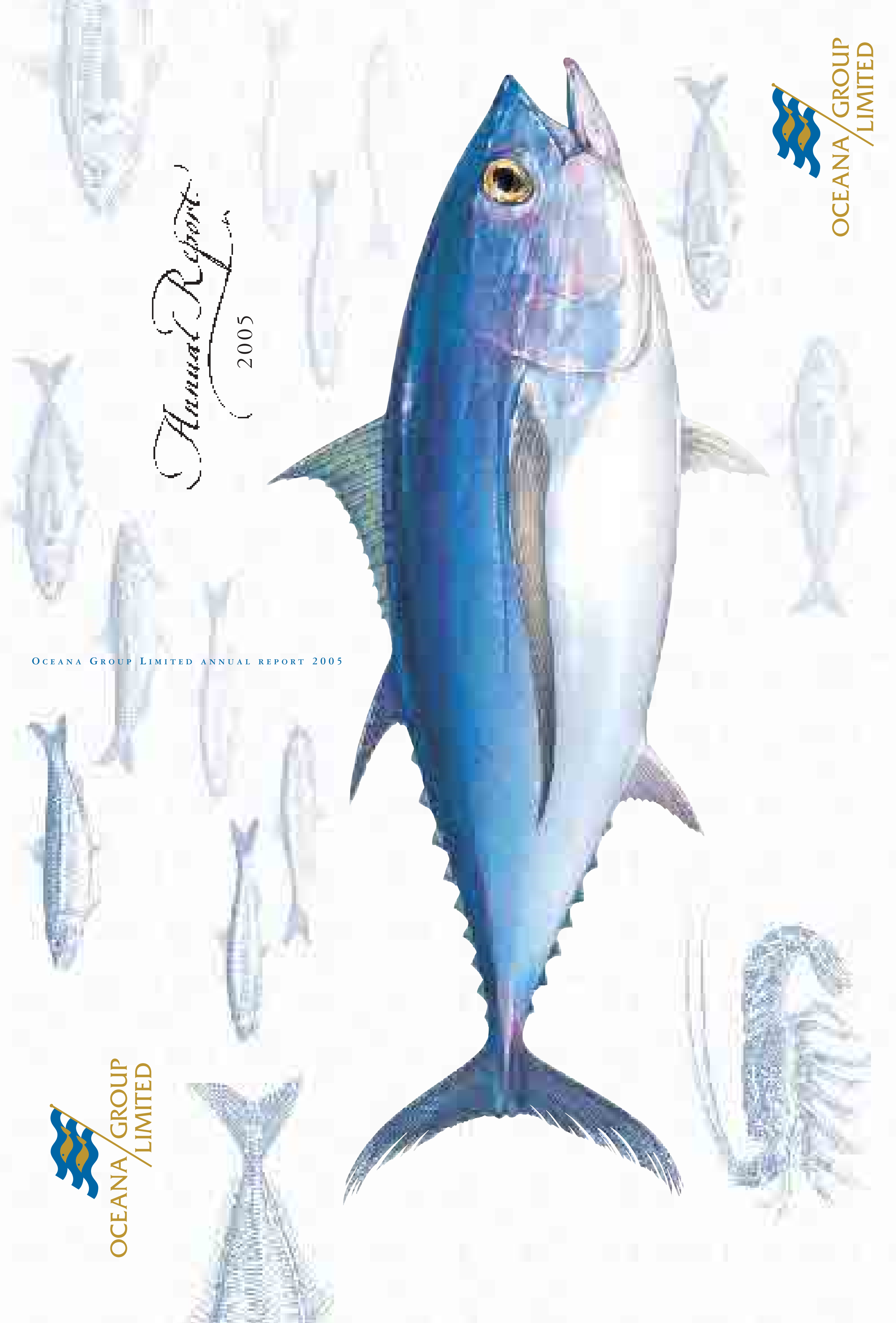
OCEANA GROUP LIMITED

Annual Report

2005

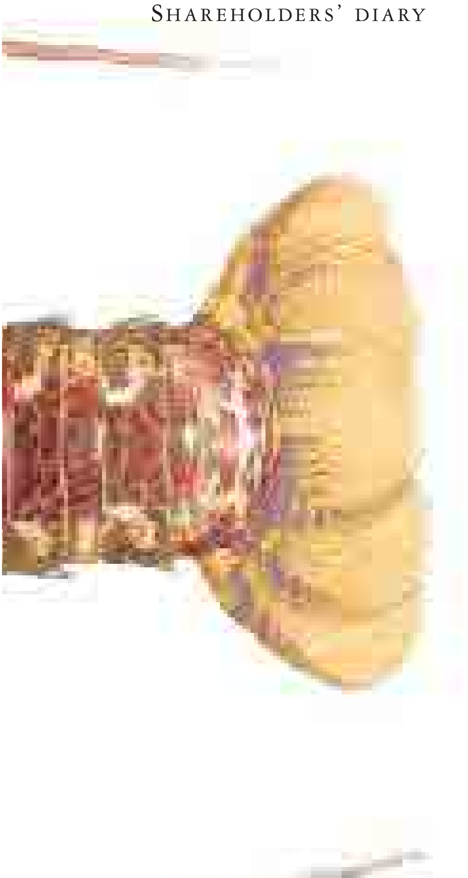


OCEANA GROUP LIMITED ANNUAL REPORT 2005

OCEANA GROUP LIMITED

Contents

Group profile	2
Mission statement	2
Key group objectives and performance measures	3
Financial and other significant highlights	4
Segmental report	5
Ownership profile	6
Group at a glance	7
Directorate	8
Executive committee	9
Chairman's statement	10
Chief executive officer's report	12
Sustainability report	16
Risk management report	29
Audit committee and internal controls	30
Remuneration report	31
Value added statement	35
Statistical and financial data	36
Annual financial statements	39
Share analysis	68
Notice of annual general meeting	69
Curriculum vitae	71
Global reporting initiative (GRI) index	72
Form of proxy	79
Administration	IBC
Shareholders' diary	IBC



External appraisal

Empowerment rating

Following an intensive black economic empowerment (BEE) audit, in line with the Department of Trade and Industry's broad-based BEE strategy, Oceana received an "A" empowerment rating from Empowerdex, an independent BEE rating agency. This rating reflects the extent of the group's commitment to transformation.

Constituent of the JSE SRI Index

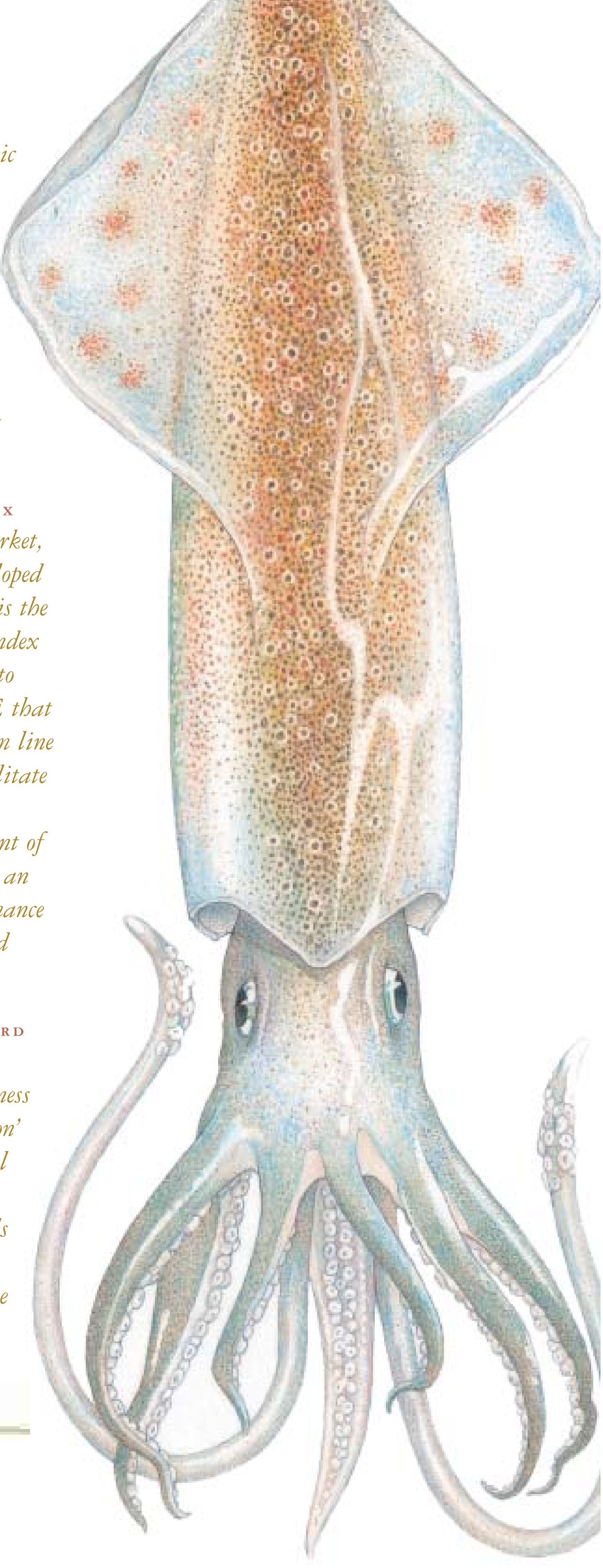
Whilst South Africa is an emerging market, it has established benchmarks that developed countries have yet to adopt. One of these is the JSE's Socially Responsible Investment Index (SRI Index). The JSE's intention is to identify those companies listed on the JSE that integrate the principles of the triple bottom line into their business activities, and to facilitate investment in such companies.

The JSE included Oceana as a constituent of the SRI Index during 2005, based on an assessment of the group's policies, performance and reporting on economic, social and environmental sustainability.

National Maritime Achievers Award

Oceana won the 2005 award for the Locally Owned Maritime Business Enterprise for its 'South Africanisation' programme aboard the horse mackerel factory vessel Desert Diamond.

This award recognises Oceana's skills development initiative as the most successful in the maritime industry.



Group profile

Oceana Group Limited was incorporated in 1918. Its shares are listed on JSE Limited (JSE) and the Namibian Stock Exchange (NSX).

Principal shareholders with joint control are Real Africa Holdings Limited and Tiger Brands Limited.

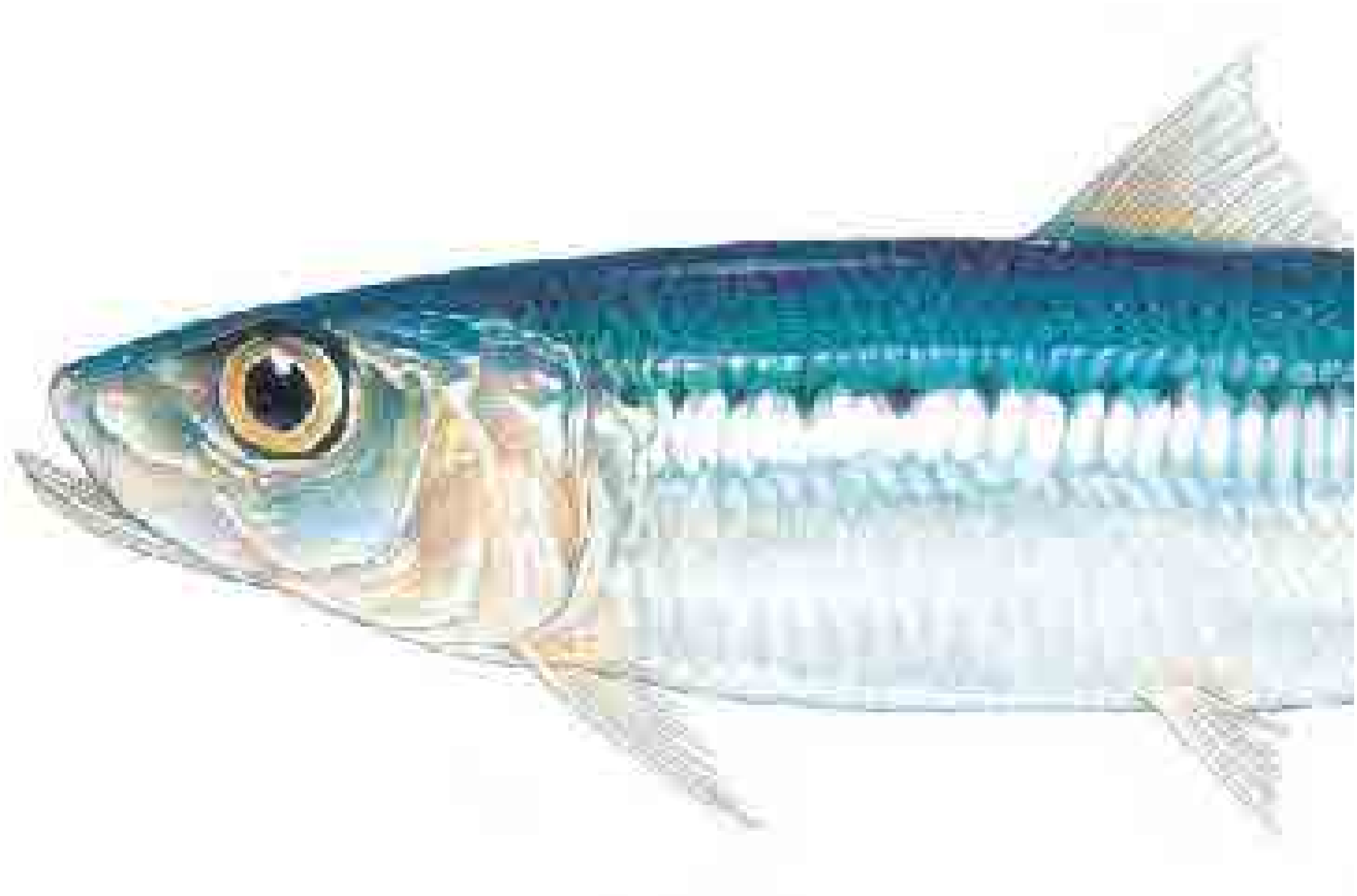
Oceana is involved in the fishing and allied services sector. It engages in the catching, processing and procurement of marine species including pilchard, anchovy, redeye herring, lobster, horse mackerel, squid, tuna, abalone, hake and other deep-sea species. Products are sold through international and local marketing channels. In addition, Oceana provides extensive cold storage and fruit handling facilities.

