TIGER BRANDS

Unaudited group results

for the six months ended
31 March 2014

Commentary

OVERVIEW

Notwithstanding the tough trading conditions that continue to prevail in the domestic market, the group is making steady progress in implementing key strategic initiatives aimed at regaining market shares and further strengthening its core brands. The group experienced significant cost inflation in its domestic businesses in the current period, partly due to the rapid decline in the Rand exchange rate. This was not fully recovered in pricing and negatively impacted on margins, especially in the first quarter. Pricing has since been adjusted to restore margins and improve profitability; however, the group continues to partially absorb cost increases in a number of categories, mitigating the impact, where possible, through cost reduction initiatives and improved efficiencies. With the exception of Dangote Flour Mills, the International businesses, including Exports, have continued to deliver pleasing growth.

DANGOTE FLOUR MILLS ("DFM")

Tiger Brands is focusing its attention on enhancing the long-term prospects of its investment in DFM. In this regard, the Board of Tiger Brands continues to believe that Nigeria is central to the group's long-term expansionary ambitions. Short- to medium-term action plans are being implemented to turn around the performance of the business. These include reducing DFM's fixed cost base, mothballing of mills where appropriate, and rebuilding the brand equity of its product basket, which has suffered from quality issues and internal inefficiencies.

In addition to the above, Tiger Brands, together with DFM, is in the process of evaluating a number of key strategic initiatives aimed at rapidly expanding the business into more sustainable, value-added categories. At this stage, there is still a significant amount of work that needs to be completed to properly evaluate these new category opportunities which, if they prove viable, should enhance margins and improve the capacity utilisation of the existing DFM assets.

Given the current underperformance of DFM and the excess milling capacity that continues to increase in the Nigerian flour market, it was considered appropriate to carry out a review of the carrying value of the Company's investment in DFM. As it is not possible, at this stage, to accurately assess with any degree of certainty, the potential impact that the aforementioned category initiatives could have, a decision has been taken to impair the full carrying value of the goodwill and intangible assets relating to the investment. The value of the impairment, amounting to R849 million, has been included as an abnormal item in the group income statement for the period under review.

The carrying value of the Company's investment in DFM will be re-evaluated at the end of the financial year. At that time, the Company will be able to assess the impact of the recent actions that would have been implemented, as well as the results of its review of the new category opportunities in DFM.

FINANCIAL REVIEW

Turnover from continuing operations for the six months ended 31 March 2014, which amounted to R14,9 billion, was 11% higher than the corresponding figure in the prior year. The Dangote AgroSacks business, which was disposed of by DFM in December 2013, for a consideration of Naira 7,5 billion (R497million), has been accounted for as a discontinued operation for the period up until its disposal. This is consistent with the accounting treatment adopted in the financial year ended 30 September 2013.

The group's overall gross margin declined by 0,9% to 30,9%, negatively influenced by the inflationary effects of the weak Rand on input costs, which were not fully recovered in pricing in the South African operations. The operating margin declined by 0,2% to 11,5%, benefiting from a R3,1million IFRS 2 share-based payment credit compared to a charge of R93,8 million in the corresponding prior period.

Turnover for the domestic businesses of R11,2 billion showed an improvement of 8%, whereas the Export and International businesses, including Nigeria, grew turnover by 20% to R3,7 billion, benefiting to an extent from the weaker Rand.

Domestic sales volumes increased by 4%, with selling price increases generally in line with or below inflationary levels. Sales volumes achieved by the Export and International businesses (excluding Nigeria) were strong, but this was offset by pressure on volumes at DFM, primarily due to intense competitor activity.

The operational performance in the first half was mixed, with the Grains division achieving pleasing growth especially within the MillBake and the Breakfast categories. The domestic performance was weighed down by a weaker result in the Maize, Groceries and HPCB businesses. Realisations in the Groceries business were maintained in the first quarter in order to stimulate volume recovery. This objective was successfully achieved with strong volume growth and improved market shares recorded in the quarter. However, rising input costs resulted in significant margin erosion, which should ease over the balance of the year, as pricing is adjusted to partially absorb the higher costs. The Homecare and Personal care businesses continue to face stiff competition in the market as competitors increase their promotional activity. Plans are underway to drive innovation more aggressively in these categories and to refocus on core brands.

