in the rest of Africa, and to strengthen our exports from South Africa by driving growth through focus and evolving the distributor model, determining optimal coverage and improving in-market visibility.

Customer strategy

Our operating landscape is undergoing significant changes that affect the way we go to market and in-store execution. Key changes to the retail landscape include:

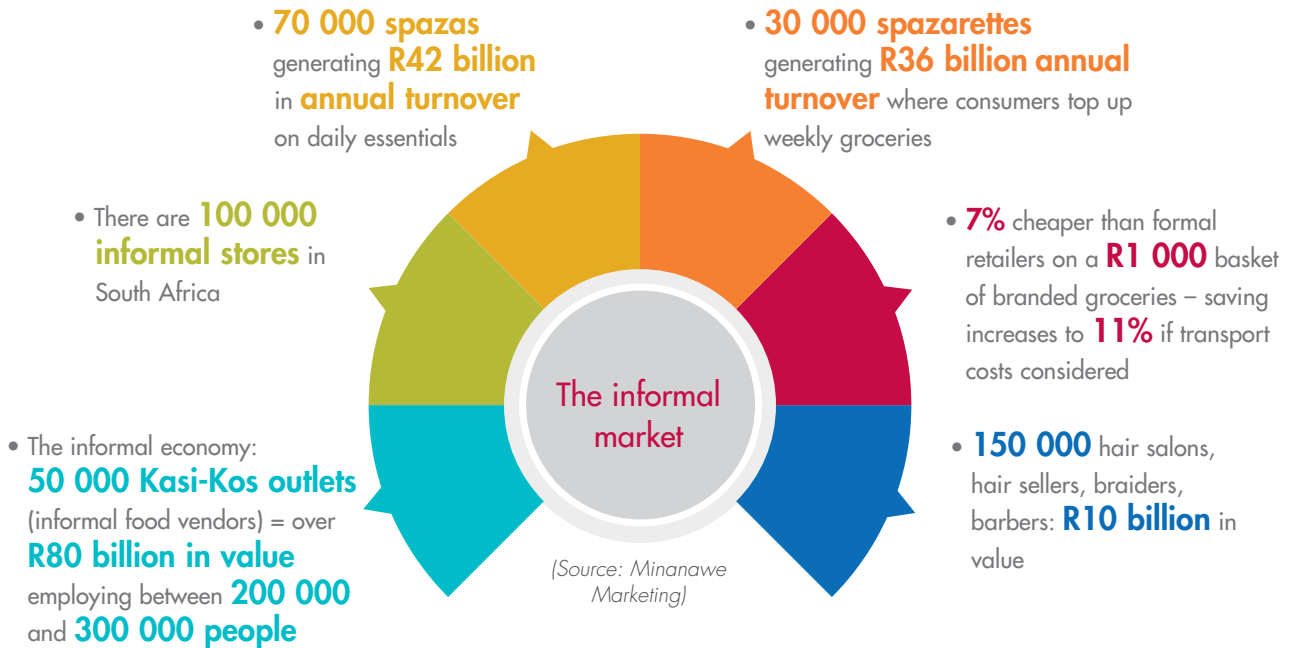
- An increasingly crowded trading arena
- Shifting route to market, including independent channel growth
- Continued rise of the private-label brand
- Increasingly resilient independent trade
- Sub-channel development in retail
- Focus on margin
- The increasing role of data and technology
- Retailers operating for less
- Targeted collaboration/joint business planning
- Modern trade expanding into the rest of Africa.

As a result of these factors and building on our progress to date, our strategy is based on five priorities:

 GROWING WITH CUSTOMERS	 GROWING DISTRIBUTION AND REACH IN GENERAL TRADE	 GROWING IN-STORE	 GREAT PLACE TO WORK	 GROWING IN AFRICA
Focusing on channel, customer and format strategy as measured by top-line growth with customers.	Focusing on next-generation field sales and trade category management as measured by in-store shelf health, market share and sales through the till by store and cluster.	Actively engaging new route to market models and creative ways to support the independent trade.	Focusing on customer, shopper and operational capability as measured by talent attraction and career progression of our teams and independent research for identifying capability gaps and trade feedback.	Leveraging the repeatable general trade model and driving the Tiger Brands distributor management capability, data and rate of sale systems, resource to optimise coverage and improve market visibility and growth.

Underpinning these priorities are four 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 performance is tracked against three key metrics: customer growth, market share and service levels, including on-shelf availability, promotional and pricing activity. We set service level targets, which are agreed with customers and consistently perform within this range. We are strengthening our ability to track on-shelf availability and have set a target of a 50 basis point improvement on a basket of strategic products.

2016 overview

Customer and consumer engagement

Tiger Brands engages with customers in South Africa and our other operating countries using a number of channels. We talk to our customers about category strategy, value chain efficiencies, trading terms, as well as pricing and promotional activities. These engagements take place on regular call cycles as per the industry standard and as requested by trade customers. Complaints are handled directly by the sales and/or manufacturing unit.

Our consumer services division manages feedback and complaints. Our in-house consumer services centre is the primary channel for this feedback and addresses all complaints and queries on any of our products. Staffed by Tiger Brands employees, the call centre aims to answer all calls within 30 seconds. We have systems for managing all types of complaints, including food and health safety. These are elevated to the appropriate management levels and prioritised. For all consumer complaints, company feedback is given after an investigation and independent analysis when necessary. When consumer complaints are reported through the customer, we follow up directly with the consumer. Incidents that require a recall of the product or further quality checks are reported immediately to the respective quality managers.

Consumer insights

We value consumer insights and invest in ongoing research surveys such as the brand health tracker and Nielsen market share research:

- Brand health gauges the degree of brand recognition, consumers' likelihood of choosing our products and how well we satisfy the needs of the market. We track brands across 21 categories and, in most of these, the health of our brand is far above our nearest competitor. In nearly all categories, we have widened the gap in recent years
- Nielsen research tracks product market share by value and volume, distribution, pricing and product movement.

In addition, consumer research enables us to identify consumer needs and preferences for current and new products and innovation. This enables us to harness consumer insights that inform the marketing mix accordingly. Typical consumer research projects conducted within our business include:

- **Product testing:** testing the "likeability" and evaluating the performance of actual products with consumers
- **Concept testing:** testing a product idea or proposition with consumers to gauge appeal and potential
- **Use and attitude studies:** profiling the consumer to understand patterns of use and attitudes to products and brands
- **Volumetric/simulated test market studies:** volumetric modelling (forecasting) used to aid innovation by simulating real-world consumer purchasing behaviour
- **Immersion:** spending time with consumers in their homes to better understand how products are used and their role in daily lives
- **Pricing elasticity:** determining the minimum, maximum and optimal selling price for a product to generate a favourable return.

Our customers and consumers continued

We use these insights to improve category understanding, pinpoint consumer needs, develop productive market segmentation models and identify potential market opportunities. They are vital in enabling us to continually refresh our brands, position our pricing, innovate and develop our marketing strategies. In 2016, key trends from our research included the role of foreign traders in the independent trade, the importance of growing in-store, the need for strong category management tools and the ability to track promotional investments. These trends have been incorporated into our customer strategy, which is on page 70.

Tiger Brands commits significant investment to researching and understanding changing consumer needs. Research and development (R&D) for renovating existing products or designing new products is based on this understanding and insight. Our investment in R&D and new product development ensures we remain abreast of new technological developments that are used to better satisfy consumer needs.

Consumer nutrition and food safety

As a leading manufacturer, we are aware of the significant impact Tiger Brands has on the nutrition and thus health of its consumers. We monitor advances in nutrition and broader health issues, including World Health Organization (WHO) and South African Department of Health public health concerns.

We are dedicated to helping consumers make better food choices so that healthy living becomes easier. In 2009, we were the first South African company to voluntarily initiate the Eat Well, Live Well system that includes the guideline daily amount (GDA) table on all Tiger Brands' products. The GDA notes the five nutrients that have an impact on non-communicable and lifestyle diseases, such as heart disease, type 2 diabetes, obesity and some cancers. The GDA table allows the consumer to balance high-risk nutrients for the day, and thus make better food choices. The Eat Well, Live Well system has its own icon – this is only featured on products that constitute better food choices for overall health – and website, where consumers can learn about the system and incorporate healthy eating into their lifestyle (www.ewlw.co.za). Consumers also have access to our nutritionist for further information or assistance.

With malnutrition affecting a significant proportion of the populations we serve, we understand the important

responsibility that comes with manufacturing staple foods like bread and maize meal, particularly to people in lower-income categories.

In line with South African regulations, we fortify staple foods such as wheat flour (for bread manufacture) and maize meal with key vitamins and minerals. These include vitamin A, B1, B2, B3, B6, B9 (folic acid), iron and zinc.

In addition, we voluntarily enrich other products including breakfast cereals such as Morvite, certain Jungle cereals and Ace Instant with micronutrients that fulfil a specific consumer need. Products are specifically developed to target certain requirements, for example Jungle Energy bars are enriched with B vitamins that assist in releasing energy from food consumed.

After the South African minister of health regulated the maximum levels of sodium in certain food categories, manufacturers had to reduce salt by June 2016. Tiger Brands supports the efforts of government to improve the health of South Africans and we worked hard to achieve compliance on our affected categories (bread, breakfast cereals, processed meats, savoury snacks, instant noodles and stock concentrates). We will work as hard to meet the 2019 deadline for an even lower sodium level, reflecting our commitment to improving the nutrition of our products.

In February 2016, the South African minister of finance announced a tax on sugar-sweetened beverages to be implemented in April 2017. The policy paper on the proposed tax was published for comment on 8 July 2016, stating that the tax would address obesity in South Africa. Although the policy paper noted a few models of taxation that were considered, it recommended a model where every gram of sugar in a sweetened beverage would be taxed at 2,29 cents and determined from the product label.

Comments on the policy paper were submitted to National Treasury. Tiger Brands also aligns to the stance of BevSA, our industry body, that a tax would have far-reaching socio-economic repercussions without a substantial effect in reducing obesity. As such, the tax should be withdrawn and existing collaborative efforts to address obesity between the Department of Health and industry should continue.

National Treasury is conducting a socio-economic study. The outcome of this study and consultation requests are awaited by industry, including Tiger Brands.



Tiger Brands introduced its Eat Well, Live Well system in 2009 to encourage consumers to eat healthier, balanced meals. Products carrying this logo conform to strict nutritional criteria, which are annually and independently reviewed by the Nutrition Information Centre of the University of Stellenbosch.

The quick-reference Eat Well, Live Well logo and concise GDA information enables consumers to instantly recognise the healthiest options for their meals.

Currently, products such as Tastic Rice, Jungle Oats and some Albany bread variants carry the logo after conforming to the strict Eat Well, Live Well criteria. Our nutritionist works closely with product managers to help them formulate new and existing products in line with the criteria.

For more information on Eat Well, Live Well



Consumer regulatory compliance and industry participation

Tiger Brands ensures a high standard of compliance to consumer legislation and codes. We comply with the Consumer Protection Act, Foodstuffs, Cosmetics and Disinfectants Act and other laws that ensure consumer protection. Areas of compliance refer to aspects of product labelling, pricing policies, product liability and safety, returns policies, marketing, standard terms and conditions and promotional competitions.

In terms of Consumer Protection Act requirements, we have made the required changes across our business to ensure compliance. These included revising processes for running promotional competitions. We have also conducted training to ensure our personnel are familiar with both the provisions and applications of the act. This included training staff at our existing consumer services unit, which addresses consumer complaints.

In addition, we subscribe to the consumer goods and services industry code, which is enforced by the consumer goods services ombudsman, and adhere to the Advertising Standards Authority code that ensures responsible advertising to consumers.

Tiger Brands is a member of the Marketing Association of South Africa and our group marketing executive serves actively on the board of this industry body. The association primarily focuses on:

- Regulatory matters
- Education and transformation of marketing skills in South Africa
- Media research
- Advertising self-regulation through the Advertising Standards Authority.

Tiger Brands complies to current labelling regulations and continuously engages with government authorities through industry associations on new or amended labelling regulations.

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

Responsible selling

Tiger Brands is dedicated to responsible advertising and marketing and committed to upholding the Advertising Standards Authority code on advertising. We fully comply with all regulatory requirements on marketing and labelling for foods, beverages, personal and home care and baby products.

All aspects of responsible selling skills are addressed in our business units and supported by secretarial and legal services. In addition, the Tiger Brands Customer School of Mastery, an internal training programme, covers all key competencies and skills in a market and customer-related curriculum.

Commitments for FY17

The retail landscape has changed significantly in recent years due to poor economic growth. As a result, we have had to adapt our approach and engage differently with our customers and consumers.

Consumers want additional value from supermarket purchases and we have to ensure that our products, many of which are the preferred consumer choice, are available at all points of purchase at a price that represents value to shoppers. This requires a strong focus on cost efficiency throughout our value chain, appropriate promotional activity in-store, and affordable pricing.

As we seek to empower our consumers to make better decisions about their nutritional habits, we aim to form strategic relationships with public sector and non-profit partners. Together, we hope to educate children and consumers on healthy eating habits through effective use of the Eat Well, Live Well system and GDA table.

Environment

Highlights

ISO 14001 certification retained

Lifecycle assessment

Challenges

Significant capital expenditure to improve efficiency and flexibility of manufacturing architecture

Water scarcity and drought have a direct impact on the agriculture industry on which our business depends and on our manufacturing processes

Environmental sustainability

Absolute use				Intensity (per ton)			
Measure	FY15	FY16	Improvement	Measure	FY15	FY16	Improvement
Energy – kWh	325 523 087	316 659 244	↓ (2,72%)	Energy – kWh	122,34	127,96	↑ 4,59%
Water – kℓ	5 155 728	5 115 464	↓ (0,78%)	Water – kℓ	2,46	2,32	↓ (5,69%)
Packaging – ton	1 209 649	1 060 154	↓ (12,36%)	Packaging – ton	0,46	0,43	↓ (6,52%)
Waste – ton	14 608	12 498	↓ (14,44%)	Waste – ton	0,0055	0,0051	↓ (7,27%)

FY15		FY16	
Production output – ton	2 660 727	Production output – ton	2 474 705
Carbon emissions – CO ₂ e	587 047,84	Carbon emissions – CO ₂ e	588 382,18
		0,22	0,24

Sustainability vision



Environmental sustainability strategy framework

The Tiger Brands supply chain sustainability strategy is represented by this framework, and delivers on:

- Energy consumption
- Resource and waste management
- Water use
- Biodiversity and ecosystems.

Ongoing initiatives support the core elements of this framework.



Our approach

Sustainable manufacturing

Tiger Brands is committed to operating as an environmentally responsible company and our operations adhere to all relevant environmental regulations. Managing operations in an environmentally and socially responsible way – sustainable manufacturing – is a business imperative. As a manufacturing company, we rely on energy and water for production, and water quality in particular is vital to product quality and consumer safety.

We envision sustainable manufacturing as minimising the business risks inherent in any manufacturing operation while maximising the opportunities that arise from improving our processes and products.

Collaborating and engaging with stakeholders

The desire to contribute to a more sustainable world requires understanding, collaboration and action at many levels by governments, companies, brands and customers. 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 our environmental impacts, 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 CDP for carbon emissions and water management. This global standard allows us to benchmark our performance against international peers and learn from best practices.

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

- Adopt a science-based emissions reduction target
- Responsible corporate engagement on climate policy
- Disclose 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 by the National Cleaner Production Centre to enhance manufacturing industry competitiveness through resource efficiency and cleaner production.

Tiger Brands is a member of the National Business Initiative, Manufacturing Circle, Business Leadership South Africa, Consumer Goods Council of South Africa, South African Agricultural Processors Association, South African Fruit and Vegetable Export Council, South African Fruit Juice Association and Business Unity South Africa. Through these bodies, we support engagements with government on a variety of issues including environmental legislation and sustainability.

In line with our desire for self-regulation, Tiger Brands is a founding member of the Multilayer Packaging Forum, which is developing recycling initiatives for multilayer packaging.

Finally, we engage with government departments that have a bearing on the business and upcoming legislative changes through facilitated discussion forums such as the World Wildlife Fund for Nature (WWF) and manufacturing industry debates.

Environmental management

At board level, the risk and sustainability committee provides strategic guidance and leadership on climate change and environmental issues and oversees the implementation and revision of the environmental policy. Operational execution of the strategy and management of the environmental system rests with the group manufacturing excellence department.

Our environmental policy was approved two years ago. In it, we commit to identifying environmental and climate change risks, taking action to address weaknesses, forging strong relationships with relevant stakeholders, developing and implementing a sustainability strategy, striving for continuous improvement, and reporting to the board through relevant committees. We also commit to set targets, and monitor, measure and report on our environmental scorecard against key performance indicators. The policy is available on the Tiger Brands intranet and website and communicated internally to relevant stakeholder forums. Our manufacturing and distribution operations conduct policy training for all relevant employees.

Our environmental strategy is focused on improving environmental performance in key areas, shown below, and forms the framework for addressing identified priorities in our current organisational and external environment. By improving our environmental and social sustainability performance, we will generate economic benefits for stakeholders.

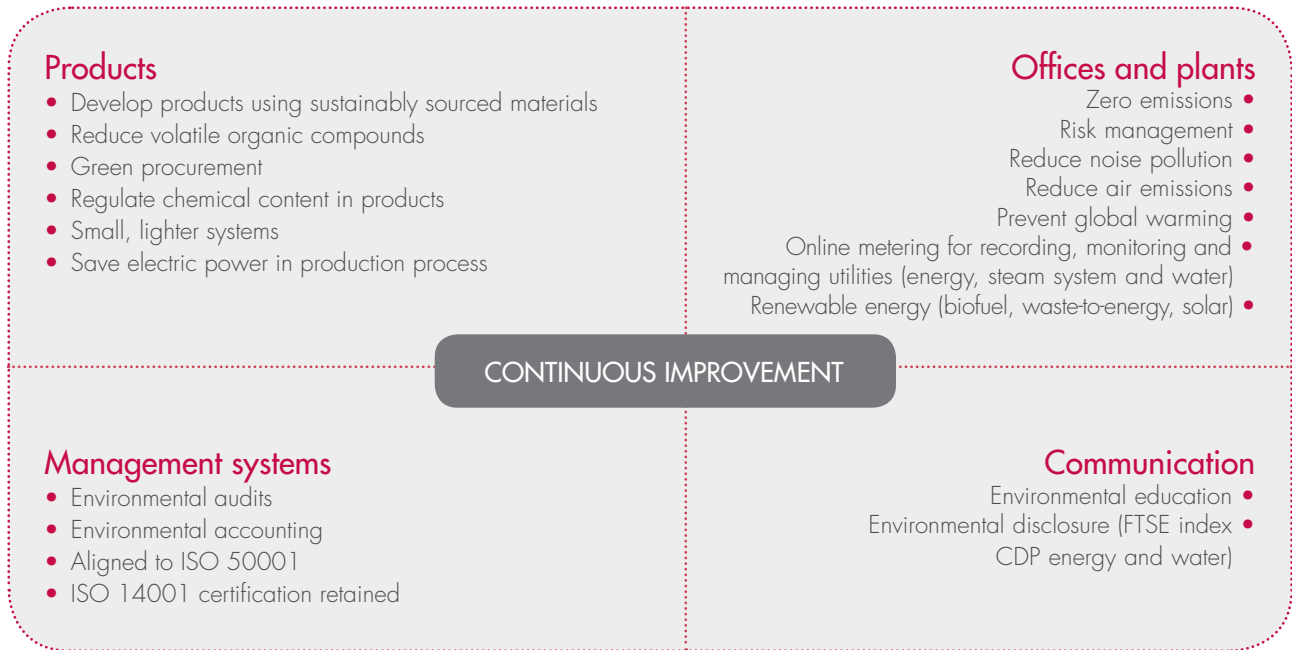
Our environmental control system covers:

- Policies and procedures
- Responsibilities and accountabilities for environmental management
- Reporting
- Environmental legal compliance
- Waste, water, energy, pollution, recycling, climate change management
- Continuous improvement
- Monitoring and performance measurement of systems.

Related training is conducted site by site after changes to the policy and procedures. In addition, training is part of each site's induction programme, highlighting the requirements and responsibilities, and informing employees how to access policies and documents.

Environment continued

Environmental sustainability – continuous improvement



Environmental targets

Our performance is shown on page 74. FY16 was the last year of the three-year rolling environmental sustainability targets. These targets were based on the following measures:

	Target
Water	Reduce water consumption and water discharges per ton of product produced by 15%
Energy	Improve energy efficiency by 15%
Packaging	Reduce packaging use by 9%
Waste	Reduce waste for disposal by 12%
Carbon emissions	Ultimately, eliminate emissions and GHG as far as practically possible

Environmental targets FY17 to FY20

<p>Energy</p> <p>↓</p> <p>Improve efficiency by 15% per year</p>	<p>Waste</p> <p>↓</p> <p>Reduce waste for disposal by 10% per annum</p>
<p>Water*</p> <p>↓</p> <p>Reduce water consumption and discharges per ton of product produced by 15%</p>	<p>Packaging</p> <p>↓</p> <p>Reduce packaging use by 10% per year</p>

Carbon emissions reduction remains a key business deliverable and a scientific target will be developed for the organisation with the assistance of National Business Initiative.

* In the short term, Gauteng municipalities have mandated an immediate 15% month-on-month reduction in water consumption due to water shortages.



While our primary focus is on the five most material aspects of our environmental strategy (water, energy, packaging, waste and carbon emissions), our manufacturing operations also test air emissions from boilers, ventilation areas, disposed dust, noise, carbon monoxide and carbon dioxide levels in line with legislation.

Our primary certification process in our manufacturing operations is the stringent global ISO 14001 standards. At year end, 95% of South African sites were certified.

Subsequently, ISO 14001 has been amended in line with Annex SL, which is the new high-level structure for ISO management system standards. The transition deadline to meet the new standard is September 2018, and appropriate plans are being considered and implemented.

As we pursue our key targets, we measure indicators as two categories:

- **Primary measure indicators:** readily available measures to track current performance
- **Secondary measure indicators:** targets or activities that relate to a gap analysis or benchmark. These may be used to improve primary measure indicators.

Our manufacturing sites submit monthly performance data on these environmental scorecard indicators. They also provide air emissions testing reports from boilers, ventilation areas, dust, noise, carbon monoxide and carbon dioxide levels.

2016 overview

Our environmental performance in 2016 was a mix of challenges and successes. We significantly improved our use of packaging and waste, while the energy efficiency and carbon intensity of our operations was constant.

Legislative developments

During the review period, we began preparing for unanticipated legislative changes in South Africa:

- **Department of Minerals and Energy:** companies have to submit five-year energy reduction plans
- **Department of Environmental Affairs:** notification that companies will need to submit a five-year pollution prevention plan for approval by the minister. While this regulation has not yet been legislated, we are proactively developing a draft plan given the proposed three-month window between promulgation and submission to the minister. This change in legislation will also require companies to submit annual progress reports on their approved plans.

Water

Global water scarcity is expected to increase substantially in coming decades. In South Africa, this trend is likely to affect the availability, cost and quality of water – a critical input in our manufacturing processes. We use water to process products and as a key ingredient in many products

themselves. In addition, given that most of our products are for human consumption, water quality in turn affects the quality and safety of these products.

South Africa is classified as a water-stressed region, which elevates water management to both a risk and critical success factor for Tiger Brands. 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 that have reduced the volume of municipal water used each year.

Most of our water comes from municipal sources, and we monitor consumption, 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 we can apply to internal processes.

We recognise our responsibility to promote responsible water use throughout our operations, and to encourage our suppliers to do the same. We have focused on enhancing agricultural water efficiency programmes with suppliers, specifically for water-intensive crops, such as tomatoes, beans, fruits and sugarcane.

In 2016, Tiger Brands again participated in the CDP's water disclosure programme. Our response – and further detail on our approach to water stewardship – is available on our website.

We are committed to using water efficiently across our operations and ensuring our operations do not compromise local communities' right to water. We conduct water resource reviews across existing and new factory sites and focus our interventions in priority watersheds.

Water management initiatives

Online water metering

Online water metering enables more accurate reading and understanding of high-consumption areas in the Boksburg facility and our bakery sites, and ensures monthly charges from municipality readings are correct.

Water reuse

A project to reuse bottle-washer water for external cleaning, preparation areas and all structural cleaning and staff facilities is helping to reduce water use.

Packaging

Packaging plays a vital role in delivering products to our consumers in a way that preserves the integrity of the product and protects consumers' health and safety.

Environment continued

Over recent years, the cost of raw materials has escalated significantly. This has affected the costs of packaging and motivated more efficient and sustainable packaging management. Extraction, location and processing can also contribute significantly to carbon emissions and the overall footprint of a product. Where possible, by lightweighting our packaging (a complex research process to ensure that lighter materials will achieve the same product protection goals), we are significantly reducing carbon emissions and costs, while directly improving the lifecycle assessment of products (see page 79).

Waste

Waste management is important to Tiger Brands because, when done successfully, it can reduce input costs, lower the cost of waste disposal and improve our standing as a good corporate citizen. In our operations, most waste is generated either in our manufacturing processes or as a by-product of these processes.

Globally, waste management practices differ between developed and developing nations, urban and rural areas, and residential and industrial producers. Consequently, while our standards are influenced by the South African regulatory environment, we always consider local conditions and that regulatory environment when applying our standards.

Our ambition is to send zero waste to landfill and to build a culture of waste segregation. To achieve these goals, we are focused on reducing, reusing and recycling waste generated in our production processes. When all reasonable options have been exhausted to realise this, we ensure that any remaining wastes are disposed of responsibly. We do not currently produce any hazardous waste.

