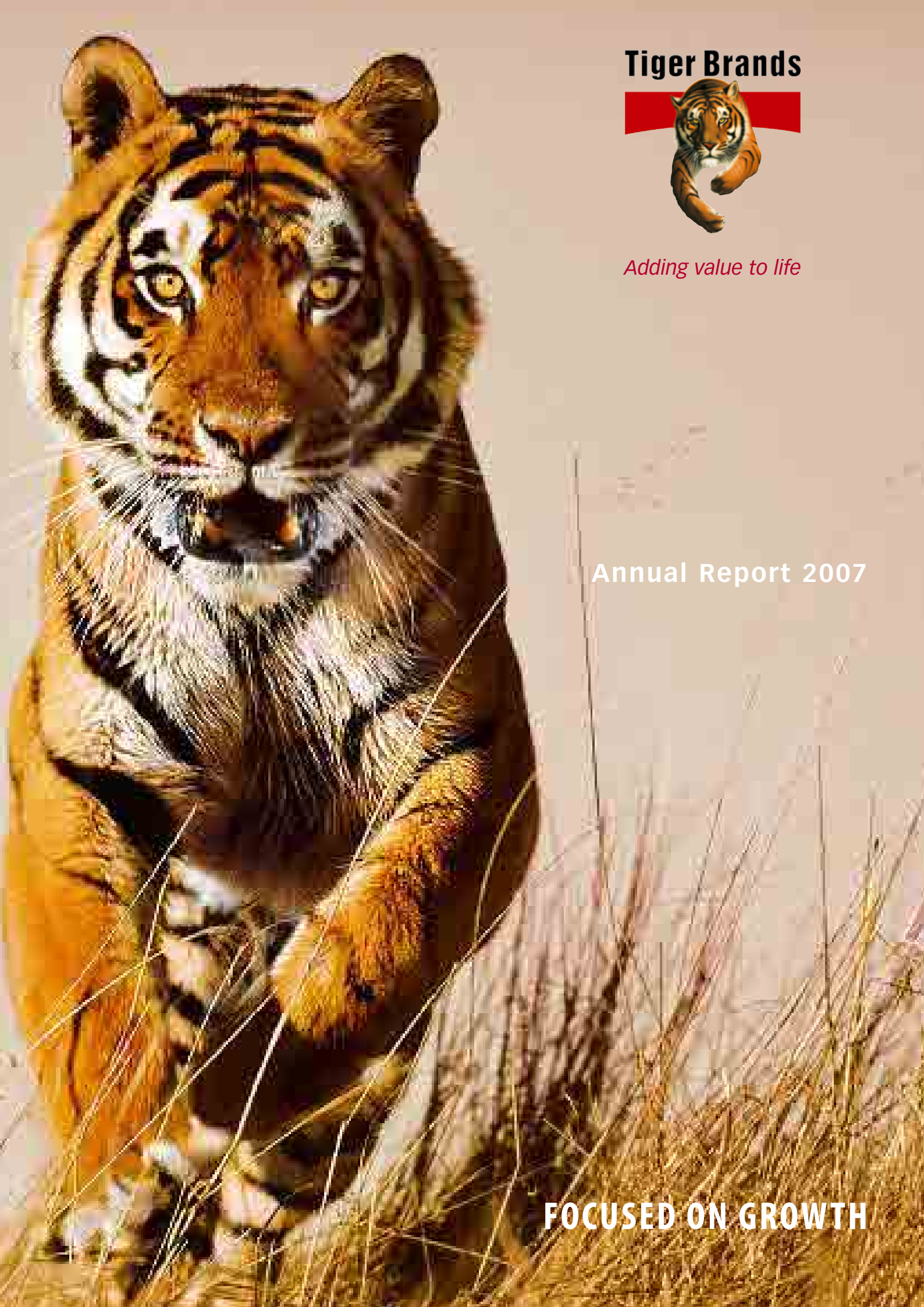
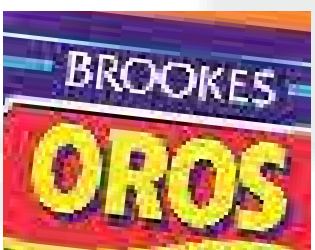


Tiger Brands

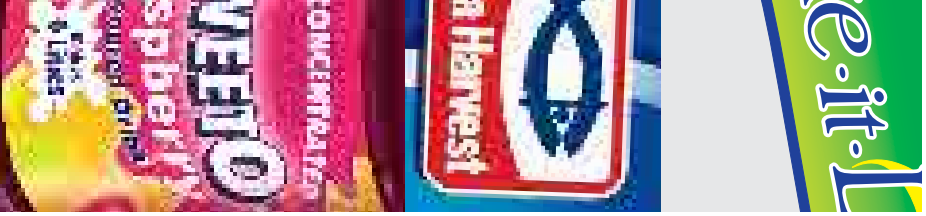
Adding value to life

Annual Report 2007

FOCUSED ON GROWTH


BROOKES
OROS

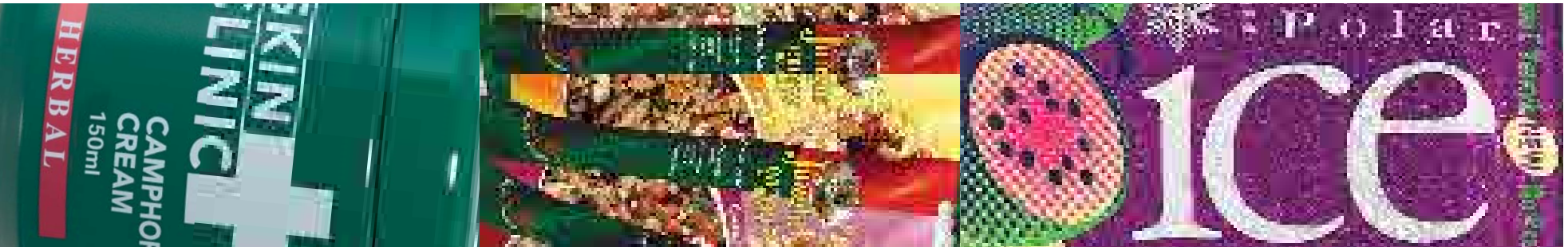

packed with


Harvest




ALL GOLD
IN TOMATO


IT'S WHAT YOU PUT IN
Energade
sports drink
RENOWN
SINCE 1922
Pork Bangers


HERBAL
CAMPHOR CREAM
150ml
Polar
ICE

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Notice of Annual General Meeting, see separate document

Tiger Brands

Vision

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

Strategy

We will achieve sustainable and profitable topline growth by:

Transforming the organisation

Optimising our business portfolio

Pursuing organic growth

Making acquisitions in selected markets

● FOCUS ON HIGH GROWTH, PROFITABLE CATEGORIES

● FOCUS ON GROWING OUR LEADING CORE BRANDS

● FOCUS ON EXPANSION INTO NEW MARKETS AND NEW GEOGRAPHIES

HIGHLIGHTS

Headline earnings per share **+6%**

Operating income from continuing operations **+43%**

Total dividend per share* **+9%**

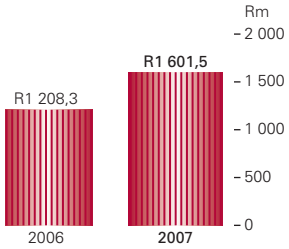
(Rands in millions)	2007	2006	% change
Consolidated results			
Turnover – continuing operations	**16 209,9**	12 623,2	28
Operating income – continuing operations	**2 245,7**	1 565,1	43
Headline earnings (including discontinued operations)	**2 018,3**	1 883,3	7
Total assets employed	**12 020,4**	10 275,3	17
Cash generated from operations – total	**2 939,0**	2 698,1	9
Capital expenditure	**591,0**	461,6	28
Ordinary share performance			
Headline earnings per ordinary share (cents)	**1 283,0**	1 206,7	6
Dividends and distributions out of capital per ordinary share (cents)	**660,0**	603,0	9
Dividend cover (times)*	**1,9**	2,0	
Market price at year-end (cents)	**18 185**	14 150	29

**Includes distributions out of capital.*

GROUP AT A GLANCE

	DIVISION	DIVISIONAL HIGHLIGHTS
	**Domestic Food** Grains: Ace, Albany, Golden Cloud, Jungle, King Korn, Morvite, Tastic Groceries: All Gold, Black Cat, Colmans, Koo, Fatti's & Moni's Snacks & Treats and Beverages: Anytime, Black Cat, FFWD, Jelly Tots, Inside Story, Wonderbar, Smoothies, Maynards, Beacon, Energade, Oros, Hall's, Roses Value Added Meat Products: Enterprise, Like-it-Lean Out-of-Home: Food service and home meal replacement	• Strong consumer demand notwithstanding increased inflation • Recent acquisitions provide a significant boost
	**Consumer Healthcare** Personal care: Gill, Ingram's Camphor Cream, Lemon Lite Homecare: Airoma, Doom, FastKill, ICU, Jeyes, Peaceful Sleep, Rattex, Bio-Classic Babycare: Elizabeth Anne's, Purity	• Future growh sector • Designer Group acquisition strengthens position in personal care
 	**Healthcare** PHARMACEUTICALS Branded medicines: Betadine, Corenza C, Fucidin, Glucomed, Medikeel, Nebilet, Novartis Ophthalmic, Myprodol, Syndol, Synap Forte, Zildem Consumer wellbeing: Bioplus, Citro Soda, Compral, Panado, Osteo-Matrix, vita-thion Generic medicines: Adco Generics, including Acnetane, Adco Amoclav, Adco-Dol, Adco-Simvastatin, Alcophyllex, Zetomax, Adco-Zolpidem	• Competitive and regulatory pressures intensifying • Rationalisation costs had a negative impact
	HOSPITAL PRODUCTS Adcock Ingram Critical Care: Medication Delivery – Sabax intravenous solutions, Colleague and Flo-Gard infusion pumps, Baxter kidney dialysis solutions/accessories, Prograf, Fenwal blood products. The Scientific Group: Bio-technology, imaging, hospital equipment and medical diagnostics.	• Highly challenging competitive landscape • Improved second half performance
	**Fishing** Sea Harvest: Feasts of Flavour, Simply Delicious Oceana: Lucky Star, Glenryck	• Significant recovery despite challenging fishing conditions • Improved levels of beneficiation • Benefits from increased global pricing
	**Exports and International** Empresas Carozzi (Chile, Peru, Argentina): Carozzi, Costa, Molitalia, Bonafide – 24% National Foods (Zimbabwe): Red Seal, Gold Seal – 26% DATLABS (Pvt) Limited (Zimbabwe): Cafemol, Ingram's Camphor Cream, Lanolene Milk, Sabax Intravenous Solutions – 100%	**Exports** • Deciduous fruit turnaround • Merger benefits realised • Momentum building in Africa

CONTRIBUTION TO GROUP OPERATING INCOME

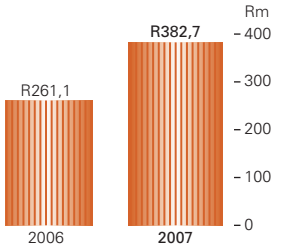


OPERATING INCOME AND TURNOVER PER DIVISION

DOMESTIC FOMESTIC FOOD

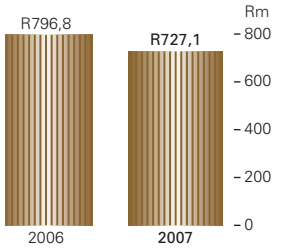
	2007 Rm	2006 Rm	% change
Turnover	**11 713,9**	9 106,5	29
Operating income	**1 601,5**	1 208,3	33
Operating margin (%)	**13,7**	13,3	

CONSUMER HEALTHCARE

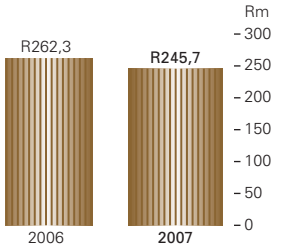


	2007 Rm	2006 Rm	% change
Turnover	**1 602,0**	1 129,7	42
Operating income	**382,7**	261,1	47
Operating margin (%)	**23,9**	23,1	

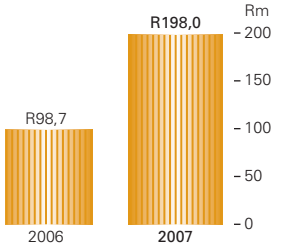
HEALTHCARE



	2007 Rm	2006 Rm	% change
Turnover	**2 878,9**	2 829,9	2
Operating income	**972,8**	1 059,1	(8)
Operating margin (%)	**33,8**	37,4	

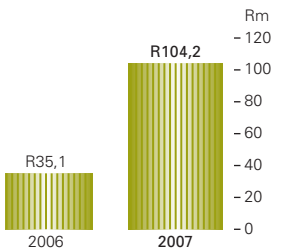


FISHING



	2007 Rm	2006 Rm	% change
Turnover	**1 923,9**	1 664,0	16
Operating income	**198,0**	98,7	101
Operating margin (%)	**10,3**	5,9	

EXPORTS



	2007 Rm	2006 Rm	% change
Turnover	**1 105,4**	774,3	43
Operating income	**104,2**	35,1	197
Operating margin (%)	**9,4**	4,5	
Income from international associates (normalised trading)	**57,1**	46,5	23

NATURE OF BUSINESS

Manufacturer, distributor, and marketer of major food brands.

Manufacturer, distributor, and marketer of personal care, babycare and homecare brands.

PHARMACEUTICALS

Manufacturer, distributor, and marketer of branded, prescription, over-the-counter, and generic medicines, as well as consumer wellbeing brands.

HOSPITAL PRODUCTS

Manufacturer, distributor, and marketer of medicine delivery, blood, renal, diagnostic and other hospital products.

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

Tiger Brands has interests in two international food businesses, one based in Chile and one based in Zimbabwe. It also has a healthcare subsidiary based in Zimbabwe.

LETTER TO THE SHAREHOLDERS



Lex van Vught, Chairman

Dear Shareholders

The year ended 30 September 2007 has been a year focused primarily on strategic direction and on consolidation. The consolidation has seen the successful bedding down and integration of the new businesses purchased over the previous two years. These acquisitions included the Beverage business of Bromor Foods, the Sugar Confectionery business that was acquired from Nestlé (South Africa) and The Designer Group which enhanced the company's position in the personal care market.

On the strategic front, the key move has been the decision taken by the board to unbundle and separately list its Adcock Ingram healthcare interests. This will result in Tiger Brands being a focused, branded, consumer goods company and in Adcock Ingram, as a separately listed company, concentrating on the healthcare arena.

Operationally it was again a most satisfactory year, with operating profit from continuing operations increasing by 43%, assisted by particularly strong performances from several of the core FMCG categories. The otherwise strong set of results was tempered by a disappointing performance from healthcare, which faced particular challenges as a result of the highly competitive nature of the pharmaceutical industry.

Competition Commission

All this very positive performance and strategic progress was regrettably overshadowed, after the year-end, by the R98,8 million administrative penalty that was agreed with the Competition Commission and subsequently confirmed by the Competition Tribunal. The penalty related to

contraventions of the Competition Act that occurred in the group's baking operations.

It is appropriate that I deal with the competition issue in some detail, and to outline the circumstances surrounding the matter and the action that your board took in dealing with it.

On 14 February 2007, the company received a formal referral from the Competition Authorities regarding collusive price discussions by the major bread producers in the Western Cape. Upon initial internal enquiry it became clear that there was substance to these allegations.

The board was appraised of the matter and the company immediately advised the commission that it would request its attorneys, Edward Nathan Sonnenbergs, with the assistance of auditors KPMG, to conduct an urgent independent investigation into the matter. Simultaneously, Edward Nathan Sonnenbergs instructed Econometrix (Pty) Limited, independent economic consultants, to conduct an investigation as to whether there was any indication of abnormal retail pricing of the milling and baking products. The investigation covered both the group's milling and baking operations nationally. Econometrix (Pty) Limited concluded that there was no evidence of abnormal pricing and that pricing was consistent with the cost of production, particularly raw material costs.

The company has been proactive and transparent in its response to the allegations. The investigation revealed that over a period from the mid 1990s, certain members of milling and baking management met certain competitors from time to time, at which meetings pricing issues were discussed. The investigation also revealed that in the baking operations, in 2000/2001 when a decision had been taken to close several rural bakeries in view of their continued loss-making, meetings took place with certain competitors where such closures were discussed.

Over 50 members of senior and middle management were interviewed as part of the investigation, primarily in the milling and baking operations, as well as executive management including Nick Dennis, the chief executive officer. Edward Nathan Sonnenbergs specifically reported that there was no evidence that Nick was aware of any of these collusive activities.

All persons interviewed did so voluntarily and everyone who was requested to participate, did so. The Edward Nathan Sonnenbergs report was submitted to the Competition Commission in its entirety and formed the basis of the consent order that was agreed between the commission and the company. In terms of the consent order, the company agreed to pay an administrative penalty of R98,8 million and was granted corporate leniency in terms of the commission's guidelines, in respect of the company's milling operations. The consent order was confirmed by the Competition Tribunal on 28 November 2007.

It was appropriate that the company then took disciplinary action against those persons involved who were still employees. Disciplinary action was taken against 26 persons. This action was complicated by the fact that several of those involved had left the company. In disciplining those that remained, it was necessary to take into account their degree of blameworthiness and seniority in the company. The action taken included financial penalties and final written warnings.

As part of the consent order signed with the Competition Commission, the Competition Commission granted the company leniency in respect of collusive activities that occurred in the company's milling operations. A condition of the granting of the leniency is that the company is obliged to assist the commission in any investigation into

The year ended 30 September 2007 has been a year focused primarily on strategic direction and on consolidation.

collusive activity and action against other milling industry players.

As a consequence of all the circumstances relating to the investigation and subsequent consent order, Nick Dennis advised the company that he believed that it was appropriate and in the best interests of the company that he proceed on early retirement following the annual general meeting of shareholders in February 2008. The board has accepted Nick's decision and has acknowledged his principled stance in the matter.

There is no doubt that this has been one of the most difficult times experienced by Tiger Brands in its otherwise proud history. The behaviour of the individuals involved in these collusive practices was inexcusable. The company has publicly apologised unreservedly to all its stakeholders for this clear breach of its high ethical standards.

The board felt that, in the circumstances, it was inappropriate for Nick Dennis, Haydn Franklin and Noel Doyle, executive directors of the company, to receive any short term incentive bonuses for the year to September 2007.

Tiger Brands has incurred significant reputational damage as a consequence of this issue. The company has been listed on the JSE Limited for over 60 years and has existed for nearly 100 years. It owns many iconic brands. Considerable work will need to be done in order to restore its good reputation and standing.

Internally, it is understandable that employee morale was also dealt a severe blow, which needs to be addressed. It is important that pride and motivation are fully restored. Crucially, governance processes are being tightened to prevent any risk of a recurrence of this unfortunate saga. It is equally necessary to critically examine some of the group's behavioural characteristics, to ensure that its fierce performance culture does not compromise ethics, transparency and caring.

Operational issues and results

The performance of the company from an operating perspective has been most satisfactory, with turnover from continuing operations up 28% and operating income, before abnormal items, up 43%. Headline earnings for the year were negatively impacted as a consequence of provisions for the cost of the settlement reached with the Competition Commission of R98,8 million and R58 million for the estimated costs associated with the planned unbundling of the company's healthcare interests. Headline earnings per share thus reflected a disappointing increase of 6% on that achieved in the prior year. Excluding the effect of the two items referred to above, headline earnings per share reflected a 15% improvement compared to the prior year.

The year under review has seen further significant investment to facilitate the future growth requirements of the company. Expansion projects completed during the year included a new pasta plant, an extensive upgrade at the Jungle facility and the commissioning of a new bakery in Pretoria. The board has approved approximately R100 million for a new Enterprise facility in Clayville and has approved in principle extensive facilities upgrades for Adcock Ingram so as to meet all latest international manufacturing standards. The company remains positioned for growth, as a consequence of its cash flow and a strong balance sheet.

The chief executive deals with the operational results in greater detail later in this report.

Strategic focus

In April 2007 the board decided in principle that it was appropriate that Tiger Brands be a focused Fast-moving Consumer Goods business and that it should divest of its healthcare interests, comprising its Pharmaceutical and Hospital Products businesses. A process was conducted in order to ascertain whether it would be in shareholders' best interests to dispose of the Pharmaceutical and Hospital Products businesses, either separately or together, or alternatively to unbundle and separately list these interests on the Johannesburg Stock Exchange.

After consideration of the non-binding offers received, the board determined that it was in the best interests of shareholders that the combined healthcare interests of the company be unbundled and separately listed.

This process in now well under way and shareholders will shortly be appraised of the legal formalities that will be required to effect the unbundling. It is anticipated that the unbundling and separate listing will take place by 31 March 2008.

As a result of the creation of two focused entities, shareholders will then be at liberty to separately invest in or divest from these entities. Furthermore, the boards of the respective companies will be able to take strategic decisions that are in the best interests of the individual companies and relevant to the sectors in which they operate.

Khotso Mokhele, a non-executive director of Tiger Brands, has agreed to be the chairman of the newly listed Adcock Ingram. Adcock Ingram is fortunate to have his experience and guidance as chairman.

In the anticipation of the successful listing of Adcock Ingram, we would like to sincerely thank all Adcock Ingram employees for their contribution towards the success of Tiger Brands and to wish them and Adcock Ingram every success for the future.

BEE ownership

Much preparatory work has been done on the proposal for the implementation of Phase II, which when approved by shareholders will increase the effective BEE equity holding in the company from approximately 4% to approximately 10%. The Phase II transaction is intended to be implemented subsequent to the unbundling of Adcock Ingram and will comprise an appropriate BEE management component, with a strong emphasis on including the participation of broad-based community groupings.

Directorate

During the course of the year, Barry Adams who had been a non-executive director of the company for 15 years, retired upon his reaching the retirement age for board members of 70 years. Barry was the chairman of the audit committee for many years and provided an exceptional service to the company in his capacity as a director and as chairman of the audit committee. We wish him well in his retirement.

Haydn Franklin and Mike Norris, executive directors of the company, both intimated during August of 2006 that it was their intention to retire from the company with effect from 31 March 2007. Haydn and Mike served the company for a combined period of 53 years and both played significant roles, in various areas of responsibility, as senior executives within the company. We thank them both for their significant contribution over their many years of service and wish them well in their retirement.

As I indicated earlier, Nick Dennis believed that it was appropriate and in the best interests of the company that he take early retirement with effect from the conclusion of the annual general meeting of shareholders to be held on 19 February 2008. Nick has been the chief executive officer of Tiger Brands since 1994 and has been on the board of Tiger Brands for 25 years. Nick has played an immeasurably important role in developing the company from what was essentially a Commodity-based Oil and Grains business to becoming the leading branded fast-moving consumer goods company in South Africa.

His passion for the company and his commitment to the success of Tiger Brands has been unequalled.

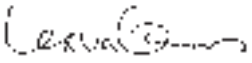
On behalf of the board, I wish to thank him for his significant contribution over his many years of service and wish him success in his future endeavours.

The company welcomes Khotso Mokhele and André Parker as new members of the board. We are delighted to have members of such calibre and experience joining us and look forward to their contributions as non-executive members of the board.

Prospects

In its immediate future, the most significant issue facing the company will be the appointment of a new chief executive officer. Processes to select and appoint the successful candidate are in progress. The appointment will take place at a time when oil prices are at record high levels, which together with the significant international increases in commodity food prices, will give rise to pressure on pricing and margins. The challenge will be for the company and its management team to address these issues whilst continuing to focus on its growth strategy. As reported in November, headline earnings per share are expected to show growth in real terms in the year ahead.

Yours sincerely



Lex van Vught

Chairman

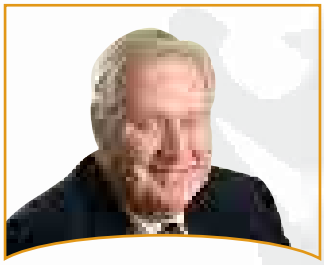
DIRECTORATE



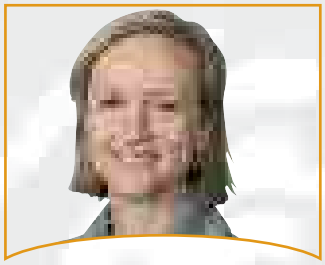
1. L C van Vught



2. B L Sibiya



3. D D B Band



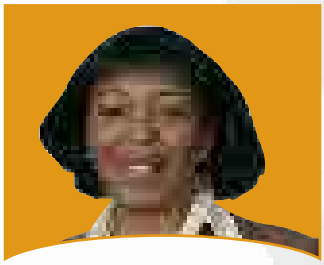
4. S L Botha



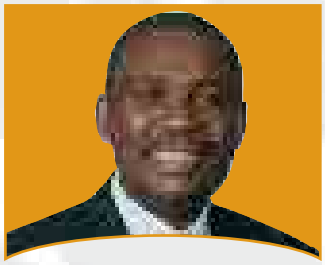
5. B P Connellan



6. R M W Dunne



7. U P T Johnson



8. K D K Mokhele

Independent non-executive directors

1. Lex van Vught (64) *BSc (Hons), BCom, independent non executive director, chairman of the board, member of the audit committee, remuneration and nomination committee*

Lex van Vught joined Tiger Brands in March 2003 as non-executive director. Until his retirement in 2002, he spent 32 years in various marketing, financial and management positions in the AECI Group. He was chief executive officer of Chemical Services from 1993 to 1997 and chief executive officer of AECI from 1997 to 2002. Lex is currently a director of AECI Limited, Impala Platinum Holdings Limited and of some unlisted companies.

2. Bheki Sibiya (50) *BAdmin, MBA, independent non executive director, member of the transformation committee, remuneration and nomination committee*

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

3. Doug Band (63) *BCom, CA(SA), independent non executive director, chairman of the remuneration and nomination committee*

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

4. Santie Botha (43) *BEcon (Hons), independent non executive director, member of the remuneration and nomination committee*

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

5. Brian Connellan (67) *CA(SA), independent non executive director, member of the audit committee*

Brian Connellan joined the Barlow Group in 1964, where he had various executive responsibilities. He was appointed to the Barlow Rand board in 1985 as an executive director. In 1993, when Barlows unbundled, he moved to CG Smith, where as an executive director he continued as executive chairman of Nampak and executive responsible for Romatex. Brian retired from Nampak in his executive capacity in 2003. He is past councillor of the SA Foundation, the Institute of Directors and the Corporate Forum, and a contributor to both King I and King II on corporate governance. He currently serves on the boards of Absa, Sasol, Illovo Sugar and Reunert as non-executive director. He was appointed to the Tiger Brands board in August 1993.

6. Richard Dunne (59) *CA(SA), independent non executive director, chairman of the audit committee and member of the risk committee*

Richard Dunne, formerly chief operating officer of Deloitte & Touche, served 42 years with Deloitte & Touche, up to his retirement in May 2006. He is also a director of Anglo Platinum and AECI Limited. Richard was appointed to the Tiger Brands board in June 2006.

7. Ursula Johnson (53) *BA, independent non executive director, member of the transformation committee*

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

8. Khotso Mokhele (52) *BSc (Agriculture), MS, PhD (Microbiology), independent non executive director*

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

9. Chris Nissen (49) *BA (Hons), MA, independent non executive director, chairman of the transformation committee*

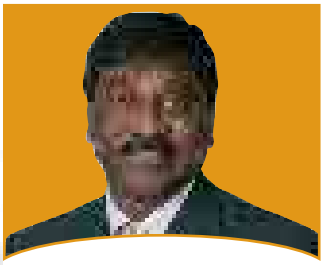
Chris Nissen is a director of Standard Bank Group Limited and Boschendal Limited. He was appointed to the Tiger Brands board in May 2000.

10. Nicky Padayachee (53) MBChB, MMed, DTM&H, DPH, DOH, DHSM, independent non-executive director, chairman of the risk committee

Nicky Padayachee is a consultant Physician in Public Health, President of the Health Professions Council of South Africa and Head – Policy and Strategic Planning for Gauteng Health. He is past executive dean of the Health Sciences faculty of the University of Cape Town, and past chairman of the Medical Schemes Council of South Africa.



9. A C Nissen



10. G N Padayachee



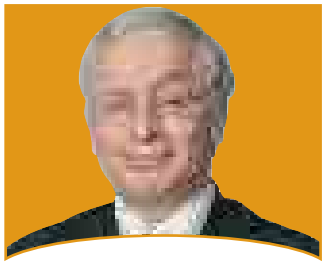
11. A C Parker



12. N Dennis



13. N P Doyle



14. C F H Vaux

11. André Parker (56) *BEcon (Hons), independent non executive director*

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

Executive directors

12. Nick Dennis (60) *BCom (Hons), chief executive officer, member of the transformation committee, 27 years service with the group*

Nick Dennis joined Colgate-Palmolive in 1969 and later become managing director for the Colgate Sports Group of Companies in Europe. After this, he moved to Colgate Germany. In July 1982, he joined Barlow Rand and became a director in 1993. When Barlow Rand unbundled, his employer became CG Smith Limited. His career within the group commenced with Tiger Oats Limited in March 1983, as an executive director. In 1990, he was transferred to ICS Holdings Limited where he held the position of group managing director. In February 1994, he moved back to Tiger Brands Limited as chief executive officer.

13. Noel Doyle (41) *FCA, CA(SA), chief financial officer, member of the risk committee, nine years service with the group*

Noel Doyle joined the group in a financial role from Southern Sun in 1998, having previously worked with PriceWaterHouseCoopers Inc. He worked in various line roles in the Grains business from 1999 to 2003, and assumed his current position in 2004. He currently has responsibility for Finance, Information Technology and Investor Relations, as well as the group's fishing interests. He also serves on the board of Empresas Carozzi.

Noel was appointed to the Tiger Brands board in June 2006.

14. Clive Vaux (56) *CA(SA), corporate finance director, member of the risk committee, 23 years service with the group*

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

AUDIT COMMITTEE

R M W Dunne (Chairman)
B P Connellan
L C van Vught
K D K Mokhele*

**Appointed November 2007*

NOMINATION/REMUNERATION COMMITTEE

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

**Appointed February 2007*

RISK COMMITTEE

G N Padayachee (Chairman)
R M W Dunne*
N P Doyle
C F H Vaux
I W M Isdale
B Koornneef
G J Ward

**Appointed November 2007*

TRANSFORMATION COMMITTEE

A C Nissen (Chairman)
B L Sibiya
U P T Johnson
N Dennis

plus representatives of senior and middle management.

EXECUTIVE MANAGEMENT COMMITTEE

Nick Dennis (CEO)
Arthur Barnett
Neil Brimacombe
Noel Doyle
Brenda Koornneef
Jonathan Louw
Jimmy Manyi
Matsie Matooane
Thabi Segoale
Clive Vaux

CHIEF EXECUTIVE'S REVIEW



Nick Dennis, Chief executive

The period under review has been dominated by the investigation that the company initiated into collusive practices in the Baking and Milling businesses that resulted in the signing of the consent order with the Competition Commission, which consent order was confirmed by the Competition Tribunal on 28 November 2007.

The consent order resulted in an administrative penalty of R98,8 million that was paid to the Competition Authorities during December relating to collusive activities that had taken place within the company's baking operations.

The background relating to the competition issue has been dealt with by the chairman in his letter to shareholders that appears in this report.

In my evidence at the Competition Tribunal hearing I apologised unreservedly to all the company's stakeholders and sincerely regretted that these activities had taken place. I confirmed that I was unaware of these collusive activities.

As chief executive officer of the company, I considered that it was appropriate and in the best interests of the company that I take early retirement from Tiger Brands upon the completion of the annual general meeting of shareholders in February 2008.

Strategy

Over the period that I have been the chief executive officer of the company, we have increasingly

stressed the strategic importance of focus in the business. The steps that have been taken over the years have been to focus the company around branded, fast-moving consumer goods and pharmaceutical products.

During the year under review, this emphasis on focus was further entrenched by the decision of the board to divest of its healthcare interests. As a consequence, the company is well under way to unbundling and separately listing the Pharmaceutical and Hospital Products business in a separate entity to be known as Adcock Ingram Holdings Limited. It is anticipated that this will be listed on the JSE Limited by the end of March 2008.

As a consequence of this decision to unbundle the healthcare interests, the company will be further focused as a branded, fast-moving consumer goods company. Adcock Ingram Holdings Limited will be a focused Pharmaceutical and Hospital Products business. Being separately listed, the boards of the separate entities will be able to take appropriate decisions that are important and relevant to the strategies of those entities. Over the years we have unbundled and listed Astral Foods Limited and The Spar Group Limited. These actions have successfully enhanced shareholder value. It is expected over time that the unbundling and listing of Adcock Ingram Holdings Limited will again result in value being added for the shareholders.

Strategic consolidation

The period under review has also been one of strategic consolidation. I believe that one of the core competencies that is enjoyed by Tiger Brands is its successful ability to bolt on acquisitions.

During the year under review, we have successfully consolidated and integrated businesses that we have acquired over the recent period.

These businesses include the Beverage business of Bromor Foods, the Sugar Confectionery business that was acquired from Nestlé and finally The Designer Group which has significantly enhanced our position in the personal care market.

Overview of results

On 6 November 2007, the company publicly reconfirmed its decision to unbundle its healthcare interests. As mentioned earlier, the process is expected to be completed by 31 March 2008. As a consequence of this decision, the results of the healthcare interests have been disclosed as a discontinued operation in the group income statement and the related assets and liabilities have been classified in the group balance sheet as assets and liabilities held for sale. Similarly, the results of the Dairy business, which was disposed of with effect from 1 May 2007, have also been disclosed as a discontinued operation in the group income statement. Reference in the commentary below to continuing operations relates only to the company's FMCG business.

Turnover growth from continuing operations for the year of 28% was creditable. The operating profit margin from continuing operations, increased from 12,4% in 2006 to 13,9%.

The headline earnings per share of 1 283,0 cents for the 12 months ended 30 September 2007 reflected an increase of 6% compared to that achieved in the prior year.

Abnormal items have reduced by R271,5 million compared to the prior year, resulting in a net abnormal profit of R203,6 million in 2007. The prior year largely consisted of a net profit on disposal of certain offshore investments and a credit arising from impairment reversals. The current year composition predominantly reflects the profit on disposal of the company's Dairy business of R302,5 million and the release to income of R26,6 million relating to a fair value adjustment of the company's obligations in respect of the Sea Harvest put option. This was partially offset by the settlement in favour of the Competition Commission of R98,8 million and the estimated costs relating to the unbundling of the company's healthcare interests of R58,4 million.