The strategic cost saving projects that commenced in the previous year remain on track, with the relocation of the tomato paste plant to Musina as well as the consolidation of the beverage facilities at Roodekop having been successfully completed. Initial supply constraints were experienced in the Beverage business; however, these have now been largely resolved. The standardisation and rollout of various IT systems across the group are scheduled for completion in the second half of 2015.

The Export and International businesses outside Nigeria continue to show strong growth, benefiting to some extent from the Rand's relative weakness. Trading conditions in the Nigerian market remain challenging and DFM has continued to sustain operating losses in the period, primarily because of on-going top-line pressures. In addition, the impact of significant price discounting in a market that has over-capacity continues to place pressure on margins. As indicated above, the turnaround in the performance of DFM over the medium term remains a key objective, which is receiving focused management attention.

Operating income for the period of R1,7 billion is 9% higher than in the corresponding prior period.

Net financing costs increased as a result of higher average debt levels whilst the overall effective tax rate benefited from special incentive allowances granted in respect of qualifying capital projects.

Income from associate companies grew by 4% to R266 million, with good performances recorded by Oceana, UAC Foods and National Foods Holdings. However, the share of profits from Empresas Carozzi was well below the previous year. This was primarily due to increased market competition and crop failure in the domestic deciduous fruit market, which affected the supply of certain key products.

As outlined above, the group has impaired the full carrying value of the goodwill and intangible assets relating to its investment in DFM. Excluding this impairment, earnings per share from continuing operations increased by 9% to 877 cents per share, whilst headline earnings per share from continuing operations increased by 7% to 856 cents. After taking the impairment into account, earnings per share from continuing operations declined by 53% to 376 cents. The impairment has had no effect on headline earnings from continuing operations, which remain unchanged at 856 cents per share.

INTERIM DIVIDEND

The Company has declared an interim dividend of 329 cents per share for the half year ended 31 March 2014, which represents an increase of

Commentary *(continued)*

6% compared to the 2013 interim dividend of 310 cents per share. Shareholders are referred to the dividend announcement below for further details.

OUTLOOK

The Board remains confident that the group's strategies are appropriate for the businesses and will ultimately deliver the desired outcomes.

Trading conditions in the domestic market continue to be challenging, with ongoing volume pressures resulting from continued constraints on consumer spending and rising inflation. This is exacerbated by a highly competitive landscape with limited volume growth in many FMCG categories. Margin pressures should ease over the balance of the year as pricing is adjusted to partly offset the higher input costs. However, this could negatively affect volumes.

The improvement in the performance of DFM remains a key priority for the group and the action plans being implemented are aimed at reducing the rate of losses being sustained by the business over the balance of the financial year. Exports and the remainder of the International businesses are expected to continue to deliver strong growth, albeit at a slower pace given the recent strengthening of the Rand exchange rate.

For and on behalf of the Board

AC Parker	**PB Matlare**
Chairman	*Chief Executive Officer*

20 May 2014

DECLARATION OF INTERIM DIVIDEND NO 139

The Board has approved and declared an interim dividend of 329 cents per ordinary share (gross) in respect of the six months ended 31 March 2014.

The dividend will be subject to the Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local Dividends Tax rate is 15% (fifteen per centum);
- There are no Secondary Tax on Companies (STC) credits utilised;
- The gross local dividend amount is 329 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 279,65 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- Tiger Brands has 191 896 268 ordinary shares in issue (which includes 10 326 758 treasury shares); and
- Tiger Brands Limited's income tax reference number is 9325/110/71/7.

Shareholders are advised of the following dates in respect of the interim dividend:

Last day to trade cum the interim dividend	**Friday, 20 June 2014**
Shares commence trading ex the interim dividend	**Monday, 23 June 2014**
Record date to determine those shareholders entitled to the interim dividend	**Friday, 27 June 2014**
Payment in respect of the interim dividend	**Monday, 30 June 2014**

Share certificates may not be dematerialised or re-materialised between Monday, 23 June 2014 and Friday, 27 June 2014, both days inclusive.