Energy and carbon emissions

Energy is at the core of any manufacturing process, and reducing the energy intensity of our operations is a critical element of our response to climate change. In addition, South Africa faces a period of energy shortage, and smart energy management is now strategically important.

Tiger Brands has identified the climate change risks with the greatest potential to affect the company and consolidated these into our top risks for mitigation and action as part of our internal risk processes (see the risk management section starting on page 102). Among these climate change-linked risks are the availability of water, an essential input for the

agricultural sector on which we rely, and in our manufacturing operations.

The diverse sources of GHG emissions include:

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

As part of raising awareness in our operations, last year we appointed champions in manufacturing units with the highest impact on carbon emissions and water use.

We also enrolled engineering managers, site services (utilities) managers and technical/artisan employees in 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 individual business units.

In addition, we participate in the National Cleaner Production Centre programme aimed at introducing cleaner production processes through partnerships, advocacy, technology transfers, tools and capacity building. Multiple assessments were conducted across a number of manufacturing facilities during the year and recommendations are being implemented.

Measuring energy consumption alone is not an accurate measure of improvement because, as the group grows, our consumption requirements and patterns change. To ensure improvements and GHG reductions, we focus on energy and emissions intensity, which shows the reduction in the ratio of energy consumed or emissions produced per ton of product produced. If we are successful, despite a growing business, our intensity levels should decline.

The group's scope 1, 2 and 3 emissions for the year are shown below. 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.

	2016	Change (%)	2015	Change (%)	2014
Direct GHG emissions (scope 1)	253 909	(1,7)	258 392	(0,17)	258 834
Electricity indirect GHG emissions (scope 2)	326 159	1,5	321 439	11,4	288 515
Other indirect GHG emissions (scope 3)*	31 519	343	7 099	2 599	263
CO ₂ e (tons)	588 382	0,2	587 047	7,2	547 611
Carbon intensity (tons CO ₂ e/ton of product produced)	0,24	0,02	0,22	-	0,22

* In 2014, scope 3 emissions were limited to air travel. In 2015, we expanded our reporting to include elements of our road logistics network. In 2016, the reporting was expanded further to include our broader logistics network making year-on-year comparison difficult.



LIFECYCLE ASSESSMENT

The lifecycle assessment (LCA) evaluates the environmental impacts of all stages of a product's life from cradle to grave (ie from raw material extraction through materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling). They help prevent a narrow outlook on environmental concerns by:

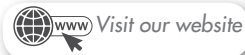
- Compiling an inventory of relevant energy and material inputs and environmental releases
- Evaluating potential impacts of identified inputs and releases
- Interpreting the results to help make a more informed decision.

In FY15, we completed LCAs for KOO Baked Beans and All Gold Tomato Sauce (750ml and squeeze bottle). As a result, we have changed glass packaging where possible, and sourced and trialled an alternative can – all of which reduces the amount of input materials required.

In the review period, two further LCAs were commissioned:

- The cocoa LCA report was finalised. This study found that soil erosion due to lack of crop rotation, fertilisation and pesticides were the key environmental sustainability focus areas. The LCA was not focused on the chocolate production process and this would be the next focus area for identifying any internal GHG emission reduction opportunities
- A bread LCA review using existing data from the industry is under way and expected to be finalised in FY17.

We have participated in the carbon disclosure project (run by CDP) annually since 2010. Our response – and further detail on our carbon approach and performance – is available on our website.



Carbon tax

Given the imminent introduction of carbon tax, we continue to engage extensively with external parties to establish holistic, practical and affordable solutions on how to reduce our carbon emissions. With the published framework, and proposed carbon tax at R120 per ton of CO₂e above the suggested thresholds, the expected impact to the business is substantial.

To ensure we are adequately prepared, we are considering:

- The extent of our 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.

In addition to addressing our own emissions, we are encouraging suppliers to improve the fuel efficiency of their operations and reduce their GHG emissions.

Other emissions

We are committed to exceeding legislative requirements on air emissions and will continue to find practical and cost-effective solutions to reduce or eliminate all forms of air emissions.

From every test and analysis conducted on atmospheric air quality, our manufacturing operations receive a detailed

report and must develop appropriate plans for any indicated deviations.

Tiger Brands prides itself on accurate impartial emissions testing at our manufacturing facilities – our service providers also compile atmospheric emissions reports under the requirements of the Air Quality Act, as well as our specifications. To the business, the aim of air quality management is to protect public health and the environment from the damaging effects of air pollution, and to eliminate or minimise human exposure to hazardous pollutants.

In terms of our environmental control system, boiler stack emissions are measured at all business units that operate boilers, although only two of our boilers fall under amended legislation (November 2013, controlled emitters). We measure sulphur dioxide, nitrous oxide, carbon dioxide and particulate matter (soot) to ensure legal compliance. Independent annual performance audits are conducted at all business units to monitor compliance levels.

Commitments for FY17

In 2016, we continued to work with our suppliers on lifecycle assessments to reduce the environmental impact of our products. In particular, we will be looking at the overall impact of cocoa, a key ingredient for our snacks & treats businesses.

Furthermore, we will partner with our small and medium suppliers to help them align with ISO 14001. This will include third-party packaging and ingredients suppliers. At the same time, we hope to sustain and build on our own ISO 14001 certifications.





Only the best will do

KOO sources **7 500** tons of sweetcorn per year from established farmers with decades of experience and expertise.

Governance review

The Tiger Brands board of directors is committed to integrity through effective corporate governance.

Executive and senior management assist the board to ensure the group complies with the dynamic regulatory landscape in which it operates to underpin its sustainability.

The group has applied the principles of King III, and a detailed register is on our website.

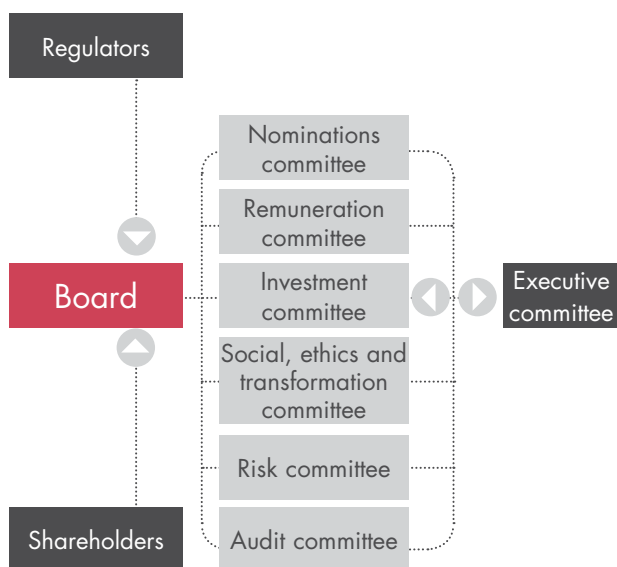
The board has applied the governance principles in King III, the JSE Listings Requirements, and the requirements of the Companies Act No 71 of 2008 in the review period.

Governance processes have been reviewed and reinforced to amplify alignment with legislative and regulatory changes as well as industry best practice. In line with the recommendations of King III, board and committee charters as well as annual work plans were reviewed, revised and adopted at the beginning of the financial year. Agendas for each meeting include integrated responsibilities from annual work plans.

The affairs of the group have been conducted to ensure the interests of all stakeholders are safeguarded.

Tiger Brands' code of ethics, available on our website, mandates all employees to strictly comply with relevant legal requirements and regulations. During the year, acceptable behaviours and conduct dealing with conflict of interest and bribery and corruption were formulated into separate policies to provide the necessary guidance to employees. A zero-tolerance approach towards fraud and corruption has been adopted, setting out appropriate consequences for inappropriate and wrongful behaviour, where necessary.

Governance structure



The board has directed and controlled the affairs of Tiger Brands in a responsible, fair and transparent manner.

The board is supported by committees that have an oversight role and ensure the activities of the company are managed in a manner that is consistent with ethical leadership and the values of Tiger Brands. The roles and responsibilities of each board committee are set out in terms of reference and reviewed annually by the board.

The governance structures in Tiger Brands ensure proper oversight of significant strategic and operational matters.

Directors have unrestricted access to all company information, and access to the advice and services of the group company secretary. Directors are also entitled to seek independent professional advice, at the company's expense (after consulting with the chairman of the board), as required in fulfilling their duties. No director exercised this right in the period under review.

At 30 September 2016, the board comprised 13 directors, including three executive directors.

The nominations committee, in compliance with section 3.84 of the JSE Listings Requirements, ensures all appointments to the board follow a formal and transparent process as prescribed by the policy and procedures determined by the board, which are reviewed annually.

Directors are appointed, subject to re-election by shareholders at the company's annual general meeting (AGM) and to Companies Act provisions relating to their removal.

The responsibilities of the chairman and chief executive officer have been clearly defined and are separate with a clear division of authority between various roles in the company's corporate governance structure.

The board terms of reference show the clear division of responsibilities and authority at board level, proving that no individual director has unfettered powers of decision-making or influence over the board, which allows for participative decisions. In the board's opinion, and as tested by the independent board effectiveness survey, there is no business or other relationship within the current structure that could materially interfere with the impartial judgement of any non-executive directors.

The board exercises full control over significant matters including strategy, finance and compliance.

Biographical details of all directors appear on pages 11 and 12.



Non-executive directors bring a diverse range of skills and experience to the board and it is their responsibility to ensure their judgement is exercised freely and independently.

The nominations committee ensures that the board's composition reflects demographic and gender diversity and the appropriate mix of skills and expertise.

The code of ethics, board terms of reference and various Tiger Brands policies prescribe how directors should conduct themselves. This includes guidance on the vigilance required to ensure no conflicts arise between their own interests and those of Tiger Brands. Members are required to disclose all potential conflicts of interest at the start of every board and committee meeting and, once disclosure is made, the process prescribed by the Companies Act is followed. This includes recusal from that part of the meeting when a matter that is the subject of a conflict is discussed.

The directors recognise their fiduciary duty to exercise due care and skill in fulfilling their mandate as members of the board. In doing so, they ensure they act in the best interest of Tiger Brands at all times, and do not derive any profit from their fiduciary relationship with the group.

Director development will form part of the 2017 board agenda to create an evolving understanding of the business, governance and compliance environment in which the

board and Tiger Brands operate. Specific time has been allocated in the board's annual plan for this purpose.

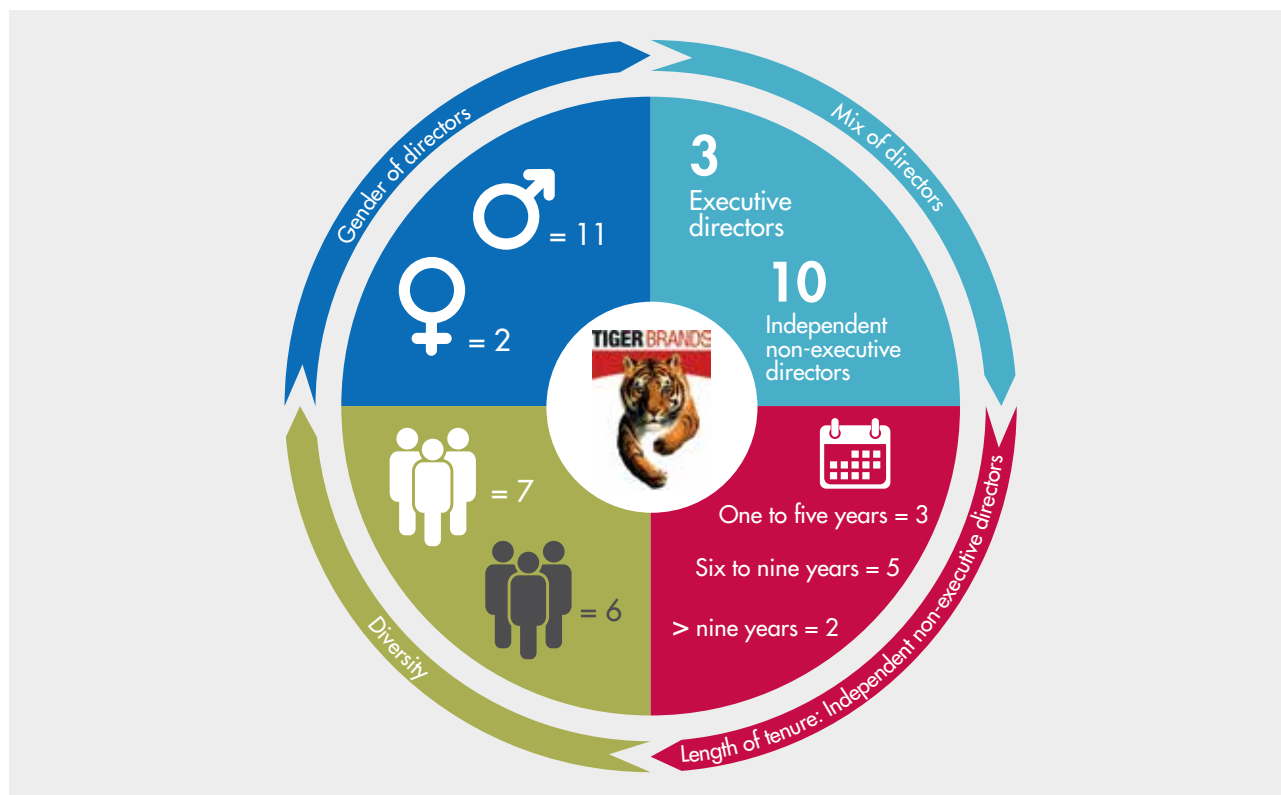
All new directors complete a formal induction programme which includes past board meeting minutes and relevant prior-reading material, guidance on their responsibilities as well as a rigorous programme of manufacturing site visits and visits to the retail trade to enhance their understanding of Tiger Brands and the environment in which it operates.

In the review period, the board approved the strategy and budget for the 2016 financial year. Material issues on executing strategy were considered.

The board approved the interim and year-end financial results and the 2016 integrated annual report and is satisfied it has discharged its duties in terms of the Companies Act, the JSE Listings Requirements and its terms of reference.

During the year under review, the board, through the nominations committee, conducted an independence assessment of directors in office for longer than nine years and were satisfied that they retained their independence.

The nominations committee also reviewed the skill set of the board to ensure that it reflects the required capability to deliver the long-term objectives of the group. It was decided that the composition of the board would be amended in FY17.



Governance review continued

Accountability and responsibility

Delegation of authority

Tiger Brands' delegation of authority policy, which is reviewed annually, provides an approval framework to ensure the company is optimally managed in a decentralised environment. The board delegates the power to run the day-to-day affairs of the company to the chief executive officer, who in turn delegates some of these powers in line with this framework.

Chairman

The chairman is an independent non-executive director who is principally responsible for the effective operation of the board.

Chief executive officer

The chief executive officer reports to the board. He is responsible for overseeing execution of the strategic direction of the company as approved by the board.

Board committees

These committees assist the board in the discharging of its duties. Ultimate accountability and responsibility rests with the board, which does not abdicate any of its responsibilities to the committees.

The committees report to the board on material aspects of their remit as dictated by their annual work plans. Despite delegating certain functions to its committees, the board remains ultimately accountable for the proper execution of these matters.

Board balance

There is an appropriate balance of power and authority on the board. There is a closed-session agenda item at the end of every board meeting which non-executive directors can use to discuss issues with the chairman and other directors.

Board evaluation

The 2016 external evaluation included an effectiveness assessment of the board itself, an appraisal of its committees and the chairman, and a peer-to-peer evaluation. The evaluations found no significant matters or material concerns on the board or committee performance. The results indicated that core board processes were working well and the board was well balanced. The directors believe board meetings were well organised and efficiently run, and that all relevant aspects of the company's business were effectively dealt with by the board and its committees. In the

spirit of continuous improvement, the board is developing an action plan to align to certain enrichment recommendations from the survey.

The nominations committee informally reviews all directors standing for re-election at the AGM well in advance and this is reported to the board. After considering the performance of all directors standing for election at the AGM in February 2017, the board supports their re-election.

Dealing in securities

In line with the JSE Listings Requirements, Tiger Brands has adopted a policy that sets out the procedure directors must follow before they, or any of their associates, deal in the company's securities.

Directors and the company secretary must obtain prior written authorisation from the chairman to deal in company securities. This has been extended to employees who are exposed to price-sensitive information. Tiger Brands employees, who are share scheme participants, are restricted from trading in securities during the company's closed periods.

Sustainability matters

The social, ethics and transformation committee convenes three times per year and reports directly to the board. Its remit includes human capital, the extent of the company's transformation, ethical, safety, health and environmental policies and practices. The committee report is on pages 90 and 91.

Legal compliance

Tiger Brands acknowledges the importance of complying with the regulatory framework affecting its operations, and its associated accountability to all stakeholders. Given the quantum of regulatory promulgations and amendments, legislative compliance was a key area of focus in the review period. The approach to governance emanates from the Tiger Brands code of ethics and values detailed on page 54.

The compliance function has scaled up to screen the external environment to identify applicable legislation, inform business of material and pertinent regulatory changes and requirements, and facilitate controls that will ensure compliance.



For increased effectiveness, the legal compliance function collaborates with other risk assurance providers and legal firms where necessary. In implementing the governance framework, a risk-based approach is adopted. In addition, Tiger Brands complies with all mandatory industry codes. In terms of non-mandatory industry codes, Tiger Brands adopts those that enhance good governance and effectiveness.

Board and committee structure

The board has delegated specific functions to committees to assist it in meeting its oversight responsibilities. Every committee has terms of reference and an annual work plan,

which is reviewed annually, and the directors confirm that all committees have functioned in line with these terms of reference during the year. All board committees are chaired by independent non-executive directors.

The board met eight times at scheduled meetings in FY16. It met once every quarter and held a strategy meeting in July to approve the strategic direction of the company. It also met to approve the budget and held two extraordinary meetings during the year. Details of attendance at board and committee meetings are shown below:

	Board	Audit	Remuneration	Nominations	Risk and sustainability	Social, ethics and transformation	Investment
Number of meetings	8	4	4	4	3	3	6
AC Parker	8/8	–	4/4	4/4	–	–	6/6
MO Ajukwu	8/8	–	–	–	3/3	–	–
SL Botha	7/8	–	4/4	4/4	–	–	–
MJ Bowman	7/8	–	–	–	–	–	–
M Makanjee	8/8	–	–	4/4	–	3/3	–
KDK Mokhele	8/8	4/4	–	–	3/3	–	6/6
RD Nisbet	8/8	4/4	–	–	3/3	–	6/6
MP Nyama	8/8	–	4/4	4/4	–	3/3	–
BL Sibiya	7/8	–	–	–	–	3/3	–
YGH Suleman	7/8	4/4	4/4	–	–	–	6/6
LC Mac Dougall ²	4/4	2/2	2/2	2/2	–	1/1	1/1
NP Doyle	8/8	4/4	–	–	3/3	–	6/6
CFH Vaux	8/8	4/4	4/4	4/4	3/3	–	6/6
PB Matlare ¹	3/3	2/2	1/1	1/1	–	1/1	5/5
O Ighodaro ³	6/6	3/3	–	–	2/2	–	6/6

¹ Resigned effective 31 December 2015.

² Appointed 10 May 2016.

³ Resigned effective 31 July 2016.

Appointment and resignation of directors

Peter Matlare resigned as chief executive officer, effective 31 December 2015, after eight years. Lawrence Mac Dougall joined Tiger Brands as chief executive officer, effective 10 May 2016. Olufunke (Funke) Ighodaro

resigned as chief financial officer on 31 July 2016, and Noel Doyle was appointed in that capacity on the same date. Noel has been chief operating officer of the company since 13 July 2015 and served as an interim chief executive officer from 1 January to 9 May 2016.

Governance review continued

Board committees

Audit committee

The committee's report is on pages 87 to 89.

Risk and sustainability committee

The risk and sustainability committee assists the board in fulfilling its governance (from a risk and control perspective), compliance and risk management responsibilities. The committee is responsible for ensuring that all significant risks are identified, evaluated and effectively managed, and that there is adequate oversight of Tiger Brands' own risk assessment and internal processes. Compliance with relevant laws and regulations is integral to the group's risk management process and monitored continuously. The committee operates against terms of reference and an annual work plan, which is reviewed by the board each year.

The functions of the risk and sustainability committee includes assisting the board in ensuring that:

- The company has implemented an effective policy and plan for risk management that will enhance its ability to achieve its strategic objectives
- The maturity and effectiveness of risk management processes and activities are continuously monitored, maintained and improved
- The overall risk profile and significant risks Tiger Brands faces are monitored and reviewed and the response to address key risks is appropriately defined and resolved by management
- Disclosure on risk is comprehensive, timely and relevant.

The committee is satisfied it has fulfilled its responsibility as per its terms of reference and has adequately reported to the audit committee in the financial year. It is satisfied of the adequacy of governance, compliance and risk management structures and processes in place at Tiger Brands.

The risk management report can be found starting on page 102.

Remuneration committee

This committee comprises only non-executive directors. The chief executive officer and certain members of management attend meetings by invitation but excuse themselves at the appropriate times.

The committee is responsible for the development and implementation of the group's remuneration philosophy, among others. The total reward of executives is designed to ensure a substantial portion depends on performance; both company and individual performance. Reaching

appropriate individual and group targets governs the eligibility of executives for annual performance bonuses and the vesting of their long-term incentive awards.

The committee is responsible for and has the authority to consider and make recommendations on specific matters, including:

- Determining and approving the general remuneration policy to be tabled at each AGM for a non-binding advisory vote by shareholders
- Preparing an annual remuneration report for inclusion in the company's integrated annual report
- Developing the remuneration strategy for executive directors and members of the executive committee
- Developing short-term incentive plans for board approval. It sets annual targets, monitors progress towards targets and reviews the incentive plans regularly to ensure a strong link with performance is maintained
- Developing long-term incentive schemes for board approval. It sets individual and group performance hurdles, as well as guidelines for annual allocations. It regularly reviews the structure of these schemes
- Developing, monitoring and testing appropriate performance drivers for short-term and long-term incentives
- Individual remuneration packages for executive directors and executive committee members including incentive schemes and increases to ensure these are appropriate
- Remuneration of non-executive directors of the board and its committees. Proposals are made to the board for final approval by shareholders at the AGM
- Succession planning
- Human capital imperatives.

The committee is satisfied it has fulfilled its responsibilities in line with its terms of reference for the year. As per King III recommendations, the company's remuneration policy will be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on remuneration policies and their implementation.

The remuneration report can be found on pages 92 to 101.

Nominations committee

The nominations committee considers board succession and recommends candidates for vacancies based on skill, experience and the need to ensure diversity and balance in the board's composition. The committee comprises only non-executive directors and is chaired by the chairman of the board. The chief executive officer attends meetings by invitation. The committee is satisfied it has fulfilled its responsibilities in line with its terms of reference for the review period.



Audit committee report

This report is provided by the audit committee appointed for FY16 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.

The chairman of the audit committee is not the chairman of the board. The following directors served on the committee in FY16:

- Rob Nisbet (chairman)
- Khotso Mokhele
- Yunus Suleman.

Biographical details of committee members appear on pages 11 and 12. Fees paid to committee members are outlined in the remuneration report on page 101.

The year under review

External audit

The committee, among other matters:

- Nominated Ernst & Young Inc to shareholders for appointment as the external auditor, and Warren Kinnear as the designated auditor, for the financial year ended 30 September 2016. 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

Audit committee report continued

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

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

- Reviewed the group's policies on risk assessment and 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.

In terms of coordinating assurance activities, the committee reviewed the plans and work outputs of the external and internal auditors and concluded 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, Noel Doyle, and concluded these were appropriate. Biographical details appear on page 12.

Company secretary

In terms of section 3.84 of the JSE Listings Requirements, the committee considered the competence, qualifications and experience of Thiroshnee Naidoo to hold the position of company secretary and concluded these were appropriate. Biographical details appear on page 13.



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

The company secretary 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. She is also responsible for director training and induction, as well as the annual board evaluation.

The committee confirms that the company secretary maintains an arm's length relationship with the board and directors, taking into account that the company secretary is not a director of the company 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 2016, the 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 2016.

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 2016, which will be open for discussion at the upcoming annual general meeting.

On behalf of the committee

Robert Nisbet
Chairman

22 November 2016

Social, ethics and transformation committee report

Terms of engagement

The board delegates oversight of the company's ethics and transformation management to this committee, through which the CEO is held accountable for the company's ethics and transformation performance. As a statutory committee of the company and its subsidiaries, the committee fulfils its duties in terms of sections 72(4) and (5) of the Companies Act 2008 and regulation 43 of the Companies Regulations 2011. Its activities are also guided by King III.

Together with the risk and sustainability committee, it ensures the company conducts its business sustainably and ethically by developing and reviewing policies and practices to guide Tiger Brands' approach to social and ethics-related challenges as per its terms of reference.

Its purpose is to drive the Tiger Brands approach to good corporate citizenship by ensuring the group's activities have a positive impact on its many stakeholders including consumers, employees, communities, shareholders and members of the public, and to report on this to shareholders annually at the AGM.

As a committee of the board, it assists the board in discharging its duties and makes recommendations to the board on social and economic development, sustainability, ethics, good corporate citizenship, environment, health and public safety, consumer-related matters, stakeholder management, issues management as applicable, and labour and employment issues.

During the review period, the committee's terms of reference were revised and updated to outline its comprehensive remit.