The headline earnings per share of 1 283,0 cents for the 12 months ended 30 September 2007 reflected an increase of 6% compared to that achieved in the prior year. Excluding the impact of both the settlement in favour of the Competition Commission and the provision for the estimated costs of the healthcare unbundling, headline earnings per share reflected an increase of 15% compared to the prior year.

Basic earnings per share declined by 3% to 1 425,7 cents per share. The difference between the percentage change in headline earnings per share and earnings per share is due to the effect of abnormal items in both 2006 and 2007. The majority of these abnormal items were excluded for the purpose of determining headline earnings per share.

Review of operations

FMCG

There were some very strong performances in FMCG. The trend of increasing cost push inflation, which was largely contained to the Grains business in the first half of the year, extended to all categories as the full inflationary impact of increasing raw material, labour and distribution costs resulted in price increases in some categories for the first time in three years.

Domestic Food increased turnover and operating income by 29% and 33% respectively. Excluding the impact of the acquisitions of Bromor and the Nestlé Sugar Confectionery business, turnover reflected an increase of 16% and operating income an increase of 22%.

Within the Grains segment, the growth in operating income was largely due to an exceptional performance in Maize, arising from the supply/demand dynamics of April 2007's poor local crop, an improved year at Albany, where market share gains were made in a fast-growing market segment, and a solid contribution from Rice which sustained its positive first half performance.

The Oats category returned to profitability in the second half of the year following the completion of the major capital upgrade to its manufacturing facility in Maitland. The results from sorghum beverages were disappointing with both volumes and margins coming under pressure.

The Groceries business recorded a 23% improvement in operating income off a 15% increase in turnover. A relentless focus on production efficiencies and cost containment, helped to maintain the customer value proposition of the key Koo and All Gold brands in the face of considerable input cost pressures. The baked beans and tomato sauce categories were major contributors to the growth achieved. Pasta supply remained constrained

pending the commissioning of a new plant at the end of November 2007. Notwithstanding supply constraints, Pasta profitability improved. This was driven by the improved performance of the Fatti's & Moni's brand, which benefited from the non-recurrence of major plant maintenance costs incurred in the prior year and the resultant importation of expensive finished product over that period.

Boosted by the successful integration of the Nestlé Sugar Confectionery business, Snacks & Treats grew operating income by 54% off an increase in turnover of 25%. Organic growth remained strong. Assisted by the strong performances of the Beacon, Maynards, Mmmallows and Jungle brands, confectionery turnover, excluding the impact of the acquisition, rose by 16%.

The Beverages business enjoyed continued market share gains together with double digit volume growth. This has reinforced the market leading positions of brands such as Energade, Oros, Hall's and Roses. Results were negatively affected by once-off restructuring costs of R12 million and by the impact of a five week industrial strike at its manufacturing facilities in May 2007.

The results from Value Added Meat Products were disappointing, with operating income declining by 19% despite an increase in turnover of 12%. With a general surplus of manufacturing capacity in the industry, the division was unable to recover the very significant raw material cost increases experienced during the course of the year.

The Out-of-Home business recorded a decrease of 20% in operating income despite increasing turnover by 5%. In addition to the supply constraints in oats and pasta, there were significant start-up costs associated with the establishment of a Hot Favourites pre-prepared meal facility in Gauteng.

Consumer healthcare saw operating income grow by 47%, with turnover increasing by 42%. Excluding the impact of The Designer Group acquisition, which was earnings enhancing in its first year, operating income and turnover grew by 21% and 17% respectively. In addition to the good contribution from The Designer Group acquisition, Personal Care benefited from the revitalisation of its key Ingram's, Dolly Varden and Lemon Lite brands. Babycare continued its strong growth momentum, with its market leading positions enhanced by the installation of additional cereals capacity. Homecare, which posted a modest growth of 7% in operating income, was negatively affected by the poor pest season where brands such as Doom, Dyrange and Fastkill were impacted by a very dry Summer. ClassiClean, which was acquired in 2006, has been successfully integrated into the Consumer Healthcare business. It performed in line with expectations.

Exports achieved a very significant improvement on the prior year, with operating income increasing by R69,1 million to R104,2 million. FMCG exports benefited from the addition of beverages to its portfolio following the Bromor Foods acquisition, and from a narrower country focus, with Mozambique being a major contributor to growth. However, the primary contributor to both absolute profitability and growth was Langeberg & Ashton Foods, the Deciduous Fruit business, where profits were enhanced by a better peach crop, firmer international pricing, and the benefits of a weaker

rand – particularly in the first six months of the year.

Fishing

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

Proportionately consolidated Oceana, which is listed on the JSE Limited, reported a 44% increase in headline earnings per share for the year ended 30 September 2007.

Sea Harvest's results reflected a continuation of the benefits of sales channel and product optimisation, whilst also benefiting from a focus on the beneficiation of smaller fish, improved global pricing and a weaker rand. The improvement in profitability was achieved in the face of continued disappointing catch rates and size mix in respect of hake.

Healthcare

The results achieved by the company's healthcare interests, which are disclosed under discontinued operations in line with the requirements of IFRS 5, are reflective of the highly competitive nature of the pharmaceutical industry. The Pharmaceutical business has experienced both margin and market share erosion due to the extremely competitive trading environment and the inability to pass on cost increases as a result of the combined impact of the regulatory and competitive trading environments. The results for 2007 were also adversely affected by high levels of customer demand in September 2006, ahead of an anticipated price increase in October 2006, and a reduction in stockholdings in the wholesale value chain following the merger of two of the major pharmaceutical wholesalers during the 2007 financial year.

Hospital Products recorded lower profits in most categories, with the exception of transfusion therapies. The performance reflects the highly competitive environment where margins have been constrained in both the Private and Public sectors. Profitability was also negatively impacted by a R15 million increase in depreciation as a result of the purchase and installation of new infusion pumps in line with the requirements of the international principal.

Transformation

The company has successfully introduced Phase I of its transformation strategy through the Black Economic Empowerment staff ownership transaction of October 2005 in terms of which 4% of the issued shares were made available primarily to our Black employees.

The unbundling of the company's healthcare interests has delayed the implementation of Phase II of the company's Black Economic Empowerment strategy whereby it is intended to introduce a further direct Black shareholding in the company. It is deemed appropriate for Adcock Ingram Holdings Limited to select its appropriate black empowerment partners, a task which will be assumed by the newly constituted board of directors after the listing of the company. Once the unbundling of Adcock Ingram has taken place, the company will move quickly towards implementing Phase II of its Black empowerment share initiative.

The company has made good progress with regard to transformation within the company's structures.

Appreciation

Haydn Franklin and Mike Norris both retired as executive directors of the company with effect from 31 March 2007. Both Haydn and Mike have played a significant role in various executive capacities within Tiger over many years and I am indeed appreciative of their invaluable contributions.

Retirement

As I have recently announced, I will be taking early retirement with effect from 19 February 2008. This therefore is my final opportunity to address shareholders as chief executive officer of the company in the annual report.

It is with much sadness that I say "thank you" to the many people who have impacted on me during my time at Tiger Brands.

For over 25 years, I have been a part of Tiger, of which 14 years has been in the role of chief executive officer. I have always regarded our people and our brands with an immense amount of awe. It has been a privilege to be part of such a remarkable group of people and such a wonderful world-class company. I am greatly appreciative of the many wonderful relationships that have been developed over the years with fellow employees, board members, customers, suppliers and other stakeholders.

Tiger will always hold a special place in my heart. Thank you to all who have assisted in creating this wonderful company, and thank you for what you have meant to me.



Nick Dennis

Chief executive

GROUP FINANCIAL REVIEW

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Financial results

Headline earnings for the year ended 30 September 2007 of R2 018,3 million reflected an increase of 7% compared to the previous year. At the headline earnings per share (HEPS) level, this translates to an increase of 6% following a 0,8% increase in the weighted average number of shares in issue.

In total, there are 172,3 million shares in issue. This includes 8,6 million shares held as treasury shares and a further 5,9 million shares held, in aggregate, by the Tiger Brands Black Managers Trust and the Thusani Trust in terms of a staff empowerment transaction which was implemented during October 2005. The weighted average number of ordinary shares (157,3 million) on which headline earnings per share and basic earnings per share are based, excludes both the treasury and the empowerment shares. No additional treasury shares were purchased during the year ended 30 September 2007. The treasury shares and empowerment shares, together, account for 8,4% of the company's total issued share capital.

Headline earnings for the year ended 30 September 2007 have been adversely impacted by the inclusion of the cost of the settlement reached with the Competition Commission as a consequence of contraventions of the Competition Act in the company's baking and milling businesses, and by the provision for the estimated costs associated with the planned unbundling of the company's Healthcare interests. Excluding the effect of these two items, headline earnings per share reflects a 15% improvement to 1 382,9 cents, compared to that achieved in the prior year.

Earnings per share (EPS) declined by 3% to 1 425,7 cents per share, compared to the 6% improvement recorded at the HEPS level. The difference between the percentage change in HEPS and EPS is due to the inclusion in 2006, in attributable earnings, of net abnormal profits of some R466 million, primarily relating to the disposal of various offshore investments. In 2007, net abnormal profits which have been included in attributable earnings, but excluded for HEPS purposes, are at a significantly lower level of some R269 million. These profits primarily comprise the gain on disposal of the company's dairy business, less the costs of impairment of distribution rights relating to certain pharmaceutical products.

On 6 November 2007, the company publicly reconfirmed its decision to unbundle its Healthcare interests. The process is expected to be completed by 31 March 2008. As a consequence of this decision, the results of the Healthcare interests have been disclosed as a discontinued operation in the group income statement and the related assets and liabilities have been classified in the group balance sheet as assets and liabilities held for sale. Similarly, the results of the dairy business, which was disposed of with effect from 1 May 2007, have also been disclosed as a discontinued operation in the group income statement. Reference in the commentary below to continuing operations relates only to the company's FMCG business.

Turnover from continuing operations rose by 28% to R16,2 billion with operating income increasing by 43% to R2,2 billion. Excluding the impact of the acquisitions of Bromor, the Nestlé sugar confectionery business and the Designer Group, turnover and operating income grew by 18% and 31% respectively. Apart from the impact of acquisitions, turnover for the year reflected the impact of rising international prices for commodities, as well as strong

levels of organic growth, particularly in the Grains, Groceries and Snacks & Treats businesses. The increase in the operating margin to 13,9% (2006: 12,4%) was largely due to organic volume growth, a further improvement in operating efficiencies and the sustained recovery in the profitability of the Fishing and Export businesses.

Abnormal items showed a reduction of R271,5 million compared to the prior year, resulting in a net abnormal profit of R203,6 million in 2007. The prior year largely consisted of a net profit on disposal of certain offshore investments, and a credit arising from impairment reversals. The current year composition predominantly reflects the profit on disposal of the company's dairy business of R303 million and the release to income of R26,6 million relating to a fair value adjustment of the company's obligations in respect of the Sea Harvest put option. This was partially offset by the settlement in favour of the Competition Authorities of R98,8 million and the estimated costs relating to the unbundling of the company's Healthcare interests of R58,4 million.

Net financing costs from continuing operations increased by R62,5 million to R77,9 million, reflecting the significant recent acquisition activity, the increased capital expenditure levels over the past two years and higher levels of working capital throughout the past 12 months. The increase in working capital levels was primarily due to higher raw material costs and a planned increase in inventory holdings to meet demand. Notwithstanding the significant increase in financing costs, net interest cover from continuing operations remained at a healthy level of 29,3 times (2006: 104,2 times).

Income from associates increased from R4,4 million in 2006 to R57,1 million in 2007. The increase in the contribution of R52,7 million is distorted by the capital losses of R42,1 million incurred in the previous year, which related to former associate company C & T Malt. Excluding these capital items, income from associates increased from R46,5 million last year to R57,1 million in the year under review. This improvement reflects the non-recurrence of trading losses at C & T Malt (the group's interest in C & T Malt was disposed of in September 2006) and an improved contribution from Chilean-based Empresas Carozzi.

The taxation charge reflected an increase of 52%, which is significantly higher than the rate of increase in profit before taxation of 19%. This is largely due to the impact of abnormal items which decreased from a net abnormal profit of R475,1 million in 2006 to a profit of R203,6 million in 2007. The bulk of these abnormal items, in both years, have no tax effect. Excluding the effect of abnormal items and associates, the average tax rate from continuing operations increased from 30,4% in 2006 to 31,9% in the year under review.

Discontinued operations comprise the profit after tax attributable to the dairy business, determined from the

Turnover from continuing operations rose by 28% to R16,2 billion with operating income increasing by 43% to R2,2 billion.

commencement of the 2007 financial year to the date of its disposal on 1 May 2007, as well as the profit attributable to the company's Healthcare interests, for the full year ended 30 September 2007.

The share of income attributable to minority shareholders increased from R19,5 million in the prior year to R49,5 million in 2007. This increase reflects the improved levels of profitability in both the Fishing and Deciduous Fruit businesses.

Cash flow performance (including Healthcare)

Cash operating profit increased by 24% from R3,0 billion to R3,7 billion. Cash available from operations of R1,9 billion only reflected an improvement of 7% compared to the previous year. This lower rate of increase was due to a significantly higher working capital outflow in 2007 of R806,8 million, compared to an outflow of R333,0 million in 2006. The large increase in working capital levels was primarily due to inflationary cost pressures on raw material inputs and a planned increase in inventory holdings to meet demand.

After taking into account dividend payments and the net cash movements from investing activities, there was a net cash inflow, before financing activities, of R121,9 million compared to a net cash outflow of R383,1 million in the previous year.

The significant cash outflow of R783,8 million in respect of investing activities in 2007, largely comprised capital expenditure amounting to R591,4 million (2006: R461,6 million) and the cost of acquisitions of R556,9 million (2006: R1 369,8 million), which was partly offset by the proceeds received of R428,2 million (2006: R0,5 million) arising from the disposal of businesses.

The group closed the year with net borrowings of R726,5 million (2006: R934,5 million).

Key financial ratios (including Healthcare)

The key ratios for the group are outlined below:

	2007	2006	2005
Profitability and asset management			
Operating margin (%) – continuing operations	16,8	16,9	15,7
Net asset turn (times)	3,0	4,0	4,6
Return on average net assets (13-month average) (%)	50	65	72
Working capital per R1 turnover (cents) (end of year)	20,1	19,4	19,6
Financing and liquidity			
Net debt/(cash) to equity (%)	12	20	(5)
Net interest cover (times)	17,5	22,2	13,7
Current ratio (:1)	1,5	1,5	1,4
Total liabilities to total shareholders' funds (%)	89	106	144

The further decline in the return on average net assets (RONA) in 2007 is reflective of the reduction in the group's net asset turn from 4,0 in 2006 to 3,0 in the year under review. The lower net asset turn is primarily due to the significant investments made over the past two years on acquisitions (R1,9 billion in total) and the high levels of capital expenditure in both 2007 (R0,6 billion) and the prior year (R0,5 billion).

Notwithstanding the substantial increase in net financing costs in 2007 – resulting from the significant recent acquisition activity, and increased capital expenditure and working capital levels – net interest cover remained at a healthy level of 17,5 times (2006: 22,2 times).

The percentage of total liabilities to total shareholders' funds showed a further improvement in 2007. In addition, the net debt to equity ratio improved to 12% by the end of the financial year (2006: 20%).

Capital reductions out of share premium and final dividend

In respect of the financial year ended 30 September 2007, the company has declared two capital distributions out of share premium (interim of 213 cents and final of 290 cents per share) plus a final dividend out of distributable reserves of 157 cents per share. These distributions amount to, in aggregate, a total payment to shareholders of 660 cents per share (2006: 603 cents per share). The total payment of 660 cents per share represents an increase of 9,5% on the prior year's total dividend of 603 cents per share.

Inflation

Details of the group's performance after adjusting for the cumulative effects of inflation are outlined on page 89. The effect of inflation is constantly monitored and built into future plans in order to meet the group's long-term objective of creating shareholder wealth in real terms.

DIVISIONAL REVIEW - DOMESTIC FOOD





Grains

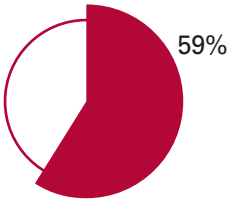
The Grains division performance for 2007 was underlined by significant rises in raw material costs across all product categories. The continuing rise in raw material costs remains a global phenomenon that is largely driven by rising international demand for grains as substrates in the production of bio-fuels. In addition, the outputs of the business' major raw materials from the local 2006/2007 planting season were well below expectations due to poor rainfalls in the country's production areas. Consequently, the business experienced significant rises in input costs that required a stronger drive for further efficiencies in the value chain, in order to minimise the price increases having to be passed on to its consumers. Further innovations have enhanced the consumer value proposition; with a view to sustaining growth in market share in the business' key product categories.

The Maize and Wheat businesses performed well on the back of continuing strong consumer demand in spite of the hyper-inflation in the raw material costs experienced during the period under review. Continued investment in innovation enabled the Rice business to realise further profitable volume growth in spite of significant rises in raw material costs and a stronger competitive market landscape.

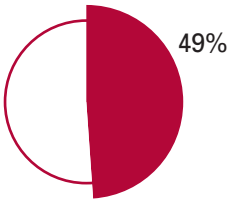
Further innovation and superior product quality and consistency at Albany enabled the brand to retain its leading position in the branded bread market. This has encouraged further investment in new capacity that will come into



DOMESTIC FOOD CONTRIBUTION TO GROUP



TURNOVER
(2006: 54%)



OPERATING INCOME
(2006: 45%)

full commercial production in the new financial year. This is expected to deliver further growth in market share.

The upgrade of the Jungle facility was completed during the period under review. This project was commissioned whilst production was maintained on site which led to unforeseen interruptions that negatively impacted on the capacity to meet the growing market demand. Consequently, the Jungle business performed poorly for the period under review. An appropriate base has now been set with the completion of the project. Leading edge technology is now in place. This will ensure greater production capacity and further innovation capabilities for the brand to grow its strong market leadership in the hot breakfast cereal market through the next financial year and beyond.

The performance of the Sorghum business was below expectation. This was in the face of significant rises in raw material costs and signs of a marginal decline in the size of the total market in the core categories. A strong performance was experienced in the Ready-To-Eat cereal market on the back of

DIVISIONAL REVIEW - DOMESTIC FOOD CONTINUED



the continuing success of the Morvite brand, the continuing growth of the Ace Instant maize product and Jungle Energy Crunch, as well as the b-fast ranges. Further capital investment in facilities for the production of ready-to-eat cereals has been committed to enable further innovation. This will position Tiger Brands for further growth in this category.

The outlook for the next financial year reflects further complexity in the dynamics of the market that will be largely driven by growing probabilities for wide variations in the expected movements in raw material costs. Continuing inflation in the costs of our key raw material inputs is anticipated. Further planned innovation and an expected underlying strong consumer demand for a growing value proposition should enable the Grains division to sustain profitable growth.

Groceries

Groceries sustained its four-year growth momentum in both volume and profit terms. This performance was realised amidst a crop shortfall on fruit and poor supply on pasta due to plant failure (a new plant is in the process of being commissioned) and unprecedented raw material cost push. Star performers were, Black Cat and Koo Baked Beans. There was an an improvement in innovation delivery, whilst All Gold Tomato Sauce defended its market share position. It was pleasing that All Gold jam increased market share amidst strong competitor pressure.

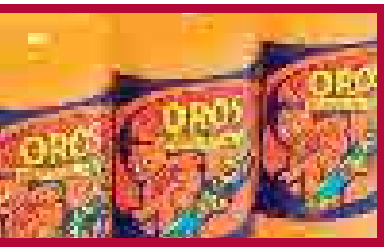
The growth was enabled by a relentless focus on continuous improvement.The business also made a successful transition to a new logistics service provider. Transformation within Groceries is well under way on all fronts.

Two major capital projects were approved by the board namely, two new, modern, state-of-the-art facilities for pasta and tomato sauce.

New innovations brought to market included inter alia, Chakalaka variants, vegetable stews, new tomato products – Africa and Spanish style variants – and All Gold expanded its range offering into a variety of sauces in its novel "upside-down" packaging.

2008 Value drivers will include: A Pasta relaunch made possible by the new facility; sustained growth of All Gold Tomato Sauce, enabled by additional plant capacity; an innovation step change; entry into adjacent categories; and most importantly a relentless focus on building core brands.

Raw material cost pressures threaten the naked margin, however, every effort will be made to mitigate these effects through cost saving initiatives across the entire value chain.





Snacks & Treats

The Snacks & Treats business produced strong top-line growth in the year. The Nestlé sugar confectionery acquisition, effective 1 October 2006, added a number of significant well-known South African brands (Jelly Tots, Wilson's and XXX) to the sweet portfolio which significantly boosted the overall growth of the sweets category. Constrained price increases, product innovation and general high consumer demand of the core sweet range led to a significant increase in sales of the Smoothies and Maynards brands with resultant production capacity constraints.

Chocolate slabs growth was constrained in a very aggressive competitor pricing environment. The snacking category (Jungle brand) continued to reflect good growth levels, being assisted by high innovation levels and extensions into new snacking segments.

The Nestlé sugar confectionery acquisition was a significant event in the year which was particularly challenging from a manufacturing perspective given the relocation of the relevant manufacturing assets from East London to Durban. This relocation is now complete which will enable growth and marketing plans to be fully executed in 2008.

Significant capital expenditure has taken place in 2007 with further high levels to occur in 2008 in order to create additional manufacturing capacity to service expected demand in 2008.

Continuous Improvement continued in the year; however, this was offset by high commodity cost increases towards the later part of the year which has necessitated a review of selling prices.

2008 is expected to reflect continued growth, however, at a lower rate. Commodity cost increases are expected to be a challenge that will be addressed through further continuous cost improvement initiatives and selected price increases.

Beverages

The 2007 financial year was the first full year of trading for the beverage category, Bromor having been acquired on 1 August 2006.

Sales volume growth was significantly higher than expectation, nothwithstanding a bottle supply constraint and a labour strike. The strong growth was driven by a warm summer, good South African consumer demand, more competitive selling price points and product innovation.

A selling price correction was necessary across a number of product segments to address uncompetitive price offerings and to regain lost market share. This resulted in increased sales however, margin was marginally impacted. The continuous



improvement programme was introduced during the year with some success. A more aggressive cost improvement programme for 2008 is expected to improve the overall business margin.

A restructuring of the sales force took place in the year with an alignment with the Snacks & Treats team. The once-off cost relating to this exercise was R12 million.

The business continues to perform broadly in line with acquisition assumptions. 2008 is expected to reflect significant sales growth through an improved supply chain delivery and planned innovation.

Value Added Meat Products

The Enterprise Foods business continued to lead within the highly competitive chilled processed meats category and maintained its position in canned meats. Market conditions have been challenging with numerous regional competitors entering the market, specifically for polony, sausages and delicatessen products. Competition has intensified and, as a result, market share losses are being experienced, especially for products where capacity investment was made.

Consumer demand for Chilled Processed and Canned Meats is growing ahead of GDP. However, once the full impact of the drastic increase in protein cost has been passed on to the consumer, it is expected that the growth will decline on the product categories most affected. The substantial increase experienced in protein costs is driven by the maize price, international animal diseases and supply and demand forces. The business performance was for most of the year negatively impacted by this due to the inability to restore margins.

Various capital projects were commissioned with a focus on improving efficiencies, product quality, product presentation and service levels to customers. Approval has been obtained to invest in the latest slaughtering and deboning technology to further extract value for the consumer. This project will be completed during the second half of the next financial year.

The finalisation of the BBBEE codes of good practice in January 2007 provided the much needed regulatory certainty with respect to the implementation of broad-



based BEE. Skills development initiatives such as learnerships and internships will continue to remain a key focus area for the business throughout 2008.

Out-of-Home Solutions

The 2007 financial year has been a disappointing one for the Out-of-Home division. Revenue has grown marginally but income was significantly down on prior year, largely due to the costs related to acquiring additional temporary capacity in the Cape Town-based Pre-prepared Meal Solutions unit, coupled with a slower than expected start in the Linbro Park Pre-prepared Meal Solutions unit, which was acquired in December 2006. The poor performance was further exacerbated by short supply within selected product categories due to raw materials shortages and capacity issues.

Despite the disappointing results, some key highlights have been achieved. These include the achievement of a far greater participation in the fast-growing Franchise Quick Service Restaurant sector through the supply of pre-prepared meal solutions, meal components and desserts. In addition, a range of bulk pre-prepared meals has been rolled out to national hot deli customers. Strong demand for on-table brands such as All Gold Tomato Sauce continues across all restaurant sectors.

The new Pre-prepared Meals facility in Epping is now fully operational, while the Linbro Park unit's upgrade was completed at the end of August 2007. Both facilities have been geared to meet the highest food-safety standards and staff have received extensive, ongoing training in anticipation of the business delivering against its growth aspirations going forward.

The Out-of-Home market continues to show growth, especially in the Franchise sector, while the recent minimum wage determination within the broader hospitality sector has resulted in a significantly increased demand for pre-prepared meal solutions and components delivering convenience, quality and consistency, with minimum preparation.

DIVISIONAL REVIEW - CONSUMER HEALTHCARE





The Consumer Health business has delivered healthy compound three-year sales and EBIT growth and achieved its objective of improving margins. While all categories have shown good growth, the personal care category performed particularly well.

Personal care

The year's strong performance in personal care is driven through sharper focus and less complexity.

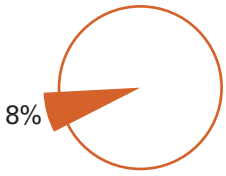
Noteworthy performances were recorded by several of our popular consumer brands. Market share gains on Ingram's strengthened Tiger's second position in the high growth Hand and Body Care market. The position as the leading manufacturer in glycerines was maintained, where Dolly Varden retained its status as the market leader. We strengthened our second place volume position in Face Care, driven by share gains on Lemon Lite. Several prior year brand relaunches in the personal care portfolio were successfully built upon. New advertising and promotional campaigns were developed to support Ingram's and Lemon Lite.

Going forward into fiscal 2008, growth on core brands will be driven by organic growth as well as innovation into existing and adjacent categories, supported by marketing investment. The implementation of Continuous Improvement initiatives will facilitate defensive strategies by ensuring greater price flexibility. Emphasis will be placed on continued sharp focus on our core brands and further reduction in complexity.

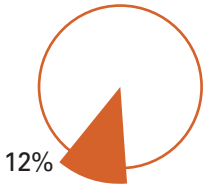
The Designer Group has met sales and profit expectations per the acquisition assumptions with key brands, such as Designer Notes, Protein Feed and Perfect Touch, performing well. Growth was achieved organically as well as a consequence of renovation and



CONSUMER HEALTHCARE CONTRIBUTION TO GROUP



TURNOVER
(2006: 7%)



OPERATING INCOME
(2006: 10%)

innovation. The performance anatomy of this category calls for continued innovation which requires a high level of consumer understanding. 2008 will witness a continuation of this theme, with speed to market being a key enabling feature.

Homecare

Homecare's performance benefited from a full year's trading of the ClassiClean business which was acquired halfway through the prior year.

The flagship fabric care brand BioClassic achieved healthy volume growth and saw further innovation in the launch of a regular fabric conditioner. Another milestone was the closure of our dated Randvaal production facility and the outsourcing of washing powder production resulted in an improved ability to service demand. This was in the midst of significant competitor pressure and input cost pushes during the year. Into the future, focus will be on achieving growth through continued brand-building activity and continuous improvement projects to contain costs and improve margins.

In pest control we successfully maintained our market leadership



position with growth in our Doom and Peaceful Sleep brands. Growth was somewhat inhibited by raw and packaging material supply constraints at the onset of the season and robust plans are in place to avoid a future recurrence. Into 2008 we will focus on growth through innovation, building our core brands and operational excellence in execution. A relentless focus on continuous improvement will be maintained to sustain margins.

In the sanitary product segment, the Jeyes brand delivered strong growth, enabled by building on innovation and leveraging the brand into adjacent segments with an abrasive cleaner launch.

We are addressing challenges for our Airoma brand in the air care market and are confident we will make further positive progress in the coming year.

Personal and homecare remain highly attractive markets with positive growth rates. Industry rivalry remains intense which places demands on innovation rates, speed to market and ongoing cost management. Sustained investment in our brands and a consumer and customer-centric focus will be key to continued success.

The longer-term strategy is focused on extracting further synergistic benefits, bedding down acquisitions and continued core brand-building initiatives.

Baby category

The baby category has sustained its strong performance particularly within the Nutrition segment. Market shares were maintained on jarred baby food and significant progress was made in cereals with Purity Cream of Maize soft porridge now the number 1 cereal in South Africa.

Notwithstanding tough competition in the baby toiletries segment, Elizabeth Anne's achieved satisfactory top-line growth.There will be continued focus to increase market share. Baby medicinals remains a key growth vector as part of the portfolio strategy.

The focus in 2008 will be to sustain core brand focus supported by a high rate of innovation and brand investment.

Nutrition

This has been an exceptional year for Baby Nutrition with all segments of the range reflecting positive volume and value growth.

Market shares of jarred baby foods have been maintained even in the face of competitive entries of three new players – thus once again highlighting the strength of the Purity brand and consumer trust and loyalty. Purity cereals have achieved record market shares with the installation of the new drum drier, resulting in increased capacity and volume sales of the ready to eat range. Purity Cream of Maize soft porridge is now South Africa's number 1 infant cereal. Purity Formula has been supported with two medical roadshows and is listed in many of the leading hospital chains.





Future developments for the Nutrition segment will be a strong focus on extending the time the consumer is active in the category via innovation into existing and adjacent segments with products that have strong emotional and functional benefits. Compliance to new Government regulations will build the core range via ongoing medical endorsement.

Wellbeing

It has been a good year for the Wellbeing segment with double digit sales and EBIT growth.

Despite a tough trading year for Elizabeth Anne's in the face of aggressive competitive activities and supplier issues, the brand experienced positive sales volume growth and reflected short term market share gains. The strategy that has resulted in the market share turnaround will continue to be implemented into the new financial year together with the new communication campaign that has recently been launched.

Consolidation of packaging and reduction in SKU's within the toiletries segment will facilitate cost savings and margin expansion

The Medicinal range of products includes leading brands such as South Africas' number 1 infant vitamin supplement – Vidaylin, Teejel, Telament and Muthi-wenyoni which have all enjoyed positive volume growth performances. Going forward, the aim will be to expand this segment to ensure a complete infant medicinal offering.

The baby category participates in a buoyant segment of the market – strong growth is expected to continue with the increased middle income aspirations for children's improved future opportunities and the expansion into new profitable sub-segments.

DIVISIONAL REVIEW - HEALTHCARE



Adcock Ingram Prescription business

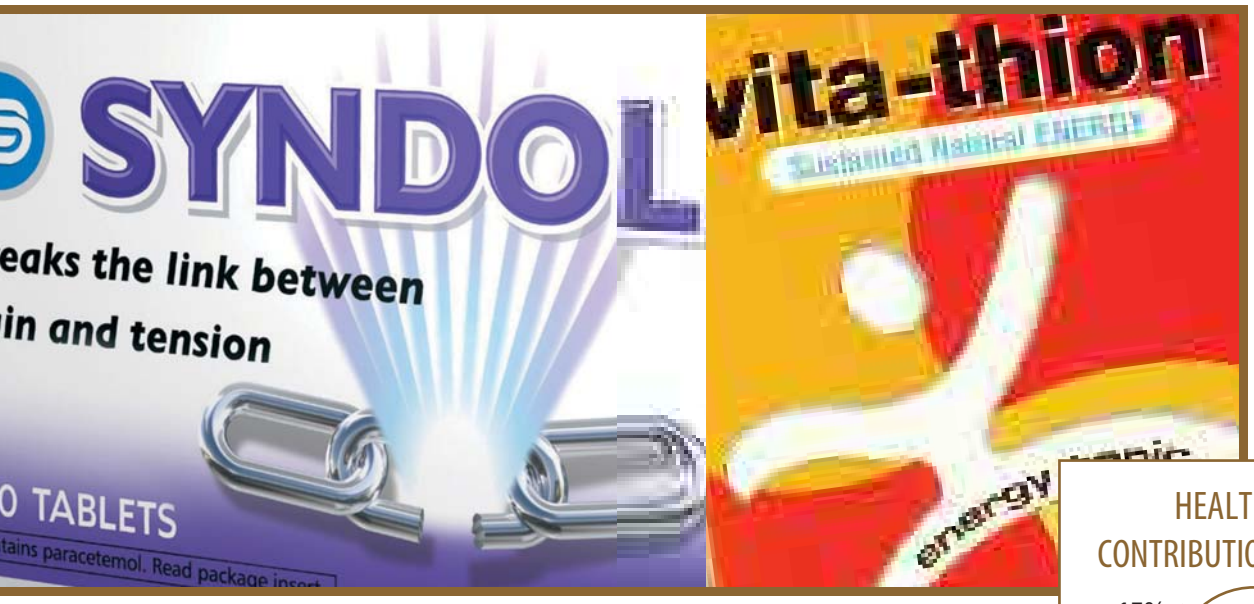
The Prescription business has been challenged on all fronts and growth for 2007 has been disappointing. Growth opportunities for the future revolve around the entry into new Therapeutic Categories, International Out licensing of own developed products and gain in market share. This will be driven by a further focus on customer segmentation by the business. Our wide range of products influences the selection of Adcock Ingram as a preferred supplier as the customers become convinced of the value this brings to their business. The strength of powerful brands such as Adco and Myprodol have also again proven their worth. Leading brands such as Synap Forte and Adco Zolpidem also recorded good growth.

Negotiations with overseas principals have delivered success in the reduction of cost of goods. The business has also focused on a more efficient dossier process; reducing the time that the dossiers take to get through the Adcock Ingram part of the pipeline. Our international supply chain initiatives will result in significant capacity gains and reduction in conversion costs, without compromising on the high quality standards Adcock has always maintained.

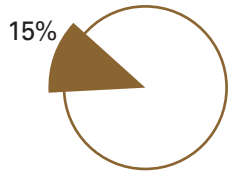
The development of Adcock Ingram staff has been a core focus of the business. This development focus has been significantly challenged by the high rate of staff turnover that has occurred this year. This has, however, not reduced our investment in staff training and specifically an increase in training investment into our sales force training and up-skilling.

Several new products were launched during the year including a range of anti-retrovirals. This followed the successful conclusion of licence agreements with leading multinational companies that hold patents for anti-retroviral therapies and in-house development of generic alternatives.

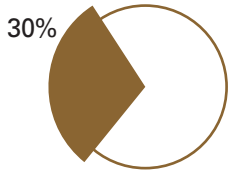
Adco-Nevirapine®, Adco-Zidovudine® and Adco-Lamivudine® tablets were launched in the second quarter in the private sector. Registration was obtained for Adco-Zidovudine® and Adco-Lamivudine® syrups. These latter products, primarily for children and elderly patients, were launched at the end of the year.