By order of the Board

IWM Isdale

Secretary

Sandton

20 May 2014

Interim condensed consolidated income statement

R'million	Notes	Unaudited six months ended 31 March 2014	Change %	Unaudited six months ended 31 March 2013 Restated*#	Year ended 30 September 2013 Restated*
Turnover		14 926,9	11	13 443,2	27 003,5
Cost of sales		(10 319,3)	(13)	(9 171,7)	(18 565,7)
Gross profit		4 607,6	8	4 271,5	8 437,8
Sales and distribution expenses		(1 753,1)	(9)	(1 609,0)	(3 143,4)
Marketing expenses		(377,7)	(26)	(298,8)	(649,9)
Other operating expenses		(762,5)	4	(794,0)	(1 561,7)
Operating income before abnormal items	2	1 714,3	9	1 569,7	3 082,8
Abnormal items	3	(835,7)		7,5	(2,4)
Operating income after abnormal items		878,6	(44)	1 577,2	3 080,4
Net finance costs		(206,3)	(17)	(176,2)	(378,8)
Investment income		1,2	(88)	9,9	17,0
Income from associated companies		265,9	4	255,2	515,1
Profit before taxation		939,4	(44)	1 666,1	3 233,7
Taxation		(412,4)	(1)	(409,7)	(836,6)
Profit for the period from continuing operations		527,0	(58)	1 256,4	2 397,1
Profit for the period from discontinued operation	6	41,0	(29)	57,8	158,0
Profit for the period		568,0	(57)	1 314,2	2 555,1
Attributable to:					
Owners of the parent		631,9	(52)	1 319,1	2 576,7
– Continuing operations		602,0	(53)	1 288,8	2 516,0
– Discontinued operation		29,9	(1)	30,3	60,7
Non-controlling interest		(63,9)		(4,9)	(21,6)
– Continuing operations		(75,0)	(132)	(32,4)	(118,9)
– Discontinued operation		11,1	(60)	27,5	97,3
		568,0	(57)	1 314,2	2 555,1

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

#The amounts have been restated as required by IFRS 5 with disclosure of a discontinued operation.

Interim condensed consolidated income statement *(continued)*

R'million	Unaudited six months ended 31 March 2014	Change %	Unaudited six months ended 31 March 2013 Restated*#	Year ended 30 September 2013 Restated*
Basic earnings per share (cents)	395,0	(52)	826,2	1 612,9
– Continuing operations	376,3	(53)	807,2	1 574,9
– Discontinued operation	18,7	(2)	19,0	38,0
Diluted basic earnings per share (cents)	386,7	(52)	810,2	1 572,9
– Continuing operations	368,4	(54)	791,6	1 535,8
– Discontinued operation	18,3	(2)	18,6	37,1
Headline earnings per share (cents)	866,8	6	820,6	1 628,6
– Continuing operations	855,5	7	801,6	1 574,3
– Discontinued operation	11,3	(41)	19,0	54,3
Diluted headline earnings per share (cents)	848,7	6	804,7	1 588,1
– Continuing operations	837,6	7	786,1	1 535,2
– Discontinued operation	11,1	(40)	18,6	52,9
Excluding DFM impairment – continuing operations				
Basic earnings per share (cents)	877,4	9	807,2	1 574,9
Diluted basic earnings per share (cents)	859,1	9	791,6	1 535,8

*The amounts have been restated due to the adoption of IAS 19R.
#The amounts have been restated as required by IFRS 5 with disclosure of a discontinued operation.