Membership and attendance

Member	Designation	Attendance
Maya Makanjee	Chair, non-executive director	3/3
Bheki Sibiyi	Deputy chair of Tiger Brands board, non-executive director	3/3
Makhup Nyama	Non-executive director	3/3
Lawrence Mac Dougall	Ex officio member, CEO	1/1

Relevant executive managers attend committee meetings as required:

Executive management	Portfolio	Attendance
Patrick Sithole	Supply chain, health, safety and environment	3/3
Tswelo Kodisang	Human resources	3/3
Bridgitte Backman	Corporate affairs and sustainability	3/3
Thiroshnee Naidoo	Legal and compliance	3/3

Outline of activities

The committee's oversight role has matured to ensure the group plays a strong corporate citizenship role primarily in South Africa. Since May 2016, and after establishing an operational ethics committee, a comprehensive ethics report is tabled and discussed at meetings.

For the review period, the committee:

- Monitored the company's activities against international and local standards:
 - The 10 principles in the United Nations Global Compact
 - Organisation of Economic Cooperation and Development (OECD) recommendations on corruption
 - Employment Equity Act No 55 1998, as amended
 - BBBEE and agri-sector code five-year plan compliance and progress against objectives approved by the board in July 2015
- Reviewed its framework of policies and processes to manage activities against ethical and social standards
- Met with the chairs of audit and risk and sustainability committees to review focus areas and any overlaps in the remit of these committees
- Monitored progress on the FTSE4Good index, where Tiger Brands is a top 30 performer
- Monitored progress on a key public-private partnership (a first for the company), after Tiger Brands signed a memorandum of understanding with the Department of Agriculture, Forestry and Fisheries to develop black smallholder farmers
- Reviewed the group's carbon disclosure submission for CDP
- Reviewed and discussed the role of the newly formed operational ethics committee



- Reviewed progress against socio-economic development plans and processes:
 - CSI strategy, key performance indicators and objectives
 - Engaged interns for the Great South African Cookbook, in partnership with the Nelson Mandela Foundation
 - Tiger Brands Foundation progress report. The Foundation is on track to deliver its 40 millionth meal towards the end of 2016. In terms of good governance principles, the foundation is a trust with independent trustees. For more information refer to page 67
- A group CSI steering committee has been constituted and met in July 2016, fulfilling a management oversight role for sustainable socio-economic development in the company. Reports and minutes from this steering committee now form part of the social and ethics committee reports
- Reviewed the company's issues management approach
- Reviewed progress against management plans for stakeholder relationships and stakeholder mapping
- Reviewed the company's ethics policies and processes, including those for anti-bribery and corruption
- Reviewed and considered consumer care line reports. After a thorough review of this process, recommended changes are being implemented
- Agreed the following in terms of human resources and labour-related matters:
 - The social impact of wage negotiations and fatalities are considered with respect to the well-being of employees and their families
 - HIV statistics are explored in terms of employee wellness and the progress of HIV programmes. The aim is to improve internal communication and reporting on progress
- Going forward, the committee will consider certain matters as agenda items in more detail:
 - Unfair or inappropriate discrimination
 - Fair labour practices
 - Emolument attachment orders (garnishee orders).

Tiger Brands is committed to ensuring that its principles on ethics are implemented across the company. The committee will continue to monitor processes and policies to ensure compliance.

The committee is satisfied it has considered and discharged its responsibilities for the financial year in line with its terms of reference, King III and the Companies Act.

On behalf of the committee

Maya Makanjee
Chairman

22 November 2016

Remuneration report

Report from the remuneration committee chairperson

Our vision

To be the most admired, branded, FMCG company in emerging markets.

Achieving our vision depends, in large part, on our people. Together, they are our most sustainable source of competitive advantage in a volatile and technology-driven economy.

Accordingly, the purpose of our reward philosophy, strategy, policy and practices is to:

- Contribute to attracting, retaining and engaging high-performing employees
- Inspire and motivate people to outperform against our business strategy, goals and targets
- Drive, reward and recognise performance excellence and innovation by significantly differentiating reward for top performers, ie pay for performance.

We have adjusted our remuneration report this year to align with the best practice recommendations of integrated reporting and structured the report in two sections. Part 1 deals with why and how we pay our executive directors and prescribed officers, while part 2 details the various financial components of remuneration.

This report should be considered against the overview of company performance in 2016 on pages 34 to 37 to provide the context to remuneration outcomes set out later.

The war for talent is at an all-time high and, led by our new CEO, we have reviewed all our pay offerings in a benchmark exercise against the top 100 JSE listed organisations. This has resulted in a fit-for-purpose model to ensure we continue to deliver on our shareholder value proposition and only reward in terms of our differentiated pay-for-performance framework.

While this review confirmed that our reward structure is in line with best practice, we have made certain adjustments to both our short-term and long-term incentives to simplify, focus and align these with our business and people strategy. In line with leading practice, we have also adopted a minimum shareholding policy for our executives, with our top team undertaking to build up their personal shareholdings in the company to target levels.



Santie Botha
Chairperson

22 November 2016

Part 1: Remuneration policy

Remuneration policy

The remuneration policy, to be approved by shareholders in a non-binding advisory vote at the annual general meeting on 21 February 2017, is set out below.

Governance and the remuneration committee

The remuneration policy is reviewed annually by the remuneration and nominations committee to ensure that the design of directors' remuneration reflects best practice and is competitive. The policy also needs to ensure that payment is aligned with the company's growth objectives and financial performance for the review period. The committee's membership, responsibilities and meetings held in the year appear in the corporate governance section on pages 85 and 86.

Remuneration policy

Objective

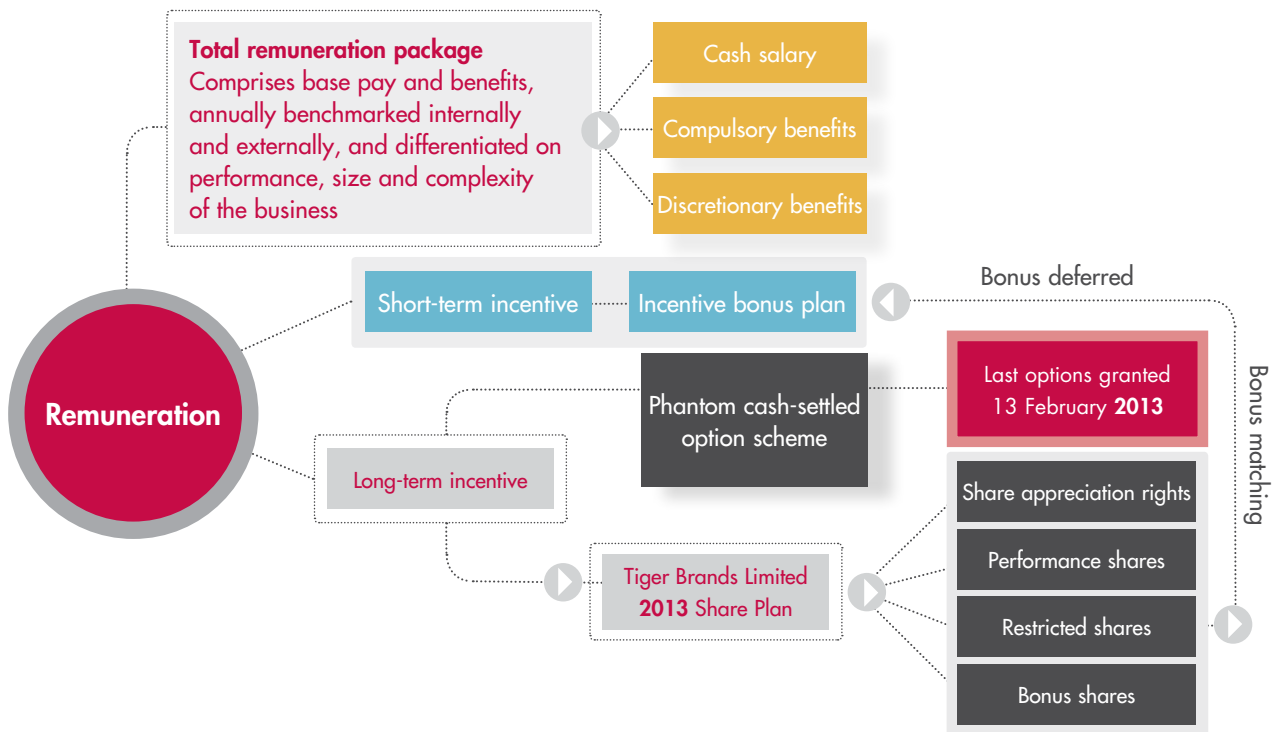
The Tiger Brands remuneration policy aims to ensure the group attracts and retains key and critical talent required to deliver its business goals and results.

The policy, in conjunction with the remuneration philosophy and strategy, is based on the following key principles:

- Remuneration should support our vision by attracting and retaining the right talent
- It should directly correlate with the growth plans and financial performance of our businesses and the group
- It should be reviewed and benchmarked annually through professional in-country service providers to ensure we remain competitive in 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
- It should motivate, drive deeper engagement and allow for differentiation in rewarding high performers
- Individual contributions based on 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 our objective of reward for achieving short-term and long-term growth, and retaining talent. The remuneration committee actively participates in this process.

Remuneration mix, recognition and reward

Elements of executive management and prescribed officers' remuneration



Short-term incentive (STI) scheme	
The incentive bonus plan	
Purpose and link to key remuneration principles	<p>The STI drives achieving short-term performance targets which correlate to the growth plans and financial performance of our businesses and the group. This is one of our key remuneration principles.</p> <p>By incorporating personal performance through the personal multiplier, the STI is consistent with our culture of fairness and equity, allowing for differentiation in rewarding high performers.</p>
Performance measures	<p>The target for the STI comprises a financial component and a number of strategic components.</p> <p>In 2016, the STI scheme for the Tiger Brands executive committee carried a 70% weighting for the financial component and a 30% weighting for the strategic component.</p> <p>The financial performance component is based on growth in profits, as measured by headline earnings per share (HEPS) from continuing operations. Measures and targets are set and reviewed annually by the remuneration committee.</p> <p>In 2016, the strategic element of the bonus focused on the following areas (weighting in brackets):</p> <ul style="list-style-type: none"> • Turnaround of Africa businesses – achieve approved budgets (8%) • Drive operational excellence by focusing on in-store shelf health (3,5%) • Meaningful increase in group/business innovation rate – minimum of 0,5% increase as a percentage of net sales at group level versus 2015 (5%) • Ensure the group's domestic operating margin and overall value market share for its defined basket are maintained in line with 2015 (5%) • Achieve budgeted net savings of R200 million in FY16 – in the areas of financial shared services centre, IT, procurement and manufacturing efficiencies (3,5%) • Drive the talent management process across all senior management to deliver organisation-wide and cross-functional succession (5%). <p>Performance against individual targets and objectives is also considered in the final bonus determination.</p>

Remuneration report continued

Short-term incentive (STI) scheme continued

The incentive bonus plan continued

On-target and maximum value of cash incentive (annual or subject to deferral)

All participants are able to earn an annual STI of up to 112,5% of their total remuneration package, rising progressively from 50% to 112,5% for performance above the on-target level, achieving all strategic objectives and attaining the maximum personal multiplier for exceptional performance.

The maximum STI is paid only when the company achieves stretch business performance targets, all strategic targets are achieved and the maximum personal multiplier is attained.

Operation

The following formula is applied to determine the final result:

STI formula financial = TRP x on-target % x BM (0% – 150%) x PM (0% – 150%) x 70%

STI formula strategic = TRP x on-target % x BM (0% – 150%) x PM (0% – 150%) x 30% x strategic outcome

Where:

TRP = total remuneration package

BM = business multiplier

PM = personal multiplier

Voluntary deferral and matching

Executives and prescribed officers may defer a portion (25%, 33% or 50%) of their STI payment into restricted shares under the Tiger Brands Limited 2013 Share Plan, which are then matched by the company in a 1:1 ratio. All restricted shares will vest after three years.

We believe these deferrals demonstrate commitment to the company's long-term success and an appropriate alignment with shareholders' interests. We therefore support our executives and prescribed officers' efforts to increase their shareholding in the company through this process.

Further detail on restricted shares appears in part 2 (long-term incentive scheme) on page 95 and 96.

Changes for FY17

- New executive directors' scheme to be introduced, based on targeted group HEPS
- Strategic objectives for FY17 will no longer form part of the incentive bonus but become an element in individual performance assessments
- As such, the STI for Tiger Brands executive members (excluding executive directors) will now be based on the following group financial metrics (weighting in brackets):
 - Profit before interest and tax (70%)
 - Net working capital (20%)
 - Volume growth (10%).



Long-term incentive (LTI) scheme

Tiger Brands Limited 2013 Share Plan (LTIP)

Purpose

The aim of the LTIP 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 interest with the company's shareholders.

The LTIP supports the company's vision by attracting and retaining the right talent and correlating with the long-term growth plans and financial performance of the group.

The combined, weighted implementation of the various elements (below) of the LTIP 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.

Operation and instruments

The LTIP was implemented in February 2013 and is in line with global best practice and emerging South African practice, as it recognises the required attributes of shareholder alignment, retaining key talent and sustained performance.

Under the LTIP, 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 hampered by exogenous factors that can override executive performance. The LTIP focuses executive attention and reward on performance by combining a growth-oriented element (share appreciation right) with two full-value elements, the one rewarding future company performance (performance share) and the other rewarding actual individual performance and retaining key talent (restricted share).

Performance shares

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

Restricted shares

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

Share appreciation rights (SARs)

Annual allocations of SARs will be made to executives and selected managers, subject to performance vesting criteria, as described below.

Allocations of performance shares, restricted shares and SARs may be settled in cash or shares, but the company intends to settle in shares.

Long-term incentive (LTI) scheme continued

Tiger Brands Limited 2013 Share Plan (LTIP) continued

Performance measures

Performance shares

The board will determine the performance criteria for each award. For awards made in February 2016, it was agreed that vesting will be determined by the company's comparative total shareholder return (TSR) relative to constituent members of the FINDI 30 index.

The vesting of 2016 performance shares will thus be based on Tiger Brands' relative TSR position over the three-year period:

- 15 out of 30: the targeted number (one-third of maximum number) of performance shares awarded will vest
- 7 or better: the maximum number (three times targeted number) of performance shares awarded will vest
- 23 or worse: all performance shares awarded will be forfeited
- Between 7 and 15, or between 15 and 23: 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.

Restricted shares

Restricted shares are subject to continued tenure for a period of three years after they are granted and are not subject to any further performance conditions.

The value of restricted shares granted will be linked to the annual cash incentive scheme and, more specifically, will be a fixed percentage of the actual bonus that accrued to the participant for the prior financial year.

SARs

A sliding scale in applying performance vesting conditions based on a targeted rate of 3% per annum real growth in HEPS over three, four and five-year periods.

Percentage threshold levels for real HEPS growth and corresponding percentage 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%



Long-term incentive (LTI) scheme continued

Tiger Brands Limited 2013 Share Plan (LTIP) continued

Vesting periods

Performance shares

Performance shares will vest on the third anniversary of their award, to the extent that the company has met specified performance criteria over the period. The value per share that vests is the full value of the share on the vesting date (there is no strike price) and the number of shares vesting will depend on the company's performance relative to specified performance conditions measured over a three-year period.

Restricted shares

Restricted shares are subject to continued tenure for three years after they are granted.

SARs

They will be available to 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 lapse. Vesting will depend on the company's performance relative to specified performance conditions measured over a three, four and five-year period, respectively.

Dilution

In terms of the rules of the Tiger Brands Phantom Cash Option Scheme, at any point, the aggregate number of phantom shares relating to 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 2016, the aggregate number of all outstanding options under the scheme represented 0,18% (2015: 0,36%) of the company's total issued share capital.

The maximum aggregate number of shares that may be acquired by participants under the LTIP and any other share plan may not exceed 5,5 million shares; and for any one participant 550 000 shares. In determining these limits, shares acquired through the JSE and transferred to participants are not considered. As at 30 September 2016, actual shares that may be acquired by participants under the LTIP is, in aggregate, 1 515 298 shares (2015: 1 824 026).

Changes for FY17

The review of our LTI plan confirmed that the instruments used and the quantum and performance conditions applied to awards are in line with best practice, but that it is unusual to make annual awards based on all the instruments described above. This leads to a complex set of awards that is challenging for both participants and investors to understand and appreciate. It has thus been decided that the 2017 award will comprise restricted shares and share appreciation rights, although the number awarded will be calibrated so that the total expected value will be similar to awards in prior years. The co-investment plan, with matching shares used to reward voluntary deferral of the STI into company shares, will also be retained. In line with leading practice, the company will introduce a minimum shareholding policy, where senior executives are expected to build up their personal shareholding in the company to a minimum level of 150% of TRP (for the CEO) and 100% of TRP for other executive committee members. Executives have six years to build up these holdings and may use a portion of their STI or any vesting LTIs, or their own resources, to acquire these shares.

Remuneration report continued

BEE schemes

Three members of the Tiger Brands executive committee also participate in one or both of the company's black manager empowerment schemes.

The Tiger Brands Black Managers Trust (BMT I) was established in 2005 as part of the company's phase I staff empowerment transaction. In terms of this, allocating participation rights to black managers entitles them to receive the underlying Tiger Brands 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, ie from 1 January 2015. However, for all shares allocated after 31 July 2010, the lock-in date varies depending on the date of allocation.

The Tiger Brands Black Managers Trust II (BMT II) was established as part of our phase II empowerment transaction implemented in 2009. In terms of this, allocating participation rights to black managers entitles them to receive a specified number of Tiger Brands shares from 31 December 2017 (after Tiger Brands has exercised its right to repurchase a certain number of shares from BMT II under an agreed repurchase formula).

Retirement benefits

During the year, the group contributed 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 13,2% (2015: 15,7%) of gross pensionable remuneration. The cost of these contributions is a component of directors' TRPs. The two prescribed officers are also members of this umbrella retirement scheme.

In addition, seven 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 16,4% (2015: 16,5%) of gross pensionable remuneration to the provident fund for retirement funding.

Details of contributions in the review period on behalf of executive directors, prescribed officers and other members of the executive committee appear in Annexure C 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 value of other benefits paid is set out in Annexure C 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 three members.

Contractual entitlements on terminating employment include, for those 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 period and the necessary individual performance agreement being in place at the date of exit. This pro rata incentive payment is subject to the employee being in service for a minimum of three months in that financial year. No pro rata bonus is paid for employees who leave for other reasons.

The termination rules for options issued under the Tiger Brands Limited 2013 Share Plan are on page 99.

External 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 committees of external companies. We believe this policy encourages our executives to broaden their skills base and experience. Under our formal policy, an executive member is limited to one substantive outside directorship. The chairman of Tiger Brands, as chairman of the nominations committee, and the chairman of the remuneration committee, are required to authorise these appointments 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. Tiger Brands currently has no executive committee members serving as non-executive directors on the main boards of external companies.



Vesting of SARs and full-value shares on terminating 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 LTIP depends on the reasons for termination. The group's termination rules are aligned with recommendations in King III. In summary, the principles applied for units awarded under the LTIP include:

Type of termination	Definition/treatment
No-fault termination	<p>No-fault termination is defined as terminating the employment of a participant by the company or applicable employer company by reason of:</p> <ul style="list-style-type: none"> • Death • Injury, disability or ill health • Dismissal based on operational requirements as contemplated in the Labour Relations Act No 66 of 1995 • Retirement on or after the normal retirement date • Voluntary early retirement under the rules of the retirement plan of which the participant is a member • The relevant employer company ceasing to be a member of the Tiger Brands group • Mutual agreement between the company and participant • The undertaking in which the participant is employed being transferred to an entity that is not a member of Tiger Brands. <p>Under the circumstances above, 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 reasons for termination, a participant may retain all units or only a pro rata portion. Accelerated vesting and settlement of retained units may apply in certain circumstances.</p>
Fault termination	<ul style="list-style-type: none"> • A fault termination is defined as terminating the employment of a participant by reason of: <ul style="list-style-type: none"> – Dismissal for misconduct or poor performance or resignation by the participant. If employment is terminated on a fault basis, the units will be cancelled.

Non-executive directors

Appointment and contractual arrangements

Non-executive directors are appointed to the board of Tiger Brands in line with the policy and procedures for appointments which are formal, transparent and a matter for the board as a whole, assisted by the nominations committee. In terms of the company's memorandum of incorporation, no directors have fixed-term appointments. Executive directors are subject to standard terms and conditions of employment and 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 be subject to election at the first annual general meeting following the appointment. Directors are subject to retirement every three years.

There are no contractual arrangements for compensation due to loss of office. Non-executive directors do not receive short-term incentives or participate in any long-term incentive plan.

Fees and approval process

Non-executive directors are paid a retainer that reflects their overall contribution and input to the company, and not just their attendance at board and committee meetings. The chairman and deputy chairman do not receive any additional remuneration for participating in committees of the board. Consistent non-attendance at meetings will be appropriately handled as part of the company's board evaluation process.

In addition to standard fees, non-executive directors are currently paid R19 005 for each special meeting of the board and R3 780 per hour for any additional work they

undertake, provided that payment for this work is approved by the remuneration and nominations committees and chief executive officer.

In determining fees payable to non-executive directors, market benchmarks for similar-sized companies are considered in a benchmarking exercise every two years. Fees payable to non-executive directors are considered by the board and approved by shareholders at the annual general meeting. Fee proposals are prepared by the executive committee for consideration by the remuneration and nominations committees, after which a final recommendation is made to the board for its consideration before being presented to shareholders for approval. Non-executive directors who perform services outside the scope of their ordinary duties may receive additional remuneration, with a reasonable maximum fixed by a disinterested quorum of directors.

Shareholder approval will be sought for increasing non-executive directors' fees, including fees paid for attending special board meetings and additional work undertaken. Details of the proposed increases appear in the notice of AGM of shareholders to be held on 21 February 2017.

Details of non-executive directors' fees paid in the review period appear in part 2 on page 101.

Non-binding advisory vote

The remuneration policy, as set out above, will be subject to approval by shareholders, by way of a non-binding advisory vote at the AGM of the company to be held on 21 February 2017.

Remuneration report continued

Part 2: Implementation of policies for the review period

Summary of remuneration activities/decisions during the year

- Appointment of the new CEO, with a special LTIP allocation and sign-on bonus awarded
- Retention bonuses were awarded to certain members of the executive team to ensure stability as we began the process of appointing a new CEO
- Retention share allocations were made to certain key employees considered critical to the business
- Review of the current short-term and long-term incentive schemes, with new proposals summarised in this remuneration report.

Percentage increase in TRP for FY16



Short-term incentive for exco FY2016

Name	STI December 2016	Percentage of TRP
LC Mac Dougall	512 500	6,25
NP Doyle	835 985	13,59
AG Kirk	646 494	15,00
CFH Vaux	709 050	15,00
NG Brimacombe	340 158	7,50

Directors' emoluments and share scheme allocations are detailed in Annexure C of the annual financial statements.



Non-executive directors' fees

Total emoluments to non-executive directors for the year ended 30 September 2016 were:

R000	Board	Investment	Audit	Risk and sustainability	Remuneration and nominations	Social, ethics and transformation	Special meetings	Total
AC Parker – chairman	1 638	–	–	–	–	–	145	1 783
MO Ajukwu	353	–	–	87	–	–	36	476
SL Botha	342	–	–	–	218	–	69	629
MJ Bowman	353	–	–	–	–	–	36	389
M Mankanjee	353	–	–	–	12	152	79	596
Dr KDK Mokhele	353	4	139	186	–	–	139	821
RD Nisbet	353	4	268	–	–	87	139	851
MP Nyama	353	–	–	–	109	76	58	596
BL Sibiya – deputy chairman	846	–	–	–	–	–	36	882
YGH Suleman	353	4	139	–	97	–	172	765
Total	5 297	12	546	273	436	315	909	7 788

Annual fees payable to non-executive directors for the period beginning 1 March 2016 were approved by shareholders on 16 February 2016.

A market review of non-executive directors' remuneration was undertaken in 2015 and this formed the basis for increases effective from 1 March 2016.

Interests of executive directors and prescribed officers in share capital

Executive directors and prescribed officers do not hold any interest in the share capital of the company.

Interests of directors and prescribed officers in BEE schemes

No executive directors or prescribed officers qualify for participation in either of the company's BEE schemes.

Outstanding LTI awards held by executive directors, prescribed officers and other members of the executive committee

A full analysis of the annual movement in phantom cash-settled options, performance shares, restricted shares and share appreciation rights held by executive directors, prescribed officers and other members of the executive committee is set out on pages 170 to 174 per Annexure C to the notes of the annual financial statements.

Risk management report

Effective risk management is fundamental to the business activities of Tiger Brands. By identifying and proactively addressing risks and opportunities, the group aims to generate sustained value for stakeholders while protecting its business operations, reputation and the well-being of its employees.

Tiger Brands recognises that risk in business is a complex and diverse concept and that there are many parts of the organisation working at managing risk exposures. Our intention is that these parts will work together in a consistent and integrated manner to manage and reduce risk appropriately. Ultimately, the function of risk management is to assist Tiger Brands in achieving its objectives and to ensure a safer, healthier work environment for employees while preserving assets and earnings for the benefit of stakeholders.

During the review period, our risk reporting process was revised to consolidate similar risks into broader categories that amplify the impact:

- **Intensifying competition** now relates to innovation, the relationship with retailers and our response to a changing competitive landscape
- The risk of inadequate **human resource management** is now a consolidation of management's ability to further mitigate against labour unrest, develop key talent and attract the appropriate resources to deliver against the group's strategy
- **Maintaining cost competitiveness** is addressed through appropriate procurement strategies as well as securing raw material supply
- **Business continuity** is a consolidation of IT systems failure, catastrophic loss to manufacturing facilities and the availability of water and electricity.