HEALTHCARE CONTRIBUTION TO GROUP



TURNOVER
(2006: 17%)



OPERATING INCOME
(2006: 40%)

Submissions for the State Tender period 2008 – 2010 have been postponed until May 2008. This tender offers significant growth opportunities.

Further products (both first and second line therapy) are in the registration process or under development.

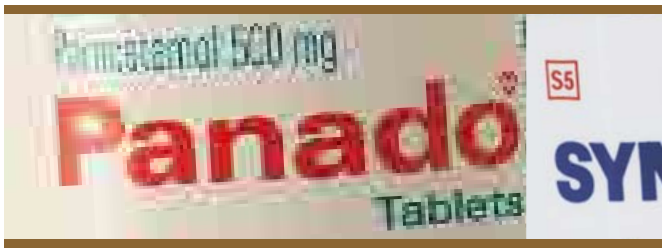
Adcock Ingram Over-the-Counter business

The OTC business extends across the pain, colds and flu, energy, diet and eyecare categories with household names such as Panado, Corenza C, Vita-Thion and Citro Soda, included in the portfolio. The business operates in both the pharmaceutical and FMCG channels.

The colds and flu category comprises 27% of the OTC business. A late cold and flu season resulted in a market decline which impacted on performance. Further, margins were under pressure due to the fact that the increase in the single exit price of 5% in January 2007 was insufficient to counter increased costs as a result of the decline of the rand and inflation.

Sales in the pharmacy channel were slow during the year and the performance versus last year has been negatively impacted by the rationalisation of certain tail-end products. Despite this, key pharmacy brands such as Adco-Dol, Corenza C and Vita-Thion recorded market share gains in an intensely competitive market. The pharmacy business was boosted by the launch of Corenza Para C, Dilinct Dry and Adco Sinal NS.

The OTC Academy training programmes provided for pharmacy assistants continued to gain



momentum with nearly 2 000 pharmacy assistants attending this programme. Key corporate customers in South Africa have made the OTC Academy a compulsory training programme for their pharmacy assistants. Topics presented in a workshop environment included colds and flu, ophthalmology and allergy.

Training has now extended to Namibia and Botswana.

Key strategies to ensure growth include a significant investment in major brands. The business is expected to grow at a greater rate than the market in 2008.

Adcock Ingram Critical Care

Adcock Ingram Critical Care provides a comprehensive range of life-saving and life-sustaining products used in hospitals, clinics, blood transfusion centres, kidney dialysis units, pathology and research laboratories, and by patients at home.

The overall business achieved reasonable growth in revenue in a deflationary environment. Growth has been impacted by intense competition from lower priced imports particularly in the medical disposables markets, and prices of registered products have been held constant as a result of the imposition of single exit price controls. Aggressive cost control and continuous improvement initiatives contributed significantly to operating income.

The core intravenous solutions business has shown good growth in both public and private sectors.

The Renal division lost market share during the year to global competitors. This decline has been arrested and no price increases have been taken on peritoneal dialysis solutions.

Aggressive focus by South African National Blood Service (SANBS) on donor recruitment has resulted in the Transfusion Therapies division achieving a real growth in Blood Pack sales.

The Scientific Group lost a key principal early in the year and has succeeded in attracting three new licensors.

Operating income was significantly impacted by depreciation incurred as a result of an FDA driven global recall of Baxter infusion pumps, necessitating the early replacement of these by new units. Pleasingly, market share for pumps was increased despite these difficulties.

Medicine delivery

Adcock Ingram's long-standing relationship with Baxter International of the USA – a world leader in hospital products – has been a major contributor to Critical Care's innovation drive to provide products and systems that improve efficiencies, safety and cost-effectiveness for hospitals and health professionals.

Intravenous fluids continued to contribute significantly to the overall portfolio, with volume growth from both the public and private sectors.

Hospital pharmaceuticals recorded strong growth from new products. The range of products includes nebulising solutions to treat respiratory diseases and generic injectable antibiotics to treat infections.



The highly competitive infusion pump business continued to increase market share in the private sector, with new technologies and specialised service capabilities.

The ConvaTec division (Ostomy and Wound Care) has maintained excellent organic growth, aided by new product innovation and technology. This performance was achieved despite a severe supply chain failure due to the relocation of a manufacturing plant.

Renal dialysis and transplantation therapies

Critical Care has increased its market share in the highly competitive haemodialysis market in both private and public sectors with Gambro machines and disposables with the acquisition of new product lines. The division's franchise in the peritoneal dialysis market has been particularly successful, with new formulations and technology enabling dialysis treatment while patients are sleeping, thereby enhancing the lifestyle of those with kidney disease.

The company's home delivery service for dialysis patients continues to be successful, and has been expanded nationally with drivers and assistants of delivery vehicles playing an important role in alerting hospital staff to the build-up of disposable stocks, which indicates non-compliance that may adversely affect the patient's health. This year there has also been focus on educating the drivers on basic anatomy and physiology of the Renal patient.

The potential for peritoneal dialysis in export markets is under continued evaluation, as increasing numbers of foreign patients are being treated locally. Countries in the export market have been identified and training has commenced.

Transfusion therapies

Increased end user education and focus on medical professionals has resulted in an increase in demand for filtered blood in order to reduce the incidence of allergic reaction in recipients of donated blood. As a result, SANBS has increased the proportion of blood that is being filtered, which results in increased filter sales for the business.

New blood collection packs, specifically designed for SANBS, and which incorporate sampling pouches for HIV testing, were successfully introduced.

Aggressive marketing to increase end user awareness resulted in excellent organic growth in the Haemophilia Bioscience market.

Scientific Group

The Scientific Group is Adcock Ingram's black empowered subsidiary that specialises in the supply of laboratory and medical equipment and consumables. The company is a partnership with Brimstone Investment Corporation, one of South Africa's leading empowerment companies. Growth in turnover and profitability within the Clinical Diagnostic, Biosciences and Service divisions was strong. Results in the Medical division were disappointing due to the loss of a large agency and the delay of some government capital equipment orders on tender. Three new medical agencies have been introduced and

DIVISIONAL REVIEW - HEALTHCARE CONTINUED



the necessary intervention has taken place to return the division to a strong growth path.

Prospects

Product innovation to anticipate and meet customer needs, expansion into new sectors in the hospital market through acquisitions, and cost containment are key strategies to maintain revenue growth in the face of competitive market conditions.

Negotiations for the acquisition of new renal products from new principals has proved successful and the coming year should see the renal business further increase its haemodialysis market share. Strong renal organic growth is expected to continue, as end-stage renal disease remains underdiagnosed.

The manufacturing facility in Aeroton is in the process of being upgraded to meet the PIC/S requirements and the anticipated completion date is 2009. This will also enable us to qualify for donor funded business in sub-Saharan Africa.

Several new product launches in late 2006 will contribute to growth in the coming year. Of note is the introduction of Aquacel® hydrofibre® wound dressing from ConvaTec which is the first dressing to use patented technology to manage moisture in highly exudating wounds, thereby hastening patient recovery and comfort.

Extraneal® peritoneal dialysis solution is used in Western Europe on 40% of patients and has been launched in South Africa. This innovation extends the time in CAPD therapy for patients who have lost ultra filtration on glucose solutions.

A new range of micro processor controlled blood warmers has been launched with the benefit of avoiding intra and post-operative hypothermia especially with neonates, paediatric and elderly patients.

Innovative Double Red Cell collection technology has just been implemented by SANBS at two pilot sites in Gauteng.This technology effectively increases the pool of blood donors by taking two units of red cells per donation from non-regular donors.

Strong growth opportunities for our products outside of South Africa will be vigorously pursued during 2008.

Drug management and development

2006/2007 has been exciting and challenging for DMD. The in-house research and development facility in Aeroton received a favourable review when the site, staff and systems were audited by the World Health Organisation (WHO) in January 2007. This assessment endorsed the quality of work performed by the unit which received prequalification as a WHO Release Laboratory. The unit is one of only four such accredited sites worldwide.

The experienced pharmaceutical scientists focused resources on strategically important new product development to support the pharmaceutical, over-the-counter and hospital portfolios. Considerable success was achieved in the area of anti-retrovirals, with seven new products being registered during the year.

Whilst development of generics was the main focus of the team, innovative product research is being conducted in the field of analgesia.

There is a full pipeline of new products both within the development programme and the





Medicines Control Council registration process.
Twenty-three new product registrations were received in 2007.

Efforts are being directed towards streamlining the new product registration process through the auspices of a Ministerial Task Team. Adcock Ingram personnel have participated in the consultation process and hope that efficiencies will be realised upon implementation of the proposed changes to the registration process.

The Quality Assurance department has been strengthened to implement the new standards driving pharmaceutical manufacturing in South Africa. The MCC is now a member of the Pharmaceutical Inspection Cooperation scheme (PICs). This has resulted in the adoption of the higher standards as demanded by PICs. The Quality Assurance team have made good progress towards ensuring compliance with the new standards.

Manufacturing

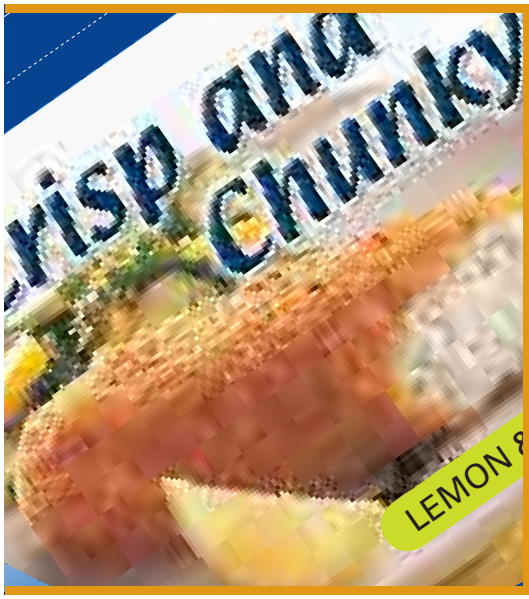
An in-depth review of manufacturing activities has produced a global, forward-thinking manufacturing strategy to balance the scales between drastically reducing costs to deal with price deflation, the effects of a weaker rand and inflation and the need to invest in upgrades to manufacturing facilities to meet the exacting PIC/s standards.

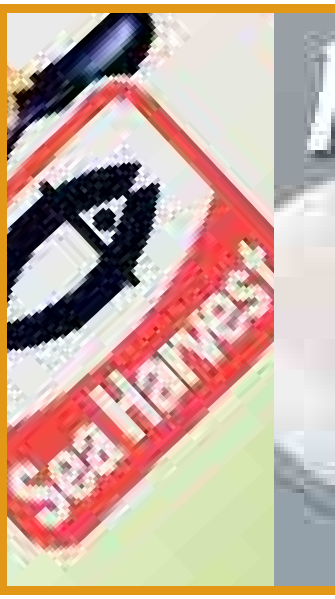
The Wadeville facility is undergoing a major upgrade and will be maintained for the production of liquids and mainly anti-retroviral solid dosage forms.

A state-of-the-art facility will shortly be commissioned in Bangalore, India for the production of solid dosage forms. This high volume, technologically advanced facility has achieved the approval of the regulatory authorities in the United Kingdom, Australia and South Africa. These approvals open new doors in international markets.

The Bangalore facility provides a world-class production model for future expansion in South Africa and ensures a consistent supply of affordable, quality medicines for the South African market.

DIVISIONAL REVIEW - FISHING





Sea Harvest

2007 has been characterised by a strong performance through continued focus on maximising margin and containing costs by the new management team.

The focus was to maximise the profitability for each kilogram of fish landed. Each size hake was channelled into the most profitable markets to maximise the return per input kilogram. This was done by ensuring the markets and products of the future were supported through beneficiation (particularly on small fish) and moving up the value chain (on large fish). For this to be implemented, production capacity had to be aligned to market requirements. By ensuring consistent supply, as well as an increased focus and drive on quality, good price increases were achieved in all the geographies in which Sea Harvest operates.

A significant contributor to Sea Harvest's improved performance has been the drastically improved industrial relations climate in Saldanha. Some of the indicators of the improved industrial relations climate include:

- no stoppages, go slows or strikes since June 2006;
- absenteeism has reduced from 12% to 6%; and
- plant level wage negotiations were settled amicably.

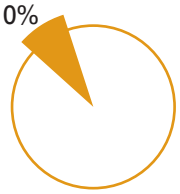
Despite a 10% quota reduction in 2007, the 2007 financial year benefited from 2 500 tons of 2006 quota being carried forward. As a result of this and timing (financial year straddles the quota year), the total catch is forecast to increase by 2% from 27 496 tons in 2006 to 28 056 tons in 2007.

Overall hake catch rates improved by between 8 and 20% depending on the vessel class, however, this



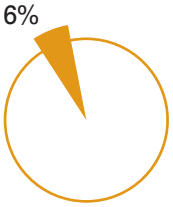
FISHING CONTRIBUTION TO GROUP

10%



TURNOVER
(2006: 11%)

6%



OPERATING INCOME
(2006: 4%)

was somewhat negated by an approximately 5% deterioration in the size mix.

For the past year one of the focus areas for the fleet was maximising the percentage of high value Premium Quality (PQ) fresh fish caught.

Producing the right product for the right market at the right time was a critical business imperative and as such a key focus of the Fresh Fish Factory and the Added Value Factory. At times such adherence necessitated increased costs but this was only condoned where higher net contributions were achieved.

In order to achieve the objectives, the processing capacity had to be realigned and increased. The factory is now able to process all small fish landed by the fleet except in periods of abnormally high volume.

The quality of fish has improved substantially. A new ice plant is currently being built in Saldanha to supply the fresh fish vessels with flake ice. The production capacity of the plant is 200 tons per day and 300 tons storage capacity will also be added. The new plant will ensure availability of ice to the vessels and thus increase vessel utilisation. A sustained supply of high quality ice will enable good quality fish to be

DIVISIONAL REVIEW - FISHING CONTINUED



landed. The completion date for the ice plant is November 2007.

Harvest Nandi is the third addition in the wet fish fleet replacement programme. She was acquired and refurbished at a total cost of R20 million. This is less than half the cost of the other new generation trawlers albeit that she has lower specifications. Her performance to date indicates ability to perform at the expected levels.

The average cost of fuel decreased by 1% from 2006 to 2007. This was achieved by switching to lower grade and cheaper fuel (IFO) and thus negating some of the price increases. IFO comprised 34% of the 2007 consumption.

Exports accounted for 32% and local retail for 20% of sales volumes. In addition, wholesale and catering accounted for 31% of total sales volumes, with other channels accounting for 17%. In 2007, the retail frozen fish category grew by approximately 3% and Sea Harvest's market share in key accounts increased from 34% to 40% as measured by Nielssen.

Sea Harvest's BEE status continues to improve. The company is currently measured as a level 4 contributor (procurement recognition level of 100%) in terms of the DTI scorecard.

Oceana

Oceana achieved very good financial results for the year. The group expects to land most of its quotas in full by close of the 2007 season, achieving good yields of products for which market demand was strong and prices firm. The cold storage division recorded high activity into and out of stores, though with generally lower product dwell times due to a fast turnaround of customers' stock. The french fries business, focused on the quick service restaurant market, reported an excellent performance.

Oceana group made good progress in implementing structural changes designed to improve efficiency and significantly reduce costs in the long term. The process, largely completed, included consolidating long-term fishing rights (quotas) into fewer operating companies and rationalising fishing and production activities, particularly in Oceana Brands, Lobster and Squid, with the disposal of several non-core businesses.

Significant restructuring in the human resources function was completed, resulting in the formation of a centralised training and development team and increased focus on performance and talent management within the organisation.

Some key events during the year were:

- landings of fish well ahead of last year, assisted by good production and sales volumes, as well as firm prices;
- excellent performance in horse mackerel operations;
- greater emphasis on procuring canned fish internationally, to support own brands (mainly Lucky Star) on local and export markets;



- over 70% of fish meal sales to the export market (30% last year), instead of to the local market, where Oceana's plant capability and expertise enables production to meet a wide range of international buyers' stringent specifications;
- allocation to 1 200 black employees of rights to shares through the Khula Trust (owning 12,3% of Oceana's share capital) and achievement of an Empowerdex "AA" BEE rating for the group; and
- consolidation and rationalisation of the corporate structure and operations.

Examples of continuous improvement achieved during the year were:

- reduced energy consumption (diesel and electricity) in vessels and plant through revised operating procedures and technological enhancements; recycling and reusing renewable and non-renewable resources (waste heat, water, packing materials); enhanced control of emissions, all of which reduce the group's carbon footprint and save costs; and
- initiatives to develop the Oceana name or brands in respect of products and market share, eg quality improvement to live lobster through upgrades to the closed management system for live exports; adding products to the Lucky Star range; development of squid product variants.

DIVISIONAL REVIEW - EXPORTS AND INTERNATIONAL





Africa

Tiger Brands Africa (TBA) efforts were accelerated in 2007 with the purpose of ensuring that there is focus on developing Tiger Brands' presence on the African continent, whilst also step changing the core business performance.

The key feature of 2007 has been a financial turnaround. In addition, significant growth in revenue was achieved in the second half of the financial year.

Excellent performances for All Gold, Koo, Doom as well as the Snacks & Treats and Beverages categories have been highlights. Brand equity is being established throughout the continent.

The performance has been enabled by restructuring and increased focus. There have been several key initiatives. A presence has been established in Mozambique with the opening of a management office. This initiative has resulted in significant growth and the development of key customer relationships. This will be enhanced by newly introduced advertising campaigns in support of the Doom, Purity and All Gold brands.

A focus on streamlining the supply chain has resulted in improved service levels and more frequent replenishment. Range rationalisation and maintaining a steady supply of stock has been beneficial to performance. Distributors and agents are being reassessed to ensure that sales potential is optimised.

Rapid economic growth throughout the continent has created an opportunity for sustainable growth and development. Tiger Brands is determined to identify and acquire appropriate businesses. The emphasis of strategy will therefore shift from being export orientated to establishing sales, marketing, manufacturing and distribution competence in selected markets. This will require entrepreneurial business leadership and an ability to successfully integrate acquisitions. Good progress has been made in this area.

Langeberg & Ashton Foods (held 67%)

Langeberg & Ashton Foods (L&AF) is South Africa's leading manufacturer and marketer of deciduous canned fruits and one of the world's biggest companies in that category.

The business experienced a successful year of growth, driven by:

- the ongoing benefits of the merger;
- higher demand in its export markets; and
- a more competitive exchange rate.

The agricultural crops in 2007 were characterised by a record low apricot crop and a high peach crop. In total, L&AF processed over 150 000 tons of



EXPORTS AND INTERNATIONAL CONTRIBUTION TO GROUP

6%



TURNOVER*
(2006: 5%)

3%



OPERATING INCOME*
(2006: 1%)

**Exports only*

fresh fruit and packed over six million cartons of final product.

Over 85% of the products are exported and good volume growth at higher prices for canned products was experienced in its principal markets, the EU and the Far East. In addition, high worldwide demand for "purées" has pushed this category to record prices.

Negotiations with key suppliers were successfully concluded to share the burden of the working capital.

The company continues to work closely with Government to improve the industry's access to international markets.

During the year, the Department of Trade & Industry formalised the public-partnership initiative to improve the industry's competitiveness and the "Fruit Canning Industry Initiative" was launched.

In addition, Government announced its Industrial Policy and the industry is one of the sectors that has been highlighted for growth and support.

Empresas Carozzi

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

The underlying contribution by Carozzi to Tiger Brands earnings was 15,2% higher than the previous year. This growth included the benefits of a strengthening of the Chilean peso against the rand.

Growth in peso terms was primarily driven by an exceptional year in the agro-industrial division where higher global demand resulted in increased realisations in both the fruit and vegetable puree and tomato paste businesses. Cost push being experienced in raw materials, has inhibited the performance of pasta, flour and chocolates in Chile. This was offset by good growth in liquid and powdered beverages and biscuits.

The results from both the Peruvian and Argentinean businesses have been disappointing due to deteriorating margins in pasta as a result of unrecovered raw material cost increases in Peru and the combined impact of Government imposed price controls and mandatory increases in payroll costs in Argentina.



SUSTAINABILITY REPORT

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The relevance of sustainability

CEO's statement

What is sustainability and why is it relevant to Tiger Brands?

According to the sustainability reporting guidelines the goal of sustainable development is "to meet the needs of the present without compromising the ability of future generations to meet their own needs".

It is accordingly a fundamental principle of all involved in achieving the strategies, goals and objectives of Tiger Brands that those who are involved today in achieving these objectives, are sensitive to the needs of those who follow tomorrow.

Tiger Brands has its origins in the first quarter of the last century and has been able to achieve its current position in South African society through its appreciation that whilst there are always short-term goals, there remain long-term obligations to the society of which we form part.

Tiger Brands is committed to making a difference to the lives of all South Africans, whether they be our loyal consumers, our employees, our suppliers, our customers or the communities in which we live and work. Our basket of powerful brands results in our products and brand names being found in most homes at all levels of our society.

We are committed to being involved in social investment as it is important that the company recognises that in our society there are many less privileged who are in need of upliftment. We are committed further in behaving as a responsible company on issues such as our human resource practices, our environmental policies and our corporate governance practices. As a food and healthcare company with manufacturing units throughout South Africa, we actively align ourselves with government initiatives and play a supportive role in communities. In order to achieve our vision and corporate purpose "to be the world's most admired branded consumer packaged goods and healthcare company in emerging markets", it is necessary for us to be appreciative of the relevance of sustainability.

In addressing the company's strategies, strategic priorities, key events, achievements and failures over the past year, you are referred to the operational reviews that appear earlier in this annual report. If you require more information on the company, particularly relating to sustainability issues, please do not hesitate to contact the following:

corporate governance, risk and environmental issues
ian.isdale@tigerbrands.com

or on transformation and human resources
matsie.maboane@tigerbrands.com

or on corporate social investment
jimmy.manyi@tigerbrands.com



N Dennis

Chief executive officer

Corporate governance

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

The recent lapse in ethical behaviour in the group which was discovered as a result of the investigation into collusive practices in the baking and milling businesses, has necessitated an enhanced focus on corporate governance and ethics in the group.

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

The board

The board of Tiger Brands consists of 11 non-executive directors and three executive directors.

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

The primary powers and responsibilities of the board are:

- responsible for approving the strategic direction of the company and the budgets necessary for the implementation thereof;
- the guardian of the values and ethics of the company;
- responsible for appointing the chief executive officer;
- retains full and effective control of the company;
- monitors the management and the implementation of the corporate vision;
- will communicate with shareholders openly and timeously throughout the year; and
- may delegate responsibility to an executive committee or board sub-committees.

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

The sub-committees of the board are the remuneration/nomination committee, the audit committee, the transformation committee and the risk committee, which is a sub-committee of the audit committee. Each of the committees is chaired by an independent non-executive director. Further details in respect of each committee and its participants follow hereunder. An independent director is as defined in King II.

The effectiveness of the board was evaluated by external consultants in 2006. Performance of individual board members is assessed when board members are required, in terms of the articles of association, to retire from the board and offer themselves for re-election. It is intended that external evaluation of the effectiveness of the board and its members will take place from time to time.

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

Attendance at board meetings

Director	14/11/06	14/02/07	16/04/07	24/05/07	11/06/07	07/08/07	19/09/07
B H Adams*	P	P	N/A	N/A	N/A	N/A	N/A
D D B Band	P	P	P	P	P	P	P
S L Botha	P	P	P	P	P	P	P
B P Connellan	P	P	P	P	P	P	P
N Dennis	P	P	P	P	P	P	P
N P Doyle	P	P	P	P	P	P	P
R M W Dunne	P	P	P	P	P	P	P
M H Franklin**	P	P	Resigned	N/A	N/A	N/A	N/A
U P T Johnson	P	P	P	P	P	P	P
A C Nissen	P	A	P	P	P	P	P
M C Norris**	P	P	Resigned	N/A	N/A	N/A	N/A
G N Padayachee	P	P	A	P	P	P	P
B L Sibiya	P	P	P	P	P	P	P
L C van Vught (Chairman)	P	P	P	P	P	P	P
C F H Vaux	P	P	P	P	P	P	P
K D K Mokhele***	N/A	N/A	N/A	N/A	N/A	P	P
A C Parker***	N/A	N/A	N/A	N/A	N/A	P	A

P Present at meeting

A Absent

Resigned on 14 February 2007.
Resigned on 31 March 2007.
Appointed on 1 August 2007.

Remuneration/nominations committee

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

The terms of reference *inter alia* include the determination, agreeing and developing of the company's general policy on executive and senior management's remuneration, determining any criteria necessary to measure the performance of executive directors and senior management in discharging their functions and responsibilities, and reviewing (at least annually) the terms and conditions of remuneration packages for executive directors and senior management.

The committee is responsible for making recommendations to the board on all fees payable by the company to non-executive directors for membership of both the board and any board sub-committee.

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

The committee comprises four independent non-executive directors. At 30 September 2007 the board comprised D D B Band (Chairman), L C van Vught, B L Sibiya and S L Botha.

During the year, B H Adams retired as a member of the board and his position on the committee was taken up by S L Botha.

Attendance at remuneration/nominations committee meetings

Director	14/11/2006	22/01/2007	15/05/2007	19/09/2007
B H Adams*	P	A	N/A	N/A
D D B Band (Chairman)	P	P	P	P
B L Sibiya	P	P	P	P
L C van Vught	P	P	P	P
S L Botha**	N/A	N/A	A	P

Resigned in February 2007.
Appointed in February 2007.

Audit committee

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

As at 30 September 2007 the composition of the committee was R M W Dunne (Chairman), L C van Vught and B P Connellan. Subsequent to the year-end, K D K Mokhele has been appointed to the committee.

During the course of the year B H Adams retired as a member of the board and as chairman of the audit committee.

The chief executive officer, the chief financial officer and at least one representative of the external auditors and the internal auditors are required to attend the meetings of the audit committee.

The objectives of the audit committee are to:

- see that management has created and maintained an effective control environment and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties;

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

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

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

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

Attendance at audit committee meetings

Director	13/11/2006	17/05/2007	19/09/2007
B H Adams*	P	N/A	N/A
B P Connellan	P	P	P
R M W Dunne (Chairman)	P	P	P
L C van Vught**	N/A	P	P

Resigned in February 2007.
Appointed in May 2007.

Risk committee

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

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

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

- establish and maintain a common understanding of the risk universe, which needs to be addressed in order to meet corporate objectives;
- ensure that a proper business risk assessment is carried out and that a risk profile is compiled by management;
- identify on an ongoing basis the five most significant commercial risks and the five most significant financial risks;
- satisfy the corporate governance reporting requirements;
- monitor the company's risk management and assurance efforts; and

- report to the board on the risk management work undertaken and the extent of any action taken by management to address areas identified for improvement.

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

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

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

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

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

The risks identified include the following areas:

- **Legislative issues**

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

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

- **Products**

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

- **Production facilities**

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

- **Information technology**

  The risks surrounding the security back-up and conversion and update risks relating to the company's information technology systems are continually assessed.

  Disaster recovery plans are regularly reviewed as disruptions to critical management information could have a material impact on the group's continuing operations.

- **Foreign exchange**

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

- **Human resources**

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

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

- **Resources**

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

- **Procurement**

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

- Electricity supply

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

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

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

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

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

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

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

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

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

Attendance at risk committee meetings

Director	06/11/2006	19/09/2007
G N Padayachee (Chairman)	A	P
N P Doyle	P	P
C F H Vaux	P	P

Transformation committee

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

- to change and develop a new way of doing business within Tiger that represents and celebrates diversity;
- to foster and encourage broader economic participation in the Food and Healthcare industry;
- to develop a personnel profile that is more inclusive and representative of the demographic spectrum of South Africa and subsequently develop a reputation of being an "employer of choice";

- to ensure that actual change occurs, and business benefits are achieved; and
- to report to the board on the transformation work undertaken, and the extent of any action taken by management to address areas identified for improvement.

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

Attendance at transformation committee meetings

Director	03/11/2006	30/05/2007	08/08/2007
A C Nissen (Chairman)	P	P	P
B L Sibiya	P	P	P
U P T Johnson*	N/A	P	P
N Dennis	P	P	P

Appointed subsequent to 3 November 2006.

Ethics

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

The purpose and scope of the code is:

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

The company subscribes to the principles of the King Code (King II) on Corporate Governance, which principles are embodied in this code;

Adherence to the code is seen as a strategic business imperative and a source of competitive advantage; and

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

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

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

Dealing in company shares

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

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

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

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

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

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

Party political support

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

Accountability – financial statements

The directors of Tiger Brands are responsible for preparing financial statements and other information presented in the annual report in a manner that fairly presents the state of affairs and results of the operations of the company and the group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards of Auditing (ISA) and reporting their findings thereon. The auditors' report is set out on page 85.

The annual financial statements contained on pages 76, 77, 87, 88 and 90 to 150 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies' Act in South Africa. They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates.

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

Directorate and executive management

The board of directors of Tiger Brands includes independent non-executive directors who are chosen for their business acumen and skills. The chairman of Tiger Brands acts in a non-executive capacity and is independent. New appointees to the board are appropriately familiarised with the company's businesses through an induction programme.

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

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

Directors' and senior management's remuneration

(i) Remuneration committee

The remuneration committee ("the committee") has been delegated by the board with the responsibility for determining the remuneration of the executive directors and other senior management members, as well as approving all grants of options under the Tiger Brands Phantom Cash Option Scheme. The committee comprises four independent non-executive directors which at 30 September 2007, were D D B Band (Chairman) B L Sibiya, L C van Vught and S L Botha. The chairman of the committee reports to the board on the committee's deliberations and decisions.

(ii) Remuneration policy

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

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

(iii) Composition of executive remuneration

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

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

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

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

- **Incentive bonus plan**

  The executive directors participate in an annual incentive bonus plan, which is based on the achievement of short-term performance targets. These targets comprise a financial as well as a non-financial component. For 2007, the non-financial element of the bonus consisted of three elements, namely the achievement of agreed transformation targets (based on the previous Department of Trade and Industry (dti) transformation scorecard), as well as the level of progress made in respect of two key strategic initiatives. Each of the three elements carried an appropriate weighting. The financial performance element is based on growth in profits, as measured by headline earnings per share, and the return on net assets employed, with growth in headline earnings per share carrying a higher weighting. Measures and targets are reviewed annually by the remuneration committee.

  Incentive bonuses payable to executive directors in respect of 2007 are outlined on page 57.

  The incentive scheme for 2007 was capped at 100% of total remuneration package, with 80% of the incentive bonus being based on the company's financial performance (headline earnings per share and return on net assets) and the remaining 20% (subject to minimum financial performance criteria being achieved) based partly on the achievement of the group transformation targets as measured by the corporate transformation scorecard, and partly on the progress made in respect of two key strategic initiatives. The bonuses accruing to executive directors in respect of 2007 equated to, in aggregate, 6,6% (2006: 83,1%) of their combined total remuneration packages.

  The profit incentive scheme for 2008 is similar to the 2007 scheme, with 80% of the bonus being based on financial performance criteria, 15% based on transformation criteria, and the remaining 5% directed at organisational development issues. As in the past, performance against individual personal objectives will be taken into account in the final bonus determination.

- **Phantom Cash Option Scheme**

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

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

  The rules of the Phantom Cash Option Scheme are modelled on the replaced share option scheme. Apart from the fact that the options in the new scheme are "cash settled" rather than "equity settled", the major difference between the two schemes is that the maturity period of the cash settled options is six years as opposed to 10 years. The cash options awarded in 2006 and 2007 are subject to time-based vesting conditions, which is consistent with the previous scheme (ie one third becoming vested on each of the third, fourth and fifth anniversary of the date of grant).

  The grant price of a cash settled option is equal to the average closing market price of a Tiger Brands share on the JSE for the 30 trading days immediately prior to the grant date of the option. The cash settlement amount of the option is equal to the difference between the closing market price of a Tiger Brands share on the date on which the

option is exercised and the grant price. The participants therefore receive the same net proceeds as under the previous equity settled option scheme, apart from broking fees and associated costs which are not payable under the Phantom Cash Option Scheme.

In line with global best practice, and emerging South African practice, the company has decided to impose performance vesting conditions to govern the vesting of options granted under the Phantom Cash Option Scheme. The revised vesting conditions will apply with effect from January 2008 to options granted on or after this date.

With regard to the options to be granted in January 2008, a total of 50% of the options will not be subject to performance conditions. The vesting of these options will remain time-based. The performance condition that will be imposed for the remaining 50% will be determined by the committee on an annual basis, but will be no less stretching than the requirement that the company's headline earnings per share should increase by 3% per annum above inflation over a three year performance period. The committee can, at their discretion, allow retesting of the performance condition on the first and second anniversary of the end of the performance period. The target will be set with respect to the cumulative headline earnings per share over the performance period.

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

The value of the underlying Phantom shares over which the cash options are granted is determined by reference to a predetermined multiple of annual total remuneration package. The individual multiples applied, in respect of the January 2007 allocation, ranged between 0,81 and 1,2 times.

Details of equity settled options over shares in Tiger Brands Limited held by directors as at 30 September 2007, together with options exercised during the year, are set out in note 23.5 on pages 130 and 131.

In addition to holding equity settled options over shares in Tiger Brands Limited, some of the executive directors also hold options over shares in Astral Foods Limited. These options were originally created as part of the Astral Foods unbundling transaction, to ensure that Tiger option holders were treated on a consistent basis with Tiger shareholders following the distribution of Tiger's investment in Astral Foods during April 2001.

Details of options over shares in Astral Foods Limited held by directors as at 30 September 2007, together with options exercised during the year, are set out in note 23.5 on page 131.

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

The first table below reflects the details of cash settled options granted to executive directors in January 2007, whilst the second table reflects the details of cash settled options granted in January 2006.

Cash settled options granted January 2007

Name	Number of cash options	Grant price per cash option	Value of allocation
N Dennis	30 000	R168,82	R5 064 600
N P Doyle	17 100	R168,82	R2 886 822
C F H Vaux	17 400	R168,82	R2 937 468

Cash settled options granted January 2006

Name	Number of cash options	Grant price per cash option	Value of allocation
N Dennis	30 000	R149,51	R4 485 300
N P Doyle*	14 100	R149,51	R2 108 091
M H Franklin	15 000	R149,51	R2 242 650
M C Norris	15 000	R149,51	R2 242 650
C F H Vaux	12 000	R149,51	R1 794 120

These options were granted prior to N P Doyle's appointment as an executive director of the company.