Oceana employs 1 325 permanent staff, and during periods of seasonal fishing activity over 1 750 additional employment opportunities are created.

Mission statement

To be the leading fishing and cold storage company in southern Africa offering:
- A diversified range of fish products
- Strong brands
- Global sources of supply
- Empowerment transformation and corporate social responsibility

resulting in superior returns to all stakeholders



Key group objectives and performance measures

Economic sustainability

To position the company for long-term growth and viability with emphasis on:

- Securing access rights to resources and sources of supply
- Increasing market diversification and market share
- Product quality and innovation
- Low-cost production and improved efficiencies
- Skilled and motivated staff complement, complying with employment equity, empowerment and transformation objectives

Environmental sustainability

To utilise resources on a sustainable and responsible basis and minimise negative impacts on the environment with emphasis on:

- Sustainable utilisation of fish resources
- Efficient and minimal usage of renewable and non-renewable resources
- Minimisation of emissions and waste
- Developing strategies to measure and monitor environmental impacts against targets and benchmarks, and manage and report on performance

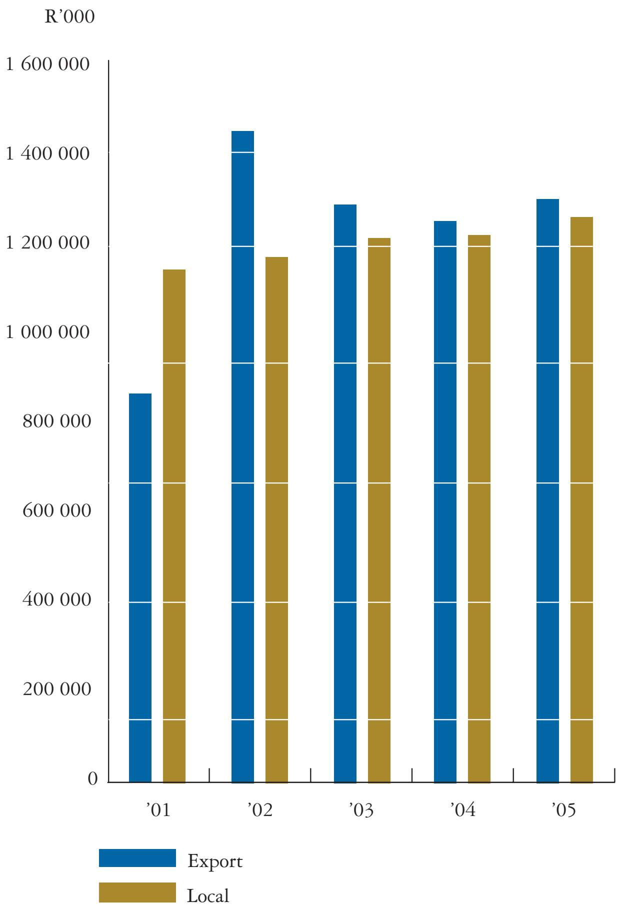
Social sustainability

To maintain and develop positive relationships with major stakeholders, and promote social upliftment, including:

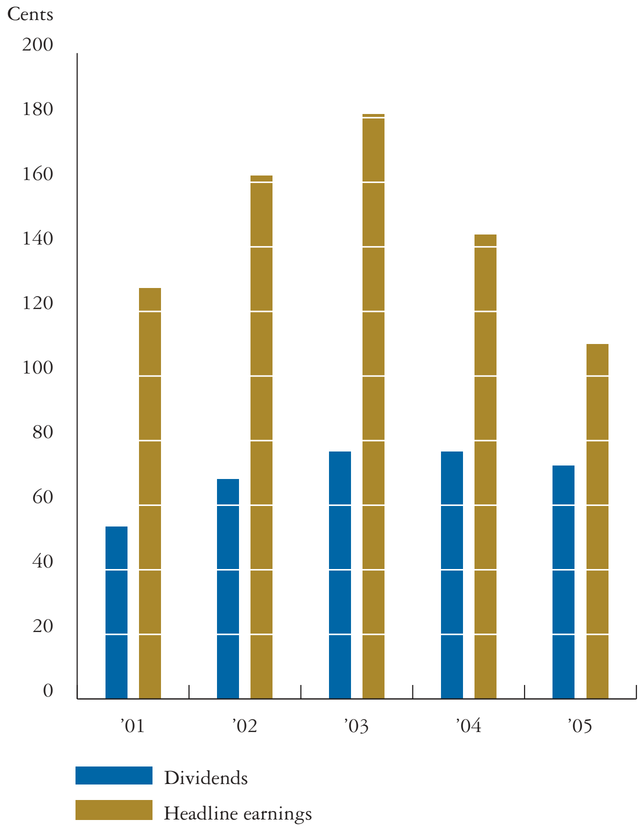
- Initiating and supporting corporate social investment (CSI) programmes
- Skills transfer and development, training and support for small, micro and medium enterprises (SMMEs)
- HIV/AIDS awareness training
- Assistance to welfare initiatives

	2005 R'000	2004 R'000	% Change
Operating results			
Revenue	2 576 513	2 487 502	4
Operating profit before abnormal items	185 074	221 483	(16)
Headline earnings	122 455	157 557	(22)
Balance sheet			
Total assets	1 469 755	1 471 902	–
Net assets	890 894	848 613	5
	Cents per share	Cents per share	
Performance			
Headline earnings	109.8	143.8	(24)
Dividends	74.0	76.5	(3)
Net asset value	794.7	771.6	3

REVENUE ANALYSIS



DIVIDENDS AND HEADLINE EARNINGS PER SHARE



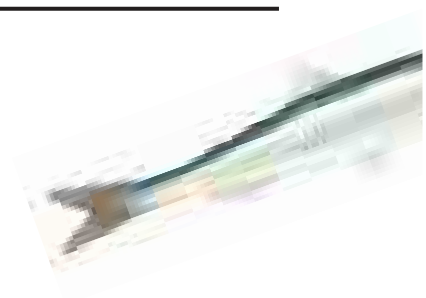
	2005 R'000	2004 R'000	% Change	2005 R'000	2004 R'000	% Change
Business segment						
	Revenue			**Operating profit ***		
Inshore fishing	1 470 587	1 333 448	10	106 971	137 820	(22)
Midwater and deep-sea fishing	939 091	1 007 779	(7)	17 903	36 842	(51)
Commercial cold storage and logistics	166 835	146 275	14	60 200	46 821	29
Total	2 576 513	2 487 502	4	185 074	221 483	(16)
	Total assets			**Total liabilities**		
Inshore fishing	638 124	682 455	(6)	335 015	351 121	(5)
Midwater and deep-sea fishing	275 297	309 270	(11)	60 655	61 619	(2)
Commercial cold storage and logistics	119 239	184 310	(35)	27 848	89 402	(69)
Financing	423 507	274 877	54	111 698	82 283	36
	1 456 167	1 450 912	0	535 216	584 425	(8)
Deferred taxation	13 588	20 990	(35)	22 453	24 287	(8)
Total	1 469 755	1 471 902	0	557 669	608 712	(8)
	Capital expenditure			**Depreciation and amortisation**		
Inshore fishing	25 809	23 593	9	27 010	27 857	(3)
Midwater and deep-sea fishing	11 396	7 131	60	15 264	17 647	(14)
Commercial cold storage and logistics	8 867	62 576	(86)	15 894	13 722	16
Total	46 072	93 300	(51)	58 168	59 226	(2)
Geographical segment ■						
	Revenue			**Operating profit ***		
South Africa and Namibia	1 268 047	1 227 846	3	133 860	158 030	(15)
Other Africa	580 367	559 477	4	20 711	21 425	(3)
Europe	447 923	387 192	16	12 532	20 609	(39)
Far East	189 169	158 359	19	15 128	15 426	(2)
Other	91 007	154 628	(41)	2 843	5 993	(53)
Total	2 576 513	2 487 502	4	185 074	221 483	(16)

* *Operating profit is stated before abnormal items*

■ *No geographical segment report is presented for assets and liabilities, as these are predominantly in South Africa*

The squid business which was previously included in the midwater and deep-sea fishing segment is now included in the inshore fishing segment

Prior year comparative figures have been restated accordingly



Consortium

- Led by **Real Africa Holdings Limited**
- Fishermen's associations
- Quota holders
- Local business interests
- Individual investors

50%

Ocfish Holding Company Limited

46,3%

50%

Tiger Brands Limited

OCEANA GROUP LIMITED

53,7%

Institutional investors

Tiger Brands Limited (direct holding)

Individual investors

Employees and fishermen

Inshore Fishing	**Oceana Brands** Areas of operations Lamberts Bay, St Helena Bay, Cape Town, Hout Bay, Mossel Bay Walvis Bay	**Marketing** • Markets canned fish products to consumers via wholesale and retail trade under the brand names Lucky Star in southern Africa and Glenryck in the United Kingdom (UK) • Both brands are exported to other markets globally
		Fleet • Versatile fleet (including joint ventures) of six steel, ten wooden and two fibreglass vessels which operates from four ports
		St Helena Bay Cannery • Sources fish from the Oceana fleet, joint venture partners and contract vessels • Internationally accredited cannery, processes pelagic fish
		Fishmeal and fish oil • Three plants produce fishmeal from pelagic fish (anchovy, redeye herring and pilchard) • Fishmeal and fish oil used primarily as components in animal and aqua feeds
		French fries • Supplies retail and wholesale outlets through house labels and its own Gold Seal brand
		Etosha • Oceana has a significant shareholding in Etosha Fishing, Walvis Bay • Three steel pelagic vessels and contract vessels supply the cannery and fishmeal plant • Canned products are marketed under the Lucky Star and Glenryck UK brands
	Oceana Lobster, Abalone and Squid Areas of operations Doring Bay, St Helena Bay, Hondeklip Bay, Hout Bay, Hermanus, Humansdorp, Port Elizabeth	**Lobster and Abalone** • Industry leader with over 90 years' experience • Operates a fleet of 15 vessels and four HACCP-accredited processing plants • Markets lobster and abalone to the Far East, Europe and the USA under a range of Oceana brands • Alliances with major lobster and abalone producers
		Squid • Fleet of five freezer vessels, contracts with independent vessel owners • Packing and cold storage facilities in Port Elizabeth and Humansdorp • Produces squid for export under the Blue Continent brand
Midwater and Deep-sea Fishing	**Blue Continent Products** Areas of operations Cape Town, Hout Bay, Humansdorp, Port Elizabeth, Walvis Bay Uruguay and Taiwan	**Horse Mackerel** • South African vessel lands horse mackerel for export • The Namibian-based Erongo Group operates its own fleet of two horse mackerel trawlers and charters additional vessels • International trading supplies African markets, supported by Uruguay and Taiwan offices
		Hake • Interests in three steel trawlers and two longline vessels • Processes fresh and frozen hake for export • Packing plants in Hout Bay and Humansdorp • Brands include Blue Continent and Seamaid
		Tuna • Trades worldwide
		Local trading • Blue Atlantic Trading handles a variety of imported and local marine foods distributed locally to wholesalers and the retail trade under the Blue Atlantic and Ocean Catch brands
Commercial Cold Storage	**Commercial Cold Storage** Areas of operations Cape Town, Durban, Johannesburg Walvis Bay	**Commercial Cold Storage** • Owns and manages over 90 000 t capacity of cold storage • Major commodities include fish, meat, poultry, vegetables, dairy products and fruit • Modern facilities comply with European Union (EU) import requirements, eg ISO 9002 and HACCP grading • The sterifruit facility in Durban complies with Japan's import protocol










ABOVE: LEFT TO RIGHT

CHAIRMAN

Donald Mzolisa Jones Ncube ✦ (58)
BA (Econ), MSc, DCom (honoris causa)
Appointed to the board in 1994
Independent

VICE-CHAIRMAN

Robert Albert Williams * ✦ (65) BA, LLB
Chairman of Tiger Brands Limited
Appointed to the board in 1988

CHIEF EXECUTIVE OFFICER

Andrew Brian Marshall ◦ ▪ ➤ (50) BCom (Hons)
Appointed to the board in 1999

EXECUTIVE DIRECTOR

Lloyd Themba Langeni ◦ ▪ ➤ (49) BCom
Appointed to the board in 2005

FINANCIAL DIRECTOR

Rodney Gerald Nicol ◦ ▪ (50) CA(SA)
Appointed to the board in 1991

BELOW: LEFT TO RIGHT

NON-EXECUTIVE DIRECTORS

Mustaq Ahmed Brey * (51) CA(SA)
Chief executive officer of Brimstone Investment Corporation Limited
Appointed to the board in 1995
Independent

Brian Patrick Connellan ✦ (65) CA(SA)
Director of companies
Appointed to the board in 1993
Independent

Nicholas Dennis * ✦ (58) (British) BCom (Hons)
Chief executive officer of Tiger Brands Limited
Appointed to the board in 2000

Saamsoodein Pather ➤ (55) BBusSc, BCom (Hons), MBA
Appointed to the board in 1996
Independent

Roy Vaughan Smither * ▪ (60) CA(SA)
Director of Tiger Brands Limited
Appointed to the board in 2000

* *Audit committee*
◦ *Executive director*
✦ *Remuneration and nominations committee*
▪ *Risk committee*
➤ *Transformation committee*

left to right

Alethea Berenice Anne Conrad ‣ *(41)*
BA LLB
Transformation manager
– Oceana Group Limited
Number of years' service – 6

Jane Louise Wilkinson ‣ *(36)*
BA (Hons) Public Adm, CF-CIPD (UK)
Human resources manager
– Oceana Group Limited
Number of years' service – 8

Adrian Lyle Hobbs ▪ *(42)*
BBusSc, ACMA, CA(SA)
Managing director
– Blue Continent Products
Number of years' service – 9

Andrew Brian Marshall ◦▪‣ *(50)*
BCom (Hons)
Chief executive officer
– Oceana Group Limited
Number of years' service – 7

Rodney Gerald Nicol ◦▪ *(50)*
CA(SA)
Group financial director
Number of years' service – 20

Neville Donovan Brink ▪ *(45)*
Managing director
– Oceana Lobster, Abalone and Squid
Number of years' service – 17

Andries Willem Stefanus Visagie ▪ *(58)*
CA(SA)
Managing director
– Commercial Cold Storage
Number of years' service – 31

Lloyd Themba Langeni ◦▪‣ *(49)*
BCom
Executive director
– Oceana Group Limited
Number of years' service – 7

Gavin Andrew Rhodes-Harrison ▪‣ *(52)*
BSc Bldg Mgmt
Managing director
– Oceana Brands
Number of years' service – 6

Business review

Headline earnings were 109.8 cents per share compared with 143.8 cents reported last year. The combined financial effect of poor pilchard fishing, the strong rand and the costs of discontinuing hake operations in Namibia outweighed the significant achievements in other areas of the group's business, including cost reductions and excellent results from Commercial Cold Storage.