Risk velocity, which is the time taken for Tiger Brands to feel the impact of a risk after it materialises, has been introduced into the risk assessment process as an additional indicator for management to consider during risk management and mitigation.

Tiger Brands is currently reviewing its strategy. While risk management is integral to this process, the work-in-progress nature of the strategic review precludes linking specific risks

to strategic objectives in this report. In future reports, we will be able to disclose this detail, with metrics and targets for key risks.

Approach

Tiger Brands effectively identifies, manages and reports on risk across the organisation. Risk management activities are embedded in daily operations through processes, resources and structures. The group has adopted an enterprise-wide approach, meaning that every identified material risk is included in a structured and systematic process of risk management.

Risk appetite and tolerance

Risk appetite – the level of risk management is prepared to absorb before mitigating actions are implemented – has been determined by setting exposure limits at three tiers:

- **Tier 1:** any calculated risk exposure that requires no further management mitigation, ie does not present a catastrophic threat to Tiger Brands
- **Tier 2:** a threshold zone where any risk exposure that exceeds our risk appetite, but remains within the risk tolerance, may be acceptable but management must make a conscious decision about risk tolerance versus risk mitigation
- **Tier 3:** All risk exposure above our risk tolerance will be considered a significant risk and must be supported by a comprehensive mitigation plan and timeline for implementation.

Exposure limits are determined after assessing residual risk. The risk appetite and tolerance of the group is set by the risk and sustainability committee and approved by the board.



This process complements existing risk management processes and aims to ensure Tiger Brands effectively identifies, manages and reports on risk across all operations and all territories. The underlying reporting structure starts at site level and rolls up into the relevant business unit. After that, divisional consolidation among business units culminates in risk reporting at group level.

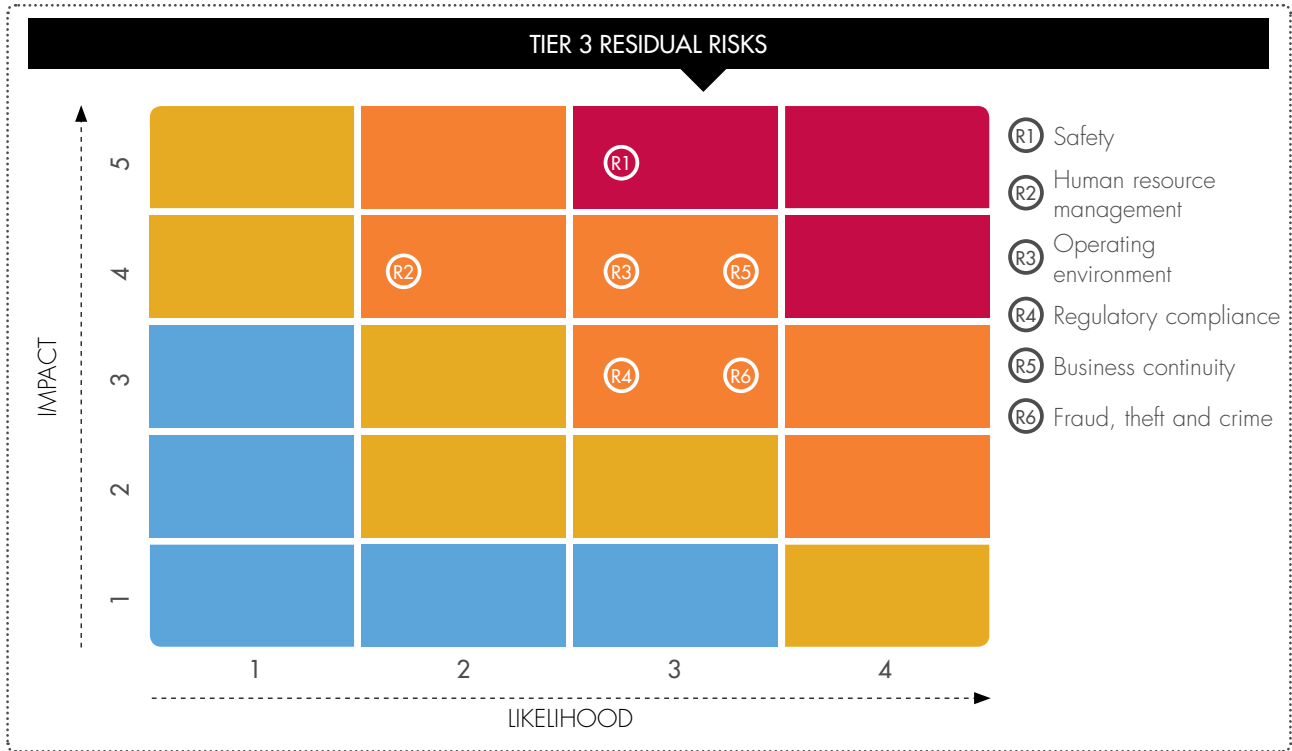
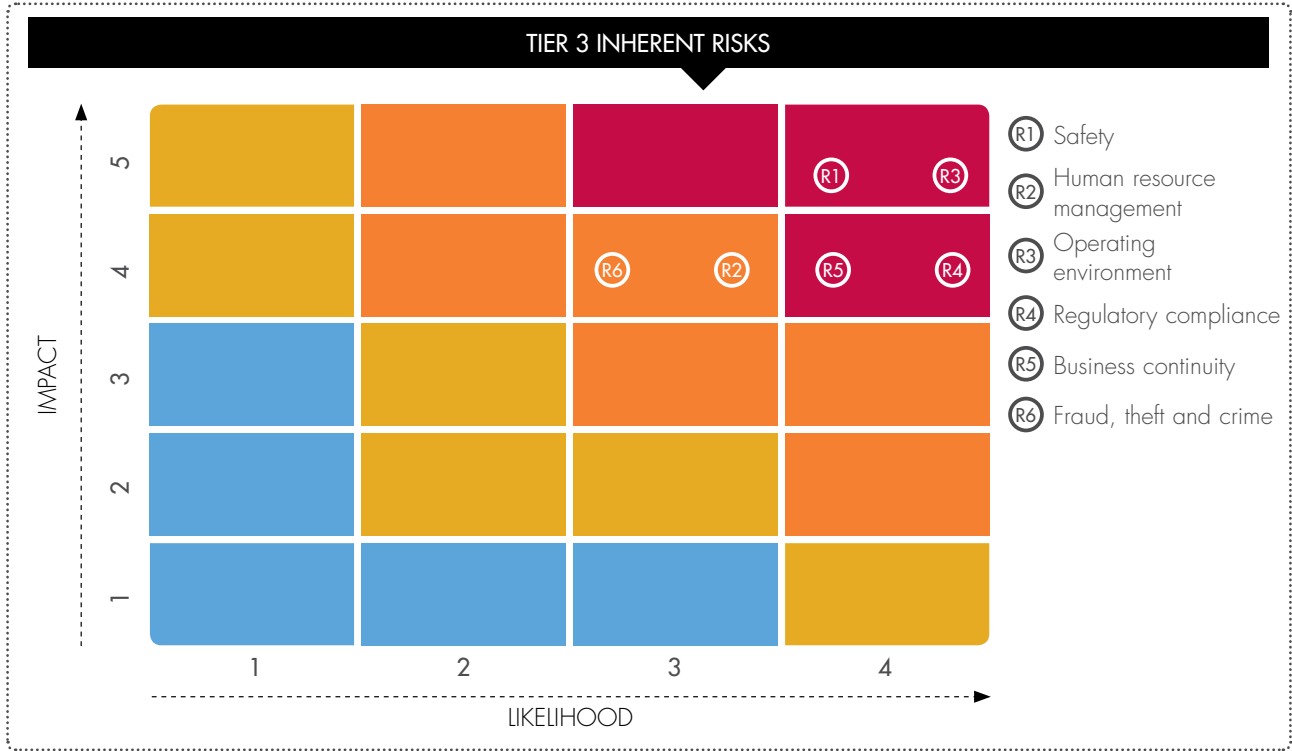
Governance

The board of directors is ultimately responsible for oversight of the group’s risk management processes. The risk and sustainability committee assists the board by ensuring that the risk management process complies with the relevant standards and governance requirements in all the group’s

operating territories. Divisional and business unit risk registers are updated quarterly and the risk and sustainability committee meets three times in the year.

Senior management in each division and business unit is responsible for managing risks in its area. Oversight of risk management at divisional level rests with the relevant executive committees.

To prioritise risks, each risk is evaluated in terms of likelihood and impact on an inherent (actual impact) and residual (after mitigating action) basis. The heat maps on the following page reflect the significant inherent and residual risks for Tiger Brands.





Significant risks

Significant risks are determined by analysing business unit risks, divisional risks and group risks. The score for each risk is determined by multiplying the likelihood of the risk occurring to the impact of the risk to Tiger Brands. A risk is regarded as significant when its score exceeds the risk tolerance set by the board. The following risks are regarded as significant to Tiger Brands:

Safety

Maintaining a safe working environment is non-negotiable as this supports our commitment to ensuring that the safety of our employees is a priority. Safety procedures aligned to the global OHSAS 18001 standard are embedded across all our manufacturing facilities, with restricted access controls at all production facilities. The nature of certain businesses increases the risk of safety to employees. Robust plans are in place to manage and further mitigate the risk to employee safety in the long term. The results of annual independent safety audits are used to inform the improvement plan for each site. Our health and safety performance for the review period is on pages 60 to 62.

Human resource management

Employees are at the centre of Tiger Brands' success, and our ability to effectively manage human capital is integral to the sustainability of our business. Failing to develop a high-performance culture by setting clear expectations, defining employees' roles, creating a trusting environment, and encouraging individual growth and development will have a detrimental effect on the group's performance in a dynamic environment. An enterprise-wide talent review is under way and employees with high potential are being identified by business unit and function. In addition, a management trainee scheme is being implemented to ensure the future supply of talent and more holistic and richer personal development plans for employees are in place. The group people strategy has been amended to address human resource-related risks on pages 56 to 59.

Operating environment

As outlined on pages 26 and 27, the operating environment remains challenging. In addition, volatility in the South African rand against major foreign currencies will impact raw material pricing and therefore input costs, which may not always be recovered through price increases. This

risk is managed under various strategies. Tiger Brands has a centralised procurement model to capitalise on economies of scale and efficiently manage the procurement of price-sensitive raw materials. Evaluating brand and product mix leads the decision-making process of all customer and marketing teams to ensure consumer needs based on prevailing trends and behaviour are continually addressed. Product innovation is another important driver for every brand and appropriate funding has been allocated to achieve this objective.

Regulatory compliance

Tiger Brands is committed to complying with all legislative and regulatory requirements. In South Africa, we are complying with new salt legislation (reducing the salt content in several foodstuffs) by making appropriate changes to internal processes. We will take a similar approach if the proposed sugar tax is legislated. Ongoing training programmes raise awareness about compliance and ensure guidance is continuously available to all staff. We have also established a governance forum to facilitate the process of adapting to the legal environment through policy implementation. This forum is attended by senior management from across the business, information technology, group legal and internal audit.

Business continuity

Loss of life, reputational damage and business performance can all be compromised by a catastrophic event or unplanned disruption. To manage this risk holistically and systematically, a formal business continuity management process is being piloted at our largest groceries manufacturing site, and will be rolled out across the group in FY17. Presently, we manage this risk with appropriate group insurance cover, reviewed annually, and disaster recovery plans that include replicating core business applications and services. Maintenance and support services agreements are in place with key vendors.

Risk, control and environmental audits are performed by an external specialist annually. The results of this review are used to improve business continuity planning and disaster recovery processes. Comprehensive preventative maintenance plans are in place and regularly reviewed at all manufacturing sites to ensure a continuous supply of product to consumers. Power-generating capacity has been

Risk management report continued

installed to cover key manufacturing processes where applicable, and exposure to the loss of power generation at all facilities is regularly reviewed both at site level and head office from a centralised perspective. Our energy and carbon emissions strategies are set out on pages 74 to 79.

Fraud, theft and crime

Fraud, theft and crime are realities of doing business. Following previous incidents, our internal controls have been reviewed and significantly improved to continuously guard against incidents of fraud and crime through employee awareness campaigns, strict access control enforcement at all our facilities, and working with the local police to assist in investigating syndicated crime. In addition, an anti-bribery and corruption policy has been implemented and employees are required to acknowledge compliance annually. The Tiger Brands ethics line is available to all employees, suppliers and customers to confidentially report unethical business practices without fear or victimisation. The ethics committee independently validates the effective finalisation of all reports. Fraud risk registers have been documented for each business unit. Key controls to mitigate fraud risks are identified, and where controls are assessed as inadequate, they have been improved. We have also invested in technology to manage and remediate access control violations.

Preparation of annual financial statements

The preparation of the annual financial statements for the year ended 30 September 2016, which appear on pages 33 to 37, 100 and 101 of the integrated annual report and pages 109, 110 to 186 of the annual financial statements, has been supervised by Noel Doyle, chief financial officer of Tiger Brands Limited.

Responsibility for annual financial statements

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

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

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

The annual financial statements, prepared in terms of International Financial Reporting Standards, are audited by our 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 2016, which appear on pages 33 to 37, 100 and 101 of the integrated annual report and pages 109, 110 to 186 of the annual financial statements, which are in agreement with the books of account at that date were approved by the board of directors on 22 November 2016 and signed on its behalf by:



André Parker
Chairman

22 November 2016



Lawrence Mac Dougall
Chief executive officer

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

22 November 2016

Report of the independent auditor

To the shareholders of Tiger Brands Limited

Report on the consolidated and separate financial statements

We have audited the consolidated and separate financial statements of Tiger Brands Limited set out on pages 35 and 36 (segment report), pages 110 to 186, which comprise the statements of financial position as at 30 September 2016, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate 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 2016, 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 2016, we have read the directors' report, 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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the *Government Gazette* Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Tiger Brands Limited for 13 years.

Ernst & Young Inc.

Ernst & Young Inc.

Director – Warren Kinnear
Registered Auditor
Chartered Accountant (SA)

102 Rivonia Road
Sandton
Johannesburg

22 November 2016

Statutory information

Authorised and issued share capital

Details of authorised and issued share capital are set out in note 22 on page 146 of the annual financial statements and in the statement of changes in equity on pages 116 to 118.

Share purchase and share option schemes

Tiger Brands (1985) Share Option Scheme

	2016	2015
Shares under option at the beginning of the year	–	106 600
Exercised and paid in full	–	(106 600)
Shares under option at the end of the year	–	–

Subsidiaries, associates and investments

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

Dividends

Details of dividends declared and paid during the year are outlined in note 12 to the annual financial statements.

Major shareholders

Details of the registered and beneficial shareholders of the company are outlined on page 187.

Directors

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

Resignations

31 December 2015	Peter Matlare
31 July 2016	Funke Ighodaro

Appointments

10 May 2016	Lawrence Mac Dougall
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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 11 and 12 of the integrated annual report.

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

Name of director	2016		2015	
	Direct number of shares	Indirect number of shares	Direct number of shares	Indirect number of shares
SL Botha	1 221	–	1 221	–

There were no changes to the direct and indirect beneficial interests of directors from 30 September 2016 to the date the integrated annual report was released.

American Depository Receipt facility

With effect from 9 September 1994, a sponsored American Depository Receipt (ADR) facility was established. This ADR facility is sponsored by the Bank of New York Mellon and details of the administrators are reflected under administration on page 190.

Special resolutions

Special resolutions were passed on 22 June 2016 relating to the adoption of the revised Memorandum of Incorporation (Moi) by subsidiary companies.

No special resolutions were passed during the year under review that would have affected the capital structure, borrowing powers or any other material matter that affects the understanding of the group 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 30 and 31 and Annexure E and F of the annual financial statements.

Insurance and risk management

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

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

Statements of comprehensive income

for the year ended 30 September 2016

COMPANY			GROUP		
2016	2015	(R'million)	Note	2016	2015
2 405,4	1 399,0	Profit for the year		3 321,7	942,0
(0,7)	(1,6)	Other comprehensive (loss)/income, net of tax		(86,9)	299,2
		Net (loss)/gain on hedge of net investment in foreign operation ¹		(42,9)	7,6
		Foreign currency translation (FCTR) adjustments ^{1, 2}		(147,7)	90,5
		Share of associates other comprehensive income and FCTR ¹		127,7	281,7
		Net (loss)/gain on cash flow hedges ¹		(45,6)	7,0
(0,7)	(1,6)	Net gain/(loss) on available-for-sale financial assets ^{1, 2}		15,7	(91,3)
		Remeasurement raised in terms of IAS 19R ³		(1,2)	(14,5)
		Tax effect	24	7,1	18,2
2 404,7	1 397,4	Total comprehensive income for the year, net of tax		3 234,8	1 241,2
		Attributable to:			
2 404,7	1 397,4	Owners of the parent		3 252,4	1 995,1
		Non-controlling interests		(17,6)	(753,9)
2 404,7	1 397,4			3 234,8	1 241,2

¹ Items that may be subsequently reclassified to profit or loss including the related tax effects.

² During the current year, R99,1 million (2015: Rnil) of the foreign currency translation reserve relating to TBCG, as well as R19,4 million (2015: R95,0 million) on the available-for-sale financial asset derecognised in terms of the Black Managers Trust Participation Rights Scheme were reclassified to profit or loss.

³ Comprises a net actuarial gain of R6,5 million (2015: net actuarial gain of R6,9 million) and unrecognised loss due to asset ceiling of R7,7 million (2015: R21,4 million).

Statements of financial position

at 30 September 2016

COMPANY				GROUP	
2016	2015	(R'million)	Notes/ Annexures	2016	2015
		ASSETS			
		Non-current assets			
		Property, plant and equipment	13	4 541,9	4 641,2
		Goodwill	14	2 098,6	2 239,1
		Intangible assets	14	1 841,9	1 993,9
2 931,5	2 931,5	Interest in subsidiary companies	A		
2 686,7	2 606,8	Amounts owed by subsidiaries	34		
4 033,1	3 872,9	Investments		4 904,8	4 312,3
1 388,7	1 388,7	Investments in associated companies	16	4 732,7	4 150,7
2 065,6	2 030,7	Other investments	17	168,9	158,2
578,8	453,5	Loans	18	3,2	3,4
17,2	18,1	Deferred taxation asset	19	42,6	50,5
830,2	645,3	Current assets		11 099,1	11 617,3
48,6	18,7	Inventories	20	5 769,8	5 670,0
499,5	499,5	Trade and other receivables	21	4 592,3	4 895,7
282,1	127,1	Amounts owed by subsidiaries	34		
		Cash and cash equivalents		737,0	1 051,6
10 498,7	10 074,6	Total assets		24 528,9	24 854,3
		EQUITY AND LIABILITIES			
9 821,0	9 214,0	Issued capital and reserves		15 547,6	13 830,1
148,5	148,5	Ordinary share capital and share premium	22	148,5	148,5
2 941,6	2 942,3	Non-distributable reserves		3 046,1	2 644,1
6 255,0	5 680,6	Accumulated profits		14 373,4	13 152,9
		Tiger Brands Limited shares held by subsidiary	23	(718,0)	(718,0)
		Tiger Brands Limited shares held by empowerment entities	23	(1 790,9)	(1 820,9)
475,9	442,6	Share-based payment reserve	29	488,5	423,5
		Non-controlling interests		486,3	(52,5)
9 821,0	9 214,0	Total equity		16 033,9	13 777,6
508,0	556,7	Non-current liabilities		1 988,8	2 059,2
		Deferred taxation liability	19	253,5	200,3
		Provision for post-retirement medical aid	31	666,0	643,1
51,0	98,5	Long-term borrowings	27	1 069,3	1 215,8
457,0	458,2	Amounts owed to subsidiaries	34		
169,7	303,9	Current liabilities		6 506,2	9 017,5
21,7	22,4	Trade and other payables	25	4 157,1	4 796,8
		Provisions	26	525,3	523,3
		Taxation		128,1	73,4
47,2	194,9	Short-term borrowings	27	1 695,7	3 624,0
100,8	86,6	Amounts owed to subsidiaries	34		
10 498,7	10 074,6	Total equity and liabilities		24 528,9	24 854,3



Statements of cash flows

for the year ended 30 September 2016

COMPANY				GROUP	
2016	2015 Restated*	(R'million)	Notes	2016	2015 Restated*
(0,6)	(5,1)	Cash operating profit/(loss)	A	4 836,8	4 396,4
8,4	8,7	Working capital changes	B	(604,0)	(811,6)
7,8	3,6	Cash generated from operations		4 232,8	3 584,8
127,6	136,0	Interest received and income from investments		26,7	17,1
(16,9)	(12,7)	Finance costs		(324,0)	(413,8)
2 116,9	1 916,2	Dividends received from associate companies and subsidiaries		406,4	326,0
201,7	173,9	Dividends received from empowerment entities			
(57,9)	(52,4)	Taxation paid	C	(1 107,4)	(1 158,8)
2 379,2	2 164,6	Cash available from operations		3 234,5	2 355,3
(1 831,0)	(1 785,6)	Dividends paid	D	(1 661,1)	(1 643,0)
548,2	379,0	Net cash inflow from operating activities		1 573,4	712,3
		Purchase of property, plant and equipment	E	(945,4)	(881,6)
		Net cash on disposal of subsidiary (refer note 35)		1 075,7	–
		Acquisition of business (refer note 36)		(69,7)	–
		Black Managers Trust (BMT) shares exercised		38,7	285,7
		Proceeds from disposal of property, plant and equipment		15,4	53,7
(193,4)	(116,5)	Decrease/(increase) in loans to subsidiaries, associates and others		0,2	–
–	(525,4)	Investment acquired		–	(525,4)
		Proceeds received on insurance claims		–	7,5
–	0,4	Proceeds received on empowerment available-for-sale financial assets		–	4,2
(193,4)	(641,5)	Net cash inflow/(outflow) from investing activities		114,9	(1 055,9)
354,8	(262,5)	Net cash inflow/(outflow) before financing activities		1 688,3	(343,6)
–	9,1	Proceeds from issue of share capital	F	–	9,1
(195,2)	–	Long and short-term borrowings repaid		(573,5)	(955,1)
–	110,5	Long and short-term borrowings raised		11,3	1 022,0
(195,2)	119,6	Net cash (outflow)/inflow from financing activities		(562,2)	76,0
159,6	(142,9)	Net increase/(decrease) in cash and cash equivalents		1 126,1	(267,6)
(4,6)	–	Effect of exchange rate changes		125,7	66,7
127,1	270,0	Cash and cash equivalents at the beginning of the year	G	(2 126,8)	(1 925,9)
282,1	127,1	Cash and cash equivalents at the end of the year	H	(875,0)	(2 126,8)

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash balances and loans of a funding nature previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

Notes to the cash flow statements

for the year ended 30 September 2016

COMPANY			GROUP	
2016	2015 Restated*	(R'million)	2016	2015 Restated*
		A Cash operating profit/(loss)		
(1,8)	4,6	Operating profit/(loss) before abnormal items and impairments – continuing operations	4 154,1	3 633,2
		<i>Add back:</i>		
		Depreciation	558,8	662,1
		Share-based payment expenses	88,9	29,2
		Provision for post-retirement medical aid	22,9	16,7
		Amortisation	11,9	23,8
		Loss on disposal of plant, equipment and vehicles	0,2	4,4
1,2	(9,7)	Other non-cash items	–	27,0
(0,6)	(5,1)	Cash operating profit/(loss)	4 836,8	4 396,4
		B Working capital changes		
		Increase in inventories	(518,7)	(917,9)
9,1	8,4	(Increase)/decrease in trade and other receivables	(282,0)	(77,4)
(0,7)	0,3	Increase/(decrease) in trade and other payables	196,7	183,7
8,4	8,7	Working capital changes	(604,0)	(811,6)
		C Taxation paid		
–	(1,8)	Amounts payable at the beginning of the year, net	(38,9)	(193,5)
(48,1)	(42,5)	Income statement charge – continuing operations	(1 220,6)	(977,3)
		Income statement charge – discontinued operation	–	(230,9)
0,9	(8,1)	Deferred tax	67,1	201,0
		Exchange rate difference and other non-cash items	11,5	3,0
(10,7)	–	Amounts payable/(receivable) at the end of the year, net	73,5	38,9
(57,9)	(52,4)	Total taxation paid	(1 107,4)	(1 158,8)

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash balances and loans of a funding nature previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.