- Retirement benefits

During the year, the group made contributions on behalf of the executive directors to an umbrella retirement scheme operated by Alexander Forbes and, in respect of one director, to the Tiger Brands Management Provident Fund. Both schemes are defined contribution retirement plans, with the company contributing 15,3% (15,0% prior to July 2007) of gross pensionable salary for retirement funding purposes in respect of the umbrella retirement scheme and 15,9% in respect of the Tiger Brands Management Provident Fund. In addition, contributions were made in respect of two executive directors to an external executive umbrella provident fund. The cost of these contributions forms a component of the relevant directors' total remuneration packages.

Details of contributions made in the year ended 30 September 2007 on behalf of executive directors are set out in the table on page 57.

- Other benefits

The executive directors enjoy various other benefits including medical aid cover, permanent health insurance, death in service and funeral cover, as well as the entitlement to a car allowance. Post-retirement death benefits are also provided in respect of the chief executive officer.

The total value of other benefits is set out in the table on page 57.

- Deemed interest

Two directors have the benefit of low interest loans from the Tiger Brands Share Trust in order to finance the purchase of ordinary shares in the company in terms of the Tiger Brands (1985) Share Purchase Scheme. Details of the deemed interest benefit relating to these loans, in respect of the year ended 30 September 2007, are set out in the table on page 57.

(iv) Employment agreements

Mr N Dennis entered into an employment agreement with the company in 1999. In addition, Mr I W M Isdale has an employment agreement with the company in respect of his services as company secretary. The employment agreements are subject to a notice period of not less than three months to be given by either party.

The company may elect to pay such persons a cash sum in lieu of notice of termination.

In the event of such termination of employment creating an obligation on the employer to pay severance pay to the individual concerned in terms of the Labour Relations Act, 1995 or the Basic Conditions of Employment Act, 1997, then the severance package shall be equal to a multiple of the relevant individual's monthly remuneration. The multiple in respect of Mr N Dennis equates to 44 months' remuneration, whilst the multiple applicable to Mr I W M Isdale equates to 20 months' remuneration. However, the multiple is limited to the number of months that remain from the termination date to the date on which the relevant individual would have reached his normal retirement age. This payment is calculated by reference to the relevant individual's pensionable remuneration plus the value of medical aid, group life and permanent health insurance benefits. In addition, a fixed amount will be payable by the company to compensate the relevant individuals for the loss of benefits arising in terms of the company's post-retirement death benefit scheme.

The execution dates of the current employment agreements are as follows:

Name	Contract date
N Dennis I W M Isdale	18 June 1999 15 June 1999

N Dennis announced in November 2007 that he would be taking early retirement and resigning as chief executive officer of the company and as a director of the company on 19 February 2008. In terms of an agreement reached with N Dennis, he will enjoy full cost to company benefits up to and including 19 February 2008. Share options awarded to N Dennis that vest after 19 February 2009 will lapse.

(v) Succession planning

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

(vi) Non-executive directors' fees

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

For the year ended 30 September 2007, each non-executive director, other than the chairman and deputy chairman of the company, was paid an annual fee of R138 860 for his/her general board duties. Mr B H Adams was paid a pro rata fee in respect of the period up until his retirement on 14 February 2007, whilst Messrs K D K Mokhele and A C Parker received

a pro rata fee from the date of their appointment to the board on 1 August 2007. Mr L C van Vught received annual remuneration of R795 000 in respect of his services as chairman of the company, whilst Mr B L Sibiya received annual remuneration of R265 000 in respect of his services as deputy chairman of the company.

The new chairman of the audit committee, Mr R M W Dunne, received an additional fee of R111 300 in respect of his services as a member of the audit committee for part of the year and as chairman of the audit committee with effect from 14 February 2007.

The chairman of the remuneration committee received an additional fee of R72 080.

One non-executive director received an additional annual fee of R55 650 for serving on the audit committee, whilst another non-executive director received an additional fee of R38 690 for services rendered as a member of the remuneration committee with effect from 14 February 2007.

An additional fee of R66 780 per annum was payable to the chairmen of the risk and transformation committees respectively. One non-executive director received an additional fee of R38 690 for services rendered as a member of the transformation committee with effect from 28 February 2007.

Fees paid to non-executive directors for the year ended 30 September 2007 are set out in the table on page 57.

The board, based on the recommendation of the remuneration committee, has determined that shareholders be requested to approve that the fee payable to non-executive directors be increased to R148 580 per annum with effect from 1 October 2007. This increase represents an annual inflation adjustment of 7%.

Subject to shareholder approval, it has been agreed by the board that for the year commencing 1 October 2007, the emoluments paid to the chairman in respect of his services as chairman of the company, be increased to R850 650 per annum. Furthermore, the emoluments paid to the deputy chairman of the company will be increased to R283 550 per annum. The annual fee payable to the chairman of the audit committee will be R130 000, and the remaining members of the audit committee will receive an annual fee of R65 000. The chairman of the remuneration committee will receive an annual fee of R77 126, with the chairmen of the risk and transformation committees each receiving R71 455. Non-executive directors who are members of the remuneration, risk and transformation committees will each receive an annual fee of R41 398. These fees are reviewed on an annual basis.

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

(all figures are stated in rand thousands)

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

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

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

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

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

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

(vii) (b) Table of directors' emoluments for the year ended 30 September 2006

(all figures are stated in rand thousands)

Name	Fees	Cash salary	Bonus	Other benefits	Retirement fund contributions	Deemed interest	Gains on options exercised	Total 2006
Executive directors								
N Dennis (CEO)		4 517	4 869	286	1 103	329	28 223	39 327
N P Doyle (from 1 June 2006)		462	1 465	28	94	6	874	2 929
M H Franklin		2 013	2 278	285	451	212	6 607	11 846
M C Norris		2 160	2 417	215	485	88	6 838	12 203
R V Smither (to 31 March 2006) (note 1)		915	1 039	145	208	—	8 400	10 707
C F H Vaux		1 823	1 921	119	388	—	—	4 251
Total A		**11 890**	**13 989**	**1 078**	**2 729**	**635**	**50 942**	**81 263**
Non-executive directors								
L C van Vught (Chairman)	507							507
B H Adams	273							273
D D B Band	199							199
S L Botha (note 2)	131							131
B P Connellan	184							184
R M W Dunne (from 1 June 2006)	50							50
U P T Johnson	131							131
A C Nissen	194							194
G N Padayachee	194							194
B L Sibiya (Deputy Chairman)	231							231
J L van den Berg (retired 1 June 2006)	122							122
R A Williams (former Chairman – retired 23 February 2006) (note 3)	999							999
Total B	**3 215**							**3 215**
Total A + B	**3 215**	**11 890**	**13 989**	**1 078**	**2 729**	**635**	**50 942**	**84 478**

Note 1 Included under other benefits is a retirement gift, valued at R10 223.

Note 2 Director's fees paid to MTN Group Management Services.

Note 3 Includes retirement gifts valued at R27 138.

Management reporting

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

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

Human resources

Our people

Our agenda for 2008: growing our own timber

Our country has enjoyed sustained, phenomenal economic growth and activity over the past several years. For the past three years, at least, real GDP grew by around 5%.

Per Statistics SA's latest Community Survey results, although the size of the labour force is growing, the percentage of those entering with post Matric qualifications remains low, at 5,6% for Africans and Coloureds, 16,6% for Indians and 31% for Whites. This reality means that organisations cannot hold back on people development initiatives.

In keeping with the growth in the country, we are expanding our facilities and therefore placing pressure on our current human resource pool. Different sectors experience different pressure for talented, experienced people. In our sector these areas include the supply chain: procurement, conversion, and logistics. In conversion, qualified experienced engineers with appropriate certification are in very short supply.

We are working hard at "growing our own timber". We have been running a workplace experience programme in partnership with the FoodBev SETA. We are currently hosting and training 23 Food technologists and engineers (2006: 34). This is in addition to our Graduate programme where in 2007 we brought in 20 graduates and are developing them through the ranks (2006: 11).

Our leadership development model is under review. Over the past three years our focus has been on developing the leadership pipeline. We are reviewing the model to ensure depth in functional areas as well. We have introduced objective assessment tools to augment our current review processes.

On an annual basis we review the performance management process, outputs and standards to test for consistency in application, robustness, and to ensure increased shared understanding. Individual performance is an important input into achieving Tiger's growth prospects.

Review of our 2007 commitments

Our values and culture

In 2007 we undertook a pilot climate survey to understand what our employees enjoyed about our company and what they thought we could do better.

They enjoy our sterling financial track record. They also treasure being part of a winning high performance team. Areas where we could do better included "showing care and concern". We do believe that it is possible to be a high performing organisation with a heart and soul. To that extent we have focused our attention and energies on doing the things that demonstrate care and concern. We are also learning to stop doing the things that demonstrate lack of care and concern.

Upon reflection on the climate survey results, our company values have been reviewed:

What we valued as an organisation in 2006	Values as updated in 2007
• Respect • Action orientation • Teamwork; and • Imagination	• Care and respect • High performance • Teamwork • Imagination

To ensure that these are not just words, there is a 360° evaluation process at management level to periodically assess how we are doing in living our values.

Update on our transformation journey

With the final gazetting of the BBBEE codes of good practice, the uncertainty surrounding BBBEE was removed. We have thus been able to increase our momentum in our contribution to nation building through BBBEE.

We are finalising the details of our second ownership phase which will take the group ownership by black people to approximately 10%. The first phase was directed to our own employees. The second phase will include a broad base where the black South African citizens in our broader communities will be able to participate.

Thusani Trust, set up in November 2005 as part of the first staff phase, was operationalised in 2006. The trustees decided to use the funds to support tertiary education of the children of qualifying beneficiaries. In 2007 a total of 132 students who passed Matric, and would have struggled to afford tertiary education, were sent to universities and other institutions of higher learning. The process for the 2008 intake is under way. More students will be supported.

We have made significant progress in transformation at board and senior management level. In 2006, the Tiger board approved the position of deputy chairman and Mr Sibiya was appointed to fulfil the role. Dr Mokhele was also appointed to the board in August 2007. In July 2007, Mr Segoale was appointed managing executive responsible for our Grains business. He is part of the group executive committee.

A group our size procures from tens of thousands of suppliers. We have concluded a project to categorise and qualify our suppliers to boost black business based on preferential procurement.

Although we have made a good start in Enterprise Development (ED) in some of our business units, it will receive focused attention in 2008. We have finalised the group policy on elements of ED that we will vigorously promote and support.

Our track record in Socio-Economic Development (CSI), has been sterling. Our anchor projects Unite Against Hunger and Unite 4 Health have been running for several years. Giving back to our communities and making a difference is part of the way we do business.

We retained the services of EmpowerLogic to verify our performance against the published Generic Codes. The verification process is almost completed and we will be issued a certificate reflecting our contribution level for 2007.

Implementing our 2010 people strategy

As we pursue growth, one of our strategic thrusts is optimisation of the portfolio. This optimisation results in acquisitions and disposals. A key focus is therefore mastering integration management – bringing together different organisational cultures and people management practices. There are uncertainties to be managed when making an acquisition as well as during a disposal.

In 2007, we successfully integrated the Bromor business into our Snacks, Treats and Beverages portfolio. We also successfully disposed of DairyBelle.

Attract and retain

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

Our iconic brands, built by our people over many years, help us to attract and retain awesome, talented people.

An example is Tastic, voted number 1 brand for nine years in a row. The Tastic team, and indeed the broader Tiger employees, have enormous opportunities to support communities and positively affect many lives through projects such as "Tastic Warm Tummies" where the homeless are provided hot meals for three days in one week during mid-winter.

These types of opportunities not only foster a sense of belonging but also expand meaning to our lives and work.

Our success in attracting employees for 2007 for C-band and above was as follows:

Grade	Black	White	Total	% Black
F	1	—	1	100
EL	4	1	5	80
D	63	20	83	76
C	180	130	310	58
Total	248	151	399	62

Talent management and leadership development

Our leadership model is multi-dimensional and incorporates leadership behaviours, leadership skills, our values and time-frame focus.

We have recently developed a competence framework based on the competencies evident in the Top 40 talented leaders in Tiger. This framework will be further developed into a competency assessment matrix, which will be a valid assessment tool to identify and place our talent across various levels. Once our talented leaders have been assessed, they will be developed in various leadership development programmes.

In addition to this generic talent competence matrix, functional competence matrices are being developed in Marketing, Customer, Finance, Procurement and Manufacturing to ensure that the learning and development opportunities offered by the various Tiger Brands Academies is appropriate and targeted to ensure that all employees are technically proficient and that functional best practice is translated into exceptional performance.

Sharing the wealth

Update on implementation of employee share ownership

All our employees who participated in the general staff share allocation have enjoyed dividend payments since November 2005. We have allocated about 70% of shares that were warehoused for allocation to black managers (2006: 52%). With the implementation of the Thusani Trust, 132 students, being children of our black employees who could not have afforded tertiary education, were enrolled at different universities and other institutions of higher learning.

Remuneration practices

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

Update on relevant statistics

We continue to provide sustainable employment to a significant number of people as per the table below. Our total salary and wage bill is over R2,1 billion.

We set Employment Equity targets annually as part of our broader transformation targets and track performance on a quarterly basis. Our performance is presented below.

The composition of our staff is as follows:

Year	African	Indian	Coloured	White	Disabled	Perm't	Temp	Total
2007	6 900	979	1 348	1 691	31	10 949***	5 321	16 270
2006	7 733	960	2 591	2 092	45	13 421	4 257**	17 678
2005	7 756	969	2 690	2 260	47	13 722*	3 042	16 764
2004	8 223	1 235	3 121	2 989	72	15 640	2 947	18 587
2003	8 730	1 473	3 622	3 024	83	16 932	3 146	20 078

Notes:
Spar unbundled.
Combined Langeberg and Ashton Foods (seasonal business).
Sale of DairyBelle.

With respect to the number of employees with disabilities, the trend, as a percentage of headcount, is declining. This decline should be viewed within the national context as reported by Stats SA where disabilities decreased from 6,5% (1996) to 4% (2007). Of the 4%, the physically disabled accounted for 1,7%.

People with disabilities as a % of total headcount:

Year	Actual	% of total permanent headcount
2007	31	0,3
2006	45	0,3
2005	47	0,3
2004	72	0,5
2003	83	0,5

The staff overall turnover figure for 2007 is 8% (2006: 6%). Reasons for these staff movements were:

Reason	%
Resignation	66,0
Contract expired	11,7
Retrenchment	11,5
Retirement	5,0
Dismissal	3,7
Deceased	1,0
Other	1,1

Our gender track record

Women constitute 52% of the total national population. Our transformation agenda includes the gender issue.
Our performance with regard to female employment in the company, to date is as follows:

Year	Executive	Senior	Middle	Junior
2007	18%	14%	33%	33%
2006	13%	12%	31%	33%
2005	10%	13%	30%	35%
2004	—	12%	28%	32%
2003	—	7%	27%	37%

Our black management talent

In this environment where it is challenging to retain management talent, regardless of race, we have been able to grow our black management talent steadily. Our performance to date is as follows:

Year	Executive	Senior	Middle	Junior
2007	27%	24%	36%	55%
2006	13%	18%	29%	43%
2005	10%	9%	27%	42%
2004	—	10%	25%	39%
2003	—	8%	23%	41%

Employee rights and relations

We have a code of ethics which governs our relationships with each other, as well as with our customers, suppliers, competitors and communities.

Our employees enjoy freedom of association. To that extent we have 15 unions recognised and operating at our various sites. In 2007 two of our businesses were affected by strike action. One lasted 10 days and another five days, costing around R15 million.

We continue to monitor and assess the implementation of our continuous improvement and culture creation processes at our manufacturing units to improve on our employment relations.

Currently 80% of our operating sites have completed the culture creation process (involvement and communication), and 84% have gone a step further and implemented 20 keys, our continuous improvement programme:

Year	Sites which completed InvoCom implementation	Sites busy implementing 20 keys
2007	80%	84%
2006	71%	69%
2005	57%	55%
2004	45%	39%
2003	22%	39%

As most of our employees are now shareholders, the Tiger share performance is tracked on a daily basis and shared during the InvoComs sessions in most of the units, just as productivity is tracked.

Update on people development initiatives

We continue to invest in the learning and development of our employees. In 2007 we spent over R10 million in various in-house learning programmes.

The Tiger Brands Academy (TBA), our in-house learning institution, provides an opportunity for our employees to acquire portable cross-functional skills. Our progress in 2006 and 2007 is as follows:

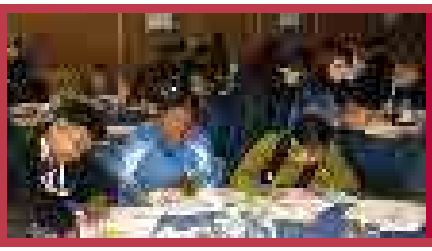
	Number of learners		
	2006	2007	Actual training days 2007
Customer academy	68	156	306,0
IT academy	193	180	178,5
Leadership academy	78	261	1 282,5
Marketing academy	84	156	724,0
Manufacturing academy	319	362	794,0
Pharma academy	61	90	1 350,0
Total	**803**	**1 205**	**4 635,0**

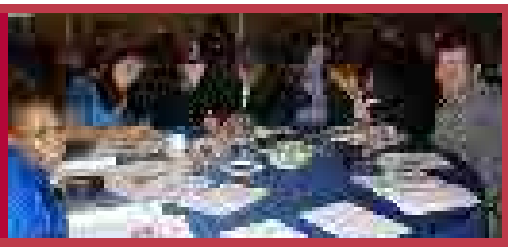
These figures exclude programmes offered by external providers such as ABET (Adult Basic Education and Training), core skills, and business specific skills, which are reflected separately below.

Additionally, we offer bursaries to our employees. In 2007, we offered bursaries to 64 employees.

We continue to support national skills development initiatives, through learnerships. We have been offering the national certificate in manufacturing management (NQF5) and national diploma in manufacturing management (NQF6) since 2001. In 2007, we added three new learnerships:

- FET certificate in generic management (NQF4);
- Meat processing learnership (NQF3); and
- Packaging learnership (NQF3).





In 2007, we had 410 learners enrolled in learnerships per the table below:

Learnership title	Number of learners		
	Current and previous	2007 intake	Qualified in 2007
National certificate in manufacturing management (NQF5)	143	16	37
National diploma in manufacturing management (NQF6)	155	14	6
FET certificate in generic management (NQF4)	—	34	—
Meat processing learnership (NQF3)	—	17	—
Packaging learnership (NQF3)	—	6 employed 25 unemployed	—
Total	298	112	43

In 2007, six of our learners were awarded the National diploma in manufacturing management. This was the first group in the country to receive this qualification. A further 37 learners qualified with the National certificate in manufacturing management.

We also participate, very successfully, in the FoodBev SETA's core skills programme (Basic hand skills for shop floor operators) where we have 152 current learners.

In 2007, we introduced a new skills programme, Business fundamentals, at NQF3 level which bridges the gap between our learnership offerings and ABET (adult based education training) level 4 qualifications. We currently have 11 learners enrolled on this programme.

Since 2006, we have placed workplace experience students in areas of scarce skills such as Food technology and Engineering as per the table below. In 2007 we included students in the Finance and Marketing disciplines. These workplace experience students become a feeder pool for our Graduate programme.

Discipline	2006		2007			
	Food Tech	Engineering	Food Tech	Engineering	Finance	Marketing
Total	22	12	12	11	2	2

Our ABET programme is well entrenched in some business units and has been introduced in others in 2007. A total of 55 employees completed the programme in 2007 (2006: 115). We currently have 617 learners on the programme, at different levels – from basic orientation (BO) to level 4, as per the table below:

Year	Active learners	Literacy					Numeracy				
		BO	1	2	3	4	BO	1	2	3	4
2007	617	6	151	157	133	90	3	17	25	14	21
2006	710	12	171	188	187	121	2	7	11	9	2
2005	611	24	113	127	159	101	—	5	41	34	7

Number of active learners decreased year on year due to the incidence of significant withdrawals (drop outs).

Update on employee wellness

Our site clinics continue to provide holistic wellness services to our employees. We invest around R5 million per annum to provide these services. These services are offered free of charge to all employees, irrespective of whether they are on a permanent or temporary contract.

We offer our employees voluntary membership of our in-house medical scheme. The scheme, in 2007, had 5 487 principal members and 12 747 beneficiaries, of which 1 779 were pensioners. These members and their dependants have access to cost-effective comprehensive health cover.

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

We have in place a comprehensive HIV/Aids management framework for the group. We also continue to support HIV positive employees through a third-party administered programme designed to cater especially for employees not on medical aid. Our prevalence rate is 10% (2006: 6,14%). The increase should be seen in context. In 2006 we reported that we had only covered half of our sites. All employees who tested positive are monitored regularly and are provided immune boosting supplements.

Anti-retroviral treatment is not provided as employees on medical aid are able to access ARVs through the medial aid, and employees not on medical aid have access through provincial clinics. We will continually review this approach and take appropriate action as necessary.

Health and safety

As a food and healthcare company, the health and safety of our employees and the end consumer of our products is important to us. As a minimum all our operating sites have health and safety committees. Aspects of health and safety form part of the culture creation and continuous improvement process referred to under "employee rights and relations". We also have an external body auditing our performance on a regular basis. The benchmark target for all our businesses is 95%. Audit results are shared not only with the executive team but also with the risk committee.

Corporate social responsibility

Overview

Hunger and poverty continue to be a reflection of the bigger socio-economic challenges that South Africa still faces. Most of our people do not have access to sufficient nutrition or basic healthcare.

As a leading food and healthcare company, we take a proactive approach to corporate social responsibility. The cornerstone of Tiger Brands' CSI strategy is to address food insecurity, a crisis affecting South Africans daily.

We have the most comprehensive array of food and healthcare brands and products that play a huge role in the lives of our citizens. As a good corporate citizen, our objective is to find ways in which to give back to our communities and our country as a whole.

Tiger Brands' social investment initiatives, through Unite Against Hunger and more recently, the Unite 4 Health programme, are the vehicles through which we distribute food and funds to our beneficiary charities.

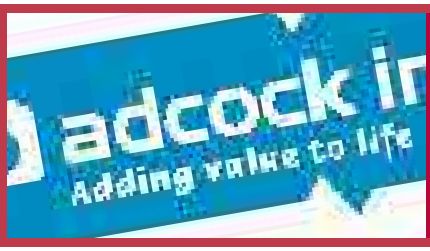
In addition, specific initiatives throughout our group continue to support this approach. The Sea Harvest Foundation, for example, addresses the unique situation in Saldanha Bay, where the company is the major employer. This foundation, formed in 2000, continues to make a much appreciated impact in the local community. In addition to centrally coordinated flagship CSI initiatives, we encourage our individual businesses to engage with their local communities.

With the recent launch of Tiger Stripes, the internal employee Recognition programme, we hope to see a broader spectrum of our staff getting involved in our CSI initiatives whereby they will give of their time and expertise.

Objectives

Given the nature of our group, we have focused on hunger and health in all provinces where we have operational units, measuring our success in achieving our objectives against the following criteria:

- Achieving a dti score of five;
- Supporting at least one charitable organisation in each province where we have our operational units; and





- 25% of available funds to be used in rural hunger and health initiatives.

Focus areas

In combating hunger, we focus and work with registered not for profit organisations, while in health, we concentrate on raising the profile of identified disease states in South Africa, infrastructural development and projects that are a strategic fit for Adcock Ingram.

Funding

Tiger Brands donates over 1% of post-tax profits to social investment.

Corporate flagship projects

In the past, our social responsibility has been focused on harnessing corporate relationships in making tangible differences to needy people. We have moved a step further this year, where we have formalised our relationships with existing beneficiaries enabling us to move beyond pure welfare to a more "developmental" approach. We now work together with our beneficiaries with the aim of making the projects more sustainable.

We are proud and positive about our first step in this direction which involves mothers and grandmothers of the children and families we feed through the African Children's Feeding Scheme, who are now talented and experienced sewers. This initiative, still in its infancy stage, has empowered over 40 women drawn from 11 of the ACFS's feeding centres.

A market for corporates and other contacts has been created for the sewing project, where the women actively sew and fulfil orders for items such as aprons, promotional items, household linen and hospital gowns.

Unite Against Hunger

- **African Children's Feeding Scheme (ACFS)**

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

  - Feeding the malnourished, needy and HIV/Aids affected and infected. The focus is predominantly on children. The project feeds 18 000 children daily and 1 000 families each month. As each family has an average of seven to nine people this means that 8 000 people receive nutritious food parcels every month.
  - "Love Thy neighbour" Ubuntu campaign, which helps mitigate the socio-economic effects of HIV/Aids through education and training and entrenches the extended family Ubuntu culture through peer education. The information offered covers a number of topics such as counselling, communication skills, teenage pregnancy, HIV/Aids and the use of ARV's.
  - "Care for the children" programme, which supports orphans and vulnerable children, particularly child-headed households who have lost their childhood due to having to take on parental roles which isolate them from their peer group.

- **Heartbeat**

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

  In six years since inception, Heartbeat has successfully partnered projects in seven provinces, collectively meeting the needs of 5 000 orphaned and vulnerable children. Heartbeat has developed five programmes which contribute to the holistic transformation of the child and consist of different products and services. These programmes are delivered through the project sites (After Care Centres). The programmes encompass:

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

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

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

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

Unite 4 Health

Following on from the success of Unite Against Hunger, Tiger Brands' healthcare company, Adcock Ingram launched Unite 4 Health in January 2006, aimed at supporting efforts to improve healthcare for disadvantaged South Africans. As with its Unite Against Hunger initiatives, Tiger Brands aims to ensure the sustainability of Unite 4 Health projects by providing funding and supporting infrastructural development that will serve beneficiaries in the long term.

- **Red Cross Children's Hospital**

  In June 2005, Unite 4 Health agreed to donate R4 million to the Red Cross War Memorial Children's Hospital in Cape Town. This hospital is the only specialist centre dedicated to treating children on the African Continent. At the hospital, Africa-specific research on children's diseases and HIV/Aids not only improves the health of the little patients, but also assists in training doctors and nurses.

  The Unite 4 Health donation is being used to build a new modern theatre complex that will enable the hospital and its surgical teams to operate on 25% more children annually. Work on the new theatre complex is already in progress.

- **Soweto Hospice**

  The Unite 4 Health's funding for the Hospice contributed towards the provision of a 24 new bed women's ward and state-of-the-art facilities to support the large team of professional nurses and volunteers who care for 450 people.

  Soweto Hospice is now a vital community resource tackling HIV/Aids complications and various psychosocial issues.

  The Hospice is contributing towards Education, Training, and Community Development around HIV/Aids.

  The Soweto Hospice's Quality of Care has been assessed and accredited by COHSASA (Council for Health Service Accreditation of South Africa) ensuring excellence in medical nursing, pharmaceutical, administrative and operational protocols.

- **Heart of Soweto**

  Unite 4 Health committed R2 million in support of a study which aims to track the incidence of cardiovascular disease in a developing world scenario. This study, the first one of its kind in Africa, is led by Professor Karen Silwa – head of the Soweto cardiovascular research unit at Chris Hani Baragwaneth Hospital – in collaboration with experts from Australia and the United Kingdom.

  The Heart of Soweto study has initiated the important task of better understanding and monitoring of the emergence of heart disease in the Soweto population. Its significance lies in tracking the incidence of a disease often associated with increasingly affluent lifestyles in one of South Africa's largest urban areas.

  Approximately 15 000 Soweto residents have taken part in the Heart of Soweto project.

  Unite 4 Health funding also enabled a revamp of the cardiology unit at Chris Hani Baragwanath Hospital.

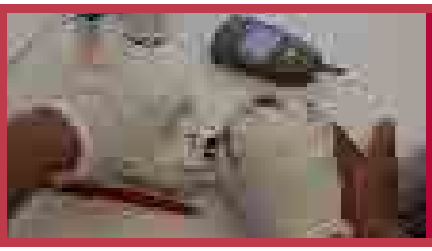
Environmental report

Environmental management and performance at Tiger Brands has become a fully integrated process which is based on risk as well as international best practice, receiving the attention of both the executive team and the company's risk committee, a sub-committee of the audit committee. The approach to environmental management adopted by Tiger Brands is in line with international best practice, which is risk-based to ensure that time, resources and finances expended on environmental management activities are first and foremost expended on those practices, products and services which pose a greater risk to the environment. The environmental management system, developed for Tiger Brands in consultation with risk and environmental experts, has also been integrated within Tiger Brands' broader risk management processes to ensure that environmental management receives the focus and attention it requires.

Tiger Brands' focus on environmental management involves the prevention or minimisation of negative environmental impacts, as well as the harnessing of opportunities for improvement of the environment, for example, recycling waste and water and contributing to community environmental programmes. Financial, time and human resources have been deployed across the group in an effort to improve environmental management and performance.

Environmental leadership

The commitment to environmental management at Tiger Brands is multifaceted and requires awareness and management of environmental risks and impacts at every level within





the organisation and at all manufacturing units. The board holds the ultimate responsibility for environmental management within the company.

The environmental control system

The Tiger Brands group recognises that some of its activities and operations may have a negative environmental impact and to this end, an Environmental Control System (ECS) has been implemented throughout the group to facilitate good environmental management and to ensure compliance with South African national, provincial and local regulations. Environmental management is driven by the group Safety, Health and Environment (SHE) Policy which commits all operations to follow best practice standards and to seek continuous improvement in SHE management.

This system is significantly based on ISO 14001: 2004 and other international best practice. Although a decision has been made not to seek ISO certification of its environmental control system, the ECS is being implemented in the manufacturing units through a multi-phased process which develops a sustainable level of awareness. The ECS was introduced to site management in the form of workshops, which was followed by environmental risk assessments being conducted with the help of environmental specialists. Following the dissemination and communication of the ECS to all manufacturing units, independent audits of environmental management and performance were conducted against the company's internal standards.

The ECS provides Tiger Brands with a tailor-made "fit for use" set of standards, specific to the nature of its business, to manage environmental issues, and it provides an environmental management tool for the manufacturing units, aligned to the overall health, safety and environmental policy. A common management communication platform for environmental issues is created, as well as a basis to determine applicable environmental legal parameters that apply to various operations, services and activities. This in turn forms the basis of assessing legal compliance and creating opportunity for continual improvement in environmental management practices. The various components of the ECS include the setting and achieving of environmental objectives and targets; the identification of environmental aspects, impacts and potential risks, allowing for management thereof and ensuring that necessary actions are taken timeously to respond to and remediate impacts. The structure of the ECS is as follows:

Section 1 – Environmental leadership

1. Environmental policy
2. Environmental objectives and targets
3. Roles and responsibilities
4. Key performance indicators (KPI's)

Section 2 – Environmental management implementation

1. Risk/Impact assessments
2. Documentation
3. Legal compliance
4. Training and awareness
5. Communication

Section 3 – Operational management

1. Procedures for critical actions
2. Maintenance and calibration of equipment
3. Emergency response

Section 4 – Monitoring and review

1. Internal audits
3. Management reviews
4. Corrective and preventative actions
5. Environmental management plans
6. Reporting

Section 5 – Specific operational requirements

1. Water use
2. Waste management
3. Hazardous materials management
4. Air quality
5. Land quality

The implementation of the ECS includes the training of employees in the requirements of good environmental practice to become partners in the process of environmental compliance and sustainability.

The ECS facilitates the monitoring, review and reporting of environmental impacts, mitigating factors, and environmental performance as a whole throughout the organisation.

Every operation was scored on their level of compliance with the ECS and a second score was given solely for environmental performance. With the ECS being in its first year of implementation, management is satisfied with the results and

recognises that scores are expected to improve in the years ahead. As Tiger Brands strives for excellence in all areas, an initial target of 85% compliance has been set for the next financial year.

Due to the ECS being recently implemented, an increase in environmental capacity in the group is required and to this end a number of capacity building workshops are being planned for the coming year.

Environmental legal compliance

An activity specific legal register is in place at every manufacturing unit, as part of the ECS, to ensure ongoing monitoring of legal compliance. Legal updates are obtained, and legal compliance is assessed by external auditors on an annual basis.

The results of the ECS audits have indicated a high level of compliance across the manufacturing units with only relatively minor administrative type matters requiring attention.

Tiger Brands continues to strive towards a co-operative, mutually beneficial relationship building approach with all stakeholders and regulatory authorities and we continue to work towards practical and sustainable solutions to all of our currently identified opportunities for improvement.

The areas identified which can be improved on are:

- monitoring of waste contractors and ensuring waste disposal is environmentally safe, and ensuring all landfills used, are registered and legally compliant;
- formalising testing of stack emissions;
- following up on licencing for water uses and discharges; and
- reviewing MHI registrations.

Environmental management

Water quality management

With group policy requiring full legal compliance, water use and discharge must be in line with local by-laws and national legislation. High priority has been placed on the discharge of water to municipal sources and storm water, as well as the containment of contaminated water. Many engineering measures, such as sump systems and effluent plants are in place at manufacturing units to manage potentially contaminated effluent which include Chemical Oxygen Demand (COD) and Biological Oxygen Demand (BOD) reduction, and solid separation. Containment systems are also required for contaminated storm water and surface run off.

All manufacturing units are aware of the requirement that no substances are permitted to enter storm water drains, and only authorised substances are to enter municipal sewers. Drainage plans are in place to enable correct drain management.

Water conservation programmes or initiatives are required, particularly at units with high water consumption and, as a requirement of the ECS, trends in water use are monitored and reported on.

Water use efficiency has been assessed at high use manufacturing units, and measures implemented to save, recycle or reuse water. Systems have been developed where water is reused or recycled – for example, closed cooling systems.

Waste management

At Tiger Brands, wastes which are generated are controlled and disposed of in an environmentally acceptable manner to ensure protection of personnel and the environment. Waste is divided into non-hazardous and hazardous waste and stored appropriately and contained to prevent environmental contamination. Hazardous waste includes oils, fluorescent tubes, laboratory waste, chemicals and their containers, product waste and scrap metal, to name a few. Safe disposal certificates and other documentation is required for all waste disposed.

Manufacturing units are required to monitor waste contractors to ensure all waste disposal, reuse and recycling practices are legally compliant and environmentally sound. To ensure this, hazardous waste is disposed of by registered contractors to licenced hazardous waste sites and all documentation is to be kept, as per legislation and associated requirements, in the ECS.

The "cradle to grave" principle has been recognised by Tiger Brands and measures are in place to ensure that waste is correctly managed through all stages of its life cycle.

As stipulated by the ECS, all possible processes for minimising waste generated, and recycling or reusing waste which is generated, are to be pursued.

Recycling of paper, cardboard, wooden pallets, plastic chemical and product containers, glass and metal is conducted at all sites where volumes facilitate ongoing efforts. Waste food is sold to farmers for animal feed, and liability agreements are in place to specify that such food is not fit for human consumption.