Turnover increased by 4% over that of 2004 on slightly higher volumes of own fish (excluding trading). Demand on local and international markets for fish products remained firm. Oceana has a reputation for reliability and consistency in delivery and product quality, enhanced by its trading names and brands.

The company is well positioned in the industry and is confident of its ability to overcome challenges. It is currently in the process of improving operational efficiencies and achieving meaningful and sustainable cost reductions. This has resulted in some adjustments to operating structures during the year. These were:

- Oceana Operations and Oceana Brands were merged into a single division, Oceana Brands, to manage the group's canned fish, fishmeal and related businesses
- The Oceana Lobster division took over management of squid and abalone operations, where production and marketing issues are similar
- The horse mackerel, hake and tuna businesses were combined into one division, Blue Continent Products. While every effort was made to relocate employees, a number of retrenchments were unfortunately unavoidable. These included employees of Blue Ocean Products in Walvis Bay, where that company closed its hake-fishing and processing activities

TRT Shipping Services (Pty) and Erundu Stevedoring (Pty) Limited were sold during the year.

Capital expenditure during the year was R46,1m (2004: R93,3m). R43,4m was spent on replacement and R2,7m on expansion.

A final dividend of 59.0 cents per share was declared which, together with the interim dividend of 15.0 cents per share, makes a total distribution of 74.0 cents per share for the year (2004: 76.5 cents).

Long-term commercial fishing rights

The process of submitting applications for long-term commercial fishing rights was completed during the year. The government published its draft proposals in March concerning the purpose, eligibility, criteria and consequences of the allocation process. The draft contained certain significant proposals to which Oceana responded, with detailed responses and comments. The formal process of application and preparation commenced in June and was completed in September. It was an enormous logistical exercise, requiring intense management and staff input, and the use of, inter alia, legal and audit support services. Oceana ensured that its applications were complete, accurate and thoroughly motivated. In all, the group's operating subsidiaries submitted 23 applications in the small pelagics (pilchard and anchovy), lobster (west coast and south coast), squid, abalone, horse mackerel and hake sectors. Allocations of rights for periods ranging from eight years (squid) to fifteen years (small pelagics), from commencement of the 2005/06 season, are expected in November and December 2005.

Securing fair and adequate long-term access rights will enable the company to make long-term investment decisions and plans.

Progress in black economic empowerment (BEE)

Shareholders will know that Oceana pioneered transformation in the fishing industry in 1994, when an agreement between Tiger Brands Limited (Tiger) and an empowerment group led by Real Africa Holdings Limited (RAH) resulted in this empowerment group acquiring an effective 25,1% shareholding in Oceana Group Limited and joint control of the company with Tiger. RAH and Tiger bound themselves to restrict the sale of shares in Ocfish Holding Company to empowerment groups or individuals specified in the Shareholders' Agreement.

The group maintains a balanced scorecard setting out numerical targets, with dates for achievement, for continuous progress in black ownership, black management, employment equity, skills development, preferential procurement and enterprise development within Oceana and its subsidiaries. Details are included in the sustainability report.

Industry issues

Fish resources

Scientific surveys of the biomass indicate that the pilchard and anchovy resources in South Africa are in a satisfactory condition, though poor pilchard recruitment this season is likely to result in a reduction in the Total Allowable Catch (TAC) in 2006. The Namibian pilchard resource has been stable although at a historically low level.

Surveys and landings statistics indicate that the west coast and south coast lobster biomasses are stable with the possibility of a modest reduction in the west coast lobster TAC, for growth cycle reasons. Abalone is still subject to unabated poaching and is likely to reach a collapsed status if this is not controlled. The squid resource declined from record highs in the last two years and in 2005 was considered to be at an average level as measured over the longer term.

The continued presence of smaller fish in trawl hake landings in South Africa indicates that the resource may be under pressure, with further reductions in the TAC anticipated. The horse mackerel resource in South Africa and Namibia appears to be in a stable condition.

Access rights

Current access rights (quotas) to all species (save for abalone) expire with seasons ending in 2005. These rights will be succeeded by those of longer duration, up to 15 years, to take effect from 2006, as mentioned above.

Corporate governance

The principles of and structures for good corporate governance throughout the group are in place and operating well. Details concerning corporate governance are included elsewhere in this annual report, which has been structured to give all stakeholders as clear and informative a report as is reasonably possible.

As a formality I confirm that Oceana has a unitary board structure, which at year end consisted of three executive directors and seven non-executives, four of whom are independent, including the chairman. The board has a formal charter setting out, inter alia, its composition, meeting frequency, powers and responsibilities, particularly with regard to financial, statutory, administrative, regulatory and human resource matters.

The board met five times during the year. Each director attended each meeting, save for apologies from Messrs DMJ Ncube (two meetings) and N Dennis, due to illness (one meeting). The board has four committees, namely audit, remuneration and nominations, risk, and transformation.

Annual strategic plans are compiled at both group and business level, with detailed plans for action and allocated responsibilities. Progress is reviewed regularly.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units, with the group budget being approved by the board of directors. Monthly results and the financial status of operating units are reported against approved budgets and compared to the prior year. Profit forecasts are updated quarterly whilst working capital is monitored on an ongoing basis.

The nature and extent of Oceana's social, transformation, ethical, safety, health and environmental management policies and practices are reported on in the sustainability report. These complement and enhance its economic performance.

The group has a formal comprehensive environmental policy, which sets out objectives, risks, management and reporting lines across the group, in all its activities.

Directors and employees are required to observe the highest ethical standards ensuring that business practices are conducted in a manner which is beyond reproach. In this regard the group subscribes to a formal Code of Business Conduct and Ethics to provide guidance for the benefit of all concerned and the directors believe that the contents of the code are being met. During the year there were neither major instances of non-compliance with this code or laws, nor prosecutions or fines.

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

The directors are responsible for the preparation, integrity and objectivity of the annual financial statements and other information contained in the annual report in a manner that fairly presents the state of affairs and results of operations of the group. The 2005 annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The group's internal audit function is performed by KPMG, and operates under the direction of the audit committee which approves the scope of the work to be performed. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with statements of South African Auditing Standards and reporting their findings thereon.

Appreciation

The support of my fellow directors and the commitment of management and staff during the year under review are appreciated.

Mr Dave Behrens, a director for 24 years and formerly the company's managing director, resigned with effect from 31 March. His sound judgement and dedication to the group's stability and progress was greatly appreciated. The board welcomed Mr Themba Langeni as an executive director during the year.

Prospects

I am confident that Oceana's operating subsidiaries will be allocated long-term access rights which recognise its position, performance and potential in the industry. Assuming no significant changes in TAC, earnings in the forthcoming year should increase in real terms.

Don Ncube

Don Ncube
Chairman

In contrast to the excellent performance of Oceana's Commercial Cold Storage division, that from fishing operations was lower than anticipated, due mainly to poor pilchard landings in South Africa in the October 2004 – February 2005 period, costs associated with restructuring of the company, termination of hake fishing and processing in Namibia, and rising fuel prices.

Decisive divisional consolidation and restructuring commenced early in the financial year, to align the group's business more efficiently to the current and anticipated economic and resource environment.

Whilst dealing with these challenges, all business segments continued to operate profitably, focussing on maximising volumes and achieving best prices, reducing costs on a sustainable basis and strengthening their market presence.

A considerable amount of senior management time was applied in the six months from March to August in responding to government's initial fisheries policy announcement and then the process of compiling and submitting applications for long-term access rights (quotas).

One of Oceana's main objectives is to maintain efficient, flexible and responsive operating divisions, built around fish resources, cost and exchange rate realities, and to position the group to maximise the potential and value of long-term access rights of its own and of those with whom it interacts. Oceana has clear transformation targets, as detailed in the transformation report (page 17). The thrust to achieve these targets, for the benefit of all stakeholders, will continue unabated.

FINANCIAL PERFORMANCE

Group turnover increased by 4% on that of last year, due mainly to good sales of canned fish on the domestic market and a full year's trading of Glenryck UK.

Operating profit before abnormal items declined by 16% to R185,1m (2004: R221,5m), due mainly to difficult fishing conditions, competitive markets and the strong rand exchange rate. The predominance of small fish in hake and horse mackerel landings resulted in lower prices. In addition, the location of the pilchard resource far from the cannery, and an uneven landings pattern, together with higher fuel costs, increased overall fishing costs.

Net investment income was well up on last year, from R19,6m to R26,6m, due to improved cash holdings as a consequence of reduced stock levels, the sale of TRT Shipping Services (Pty) Limited and lower capital expenditure. Net cash at year end was R283,2m (2004: R117,5m).

The reduction in earnings per share of 33% was impacted by loan provisions and costs of closure of the Namibian hake operation, disclosed as abnormal items. Headline earnings per share reduced by 24% due to certain of the aforementioned costs being excluded in the determination thereof.

OCEANA BRANDS

The Oceana Brands division is engaged mainly in fishing for inshore pelagic species (pilchard and anchovy) and in the production, marketing and distribution of fishmeal and branded canned fish products, particularly pilchards under the Lucky Star label in southern Africa and the Glenryck label in the UK. Canned products required in excess of that produced at Oceana's cannery in St Helena Bay and at Etosha Fishing Corporation in Walvis Bay, are sourced from other South African canneries.