COMPANY			GROUP		
2016	2015 Restated*	(R'million)	Note	2016	2015 Restated*
		D			
		Dividends paid			
(1 831,0)	(1 785,6)	Per statement of changes in equity		(1 629,9)	(1 574,6)
		Dividends paid to outside shareholders		(31,2)	(68,4)
(1 831,0)	(1 785,6)	Total dividends paid		(1 661,1)	(1 643,0)
		E			
		Purchase of property, plant, equipment			
		Replacement		(638,9)	(677,8)
		Expansion		(306,5)	(203,8)
				(945,4)	(881,6)
		F			
		Increase in shareholder funding			
–	9,1	Proceeds from issue of share capital		–	9,1
–	9,1			–	9,1
		G			
		Cash and cash equivalents at the beginning of the year			
127,1	270,0	Cash resources		1 051,6	1 160,3
–	–	Short-term borrowings regarded as cash and cash equivalents	27.5	(3 178,4)	(3 086,2)
127,1	270,0			(2 126,8)	(1 925,9)
		H			
		Cash and cash equivalents at the end of the year			
282,1	127,1	Cash resources		737,0	1 051,6
–	–	Short-term borrowings regarded as cash and cash equivalents	27.5	(1 612,0)	(3 178,4)
282,1	127,1			(875,0)	(2 126,8)

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash balances and loans of a funding nature previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

Statements of changes in equity

for the year ended 30 September 2016

(R'million)	Non-distributable reserves				
	Share capital and premium	Share of net earnings of associates	Other capital reserves ⁴	Cash flow hedge reserve	Available-for-sale reserve
GROUP					
Balance at 1 October 2014	139,4	1 483,4	(7,2)	8,4	151,6
<i>Profit for the year</i>	–	–	–	–	–
<i>Other comprehensive income for the year³</i>	–	–	–	7,0	(88,2)
Total comprehensive income	–	–	–	7,0	(88,2)
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 ¹	–	–	–	–	–
Balance at 30 September 2015	148,5	1 760,2	(3,9)	15,4	63,4
<i>Profit for the year</i>	–	–	–	–	–
<i>Other comprehensive income for the year^{2,3}</i>	–	–	–	(45,5)	10,6
Total comprehensive income	–	–	–	(45,5)	10,6
Disposal of subsidiary	–	–	–	–	–
Transfers between reserves	–	454,3	–	–	–
Share-based payment ⁵	–	–	–	–	–
Dividends on ordinary shares	–	–	–	–	–
Total dividends	–	–	–	–	–
Less: Dividends on empowerment shares	–	–	–	–	–
Sale of shares by empowerment entity ¹	–	–	–	–	–
Balance at 30 September 2016	148,5	2 214,5	(3,9)	(30,1)	74,0
Refer to note:	22	16			

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

² During the current period, R99,1 million of the FCTR relating to TBCG was reclassified to profit and loss.

³ The other comprehensive income for the FCTR includes the amounts related to the associates of R127,7 million (2015: R281,7 million).

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

⁵ Included in the movement of the share-based payment are options exercised amounting to R5,9 million (2015: Rnil).



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
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
358,9	(9,7)	-	-	268,0	31,2	299,2
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
809,0	13 152,9	(2 538,9)	423,5	13 830,1	(52,5)	13 777,6
-	3 305,6	-	-	3 305,6	16,1	3 321,7
(17,4)	(0,9)	-	-	(53,2)	(33,7)	(86,9)
(17,4)	3 304,7	-	-	3 252,4	(17,6)	3 234,8
-	-	-	-	-	587,6	587,6
-	(454,3)	-	-	-	-	-
-	-	-	65,0	65,0	-	65,0
-	(1 629,9)	-	-	(1 629,9)	(19,7)	(1 649,6)
-	(1 777,7)	-	-	(1 777,7)	(19,7)	(1 797,4)
-	147,8	-	-	147,8	-	147,8
-	-	30,0	-	30,0	(11,5)	18,5
791,6	14 373,4	(2 508,9)	488,5	15 547,6	486,3	16 033,9

23

29

Statements of changes in equity continued

for the year ended 30 September 2016

Non-distributable reserves

(R'million)	Share capital and premium	Non-distributable reserves	Other capital reserves	Cash flow hedge reserve	Available-for-sale reserve	Accumulated profits	Share-based payment reserve	Total attributable to owners of the parent
COMPANY								
Balance at 1 October 2014	139,4	2 918,6	19,3	–	6,0	6 067,2	398,3	9 548,8
<i>Profit for the year</i>						1 399,0		1 399,0
<i>Other comprehensive expense for the year</i>					(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
<i>Profit for the year</i>						2 405,4		2 405,4
<i>Other comprehensive income for the year</i>					(0,7)			(0,7)
Total comprehensive income	–	–	–	–	(0,7)	2 405,4	–	2 404,7
Issue of share capital and premium	–	–	–	–	–	–	–	–
Share-based payment	–	–	–	–	–	–	33,3	33,3
Dividends on ordinary shares	–	–	–	–	–	(1 831,0)	–	(1 831,0)
Balance at 30 September 2016	148,5	2 918,6	19,3	–	3,7	6 255,0	475,9	9 821,0

Notes to the financial statements

for the year ended 30 September 2016

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 2016 were authorised for issue in accordance with a resolution of the directors on 22 November 2016. 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 rand 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.

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

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

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

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

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.

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.

Notes to the financial statements continued

for the year ended 30 September 2016

Interest in group companies

Business combinations

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

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

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

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

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

Associates

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

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

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

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

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

Segment reporting

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

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

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

A number of segments comprising international entities are included in the portion of International (including Exports) 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. Expenditure incurred on major inspection and overhaul, or to replace an item, is accounted for as separate components if the recognition criteria are met.

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



The following useful lives have been estimated:

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

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

Goodwill and intangible assets

Goodwill

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

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

Intangible assets

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

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

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

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

The following useful lives have been estimated:

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

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

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

Research and development costs

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

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

During the period of development, the asset is tested annually for impairment. Following the initial recognition of the development costs, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete. The development costs are amortised over the period of expected future sales.

Derecognition of intangible assets

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

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

Notes to the financial statements continued

for the year ended 30 September 2016

Impairment of non-financial assets

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

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

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

Financial instruments

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

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

Classification

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

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

Available-for-sale financial assets

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

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

Loans and receivables

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

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

Financial liabilities at amortised cost

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

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

Fair value

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 33.

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 cyclicalities.

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

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

Loans and receivables

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

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

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

Derivative instruments

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

Hedge accounting

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

Fair value hedges

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

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

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

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

Notes to the financial statements continued

for the year ended 30 September 2016

Cash flow hedges

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

- A recognised asset or liability
- A highly probable forecast transaction
- The foreign currency risk in an unrecognised firm commitment.

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

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

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

Hedges of a net investment in a foreign operation

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

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- The right to receive the cash flows have expired
- The right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed
- The group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

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

Non-current assets held for sale and discontinued operations

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

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

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

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

Inventories

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

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

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

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



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

Provisions

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

Leases

Group as a lessee

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

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

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

Operating leases are those leases which do not fall within the scope of the definition of a finance lease. Operating lease rentals are charged against trading profit on a straightline 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 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.

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.

Abnormal items

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

Taxation

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

Normal tax – current

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

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

Notes to the financial statements continued

for the year ended 30 September 2016

Normal tax – deferred

Deferred tax is calculated on the liability method.

Deferred tax liabilities are recognised for taxable temporary differences except:

- Where the “initial recognition exception” applies
- In respect of outside temporary differences relating to subsidiaries, associates and joint arrangements.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future except:

- Where the “initial recognition exception” applies
- In respect of outside temporary differences relating to subsidiaries, associates and joint arrangements.

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.

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 rates based on current bond yields of appropriate terms, healthcare inflation costs and rates of increase in salary costs. Valuations of these obligations are carried out by independent qualified actuaries.

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

Share-based payments

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

Equity-settled and cash-settled share options

Equity-settled transactions

Under the scheme, executives and selected managers of Tiger Brands Limited and its subsidiaries 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 29.

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

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the

market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

Cash-settled transactions

The cost of cash-settled transactions such as the general employee share option plan portion is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted (see note 29). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

Accounting for BEE transactions

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

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

Treasury shares

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

Notes to the financial statements continued

for the year ended 30 September 2016

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.

Assessing control (direct and de facto) of associates

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

In making this assessment, the following factors are considered:

- The group's shareholding in the investee relative to other investors
- The relative size of and concentration of other shareholders

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

Detailed disclosures of non-controlling interests

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

Detailed disclosures of investment in associates

The group does have associate interests that are, in aggregate, material in the context of the group and accordingly detailed disclosure requirements in terms of IFRS 12 *Disclosure of Interests in Other Entities* is assessed on an annual basis. In determining whether or not any individual associate is material, the group considers a combination of the share of the individual associate interest in the operating income before impairments and abnormal items, other comprehensive income, headline earnings as well as total assets of the group. A 10% threshold is used to assess the above mentioned factors.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19.

IFRS 5

The group has applied judgement in assessing whether or not the EATBI business should be classified as held for sale. Given the terms and conditions attached to the deal, management has applied judgement in assessing IFRS 5 and concluding that the sale is not highly probable as defined at 30 September 2016. This is due to the uncertainty as to whether or not the sale will conclude within 12 months after the reporting period or the date of the announcement.

Estimates and assumptions

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



Outside basis adjustments

Judgement is applied in assessing the probability of the reversal of temporary differences on undeclared reserves of associates and subsidiaries within the foreseeable future and the group's ability to control the timing of the reversal.

Impairment assessment of goodwill, tangible and intangible assets

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

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

The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time.

Recoverable amount is calculated using the discounted cash flow valuation method when determining value in use. Key assumptions on which management has based its determination of recoverable amount include the weighted average cost of capital, projected revenues and gross margins. In addition, changes in economic factors, such as discount rates, could also impact this calculation. Further details are given in note 13 and note 14.

Residual values and useful lives of tangible and intangible assets

Residual values and useful lives of tangible and intangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future. Further details are given in note 13 and note 14.

Fair value of share allocations

In calculating the amount to be expensed as a share-based payment, the group was required to calculate the fair value of the equity instruments granted to participants. This fair

value was calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions (detailed in note 29).

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 30 and note 31.

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 32.

Net investment in foreign operations

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

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Notes to the financial statements continued

for the year ended 30 September 2016

Standards and interpretations not yet effective

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

Standard	Effective date*	Impact
IAS 1 <i>Disclosure Initiative</i> – Amendments to IAS 1	1 January 2016	These amendments are expected to impact the presentation and disclosure.
IAS 27 <i>Equity Method in Separate Financial Statements</i> – Amendments to IAS 27	1 January 2016	This amendment is not expected to impact the group.
AIP IFRS 7 <i>Financial Instruments: Disclosures</i> – Servicing contracts	1 January 2016	The amendments will have no impact on Tiger Brands as no servicing contracts are entered into.
AIP IFRS 7 <i>Financial Instruments: Disclosures</i> – 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 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> – Amendments to IAS 12	1 January 2016	These amendments are not expected to have any material impact to the group.
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	The group is currently assessing the impact and will adopt the new standard at the required effective date.
IFRS 9 <i>Financial Instruments</i>	1 January 2018	The group is currently assessing the impact and will adopt the new standard at the required effective date.
IFRS 16 <i>Leases</i>	1 January 2019	The group is currently assessing the impact and will adopt the new standard at the required effective date.

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

COMPANY			GROUP	
2016	2015	(R'million)	2016	2015 Restated [#]
	2	Revenue		
		Turnover	31 697,5	28 660,0
127,6	136,0	Interest received (refer note 8)	20,4	16,3
2 343,4	2 099,3	Investment income (refer note 9)	6,3	0,8
–	–	Rental income, fee income and other	13,3	13,0
2 471,0	2 235,3		31 737,5	28 690,1
	3	Turnover		
	3.1	Turnover comprises:		
		Non-South African turnover	5 386,4	4 920,0
		South African turnover	26 311,1	23 740,0
			31 697,5	28 660,0
	3.2	Turnover by major customer		
		Refer to the segmental analysis on pages 35 and 36 of the integrated annual report for details of the segmental split.		
		Customer 1	5 202,2	4 473,9
		Customer 2	3 563,9	3 089,1
		Customer 3	3 097,5	2 566,1
		Customer 4	2 884,5	2 317,3
		Customer 5	412,0	407,8
		All other customers	16 537,4	15 805,8
			31 697,5	28 660,0
		Customers 1 to 5 relate to domestic operations.		

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



COMPANY

GROUP

2016	2015 Restated*	(R'million)	2016	2015 Restated* #
		4		
		Operating income/(loss) before impairments and abnormal items		
		4.1		
		Operating income/(loss) has been determined after charging/(crediting):		
		External auditors' remuneration	34,5	31,0
		– Audit fees	29,8	27,2
		– Other fees and expenses	4,7	3,8
		Internal auditors' remuneration	14,0	10,8
		Depreciation	558,8	517,8
		– On buildings	61,0	55,0
		– On plant, equipment and vehicles	495,8	460,0
		– On capitalised leased assets	2,0	2,8
		Amortisation	11,9	23,8
		– On trademarks, licence agreements and other intangibles	11,4	19,2
		– On customer lists	0,5	4,6
		Operating lease charges	198,2	169,8
		– On land and buildings	71,2	60,3
		– On plant, equipment and vehicles	127,0	109,5
		Loss on disposal of plant, equipment and vehicles	0,2	1,1
		Research, development and related expenditure	15,6	23,6
		IFRS 2 charges	88,9	29,2
		– Cash settled	18,0	(60,9)
		– Equity settled, including BEE-related IFRS 2 expenses	70,9	90,1
		Staff costs	3 318,1	3 019,9
		Employer's contribution to retirement funding	243,3	217,7
		Employer's contribution to medical aid	90,9	88,2
5,7	(10,4)	Foreign exchange loss/(profit)	27,3	(63,5)
		4.2		
		Directors' emoluments		
		Executive directors		
		– Salaries and bonuses	18,8	18,2
		– Retirement, medical and other benefits	49,3	8,9
		Non-executive directors		
7,8	6,7	– Fees	7,8	6,7
7,8	6,7	Total directors' emoluments	75,9	33,8
		Less: Paid by subsidiaries	(68,1)	(27,1)
7,8	6,7	Emoluments paid by company	7,8	6,7
		<i>For more details refer to Annexure C.</i>		

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash balances and loans of a funding nature previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

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

Notes to the financial statements continued

for the year ended 30 September 2016

COMPANY

GROUP

2016	2015 Restated [^]	(R' million)	2016	2015 Restated ^{#^}
		5		
		Impairments		
-	-	Impairment of property, plant and equipment (refer note 15)	(34,8)	(39,8)
-	(678,8)	Impairment of intangible assets/investments (refer note 15)	(300,0)	(280,0)
-	(678,8)		(334,8)	(319,8)
		6		
		Abnormal items		
-	-	Profit/(loss) on disposal of property, plant and equipment	11,0	(7,3)
-	(69,5)	Write-off of other related assets	-	(72,9)
-	-	Profit on sale of empowerment available-for-sale financial assets	-	47,0
-	-	Insurance claim income	-	7,5
-	7,0	Historical statutory liabilities	-	7,0
1,2	(44,2)	Exchange rate translation of Mauritian loan	-	-
-	(0,2)	Other	-	-
1,2	(106,9)	Abnormal profit/(loss) before taxation	11,0	(18,7)
(0,3)	12,4	Income tax expense	(2,5)	(8,1)
0,9	(94,5)	Attributable to shareholders in Tiger Brands Limited	8,5	(26,8)

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

[^] Historically, impairments have been disclosed as part of total abnormal items on the face of the income statement with a supporting note specifying the respective detail. For better clarity, impairments are now disclosed separately on the face of the income statement, with the comparative information being restated accordingly.



COMPANY

GROUP

2016	2015 Restated*	(R'million)	2016	2015 Restated**
		7		
		Reclassification of foreign exchange profits and losses		
		All foreign exchange profits and losses relating to revaluation of foreign cash balances and loans of a funding nature have been accounted for as finance-related costs (refer note 8.3) and thus reclassified from operating income and into finance costs (retrospective application with comparatives restated to reflect the reclassification). The impact on the comparatives is as follows:		
		Operating income/(loss) after impairments and abnormal items		
	(771,1)	As previously reported		1 944,1
	-	Discontinued operation		1 763,6
	(10,0)	Reclassification to finance costs		(20,5)
	(781,1)	Restated operating income/(loss) after impairments and abnormal items after reclassification of finance costs from continuing operations		3 687,2
		8		
		Net (finance costs)/interest received		
(14,6)	(22,7)	8.1	(324,0)	(240,8)
		Interest paid		
(11,9)	(13,0)	Long-term borrowings	(21,7)	(50,2)
(2,7)	(9,7)	Bank and other short-term borrowings	(283,3)	(178,4)
-	-	Other – financial liabilities	(18,6)	(10,1)
-	-	Other – non-financial liabilities	(0,4)	(2,1)
127,6	136,0	8.2	20,4	16,3
		Interest received		
38,3	29,4	From subsidiary companies	-	-
89,3	106,6	From cash and cash equivalents	20,4	16,3
(2,3)	10,0	8.3	121,0	20,5
		Net foreign exchange profit/(loss)		
(2,3)	10,0	Profit/(loss) on cash balances and loans of a funding nature	121,0	20,5
110,7	123,3	Net (finance costs)/interest received	(182,6)	(204,0)
		9		
		Investment income		
2 141,7	1 925,4	From subsidiary companies and associate companies	-	-
201,7	173,9	From BEE empowerment entities	-	-
-	-	From other investments	6,3	0,8
2 343,4	2 099,3		6,3	0,8

* The comparatives have been restated for the retrospective reclassification relating to the treatment of foreign exchange profits and losses on foreign cash balances and loans of a funding nature previously included in operating income/(loss) and now reclassified to net finance costs. Refer to note 7 for further details.

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

Notes to the financial statements continued

for the year ended 30 September 2016

COMPANY

GROUP

2016	2015	(R'million)	2016	2015 Restated [#]
		10		
		Taxation		
31,4	37,8	10.1	1 046,1	1 057,4
16,1	13,1	South African current taxation	119,3	63,0
47,5	50,9		1 165,4	1 120,4
0,6	4,3	Deferred taxation – temporary differences	59,7	15,7
48,1	55,2		1 225,1	1 136,1
		Adjustments in respect of previous years		
(0,3)	(0,3)	– Current taxation	(4,9)	(129,6)
–	–	– Foreign taxation	–	7,5
–	–	– Deferred taxation	7,4	(30,9)
47,8	54,9		1 227,6	983,1
		Taxation on abnormal items and impairments		
–	–	– Current	(7,0)	8,8
0,3	(12,4)	– Deferred	–	(14,6)
48,1	42,5		1 220,6	977,3
		10.2		
		The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:		
%	%		%	%
2,0	2,9	Taxation for the year as a percentage of income before taxation	27,0	23,9
–	–	Impairment of goodwill and intangibles	(1,9)	(2,0)
26,7	38,9	Dividend income	–	–
(0,2)	(12,9)	Expenses and provisions not allowed for taxation	(1,0)	(1,4)
–	–	Non-recognition of other timing differences	(0,7)	–
–	–	Additional investment allowances	0,4	–
–	–	Prior year adjustments	(0,1)	4,0
(0,6)	(0,9)	Withholding taxes	(1,1)	(0,7)
–	–	Income from associates	5,3	4,1
–	–	Effect of differing rates of foreign taxes	(0,2)	(0,1)
0,1	–	Other sundry adjustments	0,3	0,2
28,0	28,0	Rate of South African company taxation	28,0	28,0
		(R'million)		
		Tax effect of losses available to reduce future taxable income	5,3	27,2
		10.3		
		Reconciliation of movement on deferred taxation		
		<i>Movement recognised in the income statement for the year</i>		
0,6	4,3	Current year charge	59,7	15,7
–	–	Adjustments in respect of previous years	7,4	(30,9)
0,3	(12,4)	Deferred tax on abnormal items	–	(14,6)
0,9	(8,1)		67,1	(29,8)
		<i>Movement per deferred tax accounts</i>		
0,9	(12,4)	Decrease/(increase) in deferred taxation asset	34,0	(27,5)
–	4,3	Increase/(decrease) in deferred taxation liability	33,1	(2,3)
0,9	(8,1)		67,1	(29,8)

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



GROUP

	2016	2015 Restated [#]
11 Calculation of weighted average number of shares for basic earnings per share and headline earnings per share purposes		
11.1 Opening balance of number of ordinary shares	181 743 110	181 621 510
Weighted number of ordinary shares – issued	–	85 180
Weighted number of shares held for BEE deal	(19 262 646)	(20 013 710)
Weighted average number of shares in issue	162 480 464	161 692 980
11.2 Weighted average number of shares in issue	162 480 464	161 692 980
Share options dilution	3 503 902	2 652 190
Adjusted number of ordinary shares for diluted earnings per share and diluted headline earnings per share purposes	165 984 366	164 345 170
	R'million	R'million
11.3 Headline earnings	3 456,1	2 887,0
– Continuing operations	3 461,3	3 381,0
– Discontinued operation	(5,2)	(494,0)
11.4 Headline earnings per share		
<i>Headline earnings per ordinary share (cents)</i>	2 127,1	1 785,5
– Continuing operations	2 130,3	2 091,0
– Discontinued operation	(3,2)	(305,5)
<i>Diluted headline earnings per ordinary share (cents)</i>	2 082,2	1 756,7
– Continuing operations	2 085,3	2 057,3
– Discontinued operation	(3,1)	(300,6)

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

11.5 Reconciliation between profit for the year and headline earnings

(R'million)	Gross	Taxation	Non-controlling interest	Net
2016				
<i>Continuing operations</i>				
Profit for the year attributable to owners of the parent				3 261,2
<i>Adjusted for:</i>				
Profit on disposal of property, plant and equipment	(10,8)	2,5	–	(8,3)
Impairment of intangible assets	300,0	–	–	300,0
Impairment of property, plant and equipment	34,8	(9,5)	–	25,3
Headline earnings adjustments – associates				
– Profit on sale of non-current assets	(116,9)	–	–	(116,9)
Headline earnings for the year	207,1	(7,0)	–	3 461,3
<i>Discontinued operation</i>				
Profit for the year attributable to owners of the parent				44,4
<i>Adjusted for:</i>				
Loss on disposal of property, plant and equipment	0,1	–	–	0,1
Profit on disposal of subsidiary	(49,7)	–	–	(49,7)
Headline earnings for the year	(49,6)	–	–	(5,2)

Notes to the financial statements continued

for the year ended 30 September 2016

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

11.5 Reconciliation between profit for the year and headline earnings continued

(R'million)	Gross	Taxation	Non-controlling interest	Net
2015 – restated#				
<i>Continuing operations</i>				
Profit for the year attributable to owners of the parent				3 121,4
<i>Adjusted for:</i>				
Loss on disposal of property, plant and equipment	11,7	(1,9)	–	9,8
Impairment of intangible assets	280,0	(10,4)	–	269,6
Impairment of property, plant and equipment	39,8	(3,5)	(3,4)	32,9
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	270,3	(5,8)	(4,9)	3 381,0
<i>Discontinued operation</i>				
Loss for the year attributable to owners of the parent				(1 394,3)
<i>Adjusted for:</i>				
Impairment of property, plant and equipment	1 371,1	–	(470,8)	900,3
Headline earnings for the year	1 371,1	–	(470,8)	(494,0)

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

COMPANY

GROUP

2016	2015	(R'million)	2016	2015
1 831,0	1 785,6	12 Dividends	1 629,9	1 574,6
–	1 148,3	12.1 Dividends on ordinary shares – paid	47,2	45,4
–	637,3	Dividend by empowerment trusts	–	980,6
1 148,6		Dividend No 140 of 611 cents per share	–	548,6
682,4		Dividend No 141 of 339 cents per share	992,6	
		Dividend No 142 of 611 cents per share	590,1	
		Dividend No 143 of 363 cents per share		
1065	950	12.2 Dividends per ordinary share (cents)	1065	950
–	339	Dividend No 141 – paid	–	339
–	611	Dividend No 142 – paid	–	611
363		Dividend No 143 – paid	363	
702		Dividend No 144 – declared 22 November 2016	702	



GROUP		Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised leased assets	Total
(R'million)						
13	Property, plant and equipment					
13.1	Movement of the group property, plant and equipment 2016					
	<i>Carrying value at the beginning of the year</i>					
	Cost	1 607,7	665,7	9 272,6	19,9	11 565,9
	Accumulated depreciation and impairment	(396,4)	(105,7)	(6 408,9)	(13,7)	(6 924,7)
	Net balance at the beginning of the year	1 211,3	560,0	2 863,7	6,2	4 641,2
	<i>Current year movements – cost</i>					
	Additions	74,5	1,7	869,2	–	945,4
	Acquisition of business (refer note 36)	30,0	–	22,0	–	52,0
	Disposals	(3,7)	–	(106,9)	–	(110,6)
	Disposal of TBCG	–	(481,8)	(2 729,1)	–	(3 210,9)
	Exchange rate adjustments	(35,1)	(2,9)	(78,8)	–	(116,8)
	Cost movements for current year	65,7	(483,0)	(2 023,6)	–	(2 440,9)
	<i>Current year movements – accumulated depreciation and impairment</i>					
	Depreciation	(51,9)	(9,1)	(495,8)	(2,0)	(558,8)
	Disposals	2,9	–	103,1	–	106,0
	Disposal of TBCG	–	62,0	2 733,9	–	2 795,9
	Impairment (refer note 15)	–	–	(34,8)	–	(34,8)
	Exchange rate adjustments	4,2	1,1	28,0	–	33,3
	Accumulated depreciation and impairment movement for current year	(44,8)	54,0	2 334,4	(2,0)	2 341,6
	<i>Carrying value at the end of the year</i>					
	Cost	1 673,4	182,7	7 249,0	19,9	9 125,0
	Accumulated depreciation and impairment	(441,2)	(51,7)	(4 074,5)	(15,7)	(4 583,1)
	Net balance at the end of the year	1 232,2	131,0	3 174,5	4,2	4 541,9

Notes to the financial statements continued

for the year ended 30 September 2016

GROUP		Freehold land and buildings	Leasehold land and buildings	Plant, vehicles and equipment	Capitalised leased assets	Total
(R'million)						
13	Property, plant and equipment continued					
13.1	Movement of the group property, plant and equipment <small>continued</small> 2015					
	<i>Carrying value at the beginning of the year</i>					
	Cost	1 521,1	625,9	9 000,7	28,4	11 176,1
	Accumulated depreciation and impairment	(355,7)	(105,2)	(4 830,2)	(17,4)	(5 308,5)
	Net balance at the beginning of the year	1 165,4	520,7	4 170,5	11,0	5 867,6
	<i>Current year movements – cost</i>					
	Additions	98,2	16,2	766,7	0,5	881,6
	Disposals	(11,8)	–	(156,0)	(6,4)	(174,2)
	Exchange rate adjustments	0,2	23,6	(338,8)	(2,6)	(317,6)
	Cost movements for current year	86,6	39,8	271,9	(8,5)	389,8
	<i>Current year movements – accumulated depreciation and impairment</i>					
	Depreciation	(48,7)	(15,3)	(595,3)	(2,8)	(662,1)
	Disposals	8,2	–	95,5	5,1	108,8
	Impairments	–	–	(1 410,9)	–	(1 410,9)
	Exchange rate adjustments	(0,2)	14,8	332,0	1,4	348,0
	Accumulated depreciation and impairment movement for current year	(40,7)	(0,5)	(1 578,7)	3,7	(1 616,2)
	<i>Carrying value at the end of the year</i>					
	Cost	1 607,7	665,7	9 272,6	19,9	11 565,9
	Accumulated depreciation and impairment	(396,4)	(105,7)	(6 408,9)	(13,7)	(6 924,7)
	Net balance at the end of the year	1 211,3	560,0	2 863,7	6,2	4 641,2

- 13.2 Land and buildings and plant and machinery having a book value of R96,4 million (2015: R1,2 billion) are mortgaged/pledged as security for long-term loans of R38,3 million (2015: R397,4 million) included in note 27.1 and capitalised finance leases of R3,2 million (2015: R5,2 million) as per note 27.3. Borrowing costs amounting to R5,3 million relating to plant was capitalised during the year (2015: Rnil).