Hazardous materials management

As per National Legislation, all hazardous substances are required to be contained to 110% of their total volume. The monitoring and auditing of containment systems is facilitated by the ECS. Capital has been made available for the development of bunding and containment that is in line with legislation and best practice. All manufacturing units are required to have spill kits available in all areas where there is a risk of spillage, even from fuel/fluids from vehicles, as well as spill response emergency plans.

Where underground fuel storage tanks are owned and serviced by external petrochemical companies, integrity testing is required in terms of the service contracts. Records are to be available and included in the ECS system.

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

Hazardous materials registers and material safety data sheets are available centrally, in the areas of use and clinics for all hazardous substances, including cleaning chemicals.

Employees are trained in hazardous materials management, including risks involved, storage and handling, spill prevention and response and legal requirements detailed in the Hazardous Substances Regulations, amongst others.

Air quality management

Emissions to air (eg from boilers, furnaces and heaters) at all sites are required to be in compliance with applicable local authority by-laws, as well as the provisions of the South African Air Quality Act (Act No 39 of 2004) and SANS1929: 2005 (ambient air quality limits for common pollutants). Boiler stack emissions are required to be monitored at all manufacturing facilities where boilers are in place and air quality standards may be compromised. This is enforced, monitored and audited on an annual basis as part of the ECS.

Odour monitoring takes place regularly, and during the year no complaints were received.

Dust monitoring takes place as part of a comprehensive occupational hygiene monitoring system. Measures are in place to reduce dust through the wetting of fine materials, installation of extraction systems and enforcement of personal protective equipment.

Noise monitoring takes place, as part of the above occupational hygiene monitoring, and dedicated noise areas are managed in a legally compliant manner. Many noise areas and equipment have been enclosed to reduce noise in working areas, and PPE is issued to all staff in noise areas. During the year, no complaints were received from neighbours surrounding any manufacturing units, regarding noise.

Land quality management

Licencing and permit requirements for listed facilities and activities are noted and acknowledged by Tiger Brands to ensure legal compliance.

Environmental incidents

Saldanha oil spill

On 20 July 2007, approximately 2 000 litres (two tonnes) of intermediate fuel oil was accidentally discharged into Saldanha harbour from the vessel Harvest Lindiwe.

Immediate remedial action was taken and all relevant authorities were satisfied with the action taken.

Ammonia leak – Germiston

Subsequent to the period under review, on 26 October 2007 an ammonia leak took place at the value added meat operation at Germiston. The leak of approximately six tonnes of ammonia was caused by a mechanical failure of a mounting bracket that was holding the fan of an aluminium ammonia coil in a chiller.

An emergency evacuation plan was activated in association with the Ekhuruleni Emergency Services and in discussion with employees and union representatives. As a precautionary measure, 82 employees were hospitalised, of whom five were detained overnight for observation. By 29 October 2007, all employees had been discharged and no serious injuries sustained.

Preventative measures have been introduced and such measures implemented, where appropriate, at all sites in the wider group, where ammonia is used.

Sustainable environmental management

Energy efficiency

Tiger Brands recognises that energy utilisation and energy

conservation will, and already forms part of, a national and societal agenda in southern Africa. Together with Eskom's continued drive to manage energy use amongst all of its consumers, Tiger Brands jointly recognise that it has a role to play in maximising energy efficiencies within its operations and activities.

Energy usage within the group includes electricity, natural gas, petrol and diesel. The highest grade of coal possible is used in the company's boilers, and where appropriate, natural gas fuelled boilers are being installed. Vehicles are maintained as part of a preventative maintenance programme which assists with cleaner burning engines.

Sustainable fisheries

Sea Harvest fisheries have been awarded one of the highest accolades possible from the Marine Stewardship Council (MSC), which is an independent, global, non-profit organisation that was set up to find a solution to the problem of overfishing in many parts of the world.

The MSC, funded by a wide range of organisations including charitable foundations and corporate organisations around the world, spent two years developing an "environmental standard for sustainable and well-managed fisheries". This standard was put together following worldwide consultation with scientists, fisheries experts, environmental organisations and other people with a strong interest in preserving fish stocks for the future.

Once a fishery has been inspected and found to comply with these stringent standards it is rewarded with a Marine Stewardship Council certification as being a well managed and sustainable fishery.

Sea Harvest prides itself in this certification and continues to ensure ongoing compliance.

The way forward

The direction required for improvement in environmental management and performance has been confirmed through the ECS audits and other monitoring activities. Objectives and targets and environmental management plans will be developed for the year ahead which will take into account commendable practices, as well as areas requiring attention and resources.

Commendable practices which will be shared throughout the group include:

- waste separation, disposal and recycling;
- bunding of hazardous and bulk materials;
- hazardous material storage;
- emergency response plans and resources;
- site inspections which are regularly conducted;
- odour and noise management; and
- relationships with municipalities.

Areas requiring attention at various manufacturing units include:

- water monitoring: effluent discharge and storm water;
- continuing with boiler stack emission testing;
- ensuring sufficient spill response measures and equipment;
- continuing to ensure legal compliance; and
- appointment of personnel for improved capacity for environmental management.

ANNUAL FINANCIAL STATEMENTS



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VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2007

Value added is a measure of the wealth the group has been able to create. The following statement shows how this wealth has been distributed. The individual line items include the effect of discontinued operations.

	2007 Rm	%	2006 Rm	%
Turnover	19 705,3		16 513,9	
Less: Net cost of products and services	13 640,4		11 220,6	
Value added	6 064,9		5 293,3	
Add: Income from investments and associates	331,4		196,3	
Wealth created	6 396,3		5 489,6	
Applied to:				
Employees				
Salaries, wages and other benefits	2 463,8	38,5	2 254,1	41,1
Providers of capital	1 092,6	17,1	1 141,1	20,8
Interest on borrowings	423,2	6,6	274,8	5,0
Minorities and preference shareholders	13,1	0,2	9,0	0,2
Dividends to ordinary shareholders	656,3	10,3	857,3	15,6
Government				
Taxation (see note 1)	1 029,6	16,1	872,2	15,9
Retained in the group (see note 2)	1 810,3	28,3	1 222,2	22,3
	6 396,3	100,0	5 489,6	100,0

Note 1

Income taxation (excluding deferred tax)	961,4		795,0	
Regional Service Council Levies (see note 3)	—		24,0	
Skills Development Levy	16,2		8,2	
Rates and taxes paid to local authorities	25,8		23,8	
Customs duties, import surcharges and excise taxes	26,2		21,2	
Gross contribution to central and local government	1 029,6		872,2	

The payments to government exclude taxation deducted from employees' remuneration of R341,7 million (2006: R258,5 million), net VAT of R323,3 million (2006: R569,3 million), excise duty on revenue and UIF payments.

Note 2

Retained in the group excludes goodwill and trademarks written off.

Note 3

RSC levies were discontinued in the month of July 2006.

VALUE ADDED STATEMENT - CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2007

	2007	%	2006	%	2005	%	2004	%	2003	%
Trend of value added (Rm)										
Employees	2 463,8	39	2 254,1	41	1 938,2	38,5	2 301,9	42	2 064,3	41,2
Providers of capital	1 092,6	17	1 141,1	21	1 229,5	24,4	1 114,5	20	1 225,8	24,5
Government	1 029,6	16	872,2	16	701,2	13,9	707,6	13	660,8	13,2
Retained in the group	1 810,3	28	1 222,2	22	1 171,0	23,2	1 371,2	25	1 057,7	21,1
	6 396,3	100	5 489,6	100	5 039,9	100,0	5 495,2	100	5 008,6	100,0

SEGMENT REPORT

(Rands in millions)	Turnover 2007	Turnover 2006	Operating income[1] 2007	Operating income[1] 2006	Depreciation and amortisation 2007	Depreciation and amortisation 2006	Impairment losses/ (Reversals) 2007	Impairment losses/ (Reversals) 2006
FMCG – CONTINUING OPERATIONS	16 209,9	12 623,2	2 245,7	1 565,1	274,7	205,2	(17,4)	(8,2)
Domestic Food	11 713,9	9 106,5	1 601,5	1 208,3	130,4	93,3	1,1	—
Grains	5 918,3	4 854,5	894,4	686,6	47,5	40,8	—	—
– Milling and baking[2]	4 518,2	3 645,4	724,3	528,3	43,0	38,9	—	—
– Other Grains[3]	1 400,1	1 209,1	170,1	158,3	4,5	1,9	—	—
Groceries	1 762,8	1 534,3	299,2	242,4	19,0	16,8	—	—
Snacks & Treats	1 412,7	1 129,4	206,3	134,3	12,8	16,2	1,1	—
Beverages	1 010,2	133,3	83,8	(1,4)	31,7	3,1	—	—
Value Added Meat Products	1 360,0	1 218,0	96,4	119,5	17,0	16,0	—	—
Out-of-Home	249,9	237,0	21,4	26,9	2,4	0,4	—	—
Consumer Healthcare	1 602,0	1 129,7	382,7	261,1	10,2	5,9	—	—
Personal	596,5	256,7	171,7	80,8	3,9	4,2	—	—
Babycare	450,7	388,5	114,8	90,5	1,4	0,3	—	—
Homecare	554,8	484,5	96,2	89,8	4,9	1,4	—	—
Exports	1 105,4	774,3	104,2	35,1	10,6	10,5	—	—
Fishing[4]	1 923,9	1 664,0	198,0	98,7	81,8	69,6	(18,5)	(8,2)
Intergroup sales – FMCG	(135,3)	(51,3)	—	—	—	—	—	—
Other[5] – FMCG	—	—	(40,7)	(38,1)	41,7	25,9	—	—
DISCONTINUED OPERATIONS	3 556,9	3 890,7	993,2	1 100,6	59,8	52,8	80,7	—
HEALTHCARE	2 878,9	2 829,9	972,8	1 059,1	53,8	41,9	80,7	—
Pharmaceuticals	1 865,8	1 874,2	727,1	796,8	17,6	16,5	79,8	—
– Prescription	908,9	923,9	323,9	387,5	8,6	9,9	66,0	—
– OTC Medicines	956,9	950,3	403,2	409,3	9,0	6,6	13,8	—
Hospital Products	1 013,1	955,7	245,7	262,3	36,2	25,4	0,9	—
DairyBelle	678,0	1 060,8	35,9	55,5	6,0	10,9	—	—
Other – Healthcare	—	—	(15,5)	(14,0)	—	—	—	—
INTER-SEGMENT SALES – HEALTHCARE TO CONSUMER	(61,5)	—	—	—	—	—	—	—
Total	19 705,3	16 513,9	3 238,9	2 665,7	334,5	258,0	63,3	(8,2)

Notes

1. Operating income is stated after amortisation of intangible assets.
2. Comprises maize milling, wheat milling and baking, sorghum beverages and malt-based breakfast cereals.
3. Comprises rice and oat-based breakfast cereals.
4. Includes fishing exports.
5. Includes the corporate office and international investments.
6. All segments operate on an arm's length basis in relation to inter-segment pricing.
7. No geographical segments are reported as the company operates mainly in South Africa and the international operations do not meet the thresholds for reportable segments in terms of IAS 14.

SEGMENT REPORT - CONTINUED

(Rands in millions)	Total assets 2007	Total assets 2006	Accounts payable, provisions and accruals and taxation 2007	Accounts payable, provisions and accruals and taxation 2006	Capital expenditure 2007	Capital expenditure 2006
FMCG – CONTINUING OPERATIONS	10 105,7	8 478,9	3 572,8	2 809,9	514,6	396,0
Domestic Food	6 420,0	5 015,3	2 328,4	1 705,6	405,3	256,1
Grains	2 314,0	1 715,2	1 204,8	880,1	158,5	108,0
– Milling and baking[1]	1 553,7	1 252,1	888,6	764,7	120,8	104,1
– Other Grains[2]	760,3	463,1	316,2	115,4	37,7	3,9
Groceries	1 427,3	1 036,8	398,9	323,8	114,3	66,3
Snacks & Treats	723,9	469,5	304,5	237,2	76,0	17,0
Beverages	1 338,5	1 099,7	199,8	88,3	10,8	1,5
Value Added Meat Products	581,1	672,9	205,5	168,7	37,3	63,0
Out-of-Home	35,2	21,2	14,9	7,5	8,4	0,3
Consumer Healthcare	1 134,6	1 134,2	224,0	218,1	5,1	6,6
Personal	544,3	333,9	67,5	86,6	3,7	5,2
Babycare	136,2	254,3	29,1	41,8	0,3	0,1
Homecare	454,1	546,0	127,4	89,7	1,1	1,3
Exports	608,1	664,7	151,3	109,1	5,9	2,8
Fishing[4]	1 512,2	1 326,8	654,1	285,3	65,5	93,1
Other[3] – FMCG	430,8	337,9	215,0	491,8	32,8	37,4
DISCONTINUED OPERATIONS	1 783,4	1 651,8	453,2	615,5	76,4	65,6
HEALTHCARE	1 783,4	1 451,5	453,2	439,5	73,9	65,6
Pharmaceuticals	1 165,7	682,7	256,0	221,1	12,8	23,6
– Prescription	571,2	414,8	125,4	134,3	6,3	14,0
– OTC Medicines	594,5	267,9	130,6	86,8	6,5	9,6
Hospital Products	617,7	768,8	197,2	218,4	61,1	42,0
DairyBelle	—	200,3	—	176,0	2,5	—
Total	11 889,1	10 130,7	4 026,0	3 425,4	591,0	461,6

Notes

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

	2007	2006
Total assets per balance sheets	12 020,4	10 275,3
Deferred taxation asset	(131,3)	(144,6)
	11 889,1	10 130,7

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

FIVE-YEAR REVIEW

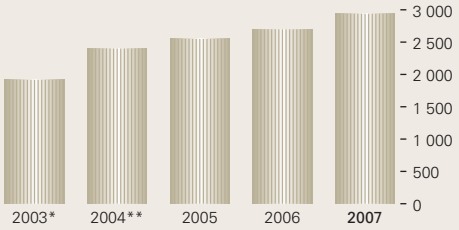
(Rands in millions)	2007	2006	2005[4]	2004[1, 3]	2004[1]	2003[2]
Consolidated income statements						
Revenue	**19 980**	16 706	15 062	14 296	25 422	23 039
Profit before taxation and abnormal items	**3 090**	2 583	2 170	1 744	2 158	1 728
Income from associates	**57**	4	72	40	40	93
Abnormal items	**151**	466	(107)	(156)	(145)	16
	3 298	3 053	2 135	1 628	2 053	1 837
Income tax expense	**(1 006)**	(730)	(570)	(526)	(659)	(549)
Profit for the year	**2 292**	2 323	1 565	1 102	1 394	1 288
Attributable to:						
Ordinary shareholders	**2 243**	2 303	1 553	1 083	1 375	1 260
Minorities	**49**	20	12	19	19	28
Consolidated balance sheets						
Property, plant and equipment, goodwill, intangible assets and investments	**4 937**	4 257	3 281	4 271	4 794	4 355
Deferred taxation asset	**132**	145	165	200	207	194
Current assets	**6 951**	5 873	5 745	6 041	7 257	6 652
Total assets	**12 020**	10 275	9 191	10 512	12 258	11 201
Ordinary shareholders' interest	**5 785**	4 471	3 247	3 572	3 965	3 265
Minority interest	**214**	182	138	132	132	125
Deferred taxation liability	**280**	231	464	493	493	373
Provision for post-retirement medical aid	**335**	354	350	380	417	400
Long-term borrowings	**772**	912	762	1 274	1 276	2 232
Sea Harvest put option	**81**	108	108	87	87	66
Current liabilities	**4 553**	4 017	4 122	4 574	5 888	4 740
Total equity and liabilities	**12 020**	10 275	9 191	10 512	12 258	11 201
Consolidated cash flow statements						
Cash operating profit after interest and taxation	**2 655**	2 043	1 866	1 594	1 879	1 512
Working capital changes	**(807)**	(333)	(112)	129	169	(372)
Dividends received	**58**	74	62	405	22	37
Cash available from operations	**1 906**	1 784	1 816	2 128	2 070	1 177
Dividends paid[5]	**(1 000)**	(865)	(677)	(534)	(534)	(501)
Net cash inflow from operating activities	**906**	919	1 139	1 594	1 536	676
Net cash (outflow)/inflow from investing activities	**(784)**	(1 302)	760	(588)	(864)	(1 190)
Net cash inflow/(outflow) before financing activities	**122**	(383)	1 899	1 006	672	(514)
Net cash outflow from financing activities	**(142)**	(287)	(1 980)	(732)	(435)	(69)
Net (decrease)/increase in cash and cash equivalents	**(20)**	(670)	(81)	274	237	(583)

Notes

1. Restated due to change in accounting policies.
2. AC 133: Financial Instruments adopted 1 October 2002.
3. Excluding Spar, which was unbundled on 18 October 2004.
4. Adjusted for the adoption of IFRS.
5. Includes capital distribution of R367 million in 2007.

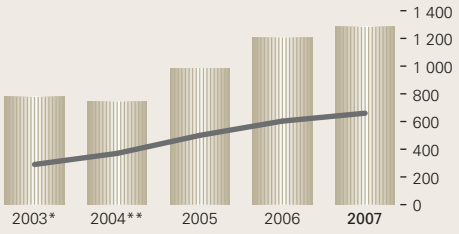
OPERATIONS

Cash generated from operations (Rm)



** Pre Spar unbundling*
*** Pro forma excluding Spar*

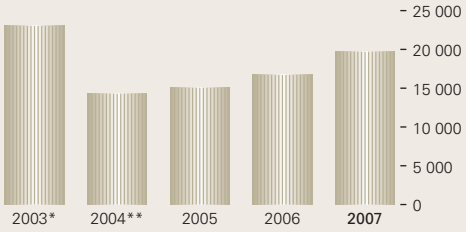
Headline earnings and dividends per share (cents)



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

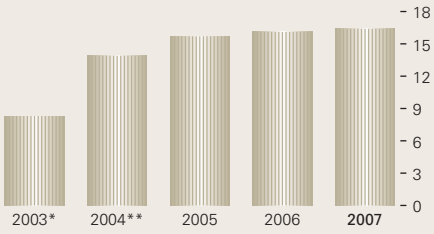
** Pre Spar unbundling*
*** Pro forma excluding Spar*

Turnover (Rm)



** Pre Spar unbundling*
*** Pro forma excluding Spar*

Operating margin (%)



** Pre Spar unbundling*
*** Pro forma excluding Spar*

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. In 2007, the denominator includes a capital distribution paid out of share premium in July 2007 and a capital distribution declared out of share premium in November 2007.

Net worth per ordinary share

Interest of ordinary shareholders after deducting the cost of treasury and empowerment shares divided by the number of ordinary shares in issue at the year-end, excluding treasury and empowerment shares.

Asset turnover

Turnover divided by the average of net assets, excluding cash resources, short-term and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year.

Working capital per R1 000 revenue

The average of inventory and receivables less payables, excluding shareholders for dividends and taxation, at the beginning and end of the financial year divided by turnover (R'000).

Operating margin

Operating profit as a percentage of turnover. Includes discontinued operations in 2007.

Effective taxation rate

Taxation charge in the income statement as a percentage of profit before taxation.

Return on average net assets employed

Operating profit as a percentage of the average of net assets, excluding cash resources, short-term and long-term borrowings, taxation, shareholders for dividends and the carrying value of investments, at the beginning and end of the financial year.

Current ratio

Ratio of current assets to current liabilities.

Net interest cover

Operating profit plus dividend income divided by net interest paid. Includes discontinued operations in 2007.

Net funding

Capital and reserves, minority interest and long- and short-term borrowings net of cash.

Total liabilities

Long-term borrowings and current liabilities.

Cash flow to net liabilities

Cash generated from operations after interest and taxation as a percentage of long-term borrowings and current liabilities less cash resources.

Dividend yield

Dividend per share (in 2007, including capital distribution per share) as a percentage of year-end market price per share.

Earnings yield

Headline earnings per share as a percentage of year-end market price per share.

Price: earnings ratio

Year-end market price per share as a multiple of headline earnings per share.



SUMMARY OF RATIOS AND STATISTICS

	2007	2006	2005[5]	2004[1,3]	2004[1]	2003[2]
Ordinary share performance						
Number of ordinary shares upon which headline earnings per share is based (000)[6]	**157 311**	156 071	164 195	167 567	167 567	167 106
Headline earnings per ordinary share (cents)	**1 283**	1 207	986	745	915	778
Dividends per ordinary share (cents)[4]	**660**	603	500	370	370	290
Dividend cover (times)[4]	**1,9**	2,0	2,0	2,5	2,5	2,7
Net worth per ordinary share (cents)	**3 665**	2 855	2 015	2 158	2 395	1 989
Profitability and asset management						
Asset turnover (times)	**3,4**	3,9	4,1	4,7	6,8	7,5
Working capital per R1 000 turnover (R)	**115**	111	119	113	74	72
Operating margin (%)	**16,4**	16,1	15,7	13,9	9,3	8,3
Effective taxation rate (%)	**30**	24	27	32	32	30
Return on average net assets employed (%)	**53,5**	62,7	64,3	63,7	63,5	62,5
Financing						
Current ratio	**1,5**	1,5	1,4	1,3	1,2	1,4
Net interest cover (times)	**18**	22	14	9	11	9
Net debt/(cash) to net funding (%)	**11**	17	(5)	23	25	36
Percentage total liabilities to total shareholders' funds	**89**	106	144	164	177	209
Cash flow to net liabilities (%)	**40**	41	51	50	35	19
Employee statistics						
Number of employees at year-end	**16 270**	17 678	16 764	17 160	18 587	20 078
– permanent	**10 949**	13 421	13 722	12 545	15 640	16 932
– seasonal	**5 321**	4 257	3 042	4 615	2 947	3 146
Revenue per employee (R)	**1 211 125**	945 016	898 473	833 094	1 367 730	1 147 480
Value added per employee (R)	**372 768**	299 429	272 399	n/a	27 158	216 700
Operating profit per employee (R)	**199 078**	150 792	127 356	83 450	110 454	95 537
Stock exchange statistics						
Market price per share (cents)						
– year-end	**18 185**	14 150	13 880	9 801	9 801	6 850
– highest	**20 279**	17 800	14 000	9 900	9 900	7 900
– lowest	**13 700**	12 900	8 280	6 850	6 850	5 720
Number of transactions	**127 625**	104 848	58 212	39 619	39 619	34 907
Number of shares traded (000)	**169 488**	141 800	129 709	100 450	100 450	96 572
Value of shares traded (Rm)	**29 701**	23 185	14 035	8 570	8 570	6 485
Number of shares traded as a percentage of total issued shares	**98,3**	82,9	76,4	59,5	59,5	57,7
Dividend yield at year-end (%)	**3,6**	4,3	3,6	3,8	3,8	4,2
Earnings yield at year-end (%)	**7,1**	8,5	7,2	7,6	9,3	11,4
Price earnings ratio at year-end	**14**	12	14	13	11	9
Market capitalisation at year-end (Rm) (net of treasury and empowerment shares)	**28 707**	22 157	22 360	16 284	16 284	11 471
Market capitalisation to shareholders' equity at year-end (times)	**5,0**	5,0	6,9	4,6	4,1	3,4

Notes

1. Restated due to change in accounting policies.
2. AC 133: Financial Instruments adopted 1 October 2002.
3. Excluding Spar, which was unbundled on 18 October 2004.
4. Based on the sum of the interim dividend paid in the current year and the final dividend declared post-year-end. In 2007, also includes a capital distribution paid out of share premium in July 2007 and a capital distribution declared out of share premium in November 2007, payable in January 2008.
5. Adjusted for the adoption of IFRS.
6. Net of treasury and empowerment shares.

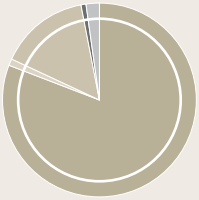


ANALYSIS OF ORDINARY SHAREHOLDERS

Register date: 28 September 2007
Issued share capital: 172 347 233 shares

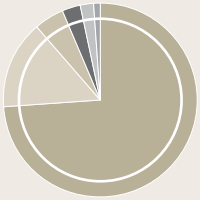
Shareholder spread	No. of shareholders	%	No. of shares	%
1 – 1 000 shares	16 239	76,87	5 610 621	3,26
1 001 – 5 000 shares	3 940	18,65	11 480 978	6,67
5 001 – 100 000 shares	741	3,50	23 045 852	13,35
100 001 – 1 000 000 shares	186	0,88	55 661 442	32,30
1 000 001 shares and over	21	0,10	76 548 340	44,42
	21 127	**100,00**	**172 347 233**	**100,00**
Distribution of shareholders				
Banks	166	0,79	37 464 796	21,75
Close corporations	191	0,91	210 348	0,12
Empowerment	1	—	1 514 309	0,88
Endowment funds	157	0,75	1 040 118	0,60
Individuals	14 009	66,31	9 973 117	5,79
Insurance companies	81	0,38	13 276 879	7,70
Investment companies	22	0,10	2 520 537	1,46
Medical aid schemes	25	0,12	392 886	0,23
Mutual funds	347	1,64	33 736 414	19,57
Nominees and trusts	4 722	22,35	7 845 465	4,55
Other corporations	334	1,58	1 249 103	0,72
Own holdings	1	—	8 589 328	4,98
Pension funds	496	2,35	42 774 790	24,83
Private companies	519	2,46	3 848 100	2,23
Public companies	53	0,25	2 405 039	1,40
Share trusts	3	0,01	5 506 004	3,19
	21 127	**100,00**	**172 347 233**	**100,00**
Non-public shareholders	**11**	**0,06**	**15 678 760**	**9,10**
Directors and associates of the company holdings	4	0,02	493 345	0,29
Own holdings	1	—	8 589 328	4,98
Share trusts/share incentive scheme	2	0,01	681 329	0,39
Empowerment holdings	2	0,01	5 896 140	3,43
Tiger Brands – pension funds	2	0,01	18 618	0,01
Public shareholders	21 116	99,95	156 668 473	90,90
	21 127	**100,00**	**172 347 233**	**100,00**
Beneficial shareholders' holding 3% or more				
Public Investment Corporation			22 702 658	13,17
Old Mutual Group			10 167 834	5,90
Tiger Consumer Brands Limited			8 589 328	4,98
Allan Gray			5 749 068	3,34

ANALYSIS OF ORDINARY SHAREHOLDERS - CONTINUED



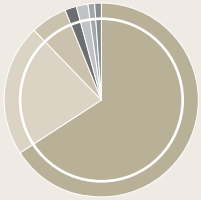
Geographic holdings by registered owner (%)

- South Africa – 81%
- England and Wales – 1%
- Below threshold – 15%
- USA – 1%
- Other countries – 2%



Geographic shareholding by beneficial owner (%)

- South Africa – 74,1%
- USA – 14,7%
- Other countries – 5,0%
- England and Wales – 3,0%
- Luxembourg – 2,2%
- Below threshold – 1,00%



Type of fund by owner (%)

- Private investors – 66%
- Nominees and trusts – 22%
- Other corporations – 6%
- Pension funds – 2%
- Mutual funds – 2%
- Endowment funds – 1%
- Banks – 1%

SHAREHOLDERS' DIARY

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

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TIGER BRANDS LIMITED

Report on the financial statements

We have audited the annual financial statements and group annual financial statements of Tiger Brands Limited, which comprise the balance sheet as at 30 September 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 76, 77, 87, 88 and 90 to 150.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 September 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

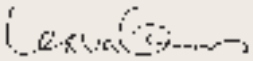
Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Johannesburg
25 January 2008

DIRECTORS' APPROVAL

The annual financial statements for the year ended 30 September 2007, which appear on pages 76, 77, 87, 88 and 90 to 150, which are in agreement with the books of account at that date, and the related group annual financial statements, were approved by the board of directors on 25 January 2008 and signed on its behalf by:



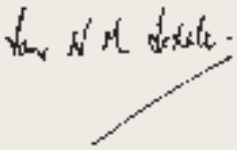
L C van Vught
Chairman
25 January 2008



N Dennis
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

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



I W M Isdale
Company Secretary
25 January 2008

STATUTORY INFORMATION

Authorised and issued share capital

Details of the authorised and issued share capital are set out in notes 23 and 24 on pages 129 to 131 of the annual financial statements and in the statement of changes in equity on pages 108 and 109.

During the year under review the number of shares in issue increased by 1 275 163 shares as a result of options exercised in terms of the Tiger Brands (1985) Share Option Scheme.

Share purchase and share option schemes

Tiger Brands (1985) Share Purchase Scheme

During the year under review, loans were granted in respect of 53 500 ordinary shares acquired by employees in terms of the Tiger Brands (1985) Share Purchase Scheme.

No shares were paid for in full and released to the employees concerned. 766 721 ordinary shares remain subject to the provisions of the Tiger Brands (1985) Share Purchase Scheme.

Tiger Brands (1985) Share Option Scheme

	2007	2006
Shares under option at beginning of year	**5 192 751**	6 613 539
Options granted	**—**	10 000
Exercised subject to loans	**(53 500)**	(538 250)
Exercised and paid in full	**(1 221 663)**	(849 105)
Cancelled/Lapsed	**(21 833)**	(43 433)
Shares under option at end of year	**3 895 755**	5 192 751
Options available for issue	**4 523 466**	4 501 633

Share option and share purchase schemes of quoted joint venture

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

Subsidiaries, associates, joint ventures and investments

Financial information concerning the principal subsidiaries, associates, joint ventures and investments of Tiger Brands Limited is set out in Annexures A to C of the annual financial statements. Details of joint ventures are given in note 37.

Dividends and capital reductions

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

Attributable interest

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

	2007 Rm	2006 Rm
Subsidiaries and joint ventures		
Total income after taxation	**2 177,7**	2 854,4
Total losses after taxation	**3,2**	10,6
Associate companies		
Total income after taxation	**57,1**	57,3
Total losses after taxation	**—**	52,9

Major shareholders

Details of the registered and beneficial shareholders of the company are outlined on page 82.

Directors

In terms of the articles of association, S L Botha, K D K Mokhele, A C Parker and C F H Vaux, retire at the annual general meeting of shareholders.

These directors offer themselves for re-election.

The names of the directors who presently hold office are set out on pages 8 and 9 of this report.

No director holds 1% or more of the ordinary shares of the company. The directors beneficially hold, directly and indirectly, 493 345 ordinary shares in the company (2006: 713 751 shares).

STATUTORY INFORMATION - CONTINUED

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

	Number of shares	
Name of director	2007	2006
B H Adams	—	30 000
B P Connellan	11 642	11 642
N Dennis	478 373	478 373
N P Doyle	450	—
M H Franklin	—	100 100
M C Norris	—	90 756
L C van Vught	2 880	2 880
	493 345	713 751

Share repurchase

At the annual general meeting of shareholders held in February 2007, shareholders passed a special resolution authorising the company, or a subsidiary, to acquire the company's own ordinary shares. Notwithstanding the approval obtained, during the period to 30 September 2007, no further shares were acquired as the directors did not deem it appropriate. Cumulatively, the company has purchased a total of 8 589 328 shares at an average price of R98 per share, for a total consideration of R842 million.

American Depository Receipt facility

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

Resolutions

A special resolution was passed on 27 March 2007 for a change of name of subsidiary company Tiger Food Brands Limited to Tiger Consumer Brands Limited.

Retirement funds

Details in respect of the retirement funds of the group are set out on pages 98 and 99, and in note 33, on pages 136 and 137.

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 committee.

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

Events subsequent to the year-end

With reference to the agreement reached between the company and the Competition Commission relating to contraventions of the Competition Act by the company's baking and milling operations in terms of which the company undertook to pay R98,8 million to the Competition Commission, shareholders are advised that the consent order was approved by the Competition Tribunal on 28 November 2007. Payment was made in December 2007.

N Dennis has advised the board that he will resign as chief executive officer of the company and as a director of the company upon the conclusion of the annual general meeting of shareholders on 19 February 2008.

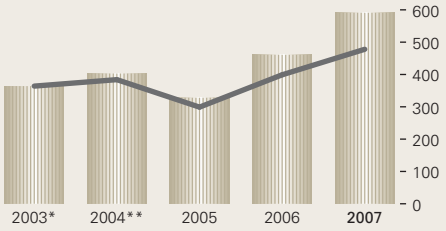
EFFECTS OF CHANGING PRICES

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

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

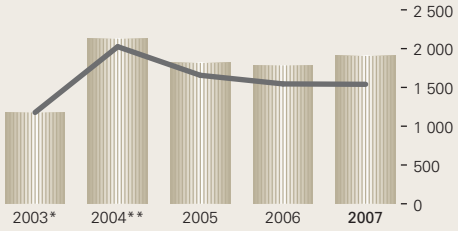
The following graphs show the extent to which certain key performance indicators compare when discounted by the movement in the Consumer Price Index.

Capital expenditure (Rm)



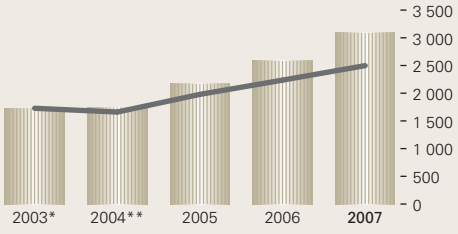
*Pre Spar unbundling
**Pro forma excluding Spar

Cash available from operations (Rm)



*Pre Spar unbundling
**Pro forma excluding Spar

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



*Pre Spar unbundling
**Pro forma excluding Spar

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 2007 were authorised for issue in accordance with a resolution of the directors on 25 January 2008. Tiger Brands Limited is incorporated and domiciled in South Africa, where their shares are publicly traded.

Basis of preparation

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

Statement of compliance

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

Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Underlying concepts

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

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

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

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

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

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

Changes in accounting policies

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

The group has adopted the following new IFRIC interpretation during the year under review:

- IFRIC 4 – Determining whether an Arrangement contains a Lease

  The group adopted IFRIC interpretation 4 as of 1 October 2006. IFRIC 4 provides guidance in determining whether

arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has not had a significant impact on the group as at 30 September 2007 or 30 September 2006. Consequently, no adjustments have been made to previously reported figures.

The group has adopted the following new Circular issued by the South African Institute of Chartered Accountants during the year under review:

- Circular 8/2007 – Headline Earnings

  The group adopted Circular 8/2007, issued in July 2007, as of 1 October 2006. Circular 8/2007 sets out the new rules for determining headline earnings and replaces the previous Circular 7/2002 in its entirety. Due to immateriality, no adjustments have been made to the headline earnings for the financial year ended 30 September 2006.

Foreign currencies

Foreign currency transactions

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

Translation of foreign currency transactions

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

If non-monetary items measured in a foreign currency are carried at historical cost, the exchange rate used is the rate applicable at the initial transaction date. If they are carried at fair value, the rate used is the rate at the date when the fair value was determined.