Statement of comprehensive income

R'million	Notes	Unaudited six months ended 31 March 2014	Unaudited six months ended 31 March 2013 Restated*	Year ended 30 September 2013 Restated*
Profit for the period		568,0	1 314,2	2 555,1
Other comprehensive income		(26,2)	231,5	523,6
Net loss on hedge of net investment in foreign operation^		(9,9)	(4,6)	(40,1)
Foreign currency translation adjustments^		35,7	286,8	512,5
Net loss on cash flow hedges^		(4,2)	(75,5)	(57,3)
Net (loss)/gain on available for sale financial assets^		(53,0)	(0,1)	53,0
Actuarial gain released in terms of IAS 19R	7	–	21,6	43,1
Tax effect		5,2	3,3	12,4
Total comprehensive income for the period		541,8	1 545,7	3 078,7
Attributable to:				
Owners of the parent		574,9	1 550,6	2 974,3
Non-controlling interest		(33,1)	(4,9)	104,4
		541,8	1 545,7	3 078,7

^Items that may subsequently be reclassified to profit or loss. During the current period, R94,3 million of the foreign currency translation reserve, relating to Dangote Agrosacks, was reclassified to profit or loss.
*The amounts have been restated due to the adoption of IAS 19R.

Interim condensed consolidated statement of financial position

R'million	Unaudited as at 31 March 2014	Unaudited as at 31 March 2013 Restated*	As at 30 September 2013 Restated*
ASSETS			
Non-current assets	13 852,4	13 950,2	14 510,1
Property, plant and equipment	5 736,6	5 936,8	5 498,7
Goodwill	2 440,6	3 052,6	3 173,2
Intangible assets	2 151,7	1 800,5	2 251,4
Investments	3 322,3	3 079,2	3 413,3
Deferred taxation asset	201,2	81,1	173,5
Current assets	10 070,7	10 015,0	9 485,5
Inventories	4 882,8	4 618,4	4 652,7
Trade and other receivables	4 502,9	4 808,0	4 199,9
Cash and cash equivalents	685,0	588,6	632,9
Assets classified as held-for-sale	–	–	1 280,7
TOTAL ASSETS	23 923,1	23 965,2	25 276,3
EQUITY AND LIABILITIES			
Issued capital and reserves	12 302,9	11 849,3	12 787,1
Non-controlling interests	825,8	963,2	1 028,4
TOTAL EQUITY	13 128,7	12 812,5	13 815,5
Non-current liabilities	2 048,6	2 673,4	2 432,4
Deferred taxation liability	409,4	361,7	398,8
Provision for post-retirement medical aid	590,4	642,3	580,9
Long-term borrowings	1 048,8	1 669,4	1 452,7
Current liabilities	8 745,8	8 479,3	8 329,8
Trade and other payables	4 145,7	4 292,5	3 987,6
Provisions	586,9	540,5	560,5
Taxation	47,2	120,0	131,5
Short-term borrowings	3 966,0	3 526,3	3 650,2
Liabilities directly associated with assets classified as held-for-sale	–	–	698,6
TOTAL EQUITY AND LIABILITIES	23 923,1	23 965,2	25 276,3
Net debt	4 329,8	4 607,1	4 470,0

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

Interim condensed consolidated statement of cash flows

R'million	Unaudited six months ended 31 March 2014	Unaudited six months ended 31 March 2013	Year ended 30 September 2013
Cash operating profit	2 149,8	2 164,9	4 311,3
Working capital changes	(427,4)	(339,9)	(337,2)
Cash generated from operations	1 722,4	1 825,0	3 974,1
Finance cost net of dividends received	(91,3)	(80,8)	(108,6)
Taxation paid	(487,7)	(550,3)	(986,2)
Cash available from operations	1 143,4	1 193,9	2 879,3
Dividends paid	(907,8)	(910,8)	(1 426,1)
Net cash inflow from operating activities	235,6	283,1	1 453,2
Purchase of property, plant and equipment	(481,8)	(288,7)	(727,6)
Proceeds from disposal of property, plant, equipment and intangible assets	33,7	12,4	31,1
Disposals/(acquisitions) of businesses	496,4	(1 868,4)	(2 586,4)
Proceeds on insurance claim	28,7		
Other	(2,2)	(0,5)	1,1
Net cash inflow/(outflow) from investing activities	74,8	(2 145,2)	(3 281,8)
Proceeds from issue of share capital	18,4	18,6	17,8
Long- and short-term borrowings (repaid)/raised	(530,3)	934,5	407,7
Acquisition of 2.31% non-controlling interest – DFM	(74,1)	—	—
Net cash (outflow)/inflow from financing activities	(586,0)	953,1	425,5
Net decrease in cash and cash equivalents	(275,6)	(909,0)	(1 403,1)
Cash and cash equivalents transferred to assets held-for-sale	—	—	(20,4)
Effect of exchange rate changes	21,3	19,4	64,6
Cash and cash equivalents at the beginning of the period	(2 093,9)	(735,0)	(735,0)
Cash and cash equivalents at the end of the period	(2 348,2)	(1 624,6)	(2 093,9)
Cash resources	685,0	588,6	632,9
Short-term borrowings regarded as cash and cash equivalents	(3 033,2)	(2 213,2)	(2 726,8)
	(2 348,2)	(1 624,6)	(2 093,9)