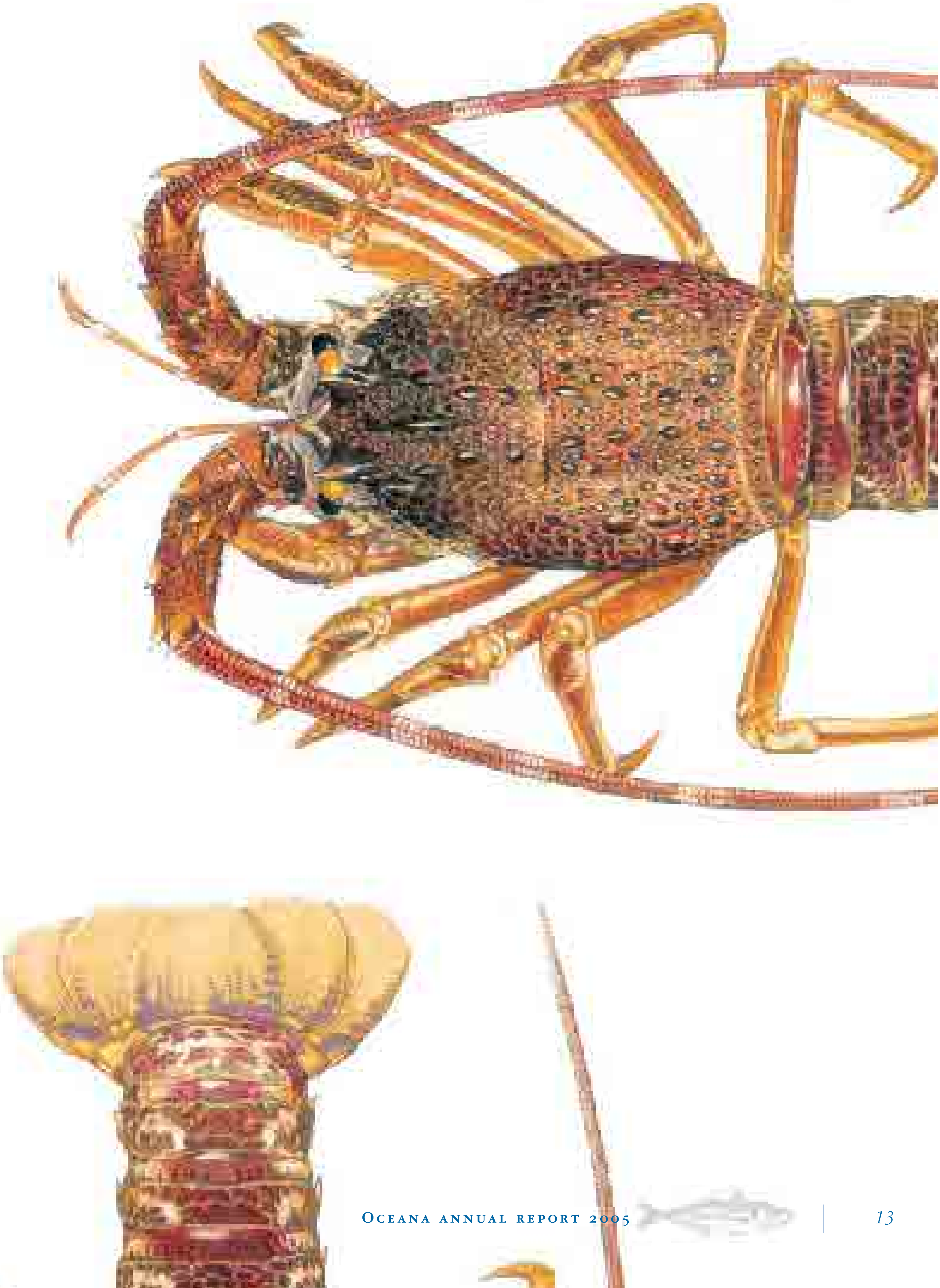
Canned fish

The South African pilchard TAC for 2005 was 382 119 t (2004: 457 000 t). Oceana's access rights allocations (quotas) and those of its pilchard joint venture partners were landed mostly to the cannery in St Helena Bay or the fishmeal plants in St Helena Bay, Hout Bay and Lamberts Bay. The cannery processed a total of 36 201 t of fish in the year to 30 September, compared with 65 623 t in the prior year. Fishing was slow from October 2004 to February 2005, whereafter it improved, although periods of winter weather prevented fishing for longer periods than in last year's milder conditions. Fish was caught mainly off the southern and southeastern Cape coast, with landings in Mossel Bay being transported by road to the cannery in St Helena Bay adding considerably to the cost of production and limiting the amount of production. Fish size and quality during the financial year was variable, with the overall average size being larger than last year which improved canning yields. At the end of September Oceana had landed 52% of its pilchard quotas compared with an overall 49% by the rest of the industry. Landing the balance of the outstanding quotas will be challenging, particularly if the fish do not move westwards closer to the canning factory.

Due to the lower landings, cannery production amounted to 2,2m cartons of fish in the twelve months to 30 September, compared with 3,1m cartons in 2004.

The Namibian pilchard TAC was finalised at 25 000 t, of which 19 162 t was landed to Etosha's cannery in Walvis Bay. Fish size and quality were very good; yields and product grading results were excellent.

Demand for canned pilchards on the local and export markets was strong, with insufficient supply to fully meet demand. Despite intense price competition on the local market and the range of similarly priced alternative food products available to consumers,



Oceana's Lucky Star brand retained its leading position. The popularity and quality assurance of the brand continued to be promoted and was extended into export packs and canned tuna.

Oceana's Glenryck canned fish sales and distribution operations in the UK recorded excellent performances. Its product range includes canned pilchard, tuna, salmon, mackerel and crab, sourced from South Africa, Namibia, Thailand and elsewhere. Amongst other new products a skinless and boneless pilchard fillet range was introduced which will ultimately be sourced from Namibia.

Fishmeal

Oceana's industrial fishing fleet, co-owned and managed with joint venture partners (augmented by pilchard vessels where appropriate), operates from the three factory ports of Lamberts Bay, St Helena Bay and Hout Bay.

All landings of fish are conveyed to the nearest Oceana processing plant as soon as possible to maximise yields and protein levels from the catch.

The anchovy TAC in South Africa in 2005 was 315 648 t (2004: 423 000 t). In the twelve months to 30 September input to Oceana's three fishmeal plants was 188 895 t (2004: 199 007 t), from Oceana's own quotas and those of its joint venture partners. At year end Oceana had completed 98% of its 'A' season anchovy quotas which was on par with the industry.

Fishmeal production from Oceana's South African factories was 46 536 t (2004: 50 571 t). Industrial fish landings at Etosha (juvenile horse mackerel) and offal processed into fishmeal were 29 250 t to 30 September (2004: 30 422 t).

Yields were satisfactory and targeted protein levels and quality standards were achieved. Costs were well managed. Product is sold on the local and export markets, where volumes used in blended feeds are very sensitive to the price of other protein additives such as soya. Profits were significantly impacted as a result of reduced selling prices and lower sales volumes.

Other

Lamberts Bay Foods produces french fries at its factory in Lamberts Bay, sourcing potatoes from all major growing areas in South Africa and selling products to wholesalers, retailers and fast food chains. Product is also retailed under own name brand, Gold Seal. The business produced improved results for the year.

Oceana Lobster, Squid and Abalone

Operating subsidiaries in this division have been engaged in the lobster sector for over ninety years, commencing with North Bay Fishing Company's operations in Doring Bay in 1913. Other lobster operations are based in St Helena Bay and Hout Bay. There are twelve vessels in Oceana's lobster fleet, which land their catches to Oceana's own factories for processing into live and frozen product (whole cooked, raw and tails). The investment in the Western Australia lobster fishery is in the process of being divested, due to the poor returns in this fishery.

Lobster

The west coast (wc) and south coast (sc) lobster resources were both stable in the 2004/05 season, with the wc TAC set at 3 527 t (2003/04: 3 202 t) and sc at 382 t (2003/04: 350 t). Oceana's wc quotas were 594 t (2003/04: 544 t) and sc 18,1 t (2003/04: 16,6 t), all of which were landed by close of season.

Fishing effort was more extended than last year, due to delays caused by late moulting at the start of the season, and periods of winter weather. This had an adverse effect on operating costs, aggravated by appreciably higher marine fuel prices. Good processing yields were obtained.

Lobster landings were processed mainly into live and whole frozen products for sale in China, Japan, the EU and US. Demand was steady, with a 10% to 15% increase in prices, following clearance of the stock carried forward by producers after the SARS epidemic reduced demand in China in 2003. Oceana's sashimi grade product enjoyed increasing acceptability and demand in the Far East, due to its enhanced quality.

Operating profit was slightly lower than that of the previous year.

Squid

Oceana's squid operations are conducted by subsidiary Calamari Fishing, based in Port Elizabeth. The company owns and fishes with five vessels equipped to pack and freeze the catch at sea.

Squid availability and industry landings in the 2004/05 season were consistent with a normal season, after two years of exceptionally high catches. Oceana's landings were 503 t (2003/04: 675 t). Fishing costs were well contained, despite the escalating fuel price. Principal markets were Italy and Spain, where demand was good although prices were 25% to 30% lower, as a consequence of product over supply, following the last two years' good landings in South Africa. Although stock levels were reduced during the year, financial results were negatively impacted by the aforementioned conditions.

Abalone

Oceana's abalone operations are conducted by subsidiary Tuna Marine based in Hermanus. The business was acquired in 1990. Intensified poaching over the last ten years and its negative effect on the biomass has led to a steep decline in the TAC for lawful fishing operations. Government policy is to terminate the access rights of organised industry in this sector at the end of 2006. This has necessitated a scaling down of activity and retrenchment of workers.

The 2005 abalone TAC was 237 t (2004: 282 t), with Oceana's quota 17,5 t (2004: 21,5 t), all of which was landed by close of season. Quality was good. Production was directed mainly into canned product, for which market demand was steady, and prices high as a consequence of the steady reduction in supply of wild abalone product into the Chinese market.

Blue Continent Products

The Blue Continent Products (BCP) division is engaged in fishing, processing and trading of horse mackerel, hake and tuna.

Its main operating subsidiaries are Blue Continent Products (Pty) Limited, Desert Diamond Fishing (Pty) Limited and Erongo Marine Enterprises (Pty) Limited in Namibia.

This division had a difficult year with the effect of increased fuel prices and the stronger rand significantly impacting on earnings. It is however well positioned for the future based on its new structure, cost reductions of a sustainable nature (including the benefits of converting a number of vessels to use heavier HFO for bunkers) and synergies in international product procurement, distribution and trading.

Hake

Oceana owns and operates a trawler from Port Elizabeth, and has shares in two others which are operated in joint ventures from Cape Town. The trawl TAC in South Africa was set at 132 076 t (2004: 133 754 t), with Oceana's quota being 2 281 t (2004: 2 311 t). These are expected to be landed in full by close of season in December. Catches are processed into frozen products for export.

In Namibia, a combination of poor catches, the predominance of small fish in landings, low market prices, the strong Namibian dollar, labour unrest and no prospects of significant improvement in the medium term resulted in Oceana discontinuing its own fishing and processing in this particular sector. As a consequence joint venture company Blue Ocean Products (Pty) Limited, owner of two trawl vessels (the *Ocean Wave* and the *Ocean Tide*) and a processing plant in Walvis Bay, was put into voluntary liquidation.

The costs and asset impairment of this discontinuance of operations, has been fully recognised in this year's results.

Horse mackerel

The South African midwater trawl TAC was 31 500 t, as in 2004, with Oceana's quota unchanged at 5 803 t. It is anticipated that this will be landed in full by close of season. Catches to date have been of good consistent sized fish, all of which is frozen at sea.

The Namibian midwater trawl TAC at 310 000 t was unchanged on last year, of which 77 215 t was held by companies in which Oceana has an interest (79 561 t), and is expected to be caught in full. Earnings from the Namibian business were influenced by low selling prices and increased marine fuel prices combined with certain recently introduced fishing restrictions.

Oceana also has an extensive and successful trading operation to source additional supplies for sale in African markets. A well-balanced distribution chain has been developed in Angola, the DRC and Cameroon with strong local partners, providing cold stores, transport and good local management. Continuity of supply, consistency of product and brand equity (Diamond brand), supported by local infrastructure, has enabled BCP to gain significant market share in those countries. In addition, sales of various species into other markets in equatorial and west Africa were good.

Tuna

BCP is engaged in tuna trading in product sourced from South Africa, Namibia and elsewhere. Catches in southern Africa this year were disappointing. Tuna trading recorded a loss due to poor trading during the first half of the year.

Commercial Cold Storage

Subsidiaries in this division own and operate seven commercial cold stores in South Africa and Namibia, of which three (Durban, Cape Town and Walvis Bay) are on the quayside. Total capacity available to the market for perishable products is in excess of 90 000 t. The facilities all offer a technologically high-quality and efficient service to importers and exporters for the handling and storing of all classes of chilled and frozen product.

Average occupancy and activity levels throughout the year were high, mainly in fish, poultry, meat, and vegetable and fruit products. The new Maydon Wharf Fruit Terminal in Durban performed very well, despatching 56 913 pallets of sterifruit (mainly grapefruit) to Japan, compared with 32 493 pallets last year. The facility is large and operates to very exacting handling and temperature protocols required by Japanese importers. It has added to the division's range of sophisticated services and its capacity for handling fruit exports. It is anticipated that other importing countries will in due course insist on sterilisation of incoming citrus fruit.

Operating costs across the division were well managed. The division performed extremely well and achieved substantially higher profits than in the previous year.

A number of proposals to increase storage capacity at existing facilities are under consideration.

Conclusion

Completion of the process of allocation of long-term access rights and the issuing of permits will enable management to plan far more confidently, and allow the group to further streamline its corporate structures. Volumes, prices, efficiencies and costs are the major drivers of profitability and management will continue to address these issues.

Assuming landings of fish are in line with anticipated access rights (quotas) the divisions engaged in fishing should perform well, with firm demand for their products and prospects for improved prices. Indications are that occupancy and activity levels at Commercial Cold Storage will continue at a high level.

Andrew Marshall

Andrew Marshall
Chief executive officer

Introduction by the chairman

Oceana's primary objective is the achievement of financial goals within a corporate culture and discipline of social and environmental responsibility. The continuing process of transformation features strongly in Oceana's business, and achievements are highlighted elsewhere in this report.

Oceana is active in community involvement and social investment; it supports a number of projects, particularly TSiBA, the tertiary education institution. These projects collectively improve the lives and prospects of families of employees and people in the communities in which the group operates.

Fishing on a sustainable basis is an important part of Oceana's environmental policy. This requires not simply compliance with the conditions of fishing permits and licences but also the contribution of operational knowledge and experience to scientific research and fisheries management in order to add to confidence in the reliability of methods of determining sustainable catch limits and their allocation. Efficient usage of non-renewable resources is an important element of Oceana's policy.

Oceana's contribution to its principal stakeholders is summarised financially in the group's value added statement on page 35 and outlined in the review of stakeholders which follows.

Engagement with stakeholders

Shareholders

Shareholders receive an annual report in December and an interim report in May each year. They are urged to attend the company's annual general meeting to, inter alia, consider and approve the annual financial statements, directors' remuneration and election of directors, and to ask questions. The company provides website and e-mail communication and attends promptly to enquiries received from shareholders or their advisers. Meetings are held with, and presentations made to, major institutional investors on a regular basis.

Oceana's shares have been listed on the JSE Limited (JSE) since 1947 and on the Namibian Stock Exchange (NSX) since 1998. The highest traded price on the JSE in the year to 30 September was R16,70 per share and the lowest was R11,90 per share.

Tiger Brands Limited and Real Africa Holdings Limited share joint control of holding company Ocfish Holding Company Limited. In the 1994 Shareholders' Agreement they agreed to sell shares in the holding company only to empowerment parties in order to maintain a strong black economic empowerment (BEE) ownership profile.