Foreign operations

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

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

The functional currency of the foreign associate, Empresas Carozzi, is the Chilean peso.

Hyperinflationary economies

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

Interest in group companies

Business combinations

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

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

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

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

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

Associates

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

Associates are accounted for using the equity method of accounting. Under this method, investments in associates are carried in the consolidated balance sheet at cost, plus post-acquisition changes in the group's share of the net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested separately for impairment.

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

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

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

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

Joint ventures

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

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

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

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

Segment reporting

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

Property, plant and equipment

Property, plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Assets subject to finance lease agreements are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate assets. Expenditure incurred on major inspection and overhaul, or to replace an item is also accounted for separately if the recognition criteria are met.

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

The following useful lives have been estimated:

Freehold land	Not depreciated
Freehold buildings	
– general purpose	40 years
– specialised	20 – 50 years
Leasehold improvements	The lease term or useful life, whichever is the shorter period
Vehicles and computer equipment	3 – 5 years
Plant, equipment and vessels	5 – 15 years

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

Goodwill and intangible assets

Goodwill

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

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

Goodwill relating to an associate is included in the carrying amount of the investment and is not separately tested for impairment. Goodwill relating to subsidiaries and joint ventures is recognised as an asset and is subsequently measured at cost less accumulated impairment losses.

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

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to the income statement in the year in which the expense is incurred.

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

Intangible assets with finite lives are amortised over their useful life and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the method are reviewed at each financial year-end. Changes in the expected useful life or pattern of consumption of future benefits are accounted for prospectively.

The following useful lives have been estimated:

Trademarks	1 – 20 years
Customer and supplier related intangibles	5 – 15 years
Fishing rights	5 – 15 years
Other intangible assets	1 – 5 years

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

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

Research and development costs

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

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

During the period of development, the asset is tested annually for impairment. Following the initial recognition of the development costs, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete. The development costs are amortised over the period of expected future sales.

Impairment

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, the hierarchy is firstly a binding arm's length sale, then the market price if the asset is traded in an active market, and lastly recent transactions for similar assets.

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

A previously recognised impairment loss is reversed only if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to the revised recoverable amount, but not in excess of what the carrying amount would have been had there been no impairment. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

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

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

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

Classification

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

Description of asset/liability	Classification
Investments	Available-for-sale
Preference share investments	Held-to-maturity
Loans and advances receivable	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Loans payable and borrowings	Other liabilities
Trade and other payables	Other liabilities

Available-for-sale financial assets

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

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

The fair value of listed investments is the quoted market bid price at the close of business on the balance sheet date. For unlisted investments the fair value is determined using



appropriate valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of similar instruments, discounted cash flow analysis and option pricing models.

Held-to-maturity investments

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

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

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

Loans and receivables

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

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

Other liabilities

Liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Impairment of financial assets

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

Available-for-sale financial assets

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

- the difference between the asset's acquisition cost (net of any principal payments and amortisation);
- its current fair value, less; and
- any impairment loss previously recognised in profit or loss.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Assets carried at amortised cost

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

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

The group assesses whether there is objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

Derivative instruments

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

Hedge accounting

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which the group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

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

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

When an unrecognised firm commitment is designated as a hedged item, the change in the fair value of the firm commitment is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The change in the fair value of the hedging instrument is also recognised in profit or loss.

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

Cash flow hedges

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

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

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

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

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

Hedges of a net investment

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

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- the right to receive the cash flows have expired;
- the right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed; or
- the group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

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

Non-current assets held for sale and discontinued operations

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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

ACCOUNTING POLICIES - CONTINUED

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

Inventories

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

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

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

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

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

Provisions

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

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

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

Leave pay is provided on accumulated leave balances at year-end based on employees' cost to company.

Leases

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

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

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

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

Revenue

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

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

Dividend income is recognised when the group's right to receive payment is established.

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.



Income taxes

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

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

Deferred tax liabilities are recognised for taxable temporary differences:

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future:

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each balance sheet date and recognised to the extent it has become probable that future taxable profit will allow the asset to be utilised.

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

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

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

Secondary taxation on companies (STC) on dividends declared is accrued in the period in which the dividend is declared. Non-resident shareholders' taxation is provided in respect of foreign dividends receivable, where applicable.

Employee benefits

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

In respect of defined contribution plans, the contribution paid by the company is recognised as an expense. If the employee has rendered the service, but the contribution has not yet been paid, the amount payable is recognised as a liability.

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

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

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits

become vested. If the benefits vest immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately.

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

Post-retirement medical obligations

The group provides post-retirement healthcare benefits to certain of its retirees based on the qualifying employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Valuations are based on assumptions which include employee turnover, mortality rates, discount 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 pension obligations.

Share-based payments

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

Equity-settled share options granted before 7 November 2002

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

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

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

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a modified version of the Black Scholes model, further details of which are given in note 22.1.

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

No expense is recognised for awards that do not ultimately vest.

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

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

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

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a modified version of the Black Scholes model, taking into account the terms and conditions upon which the instruments were granted (see note 22.1). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.



ACCOUNTING POLICIES - CONTINUED

Accounting for BEE transactions

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

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

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

Treasury shares

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

Contingent assets and contingent liabilities

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

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

Post-balance sheet events

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

Significant accounting judgements and estimates

Carrying value of goodwill, tangible and intangible assets

Goodwill and indefinite life intangible assets are tested for impairment annually, while tangible assets and finite life intangible assets are tested when there is an indicator of impairment. The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors such as discount rates could also impact this calculation.

Residual values and useful lives of tangible and intangible assets

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

Fair value of BEE share allocations

In calculating the amount to be expensed as a share-based payment, the group was required to calculate the fair value of the equity instruments granted to the BEE participants in terms of the staff empowerment transaction implemented in October 2005. This fair value was calculated by applying a valuation model which is in itself judgemental and takes into account several inherently uncertain assumptions (detailed in note 22.2).

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

Consolidation of special purpose entities

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

Provisions

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

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

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

Standards and interpretations not yet effective

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

Standard or interpretation	Name	Commencement date**
IFRS 7[1]	Financial Instruments: Disclosures	1 January 2007
IFRS 8[1]	Operating Segments	1 January 2009
IFRIC 10[1]	Interim Reporting and Impairment	1 November 2006
IFRIC 11[2]	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12[2]	Service Concession Arrangements	1 January 2008
IFRIC 13[2]	Customer Loyalty Programmes	1 July 2008
IFRIC 14[2]	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
IAS 1[1]	Presentation of Financial Statements	1 January 2009
IAS 23[2]	Borrowing Costs	1 January 2009

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

Standard or interpretation	Amendment name	Commencement date**
IAS 1[1]	IAS 1 Amendment – Capital Disclosures	1 January 2007

1. This is a disclosure standard or interpretation which will not affect the recognition and measurement of any financial statement items.
2. The standard or interpretation is not expected to have a material impact on the financial statements of the group.

*** To be implemented for annual periods beginning on or after this date.*

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY				GROUP	
2007	2006	*(Rands in millions)*	Notes	**2007**	2006
		Continuing operations			
388,1	2 009,6	Total revenues	2	**16 476,5**	12 802,7
		Turnover	3	**16 209,9**	12 623,2
(10,6)	(0,9)	Operating income/(loss) before abnormal items	4	**2 245,7**	1 565,1
53,7	(609,1)	Abnormal items	5	**203,6**	475,1
43,1	(610,0)	Operating income after abnormal items		**2 449,3**	2 040,2
(47,5)	(12,0)	Interest paid	6.1	**(305,1)**	(156,0)
121,2	97,7	Interest received	6.2	**227,2**	140,6
266,9	1 911,9	Dividend income	7	**39,4**	38,9
		Income from associates	15	**57,1**	4,4
383,7	1 387,6	Profit before taxation		**2 467,9**	2 068,1
(107,2)	(40,6)	Taxation	8	**(741,4)**	(489,3)
276,5	1 347,0	Profit for the year from continuing operations		**1 726,5**	1 578,8
		Discontinued operations			
		Profit after tax for the year – DairyBelle business	39.2	**33,9**	41,5
		– Healthcare business	39.1	**531,9**	702,6
		Profit for the year		**2 292,3**	2 322,9
		Attributable to:			
276,5	1 347,0	Ordinary shareholders		**2 242,8**	2 303,4
		Minorities		**49,5**	19,5
276,5	1 347,0			**2 292,3**	2 322,9
		Headline earnings per ordinary share (cents)	9	**1 283**	1 207
		Diluted headline earnings per ordinary share (cents)	9	**1 262**	1 176
		Basic earnings per ordinary share (cents)	9	**1 426**	1 476
		Diluted basic earnings per ordinary share (cents)	9	**1 402**	1 438
660	603	Dividends and distributions out of capital per ordinary share (cents)	10.2	**660**	603
		Headline earnings per ordinary share (cents) for continuing operations		**878**	738
		Diluted headline earnings per ordinary share (cents) for continuing operations		**863**	719
		Basic earnings per ordinary share (cents) for continuing operations		**1 071**	1 005
		Diluted basic earnings per ordinary share (cents) for continuing operations		**1 053**	979
		Headline earnings per ordinary share (cents) for discontinued operations		**405**	469
		Diluted headline earnings per ordinary share (cents) for discontinued operations		**398**	457
		Basic earnings per ordinary share (cents) for discontinued operations		**355**	471
		Diluted basic earnings per ordinary share (cents) for discontinued operations		**349**	459

BALANCE SHEETS
AT 30 SEPTEMBER 2007

COMPANY				GROUP	
2007	2006	*(Rands in millions)*	Notes	**2007**	2006
		Assets			
		Non-current assets			
		Property, plant and equipment	11	**1 915,7**	1 910,0
		Land and buildings		**631,7**	717,1
		Plant, vehicles, vessels and equipment		**1 282,4**	1 181,7
		Capitalised leased assets		**1,6**	11,2
		Goodwill and intangible assets	12	**1 770,7**	1 610,4
4 539,0	5 380,9	Interest in subsidiary companies	14		
129,0	130,6	Investments		**727,6**	736,7
—	0,5	Investments in associated companies	15	**431,2**	413,0
126,8	82,1	Other investments	16	**250,1**	218,3
2,2	48,0	Loans	17	**46,3**	105,4
		Deferred taxation asset	18	**114,4**	144,6
267,7	954,4	Current assets		**5 767,2**	5 867,4
		Inventories	19	**2 488,1**	2 208,2
52,7	28,7	Trade and other receivables	20	**2 789,2**	3 089,0
215,0	925,7	Cash and cash equivalents	21	**489,9**	570,2
		Assets classified as held for sale	39	**1 724,8**	6,2
4 935,7	6 465,9	Total assets		**12 020,4**	10 275,3
		Equity and liabilities			
		Issued capital and reserves			
536,9	828,6	Ordinary share capital and premium	24	**536,9**	828,6
2 943,4	2 941,7	Non-distributable reserves	25	**526,5**	513,7
348,2	787,6	Accumulated profits		**6 074,8**	4 554,2
		Tiger Brands Limited shares held by subsidiary		**(823,6)**	(842,0)
		Tiger Brands Limited shares held by empowerment trusts	26	**(649,5)**	(662,0)
106,0	73,6	Share-based payment reserve		**119,9**	78,0
		Minority interest		**213,6**	181,7
3 934,5	4 631,5	Total equity		**5 998,6**	4 652,2
821,8	996,5	Non-current liabilities		**1 041,0**	1 604,6
12,0	3,3	Deferred taxation liability	27	**272,3**	231,2
		Provision for post-retirement medical aid	34	**322,4**	353,7
		Long-term borrowings	30	**364,9**	911,7
		Sea Harvest put option		**81,4**	108,0
809,8	993,2	Amounts owed to subsidiaries			
179,4	837,9	Current liabilities		**3 589,6**	4 017,4
82,6	48,1	Trade and other payables	28	**2 911,9**	3 078,5
		Provisions	29	**446,6**	215,7
		Taxation		**182,5**	131,2
96,8	789,8	Short-term borrowings	30	**48,6**	592,0
		Liabilities classified as held for sale	39	**1 391,2**	1,1
4 935,7	6 465,9	Total equity and liabilities		**12 020,4**	10 275,3

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY				GROUP	
2007	2006	*(Rands in millions)*	Notes	**2007**	2006
(4,9)	(0,9)	Cash operating income from continuing operations	A	**2 915,6**	2 046,1
		Cash operating income from discontinued operations	A	**830,2**	985,0
2,0	0,7	Working capital changes	B	**(806,8)**	(333,0)
(2,9)	(0,2)	Cash generated from operations		**2 939,0**	2 698,1
122,8	117,8	Interest received and income from investments		**227,2**	153,0
(47,5)	(12,0)	Interest paid		**(414,8)**	(274,8)
265,3	1 891,8	Dividends received from associate companies and subsidiaries		**58,3**	73,5
(90,0)	(53,9)	Taxation paid	C	**(904,0)**	(865,8)
247,7	1 943,5	Cash available from operations		**1 905,7**	1 784,0
(1 082,9)	(936,2)	Dividends paid (including capital distribution)	D	**(1 000,0)**	(864,6)
(835,2)	1 007,3	Net cash (outflow)/inflow from operating activities		**905,7**	919,4
		Purchase of property, plant, equipment and intangibles	E	**(615,5)**	(487,8)
		Proceeds from disposal of property, plant and equipment		**32,6**	80,9
		Cash cost of businesses acquired	F	**(556,9)**	(1 369,8)
		Proceeds from disposal of businesses	G	**428,2**	0,5
		Research, development and related expenditure		**(67,8)**	(86,3)
(396,1)	(242,4)	Investments acquired		**(57,8)**	
24,1	840,6	Proceeds from disposal of investments		**50,6**	610,5
1 126,1	(1 556,8)	Other inflow/(outflow)	H	**2,8**	(50,5)
754,1	(958,6)	Net cash inflow/(outflow) from investing activities		**(783,8)**	(1 302,5)
(81,1)	48,7	Net cash (outflow)/inflow before financing activities		**121,9**	(383,1)
75,3	67,4	Increase in shareholder funding	I	**75,3**	67,4
		Cash outflow from BEE transaction		**—**	(795,0)
	204,4	Long- and short-term borrowings raised		**27,2**	622,4
(693,0)		Long- and short-term borrowings repaid		**(224,4)**	(163,2)
		Capitalised finance leases raised		**—**	3,6
		Capitalised finance leases repaid		**(7,7)**	(22,0)
(11,9)	—	Other outflow		**(11,9)**	—
(629,6)	271,8	Net cash (outflow)/inflow from financing activities		**(141,5)**	(286,8)
(710,7)	320,5	Net (decrease)/increase in cash and cash equivalents		**(19,6)**	(669,9)
925,7	605,2	Cash and cash equivalents at beginning of the year	J	**456,0**	1 125,9
215,0	925,7	Cash and cash equivalents at end of the year	K	**436,4**	456,0

NOTES TO THE CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		A. Cash operating income		
(10,6)	(0,9)	Operating income before abnormal items	**3 238,9**	2 665,7
		Add back:		
5,7		Depreciation and other non-cash items	**417,7**	294,5
		Loss/(profit) on sale of property, plant and equipment	**10,9**	(3,9)
		Provision for post-retirement medical aid	**10,5**	(11,5)
		Research and development expenditure	**67,8**	86,3
(4,9)	(0,9)	Cash operating income	**3 745,8**	3 031,1
		Attributable to:		
		Cash operating income from continuing operations	**2 915,6**	2 046,1
		Cash operating income from discontinued operations	**830,2**	985,0
			3 745,8	3 031,1
		B. Working capital changes		
		Increase in inventories	**(708,6)**	(190,2)
(32,5)	(11,3)	Increase in accounts receivable	**(448,1)**	(457,6)
34,5	12,0	Increase in accounts payable	**349,9**	314,8
2,0	0,7	Working capital changes	**(806,8)**	(333,0)
		C. Taxation paid		
(10,3)	(8,3)	Amounts payable at beginning of year, net	**131,2**	229,0
98,5	51,9	Per income statements	**961,4**	793,1
		Subsidiaries acquired/(disposed of), net	**2,3**	(24,8)
		Exchange rate difference	**(0,1)**	(0,3)
1,8	10,3	Amounts payable at end of year, net	**(190,8)**	(131,2)
90,0	53,9	Total taxation paid	**904,0**	865,8
		D. Dividends paid		
		Amounts accrued and payable at beginning of year	**4,3**	2,6
715,9	936,2	Per statement of changes in equity	**656,3**	857,3
367,0	—	Capital distribution (net of group credit in respect of treasury and empowerment shares)	**336,1**	—
—	—	Dividends paid to outside shareholders	**13,1**	9,0
—	—	Amounts accrued and payable at end of year	**(9,8)**	(4,3)
1 082,9	936,2	Total dividends paid	**1 000,0**	864,6
		E. Purchase of property, plant, equipment and intangibles		
		Expansion	**(287,5)**	(197,5)
		Replacement	**(303,5)**	(264,1)
		Goodwill and trademarks acquired	**(24,5)**	(26,2)
			(615,5)	(487,8)

NOTES TO THE CASH FLOW STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		F. Cash cost of businesses acquired		
		Inventories	**(62,1)**	(90,7)
		Accounts receivable	**(58,6)**	(126,9)
		Accounts payable	**45,5**	115,6
		Taxation and deferred taxation	**2,0**	8,3
		Borrowings and cash, net	**1,9**	(20,0)
		Property, plant and equipment	**(52,3)**	(273,3)
		Post-retirement medical aid	**—**	21,2
		Minorities	**1,6**	37,2
		Goodwill	**(294,6)**	(652,5)
		Intangibles	**(189,0)**	(416,5)
		Total cost of businesses acquired	**(605,6)**	(1 397,6)
		Add: Cash and cash equivalents acquired	**48,7**	27,8
		Cash cost of businesses acquired	**(556,9)**	(1 369,8)
		G. Proceeds from disposal of businesses		
		Inventories	**71,4**	—
		Accounts receivable	**177,3**	0,2
		Accounts payable	**(127,7)**	(0,1)
		Provision for post-retirement medical aid	**(27,2)**	—
		Taxation and deferred taxation	**7,7**	—
		Borrowings and cash	**43,2**	—
		Property, plant and equipment, investments, premiums and minorities	**56,7**	0,4
			201,4	0,5
		Profit on disposals	**302,8**	—
		Add: Cash and cash equivalents disposed	**(76,0)**	—
		Proceeds of businesses disposed	**428,2**	0,5
		H. Other inflows/(outflows)		
1 126,1	(1 547,4)	Net decrease/(increase) in loans to subsidiaries, associates and others	**—**	(44,7)
		Post-retirement medical aid buyout	**(1,9)**	(5,8)
—	(9,4)	Cash-related abnormal items	**4,7**	—
1 126,1	(1 556,8)		**2,8**	(50,5)

NOTES TO THE CASH FLOW STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		I. Increase in shareholder funding		
75,3	67,4	Proceeds from issue of share capital	**75,3**	67,4
75,3	67,4		**75,3**	67,4
		J. Cash and cash equivalents at beginning of the year		
925,7	605,2	Cash resources	**570,2**	1 329,1
		Short-term borrowings regarded as cash and cash equivalents	**(114,2)**	(205,6)
925,7	605,2		**456,0**	1 123,5
		Effect of exchange rate changes	**—**	2,4
925,7	605,2		**456,0**	1 125,9
		K. Cash and cash equivalents at end of the year		
215,0	925,7	Cash resources	**573,2**	570,2
		Short-term borrowings regarded as cash and cash equivalents	**(136,8)**	(114,2)
215,0	925,7		**436,4**	456,0

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2007

(Rand in millions)	Share capital and premium	Non-distributable reserves	Accumulated profits	Shares held by subsidiary and empowerment trusts	Share-based payment reserve	Minorities	Total
Group							
Balance at 30 September 2005	761,2	777,4	3 173,7	(1 504,0)	38,5	138,4	3 385,2
Issue of share capital and premium	67,4						67,4
Fair value adjustments – investments		138,1					138,1
Fair value adjustments to investments recognised in income statement		(443,7)					(443,7)
Foreign currency translation reserve movement		12,3					12,3
Transfers between reserves		32,3	(32,3)				—
Movements in reserves of associates		(25,7)					(25,7)
Other reserve movements		23,0			39,5		62,5
Net profit for the year			2 303,4			19,5	2 322,9
Dividends on ordinary shares			(857,3)			(9,0)	(866,3)
Total dividends			(937,0)			(9,0)	(946,0)
Less: Dividends on treasury shares			79,7				79,7
Arising on changes in and acquisition of subsidiaries and joint ventures			(33,3)			32,8	(0,5)
Balance at 30 September 2006	**828,6**	**513,7**	**4 554,2**	**(1 504,0)**	**78,0**	**181,7**	**4 652,2**
Balance at 30 September 2006	828,6	513,7	4 554,2	(1 504,0)	78,0	181,7	4 652,2
Issue of share capital and premium	75,3						75,3
Capital distribution out of share premium – interim	(367,0)			30,9			(336,1)
Fair value adjustments recognised in equity		(13,8)					(13,8)
Foreign currency translation reserve movement		(10,9)					(10,9)
Transfers between reserves		37,5	(37,5)				—
Other reserve movements					41,9		41,9
Net profit for the year			2 242,5			50,0	2 292,5
Dividends on ordinary shares			(656,3)			(18,1)	(674,4)
Total dividends			(715,9)			(18,1)	(734,0)
Less: Dividends on treasury shares			59,6				59,6
Goodwill adjustment – IFRS 3			(17,7)				(17,7)
Arising on changes in and acquisition of subsidiaries and joint ventures			(10,4)				(10,4)
Balance at 30 September 2007	**536,9**	**526,5**	**6 074,8**	**(1 473,1)**	**119,9**	**213,6**	**5 998,6**

STATEMENT OF CHANGES IN EQUITY - CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2007

(Rand in millions)	Share capital and premium	Non-distributable reserves	Accumulated profits	Shares held by subsidiary and empowerment trusts	Share-based payment reserve	Minorities	Total
Company							
Balance at 30 September 2005	761,2	2 936,7	381,2		38,9		4 118,0
Issue of share capital and premium	67,4						67,4
Fair value adjustments recognised in equity		0,6					0,6
Transfers between reserves		4,4	(4,4)				—
Other reserve movements					34,7		34,7
Net profit for the year			1 347,0				1 347,0
Dividends on ordinary shares			(936,2)				(936,2)
Balance at 30 September 2006	**828,6**	**2 941,7**	**787,6**		**73,6**		**4 631,5**
Balance at 30 September 2006	828,6	2 941,7	787,6		73,6		4 631,5
Issue of share capital and premium	75,3						75,3
Capital distribution out of share premium – interm	(367,0)						(367,0)
Fair value adjustments recognised in equity		1,7					1,7
Other reserve movements					32,4		32,4
Net profit for the year			276,5				276,5
Dividends on ordinary shares			(715,9)				(715,9)
Balance at 30 September 2007	**536,9**	**2 943,4**	**348,2**		**106,0**		**3 934,5**

1. Business combinations

Business combinations in 2007

1.1 The Designer Group (Pty) Limited

On 1 October 2006, the group acquired 100% of the issued share capital of The Designer Group (Pty) Limited, an unlisted company based in South Africa specialising in the manufacture and distribution of personal care products.

The fair value of the identifiable assets and liabilities of The Designer Group (Pty) Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	16,7	16,7
Intangible assets	33,1	10,7
Deposits, cash and cash equivalents	9,1	9,1
Debtors	40,9	40,9
Inventories	44,8	44,8
	144,6	122,2
Long-term borrowings	(3,7)	(3,7)
Short-term borrowings	(3,4)	(3,4)
Creditors and provisions	(39,0)	(39,0)
Receiver of Revenue	(0,2)	(0,2)
Deferred taxation liability	(3,7)	(3,7)
	(50,0)	(50,0)
Net assets	94,6	72,2
Goodwill arising on acquisition	300,4	—
Purchase consideration	395,0	72,2

Of the total purchase consideration of R395,0 million, payment of R40 million has been deferred, partly to October 2007 and the balance to March 2008.

This deferred portion of the purchase price, which has been fully provided for in the group balance sheet, is subject to the achievement of certain performance conditions. These conditions were met and a payment of R15,0 million was made in October 2007.

The remaining R25 million is payable in March 2008. The initial cash cost of acquisition of R355,0 million was funded from internal cash resources.

Cash outflow on acquisition:	
Net cash acquired with the subsidiary	(9,1)
Cash paid to sellers	355,0
Net cash outflow	345,9

From the date of acquisition, The Designer Group (Pty) Limited has contributed R275,9 million to revenue from continuing operations and R65,9 million to group operating income after amortisation.

The significant factors that contributed to the recognition of goodwill include, but are not limited to, expected economies of scale in connection with Tiger's existing operations and the benefits of acquiring an established business with an assembled workforce.

1. Business combinations *(continued)*

Business combinations in 2007 *(continued)*

1.2 Nestlé confectionery business

On 1 October 2006, the group acquired the sugar confectionery business of Nestlé South Africa, a company incorporated in South Africa, specialising in the manufacturing and distribution of food products.

The fair value of the identifiable assets and liabilities of Nestlé sugar confectionery business as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	7,5	7,5
Trademarks	120,0	120,0
Inventories	12,1	12,1
Fair value of net assets	139,6	139,6
Related capital cost	0,4	
Cash paid to seller	140,0	

The total cost of the acquisition was R140,0 million and was funded from internal cash resources.

From the date of acquisition, the Nestlé sugar confectionery business has contributed R103,7 million to revenue from continuing operations and R41,4 million to group operating income after amortisation.

1.3 Soyatech (Pty) Limited

On 3 December 2006, the group acquired the property, plant and equipment of Soyatech (Pty) Limited, an unlisted company based in South Africa specialising in the production and distribution of ready-prepared meals.

The fair value of the identifiable assets as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	14,0	14,0
Fair value of net assets	14,0	14,0

The total cost of the acquisition was R14,0 million and was funded from internal cash resources.

From the date of acquisition, the assets acquired of Soyatech (Pty) Limited have contributed a loss before interest and tax of R5,3 million with a contribution to revenue of R5,4 million.

1. Business combinations *(continued)*

Business combinations in 2006

1.4 Bromor Foods (Pty) Limited

On 1 August 2006, the group acquired 100% of the voting shares of Bromor Foods (Pty) Limited, an unlisted company based in South Africa specialising in the manufacture of beverages.

The fair value of the identifiable assets and liabilities of Bromor Foods (Pty) Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	158,8	159,4
Trademarks	220,3	87,2
Customer lists	7,3	—
Research and development	4,9	—
Deferred taxation asset	5,3	5,3
Deposits, cash and cash equivalents	12,4	12,4
Debtors	122,1	122,1
Inventories	63,1	66,1
	594,2	452,5
Creditors and provisions	(75,0)	(74,0)
Provision for post-retirement medical aid	(21,2)	(21,2)
Deferred taxation liability	(17,3)	(18,6)
	(113,5)	(113,8)
Fair value of net assets	480,7	338,7
Deposits, cash and cash equivalents	(12,4)	
Goodwill arising on acquisition	702,5	
Purchase consideration	1 170,8	
The total cost of the acquisition was R1 170,8 million and was funded out of internal resources.		
Cash outflow on acquisition:		
Net cash acquired with the subsidiary	(12,4)	
Cash paid	1 170,8	
Net cash outflow	1 158,4	

From the date of acquisition, Bromor Foods (Pty) Limited contributed R2,0 million loss to the net profit of the group in the 2006 financial year. If the acquisition had taken place at the beginning of the 2006 financial year, the group profit after tax (before interest) in that year would have been R55,0 million higher and turnover from continuing operations would have been R826,9 million higher.

The value for Bromor Foods (Pty) Limited derived at acquisition was based on estimates at the time, goodwill has subsequently been recognised due to a drop in the value of recalculated trademarks. Refer to note 13 for further details.

1. Business combinations *(continued)*

Business combinations in 2006 *(continued)*

1.5 The Scientific Group (Pty) Limited

On 1 October 2005, Adcock Ingram Critical Care (Pty) Limited, a wholly owned subsidiary of Tiger Brands Limited, acquired 74% of the voting shares of The Scientific Group (Pty) Limited, an unlisted company based in South Africa specialising in imports of renal and diagnostics equipment.

The fair value of the identifiable assets and liabilities of The Scientific Group (Pty) Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	15,4	15,4
Supplier relationships	37,4	—
Restraint of trade agreements	4,4	—
Deferred taxation asset	3,4	3,4
Deposits, cash and cash equivalents	7,5	7,5
Debtors	34,5	34,5
Inventories	18,7	18,7
	121,3	79,5
Minority shareholders' interests	(9,0)	(9,0)
Creditors and provisions	(40,0)	(40,0)
Receiver of Revenue	(5,0)	(5,0)
	(54,0)	(54,0)
Fair value of net assets	67,3	25,5
Negative goodwill arising on acquisition	(4,3)	
Purchase consideration	63,0	

The total cost of the acquisition was R63,0 million and was funded by surplus cash.

Cash outflow on acquisition:	
Net cash acquired with the subsidiary	(7,5)
Cash paid	63,0
Net cash outflow	55,5

From the date of acquisition, The Scientific Group (Pty) Limited contributed R21,8 million profit to the net profit of the group in the 2006 financial year.

The acquisition took place on the first day of the 2006 financial year and the results for the full year were included in net profit in 2006.

Negative goodwill arising on acquisition was credited to operating income before abnormal items in the 2006 group income statement.

1.6 Classiclean (Pty) Limited

On 25 February 2006, the group acquired the property, plant and equipment, and trademarks of Classiclean (Pty) Limited, an unlisted company based in South Africa specialising in the manufacture of a range of fabric care offerings.

The fair value of the identifiable assets as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	2,5	1,2
Trademarks	45,3	8,7
Inventories	6,2	6,2
Fair value of net assets	54,0	16,1

The total cost of the acquisition was R54,0 million and was funded by surplus cash.

1. Business combinations *(continued)*

Business combinations in 2006 *(continued)*

1.6 Classiclean (Pty) Limited *(continued)*

From the date of acquisition, the assets acquired of Classiclean (Pty) Limited contributed R3,1 million profit to the net profit of the group in the 2006 financial year.

If the acquisition had taken place at the beginning of the 2006 financial year, the profit for the group in 2006 would have been R6,9 million higher and turnover from continuing operations R104,4 million higher.

1.7 Langeberg & Ashton Foods (Pty) Limited

On 1 November 2005, the group acquired 66,6% of the voting shares of Langeberg & Ashton Foods (Pty) Limited. This newly incorporated company acquired the assets of Ashton Canning (Pty) Limited and the deciduous fruit interests of Tiger Consumer Brands Limited.

The fair value of the identifiable assets and liabilities of Langeberg & Ashton Foods (Pty) Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Rm Recognised on acquisition	Rm Carrying value
Property, plant and equipment	88,3	88,3
	88,3	88,3
Minority shareholders' interests	(21,3)	(21,3)
Deferred taxation liability	(24,3)	(24,3)
	(45,6)	(45,6)
Fair value of net assets	42,7	42,7
Goodwill arising on acquisition	—	
	42,7	

The total cost of the acquisition was R42,7 million and was funded by a contribution of tangible and intangible assets.

From the date of acquisition, Langeberg & Ashton Foods (Pty) Limited contributed a loss of R5,7 million to the net profit of the group in the 2006 financial year. If the acquisition had taken place at the beginning of the 2006 financial year, the loss contribution to the group would have been R2,6 million lower in that year and turnover from continuing operations R97,2 million higher.