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



GROUP					
(R'million)		Goodwill	Trademarks, licence agreements and other	Customer lists	Total
14	Goodwill and intangible assets				
14.1	Movement of group goodwill and intangible assets 2016				
	<i>Carrying value at the beginning of the year</i>				
	Cost	3 343,7	1 834,7	538,0	5 716,4
	Accumulated amortisation and impairment	(1 104,6)	(308,4)	(70,4)	(1 483,4)
	Net balance at the beginning of the year	2 239,1	1 526,3	467,6	4 233,0
	Current year movements – cost				
	Disposal of TBCG	(761,8)	(86,9)	–	(848,7)
	Acquisition of business (refer note 36)	10,4	6,0	4,5	20,9
	Exchange rate adjustments	(0,9)	(0,4)	(0,2)	(1,5)
	Cost movements for current year	(752,3)	(81,3)	4,3	(829,3)
	Current year movements – accumulated amortisation and impairment				
	Disposal of TBCG	761,8	86,9	–	848,7
	Amortisation	–	(11,4)	(0,5)	(11,9)
	Impairment (refer note 15)	(150,0)	(150,0)	–	(300,0)
	Exchange rate adjustments	–	–	–	–
	Accumulated amortisation and impairment movement for current year	611,8	(74,5)	(0,5)	536,8
	<i>Carrying value at the end of the year</i>				
	Cost	2 591,4	1 753,4	542,3	4 887,1
	Accumulated amortisation and impairment	(492,8)	(382,9)	(70,9)	(946,6)
	Net balance at the end of the year	2 098,6	1 370,5	471,4	3 940,5
	2015				
	<i>Carrying value at the beginning of the year</i>				
	Cost	3 337,1	1 831,2	538,0	5 706,3
	Accumulated amortisation and impairment	(925,9)	(236,8)	(16,9)	(1 179,6)
	Net balance at the beginning of the year	2 411,2	1 594,4	521,1	4 526,7
	Current year movements – cost				
	Exchange rate adjustments	6,6	3,5	–	10,1
	Cost movements for current year	6,6	3,5	–	10,1
	Current year movements – accumulated amortisation and impairment				
	Amortisation	–	(19,2)	(4,6)	(23,8)
	Impairment	(178,7)	(52,4)	(48,9)	(280,0)
	Exchange rate adjustments	–	–	–	–
	Accumulated amortisation and impairment movement for current year	(178,7)	(71,6)	(53,5)	(303,8)
	<i>Carrying value at the end of the year</i>				
	Cost	3 343,7	1 834,7	538,0	5 716,4
	Accumulated amortisation and impairment	(1 104,6)	(308,4)	(70,4)	(1 483,4)
	Net balance at the end of the year	2 239,1	1 526,3	467,6	4 233,0

Notes to the financial statements continued

for the year ended 30 September 2016

14 Goodwill and intangible assets continued

Trademarks comprise well-established and growing brands, except for trademarks with a carrying value of R194,0 million (2015: R195,0 million) which are amortised, the brand portfolio is considered to have indefinite useful lives and is therefore not amortised. Refer to the accounting policies for further details on amortisation.

(R'million)	Goodwill		Indefinite useful life intangible assets	
	2016	2015	2016	2015
14.2 The carrying value is allocated to cash-generating units as follows:				
Exports	1 056,6	1 056,6	473,8	473,8
Central Africa	32,2	32,6	45,3	45,3
East Africa	25,7	26,2	–	–
Beverages	580,5	580,5	194,6	194,6
Snacks & Treats	–	–	119,6	119,6
Groceries	72,3	72,3	729,9	729,9
Value Added Meat Products	16,4	6,0	–	–
HPCB	314,9	464,9	74,1	224,1
	2 098,6	2 239,1	1 637,3	1 787,3

15 Impairment testing of non-financial assets

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

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

15.1 Methods and assumptions

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

These cash flows have been based on the approved budget for the 2017 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% (2015: 1%); however, it is dependent on the industry and maturity of the cash-generating unit.

15.2 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 17,0% (2015: 11,5% and 19,7%).

15.3 Growth rates

In determining the growth rate, consideration is given to the growth potential of the respective CGU. As part of this assessment, a prudent outlook is adopted that mirrors an inflationary increase in line with the consumer price index and real growth expected within the specific market. Based on these factors, the nominal price growth rates applied for the purposes of the impairment testing ranges between 6% and 9%. Volume growth assumptions are based on management's best estimates of known strategies and future plans to grow the business. The terminal growth rate applied was 1% (2015: 1% and 8%).

15 Impairment testing of non-financial assets continued

15.4 Specific impairments in the current year

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

(R'million)	2016	2015
HPCB – Goodwill and indefinite life intangible assets*	(300,0)	(29,6)
Grains – Property, plant and equipment**	(22,8)	(22,4)
Consumer Brands – Property, plant and equipment**	(12,0)	–
Nigeria – DFM property, plant and equipment	–	(1 371,1)
Nigeria – Deli Foods goodwill and intangible assets	–	(250,4)
Nigeria – Deli property, plant and equipment	–	(11,8)
International operations – Eastern Africa property, plant and equipment	–	(5,6)
Total	(334,8)	(1 690,9)

* This impairment was recognised as a result of the annual impairment assessment performed on goodwill and indefinite useful life intangible assets. These assets relate to the Personal care category where growth in the current year slowed, reflecting the pressure on consumer income exacerbated by competitors investing aggressively in pricing strategies and brand support. Given this, the specific goodwill and intangible assets were written down to their total recoverable amount of R213,4 million (R158,4 million for goodwill and R55,0 million on indefinite life intangible assets), being their value in use.

** As a result of the ongoing portfolio analysis and category optimisation processes, these assets were fully impaired down to a recoverable amount of Rnil, being their value in use. This is also representative of fair value less cost to sell given the nature of these assets.

The impairments recognised in the prior year within the TBCG business arose as a result of the annual impairment assessments performed on goodwill and other intangible assets. These related impairments arose mainly as a result of macro-economic factors as well as a decline in volumes within the respective segments. Furthermore, the carrying value of the company's investment in TBCG had also been evaluated and an impairment of R678,8 million was recognised at a company level in the prior year.

15.5 Changes in key assumptions

The determined value in use of each CGU 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			GROUP	
2016	2015	(R'million)	2016	2015
		16 Investments in associated companies		
		16.1 (For more detail refer Annexure B)		
967,6	967,6	Listed, at cost	1 472,1	1 472,1
421,1	421,1	Unlisted, at cost less amounts written off	1 005,8	1 005,8
		Share of accumulated other comprehensive income	409,4	281,7
		Share of accumulated profits since acquisition	1 845,4	1 391,1
1 388,7	1 388,7		4 732,7	4 150,7
6 598,4	6 570,6	Fair value of listed investments	6 598,4	6 570,6
		The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
		Revenue (100%)	30 164,0	23 408,0
		Turnover (100%)	29 573,6	23 397,4
		Profit for the year (100%)	2 425,2	1 662,3

Notes to the financial statements continued

for the year ended 30 September 2016

16 Investments in associated companies continued

16.2 Reconciliation of associates income

(R'million)	Oceana	Empresas Carozzi	UAC Foods	National Foods Holdings Limited	Total
2016					
Profit attributable to ordinary shareholders of Tiger Brands before abnormal items	402,1	233,1	29,2	79,4	743,8
Abnormal items	47,2	69,2	–	0,5	116,9
Profit attributable to ordinary shareholders of Tiger Brands	449,3	302,3	29,2	79,9	860,7
Less: Total dividends					(406,4)
Total share of associated companies' income less dividends received					454,3
2015					
Profit attributable to ordinary shareholders of Tiger Brands before abnormal items	308,7	207,1	32,7	56,6	605,1
Abnormal items	0,7	–	–	(3,0)	(2,3)
Profit attributable to ordinary shareholders of Tiger Brands	309,4	207,1	32,7	53,6	602,8
Less: Total dividends					(326,0)
Total share of associated companies' income less dividends received					276,8

16.3 The annual assessment of the criteria as noted in the accounting policies resulted in Oceana Fishing Limited being concluded as a material associate of Tiger Brands for the current year and thus further disclosure relating to the associate is noted in Annexure B.



COMPANY			GROUP	
2016	2015	(R'million)	2016	2015
		17 Other investments		
		Listed, at fair value*	107,0	102,2
6,4	4,7	Unlisted, at fair value	8,5	6,9
		Employer controlled reserve invested by pension fund on behalf of Tiger Brands Limited		
		– Defined contribution	2,3	2,1
		– Defined benefit (refer note 30)	51,1	47,0
1 610,4	1 610,4	BEE Phase II empowerment entities preference shares (SPVs)		
448,8	415,6	Notional investment in subsidiary companies in terms of IFRS 2		
		* Listed investments include Adcock Ingram Holdings Limited, Spar Limited and JSE Limited.		
2 065,6	2 030,7		168,9	158,2
		18 Loans		
		Loans to empowerment entities (refer note 18.1)		
485,2	378,5	– Tiger Brands Foundation (SPV)		
91,3	72,9	– Thusani II (SPV)		
2,3	2,1	Other	3,2	3,4
578,8	453,5		3,2	3,4
		18.1 Loans to empowerment entities (SPVs)		
		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 note 17). Preference dividends are calculated based on 93,5% of the prime interest rate prevailing from time to time.		
		19 Deferred taxation		
		19.1 Reconciliation of deferred taxation		
18,1	10,0	Balance at the beginning of the year	(149,8)	27,8
		Adjustment in respect of currency profits/ (losses) taken directly to non-distributable reserves	12,0	(4,3)
		Fair value adjustments – investments	(5,1)	(0,5)
		Adjustment taken directly to retained income	–	5,5
		IAS 19 adjustments taken to other comprehensive income	0,3	4,8
		Exchange rate translation reserve	(1,1)	1,3
(0,9)	8,1	Income statement movement – continuing operations	(67,1)	(201,0)
		Adjustment in respect of currency (losses)/ profits taken directly to other comprehensive income	(0,1)	12,4
		Adjustment in respect of disposal of investment in Adcock Ingram Holdings Limited	–	4,2
17,2	18,1	Balance at the end of the year	(210,9)	(149,8)



COMPANY

GROUP

2016	2015	(R' million)	2016	2015
		21 Trade and other receivables continued		
		21.2 Impairment provisions		
		Balance at the beginning of the year	(555,1)	(479,5)
		Utilised during the year	22,3	–
		Reversed during the year*	481,5	6,8
		Raised during the year	(21,7)	(82,4)
		Balance at the end of the year	(73,0)	(555,1)
		<i>*R468,1 million of the total movement from 2015 relates to the disposal of TBCG.</i>		
		21.3 Past due analysis		
		As at 30 September, the ageing of trade receivables was as follows:		
		Not past due	3 559,1	2 898,8
		Past due		
		Current to 60 days	367,6	912,0
		61 to 90 days	17,6	112,7
		91 to 180 days	37,4	39,3
		> 180 days	15,0	496,3
		Total	3 996,7	4 459,1
		As at 30 September, the ageing of other receivables, excluding tax receivable and prepayments, was as follows:		
		Not past due	474,3	344,2
		Past due		
		Current to 60 days	27,5	117,7
		61 to 90 days	0,2	336,6
		91 to 180 days	1,5	27,7
		> 180 days	5,1	–
37,9	18,7	Total	508,6	826,2
		21.4 Trade receivable analysis		
		Industry spread of trade receivables:		
		Retail	2 060,4	1 789,2
		Wholesale/distributors	1 229,4	1 877,9
		Export	644,6	729,5
		Other	62,3	62,5
		Total	3 996,7	4 459,1
		Geographical spread of trade receivables:		
		South Africa	3 141,0	2 791,2
		Rest of Africa	706,4	1 499,6
		Europe	35,0	61,1
		Rest of the world	114,3	107,2
		Total	3 996,7	4 459,1
		21.5 Collateral held		
		Fair value of collateral held	19,1	13,5
		Collateral held represents hawker deposits which may be applied against accounts which are in default.		

Notes to the financial statements continued

for the year ended 30 September 2016

COMPANY

GROUP

2016	2015	(R'million)	2016	2015
		22 Share capital		
		22.1 Authorised share capital		
		250 000 000 (2015: 250 000 000) ordinary shares of 10 cents each		
19,2	19,2	22.2 Issued share capital	19,2	19,2
19,2	19,2	192 069 868 (2015: 192 069 868) ordinary shares of 10 cents each	19,2	19,2
129,3	129,3	22.3 Share premium	129,3	129,3
129,3	120,2	Balance at the beginning of the year	129,3	120,2
-	9,1	Issues of shares	-	9,1
148,5	148,5		148,5	148,5
53 926 059	53 926 059	23 Unissued shares	53 926 059	53 926 059
		23.1 Tiger Brands Limited shares held by subsidiary		
		10 326 758 (2015: 10 326 758) shares are held as treasury stock.		
		23.2 Tiger Brands Limited shares held by empowerment entities		
		18 994 458 (2015: 19 161 698) shares are owned by empowerment entities.		
		23.3 Number of shares under the control of the directors for purposes of the Tiger Brands (1985) Share Purchase Scheme and the Tiger Brands (1985) Share Option Scheme		
4 004 073	4 004 073		4 004 073	4 004 073
		24 Tax effect of other comprehensive income		
		The tax effect of the items reflected in the statement of comprehensive income is as follows:		
		Net loss/(gain) on hedge of net investment in foreign operations ¹	12,0	(2,1)
		Foreign currency translation adjustments ¹	(0,2)	12,4
		Net loss/(gain) on cash flow hedges ¹	0,1	-
		Net (gain)/loss on available-for-sale financial assets ¹	(5,1)	3,1
		Remeasurement raised in terms of IAS 19R	0,3	4,8
			7,1	18,2
		¹ Items that may be subsequently reclassified to profit and loss. During the current year, R10,3 million (2015: R7,0 million) was reclassified to profit or loss.		



COMPANY

GROUP

2016	2015	(R' million)	2016	2015
		25		
		Trade and other payables		
		Trade payables	2 291,3	2 176,3
		Rebates and incentives	713,6	628,8
		Accruals	507,1	745,9
		VAT payable	177,9	185,1
21,7	22,4	Other creditors	464,1	1 058,0
		Defined benefit pension fund liability (refer note 30)	3,1	2,7
21,7	22,4		4 157,1	4 796,8
		Trade payables are non-interest-bearing and are normally settled within 30 to 45-day terms. Included within trade payables is derivative liabilities of R29,1 million (2015: R9,2 million) which are carried at fair value. Refer to note 33.7 for further details.		

26 Provisions

(R' million)

2016

Balance at the beginning of the year

Arising during the year

Utilised during the year

Balance at the end of the year

2015

Balance at the beginning of the year

Arising during the year

Utilised during the year

Balance at the end of the year

Leave pay

Other

Total

324,3

199,0

523,3

179,9

129,4

309,3

(171,8)

(135,5)

(307,3)

332,4

192,9

525,3

307,9

356,7

664,6

146,9

437,8

584,7

(130,5)

(595,5)

(726,0)

324,3

199,0

523,3

Leave pay is provided on accumulated leave balances at year end based on expected settlement amounts. Included in other is a provision for cash-settled share-based payments of R44,8 million (2015: R64,2 million). Other provisions include employee-related benefits of R104,8 million (2015: R141,0 million).

Notes to the financial statements continued

for the year ended 30 September 2016

COMPANY

GROUP

2016	2015	(R'million)	2016	2015
		27 Borrowings		
		In terms of the company's articles of association the group's borrowings are unlimited. The secured and unsecured loans are all at floating rates unless otherwise mentioned.		
		27.1 Secured loans		
		Interest rate	Year of repayment	Denomination
98,2	142,3	9,5% per annum	2017	Ethiopian birr
		6,9% per annum	2017	South African rand
98,2	142,3	6,8% per annum	2018	CAF franc
		7,0% per annum	2018	Nigerian naira
		12,0% per annum	2020	Kenyan shilling
		0% per annum	2056	Ethiopian birr
		4,0% per annum	2016	Euro
		16,0% per annum	2016	Nigerian naira
		17,0% per annum	2016	Nigerian naira
		16,5% per annum	2016	Nigerian naira
		7,0% per annum	2021	Nigerian naira
		16,0% per annum	2017	Nigerian naira
		Analysis of secured loans by nature of security:		
98,2	142,3	Pledge of shares (Chocolaterie Confiserie Camerounaise, note 32)	98,2	142,3
		Property, plant and equipment	38,3	397,4
		Put option against Tiger Brands	13,3	73,6
98,2	142,3		149,8	613,3
		27.2 Unsecured loans		
		Refer also to notes 13 and 33 for details of security.		
		Interest rate	Year of repayment	Denomination
		8,1% per annum	**	South African rand
		14,5% per annum	2016	Kenyan shilling
		8,0% per annum	2016	Nigerian naira
		** Repayable on a 13-month notice period.		
		27.3 Capitalised finance leases	3,2	5,2
		Repayment during the next year	2,2	2,1
		Repayments later than one year and no later than five years	1,0	3,1
		Refer to note 28.4.		
		Liabilities under capitalised finance leases bear interest at 9,5% (2015: 9,5%) per annum.		
		Capitalised finance leases relate to plant and equipment with a book value of R4,2 million (2015: R6,2 million) as per note 13.		
98,2	142,3		1 153,0	1 661,4



COMPANY

GROUP

2016	2015	(R'million)	2016	2015
		27.4 Instalments disclosed as:		
47,2	43,8	Short-term borrowings	83,7	445,6
51,0	98,5	Long-term borrowings	1 069,3	1 215,8
98,2	142,3		1 153,0	1 661,4
		27.5 Short-term borrowings		
47,2	194,9	Bank overdrafts	1 695,7	3 624,0
-	151,1	Current portion of long-term borrowings	1 612,0	3 178,4
47,2	43,8		83,7	445,6
		28 Group commitments		
		28.1 Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
		Contracted	92,0	148,5
		Approved	1 041,7	970,9
			1 133,7	1 119,4

28.2 Additional commitments

Additional capital requirements of R1,3 billion are expected to be approved in 2017.

The capital commitments noted above include various capital efficiency and expansion projects and will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.

28.3 Commitments in respect of operating leases

GROUP	Land and buildings	Motor vehicles	Property, plant and equipment	Total commitments
(R'million)				
2016				
During 2017	35,1	82,2	35,9	153,2
During 2018	19,0	66,5	3,6	89,1
During 2019	6,0	49,8	2,3	58,1
During 2020	-	33,4	1,7	35,1
During 2021 and thereafter	-	26,0	1,5	27,5
	60,1	257,9	45,0	363,0
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

With the exception of the lease described below, operating leases are generally three to six years in duration, without purchase options and in certain instances have escalation clauses of between 7,0% and 10,0% or are linked to the prime rate of interest or Consumer Price Index (CPI). Other contingent rentals are generally not applicable. One lease, relating to fruit processing equipment, has a remaining contract period of one year, contingent rental linked to tonnes of fruit processed and escalates based on the American CPI, amounts to R5,8 million (2015: R5,6 million).

Notes to the financial statements continued

for the year ended 30 September 2016

28 Group commitments continued

28.4 Commitments in respect of finance leases

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

GROUP (R'million)	2016		2015	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	2,7	2,2	2,6	2,1
After one year but not more than five years	1,0	1,0	3,4	3,1
Total minimum lease payments	3,7	3,2	6,0	5,2
Less: Amounts representing finance charges	(0,5)	–	(0,8)	–
Total	3,2	3,2	5,2	5,2

Please refer to note 27.3 for further details.

28.5 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.

28.6 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.

29 Share-based payment

The total expense recognised for employee services received during the year to 30 September 2016 is R88,9 million (2015: R29,2 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 shares option schemes amounted to R2,6 million, R18,0 million and R17,0 million (2015: R17,8 million, R18,1 million and R9,9 million) respectively. The remaining expense relates to the cost associated with the BMT I of R16,4 million and BMT II of R16,9 million (2015: R22,7 million and R21,6 million) respectively.

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



(R'million)	2016	2015
30 Pension obligations		
Movement in the net asset/(liability) recognised in the statement of financial position		
Balance at the beginning of the year	98,5	103,8
Contributions paid	243,3	228,1
Other movements (net expense in the income statement)	(239,1)	(218,9)
Interest cost	(26,2)	(26,2)
Current service cost	(246,1)	(227,7)
Interest on plan assets	35,1	33,9
Interest on limit	(1,9)	–
Settlement cost	–	1,1
Remeasurements recognised in other comprehensive income	2,4	(14,5)
Net actuarial gains released in terms of IAS 19R	10,1	6,9
Unrecognised due to paragraph 65 limit	(7,7)	(21,4)
Balance at the end of the year	105,1	98,5
The net asset is included in the statement of financial position as follows:		
Investments – refer note 17	51,1	47,0
Other receivables – refer note 21	57,1	54,2
Other payables – refer note 25	(3,1)	(2,7)
	105,1	98,5
Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure E.		
31 Post-retirement medical aid obligations		
Balance at the end of the year		
Present value of obligations	(666,0)	(643,1)
Liability at reporting date	(666,0)	(643,1)
Movement in the liability recognised in the statement of financial position:		
Balance at the beginning of the year	(643,1)	(626,4)
Contributions paid	41,1	38,4
Other expenses included in staff costs	(64,0)	(55,1)
Current service cost	(3,9)	(3,5)
Interest cost	(56,5)	(51,5)
Actuarial losses released in terms of IAS 19R	(3,6)	(0,1)
Balance at the end of the year	(666,0)	(643,1)

The employer's estimate of contributions expected to be paid for the 2017 financial year is R44,9 million (2016: R41,0 million).

Detailed disclosure and the respective assumptions and valuation inputs have been included in Annexure F.

Notes to the financial statements continued

for the year ended 30 September 2016

GROUP

(R'million)	2016	2015
32 Guarantees and contingent liabilities		
Guarantees and contingent liabilities	12,8	16,9

COMPANY

Guarantees exist against the company for the obligations of certain subsidiaries amounting to R3,5 million at 30 September 2016 (2015: R91,3 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 to note 27.1.

33 Financial instruments

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

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

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

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

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

33.1 Procurement risk (commodity price risk)

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

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

The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. The procurement of raw materials takes place in terms of specific mandates given by 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.

33 Financial instruments continued

33.1 Procurement risk (commodity price risk) continued

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

GROUP

(R'million)	Derivative contracts expiring within 0 – 3 months	
	Unrealised (profit)/loss at 30 September	Hedged value
2016		
Maize and wheat		
Futures	12,7	332,6
2015		
Maize and wheat		
Futures	(3,4)	128,1

Commodity price sensitivity analysis

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

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

GROUP

(R'million)	Profit/(loss) after tax	
	2016 (+10%)/-10%	2015 (+10%)/-10%
Milling and Baking	63,0	256,0
Other grains	137,0	126,8
Other*	76,1	46,7
Total	276,1	429,5

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

Commodity price sensitivity is not applicable to the company.

Notes to the financial statements continued

for the year ended 30 September 2016

33 Financial instruments continued

33.2 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, where this is viewed as part of one investment, 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 2016.

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

GROUP	South African rand	US dollar	Pound sterling	Euro	Nigerian naira	Other*	Total
(R'million)							
2016							
Financial assets							
Accounts receivable	4 013,1	148,8	10,7	17,4	13,2	334,5	4 537,7
Cash and cash equivalents	121,4	403,8	1,1	17,6	7,3	185,8	737,0
Financial liabilities							
Borrowings**	(2 628,4)	–	–	–	(3,8)	(132,8)	(2 765,0)
Accounts payable	(4 300,9)	(29,4)	(10,7)	(9,7)	(54,5)	(275,3)	(4 680,5)
2015							
Financial assets							
Accounts receivable	3 631,3	245,5	12,5	18,8	617,5	335,6	4 861,2
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)

* Other includes the Australian dollar, Canadian dollar, Japanese yen, Swiss franc, New Zealand dollar, Cameroon franc and Kenyan shilling.