Other salient features

R'million	Unaudited six months 31 March 2014	Unaudited six months 31 March 2013	Year ended 30 September 2013
Capital commitments	442,8	1 077,9	780,3
– contracted	197,2	168,2	372,2
– approved	245,6	909,7	408,1

At 31 March 2014, the total capital commitments proposed but not yet approved amounted to R782,5 million. Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.

R'million	Unaudited six months 31 March 2014	Unaudited six months 31 March 2013	Year ended 30 September 2013
Capital expenditure	481,8	288,7	727,6
– replacement	265,7	197,5	540,3
– expansion	216,1	91,2	187,3
Contingent liabilities			
– guarantees and contingent liabilities	131,1	20,0	78,8

Interim condensed consolidated segmental information

R'million	Unaudited six months ended 31 March 2014	Change %	Unaudited six months ended 31 March 2013 Restated*#	Year ended 30 September 2013 Restated*
Turnover				
Domestic Operations	11 204,9	8	10 331,9	20 250,7
Grains	5 338,7	9	4 917,9	10 052,7
Milling and Baking	3 862,3	12	3 463,4	7 243,3
Other Grains**	1 476,4	2	1 454,5	2 809,4
Consumer Brands	5 866,2	8	5 414,0	10 198,9
Groceries**	2 039,5	18	1 726,9	3 238,6
Snacks & Treats	1 024,2	8	952,8	1 924,0
Beverages	618,3	(2)	632,6	1 020,3
Value Added Meat Products**	942,6	5	901,2	1 736,3
Out of Home	206,7	2	203,5	402,7
Home, Personal care and Baby	1 034,9	4	997,0	1 877,0
Domestic intergroup sales	–	–	–	(0,9)
Exports and international	2 258,3	24	1 823,3	3 944,0
Exports	897,6	23	727,1	1 521,7
International operations	744,0	25	595,0	1 239,6
Deciduous fruit	679,9	21	560,9	1 324,5
Intergroup sales	(63,2)	(6)	(59,7)	(141,8)
Nigeria	1 463,7	14	1 288,0	2 808,8
TOTAL TURNOVER – Continuing operations	14 926,9	11	13 443,2	27 003,5
Operating income before abnormal items				
Domestic operations	1 560,3	6	1 477,6	2 892,0
Grains	832,1	10	756,9	1 689,7
Milling and Baking	689,0	10	623,9	1 399,9
Other Grains**	143,1	8	133,0	289,8
Consumer Brands	739,3	(10)	824,1	1 345,9
Groceries**	151,2	(33)	225,0	295,1
Snacks & Treats	175,2	11	157,7	305,0
Beverages	84,0	(5)	88,1	106,4
Value Added Meat Products**	62,3	(3)	64,2	119,7
Out of Home	42,0	6	39,7	80,4
Home, Personal care and Baby	224,6	(10)	249,4	439,3
Other	(11,1)	89	(103,4)	(143,6)
Exports and international	335,0	26	265,6	574,8
Exports	198,4	16	171,6	366,4
International operations	105,7	42	74,6	166,3
Deciduous fruit	30,9	59	19,4	42,1
Nigeria	(181,0)	(4)	(173,5)	(384,0)
TOTAL OPERATING INCOME BEFORE ABNORNAL ITEMS – Continuing operations	1 714,3	9	1 569,7	3 082,8

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

#The amounts have been restated as required by IFRS 5 with disclosure of a discontinued operation.