1.8 Other

During 2006, the group entered into the following other business combinations:

Cash generating unit	Assets acquired	Total cost Rm	Cash cost Rm	Goodwill Rm
TS Dialysis (Pty) Limited and Renal and Medical Agencies (Pty) Limited	Inventory and intangible assets	23,1	23,1	12,6
Electromed (Pty) Limited	Property, plant and equipment and inventory	1,8	1,8	0,8
Hot Favourites (Pty) Limited	Property, plant and equipment and intangible assets	5,7	5,7	3,8
		30,6	30,6	17,2

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 30 SEPTEMBER 2007

COMPANY 2007	COMPANY 2006	(Rands in millions)	GROUP 2007	GROUP 2006
		2. Total revenues		
		Turnover	**16 209,9**	12 623,2
121,2	97,7	Interest received	**227,2**	140,6
266,9	1 911,9	Dividend income	**39,4**	38,9
388,1	2 009,6		**16 476,5**	12 802,7
		3. Turnover comprises		
		Turnover denominated in foreign currencies	**1 947,0**	1 588,4
		Other sales	**14 262,9**	11 034,8
			16 209,9	12 623,2
		Turnover, net of value-added tax, normal discounts, rebates and promotional allowances, excludes:		
		Turnover of associated companies (100%)	**1 365,0**	4 342,2
		4. Operating income		
		4.1 Analysis of expenses		
		Cost of sales	**10 303,4**	8 149,8
		Sales and distribution expenses	**2 277,0**	1 816,3
		Marketing expenses	**483,3**	421,8
		Other operating expenses	**900,5**	670,2
		4.2 Operating income has been determined after charging/(crediting):		
		External auditors' remuneration		
0,2	0,3	– Audit fees	**16,0**	12,5
		– Other fees and expenses	**1,7**	1,3
		Internal auditors' remuneration	**5,8**	4,6
		Depreciation		
		– On buildings	**24,3**	15,1
		– On plant, equipment, vessels and vehicles	**236,6**	175,5
		– On capitalised leased assets	**8,0**	8,9
		Amortisation		
		– On trademarks	**4,3**	—
		– On licence agreements and supplier relationships	**—**	4,5
		– On fishing rights	**1,5**	0,2
		– On other intangible assets	**—**	1,0
1,0	1,7	Fees paid for administrative, managerial and technical services	**65,0**	51,7
		Operating lease charges		
		– On land and buildings	**35,4**	17,5
		– On plant, equipment and vehicles	**64,1**	79,3
		Net profit on disposal of plant, equipment and vehicles	**(3,7)**	(32,5)
		Research, development and related expenditure		
		– Research and development expenditure	**18,2**	15,8
		– Technology, royalty and associated costs	**0,7**	0,9
		Staff costs	**1 788,6**	1 494,4
		Employer's contribution to defined contribution retirement funding	**114,5**	100,1
		Employer's contribution to medical aid	**70,4**	63,5
6,4	(3,2)	Foreign exchange loss/(profit)	**11,7**	(36,0)

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		4. Operating income *(continued)*		
		4.3 Directors' emoluments		
		Executive directors		
		– salaries and bonuses	**12,1**	25,9
		– retirement, medical and other benefits	**7,0**	4,4
		Non-executive directors		
2,8	2,2	– fees	**2,8**	3,2
2,8	2,2	Total directors' emoluments	**21,9**	33,5
		Less: Paid by subsidiaries	**19,1**	31,3
2,8	2,2	Emoluments paid by company Refer to pages 57 and 58 of the corporate governance report for further details pertaining to directors' emoluments.	**2,8**	2,2
		4.4 Directors' service contracts No directors have service contracts with notice periods of less than three months. Contracts provide for predetermined compensation on termination of the contracts under circumstances when compensation would be payable. Further details of directors' service contracts are provided on page 55 of the Annual Report under the heading "Directors' employment agreements".		
		5. Abnormal items		
		5.1 Profit on sale of property, plant and equipment and intangibles, including impairment charges	**17,8**	17,3
23,5	(573,0)	Net profit/(loss) on sale of interest in subsidiaries and joint ventures	**305,2**	362,4
	8,8	Reversal of impairment of investments, including profit on sale	**25,9**	109,5
		Fair value adjustment – Sea Harvest put option	**26,6**	—
		Empowerment transaction costs	**0,3**	0,7
		Employee share trust	**—**	3,3
		Competition Commission penalty	**(98,8)**	—
		Provision for Healthcare unbundling costs	**(58,4)**	—
		Pension fund surplus apportionment	**3,3**	129,9
		Provision in respect of utilisation of pension fund surplus	**(20,4)**	(156,5)
30,2	(44,9)	Other	**2,1**	8,5
53,7	(609,1)		**203,6**	475,1
	14,3	Income tax expense	**(37,4)**	(6,1)
		Minority interest	**(6,7)**	(3,1)
53,7	(594,8)	Attributable to shareholders in Tiger Brands Limited	**159,5**	465,9

COMPANY 2007	COMPANY 2006	(Rands in millions)	GROUP 2007	GROUP 2006
		5. Abnormal items (continued)		
		5.2 Asset impairments		
		The following asset impairments/(impairment reversals) are included in abnormal items above.		
		The impairments are shown before tax and minority interests:		
		Impairment reversals of fishing vessels	(21,3)	—
		Impairment of investments	—	9,7
		Impairment of properties	1,1	—
		Impairment of intangible assets	2,8	0,9
			(17,4)	10,6
		As a result of significantly improved performance in the fishing businesses, attributable to a focus on the beneficiation of smaller fish, improved global pricing and a weaker rand, previous impairments on fishing vessels have been reversed.		
		The impairment of investments in the prior year includes the partial write down of the group's investment in former associate company Lesotho Milling.		
		The value in use method was used in assessing impairments and the discount rate used was 12,6% (2006: 12,6%) for the whole group and 17,7% (2006: 17,0%) for the fishing business and Langeberg & Ashton Foods.		
		6. Interest		
(47,5)	(12,0)	6.1 Interest paid	(305,1)	(156,0)
		– Finance lease charges	(1,1)	(1,9)
		– Long-term borrowings	(39,6)	(38,5)
(40,8)	(11,6)	– Bank and other short-term borrowings	(242,5)	(104,7)
(6,7)	(0,4)	– Other	(21,9)	(10,9)
121,2	97,7	6.2 Interest received	227,2	140,6
36,1	41,7	– From subsidiary companies		
81,1	51,8	– From cash and cash equivalents	213,1	116,4
4,0	4,2	– From other sources	14,1	24,2
73,7	85,7		(77,9)	(15,4)
		7. Dividend income		
265,3	1 891,8	From subsidiary companies and joint ventures		
		From investment of employer-controlled reserve invested by pension fund on behalf of Tiger Brands Limited	5,0	6,4
		From other investments		
1,5	1,5	– listed	1,8	1,6
0,1	18,6	– unlisted	32,6	30,9
266,9	1 911,9		39,4	38,9

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		8. Income tax expense		
21,8	26,8	8.1 South African current taxation	**589,0**	448,4
77,1	32,4	Secondary tax on companies	**87,2**	106,0
		Foreign taxes	**7,8**	7,3
98,9	59,2		**684,0**	561,7
		Deferred taxation	**26,0**	(62,4)
98,9	59,2		**710,0**	499,3
(0,4)	(4,3)	Adjustments in respect of previous years – current	**5,0**	0,7
		– deferred	**(10,9)**	(16,8)
98,5	54,9		**704,1**	483,2
—	(3,0)	Taxation on abnormal items – current	**14,5**	(5,8)
8,7	(11,3)	– deferred	**22,8**	11,9
107,2	40,6		**741,4**	489,3
		Income tax expense reported in the consolidated income statement	**741,4**	489,3
		Income tax attributable to discontinued operations	**264,6**	240,9
			1 006,0	730,2
		8.2 The reconciliation of the effective rate of taxation with the statutory taxation rate is as follows:		
%	%		**%**	%
27,9	2,9	Taxation for the year as a percentage of income before taxation	**30,0**	23,6
20,0	40,0	Dividend income	**0,2**	0,4
1,7	—	Exempt income	**0,5**	0,2
(0,6)	(11,6)	Expenses and provisions not allowed for taxation	**(3,0)**	(0,4)
(20,0)	(2,3)	Secondary tax on companies	**(3,5)**	(5,2)
		Tax effect of capital profits	**2,4**	5,8
—	—	Income from associates	**1,0**	—
—	—	Effect of differing rates of foreign taxes, prior year adjustments and timing differences not provided for and other sundries	**1,4**	4,6
29,0	29,0	Rate of South African company taxation	**29,0**	29,0
		Losses available to reduce future taxable income	**17,2**	21,8
		8.3 Reconciliation of movement on deferred taxation		
		Movement recognised in income statement this year		
		Current year charge/(release)	**26,0**	(62,4)
		Adjustments in respect of previous years	**(10,9)**	(16,8)
		Deferred tax on abnormal items	**22,8**	11,9
			37,9	(67,3)
		Movement per deferred tax accounts		
		Transferred from deferred taxation asset	**1,3**	29,5
		Transferred from deferred taxation liability	**36,6**	(107,9)
			37,9	(78,4)
		Fair value adjustments taken directly to equity	**—**	13,6
		Adjustment in respect of discontinued operation income tax charge	**—**	(2,5)
			37,9	(67,3)

COMPANY 2007	COMPANY 2006		(Rands in millions)	GROUP 2007	GROUP 2006
		9.	**Calculation of weighted average number of shares for headline earnings per share and basic earnings per share purposes**		
		9.1	Opening balance of number of ordinary shares	**162 482 742**	161 095 387
			Weighted number of ordinary shares – issued	**724 655**	580 619
			Weighted number of shares held for BEE deal	**(5 896 140)**	(5 605 372)
			Weighted average number of shares in issue	**157 311 257**	156 070 634
		9.2	Weighted average number of shares in issue	**157 311 257**	156 070 634
			Share options	**2 658 698**	4 116 173
			Adjusted number of ordinary shares for diluted headline and basic earnings per share purposes	**159 969 955**	160 186 807
		9.3	Headline earnings (Rm)	**2 018,3**	1 883,3
			Income attributable to ordinary shareholders (Rm)	**2 242,8**	2 303,4
		9.4	Reconciliation between profit for the year and headline earnings		
			Profit attributable to ordinary shareholders	**2 242,8**	2 303,4
			Adjusted for:		
			Net profit on sale of interest in subsidiaries and joint ventures	**(270,6)**	(346,7)
			Loss/(profit) on sale of property, plant and equipment, including impairment charge on intangibles	**64,4**	(15,2)
			(Reversal of impairment)/impairment of investments, including net (profit)/loss on sale	**(14,4)**	(93,1)
			Associates	**(2,4)**	42,1
			Profit on sale of property, plant and equipment	**(2,4)**	(12,5)
			Impairment of property, plant and equipment	**—**	54,6
			Other	**(1,5)**	(7,2)
			Headline earnings for the year	**2 018,3**	1 883,3
		10.	**Dividends and capital reductions**		
1 082,9	936,2	10.1	Dividends and capital distributions on ordinary shares		
715,9	620,0		Final dividend No 124 of 418 cents per share – paid	**558,1**	734,6
—	316,2		Interim dividend No 123 of 185 cents per share – paid		
367,0	—		Capital distribution No 125 of 213 cents per share – paid	**79,0**	1,0
660,0	603,0	10.2	Dividends and capital distributions per ordinary share (cents)	**—**	(4,0)
—	185,0		Interim dividend No 123 – paid		
213,0	—		Capital distribution No 125 declared 24 May 2007	**637,1**	731,6
290,0	—		Capital distribution No 126 declared 19 November 2007	**290,0**	—
157,0	418,0		Final dividend No 126 – declared post-year-end	**157,0**	418,0
		11.	**Property, plant and equipment**		
		11.1	Freehold land and buildings	**586,2**	679,0
			Cost	**751,1**	847,2
			Accumulated depreciation	**(164,9)**	(168,2)
		11.2	Leasehold land and buildings	**45,5**	38,1
			Cost	**97,8**	88,4
			Accumulated depreciation	**(52,3)**	(50,3)
			Total land and buildings	**631,7**	717,1

COMPANY 2007	COMPANY 2006	(Rands in millions)	GROUP 2007	GROUP 2006
		11. Property, plant and equipment *(continued)*		
		11.3 Details of the individual properties are contained in a register which is open for inspection by members of the public at the registered office of the company.		
		11.4 Land and buildings, investments and plant and machinery having a book value of R11,4 million (2006: R60,8 million), are mortgaged/pledged as security for long-term loans and capitalised finance leases of R7,1 million as per note 32.4 (2006: R14,9 million).		
		11.5 Plant, vehicles, vessels and equipment	**1 282,4**	1 181,7
		Cost	**3 187,9**	3 207,8
		Accumulated depreciation	**(1 905,5)**	(2 026,1)
		11.6 Capitalised leased assets	**1,6**	11,2
		Cost	**22,7**	40,0
		Accumulated depreciation	**(21,1)**	(28,8)

(Rands in millions)	Freehold land and buildings	Leasehold land and buildings	Plant, vehicles, vessels and equipment	Capitalised leased assets	Total
11.7 Movement of the group property, plant and equipment					
2007					
Net balance at beginning of year	**679,0**	**38,1**	**1 181,7**	**11,2**	**1 910,0**
Discontinued operations	**(136,5)**	**(0,8)**	**(146,2)**	**(1,6)**	**(285,1)**
Net balance at beginning of year – continuing operations	**542,5**	**37,3**	**1 035,5**	**9,6**	**1 624,9**
Business combinations	**16,2**	**0,9**	**21,1**	**—**	**38,2**
Additions	**48,4**	**14,6**	**477,4**	**—**	**540,4**
	607,1	**52,8**	**1 534,0**	**9,6**	**2 203,5**
Disposals	**(2,8)**	**—**	**(36,3)**	**—**	**(39,1)**
(Impairment)/impairment reversals	**(1,1)**	**—**	**21,3**	**—**	**20,2**
Depreciation	**(17,0)**	**(7,3)**	**(236,6)**	**(8,0)**	**(268,9)**
Net balance at end of year	**586,2**	**45,5**	**1 282,4**	**1,6**	**1 915,7**
2006					
Net balance at beginning of year	603,7	31,5	815,4	23,6	1 474,2
Business combinations	107,0	2,3	169,3	—	278,6
Reversals of impairment	0,3	—	7,9	—	8,2
Additions	20,4	8,8	432,0	4,2	465,4
	731,4	42,6	1 424,6	27,8	2 226,4
Disposals and impairments	(30,0)	—	(29,2)	(4,9)	(64,1)
Depreciation	(22,4)	(4,5)	(213,7)	(11,7)	(252,3)
Net balance at end of year	679,0	38,1	1 181,7	11,2	1 910,0

(Rands in millions)	GROUP 2007	2006
12. Goodwill and intangible assets		
12.1 Trademarks	511,1	577,6
Cost	741,5	608,7
Accumulated amortisation/impairment	(35,0)	(31,1)
Discontinued operations	(195,4)	—
12.2 Goodwill	1 210,1	936,0
Cost	1 317,1	947,7
Accumulated amortisation/impairment	(11,7)	(11,7)
Discontinued operations	(95,3)	—
12.3 Licence agreements and supplier relationships	23,3	83,5
Cost	89,4	89,4
Accumulated amortisation/impairment	(5,9)	(5,9)
Discontinued operations	(60,2)	—
12.4 Fishing rights	24,0	11,1
Cost	27,9	11,3
Accumulated amortisation/impairment	(3,9)	(0,2)
Discontinued operations	—	—
12.5 Other intangible assets	2,2	2,2
Cost	5,3	5,3
Accumulated amortisation/impairment	(3,1)	(3,1)
Total goodwill and intangible assets	1 770,7	1 610,4

	Trademarks	Goodwill	Licence agreements and supplier relation-ships	Fishing rights	Other intangible assets	Total
12.6 Goodwill and intangible assets						
Movement of group goodwill and intangible assets						
2007						
Net balance at beginning of year	577,6	936,0	83,5	11,1	2,2	1 610,4
Discontinued operations	(195,4)	(95,3)	(60,2)	—	—	(350,9)
Net balance at beginning of year – continuing operations	382,2	840,7	23,3	11,1	2,2	1 259,5
Business combinations	153,1	294,6		16,6	—	464,3
Trademark reclassification	(67,4)	67,4	—	—	—	—
Additions	47,1	7,4	—	—	—	54,5
	515,0	1 210,1	23,3	27,7	2,2	1 778,3
Amortisation	(4,3)	—	—	(1,5)	—	(5,8)
Impairment	—	—	—	(2,8)	—	(2,8)
Exchange rate translation difference	0,4	—	—	0,6	—	1,0
Net balance at end of year	511,1	1 210,1	23,3	24,0	2,2	1 770,7

(Rands in millions)	Trademarks	Goodwill	Licence agreements and supplier relation-ships	Fishing rights	Other intangible assets	Total
12. Goodwill and intangible assets *(continued)*						
12.6 Goodwill and intangible assets						
Movement of group goodwill and intangible assets *(continued)*						
2006						
Net balance at beginning of year	222,3	279,5	28,5	7,4	—	537,7
Business combinations	333,3	652,5	59,5	—	4,1	1 049,4
Additions	20,7	2,6	—	3,0	—	26,3
	576,3	934,6	88,0	10,4	4,1	1 613,4
Amortisation	—	—	(4,5)	(0,2)	(1,0)	(5,7)
Impairment	—	—	—	—	(0,9)	(0,9)
Exchange rate translation difference	1,3	1,4	—	0,9	—	3,6
Net balance at end of year	577,6	936,0	83,5	11,1	2,2	1 610,4

Bromor Foods (Pty) Limited trademarks with a cost of R194,6 million (2006: R262,0 million initial valuation estimate) have been assessed as to having an indefinite life as these brands have been established as market leaders for many years. The value for Bromor Foods (Pty) Limited derived at acquisition was based on estimates at the time. Goodwill has subsequently been recognised due to a drop in the value of recalculated trademarks. A remeasurement of trademarks was done as per IFRS 3 within the 12 months of acquisition date.

13. Impairment testing of goodwill and intangibles with indefinite lives

Goodwill acquired through business combinations, trademarks, licence agreements, supplier relationships and restraint of trade agreements have been allocated to 20 cash-generating units. The carrying amount of goodwill and other intangibles of the Bromor Foods (Pty) Limited cash generating unit is significant in comparison with the group's total carrying amount of goodwill and other intangibles with indefinite useful lives.

13.1 Key assumptions used in the value in use calculation of the Bromor Foods (Pty) Limited cash-generating unit for 30 September 2007

The carrying amount of goodwill and other intangibles for the Bromor Foods (Pty) Limited cash-generating unit can be found in note 1.4.

Goodwill

The group applied a discounted cash flow methodology to value goodwill. This methodology entails a calculation of the present value of future cash flows generated by the business over a period of 10 years. The difference between this present value and fair value of the assets acquired, constitutes goodwill.

Main inputs used were profit before interest and tax, an effective tax rate (29%), value of non-cash items per year, capital expenditure, movements in working capital, an appropriate discount rate and a terminal growth rate.

Trademarks

The group applied the "relief-from-royalty" valuation methodology to value trademark assets. This methodology entails quantifying royalty payments, which would be required if the trademark were owned by a third party and licenced to the company.

Main inputs used were forecast future sales, a notional royalty rate payable in an arm's length transaction and an appropriate discount rate.

Customer lists

The group applied the "excess earnings" valuation methodology to value customer lists. The method is based on apportioning the returns earned by a business across its tangible and intangible assets.

Main inputs used were forecast sales to which the customer relationships contribute and estimated cash flows earned from these sales, an effective tax rate (29%) and a required rate of return.

Research and development

The group applied the "excess earnings" valuation methodology to value in process research and development. This method is based on apportioning the returns earned by a business across its tangible and intangible assets.

Main inputs used were forecast sales to which the technology-based assets contribute and estimated cash flows earned from these sales, an effective tax rate (29%) and a required rate of return.

13. Impairment testing of goodwill and intangibles with indefinite lives *(continued)*

13.2 Key assumptions used in the value in use calculation of all other cash-generating units for 30 September 2007 and 30 September 2006

All indefinite life intangibles were tested for impairment by using a discounted cash flow model incorporating future cash flows to be generated by the asset. These cash flows were based on forecasts which included assumptions on operating profit, depreciation, working capital movements and capital expenditure.

Included in abnormal items from discontinued operations, is the impairment of an intangible asset relating to the distribution rights of certain pharmaceutical products in South Africa acquired from an overseas principal.

The impairment amounts to R64 million and is primarily attributable to the reassessment of the useful life of the intangible asset, which had been previously assessed as having an indefinite useful life.

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		14. Interest in subsidiary companies (Annexure A)		
1 446,2	1 050,1	Shares at cost less amounts written off		
3 092,8	4 330,8	Amounts owed by subsidiaries		
4 539,0	5 380,9			
		15. Investments in associated companies (Annexure B)		
—	0,5	Unlisted, at cost less amounts written off	**342,0**	342,5
		Share of accumulated profits and reserves since acquisition	**89,2**	70,5
—	0,5		**431,2**	413,0
—	0,5	Directors' valuation of unlisted investments	**431,2**	413,0
		The trading results of the associate companies whose results are equity accounted in the consolidated financial statements are as follows:		
		Turnover	**1 365,0**	4 342,2
		Profit attributable to ordinary shareholders of Tiger Brands	**57,1**	4,4
		Empresas Carozzi (24%)	**55,0**	54,7
		C & T Malt (formerly Conagra Malt) (50%)	**—**	(10,8)
		Other	**2,1**	2,6
		Abnormal items	**—**	(42,1)
		Less: Dividends	**(18,8)**	(34,5)
		Share of associated companies' income	**38,3**	(30,1)
		The aggregate balance sheets of associates are summarised as follows:		
		Property, plant and equipment and investments	**2 185,9**	2 155,8
		Goodwill	**853,2**	810,2
		Net current assets excluding cash	**684,0**	415,5
		Cash	**—**	65,5
		Total assets	**3 723,1**	3 447,0
		Long-term liabilities	**(1 428,3)**	(1 162,9)
		Total shareholders' funds	**2 294,8**	2 284,1
		The results of Empresas Carozzi at 31 August 2007 have been used in preparation of these financial statements. The management accounts represent the latest available financial information which have been subject to a limited review by the associate company auditors. There have been no material differences noted in the associate's results during September 2007.		

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		16. Other investments		
		(Annexure C)		
		Listed, at fair value	**31,8**	26,3
5,8	4,1	Unlisted, at fair value	**58,7**	48,9
		Employer controlled reserve invested by pension fund on behalf of Tiger Brands Limited	**159,6**	143,1
121,0	78,0	Notional investment in subsidiary companies in terms of IFRS 2		
126,8	82,1		**250,1**	218,3
		Fair value of listed investments	**31,8**	26,3
5,8	4,1	Directors' valuation of unlisted investments and employer controlled reserve	**218,3**	192,0
		17. Loans		
—	(0,1)	17.1 Tiger Brands Share Trust participants	**17,0**	21,6
		Sea Harvest Share Trust participants	**17,0**	19,7
		Oceana loans to fisherman	**5,3**	10,8
—	46,8	C & T Malt promissory notes*	—	46,8
2,2	1,3	Other	**7,0**	6,5
		**Transferred to trade and other receivables repayable on 31 December 2007.*		
2,2	48,0		**46,3**	105,4

17.2 Tiger Brands Share Trust

The Tiger Brands Share Trust was formed to finance the purchase of ordinary shares in the company by employees of the group. The loan is secured by the pledge of the ordinary shares purchased in terms of the scheme. Interest is determined by the directors six months in arrears. Loans are repayable within 10 years of option grant date.

The market value of Tiger Brands Limited shares pledged as security for loans granted amounted to R120,4 million at 30 September 2007 (2006: R108,5 million). In addition, as at 30 September 2007 the trust held 217 344 shares (2006: 262 547 shares) in Astral Foods Limited, which shares were transferred to it at the time of the unbundling of Astral Foods. These shares had a market value of R26,3 million at 30 September 2007 (2006: R22,7 million).

17.3 Sea Harvest Share Trust

The Sea Harvest Share Trust was formed to finance the purchase of ordinary shares in the group by employees. The loans are secured by pledge of the shares purchased in terms of the scheme and are repayable within 10 years. The loans bear interest at between 0% – 3,2% per annum (2006: 0% – 3,2%).

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		18. Deferred taxation asset		
		18.1 Movement of deferred taxation asset		
—	3,1	Balance at beginning of year as reported	**144,6**	164,7
		Discontinued operations	**(15,9)**	—
		Balance at beginning of year – continuing operations	**128,7**	164,7
		Adjustment in respect of (disposals)/acquisition of businesses	**(13,0)**	8,8
		Adjustments in respect of currency (profits)/losses taken directly to non-distributable reserves	**—**	0,6
	(0,8)	Fair value adjustments – investments	**—**	—
	(2,3)	Transferred this year	**(1,3)**	(29,5)
—	—	Balance at end of year	**114,4**	144,6
		18.2 Analysis of group deferred taxation asset		
		Excess capital allowances over depreciation	**(33,9)**	(59,1)
		Trademarks and intangibles	**—**	1,7
		Effect of taxation losses	**—**	1,4
		Currency losses	**—**	(1,0)
		Provisions	**130,9**	191,0
		Other temporary differences	**17,4**	10,6
			114,4	144,6
		19. Inventories		
		Raw materials	**900,1**	661,4
		Partly processed goods	**33,2**	41,9
		Finished goods and merchandise	**1 480,6**	1 412,2
		Consumable stores	**62,8**	71,1
		Other	**11,4**	21,6
			2 488,1	2 208,2
		Inventories to the value of R34,7 million (2006: R18 million) are carried at net realisable value.		
		The amount of write down of inventories recognised as an expense is R19 million (2006: R28,5 million).		
		This expense is included in cost of sales. Refer note 4.1.		
		20. Trade and other receivables		
		Trade receivables	**2 478,5**	2 753,2
1,8	10,3	Tax overpaid	**—**	—
50,9	18,4	Sundry receivables	**385,5**	433,6
52,7	28,7		**2 864,0**	3 186,8
		Portfolio impairment	**(74,8)**	(97,8)
52,7	28,7		**2 789,2**	3 089,0
		Trade receivables, which generally have 30 – 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when identified.		

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		21. Cash and cash equivalents		
215,0	925,7	Cash	**232,2**	335,2
		Investments in marketable preference shares	**257,7**	235,0
		Portion of the surplus cash, which is available on demand, has been invested in preference shares carrying a coupon rate of 57,5% – 63% of prime.		
215,0	925,7		**489,9**	570,2

22. Share-based payment plans

22.1 General employee share option plan

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

Options vest as follows: a third after three years, a third after four years and a third after five years. The exercise price is determined in accordance with the rules of the scheme.

From January 2006 a new option scheme was adopted by the company. The new scheme is a cash settled option scheme, which replaces the previous equity settled share option scheme.

The expense recognised for employee services received during the year to 30 September 2007 is R26,8 million (2006: R16,9 million). The portion of that expense arising from equity settled share-based payment transactions is R13,5 million (2006: R14,5 million).

Equity settled

The following table illustrates the number (No) and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2007		2006	
	No	**WAEP**	No	WAEP
Outstanding at the beginning of the year	**5 192 751**	**61,69**	6 613 539	58,25
Granted during the year	**—**	**—**	10 000	135,00
Forfeited during the year	**(21 833)**	**75,01**	(43 433)	72,42
Exercised during the year[2]	**(1 275 163)**	**50,92**	(1 387 355)	45,60
Outstanding at the end of the year*[1]	**3 895 755**	**65,11**	5 192 751	61,69
Exercisable at the end of the year	**1 629 521**	**50,94**	1 313 851	45,54

** Includes 646 333 allocation in respect of Adcock Ingram employees.*

1. Included within the number of options outstanding at the end of the year are options over 880 854 shares that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.
2. The weighted average share price at the date of exercise for the options exercised is R168,83 (2006: R139,09).
   The weighted average remaining contractual life for share options outstanding as at 30 September 2007 is 5,69 years (2006: 6,41 years).
   The weighted average fair value of options granted during the year was Rnil (2006: R35,49).
   The range of exercise prices for options outstanding at the end of the year was R21,61 – R135,00 (2006: R21,61 – R135,00).

22. Share-based payment plans *(continued)*

22.1 General employee share option plan *(continued)*

Equity settled *(continued)*

The observable volatility in the market was the basis upon which the options were valued.

Share options were fair valued using a modified Black Scholes model.

The following inputs were used:

Date of grant	Strike price (Rand)	Expiry date	Market price of underlying stock at grant date (Rand)	Expected volatility of the stock over remaining life of option (%)	Dividend cover (times)
03/02/2003	69,16	02/02/2013	66,11	22,0	2,7
08/08/2003	69,76	07/08/2013	70,55	22,0	2,7
29/01/2004	80,02	28/01/2014	82,65	18,0	2,5
28/02/2004	82,16	27/02/2014	84,66	18,0	2,5
01/08/2004	89,08	31/07/2014	89,70	19,0	2,5
25/01/2005	95,09	24/01/2015	95,36	18,0	2,0
18/05/2005	97,93	17/05/2015	100,69	18,0	2,0
01/07/2005	107,70	30/06/2015	113,74	19,0	2,0
01/09/2005	125,60	31/08/2015	131,80	19,0	2,0

The interest rate yield curve was derived from the Nedbank Treasury calculation.

Cash settled

The following table illustrates the number (No) and weighted average exercise prices (WAEP) of, and movements in, cash settled options during the year.

	2007		2006	
	No	WAEP	No	WAEP
Outstanding at the beginning of the year	**531 200**	**149,68**	—	—
Granted during the year	**478 100**	**168,88**	540 900	149,68
Forfeited during the year	**(6 700)**	**149,51**	(9 700)	149,51
Exercised during the year	**(10 700)**	**149,51**	—	—
Outstanding at the end of the year*[1]	**991 900**	**158,93**	531 200	149,68
Exercisable at the end of the year	—	—	—	—

**Includes 272 500 allocation in respect of Adcock Ingram employees.*

1. The weighted average remaining contractual life for cash settled options outstanding as at 30 September 2007 is 4,81 years (2006: 5,33 years).
   The weighted average fair value of options granted during the year was R46,08 per option (2006: R32,55).
   The range of exercise prices for options outstanding at the end of the year was R149,51 – R172,79 (2006: R149,51 – R169,10).

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.

The following inputs were used:

Date of grant	22/01/2007	30/03/2007	26/01/2006	21/04/2006	08/05/2006
Strike price of option (Rand)	168,82	172,79	149,51	165,08	169,10
Expiry date	21/01/2013	29/03/2013	25/01/2012	20/04/2012	07/05/2012
Market price of the underlying stock at grant date (Rand)	172,51	177,00	162,00	171,00	170,00
Expected volatility of the stock over the remaining life of the option (%)	25,0	25,0	30,3	30,3	30,3
Expected dividend cover (times)	2,0	2,0	2,0	2,0	2,0

The interest rate yield curve was derived from the Nedbank Treasury calculation. The average volatility was 25% and the risk-free rate ranged from 9,6% to 10,6% during the year.

The carrying amount of the liability relating to the cash settled options at 30 September 2007 is R16,2 million (2006: R3,0 million). 10 700 cash settled options were exercised during the year (2006: nil). This was as a result of the DairyBelle disposal.

22. Share-based payment plans *(continued)*

22.2 Black Managers share option scheme

In terms of the BEE transaction implemented on 17 October 2005, 4 381 831 Tiger Brands shares were acquired by the Tiger Brands Black Managers Trust. Allocations of vested rights to these shares were made to 435 black managers.

The allocation of vested rights entitles beneficiaries to receive Tiger Brands shares (after making capital contributions to the Black Managers Trust) at any time after the defined lock-in period, ie from 1 January 2015. These vested rights are non-transferable.

From 1 January 2015, the beneficiaries may exercise their vested rights, in which event the beneficiary may:

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

The expense recognised for employee services received during the year to 30 September 2007 is R32,0 million (2006: R25,1 million).

The following table illustrates the number (No) of, and movements in, share participation rights during the year.

	2007 No	2006 No
Outstanding at the beginning of the year	**2 272 200**	—
Granted during the year	**949 500**	2 507 400
Forfeited during the year	**(304 800)**	(235 200)
Outstanding at the end of the year*	**2 916 900**	2 272 200
Exercisable at the end of the year	**—**	—

**Includes 1 084 200 allocation in respect of Adcock Ingram employees.*

The weighted average remaining contractual life for share options outstanding as at 30 September 2007 is 7,25 years (2006: 8,25 years).

The weighted average fair value of options granted during the year was R60,09 (2006: R53,96).

The notional exercise price of participation rights at 30 September 2007 was R116,69 per option (2006: R114,26).

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

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

The following inputs were used:

			Grant date		
	1/11/2005	**31/01/2006**	**31/07/2006**	**31/01/2007**	**31/07/2007**
Initial strike price of participation rights (Rands)	112,3	110,9	112,9	113,0	115,2
Expiry date	30/09/2027	30/09/2027	30/09/2027	30/09/2027	30/09/2027
Market price of the underlying stock at grant date (Rand)	140,0	159,9	150,0	172,3	186,7
Expected volatility of the stock over the remaining life of the option (%)	22,0	25,0	25,0	30,4	27,8
Expected dividend yield of the stock over the remaining life of the option (%)	3,6	3,6	3,6	3,5	3,5

The risk-free interest rate was taken from the Standard Bank, zero-coupon South African bond curves.