Customers and consumers

The group's products are demand driven to supply goods and services that meet the expectations and requirements of customers as to grades, quality, reliability and consistency. Lucky Star canned fish labels carry the logos of the SA Bureau of Standards and the Heart Foundation. In order to differentiate its products and protect and develop its brands, new product lines, variants and innovations are presented to the market on a regular basis. For example, value-adding services are offered to major buyers of fishmeal on forward price projections and planning stock levels according to their needs. Each business unit has quality controls and standards to be met for its products. Increases in sales volumes, brand position and customer feedback are included in techniques to measure customer satisfaction.

In South Africa, Oceana has extensive business relationships with major wholesalers and retailers with its major brand, Lucky Star, which has its own customer helpline. Fishmeal is sold to manufacturers of balanced feed in the agricultural sector.

International trade in fish and fish products is with customers in the Far East, EU, US and Africa, and is conducted in major trading currencies through first-class financial institutions.

Regular personal visits are made, locally and abroad, to all major customers. An annual Lucky Star conference is held involving all relevant stakeholders in the value chain – to review the business and market performance and focus on future strategy, including fishing and processing requirements, supply and distribution issues, new product development, advertising and market trends.

Suppliers

The group purchases goods and services from a wide range of suppliers, with emphasis on quality and reliability of product, price competitiveness and integrity of supplier. Oceana is committed to ethical adherence to its contractual obligations with suppliers and the development of relationships to the benefit of both parties. The policy is to promote and increase business with small, micro and medium enterprises (SMMEs) and BEE suppliers of goods and services needed in the group. This includes formal, long-term joint venture agreements, and an extensive range of supply, processing and marketing agreements, with many SMMEs and fishermen in various sectors of the industry.

Employees

As will be seen later in this report, the group strives to be a first-rate corporate employer. Communication is encouraged in the workplace between employers and employees and is facilitated by consultative forums and interaction groups. Internal news bulletins are issued periodically. Grievance procedures are in place. Employee involvement in community initiatives is encouraged, eg in sports, education, charitable work and environmental projects.

Government/regulators

The group is assiduous in co-operative and candid interaction with national, provincial and local authority government in compliance issues and in being proactive in seeking means to achieve the varying interests of stakeholders. This process involves close liaison and regular meetings with officials and politicians concerning issues such as the status of fish resources, long-term policy development, resource management and harvesting.

Oceana seeks to maintain good relations with quasi government and regulatory bodies, such as stock exchanges and the South African Bureau of Standards, through regular meetings and attendance at workshops and seminars.

Local community

The group's subsidiaries maintain strong interaction in communities in which they operate, in both South Africa and Namibia. See CSI report on page 22. Regular contact is made with bodies involved in health and development projects. In addition, Oceana is a member of a number of formal industry working groups serving as forums to discuss issues of common interest on resource status and regulation, fishing and production.

Media

The group has in place prescribed procedures for communication with the media to facilitate adequate responses to enquiries or on topical issues. Contributions are made to media investigations or reports on resource, technical, operational, health and employment issues. Journalists are routinely invited to general meetings of shareholders and promotional events. Oceana's objective is to encourage accurate and helpful dissemination of information to its stakeholders and interested parties.

Transformation report

The Broad Based Black Economic Empowerment Act (the BEE Act) was enacted by Parliament to provide a legislative framework for the promotion of broad-based black economic empowerment. The BEE Act recognises that black economic empowerment (BEE) must be broad-based, and should occur "through diverse but integrated socio-economic strategies" which include increased ownership, management, community involvement, human resource development, equitable representation in the workforce, preferential procurement and enterprise development.

Oceana fully supports the national objective of broad-based BEE. Transformation is a business, legal and economic imperative, which is necessary to achieve long-term sustainability. Oceana recognises that the continued growth of the country's economy depends on the extent to which black South Africans participate in the economy at all levels. This requires the approach to transformation to be broad-based – as envisaged in the draft Codes of Good Practice on Broad Based BEE.

Whilst the adoption of charters has thus far not been encouraged in the fishing industry, government policy within this sector is aimed at achieving further transformation and to improve on the levels of transformation achieved during the medium-term rights allocations period. Government's policy is that only quality transformation will be recognised, ie transformation which results in real benefits to historically disadvantaged individuals.

Oceana is firmly committed to active internal and external transformation. The group believes in empowering people, building partnerships and investing in sustainable community projects. It has integrated its approach to broad-based BEE in its business practices as an integral element of its business strategy.

Oceana's guiding principles on BEE:
- Transformation is driven as a deliberate process
- BEE is an opportunity to normalise the South African economy and contribute to tangible economic growth
- Broad-based BEE initiatives and programmes in all components of the scorecard should be accelerated
- Broad-based BEE initiatives should result in the empowerment of previously disadvantaged individuals (PDIs)
- A holistic approach that integrates all elements of the scorecard

The group's internal progress continues to be measured quarterly, on the balanced scorecard approach proposed by the Department of Trade and Industry (DTI) and based on the fundamentals of the BEE Act.

Transformation committee

The primary role of the transformation committee is to monitor the group's transformation strategies, projects and efforts and report to the board on the transformation initiatives undertaken and the extent of progress made by management to address areas identified.

The committee also monitors the implementation of the various policies relating to the transformation strategy and reports to the board quarterly on progress using the balanced scorecard. The committee met twice during the year to review progress on various transformation issues.

The committee continued monitoring developments regarding a pilot intervention to create "diversity ability" amongst staff. This encourages better management and understanding of cultural and social differences amongst employees. Operating subsidiaries embarked on a programme of workshops, during which sessions were held with staff within operations in Hout Bay, St Helena Bay, Lamberts Bay and Paarden Eiland.

The group's progress on the seven pillars of the broad-based BEE scorecard is summarised in the scorecard reflected below:

Core component of BEE	Weighting	Status as at 30 September	2005	2004
Equity ownership	20%		37,3%*	22,6%
Management	10%	Black people as % of board	40%	30%
		Black people as % of executive management	22%	20%
Employment equity	10%	Black people in senior management	10%	10%
		Black people in middle management	37%	32%
		Black people in junior management	74%	83%
		Black people as % of total staff	93%	92%
Skills development	20%	Functional literacy		
		% of training spent on black staff stated as a % of total payroll	1,6%	1,7%
		Number of learnerships in progress or completed stated as a % of total staff	7,5%	5,4%
Preferential procurement	20%	Discretionary procurement with BEE enterprises stated as a % of total procurement	51%	19%
		Non-discretionary procurement with BEE enterprises stated as a % of total procurement	34%	31%
		Ongoing assessment of suppliers' details		
Enterprise development	10%	Achievements:		
		26 joint venture and vessel co-ownership agreements		
		120 supply partners		
		Infrastructural support to partners: R6,9m		
Corporate social investment (CSI)	10%	CSI expenditure stated as a % of profit after tax	1,7%	1,1%

A more detailed report on progress with regard to the group's strategies in each aspect of the scorecard follows.

Ownership

The Real Africa Holdings (RAH) acquisition in 1994 of a shareholding in Oceana (through Ocfish Holding Company Limited [Ocfish]) occurred long before BEE scorecards had been considered. This pioneering empowerment initiative by Oceana resulted in an ultimate effective beneficial holding of 25,1% of Oceana's issued share capital by the Acquisition Group led by RAH. It was enhanced by the Acquisition Group sharing control of Oceana, by virtue of the 9 December 1994 Shareholders' Agreement.

The Acquisition Group initiative included provision for every employee in Oceana, including seasonal employees and fishermen, to be invited to acquire 500 shares in Oceana at R2,55 per share. Presentations were made to all staff members to explain and discuss the offer, and over 90% of all employees became shareholders in Oceana at inception of the scheme during 1995.

As stated earlier, RAH, Tiger, Oceana and Ocfish (controlled jointly by RAH and Tiger) also bound themselves to restrict the sale of shares in Ocfish to empowerment groups or individuals.

Hence, the original driving principle of a significant BEE ownership percentage and joint control of Oceana cannot change. While RAH's own BEE profile has reduced since 1994, by its then BEE shareholders selling their shares to institutions over the years to cash in on the appreciation of their capital, only BEE parties can acquire RAH's shareholding.

** Presently, the percentage shareholding held by black persons within Oceana has been determined at 37,3% following an intensive review of the shareholder register for purposes of application for long-term fishing rights and using certain principles such as treating retirement fund and state holdings as neutral.*

Employment equity

The Oceana Group Employment Equity Guidelines were issued in 1999, to direct the implementation of the Employment Equity Act (the EE Act). All operations in South Africa comply with the EE Act and submit reports each year to the Department of Labour (DoL). Due to the group's decentralised structure, as well as the geographical spread of the various sites, each division submits its own Employment Equity (EE) plan and report to the DoL.

New five-year plans for the period from 2005 to 2010 have been submitted to the DoL this year. The targets are detailed below:

Equity profile

	Target 2010			2005			2001		
	Female	Black ✦ female	Black	Female	Black female	Black	Female	Black female	Black
Executive	25%	18%	40%	22%	11%	22%	*Not reported separately*		17%
Senior management	25%	20%	40%	3%	0%	10%			16%
Middle management	52%	35%	60%	20%	6%	38%			35%
Supervisory	52%	38%	82%	25%	16%	75%			66%
Clerical and other staff	57%	56%	99%	57%	56%	99%			98%
Total staff	56%	54%	95%	52%	50%	93%			89%

The company has suitable employee communication channels in place to serve the requirements of both the EE Act and the Skills Development Act, No. 9 of 1999.

Employment opportunities – 2005

Of the 178 positions graded A – C ➤ 94% were filled with PDI candidates
Of the 27 positions graded D – F ➤ 53% were filled with PDI candidates

Applicants from designated groups are targeted to maximise all employment opportunities arising from new ventures and natural attrition.

Skills development

This element of the balanced scorecard is aimed at measuring the extent to which employers implement initiatives designed to promote the core competencies of black employees. By investing in its black staff, whether through literacy, technical skills training or leadership development and broadening the skills base, the group will be able to achieve a more equitable representation of staff at all levels.

The Oceana Group Employment Equity Guidelines state that the group is committed to the implementation of employment equity practices including the introduction of specific actions or programmes which favour PDIs. In this regard, specific initiatives introduced in addition to the ongoing training and development programmes include:

- A focus on achieving functional literacy amongst staff
- Introduction of a mentorship programme
- Implementation of a bursary policy
- Creation of learnerships

Skills expenditure

As described more fully in the human resources report which follows, training initiatives are in place for all staff, primarily linked to development needs. The percentage of training expenditure on black staff stated as a percentage of payroll is 1,5%. The expenditure on black staff is detailed as follows:

Adult Basic and Education Training (ABET)	R205 326	3,5%
Supervisory	R183 275	3,0%
Leadership/management	R978 167	16,5%
Health and safety	R631 481	11,0%
Other, eg technical, IT training, etc	R3 922 130	66,0%
Total	R5 920 379	100%

✦ *Employment Equity Act, No. 55 of 1998*

"Designated groups" means black people, women and people with disabilities

"Black people" is a generic term which means Africans, Coloureds and Indians

➤ *Paterson grading system: Grades D-F: executive, senior and middle managers, Grades A-C: supervisory, clerical and other employees*

Literacy
Oceana believes that every employee should be given the opportunity to become functionally literate and numerate so that broader skills development opportunities for all staff members can be optimised. Assessments to determine literacy levels continued and have now covered 83% of the workforce. Of the number assessed 35% were found to be below the target of the Adult Basic Education and Training level 2 (grade 5 equivalent). Assessments for the remainder of staff will be completed in 2006.

Mentorship programme
In December 2003 Oceana launched the mentoring policy and pilot programme and selected eight mentees. This is an initiative to develop and accelerate diversity within senior management whereby high-potential individuals are encouraged to participate in this programme. The group is intent on introducing mechanisms through which previously disadvantaged employees can be mentored as a means of capacity building and retention.

The long-term sustainability of the business depends on:
- The ability of the group to maintain a constant reserve of intellectual capital, particularly for senior and strategic positions; and
- Attracting, retaining and developing talent (high-potential individuals) within the group

The informal approach to mentoring allows mentors to pass on their knowledge and experience to the more junior mentees in a relaxed and confidential environment. In 2004 additional mentors were recruited and during 2005 14 mentees participated in the programme. Of the 22 mentees recruited in the last two years, 16 have been black employees.

There will be further recruitment of mentors to increase the number to 20, and in early 2006 a new intake of 20 mentees will be recruited. The intention is that this process will be repeated on an annual basis subject to positive feedback from all participants.

Learnerships
Learnerships have been created by various Sectoral Education and Training Authorities (SETAs). A number of existing employees have obtained formal national qualifications by completing learnership agreements with various SETAs during the year. Full details are reflected in the human resources report. During this year a total of 261 learnerships were created, which amounted to 7,5% of total staff and exceeds the target set at the end of last year to achieve a level of 4,5% of total staff participating in learnerships by 2008.

Bursaries
The objective of the Oceana Bursary Scheme is to develop and promote specific skills and to provide access to education and training for the benefit of the families of employees and external applicants. The bursary scheme is aimed at addressing critical skills shortages within the various communities in which the group operates and from which it recruits. Preference is given to black people.

The above initiatives reflect the group's focus on internal transformation and in particular its approach to developing black employees. It is anticipated that the talent management programme, which will be implemented next year, will further accelerate these efforts.

Preferential procurement
Oceana developed and implemented a Group BEE Procurement Policy during 2003, which was revised during 2004, aimed at accelerating and maximising purchases from BEE suppliers.