** In 2016, R98,2 million (2015: R270,7 million) is held by the company.



33 Financial instruments continued

33.2 Foreign currency risk continued

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

	2016			2015		
	Assets	Liabilities	Average	Assets	Liabilities	Average
GROUP						
US dollar	13,79	13,81	13,80	13,87	13,88	13,87
Pound sterling	17,91	17,93	17,92	21,04	21,05	21,05
Euro	15,46	15,48	15,47	15,52	15,53	15,52

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.

	2016			2015		
	Foreign currency (in million)	Average rate	Rand (in million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP						
Foreign currency sold						
US dollar	1,6	13,85	22,3	4,5	13,94	62,9
Pound sterling	0,2	17,96	3,1	0,2	21,11	3,2
Euro	0,3	15,54	4,6	0,4	15,60	6,7
Other currencies			10,7			7,4
Foreign currency purchased						
US dollar	39,3	13,87	545,0	14,5	13,96	202,0
Pound sterling	3,5	18,15	62,9	2,0	21,14	42,5
Euro	3,8	15,64	58,8	7,3	15,96	116,1
Other currencies			16,2			6,2

	2016			2015		
	Foreign currency (in million)	Average rate	Rand (in million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP						
Unhedged foreign currency monetary assets						
US dollar	16,3	13,79	224,3	21,3	13,87	295,6
Pound sterling	0,7	17,90	11,8	0,7	21,03	15,3
Euro	2,2	15,46	33,6	1,4	15,52	22,3
Other currencies			19,7			12,3
Unhedged foreign currency monetary liabilities						
US dollar	0,4	13,82	5,7	0,5	14,62	7,0
Pound sterling	–	17,89	0,2	–	17,91	0,2
Euro	0,1	15,52	2,1	0,1	15,14	2,1
Other currencies			0,2			0,2

Notes to the financial statements continued

for the year ended 30 September 2016

33 Financial instruments continued

33.2 Foreign currency risk continued

Cash flow hedges

At 30 September 2016, 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:

	2016			2015		
	Foreign currency (in million)	Average rate	Rand (in million)	Foreign currency (in million)	Average rate	Rand (in million)
GROUP						
Foreign currency bought						
US dollar	25,1	13,88	348,5	10,7	13,97	150,1
Euro	3,1	18,06	56,3	5,8	16,07	93,6
Pound sterling	3,0	14,38	43,9	1,9	21,15	40,1
Other currencies			16,2			6,2

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

The cash flow hedge of expected future purchases was assessed to be effective and an unrealised profit of R13,6 million (2015: profit of R13,8 million) relating to the hedging instrument was included in other comprehensive income.

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

	GROUP	
	1 – 6 months	7 – 12 months
Foreign currency (in millions)		
US dollar	25,1	–
Pound sterling	3,1	–
Euro	3,0	–
Japanese yen	107,6	–

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

During the year, R30,1 million (2015: R13,1 million) was released from other comprehensive income and included in the carrying amount of the non-financial asset or liability (highly probable forecast transactions).

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

Ineffective hedges to the value of R12,4 million (2015: Rnil) have been recognised in profit or loss.

33 Financial instruments continued

33.2 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.

This sensitivity analysis includes only material outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency rates. A positive number indicates an increase in profit and other comprehensive income.

(R'million)	Other comprehensive income		P&L	
	2016	2015	2016	2015
GROUP				
USD +10%	(34,0)	(13,2)	(24,2)	–
USD –10%	34,0	13,2	24,2	–
Pound sterling +10%	(6,3)	(3,7)	(0,5)	–
Pound sterling –10%	6,3	3,7	0,5	–
EUR +10%	(6,8)	(10,5)	(0,3)	–
EUR –10%	6,8	10,5	0,3	–
Other +10%	(2,9)	0,2	–	–
Other –10%	2,9	(0,2)	–	–
Total +10%	(50,0)	(27,2)	(25,0)	–
Total –10%	50,0	27,2	25,0	–
COMPANY				
USD +10%	–	–	7,0	12,7
USD –10%	–	–	(7,0)	(12,7)
Other +10%	–	–	9,8	6,6
Other –10%	–	–	(9,8)	(6,6)
Total +10%	–	–	16,8	19,3
Total –10%	–	–	(16,8)	(19,3)

33.3 Interest rate risk management

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

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. At the reporting date, the group cash deposits were accessible immediately or had maturity dates up to six months.

The interest rates earned on these deposits closely approximate the market rates prevailing.

Interest rate sensitivity

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

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

COMPANY			GROUP	
2016	2015	(R'million)	2016	2015
		Profit or (loss) after tax		
0,4	1,4	ZAR borrowings (+1%)/–1%	25,4	35,8
1,8	1,9	Foreign borrowings (+1%)/–1%	2,3	10,1
2,2	3,3	Total (+1%)/–1%	27,7	45,9

Notes to the financial statements continued

for the year ended 30 September 2016

33 Financial instruments continued

33.4 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 27 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 33.7.

Contractual maturity for non-derivative financial liabilities

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

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

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
GROUP						
2016						
Trade and other payables	3 004,9	–	3 001,1	3,8	–	–
Borrowings (long and short term)*	1 153,0	(324,0)	342,1	65,6	1 068,1	1,2
Guarantees and future commitments not on the statement of financial position	–	–	12,8	–	–	–
Total	4 157,9	(324,0)	3 356,0	69,4	1 068,1	1,2
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

* Excludes bank overdrafts of R1 612,0 million (2015: R3 178,4 million) and cash of R737,0 million (2015: R1 051,6 million). These are repayable on demand and subject to annual review.

(R'million)	Carrying amount	Finance charge	0 – 6 months	7 – 12 months	1 – 5 years	> 5 years
COMPANY						
2016						
Borrowings (long and short term)	98,2	(12,3)	–	59,5	51,0	–
Intergroup loan accounts	557,8	(237,1)	–	–	794,9	–
Guarantees not on the statement of financial position	–	–	3,5	–	–	–
Total	656,0	(249,4)	3,5	59,5	845,9	–
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	–

Refer to notes 28.3 and 28.4 for disclosure relating to operating and finance lease commitments.

33 Financial instruments continued

33.5 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 2016 in respect of guarantees amounted to R12,8 million (2015: R16,9 million). Refer to note 32.

COMPANY

Credit risk exposure at 30 September 2016 relating to guarantees amounted to R3,5 million (2015: R91,3 million). Refer to note 32.

33.6 Capital management

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

The company and group manages 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 2016 and 30 September 2015.

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

COMPANY			GROUP	
2016	2015	(R'million)	2016	2015
(282,1)	(127,1)	Cash and cash equivalents	(737,0)	(1 051,6)
51,0	98,5	Long-term borrowings	1 069,3	1 215,8
47,2	194,9	Short-term borrowings	1 695,7	3 624,0
(183,9)	166,3	Net debt/(cash)	2 028,0	3 788,2
9 821,0	9 214,0	Total equity	16 033,9	13 777,6
(1,9)	1,8	Net debt/(cash) to equity (%)	12,6	27,5

Notes to the financial statements continued

for the year ended 30 September 2016

33 Financial instruments continued

33.7 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						
2016						
Assets	–	–	–	–	19 027,5	19 027,5
Other investments	53,4	115,5	–	–	–	168,9
Loans	3,2	–	–	–	–	3,2
Trade and other receivables	4 183,4	–	–	1,3	407,6	4 592,3
Cash and cash equivalents	737,0	–	–	–	–	737,0
Total	4 977,0	115,5	–	1,3	19 435,1	24 528,9
Shareholders' equity and liabilities	–	–	–	–	(17 606,8)	(17 606,8)
Long-term borrowings	–	–	(1 069,3)	–	–	(1 069,3)
Trade and other payables	–	–	(3 008,0)	(29,1)	(1 120,0)	(4 157,1)
Short-term borrowings	–	–	(1 695,7)	–	–	(1 695,7)
Total	–	–	(5 773,0)	(29,1)	(18 726,8)	(24 528,9)
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)

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

33 Financial instruments continued
33.7 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						
2016						
Assets	499,5	–	–	–	4 337,4	4 836,9
Other investments	2 059,2	6,4	–	–	–	2 065,6
Loans	3 265,5	–	–	–	–	3 265,5
Trade and other receivables	36,5	–	–	–	12,1	48,6
Cash and cash equivalents	282,1	–	–	–	–	282,1
Total	6 142,8	6,4	–	–	4 349,5	10 498,7
Shareholders' equity and liabilities	–	–	(557,8)	–	(9 821,0)	(10 378,8)
Long-term borrowings	–	–	(51,0)	–	–	(51,0)
Trade and other payables	–	–	(21,7)	–	–	(21,7)
Short-term borrowings	–	–	(47,2)	–	–	(47,2)
Total	–	–	(677,7)	–	(9 821,0)	(10 498,7)
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)

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

Notes to the financial statements continued

for the year ended 30 September 2016

33 Financial instruments continued

33.8 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 27.1 of these annual financial statements.

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

Trade and other receivables, investments and loans, and trade and other payables carried on the statement of financial position approximate the fair values thereof except for amounts owed by subsidiaries where the fair value is R2,0 billion (2015: R2,1 billion) calculated using the effective interest rate method linked to market-related interest rates of 5,75% (2015: 4,75%) and is disclosed as level 2.

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

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

	2016				2015			
	Level 1	Level 2	Level 3**	Total	Level 1	Level 2	Level 3**	Total
GROUP								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	107,0	3,3	5,2	115,5	102,2	2,5	4,4	109,1
Derivatives	–	1,3	–	1,3	–	18,9	–	18,9
Liabilities measured at fair value								
Derivatives	–	(29,1)	–	(29,1)	–	(9,2)	–	(9,2)
COMPANY								
Assets measured at fair value								
Available-for-sale financial assets								
Other investments	–	1,2	5,2	6,4	–	0,3	4,4	4,7
Derivatives	–	–	–	–	–	–	–	–
Liabilities measured at fair value								
Derivatives	–	–	–	–	–	–	–	–

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

34 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 2016, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: 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)	Management fees	Directors' fees	Amounts owed by related parties
2016			
GROUP			
Related party – associates			
Oceana Group Limited	–	0,5	–
Empresas Carozzi (Chile)	–	4,7	–
National Foods Holdings Limited	3,4	–	19,1
UAC Foods	10,9	–	25,9
2015			
GROUP			
Related party – associates			
Oceana Group Limited	–	0,6	–
Empresas Carozzi (Chile)	–	–	0,3
National Foods Holdings Limited	2,9	–	1,1
UAC Foods	9,5	–	18,9

GROUP

(R'million)	2016	2015
Other related parties		
Key management personnel**		
Short-term employee benefits	147,8	108,6
Post-employment and medical benefits	9,1	10,4
Share-based payments	18,4	28,7
Total compensation paid to key management personnel	175,3	147,7

** 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 2016

(R'million)	2016		2015	
	Amounts owed by/(to) related parties	Dividends received	Amounts owed by/(to) related parties	Dividends received
34 Related-party disclosures continued				
COMPANY				
Related party – intergroup				
Subsidiaries¹				
Durban Confectionery Works Proprietary Limited	33,0	–	33,0	–
Tiger Consumer Brands Limited	(100,8)	900,0	(86,6)	1 230,0
Tiger Brands (Mauritius) Limited	(239,0)	–	(240,2)	–
Enterprise Foods Proprietary Limited	0,4	–	0,4	–
Langeberg Holdings Limited	702,4	–	702,4	–
Langeberg Foods Africa Proprietary Limited	(201,6)	–	(201,6)	–
Langeberg & Ashton Foods Proprietary Limited	499,5	–	499,5	–
The Duntulum Trust	18,9	–	18,9	–
Gloriande NV	0,2	–	0,2	–
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	413,6	700,0	381,1	325,0
Pharma I Holdings Proprietary Limited	1 227,6	–	1 227,6	–
Investment and dormant companies	149,1	–	149,1	–
Chocolaterie Confiserie Camerounaise	–	58,2	–	43,4
Deli Foods Nigeria Limited	31,1	–	31,2	–
East Africa Tiger Brands Industries	94,1	–	46,5	8,8
Davita Trading Proprietary Limited	–	210,0	–	75,0
Empowerment entities				
Tiger Brands Foundation (SPV)	485,2	168,4	378,5	145,0
Thusani II (SPV)	91,3	33,3	72,9	28,9
Associates				
Oceana Group Limited	–	211,9	–	188,9
National Foods Holdings Limited	19,1	54,1	1,1	24,5
UAC Foods	25,9	7,5	18,9	29,8

¹ Interest-free with no fixed repayment terms. Not repayable before 30 September 2017 except for the amount owing by Langeberg & Ashton Foods Proprietary Limited, and the amount owing to Tiger Consumer Brands Limited that bear interest as may be agreed upon from time to time and are repayable on demand. East Africa Tiger Brands Industries' loan is interest bearing and has a fixed repayment schedule.

(R'million)	GROUP	
	2016	2015
35 Analysis of profit/(loss) from discontinued operations		
The combined results of the discontinued operation (TBCG) included in the profit for the year are set out below.		
Profit/(loss) for the year from discontinued operations (attributable to owners of the company)		
Turnover	1 598,5	2 897,6
Expenses	(1 535,3)	(3 290,1)
Operating income/(loss) before impairments and abnormal items	63,2	(392,5)
Impairments	–	(1 371,1)
Profit on disposal of subsidiary	49,7	–
Operating income/(loss) after impairments and abnormal items	112,9	(1 763,6)
Finance costs	(85,3)	(173,0)
Profit/(loss) before taxation	27,6	(1 936,6)
Taxation	–	(230,9)
Profit/(loss) for the year from discontinued operation	27,6	(2 167,5)
Attributable to non-controlling interest	16,8	773,2
Attributable to owners of parent	44,4	(1 394,3)



		GROUP	
(R'million)		2016	2015
35	Analysis of profit/(loss) from discontinued operations continued		
	Cash flows from discontinued operation		
	Net cash inflows/(outflows) from operating activities	271,1	(57,3)
	Net cash outflows from investing activities	(38,6)	(116,8)
	Net cash inflows from financing activities	89,0	33,5
	Net cash inflows/(outflows)	321,5	(140,6)
	Cash flow on disposal of subsidiary		
	"Cash and cash equivalents" disposed	(1 075,7)	
	Proceeds received on disposal	-	
	Total cash inflow on disposal of subsidiary	(1 075,7)	
	Statement of financial position disposed of		
(R'million)		February 2016	September 2015
	Summarised statement of financial position		
	Non-current assets	722,9	525,9
	Current assets	1 538,7	1 089,3
	Non-current liabilities	(148,4)	(180,7)
	Current liabilities	(2 651,3)	(1 963,3)
	Net asset value	(538,2)	(528,8)

36 Business combination**Hercules Cold Storage Proprietary Limited**

On 1 August 2016, Tiger Brands acquired 100% of the net assets of the Hercules Cold Storage Proprietary Limited business, a company based in Pretoria, South Africa, and engaged in the manufacture of processed meats focused on the consumer segment. Product segments are polony, viennas, russians and hampers.

The purchase consideration was accounted for as follows:

(R'million)		GROUP Acquisition value
	Intangibles	10,5
	Property, plant and equipment	52,0
	Inventories	4,7
	Accounts payable	(7,9)
	Fair value of net assets acquired	59,3
	Goodwill	10,4
	Purchase consideration	69,7

From date of acquisition to 30 September 2016, the Hercules business contributed R24,5 million to group revenue and Rnil to profit after tax. Had the business been consolidated from 1 October 2015 to 30 September 2016, the contribution to group revenue would have amounted to R154,7 million and a negative profit contribution of R5,1 million (loss) would have been made to profit after taxation.

Goodwill represents the difference between the purchase consideration and the fair value of the net assets acquired and provides Tiger Brands with access to new markets and improved synergies.

The purchase consideration was financed out of operating cash flows.

37 Subsequent events

There are no material events that occurred during the period subsequent to 30 September 2016, but prior to these financial statements being authorised for issue.

Annexure A

Interest in subsidiary companies

	Principal place of business	Functional currency	Effective percentage holding		Company's interest Shares at cost (net of impairment)	
			2016 %	2015 %	2016	2015
(R'million)						
Designer Group	South Africa	South African rand	100,0	100,0	132,1	132,1
Durban Confectionery Works Proprietary Limited	South Africa	South African rand	100,0	100,0	63,4	63,4
Enterprise Foods Proprietary Limited	South Africa	South African rand	100,0	100,0	49,7	49,7
Langeberg Holdings Limited	South Africa	South African rand	100,0	100,0	190,8	190,8
Langeberg & Ashton Foods Proprietary Limited	South Africa	South African rand	100,0	100,0	85,8	85,8
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	South Africa	South African rand	100,0	100,0	17,3	17,3
Tiger Consumer Brands Limited	South Africa	South African rand	100,0	100,0	0,1	0,1
Tiger Brands (Mauritius) Limited	Mauritius	US dollar	100,0	100,0	337,9	337,9
Haco Industries Kenya Limited	Kenya	Kenyan shilling	51,0	51,0	45,5	45,5
Chocolaterie Confiserie Camerounaise ²	Cameroon	CAF franc	74,7	74,7	152,7	152,7
Deli Foods Nigeria Limited	Nigeria	Nigerian naira	100,0	100,0	213,2	213,2
East Africa Tiger Brands Industries	Ethiopia	Ethiopian birr	51,0	51,0	121,4	121,4
Davita Trading Proprietary Limited	South Africa	South African rand	100,0	100,0	1 521,6	1 521,6
Pharma I Holdings Proprietary Limited ¹	South Africa	South African rand	100,0	100,0	–	–
Tiger Branded Consumer Goods plc (TBCG) ³	Nigeria	Nigerian naira	–	65,7	–	–
					2 931,5	2 931,5

¹ Previously Adcock Ingram Holdings Proprietary Limited.

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

³ Disposed of during the current year.

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

Annexure B

Interest in associated companies

	Principal place of business	Currency	Financial reporting date	Percentage holding		Nature of business	Listed/unlisted
				2016	2015		
(%)							
Oceana Group Limited	South Africa	South African rand	September	42,1*	42,1	Fishing	Listed
National Foods Holdings Limited	Zimbabwe	US dollar	June	37,4	37,4	Food processing	Listed
Empresas Carozzi	Chile	Chilean peso	December	24,4	24,4	Food processing	Unlisted
UAC Foods	Nigeria	Nigerian naira	December	49,0	49,0	Food processing	Unlisted

* Taking treasury shares into account, the voting rights are 43,8% (2015: 43,8%). After accounting for the treasury and empowerment shares, the earnings are equity-accounted at 49,0% (2015: 49,0%).

Detailed disclosure of Oceana Fishing Limited is noted below, as per note 16.3.

Summarised statement of comprehensive income

(R'million)	September 2016	September 2015
Revenue	8 244,0	6 168,8
Profit after taxation	958,3	642,2
Attributable to shareholders of Oceana	916,5	611,2
Other comprehensive (loss)/income, net of taxation	(69,4)	454,1
Total comprehensive income for the year	888,9	1 096,3
Attributable to shareholders of Oceana	847,1	1 065,3
Dividends received from Oceana	211,9	188,9

Summarised statement of financial position

(R'million)	September 2016	September 2015
Non-current assets	6 735,7	6 824,1
Current assets	4 371,1	3 989,3
Non-current liabilities	(5 121,8)	(5 301,0)
Current liabilities	(1 977,3)	(1 948,1)
Net asset value	4 007,7	3 564,3

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

(R'million)	September 2016	September 2015
Tiger Brands effective share of Oceana's NAV	1 913,5	1 707,1
Goodwill on acquisition	238,8	238,8
Equity-accounted carrying value	2 152,3	1 945,9
Fair value of investment in Oceana [#]	6 511,1	5 504,9

[#] Measured at fair value and noted as level 1 hierarchy, which is valued based on quoted market prices.

Annexure C

Directors' emoluments

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

GROUP

(R'000)	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised	Total 2016
Executive directors							
LC Mac Dougall – note 1	–	3 053	513	20 088	128	–	23 782
O Ighodaro – note 2	–	3 630	–	4 260	337	2 742	10 969
PB Matlare – note 3	–	1 187	–	6 506	209	786	8 688
NP Doyle – note 4	–	4 716	836	10 134	789	–	16 475
CFH Vaux	–	4 119	718	107	515	2 778	8 237
Total A	–	16 705	2 067	41 095	1 978	6 306	68 151
Non-executive directors							
		EFs					
AC Parker (chairman)	1 638	145	–	–	–	–	1 783
MO Ajukwu	440	36	–	–	–	–	476
SL Botha	560	69	–	–	–	–	629
MJ Bowman	353	36	–	–	–	–	389
M Makanjee	517	79	–	–	–	–	596
KDK Mokhele	682	139	–	–	–	–	821
RD Nisbet	712	139	–	–	–	–	851
MP Nyama	538	58	–	–	–	–	596
BL Sibiyi (deputy chairman)	846	36	–	–	–	–	882
YGH Suleman	593	172	–	–	–	–	765
Total B	6 879	909	–	–	–	–	7 788
Total A + B	6 879	17 614	2 067	41 095	1 978	6 306	75 939
Details of remuneration paid to prescribed officers of the company are set out hereunder:							
N Segole – note 5	–	261	10	2 811	49	3 415	6 546
NG Brimacombe	–	3 625	349	191	749	979	5 893
AG Kirk – note 6	–	3 582	646	4 315	445	–	8 988
Total	–	7 468	1 005	7 317	1 243	4 394	21 427
Aggregated details of remuneration paid to members (six) of the executive committee, excluding executive directors and prescribed officers above, are set out hereunder:							
Total	–	15 488	2 300	4 514	2 296	1 676	26 274

Note 1 – Appointed 10 May 2016. Other benefits include a sign on bonus of R20 000 000.

Note 2 – Resigned effective 31 July 2016. Other benefits includes notice pay, leave encashment and R500 000 ex gratia payment relating to the swift execution of the TBCG disposal.

Note 3 – Resigned effective 31 December 2015. Other benefits include notice pay, severance pay and leave encashment.

Note 4 – Other benefits include a retention bonus of R10 000 000.

Note 5 – Resigned effective 30 October 2015. Other benefits include notice pay and leave encashment.

Note 6 – Other benefits include a retention bonus of R4 028 000.

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

**Directors' emoluments** continued

Table of directors' emoluments for the year ended 30 September 2015

(R'000)	GROUP							Total 2015
	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Gains on options exercised		
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 July 2015 – 30 September 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 March 2015 – 30 September 2015)	194	54	–	–	–	–	248	
SL Botha	530	54	–	–	–	–	584	
MJ Bowman	335	–	–	–	–	–	335	
RMW Dunne (1 October 2014 – 31 May 2014)	614	–	–	–	–	–	614	
M Makanjee	431	54	–	–	–	–	485	
KDK Mokhele	644	54	–	–	–	–	698	
RD Nisbet	595	54	–	–	–	–	649	
MP Nyama	433	–	–	–	–	–	433	
BL Sibiyi (deputy chairman)	805	54	–	–	–	–	859	
YGH Suleman (13 July 2015 – 30 September 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:								
NG Brimacombe – note 2	–	3 490	–	198	717	–	4 405	
NP Doyle (1 October 2014 – 12 July 2015) – note 1	–	2 847	–	54	476	–	3 377	
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 Carozzi (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.

Directors' service contracts

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

Annexure C continued

Directors' emoluments continued

Phantom cash-settled option scheme

Executive directors

Details of phantom cash-settled options held by executive directors under this scheme at 30 September 2016 appear below:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016	Number of options vested at 30 September 2016	Number of options subject to retention	Number of options subject to performance targets	Grant price (Rand)	30 September 2016 (R'000)	Fair market value of vested options at 30 September 2016 (R'000)
NP Doyle	Feb 13	30 000	-	-	5 000	25 000	5 000	10 000	10 000	299,8	510	
	Jul 12	25 000	-	-	5 000	20 000	10 000	5 000	5 000	252,0	1 377	
Total		55 000			10 000	45 000	15 000	15 000	15 000		1 887	
O Ighodaro**	Feb 13	3 400	-	567	2 833	-	-	-	-	299,8	-	
	Feb 12	15 750	-	6 300	9 450	-	-	-	-	253,2	-	
	Jun 11	14 568	-	10 926	3 642	-	-	-	-	187,0	-	
Total		33 718	-	17 793	15 925	-	-	-	-			
PB Matlare*	Feb 13	4 400	-	-	1 762	2 638	714	962	962	299,8	73	
	Feb 12	27 333	-	-	7 950	19 383	10 817	4 283	4 283	253,2	1 453	
	Feb 11	11 767	-	-	5 982	5 785	5 785	-	-	189,1	1 109	
	Feb 10	36 600	-	-	36 600	-	-	-	-	172,1	-	
Total		80 100	-	-	52 294	27 806	17 316	5 245	5 245		2 635	
CFH Vaux	Feb 13	3 700	-	-	616	3 084	617	1 234	1 233	299,8	63	
	Feb 12	17 167	-	-	3 433	13 734	6 866	3 434	3 434	253,2	922	
	Feb 11	14 734	-	-	3 684	11 050	11 050	-	-	189,1	2 118	
	Feb 10	45 400	-	22 699	22 701	-	-	-	-	172,1	-	
Total		81 001	-	22 699	30 434	27 868	18 533	4 668	4 667		3 103	

*Early retirement 31 December 2015.