***Segmental reporting has been revised during the current year, with Pasta and Canned meats being removed from the Groceries division and realigned to Other Grains and Value Added Meat Products respectively. The comparative disclosures have been restated accordingly.*

Interim condensed consolidated statement of changes in equity

R'million	Share capital and premium	Non-distributable reserves	Accumulated profits
Balance at 1 October 2012 as originally reported	94,5	1 408,9	12 142,5
Restatement	—	—	(129,5)
Balance at 1 October 2012 – Restated	**94,5**	**1 408,9**	**12 013,0**
Profit for the period	—	—	1 319,1
Other comprehensive income	—	216,0	15,5
	94,5	1 624,9	13 347,6
Issue of share capital and premium	18,6	—	—
Recognition of minority interests in DFM	—	—	—
Transfers between reserves	—	137,3	(137,3)
Share-based payment reserve	—	—	—
Dividends on ordinary shares (net of dividend on treasury shares)	—	—	(908,8)
Sale of shares	—	—	—
Balance at 31 March 2013 – Restated	**113,1**	**1 762,2**	**12 301,5**
Profit for the period	—	—	1 257,6
Other comprehensive income	—	150,6	15,5
	113,1	1 912,8	13 574,6
Issue of share capital and premium	4,2	—	—
Recognition of minority interests in DFM	—	—	—
Transfers between reserves	—	77,0	(77,0)
Share-based payment reserve	—	—	—
Dividends on ordinary shares (net of dividend on treasury shares)	—	—	(507,4)
Sale of shares	—	—	—
Balance at 30 September 2013 – Restated	**117,3**	**1 989,8**	**12 990,2**
Profit for the period	—	—	631,9
Other comprehensive income	—	(57,0)	—
	117,3	1 932,8	13 622,1
Issue of share capital and premium	16,9	—	—
Acquisition of non-controlling interest – DFM	—	(49,7)	—
Disposal of Dangote Agrosacks Limited	—	—	—
Distribution to Oceana Empowerment Trust Beneficiaries	—	(143,4)	—
Transfers between reserves	—	147,1	(147,1)
Share-based payment reserve	—	—	—
Dividends on ordinary shares (net of dividend on treasury shares)	—	—	(907,8)
Sale of shares	—	—	—
Balance at 31 March 2014	**134,2**	**1 886,8**	**12 567,2**

Shares held by subsidiary and empowerment entities	Share-based payment reserve	Total attributable to owners of the parent	Non-controlling interests	Total equity
(2 675,6)	332,5	11 302,8	392,7	11 695,5
—	—	(129,5)	—	(129,5)
(2 675,6)	**332,5**	**11 173,3**	**392,7**	**11 566,0**
—	—	1 319,1	(4,9)	1 314,2
—	—	231,5	—	231,5
(2 675,6)	332,5	12 723,9	387,8	13 111,7
—	—	18,6	—	18,6
—	—	—	577,4	577,4
—	—	—	—	—
—	14,5	14,5	—	14,5
—	—	(908,8)	(2,0)	(910,8)
1,1	—	1,1	—	1,1
(2 674,5)	**347,0**	**11 849,3**	**963,2**	**12 812,5**
—	—	1 257,6	(16,7)	1 240,9
—	—	166,1	126,0	292,1
(2 674,5)	347,0	13 273,0	1 072,5	14 345,5
—	—	4,2	—	4,2
—	—	—	(36,2)	(36,2)
—	—	—	—	—
—	16,8	16,8	—	16,8
—	—	(507,4)	(7,9)	(515,3)
0,5	—	0,5	—	0,5
(2 674,0)	**363,8**	**12 787,1**	**1 028,4**	**13 815,5**
—	—	631,9	(63,9)	568,0
—	—	(57,0)	30,8	(26,2)
(2 674,0)	363,8	13 362,0	995,3	14 357,3
—	—	16,9	—	16,9
—	—	(49,7)	(24,4)	(74,1)
—	—	—	(145,1)	(145,1)
—	—	(143,4)	—	(143,4)
—	—	—	—	—
—	23,6	23,6	—	23,6
—	—	(907,8)	—	(907,8)
1,3	—	1,3	—	1,3
(2 672,7)	**387,4**	**12 302,9**	**825,8**	**13 128,7**