The policy reflects the group's commitment to:
- Ensuring that black-owned and black-empowered enterprises have the opportunity to compete for the provision of goods or services to the group
- Ensuring that the process of appointing suppliers is objective and fair
- Creating an enabling environment for the development of BEE enterprises
- Setting, monitoring, reporting and auditing compliance in terms of empowerment targets

Making BEE enterprises preferred suppliers has created opportunities for BEE suppliers to compete for the provision of goods or services to the group. Clear targets were set to increase the level of preference to achieve an overall group procurement expenditure of 50% with BEE enterprises by 2008.

Verification
Following implementation of the policy in 2003 Oceana engaged with all suppliers directly to ascertain their BEE status. In an endeavour to eliminate fronting, an independent agency was contracted to verify the BEE status of all suppliers who reflected their status as either black influenced, black empowered or black owned.

Further, to ensure consistency in assessment of suppliers, an independent BEE rating agency, EmpowerDEX, was appointed during 2004 to provide an independent rating for all suppliers, based on a balanced scorecard approach which confirms the direct empowerment status (ie BEE ownership, control and management), BEE contribution status (ie contribution through employment equity, skills development, affirmative procurement, enterprise development and social development), as well as the operational capacity of the business entities. Once suppliers have been assessed and their details verified, the information is recorded in a group database which is accessible to all operating subsidiaries.

Change of spend
In measuring procurement expenditure, the group differentiates between procurement which is discretionary and non-discretionary. Discretionary procurement includes all procurement where there is a choice in procuring from a BEE or non-BEE company. Procurement managers continually analyse the group's discretionary procurement spend to determine the potential spend that can be channelled through BEE suppliers. Non-discretionary procurement,

which is less controllable, includes amounts paid to suppliers where there is no choice of procuring from another supplier or where it is a specialised industry (eg government or parastatal agencies).

During the year, the group increased its spend with BEE suppliers, as compared to 2004. A number of key suppliers improved their BEE credentials notably over the last year which impacted on the overall percentage.

In the current financial year discretionary expenditure with BEE suppliers ▪ as a percentage of the total procurement spend was 51% as compared to 19% in 2004. Non-discretionary expenditure with BEE companies as a percentage of the total procurement spend was 34% (2004: 31%).

Enterprise development

This is a key area in which Oceana contributes significantly to broad-based BEE. The group's focus on enterprise development began in 2000, way ahead of the development of the BEE Act, and continues – which reflects the extent to which these principles have become part of the company's ethos.

In 2001 government launched a new medium-term commercial fishing rights allocation process, aimed at creating stability in the industry and realistically addressing the issue of BEE. At the time, many existing small and medium-sized rights holders lacked the capital to invest in vessels or the expertise to run a compliant enterprise. Faced with a fairly complex rights allocation process, for many, the goal of being able to access medium-term rights seemed impossible.

Earlier, in the period between 1994 and 2000, government had sought to broaden access to marine resources, which resulted in Oceana's quotas in the abalone, west coast lobster and pelagic sectors being reduced significantly. This resulted in Oceana subsidiaries having excess capacity in terms of catching effort and processing facilities.

Rather than respond negatively to government's strategy, Oceana embarked on a proactive strategy during 2000, of entering into joint ventures (and other forms of alliances) with small and medium-sized rights holders in the various commercial fishing sectors, ahead of medium-term rights being allocated.

The strategy achieved the following objectives:
- Assisted new entrants and existing SMMEs to acquire vessels or shares in vessel-owning companies, thereby securing their access rights in the medium term
- Provided access to capital to facilitate this investment, with structured repayments linked to landing of product
- Concluded mutually beneficial joint venture or vessel co-ownership or supply agreements, which ultimately ensured continuity of supply to the group's vessels and processing facilities

The medium-term development of the joint venture, co-ownership and supply arrangements required additional support in the form of informal business mentoring, skills and technological transfer, business networking as well as financial and infrastructural support. Many of the arrangements concluded in 2000 and 2001 continue to operate successfully, reflecting a high degree of stability and Oceana's continued commitment to transformation in the fishing industry.

The various joint venture arrangements have resulted in:
- An ongoing skills transfer process – assistance offered by Oceana includes contractual and legal advice; financial management and funding; business structuring; business administration, vessel operations and vessel management
- All joint venture and/or supply arrangements are conducted according to the good governance practices in place within Oceana subsidiaries
- Partners are able to benefit from the proceeds from product marketed globally and to take advantage of marketing infrastructure established over many decades as well as benefit from value adding processes. The commercial risk rests with both partners
- Partners are exposed to industry developments, scientific knowledge of the resource and operational reports during regular management meetings, which increase their knowledge of the industry
- A high level of transparency in reporting, ensuring that partners appreciate the consequences of all business risks

During the last year there was an increased focus on the preparation required for the long-term commercial fishing rights process, which was aimed at securing long-term fishing rights. This included:
- Reviewing previous scores achieved during the 2001 allocation process and assisting partners with strategies to improve their performance, particularly as regards internal transformation; and
- Ensuring compliance as regards payment of fishing levies, income tax and the EE Act and Skills Development Levies Act

The application process was extremely complex and onerous. It required that Oceana's partners receive ongoing support, whether in terms of providing access to information, assisting them in gaining clarity on requirements or access to legal or auditing experts. The sheer volume of information submitted was huge. Oceana's commitment to ensuring the long-term stability and sustainability of the SMMEs with whom arrangements have been concluded was clearly demonstrated.

Oceana currently has 26 joint venture and vessel co-ownership arrangements; and 120 processing, marketing and supply arrangements in the pelagic, south coast rock lobster, west coast rock lobster, hake and abalone sectors.

▪ *Suppliers with both black ownership and black management exceeding 25%, or with Empowerdex rating of AAA, AA, A, BBB or BB or equivalent in terms of another scale*

Loans and advances have been made to joint venture and supply partners. The benefits accruing to the fishing enterprises are not only the availability of finance but also securing the sale of their catches, thus assisting them with their cash flow, and has resulted in the creation of a large number of employment opportunities. Loans are repaid by way of deductions from the proceeds payable. Therefore, the repayment of the loans is linked to the performance of the operations.

CORPORATE SOCIAL INVESTMENT (CSI)

Oceana has maintained its commitment to investing in and facilitating social development within the communities in which it operates during the year, despite tougher operating conditions. CSI is an integral element of the group's overall transformation effort to promote social upliftment and development within society. All CSI investments are made in terms of a formal policy, which has defined targets and focuses primarily on education, health care and business skills development. This policy precludes donations to political parties.

CSI initiatives are aimed at:
- Ensuring that investments are made in effective programmes that empower communities and result in long-term partnerships
- Making a positive difference in the communities in which the group operates, focusing primarily on sustainable projects in the areas of education, health care and business skills development

Oceana believes that education opens doors to employment, security, social well-being and economic upliftment and that access to adequate education is vital for all South Africans.

Flagship projects

Tertiary School for Business Administration (TSiBA)

In line with these strategic aims, Oceana announced its intention during the year to support and partner TSiBA, based in Mowbray, Cape Town – as its flagship project. TSiBA is based on the successful CIDA City Campus (CIDA) which was established five years ago in Johannesburg's city centre and is the first "free" higher university level education institution in South Africa for students from disadvantaged backgrounds. TSiBA is the first "replication" of CIDA outside Johannesburg and provides a high-quality, holistic education.

Entrepreneurial spirit is interwoven in Oceana's business philosophy, in the belief that it is a critical element to success as it has been at CIDA. TSiBA was identified as an organisation which places a similar value on developing entrepreneurs. The group is actively involved with TSiBA, through various senior executives lecturing business-related courses regularly and internships being offered to students during their vacations. There is a focus on creating a culture of "paying it forward" where students are encouraged "to pay" for the privileges afforded by TSiBA by teaching in their communities during their vacations and helping to manage the campus. Once they have graduated and are working they contribute towards the scholarship of another student. In this way, TSiBA intends to become self-sustaining.

Financial support for TSiBA will amount to R2,1m over the next four years.

Starfish

Oceana recognises that the HIV/AIDS pandemic devastates communities and family units, leaving significant numbers of orphaned children. If these children are not cared for, nurtured and educated, they will become a lost generation.

Oceana continued its strategic partnership with the Starfish Greathearts Foundation (Starfish), which supports children who have been orphaned or made vulnerable by HIV/AIDS. Through this partnership, which started in 2003, the group makes a difference in the lives of the next Lucky Star "generation" by ensuring that much needed protein, in Lucky Star canned pilchards, reaches orphaned children in targeted communities. Currently 1 500 children in rural Mpumalanga, KwaZulu-Natal and Gauteng receive three cans of pilchards per week – as part of food parcels that are distributed by partner NGOs.

Community

Oceana's CSI involvement in the coastal communities on the west coast is characterised by a high level of community participation. The group is committed to assisting communities constructively, in areas of identified need.

Investment continues in staff and the broader community through bursary schemes and training programmes for scarce skills, literacy and technical skills programmes for the unemployed and learners at high school; ongoing HIV/AIDS counselling and support via the peer educators in the community; free comprehensive clinic facilities for certain staff; leadership programmes for the youth; housing opportunities for staff; and supporting environmental and social awareness programmes.

Bursary and scholarship awards

Awards totalling R349 202 were presented in South Africa and Namibia for tertiary and secondary school education in maritime, business and technical study. This included support for students at the Simonstown Maritime School, the South African Sea Cadets, Rhodes University, the University of the Western Cape and Stellenbosch University.

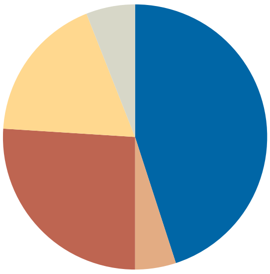
Annual donations

Various annual donations were made to voluntary associations such as the National Sea Rescue Institute, Meals on Wheels, St Lukes Hospice, SANTA, The Fairest Cape, Southern African Foundation for the Conservation of Coastal Birds, etc.

Oceana continued its investment in community projects in Namibia, including the Erongo Regional Science Fair which highlights the creativity of young Namibians, Arechanab Community Trust, Kolin Foundation School, Arandis Kindergarten and sponsorship for students with learning difficulties.

The CSI spend for 2005 was R2,2m. The spend allocation is reflected in the pie chart below.

Corporate social investment (CSI) 2005



Human resources report

Introduction

Human resource development remains a core component of Oceana's strategy. Human capital development needs are integrated into the business plan. The group's goal is to create and maintain a positive, culturally diverse and healthy working environment and to provide employees with development opportunities and a stimulating work environment.

Oceana employs 1 325 permanent staff, and during periods of seasonal fishing activity over 1 750 additional employment opportunities are created. During the year a number of retrenchments took place as a result of the various downsizing and cost-saving initiatives across the group and the closure of the Namibian hake factory in Walvis Bay. In addition the sale of TRT Shipping Services (Pty) Ltd has also reduced the group's headcount.

Human rights

As a responsible employer, Oceana adheres to all labour legislation relevant to the countries in which it operates. In South Africa this includes the Constitution, Labour Relations Act, Employment Equity Act, Skills Development Act, Skills Development Levies Act, Basic Conditions of Employment Act, and Occupational Health and Safety Act. Accordingly the group ensures that:

- No child labour will be tolerated
- No forced and compulsory labour will be instituted
- Employees are educated about human rights as per the noted legislation

Human capital development

Oceana's objective is to create an active learning environment within which opportunities exist for all staff to acquire new skills through the provision of high-quality training and education. This will require accelerating learning, "on-the-job" training and the development of succession plans for all key managerial positions.

The group's succession planning process has been reviewed and the formation of a group talent pool with separate divisional talent pools has been completed for the first time. This process is in line with best practice talent management processes and will provide the framework and context to evaluate the "talent bench strength" of the group, fill the leadership pipeline to form the basis for strong succession plans, allow focused development to fast-track talent at all levels of the organisation and provide information for specific positions at senior level.

The remuneration and nominations committee reviews the group succession plan on an annual basis.

In line with the Skills Development Act, workplace skills plans and implementation reports are submitted each year to the relevant SETA. The recovery of levies via grant rebates is targeted in all divisions. Discretionary grants have also been received for literacy and learnership initiatives.

Training expenditure

	2005	2004
All employees	R5,9m	R6,0m
Black employees (included in numbers above)	R5,0m	R4,8m

The group is committed to the development of all employees. Expenditure was incurred on a number of specific projects including literacy (outlined in the transformation report) and others detailed on the following page, including specific interventions related to divisional strategy and personal training needs arising during individual performance appraisals.

Desert Diamond (midwater trawl vessel)

In 2003 the vessel, *Desert Diamond*, which operates in the horse mackerel sector, was acquired. Prior to the vessel being introduced into the sector a development programme was agreed upon with government, for the "South Africanisation" of this fishery, which included a detailed skills transfer programme. Initially reliance would be placed on the skills held by the foreign crew who had the sector specific expertise. The group undertook that in the medium to long term, a combined skills transfer and cadet training programme would be implemented to train South Africans to take over from the foreign crew.

Employment and training opportunities for South Africans have increased from 25 trainees in 2003 to 59 crew members currently. A commitment to creating 123 employment opportunities was made in order to develop, qualify and replace all foreign crew by 2010. In February 2005, 13 learners successfully completed the Certificate in Maritime Operations (NQL3 learnership) with the Transport Education and Training Authority and all have been appointed to permanent positions as category 2 deckhands. The appointment of two deck cadets was another highlight. They successfully completed the Electronic Navigation Systems Course, Safety Officers Course and Grade 4 Watch Keeping Course, and they will now complete a period of understudy training to qualify as deck officers in the next 24 months. Two engineering cadets are currently completing their first workshop and will then understudy the chief engineer. The appointment of two female crew members as laundress and trainee steward was successfully implemented when they replaced the Russian equivalents in November 2005. Five crew members were appointed as safety officers after successfully completing the relevant course and the new South African Maritime Safety Authority (SAMSA) regulations were met in full. The 25 factory trainees appointed in 2003 all completed the factory processing and HACCP management training and were appointed as permanent crew members. In addition, most crew members are now fluent in Russian. *Desert Diamond* obtained the SAMSA certificate of accreditation for accelerated training programmes for deck officers and is awaiting accreditation from the Manufacturing, Engineering and Related Services Sectoral Education and Training Authority for onboard training for apprenticeships in technical fields, eg reefer engineering and marine engineer watch keeping.