**Resigned 31 July 2016.

Prescribed officers

Details of phantom cash-settled options held by prescribed officers under the Tiger Brands phantom cash option scheme as 30 September 2016 appear below:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016	Number of options vested at 30 September 2016	Number of options subject to retention	Number of options subject to performance targets	Grant price (Rand)	30 September 2016 (R'000)	Fair market value of vested options at 30 September 2016 (R'000)
NG Brimacombe	Feb 13	3 600	-	-	600	3 000	600	1 200	1 200	299,8	61	
NG Brimacombe	Feb 12	16 500	-	-	3 300	13 200	6 600	3 300	3 300	253,2	886	
NG Brimacombe	Feb 11	10 650	-	-	3 550	7 100	7 100	-	-	189,1	1 361	
NG Brimacombe	Feb 10	30 266	-	7 565	22 701	-	-	-	-	172,1	-	
Total		61 016	-	7 565	30 151	23 300	14 300	4 500	4 500		2 308	

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of phantom cash options held by members of the executive committee, other than executive directors and prescribed officers above, at 30 September 2016 appear below:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016	Number of options vested at 30 September 2016	Number of options subject to retention	Number of options subject to performance targets	Grant price (Rand)	30 September 2016 (R'000)	Fair market value of vested options at 30 September 2016 (R'000)
Total	Various	157 491	-	55 633	69 076	32 782	19 551	6 001	7 230	Various	3 236	



Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan

Executive directors

Details of share appreciation rights allocated to executive directors under this plan at 30 September 2016 are set out below:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	Grant price (Rand)
NP Doyle	Feb 16	–	22 870	–	–	22 870	291,7
	Feb 15	11 540	–	–	–	11 540	385,3
	Feb 14	12 950	–	–	–	12 950	254,5
	Note 1 Feb 14	5 250	–	–	–	5 250	254,5
Total		29 740	22 870	–	–	52 610	
O Ighodaro	Feb 15	11 800	–	–	11 800	–	385,3
	Feb 14	13 290	–	–	13 290	–	254,5
	Note 1 Feb 14	5 390	–	–	5 390	–	254,5
	Sept 13	21 200	–	–	21 200	–	298,7
	Feb 13	9 500	–	–	9 500	–	299,8
Total		61 180	–	–	61 180	–	
LC Mac Dougall	May 16	–	36 000	–	–	36 000	341,7
Total		–	36 000	–	–	36 000	
PB Matlare	Feb 15	17 640	–	–	13 418	4 222	385,3
	Feb 14	20 540	–	–	10 708	9 832	254,5
	Feb 13	16 300	–	–	9 250	7 050	299,8
Total		54 480	–	–	33 376	21 104	
CFH Vaux	Feb 15	9 060	–	–	–	9 060	385,3
	Feb 14	12 880	–	–	–	12 880	254,5
Note 1	Feb 14	5 220	–	–	–	5 220	254,5
	Feb 13	10 300	–	–	3 433	6 867	299,8
Total		37 460	–	–	3 433	34 027	

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.

* All options are subject to performance targets. There are no share appreciation rights vested at 30 September 2016.

Annexure C continued

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan continued

Executive directors continued

Details of performance shares awarded to executive directors under the Tiger Brands Limited 2013 Share Plan as at 30 September 2016:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	10-day VWAP share price on grant date
NP Doyle	Feb 16	–	5 720	–	–	5 720	291,7
	Feb 15	2 490	–	–	–	2 490	385,3
	Feb 14	2 790	–	–	–	2 790	254,5
Total		5 280	5 720	–	–	11 000	
O Ighodaro	Feb 15	2 540	–	–	2 540	–	385,3
	Feb 14	2 860	–	–	2 860	–	254,5
	Feb 13	2 000	–	250	1 750	–	299,8
Total		7 400	–	250	7 150	–	
LC Mac Dougall	May 16	–	8 160	–	–	8 160	341,7
Total		–	8 160	–	–	8 160	
PB Matlare	Feb 15	4 410	–	337	4 073	–	385,3
	Feb 14	5 140	–	2 356	2 784	–	254,5
	Feb 13	4 100	–	–	4 100	–	299,8
Total		13 650	–	2 693	10 957	–	
CFH Vaux	Feb 15	1 950	–	–	–	1 950	385,3
	Feb 14	2 780	–	–	–	2 780	254,5
	Feb 13	2 200	–	275	1 925	–	299,8
Total		6 930	–	275	1 925	4 730	

* All options are subject to performance targets. There are no performance shares vested at 30 September 2016.

Details of restricted shares granted to executive directors under the Tiger Brands Limited 2013 Share Plan as at 30 September 2016:

Name	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	10-day VWAP share price on grant date
NP Doyle	Feb 16	–	1 330	–	–	1 330	291,7
	Dec 15	–	5 376	–	–	5 376	342,9
	Feb 15	2 320	–	–	–	2 320	385,3
Total		2 320	6 706	–	–	9 026	
O Ighodaro	Dec 15	–	2 198	1 099	1 099	–	342,9
	Feb 15	2 380	–	–	2 380	–	385,3
Total		2 380	2 198	1 099	3 479	–	
CFH Vaux	Feb 15	1 850	–	–	–	1 850	385,3
Total		1 850	–	–	–	1 850	

* There are no restricted shares vested at 30 September 2016.

**Directors' emoluments continued****Tiger Brands Limited 2013 Share Plan continued****Prescribed officers**

Details of share appreciation rights allocated to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2016 are set out below:

Name	Date of grant	Holding at 1 October 2015				Holding at 30 September 2016	Grant price (Rand)
			Granted 2016	Exercised 2016	Forfeited 2016		
NG Brimacombe	Feb 16	–	6 150	–	–	6 150	291,7
NG Brimacombe	Feb 15	8 890	–	–	–	8 890	385,3
NG Brimacombe – note 1	Feb 14	5 120	–	–	–	5 120	254,5
NG Brimacombe	Feb 14	12 640	–	–	–	12 640	254,5
NG Brimacombe	Sept 13	20 100	–	–	6 700	13 400	298,7
NG Brimacombe	Feb 13	10 000	–	–	3 333	6 667	299,8
AG Kirk	Feb 16	–	11 680	–	–	11 680	291,7
AG Kirk	Feb 15	8 260	–	–	–	8 260	385,3
AG Kirk	Feb 14	11 800	–	–	–	11 800	254,5

* All options are subject to performance targets. There are no share appreciation rights vested at 30 September 2016.

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 at 30 September 2016 are set out below:

Name	Date of grant	Holding at 1 October 2015				Holding at 30 September 2016*	10-day VWAP share price on grant date
			Granted 2016	Exercised 2016	Forfeited 2016		
NG Brimacombe	Feb 16	–	1 330	–	–	1 330	291,7
NG Brimacombe	Feb 15	1 920	–	–	–	1 920	385,3
NG Brimacombe	Feb 14	2 720	–	–	–	2 720	254,5
NG Brimacombe	Feb 13	2 200	–	275	1 925	–	299,8
AG Kirk	Feb 16	–	2 520	–	–	2 520	291,7
AG Kirk	Feb 15	1 780	–	–	–	1 780	385,3
AG Kirk	Feb 14	2 540	–	–	–	2 540	254,5

* All options are subject to performance targets. There are no performance shares vested at 30 September 2016.

Details of restricted shares granted to prescribed officers under the Tiger Brands Limited 2013 Share Plan at 30 September 2016:

Name	Date of grant	Holding at 1 October 2015				Holding at 30 September 2016*	10-day VWAP share price on grant date
			Granted 2016	Exercised 2016	Forfeited 2016		
NG Brimacombe	Feb 15	1 810	–	–	–	1 810	385,3
AG Kirk	Feb 16	–	1 090	–	–	1 090	291,7
AG Kirk	Dec 15	–	3 848	–	–	3 848	342,9
AG Kirk	Feb 15	1 690	–	–	–	1 690	385,3
AG Kirk	Dec 14	7 084	–	–	–	7 084	382,5

* There are no restricted shares vested at 30 September 2016.

Annexure C continued

Directors' emoluments continued

Tiger Brands Limited 2013 Share Plan continued

Executive committee members (excluding executive directors and prescribed officers)

Aggregated details of share appreciation rights allocated to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2016, are set out below:

Total for FY	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	Grant price (Rand)
2016	Feb 16	–	42 790	–	5 450	37 340	291,7
2015	Feb 15	25 860	–	–	7 080	18 780	385,3
2014	Feb 14	54 446	–	–	12 820	41 626	254,5
2013	Feb 13	30 036	–	–	17 092	12 944	299,8

* All options are subject to performance targets. There are no share appreciation rights vested at 30 September 2016.

Aggregated details of performance shares awarded to members of the executive committee, other than executive directors and prescribed officers above, at 30 September 2016, are set out below:

Total for FY	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	10-day VWAP share price on grant date
2016	Feb 16	–	7 790	–	990	6 800	291,7
2015	Feb 15	4 710	–	–	1 290	3 420	385,3
2014	Feb 14	5 650	–	–	2 760	2 890	254,5
2013	Feb 13	4 400	–	275	4 125	–	299,3

* All options are subject to performance targets. There are no performance shares vested at 30 September 2016.

Aggregated details of restricted shares granted to members of the executive committee, other than executive directors and prescribed officers above, as at 30 September 2016:

Total for FY	Date of grant	Holding at 1 October 2015	Granted 2016	Exercised 2016	Forfeited 2016	Holding at 30 September 2016*	10-day VWAP share price on grant date
2016	Various	–	7 152	–	440	6 712	317,3
2015	Various	6 324	–	–	–	6 324	340,8

* There are no restricted shares vested at 30 September 2016.

Annexure D

Share-based payment plans

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

1 General employee share option plan

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

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

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

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

Equity settled

All outstanding options under this scheme were fully exercised in the 2015 financial year (106 600 shares at a weighted average exercise prices (WAEP) of R75,13).

Share appreciation rights

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

	2016		2015	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	1 185 560	301,3	955 159	274,8
Granted during the year	376 004	297,2	292 850	385,3
Forfeited during the year	(493 489)	300,2	(62 449)	284,7
Exercised during the year	(3 292)	282,0	–	–
Outstanding at the end of the year	1 064 783	301,4	1 185 560	301,3
Exercisable at the end of the year		–		–
Weighted average remaining contractual life (years)		4,2 years		4,3 years
Weighted average fair value of options granted (per option)		R93,9		R95,7
Range of exercise prices outstanding at the end of the year (per option)		R254,5 – R385,3		R254,5 – R385,3

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

Annexure D continued

1 General employee share option plan continued

The following inputs were used:

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

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

Performance shares

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

	2016 Number	2015 Number
Outstanding at the beginning of the year	170 890	128 261
Granted during the year	70 580	56 230
Forfeited during the year	(76 158)	(13 601)
Exercised during the year	(8 462)	–
Outstanding at the end of the year	156 850	170 890
Exercisable at the end of the year	–	–
Weighted average remaining contractual life (years)	1,5 years	1,5 years
Weighted average fair value of options granted (per option)	R481,8	R611,3

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

The following inputs were used:

Date of grant	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
13/02/2013	12/02/2016	289,5	20,8	2,0
28/02/2014	27/02/2017	244,4	22,4	3,0
04/02/2015	04/02/2018	394,9	23,6	2,9
09/02/2016	04/02/2019	302,9	27,5	3,0
24/05/2016	24/05/2019	337,0	27,0	2,9

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

1 General employee share option plan continued

Restricted shares

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

	2016 Number	2015 Number
Outstanding at the beginning of the year	130 122	26 950
Granted during the year	79 560	108 842
Forfeited during the year	(13 875)	(5 670)
Exercised during the year	(3 429)	–
Outstanding at the end of the year	192 378	130 122
Exercisable at the end of the year	–	–
Weighted average remaining contractual life (years)	1,6 years	2,1 years
Weighted average fair value of options granted (per option)	R286,5	R359,7

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

The following inputs were used:

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

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:

	2016		2015	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	696 622	238,2	1 764 355	207,9
Granted during the year	–	–	–	–
Forfeited during the year	(160 441)	251,6	(785 498)	226,1
Exercised during the year	(265 105)	195,0	(282 235)	187,3
Outstanding at the end of the year	271 076	249,5	696 622	238,2
Exercisable at the end of the year	155 031	195,0	267 042	204,5
Weighted average remaining contractual life (years)		1,4 years		2,0 years
Range of exercise prices outstanding at the end of the year (per option)		R280,0 – R399,9		R281,0 – R399,3
Weighted average share price at the date of exercise (per option)		R316,8		R367,0

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 cash-settled options mature six years after the grant date.

Annexure D continued

1 General employee share option plan continued

The following inputs were used:

Date of grant	Strike price of option (Rand)	Expiry date	Market price of the underlying stock at grant date (Rand)	Expected volatility of the stock over the remaining life of the option (%)	Expected dividend cover (times)
13/02/2013	299,8	12/02/2019	289,5	30,4	2,9
01/10/2012	265,4	30/09/2018	272,4	31,3	2,9
02/07/2012	252,0	01/07/2018	247,0	31,3	2,9
03/02/2012	253,2	02/02/2018	255,0	31,3	2,9
02/02/2011	189,1	01/02/2017	188,2	31,3	2,9

The average volatility was 31,1% (2015: 24,6%) and the risk-free rate was approximately 7,5% (2015: 6,7% to 7,4%) during the year.

The carrying amount of the liability relating to the cash-settled options at 30 September 2016 is R36,4 million (2015: R37,9 million) – refer to note 29. Cash-settled options exercised during the year amounted to R35,6 million (2015: R52,5 million).

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

2 Black Managers Participation Rights Scheme (equity settled)

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

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

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

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

The expense recognised for employee services received during the year to 30 September 2016 is R16,4 million (2015: R22,7 million).

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

	2016 Number	2015 Number
Outstanding at the beginning of the year	1 330 442	3 081 442
Granted during the year	65 000	48 000
Forfeited during the year	(97 135)	(78 086)
Shares sold (death of employees)	(296 023)	(1 720 914)
Outstanding at the end of the year	1 002 284	1 330 442
Exercisable at the end of the year	627 060	773 441
Weighted average remaining contractual life (years)	11,0 years	12,0 years
Weighted average fair value of options granted during the year (per option)	R293,9	R292,0
No weighted average exercise price has been calculated as there were no participation rights exercised	R101,49	R86,15

2 Black Managers Participation Rights Scheme (equity settled) continued

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	266,0	25,3	3,8
31/07/2014	85,87	30/09/2027	308,8	25,3	3,8
31/01/2015	81,91	30/09/2027	394,2	25,3	3,8
31/07/2015	82,47	30/09/2027	284,9	25,3	3,8
31/01/2016	79,01	30/09/2027	291,0	25,8	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).

3 Black Managers Trust II and Brimstone participation right 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; and
- the subscription price of R7,40 per share.

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

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 2016 is R16,9 million (2015: R21,6 million).

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

Black Managers Trust II continued

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

	2016 Number	2015 Number
Outstanding at the beginning of the year	2 783 305	2 682 356
Granted during the year	111 000	212 000
Forfeited during the year	(199 412)	(109 663)
Shares sold (death of employees)	(16 521)	(1 388)
Outstanding at the end of the year	2 678 372	2 783 305
Exercisable at the end of the year	–	–
Weighted average remaining contractual life (years)	2,3 years	3,3 years
Weighted average fair value of options granted during the year (per option)	R158,7	R153,0
Notional average exercise price (per option)	R190,3	R181,2

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	168,0	31/12/2018	317,0	25,4	2,0
01/01/2014	173,8	31/12/2018	264,8	25,4	2,0
31/01/2014	169,9	31/12/2018	266,0	25,4	2,0
31/07/2014	174,3	31/12/2018	308,8	25,4	2,0
31/01/2015	206,3	31/12/2018	394,2	25,4	2,0
31/07/2015	99,7	31/12/2018	284,9	25,4	2,0
31/01/2016	104,3	31/12/2018	291,0	27,6	2,4
31/07/2016	193,1	31/12/2018	389,9	29,8	1,8

4 Tiger Brands Limited shares held by subsidiary and empowerment entities

On 19 September 2005, shareholders approved a scheme of arrangement (section 311 of the Companies Act No 61 of 1973) in terms of which Tiger Brands would facilitate the acquisition of a 4% direct ownership interest in its issued ordinary share capital by a broad base of staff employed within the group. The court order sanctioning the scheme was registered by the Registrar of Companies on 29 September 2005, being the effective date of acquisition of the scheme shares.

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

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

Annexure E

Pension obligations

This information noted below summarises all key assumptions, valuation inputs and key disclosures relating to the Tiger Brands 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 No 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 23 retirement plans, three of which are defined benefit pension funds, five are defined contribution pension funds, two are defined benefit provident funds and nine are defined contribution provident funds. There are a further four schemes of insurance into which the company and its subsidiaries contribute. Certain companies within the group sponsor external death, funeral and disability benefit insurance policies. These insurance costs have been allowed for in the disclosures provided. All of the funds above are funded with one exception.

The actual return on plan assets for the period 1 October 2015 to 30 September 2016 was R31,3 million (2015: R32,1 million). This compares with the expected return for the same period of R35,1 million (2015: R33,9 million).

The value of contributions expected to be paid by group companies for the year ending 30 September 2017 amounts to R266,9 million (2016 actual: R243,3 million).

As at 30 September 2016, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets (2015: Rnil).

As at 30 September 2016, the percentage of the fair value of plan assets in respect of defined benefit arrangements invested in Tiger Brands Limited shares amounted to 0% (2015: 0%).

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

(%)	GROUP	
	2016	2015
Equities	3,9	4,0
Bonds	27,4	38,4
Cash	64,1	53,4
Property	0,8	0,7
International	3,2	3,0
Other	0,6	0,5
	100,0	100,0

(R'million)	GROUP	
	2016	2015
Balance at the end of the year		
Present value of defined benefit obligations	(314,6)	(305,7)
Fair value of plan assets in respect of defined benefit obligations	450,7	425,6
Funded status of defined benefit plans	136,1	119,9
Unrecognised due to paragraph 65 limit	(31,0)	(21,4)
Asset at reporting date	105,1	98,5

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.



Pension obligations continued

	GROUP	
(%)	2016	2015
Actuarial assumptions		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate		
	Full yield curve	Full yield curve
Tiger Brands Defined Benefit Pension Fund	7,90	6,90
Tiger Oats Benefit Foundation	10,80	9,70
Nestlé Pension Fund	7,90	6,90
ICS Pension Fund	9,40	8,20
Future salary increases		
Postretirement discount rate		
Tiger Brands Defined Benefit Pension Fund	3,00	3,00
Nestlé Pension Fund	3,82	3,73
Future pension increases		
Nestlé Pension Fund	6,72	5,76
(R'million)	2016	2015
Reconciliation of the defined benefit obligation		
Defined benefit obligation at the beginning of the year	(305,7)	(319,2)
Current service cost	(4,0)	(3,6)
Member contributions	(0,9)	(1,0)
Interest cost	(26,2)	(26,2)
Actuarial gain	14,0	8,8
Benefits paid	7,9	29,1
Settlement cost	–	6,1
Risk premiums (Group Life and Permanent Health)	0,3	0,3
Defined benefit obligation at the end of the year	(314,6)	(305,7)
Reconciliation of fair value of plan assets		
Assets at fair market value at the beginning of the year	425,6	423,0
Interest on plan assets	35,1	33,9
Contributions	2,1	2,8
Risk premiums (Group Life and Permanent Health)	(0,3)	(0,3)
Benefits paid	(7,9)	(26,9)
Settlement cost	–	(5,0)
Actuarial loss	(3,9)	(1,9)
Assets at fair market value at the end of the year	450,7	425,6
Reconciliation of asset ceiling		
Unrecognised due to paragraph 65 limit	(31,0)	(21,4)
Asset ceiling at the end of the year	(31,0)	(21,4)
Asset balance at the end of the year	105,1	98,5

Annexure E continued

Pension obligations continued

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

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

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

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

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

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

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

Sensitivity analysis

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

	Balance 2016 Rm	+1% Rm	-1% Rm
Discount rate			
Defined benefit obligation (R'million)	(263,8)	(257,6)	(271,2)
Change (%)		(2,4)	2,8
Inflation rate			
Defined benefit obligation (R'million)	(263,8)	(270,7)	(257,9)
Change (%)		2,6	(2,3)

Annexure F

Post-retirement medical aid obligations

This information noted below summarises all key assumptions, valuation inputs and key disclosures relating to the Tiger Brands 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 2016.

(%)	2016	2015
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10,00	9,10
Medical inflation	9,00	8,40
Future salary increases	9,00	8,40
Post-retirement mortality tables	PA(90) ultimate rated down 2 years plus 1% improvement per annum from 2006	PA(90) ultimate rated down 2 years plus 1% improvement per annum from 2006

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

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

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

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

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

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

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

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

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

Sensitivity analysis

	2016			2015		
	Base case	Medical inflation	1,0%	Base case	Medical inflation	1,0%
Key assumption	9,00%	(1,0%)	1,0%	8,40%	(1,0%)	1,0%
Accrued liability 30 September						
(R'million)	666,0	602,0	742,6	643,1	578,9	720,4
% change		(9,6)	11,5		(10,0)	12,0
Current service cost plus interest cost						
(R'million)	67,2	60,2	75,5	60,4	53,8	68,5
% change		(10,4)	12,5		(11,0)	13,4

	2016			2015		
	Base case	Discount rate	1,0%	Base case	Discount rate	1,0%
Key assumption	10,00%	(1,0%)	1,0%	9,10%	(1,0%)	1,0%
Present value of obligations 30 September						
(R'million)	666,0	746,0	600,2	643,1	724,1	576,9
% change		12,0	(9,9)		12,6	(10,3)

	2016			2015		
	Base case	Expected retirement age	One year older	Base case	Expected retirement age	One year older
Key assumption	60/63/65 years	One year younger	One year older	60/63/65 years	One year younger	One year older
Present value of obligations 30 September 2016						
(R'million)	666,0	669,0	661,6	643,1	647,0	639,7
% change		0,4	(0,7)		0,6	(0,5)

The duration of the liability at 30 September 2016 is 12,4 years (2015: 12,9 years).

Shareholders' diary

Financial year end	30 September
Annual general meeting	21 February 2017

Reports and accounts

Announcement of interim report and dividend for half-year ending 31 March 2017	25 May 2017
Announcement of annual results and final dividend for the year ended 30 September 2017	27 November 2017
Integrated annual report	December 2017

Dividends 2017	Declaration	Payment
Ordinary shares		
Interim dividend	May 2017	July 2017
Final dividend	November 2017	January 2018

Declaration of final dividend number 144

The board has approved and declared a final dividend of 702 cents per ordinary share (gross) in respect of the year ended 30 September 2016.

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 702 cents per ordinary share for shareholders exempt from the dividends tax.
- The net local dividend amount is 596,70 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	Tuesday, 10 January 2017
Shares commence trading ex the final dividend	Wednesday, 11 January 2017
Record date to determine those shareholders entitled to the final dividend	Friday, 13 January 2017
Payment in respect of the final dividend	Monday, 16 January 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 January 2017, and Friday, 13 January 2017, both days inclusive.

By order of the board

T Naidoo

Company secretary

22 November 2016

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 dated 30 September 2016 was:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	15 265	80,4	4 116 731	2,1
1 001 – 10 000 shares	2 909	15,3	8 745 692	4,6
10 001 – 100 000 shares	625	3,3	19 438 305	10,1
100 001 – 1 000 000 shares	160	0,8	46 075 187	24,0
1 000 001 shares and above	34	0,2	113 693 953	59,2
Total	18 993	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:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	10	0,05	29 567 101	15,4
• Empowerment holdings	6	0,03	18 997 241	9,9
• Own holding	1	0,01	10 326 758	5,4
• Share trusts	2	0,01	241 881	0,1
• Directors and associates	1	0,01	1 221	0,0
Public shareholders	18 983	99,95	162 502 767	84,6
Total	18 993	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 30 September 2016:

Investment management shareholdings

Investment manager	Total shareholding	%
PIC	21 609 168	11,3
Colonial First State Global Asset Management	17 281 331	9,0
Investec Asset Management	12 705 066	6,6
Tiger Consumer Brands Limited	10 326 758	5,4
Tiger Brands Foundation SPV	9 068 067	4,7
Sprucegrove Investment Management	6 664 128	3,5
BlackRock Inc	6 089 943	3,2
Prudential Investment Managers	6 007 628	3,1
Total	89 752 089	46,8

Beneficial shareholdings

	Total shareholding	%
Government Employees Pension Fund	23 317 219	12,1
Tiger Consumer Brands Limited	10 326 758	5,4
Tiger Brands Foundation SPV	9 068 067	4,7
First State Global Emerging Markets Fund	7 864 592	4,1
Total	50 576 636	26,3

Definitions

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



Total equity	Total equity includes ordinary share capital and share premium, less treasury shares and shares held by empowerment entities, plus reserves and non-controlling interests.
Cash flow to net liabilities	Cash generated from operations after interest and taxation as a percentage of total liabilities less cash resources.
Dividend yield	Dividends and capital distributions as a percentage of year-end market price per share.
Earnings yield	Headline earnings per share as a percentage of year-end market price per share.
Price:earnings ratio	Year end market price per share as a multiple of headline earnings per share.

Company information

Tiger Brands Limited

Registration number: 1944/017881/06

Company secretary

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Auditors

Ernst & Young Inc

Principal banker

Nedbank Limited

Sponsor

JP Morgan Equities Limited

South African share transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank
2196

American Depository Receipt (ADR) facility

ADR Administrator
The Bank of New York Mellon

Investor relations

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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.

TIGER BRANDS