Notes

1. **Basis of preparation and changes to the Group's accounting policies**

The preparation of these results has been supervised by O Ighodaro, Chief Financial Officer of Tiger Brands Limited.

The condensed group interim consolidated financial statements for the six months ended 31 March 2014 have been prepared in accordance with IAS 34: Interim Financial Reporting as issued by the IASB, the South African Companies Act No 71 of 2008 and the Listings Requirements of the JSE Limited.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in preparation of the group's annual consolidated financial statements for the year ended 30 September 2013, except for the adoption of IAS 19R Employee Benefits, effective 1 October 2013, where the effect of these amendments are explained in Note 7. In addition, IFRS 7 amendments, IFRS 10, IFRS 11 and IFRS 12 have been adopted with effect from 1 October 2013, however, they do not impact the annual consolidated financial statements or the interim condensed consolidated financial statements of the group. IFRS 13 has been adopted with effect from 1 October 2013 in terms of which the additional disclosures are reflected in Note 8.

R'million	**Unaudited six months 31 March 2014**	Unaudited six months 31 March 2013	Year ended 30 September 2013
2. Operating income before abnormal items			
Depreciation (included in cost of sales and other operating expenses)	**(332,8)**	(308,4)	(640,1)
Amortisation	**(23,6)**	(23,0)	(47,4)
IFRS 2 (included in other operating expenses)			
– Equity settled	**(23,5)**	(19,9)	(36,2)
– Cash settled	**26,6**	(73,9)	(98,0)
3. Abnormal items			
Acquisition costs	**(12,3)**	(8,0)	(15,0)
Profit on disposal of property, plant and equipment and intangible assets	**14,8**	11,1	11,1
Impairment of intangible assets	**(848,7)**	—	(2,9)
Insurance claim income	**28,7**	—	—
Other	**(18,2)**	4,4	4,4
Total	**(835,7)**	7,5	(2,4)

4. **Impairment**

Goodwill and intangible assets are tested for impairment annually (as at 30 September) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on the value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 September 2013.

R'million	**Unaudited six months 31 March 2014**	Unaudited six months 31 March 2013	Year ended 30 September 2013
5. Reconciliation between profit for the period and headline earnings			
Continuing operations			
Profit for the period attributable to owners of the parent	**602,0**	1,288,8	2,516,0
Profit on disposal of property, plant, equipment and intangible assets	**(14,2)**	(9,0)	(3,0)
Impairment of intangible assets	**801,7**	–	2,9
Insurance claim income	**(20,7)**	–	–
Headline earnings adjustment – Associates			
– Profit on disposal of property, plant, equipment and intangible assets	**(0,1)**	–	(0,9)
	1 368,7	1 279,8	2 515,0
Tax effect of headline earnings adjustments	**16,9**	2,0	2,3
Attributable to non-controlling interests	**20,9**	–	(2,9)
Discontinued operation			
Profit for the period attributable to owners of the parent	**29,9**	30,3	60,7
(Profit)/loss on remeasurement to fair value of transfer of net assets held-for-sale	**(11,8)**	–	16,3
Loss on disposal of property, plant and equipment	**–**	–	9,7
	18,1	30,3	86,7
Attributable to non-controlling interests	**(6,8)**	–	(15,3)
6. Analysis of profit from discontinued operation			
Profit for the period from discontinued operation (attributable to owners of the Company)			
Turnover	**186,9**	540,4	1,087,8
Expenses	**(156,1)**	(423,8)	(890,9)
Operating income before abnormal items	**30,8**	116,6	196,9
Profit/(loss) on remeasurement to fair value on transfer of net assets to held-for-sale	**18,6**	–	(25,8)
Operating income after abnormal items	**49,4**	116,6	171,1
Finance costs	**(5,0)**	(32,4)	(47,6)
Profit before taxation	**44,4**	84,2	123,5
Taxation	**(3,4)**	(26,4)	34,5
Profit for the period from discontinued operation	**41,0**	57,8	158,0
Attributable to non-controlling interests	**(11,1)**	(27,5)	(97,3)
Attributable to owners of parent	**29,9**	30,3	60,7
Cash flows from discontinued operation			
Net cash (outflows)/inflows from operating activities	**(23,9)**	145,1	266,1
Net cash inflows/(outflows) from investing activities	**97,0**	130,3	(178,6)
Net cash outflows from financing activites	**(72,2)**	(41,8)	(227,8)
Net cash inflows/(outflows)	**0,9**	233,6	(140,3)