Oceana won the Locally Owned Maritime Business Enterprise award at the 2005 National Maritime Awards for the *Desert Diamond* "South Africanisation" programme. This award recognises Oceana's commitment to skills development and job creation in the fishing industry. In addition, one of the trainee deck cadets was one of two nominees as Best Maritime Technical Student.

Learnerships

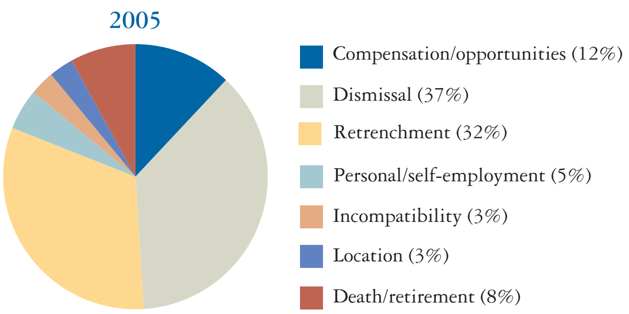
Learnerships were created by various SETAs. A number of existing employees obtained formal national qualifications by completing learnership agreements with various SETAs during the year.

Learnerships currently in progress or completed during the year:	Number of employees
Fish and seafood processing (NQF level 3)	165
Manufacturing – first line management (NQF level 5)	21
Accounting and tax (NQF level 3)	18
Diploma in manufacturing management (NQF level 6)	5
Maritime operations (NQF level 3)	14
Maritime engineering watch keeping (NQF level 4)	2
Certificate in navigation watch keeping (NQF level 4)	2
Mechanical engineering fitting (NQF level 3)	2
First line management (NQF level 5)	8
TOTAL (7,5% of average headcount during this financial year)	237

During 2005, R1,16m was spent on supervisory, management and leadership training. A number of employees are in the process of completing tertiary qualifications on a part-time basis and receive financial study assistance from the group.

Labour turnover

The labour turnover figure of the group is 14,0% (national average 12,7%) °.



° *Deloitte & Touche Human Capital Corporation*

Retirement planning workshops are run on a biannual basis to assist employees within five years of retirement age with financial and related retirement matters. In the year of retirement access to specific financial and investment advice is available to retirees.

Industrial relations

Various unions have recognition agreements with different companies in the group. Relationships with these unions are generally positive.

South Africa

Food and Allied Workers Union
Trawler and Line Fishermen's Union
National Certificated Fishing and Allied Workers Union
Azanian Workers Union

Namibia

Namibian Food and Allied Workers Union
Namibian Transport and Allied Workers Union

Wages and conditions in two sectors are negotiated via industry bodies: in pelagic and lobster through the SA Pelagic Fish Processors Association and in whitefish through the Fishing Industry Bargaining Council – Deep Sea and Inshore Trawling. In other parts of the group there are negotiations with the relevant union at plant level.

A strike took place in the South African pelagic industry in September following extensive wage negotiations which resulted in deadlock and were referred to conciliation. The Commission for Conciliation, Mediation and Arbitration (CCMA) declared the dispute unresolved on 26 August. The strike commenced on 30 August and ended a week later on 7 September with all demands having been resolved.

Employee forums are in place at both unionised and non-unionised sites in order to facilitate consultation and communication in general.

Comprehensive discipline and grievance procedures are in place in the group which are in line with the requirements of the Code of Good Practice: Dismissal. Disciplinary guidelines provide clear procedural distinctions between the handling of misconduct or poor performance.

During the year a restructuring process was completed impacting on four divisions. Compliance with the Labour Relations Act (S189/189a) was ensured and a full consultation process completed with all affected employees. This resulted in no referrals to the CCMA.

Business conduct and ethics

Oceana is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment is based on the belief that business should be conducted honestly, fairly and legally. The group expects all employees to share its commitment to high moral and ethical standards and the law. The group's Code of Business Conduct and Ethics, first published in 1996 and amended in 2002, applies equally to all employees and compliance is mandatory.

In addition to the code, a Fraud Policy was issued in 2003 which reiterated the principles of the code and further demonstrates that the group is committed to enforcing a zero tolerance approach in dealing with unethical and fraudulent behaviour, investigating all allegations of unethical conduct, fraud or corruption and ensuring that all contraventions of a criminal nature are referred to the prosecuting authority.

If employees become aware of, or suspect a contravention of the code or policy they are encouraged to promptly utilise the anonymous whistle-blower facility to enable the matter to be investigated. This facility has been in place since 2000. Those employees found guilty of non-compliance are disciplined accordingly.

Principles relating to the privacy and confidentiality of business information are also covered in the code. In addition, all employment contracts contain a comprehensive confidentiality clause.

Health and safety

All operations in South Africa comply with the Occupational Health and Safety Act & Regulations. Health and safety structures, including the required committees, are in place. The group's independent insurance risk managers complete a comprehensive annual risk audit at the larger sites focusing on compliance with this legislation and insurance-related requirements. This includes focus on the group's fishing vessels to ensure all SAMSA requirements are adequately in place.

The operational sites provide clinic facilities, managed either in-house or outsourced. The clinics provide both primary health care and occupational health care to employees and strategic advice to management. R1,47m was spent in 2005 on the provision of these facilities.

Employees involved in the production process at the pelagic and lobster factories participate in an induction training session at the start of each season. This includes health and safety training, hearing conservation and TB awareness. During the year ongoing health and safety training also takes place throughout the group, eg fire fighting, first aid, hazardous chemical handling. An amount of R631 000 was spent on this training during 2005.

Risk assessments are also conducted at various operations in a number of areas, eg ventilation, illumination, noise, hazardous chemicals, refrigeration. Recommendations from the reports are implemented to assist in ensuring that a safe working environment is maintained.

HIV/AIDS

Following an actuarial study in 2002 a voluntary counselling and testing intervention was completed in 2003. This included awareness training, pre-test counselling, testing and post-test counselling. Peer educators were recruited and trained, and condom dispensers installed in all cloakrooms. This was in line with the group AIDS Policy developed in March 2003 in consultation with a representative group of employees.

Across the group, including Namibia, 2 065 employees were tested. Of those, 1 948 were negative and 117 employees tested positive. This represented 5,6% of the total sample. Through the counselling process, support has been provided for the positive status employees. All employees continue to be encouraged to own their status. Ongoing education and training relating to HIV/AIDS is available via the peer educator infrastructure. At St Helena Bay Fishing there are two permanently appointed peer educators who have their own private office facilities in place allowing constant focus, ongoing education and various initiatives to take place in the workplace and surrounding communities.

In 2004 the personal protection programme and trauma cover from the Lifesense Group was provided for employees and their families. This product provides access to anti-retrovirals in the event of trauma where there has been exposure to body fluids which may be infected with HIV/AIDS. This forms part of the group's HIV/AIDS prevention strategy. The group continues to remain abreast of latest developments in this area and ensures group policy is aligned with best practice.

Environment

Oceana has a formal environmental policy based on four main objectives, namely utilisation of resources, compliance, research and awareness, and improvement initiatives.

Utilisation of natural resources

Oceana utilises natural resources in a sustainable, efficient and environmentally responsible manner.

Natural resources used in the Oceana group are renewable (fish, water, paper and vegetable products) and non-renewable (land, hydrocarbon fuels, gases, plastics, cans). In the divisions engaged in fishing, fish are caught within government-determined limits (TACs and quotas) and processed using water, energy and ingredients into products packed into cans and packaging material mostly made of plastic. The cold storage division uses mainly non-renewable resources, ie land on which cold stores are erected, electricity and gases for cooling purposes.

To ensure the best utilisation of fish resources through obtaining good yields and product quality, fleet management policy and procedure are determined to minimise voyage time and to land all catches in as fresh a condition as possible. An example of this is the catching of pilchard off the southern Cape coast. Where the mass of fish caught by a vessel does not accumulate to of the order of 160 t in the hold to economically justify a return direct to the cannery at St Helena Bay (36 hours steaming), the catch is offloaded at Mossel Bay and trucked to the cannery, a journey of eight hours. Because of the long journey the fish is packed in crates and conveyed in sealed refrigerated trucks to its destination. The fleet co-ordinates its effort with factory capacity and proximity to minimise the time the fish remains in the vessels' holds or awaits offloading.

Processing facilities are designed and operated to minimise delay, waste and odours and to use water and energy (electricity and boiler furnace oil) as sparingly as possible, within the parameters of health and product safety. Solid, liquid and gaseous waste is disposed of appropriately through local authorities or by specialist contractors.

While annual unit consumption of electricity, water, fuel oils and coal is already recorded, a real-time data base has been set up to track the usage of these resources and compare them on a daily basis to control and, where possible, reduce usage.

The Cold Storage division uses electricity and ammonia cooling, chilling and low-temperature maintenance. The division records and monitors its consumption of renewable (water) and non-renewable (electricity, ammonia, gases and plastic stretch wrap) resources in order to use them as conservatively and efficiently as possible. Cold rooms not in constant use are closed off and cooling effort reduced, while optimum temperatures are nevertheless maintained. Periods of greater activity and occupancy result in increased utilisation.

Compliance

Oceana ensures that all businesses operate in compliance with environmental laws, best practice and generally accepted standards.

The environmental laws of particular application to Oceana are those governing fishing access rights and permits; vessel operation and safety at sea; factories and processing facilities; and food health and safety. Compliance is expressly enjoined in the group's Code of Business Conduct and Ethics, reinforced by group policies and operating instructions.

Formal policies are in place in the fleet, covering, inter alia, control of waste. Although the majority of Oceana's vessels are of a tonnage below the legal threshold for adoption of garbage disposal policies, the group has a policy covering its entire fleet, which deals with the collection, safe storage, and disposal on land of all solid waste at sea. Group policy prohibits dumping of fish and plastics at sea and ensures compliance with bilge maintenance and cleaning regulations.

Technical upgrades and improved control systems increase not only economic efficiencies and yields, but also lead to cleaner operations. The approval process for capital and major maintenance expenditure requires environmental impacts to be addressed.

Research and awareness

Oceana contributes to research to improve and disseminate knowledge of natural resources utilised or affected by corporate activity and promote awareness and respect for the environment amongst our stakeholders and the public.

Examples of activity in this regard include the following:

- Management participates in industry and sectoral working groups with scientists on research into resource biomass, distribution and conservation. Subsidiaries in the pilchard and anchovy sectors contribute to the costs of the industry association in engaging a senior marine scientist to give guidance to members on marine biology and resource status and behaviour, and to develop an ecological approach to fishing
- Support of National Marine Week through a contribution of R60 000 and donation of Lucky Star product to the Marine and Coastal Management Division of the Department of Environmental Affairs
- The lobster division supplied two vessels for research in early 2005 into resource availability and distribution
- BCP provided accommodation and assistance on board a trawler for a representative of Bird Life South Africa, researching the incidence of sea birds and by-catch in midwater trawl operations. During the voyage, it was observed that no turtles, birds or dolphins were caught in 62 trawls

In addition, employees and joint venture partners are informed and trained as to the reasons for, and the means of, achieving the most responsible and efficient utilisation of resources. During the year The Natural Step training course on environmental awareness was presented at St Helena Bay Fishing and Lamberts Bay Fishing, which included not only awareness training, but also the establishment of environmental committees which develop and run programmes such as focussing on waste and chemical management, alternative uses for scrapped fishing nets and use of sea water for industrial cleaning.