COMPANY Number of shares				GROUP Number of shares	
2007	2006		(Rands in millions)	**2007**	2006
			23. Authorised share capital		
25,0	25,0	23.1	250 000 000 (2006: 250 000 000) ordinary shares of 10 cents each	**25,0**	25,0
25,0	25,0			**25,0**	25,0
3 895 755	5 192 751	23.2	Number of outstanding options in terms of the company's share option scheme		
8 500	8 500		At R21,61 (2004: R26,63) per share, exercisable until 9 March 2008		
11 500	22 500		At R40,11 (2004: R49,44) per share, exercisable until 19 May 2008		
2 667	18 700		At R27,65 (2004: R34,08) per share, exercisable until 11 September 2008		
77 566	143 165		At R29,28 (2004: R36,10) per share, exercisable until 22 September 2008		
5 500	5 500		At R33,62 (2004: R41,45) per share, exercisable until 2 October 2008		
38 265	59 232		At R42,14 (2004: R51,95) per share, exercisable until 24 June 2009		
1 333	17 900		At R34,24 (2004: R42,21) per share, exercisable until 8 July 2009		
81 369	110 032		At R46,44 (2004: R57,25) per share, exercisable until 8 November 2009		
1 700	1 700		At R41,41 (2004: R51,05) per share, exercisable until 13 October 2010		
38 733	105 699		At R42,71 (2004: R52,65) per share, exercisable until 14 November 2010		
—	66		At R45,02 (2004: R55,50) per share, exercisable until 4 June 2011		
—	5 000		At R48,10 (2004: R59,30) per share, exercisable until 21 June 2011		
—	5 066		At R49,64 (2004: R61,20) per share, exercisable until 25 July 2011		
1 733	3 400		At R49,89 (2004: R61,50) per share, exercisable until 1 September 2011		
611 288	1 077 357		At R46,24 (2004: R57,00) per share, exercisable until 29 January 2012		
700	5 400		At R51,27 (2004: R63,20) per share, exercisable until 4 April 2012		
814 706	1 138 900		At R56,10 (2004: R69,16) per share, exercisable until 3 February 2013		
197 328	239 634		At R56,10 (2004: R69,16) per share, exercisable until 31 March 2013		
11 700	15 000		At R56,59 (2004: R69,76) per share, exercisable until 8 August 2013		
1 079 167	1 267 000		At R64,91 (2004: R80,02) per share, exercisable until 29 January 2014		
5 000	5 000		At R66,65 (2004: R82,16) per share, exercisable until 28 February 2014		
870 000	901 000		At R95,09 per share, exercisable until 25 January 2015		
7 000	7 000		At R97,73 per share, exercisable until 18 May 2015		
10 000	10 000		At R107,70 per share, exercisable until 1 July 2015		
10 000	10 000		At R125,60 per share, exercisable until 1 September 2015		
10 000	10 000		At R135,00 per share, exercisable until 1 October 2015		
			Option prices reduced in 2004 as a result of the Spar unbundling.		
69 252 546	69 252 546	23.3	Number of shares under the control of the directors until the next annual general meeting	**69 252 546**	69 252 546
4 504 466	4 482 633	23.4	Number of shares under the control of the directors for purposes of the Tiger Brands (1985) Share Purchase Scheme and the Tiger Brands (1985) Share Option Scheme	**4 504 466**	4 482 633

	COMPANY			
	Number of shares under option		Options exercised during 2007	
	2007	2006	Number of shares	Gain in R'000
23. Authorised share capital *(continued)*				
23.5 Executive directors' options over shares in Tiger Brands Limited				
N Dennis	**668 000**	668 000		
At R46,24 per share, exercisable until 29 January 2012	**208 000**	208 000		
At R56,10 per share, exercisable until 3 February 2013	**152 000**	152 000		
At R64,91 per share, exercisable until 29 January 2014	**214 000**	214 000		
At R95,09 per share, exercisable until 25 January 2015	**94 000**	94 000		
N Doyle	**51 800**	65 400	13 600	1 633
At R46,24 per share, exercisable until 29 January 2012		2 000		
– exercised on 16 February 2007 (market price R180,48 per share)			2 000	268
At R56,10 per share, exercisable until 3 February 2013	**2 700**	5 400		
– exercised on 16 February 2007 (market price R180,48 per share)			2 700	336
At R64,91 per share, exercisable until 29 January 2014	**19 100**	28 000		
– exercised on 16 February 2007 (market price R180,48 per share)			8 900	1 029
At R95,09 per share, exercisable until 25 January 2015	**30 000**	30 000		
M H Franklin (retired 31 March 2007)		166 800	65 100	7 577
At R46,24 per share, exercisable until 29 January 2012		28 400		
– exercised on 29 January 2007 (market price R170,50 per share)			28 400	3 529
At R56,10 per share, exercisable until 3 February 2013		33 400		
– exercised on 5 February 2007 (market price R172,03 per share)			16 700	1 936
At R64,91 per share, exercisable until 29 January 2014		60 000		
– exercised on 29 January 2007 (market price R170,50 per share)			20 000	2 112
At R95,09 per share, exercisable until 25 January 2015		45 000		
M C Norris (retired 31 March 2007)		175 700		
At R46,24 per share, exercisable until 29 January 2012		30 000		
At R56,10 per share, exercisable until 3 February 2013		40 700		
At R64,91 per share, exercisable until 29 January 2014		60 000		
At R95,09 per share, exercisable until 25 January 2015		45 000		
C F H Vaux	**65 400**	212 000	146 600	18 539
At R42,71 per share, exercisable until 14 November 2010		25 000		
– exercised on 22 January 2007 (market price R173,02 per share)			25 000	3 258
At R46,24 per share, exercisable until 29 January 2012		75 000		
– exercised on 22 January 2007 (market price R173,02 per share)			50 000	6 339
– exercised on 15 February 2007 (market price R179,63 per share)			25 000	3 335
At R56,10 per share, exercisable until 3 February 2013	**23 400**	70 000		
– exercised on 22 January 2007 (market price R173,02 per share)			3 300	386
– exercised on 23 January 2007 (market price R173,00 per share)			20 000	2 338
– exercised on 15 February 2007 (market price R179,63 per share)			10 719	1 324
– exercised on 16 February 2007 (market price R180,00 per share)			12 581	1 559
At R64,91 per share, exercisable until 29 January 2014	**19 000**	19 000		
At R95,09 per share, exercisable until 25 January 2015	**23 000**	23 000		
Totals for Tiger Brands Limited	**785 200**	1 287 900	225 300	27 749

	COMPANY			
	Number of shares under option		Options exercised during 2007	
	2007	2006	Number of shares	Gain in R'000
23. Authorised share capital *(continued)*				
23.5 Executive directors' options over shares in Tiger Brands Limited *(continued)*				
Executive directors' options over shares in Astral Foods Limited				
N Dennis				
At R6,22 per share, exercisable until 14 November 2010	**78 025**	78 025		
N P Doyle				
At R6,22 per share, exercisable until 14 November 2010	**300**	900		
– exercised on 28 June 2007 (market price R129,00 per share)			600	74
C F H Vaux				
At R6,22 per share, exercisable until 14 November 2010		6 250		
– exercised on 4 June 2007 (market price R136,00 per share)			6 250	811
Totals for Astral Foods Limited	**78 325**	85 175	6 850	885

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	2007	2006
		24. Issued ordinary share capital and premium		
		24.1 Issued share capital 172 347 233 (2006: 171 072 070)		
17,2	17,1	ordinary shares of 10 cents each	**17,2**	17,1
		24.2 Share premium account		
811,5	744,3	Balance at beginning of year	**811,5**	744,3
75,2	67,2	Issues of shares	**75,2**	67,2
(367,0)	—	Capital distribution out of share premium	**(367,0)**	—
519,7	811,5		**519,7**	811,5
536,9	828,6		**536,9**	828,6
		The increase in ordinary shares issued is due to share options exercised as indicated in note 22.1.		
		25. Non-distributable reserves		
16,6	16,6	Amounts transferred from share premium account	**16,6**	16,6
2,7	2,7	Capital redemption reserve fund		
2 918,6	2 918,6	Legal reserves and other	**65,7**	65,7
		Share of accumulated profits and reserves since acquisition in associated companies	**432,4**	394,9
		Fair value adjustment – forward exchange contracts	**9,2**	23,0
5,5	3,8	Fair value adjustment – investments	**7,0**	7,0
		Translation reserve	**(4,4)**	6,5
2 943,4	2 941,7		**526,5**	513,7

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		26. Tiger Brands Limited shares held by empowerment trusts		
		On 19 September 2005, shareholders approved a scheme of arrangement (section 311 of the Companies Act) in terms of which Tiger Brands would facilitate the acquisition of a 4% direct ownership interest in its issued ordinary share capital by a broad base of staff employed within the group. The court order sanctioning the scheme was registered by the Registrar of Companies on 29 September 2005, being the effective date of acquisition of the scheme shares.		
		The total value of the staff empowerment transaction was R723,5 million, based on the closing price of the company's shares on the JSE Limited on 13 July 2005 of R112 per share. The transaction was implemented on 17 October 2005 through a number of trusts and a special purpose vehicle. The acquisition of 5 896 183 Tiger Brands shares by the Black Managers Trust and the Thusani Trust in terms of the scheme, at an aggregate cost of R649,5 million is shown as a deduction from equity in the group balance sheet.		
		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.		
		27. Deferred taxation liability		
		27.1 Movement of deferred taxation liability		
3,3	16,8	Balance at beginning of year as reported	**231,2**	463,5
		Discontinued operations	**(0,3)**	—
		Balance at beginning of year – continuing operations	**230,9**	463,5
		Fair value adjustments – investments	**1,3**	—
		Arising on acquisition/(sale) of subsidiaries	**(5,2)**	41,3
		Adjustment relating to sale of investment	**—**	(169,9)
		Adjustment in respect of currency losses taken directly to non-distributable reserve	**8,7**	4,2
8,7	(13,5)	Transferred this year	**36,6**	(107,9)
12,0	3,3	Balance at end of year	**272,3**	231,2
		27.2 Analysis of deferred taxation liability		
		Fair value adjustments – investments	**2,4**	2,4
		Excess capital allowances over depreciation	**173,7**	134,0
		Provisions	**(89,7)**	—
12,0	3,3	Currency profits	**12,0**	3,2
		Other temporary differences	**173,9**	101,0
		Effect of taxation losses	**—**	(9,4)
12,0	3,3		**272,3**	231,2

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		28. Accounts payable		
		Trade and other payables	**1 525,2**	1 367,1
82,6	48,1	Accruals	**1 386,7**	1 711,4
82,6	48,1		**2 911,9**	3 078,5
		Trade payables are non-interest-bearing and are normally settled on 45 day terms.		
		Other payables are non-interest-bearing and have an average term of 60 days.		
		29. Provisions		
		Balance as at 1 October 2006	**215,7**	
		Reclassification of accruals	**82,5**	
		Charged to the income statement	**253,7**	
		Utilised in the year	**(74,2)**	
		Provisions reversed during the year	**(31,1)**	
		Balance as at 30 September 2007	**446,6**	
		Analysed as follows:		
		Provision for leave	**240,3**	
		Provision for Adcock unbundling	**58,4**	
		Provision for Competition Commission fine	**98,8**	
		Other	**49,1**	
			446,6	
		Leave pay is provided on accumulated leave balances at year-end based on employees' cost to company.		
		The provision for Adcock unbundling relates to the costs associated with the unbundling and separate listing of the Healthcare business. Refer to note 39.		
		The provision for the Competition Commission fine raised during the current year relates to the penalty imposed by the Competition Commission relating to contraventions of the Competition Act by the company's baking and milling operations. Refer to post-balance sheet event per statutory information section on page 88.		
		Certain accruals have been reclassified as provisions during the current year due to the stricter application of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.		

COMPANY			GROUP	
2007	2006	(Rands in millions)	2007	2006
		30. Borrowings		
		30.1 Secured loans	376,0	1 064,5
		Loan bearing interest at 7,7% per annum, repayable by 2007	—	25,0
		Loan bearing interest at 11,1% per annum, repayable by 2007	—	0,1
		Loan bearing interest at 8,8% per annum, repayable by 2007	—	35,0
		Loan bearing interest at 15,5% per annum, repayable by 2011	98,4	719,4
		Loan bearing interest at 7,53% per annum, repayable by 2015	277,6	285,0
		30.2 Unsecured loans	10,0	10,1
		Interest-free loans, with no fixed repayment terms	10,0	10,1
		This loan is not repayable within 12 months from 30 September 2007.		
		30.3 Capitalised finance leases	12,8	14,9
		Repayment during the next year	6,5	7,6
		Repayment during the next five years subsequent to year 1	6,3	7,3
		Liabilities under capitalised finance leases bear interest at 8,5% – 16,0% per annum.		
		Capitalised finance leases relate to property, plant and equipment with a book value of R1,6 million (2006: R11,2 million) referred to in note 11.6 of these annual financial statements.		
			398,8	1 089,5
		30.4 Instalments disclosed as		
		Short-term borrowings	33,9	177,8
		Long-term borrowings	364,9	911,7
			398,8	1 089,5
96,8	789,8	30.5 Short-term borrowings	48,6	592,0
96,8	789,8	Bank overdrafts	14,3	114,2
		Unsecured loans	0,4	300,0
		Current portion of long-term loans	33,9	177,8
		Bank overdrafts bear interest at prime less 2% and are repayable on demand.		
		31. Group borrowings		
		In terms of the company's articles of association the group's borrowings are unlimited.		

COMPANY			GROUP	
2007	2006	*(Rands in millions)*	**2007**	2006
		32. Group commitments		
		32.1 Approved capital expenditure, which will be financed from the group's own resources, is as follows:		
		Contracted	**197,2**	303,3
		Not contracted	**337,2**	457,7
			534,4	761,0

32.2 The total commitments of R534,4 million will be expended in 2008.
The capital commitments amounting to R534,4 million include the following major items:

	Rm
Bakeries – upgrade of bakery	56,5
Enterprise – upgrade of manufacturing site	92,8
Culinary – installation of new production line	78,1

(Rands in millions)	Land and buildings	Motor vehicles	Other	Total commit-ments
32.3 Commitments in respect of operating leases				
2007				
During 2008	**9,3**	**29,2**	**21,7**	**60,2**
During 2009	**9,0**	**22,1**	**19,6**	**50,7**
During 2010	**9,6**	**14,7**	**17,3**	**41,6**
During 2011	**8,4**	**8,4**	**14,7**	**31,5**
During 2012 and thereafter	**32,7**	**6,6**	**49,1**	**88,4**
	69,0	**81,0**	**122,4**	**272,4**
2006				
During 2007	15,1	33,7	26,9	75,7
During 2008	14,0	24,8	22,9	61,7
During 2009	11,5	15,8	20,9	48,2
During 2010	11,4	8,4	16,5	36,3
During 2011 and thereafter	32,0	5,1	73,2	110,3
	84,0	87,8	160,4	332,2

32. Group commitments *(continued)*

32.4 Commitments in respect of finance leases

The group has finance leases and hire purchases contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum leases payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments, are as follows:

	GROUP			
	2007		2006	
(Rands in millions)	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	**4,9**	**4,3**	0,9	0,7
After one year but not more than five years	**2,9**	**2,7**	1,2	0,8
Total minimum lease payments	**7,8**	**7,1**	2,1	1,5
Less amounts representing finance charges	**(0,8)**	**—**	(0,4)	—
Total	**7,0**	**7,1**	1,7	1,5

32.5 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.

32.6 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.

33. Pension obligations

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

Within the company's group of subsidiaries, there are a total of 28 retirement plans, three of which are defined benefit pension funds, two are defined benefit provident funds, three are defined contribution pension funds, one a defined benefit plan and 13 are defined contribution provident funds. There are a further six schemes of insurance into which the company and its subsidiaries contribute. Certain companies within the group sponsor external death, funeral and disability benefit insurance policies. These insurance costs have been allowed for in the disclosures provided.

The actual return on plan assets for the period 1 October 2006 to 30 September 2007 was R89,1 million. This compares with the expected return for the same period of R47,4 million.

The value of contributions expected to be paid by group companies for the year ending 30 September 2008 amounts to R173,2 million.

As at 30 September 2007, the percentage of the fair value of plan assets invested in Tiger Brands Limited shares amounted to 0,15%.

As at 30 September 2007, there were no properties occupied by, or other assets used by, group companies which formed part of the fair value of plan assets.

(Rands in millions)	GROUP 2007	2006
33. Pension obligations (continued)		
Balance at the end of the year		
Present value of funded defined benefit obligations	**111,8**	125,7
Fair value of plan assets in respect of defined benefit obligations	**(580,3)**	(521,2)
Funded status of defined benefit plans	**(468,5)**	(395,5)
Unrecognised actuarial gains/(losses)	**7,9**	90,0
Unrecognised prior service cost	**—**	0,2
Asset not recognised at balance sheet date	**430,3**	308,0
(Asset)/liability at balance sheet date	**(30,3)**	2,7

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. Furthermore, "improper uses" of surplus, if any, as contemplated in terms of the Pension Funds Second Amendment Act, 2001, have been ignored for the purposes of these disclosures. This legislation is not applicable to arrangements not registered in terms of the Pension Funds Act, such as special purpose entities established for purposes of providing disability benefits.

(Rands in millions)	GROUP 2007	2006
Movement in the liability/(asset) recognised in the balance sheet		
Opening balance as previously stated	**2,7**	0,6
Asset not recognised at start of period	**(308,0)**	(328,8)
Balance at the beginning of the year	**(305,3)**	(328,2)
Liability acquired in business combination (business sold)	**(0,1)**	(68,2)
Contributions paid	**(172,4)**	(191,4)
Other movements	**447,5**	590,5
Current service cost	**171,4**	189,8
Interest cost	**11,5**	9,1
Expected return on plan assets	**(47,4)**	(42,4)
Net actuarial gains recognised during the year	**(0,3)**	(1,5)
Settlement cost	**(0,9)**	127,5
Recognised due to paragraph 58A	**(117,1)**	—
Asset not recognised at balance sheet date	**430,3**	308,0
Balance at the end of the year	**(30,3)**	2,7
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8,50%**	9,00%
Expected return on plan assets	**8,50%**	9,00%
Future salary increases	**6,25%**	6,75%
Future pension increases	**3,33%**	3,80%

34. 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 2007.

	GROUP	
(Rands in millions)	**2007**	2006
Balance at the end of the year		
Present value of obligations	**317,8**	330,7
Fair value of plan assets	**—**	—
	317,8	330,7
Unrecognised past service cost	**—**	—
Unrecognised actuarial gains	**17,4**	23,0
Liability at balance sheet date	**335,2**	353,7
Attributable to:		
Continuing operations	**322,4**	353,7
Discontinued operations	**12,8**	
	335,2	353,7
Movement in the liability recognised in the balance sheet:		
Balance at the beginning of the year	**353,7**	349,8
Liability acquired in business combination/(business sold)	**(26,0)**	10,2
Contributions paid	**(22,7)**	(22,5)
Settlements	**—**	(5,9)
Other expenses included in staff costs	**30,2**	22,1
Current service cost	**3,5**	3,4
Interest cost	**28,1**	26,4
Actuarial gains recognised	**(1,4)**	(7,7)
Balance at the end of the year	**335,2**	353,7
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**8,50%**	9,00%
Medical inflation	**5,50%**	6,00%
Future salary increases	**6,25%**	6,75%

	Healthcare cost inflation	
34.1 Sensitivity analysis		
Key assumption	**(1,0%)**	**1,0%**
Present value of obligations 30 September 2007		
(Rand millions)	**288,7**	**352,1**
% change	**(9,2%)**	**10,8%**

	Discount rate	
Key assumption	**(1,0%)**	**1,0%**
Present value of obligations 30 September 2007		
(Rand millions)	**353,1**	**288,3**
% change	**11,1%**	**(9,3%)**

34. Post-retirement medical aid obligations *(continued)*

34.1 Sensitivity analysis *(continued)*

Key assumption	Expected retirement age: 1 year younger	Expected retirement age: 1 year older
Present value of obligations 30 September 2007		
(Rand millions)	320,3	315,5
% change	0,8%	(0,7%)

Key assumption (PA(90)ult)	Post-employment mortality tables: PA(90)ult rated down 1 year	Post-employment mortality tables: PA(90)ult rated down 2 years with 1,0% improvement pa from 2006
Present value of obligations 30 September 2007		
(Rand millions)	328,0	355,5
% change	3,2%	11,9%

COMPANY 2007	COMPANY 2006	*(Rands in millions)*	GROUP 2007	GROUP 2006
		35. Guarantees and contingent liabilities		
		Group guarantees and contingent liabilities	**41,0**	24,7
		Company		
		The company has bound itself as surety and co-principal debtor for the obligations of certain subsidiaries amounting to R616,7 million at 30 September 2007 (2006: R719,4 million). An intercompany loan granted by the company to one of its subsidiaries with a book value of R1 552,4 million (2006: R2 303,5 million), has been assigned by the company as security for its obligations as surety.		
		Group		
		Investments and marketable preference shares, with a combined book value of R60,0 million (2006: R60,0 million), have been pledged as security for the obligations as sureties for group borrowings totalling R616,7 million (2006: R719,4 million). See also notes 21 and 30 to these annual financial statements.		
		In addition, shares in a subsidiary company owning certain intangible assets with an estimated value of R438,2 million (book value: R93,6 million) have been pledged as security for the abovementioned borrowings.		

36. Financial instruments

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

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

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

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

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

36.1 Fair values

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

36.2 Procurement risk (commodity price risk)

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

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

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

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

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

	Derivative contracts expiring within 0 – 3 months		Derivative contracts expiring within 3 – 6 months	
	Unrealised loss at 30 September	Hedged value	Unrealised profit at 30 September	Hedged value
2007				
Maize and wheat				
Futures	9,6	148,5	0,4	1,6
	9,6	148,5	0,4	1,6
2006				
Maize and wheat				
Futures	9,1	114,7	—	0,6
	9,1	114,7	—	0,6

36. Financial instruments *(continued)*

36.3 Foreign currency risk

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

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

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

Forward exchange contracts are mainly entered into to cover net import exposures, after setting off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2007.

The following spot rates were used:

	Assets	Liabilities	Average
2007			
US dollar	**6,84**	**6,88**	**6,86**
Pound sterling	**13,94**	**14,00**	**13,97**
Euro	**9,73**	**9,77**	**9,75**
2006			
US dollar	7,77	7,78	7,78
Pound sterling	14,50	14,50	14,50
Euro	9,83	9,84	9,84

36. Financial instruments *(continued)*

36.3 Foreign currency risk *(continued)*

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

	Foreign currency (in millions)	Average rate	Rands (in millions)
2007			
Foreign currency sold			
US dollar	**1,7**	**6,9**	**11,7**
Pound sterling	**0,8**	**14,4**	**11,5**
Euro	**5,0**	**9,9**	**49,5**
Other currencies			**16,7**
Foreign currency purchased			
US dollar	**46,6**	**6,9**	**321,5**
Pound sterling	**2,7**	**14,3**	**38,6**
Euro	**10,1**	**10,0**	**101,0**
Other currencies			**6,8**
Unhedged foreign currency monetary assets			
US dollar	**9,8**	**6,9**	**67,6**
Pound sterling	**0,9**	**13,1**	**11,8**
Euro	**3,0**	**9,7**	**29,1**
Other currencies			**22,2**
Unhedged foreign currency monetary liabilities			
US dollar	**2,0**	**7,1**	**14,2**
Other currencies			**1,9**
2006			
Foreign currency sold			
US dollar	9,1	7,8	71,0
Pound sterling	2,1	14,3	30,1
Euro	7,7	9,9	76,1
Other currencies			24,0
Foreign currency purchased			
US dollar	35,2	7,8	274,3
Pound sterling	3,0	14,5	43,6
Euro	18,2	9,9	180,5
Other currencies			11,3
Unhedged foreign currency monetary assets			
US dollar	10,8	7,7	83,5
Pound sterling	1,6	14,3	22,8
Euro	6,9	9,9	68,0
Other currencies			23,7
Unhedged foreign currency monetary liabilities			
US dollar	1,5	7,5	11,3
Other currencies			0,7

36. Financial instruments *(continued)*

36.3 Foreign currency risk *(continued)*

Cash flow hedges

At 30 September 2007, the group held forward exchange contracts designated as hedges of expected future sales to customers outside South Africa for which the group has firm commitments. The group also had foreign exchange contracts outstanding at 30 September 2007 designated as hedges of expected future purchases from suppliers outside South Africa for which the group has firm commitments.

A summary of these contracts are:

	Foreign currency (in millions)	Average rate	Rands (in millions)
2007			
Foreign currency bought			
US dollar	25,6	7,2	184,3
Euro	9,1	9,9	90,1
Pound sterling	2,1	14,5	30,5
Other currencies			0,2
2006			
Foreign currency bought			
US dollar	25,9	7,3	189,5
Euro	7,4	9,3	69,1
Pound sterling	2,3	13,5	30,6
Other currencies			5,8

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 gain of R8,8 million (2006: R23 million), with deferred tax of R2,6 million (2006: R6,7 million) relating to the hedging instrument is included in equity.

36.4 Interest rate risk management

Group

Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits as well as bank borrowings. Cash deposits comprise call deposits and investments in preference shares placed on a fixed or floating term basis. At the balance sheet date, the group cash deposits and investments in preference shares were either accessible immediately or had maturity dates up to six months. The interest rates earned on these deposits and preference shares closely approximate the market rates prevailing.

(Rands in millions)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
The interest rate profile of the group's borrowings at 30 September 2007 and 30 September 2006 is reflected in note 30 to these annual financial statements – the average interest rates payable during the year, as given below, also approximated the year-end interest rates payable.				
2007				
Local currency denominated loans				
No fixed payment terms (unsecured)			10,0	interest-free
Loan repayable by 2011 (secured)	98,4		98,4	15,5
Loan repayable by 2015 (secured)	277,6		277,6	7,5
Other loans and capitalised finance leases (secured and unsecured)	VAR	VAR	12,8	8,5 – 16,0
			398,8	

(Rands in millions)	Fixed rate	Floating rate	Total	Average interest rate for the year (%)
36. Financial instruments (continued)				
36.4 Interest rate risk management (continued)				
Group (continued)				
2006				
Local currency denominated loans				
No fixed payment terms (unsecured)			10,1	interest-free
Loan repayable by 2007 (secured)	25,0		25,0	7,7
Loan repayable by 2007 (secured)	35,0		35,0	8,8
Loan repayable by 2007 (secured)		0,1	0,1	VAR
Loan repayable by 2011 (secured)	719,4		719,4	15,5
Loan repayable by 2015 (secured)	285,0		285,0	7,5
Other loans and capitalised finance leases (secured and unsecured)	VAR	VAR	14,9	8,5 – 16,0
			1 089,5	

Company

The company had no long-term borrowings at 30 September 2007.

36.5 Liquidity risk management

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 30 to these annual financial statements which are contracted with various financial institutions, the group has no significant concentration of credit risk with any other single counterparty.

36.6 Credit risk management

Group

The group limits its counterparty exposure arising from financial instruments by only dealing with well-established financial 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.

The group's credit exposure, in respect of its customer base, is represented by the net aggregate balance of amounts receivable. The maximum credit exposure at balance sheet date was R3 457,2 million (2006: R3 089,0 million).

Company

The company had no significant credit exposure at 30 September 2007.

36.7 Financial instruments are normally held by the group until they close out in the normal course of business. The fair values of the group's financial instruments, which principally comprise put, call and futures positions with SAFEX, approximate their balance sheet carrying values. The maturity profile of these financial instruments fall due within 12 months. The maturity profile of the group's long-term liabilities is disclosed in note 30.1 of these annual financial statements.

		Percentage holding	
		2007	2006
37.	**Joint ventures**		
37.1	The principal joint ventures include:		
	Ocfish Holdings Limited	**44,6**	44,0
	Sea Vuna Fishing Company (Pty) Limited	**50,0**	50,0
	(Rands in millions)		
37.2	The group's proportionate share of the assets and liabilities of the joint ventures, which are included in the consolidated financial statements, are as follows:		
	Property, plant, equipment, goodwill and investments	**219,9**	232,7
	Current assets	**477,5**	388,7
	Less: Current liabilities	**(258,6)**	(233,7)
		438,8	387,7
	Minority interest	**(15,2)**	(10,5)
	Provision for post-retirement medical aid	**(0,3)**	(0,3)
	Long-term liabilities including amounts due to reporting company	**(8,6)**	(4,3)
	Deferred taxation (net)	**(9,4)**	(8,2)
	Total shareholders' interest	**405,3**	364,4
37.3	The group's proportionate share of the trading results of the joint ventures is as follows:		
	Revenue	**1 203,8**	1 119,2
	Profit before abnormal items	**126,2**	96,2
	Abnormal items	**(1,1)**	(36,2)
	Profit after abnormal items	**125,1**	60,0
	Income tax expense – inclusive of tax on abnormal items	**(47,7)**	(31,6)
	Profit for the year	**77,4**	28,4
	Attributable to:		
	Ordinary shareholders	**72,2**	25,6
	Minorities	**5,2**	2,8
37.4	The group's proportionate share of cash flows of the joint ventures is as follows:		
	Cash operating income after interest and taxation	**148,6**	96,6
	Working capital changes	**(15,0)**	29,7
	Cash generated from operations	**133,6**	126,3
	Dividends paid	**(38,8)**	(44,2)
	Net cash inflow from operating activities	**94,8**	82,1
	Net cash outflow from investing activities	**(7,9)**	(87,3)
	Net cash inflow/(outflow) before financing activities	**86,9**	(5,2)
	Net cash outflow from financing activities	**(5,6)**	(53,7)
	Net increase/(decrease) in cash and cash equivalents	**81,3**	(58,9)

37. Joint ventures *(continued)*

37.5 The group's proportionate share of the joint ventures' capital commitments included in the financial statements is R86,6 million (2006: R24,8 million).

37.6 The group's proportionate share of the joint ventures' contingent liabilities included in the financial statements is nil (2006: Rnil).

38. Related party disclosures

The board of directors of Tiger Brands Limited has given general declarations in terms of section 234 of the Companies Act. These declarations indicate that certain directors hold positions of influence in other entities which are suppliers, service providers, customers and/or competitors of Tiger Brands Limited. Transactions conducted with these director-related customers and suppliers were on an arm's length basis.

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 September 2007, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2006: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Related party relationships exist within the group. During the year all purchasing and selling transactions were concluded at arm's length. Details of material transactions with related parties not disclosed elsewhere in the financial statements are as follows:

(Rands in millions)	Sales to related parties	Purchases from related parties	Amounts owed to related parties	Rentals and fees received from related parties
Group				
Related party				
Joint venture				
Ocfish Holdings Limited	—	4,6	2,0	0,2

(Rands in millions)	2007	2006
Other related parties		
Key management personnel		
Short-term employee benefits	**77,1**	70,6
Post-employment and medical benefits	**10,4**	7,3
Share-based payments	**12,7**	10,0
Total compensation paid to key management personnel	**100,2**	87,9

(Rands in millions)	Amounts owed by related parties[1]	Amounts owed to related parties[1]	Dividends received
38. Related party disclosures (continued)			
Company			
Related party – intergroup			
Subsidiaries			
Adcock Ingram Holdings (Pty) Limited	1 552,4	—	18,9
Durban Confectionery Works (Pty) Limited	483,0	—	—
Sea Harvest Corporation Limited	—	—	21,3
Tiger Consumer Brands Limited[2]	333,0	267,7	190,0
Tiger Brands Mauritius (Pty) Limited	—	232,9	—
Enterprise Foods (Pty) Limited	—	9,2	0,2
Langeberg Holdings Limited	702,4	—	—
Langeberg Foods Africa (Pty) Limited	—	201,6	—
Barberton Bakery (Pty) Limited[3]	0,3	—	—
The Dantulum Trust	18,9	—	—
Glorianda NV	0,2	—	—
Joint ventures			
Oceana Group Limited	—	—	34,9
Other			
Tiger Brands Employee Share Trust	1,3	6,4	—

Notes
1. Interest-free with no fixed repayment terms except for loans noted in 2 and 3 below. Not repayable before 30 September 2008.
2. Loans to subsidiaries to the value of R0,5 million are repayable by 19 July 2008 and bear interest at 8,98% nacm.
3. This loan bears interest at a floating rate of between 5,75% and 6,75% nacm. There are no fixed repayment terms.

39. Discontinued operations

39.1 Healthcare

In April 2007, the board of Tiger Brands took an in-principle decision to divest of its Healthcare interests. This followed a detailed strategic review of the company's Healthcare business, which resulted in the board concluding that Tiger Brands was best positioned to maximise shareholder value in the future by focusing on its core FMCG operations. The company thereafter embarked on a process which entailed evaluating all available options with regard to the separation of its Healthcare interests, including a potential sale or unbundling. As at 30 September 2007, final discussions relating to the unbundling were in progress. On 6 November 2007, Tiger Brands publicly reconfirmed its decision to unbundle its Healthcare interests. The Healthcare interests to be unbundled comprise the two major divisions, namely a pharmaceutical division selling a range of both prescription and OTC products, and a hospital products and services division. The unbundling is expected to be completed by 31 March 2008.

The Healthcare interests have been classified as a disposal group as at 30 September 2007.

The results of the Healthcare business for the year are presented below:

(Rands in millions)	2007	2006
Turnover	**2 878,9**	2 829,9
Operating income before abnormal items	**957,3**	1 045,1
Abnormal items	**(53,1)**	(10,1)
Interest paid	**(117,6)**	(118,6)
Interest received	**7,7**	11,8
Profit before tax from a discontinued operation	**794,3**	928,2
Taxation	**(262,4)**	(225,6)
Profit for the year from a discontinued operation	**531,9**	702,6

(Rands in millions)	2007	2006
39. Discontinued operations (continued)		
39.1 Healthcare (continued)		
The major classes of assets and liabilities of the Healthcare business classified as held for sale as at 30 September 2007 are as follows:		
Assets		
Property, plant and equipment	260,0	
Goodwill and other intangibles	234,8	
Investments	28,8	
Deferred taxation asset	16,9	
Cash and cash equivalents	83,3	
Inventory	433,0	
Trade and other receivables	668,0	
Assets classified as held for sale	1 724,8	
Liabilities		
Interest-bearing liabilities (long- and short-term borrowings)	886,2	
Deferred taxation liability	7,2	
Provision for post-retirement medical aid	12,8	
Trade and other payables	476,8	
Taxation	8,2	
Liabilities directly associated with assets classified as held for sale	1 391,2	
Net assets directly associated with disposal group	333,6	
The net cash flows incurred by the Healthcare business are as follows:		
Operating	715,4	
Investing	(95,5)	
Financing	(825,5)	
Net cash outflow	(205,6)	
39.2 DairyBelle		
DairyBelle was disposed of effective 1 May 2007.		
The results of the DairyBelle business for the year are presented below:		
Turnover	678,0	1 060,8
Operating income before abnormal items	35,9	55,5
Abnormal items	0,5	1,0
Finance costs	(0,5)	0,3
Profit before tax from a discontinued operation	35,9	56,8
Taxation	(2,0)	(15,3)
Profit for the year from a discontinued operation	33,9	41,5
Taxation on the capital gain relating to the disposal of the DairyBell business amounted to R21,9 million.		
39.3 Reconciliation between profit for the year and headline earnings – Discontinued operations		
Profit attributable to ordinary shareholders	558,1	734,6
Adjusted for:		
Loss on sale of property, plant and equipment, including impairment charges on intangibles	79,0	1,0
Negative goodwill	—	(4,0)
Headline earnings for the year	637,1	731,6

ANNEXURE A

Interest in subsidiary companies and joint ventures

	Issued ordinary capital		Effective percentage holding		Company's interest Shares at cost		Indebtedness	
	2007 Rm	2006 Rm	**2007** %	2006 %	**2007** Rm	2006 Rm	**2007** Rm	2006 Rm
Designer Group	**0,1**	—	**100,00**	—	**396,3**	—	—	—
Adcock Ingram Holdings (Pty) Limited	—	—	**100,00**	100,00	—	—	**1 552,4**	2 303,5
Durban Confectionery Works (Pty) Limited	**0,4**	0,4	**100,00**	100,00	**63,4**	63,4	**483,0**	483,0
Enterprise Foods (Pty) Limited	—	—	**100,00**	100,00	**49,7**	49,7	**(9,2)**	(9,5)
Langeberg Holdings Limited	**1,6**	1,6	**100,00**	100,00	**323,2**	323,2	**702,4**	702,4
Sea Harvest Corporation Limited	**0,8**	0,8	**74,24**	74,13	**220,6**	220,6		
Tiger Food Brands Intellectual Property Holding Company (Pty) Limited	**1,0**	1,0	**100,00**	100,00	**17,3**	17,3		
Tiger Consumer Brands Limited	**0,1**	0,1	**100,00**	100,00	**0,1**	0,1	**65,3**	400,2
Tiger Brands Mauritius[3]	**35,7**	35,7	**100,00**	100,00	**337,9**	337,9	**(233,0)**	(262,7)
Oceana Group Limited[2]	**0,1**	0,1	**44,57**	44,04	**31,5**	31,5	—	—
Other miscellaneous, property, investment and dormant companies			**100,00**	100,00	**6,2**	6,4	**(277,9)**	(279,3)
					1 446,2	1 050,1	**2 283,0**	3 337,6
Notes								
1. Amounts owed to the company							**3 092,8**	4 330,8
Amounts owed by the company							**809,8**	
							2 283,0	3 337,6

2. Details of joint ventures can be found in note 37 to the financial statements.

3. All companies are incorporated in South Africa other than the two which are incorporated in Mauritius.

ANNEXURE B

Interest in associated companies

	Date of financial statements	Effective percentage holding		Nature of business
		2007	2006	
Empresas Carozzi (Chile)	31/12/2006	24,4	24,4	Food processing
Lesotho Milling Company (Pty) Limited*		—	50,0	Milling
Namibian Fishing Industries Limited*		—	34,5	Deep sea trawling and processing

Note

The above details interests in associated companies, where material. A register for inspection is available at the registered office of the company.

**Shareholding disposed of in 2007.*

ANNEXURE C

Other investments

	Effective percentage holding		GROUP Number of shares		COMPANY Number of shares	
	2007 %	2006 %	2007	2006	2007	2006
Listed investments						
National Food Holdings Limited (Zimbabwe)	26,1	26,1	17 596 696	17 596 696	12 557 991	12 557 991
Unlisted investments						
Ordinary shares						
Business Partners Limited			336 550	336 550	336 550	336 550

Note

The above lists the number of shares held by the group and the company, where material. A register is available for inspection at the registered office of the company.

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Reg No 1944/017881/06

Company secretary
I W M Isdale

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Principal banker
Nedbank, a division of Nedcor Limited

Sponsor
J P Morgan Equities Limited

South African share transfer secretaries
Computershare Investor Services 2004 (Pty) Limited
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ADR Administrator
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