Notes *(continued)*

7. Employee benefits – Impact of transition to IAS 19R

The Group adopted the revised IAS 19 Employee benefits standard on 1 October 2013. This included changes to accounting principles in respect of defined benefit plans and the post-retirement medical aid liability. The amendment eliminates the option of the corridor approach and all the actuarial gains and losses are now recognised immediately in other comprehensive income. The full net liability/asset is recorded in the statement of financial position while the expected interest income on assets is calculated using the same discount rate as for calculating the present value of the obligation. The changes in fair value of the net obligation are recorded in other comprehensive income where those were included in operating expenses previously. The amendments were applied retrospectively to both March 2013 and September 2013.
The impact of the revised standard on the Group is presented in the table below.

R'million	Unaudited six months 31 March 2013	Year ended 30 September 2013
Statement of Financial Position		
Decrease in opening retained income	129,5	129,5
Increase in provision for post-retirement medical aid	(162,6)	(148,3)
(Increase)/decrease in provision for defined benefit fund	(0,5)	0,5
Increase in trade and other receivables	10,0	21,5
Increase in deferred tax asset	42,8	35,3
	19,2	38,5
Profit or loss		
Decrease in operating expenses	(5,1)	(10,4)
Increase in tax expense	1,4	2,9
	(3,7)	(7,5)
Other Comprehensive Income (OCI)		
Actuarial movements in OCI – PRMA	(8,5)	(17,0)
Actuarial movements in OCI – Defined benefit fund	(13,1)	(26,1)
Tax on actuarial movements in OCI	6,1	12,1
	(15,5)	(31,0)
Net movement in total comprehensive income	(19,2)	(38,5)

There was no material impact on the Group's interim consolidated statement of cash flows or basic and diluted EPS or HEPS.

8. Fair value of financial instruments

The carrying amounts of all financial instruments approximate their fair value.The estimated net fair values as at the reporting date, have been determined using available market information and appropriate valuation methodologies.

The table below analyses financial instruments carried at fair valuation method.

R'million	31 March 2014 Total	31 March 2014 Level 1	31 March 2014 Level 2	30 September 2013 Total	30 September 2013 Level 1	30 September 2013 Level 2
Assets measured at fair value						
Other investments	364,6	354,4	10,2	420,3	411,6	8,7
Foreign exchange contracts – hedged	42,8	–	42,8	91,6	–	91,6
Liabilities measured at fair value						
Foreign exchange contracts – hedged	294,7	–	294,7	568,3	–	568,3

Independent non-executive directors

A C Parker (Chairman), B L Sibiya (Deputy Chairman), S L Botha, R M W Dunne (British), K D K Mokhele, M P Nyama, R D Nisbet, M Makanjee, M J Bowman

Executive directors

P B Matlare (Chief Executive Officer), C F H Vaux, O Ighodaro (Chief Financial Officer) (Nigerian)

Company Secretary

I W M Isdale

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