Improvement initiatives

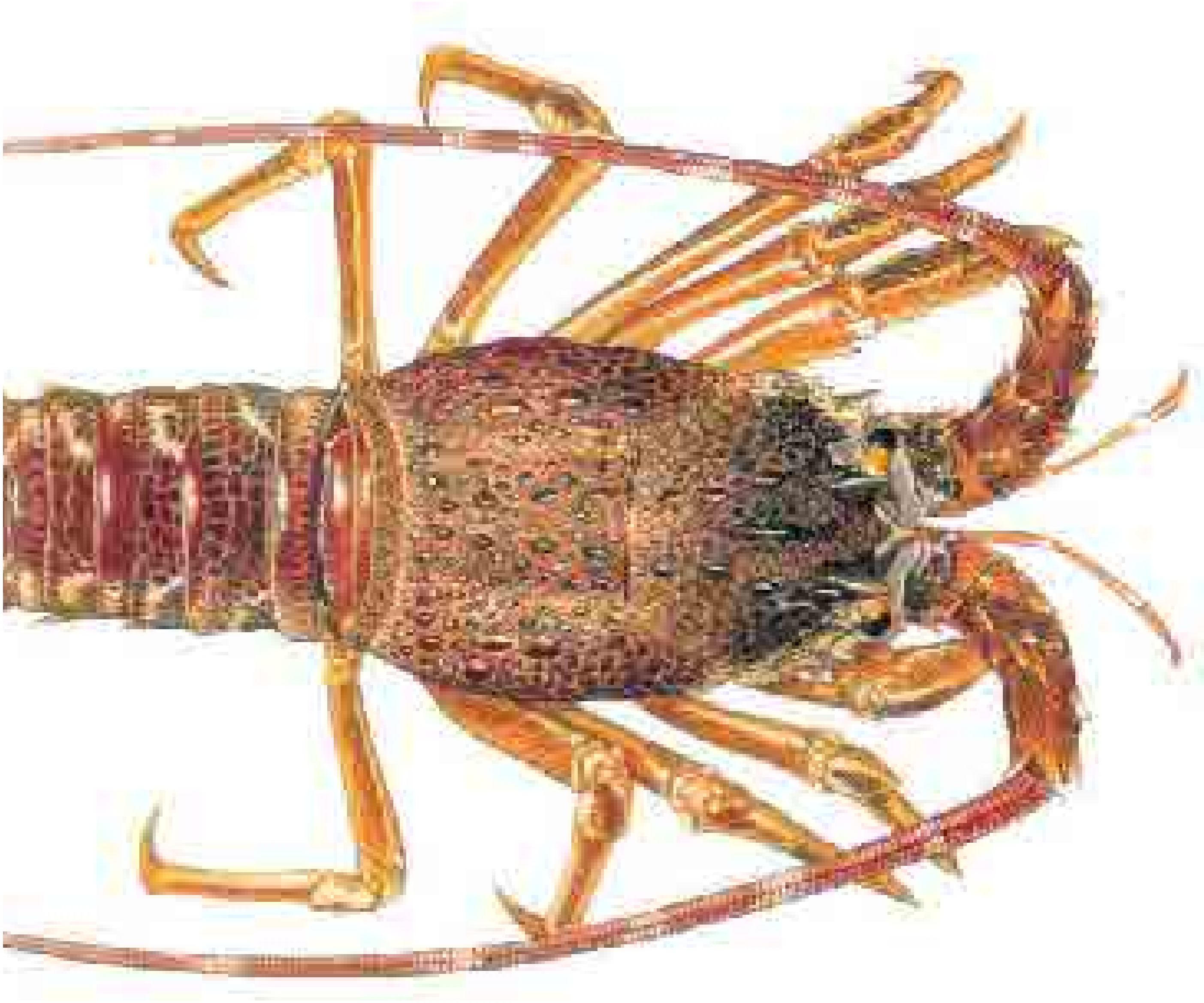
Oceana engages in appropriate initiatives to improve or upgrade the physical environment within which corporate activity is undertaken.

The Laughing Lobster retail food outlet at Hout Bay switched from selling meals in plastic-based packaging to paper-based packets.

An analysis of chemicals used in boiler water treatment was made at Hout Bay, resulting in a switch from supplies in non re-usable containers to flow bins which are returned to the supplier for re-use.

Subsidiaries and employees participated in beach clean-ups in September, as part of the International Beach Clean-up Initiative. At St Helena Bay this included the participation of 150 school learners, covering 6 km of beach, during which 950 kg of refuse was collected. Data from this exercise at Lamberts Bay, St Helena Bay and Hout Bay was added to an international information base with the aim of targeting worst affected areas, and sources of pollution. The environment committee at St Helena Bay participated in the Arbor Day celebrations, which included planting of trees on and off company premises with the involvement of peer educators and local children. Greening of factory surrounds at Lamberts Bay is proceeding.

The group CEO is responsible at board level for the implementation of the group's Environmental Policy. The divisional internal reporting and monitoring system includes immediate reports to the CEO of every major environmental incident. None occurred during the year. Risk identification and management is integrated into the group's risk management system. Contravention of policy exposes defaulters to disciplinary action.



Introduction

Oceana has a formal and structured enterprise risk identification and management system in place, with the board of directors having responsibility for the total process. Apart from covering risk at corporate level, the process of risk identification and management extends deep into each operating division.

Risk philosophy

The group's business is to be engaged in catching, processing and marketing fish and fish products, cold storage and related services both locally and internationally. The group's risk philosophy is to be involved in such activities only where risks have been adequately identified, measured, evaluated and then subsequently managed so that the risk-reward relationship remains within parameters acceptable to the board.

Risk management responsibility and framework

Board of directors	• Responsible for total process of risk management • Has a formal charter • Receives reports from audit committee, at least twice each year – receives copies of all minutes of risk committee meetings • Sets risk strategy policies
Audit committee	• See page 30
Risk committee	• Appointed by the board of directors • Has a formal charter • Chaired by an executive director (previously chaired by a non-executive director) and comprises seven members from executive management and one non-executive director (page 34) • Meets at least twice annually • Reports to the audit committee • Internal auditor (KPMG) attends committee meetings
Risk forum	• Has formal terms of reference • Chaired by chairman of risk committee • Members are divisional risk managers who work closely with the executive committee (Exco) • Updates and reviews risk registers, combined assurance plans, action plans and risk incident reports at management level, on a regular basis • Evaluates and co-ordinates testing of control systems to ensure effectiveness • Facilitates communication of risk policy to all employees • Submits reports to the risk committee

Application and recording

The risk managers appointed in each division facilitate the identification and ranking of the division's major risks, in an interactive process with quarterly reviews and involvement of executive and senior management.

Standardised risk registers are used throughout the group to record, manage and monitor key risks and controls. Risks include those of a strategic, operational, financial, environmental and safety nature. Each key risk is categorised as to its fundamental nature, specific risks arising, their probability, severity and risk rating and the nature and method of each risk's control and management mechanisms.

Each risk has assurance mechanisms in place to test and control its management, with reporting parameters and key risk indicators, known as the combined assurance plan. This is supported by an action plan, for each risk covering controls, implementation, monitoring and reporting of material incidents to the risk forum and the risk committee.

Incidents which occurred during the year and were addressed in terms of the group's risk management process included a vessel engine breakdown, the potential negative effect of an appeal by FAWU to the Labour Court concerning weekend remuneration, and a Department of Customs audit of a cold store bond book register.

As regards insured risks, the group has comprehensive risk and loss control procedures in place which are an integral part of the insurance programme. The layered structure of the programme allows the group to obtain competitive rates whilst still protecting it from major losses through appropriate local and offshore reinsurance and a degree of self-insurance. Formal IT disaster recovery plans are in place in each division.

The company has an audit committee comprised of four non-executive directors. It met twice during the year, with full attendance by all members, save for Mr N Dennis, who was unable to attend one meeting due to illness. Mr DF Behrens ceased to be a member following his resignation as a director with effect from 31 March 2005. The committee's objectives include evaluating the integrity and effectiveness of the company's control environment, reviewing the scope and outcome of audits and assisting the directors in making informed decisions on accounting matters. The committee operates in terms of a formally approved charter which clearly sets out the roles and responsibilities of committee members.

The external and internal auditors have unrestricted access to this committee and attend committee meetings. The committee reviews detailed reports from both the external and internal auditors. The audit committee also receives reports from the risk committee and reviews the effectiveness of the systems of internal control adopted by group companies with reference to the findings of the external and internal auditors.

Issues considered in meetings during the course of the year included the desire to streamline the group structure; the group's exposure to and management of trade debtors and joint venture loans and advances; the adequacy of writedowns in connection with Namibian hake operations; reviewing areas of possible asset impairment; and the implementation of IFRS in 2006.

The committee approved the circumstances in which it would be appropriate to use services offered by the group's external auditors for non-audit purposes. Only specified categories of services relating mainly to compliance issues, tax, corporate structure and valuations may be utilised. Limits are set on approval authority, with this committee having to approve any assignment where fees and costs are expected to be in excess of R400 000. Total fees paid to external auditors for non-audit services are reported to this committee annually.

The company believes that the committee satisfied its responsibilities for the year in compliance with its terms of reference.

The group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets.

KPMG, the group's internal auditors, operate under the direction of the audit committee which approves the scope of the work to be performed. Its scope includes providing assurance that management systems are in place regarding sustainability issues and enterprise risks. Significant findings are reported to both executive management and the audit committee and corrective action is taken to address identified internal control deficiencies.

Nothing has come to the attention of the directors, or to the attention of the internal or external auditors, to indicate that any material breakdown in the functioning of the group's key internal controls and systems has occurred during the year under review.

Remuneration and nominations committee

The company has a remuneration and nominations committee which determines the remuneration of non-executive and executive directors as well as senior management. It operates in terms of a formally approved charter. The committee comprises four non-executive directors and is chaired by an independent non-executive director. The chief executive officer attends the committee meetings by invitation and assists with the considerations except when issues relating to his own remuneration are discussed.

Three meetings were held during the year and two meetings were attended by all members. For one meeting there was an apology from Mr Dennis, due to illness.

Remuneration philosophy

Oceana's remuneration philosophy is formulated to attract, retain, motivate and reward high-calibre employees. Remuneration policies encourage high levels of performance that are sustainable and aligned with the strategic direction of the business.

Total remuneration consists of fixed and variable components. Remuneration is reviewed annually to ensure that employees who contribute to the success of the group, and who have the potential to enhance group performance, are remunerated in line with the market. Remuneration is benchmarked against appropriate surveys on a regular basis.

Guaranteed annual packages are benchmarked in line with the market median. Remuneration is one of the largest cost components of the group and optimising the remuneration rand remains a core focus area.

Executive incentive scheme

An incentive scheme is in place providing the variable component of remuneration. An overriding principle of the scheme is the creation of shareholder value. A further important aspect is that the scheme must be self-funding. The scheme offers incentives to executive directors and senior management and is based on the achievement of predetermined short-term performance targets. Measures and targets are reviewed by the committee on an annual basis, and are based on financial performance as well as achievement of agreed strategic and personal objectives.

Financial targets comprise 80% of the maximum bonus payable. Financial targets at group level are based on growth in profit measured by headline earnings per share and return on net assets while at divisional level they are based on headline earnings and return on net assets. Non-financial targets which comprise 20% of the maximum bonus payable are based on agreed strategic and functional objectives. A significant weighting continues to be placed on transformational objectives as contained in the group's transformation scorecard. This includes employment equity, skills development, preferential procurement, enterprise development and corporate social investment.

The incentive scheme is capped at 90% of annual basic remuneration. Bonuses are paid in cash in November following year end.

Retirement funds

Defined contribution pension and provident fund arrangements exist for all employees. Executive management are eligible for membership of the Oceana Group Executive Provident Fund. The assets of the group's retirement funds are managed separately from the group's assets. Trustees, appointed by employers and elected by employees, oversee the management of the funds and ensure compliance with relevant legislation.

Executive directors' remuneration

Remuneration of executive directors is set out in the following tables 1(A) and 1(B). The financial targets set in terms of the Incentive Bonus Scheme Rules were not achieved during the financial year under review, therefore the column in table 1(A) reflects no incentives earned. The gain on exercise of share options is made in the period during which the directors dispose of shares. The gain is therefore not related to the performance of the company in the 2005 financial year.

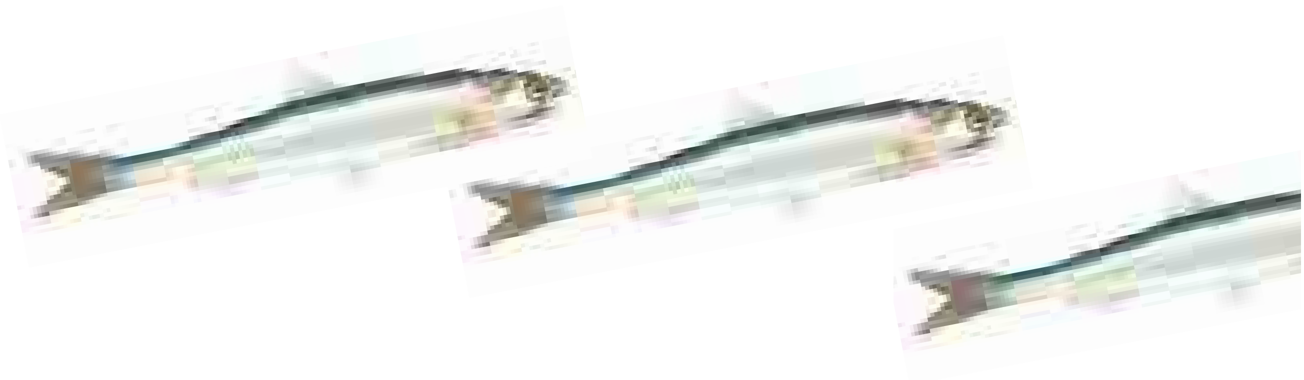


Table 1(a): Executive directors' remuneration 2005

Name	Salary	Allowances	Retirement fund contributions	Performance bonuses▲	Gain on exercise of share options	Total emoluments
	R'000	R'000	R'000	R'000	R'000	R'000
LT Langeni *	402	114	97	–	–	613
AB Marshall	1 583	407	383	–	2 472	4 845
RG Nicol	924	244	223	–	–	1 391

** Appointed 4 April 2005. Remuneration reflected above relates to the period 4 April 2005 to 30 September 2005*

▲ *Performance bonuses are accounted for on an accrued basis, to match the amount payable to the applicable financial year end*

Table 1(b): Executive directors' remuneration 2004

Name	Salary	Allowances	Retirement fund contributions	Performance bonuses▲	Gain on exercise of share options	Total emoluments
	R'000	R'000	R'000	R'000	R'000	R'000
AB Marshall	1 508	389	364	–	3 083	5 344
RG Nicol	889	233	215	–	1 742	3 079

▲ *Performance bonuses are accounted for on an accrued basis, to match the amount payable to the applicable financial year end*

Executive directors' share option grants

Share option allocations to executive directors and senior management are considered annually by the committee. The intention of the share option scheme is to align employees' interests with those of the shareholders as well as forming an integral part of the group's talent retention strategy. Options were last granted to executive directors (Messrs LT Langeni, AB Marshall and RG Nicol) on 25 November 2004.

The annual value of shares for which options are granted is determined by using a multiple of annual package, reduced by the value of share options granted in the previous five years. This is then further adjusted in line with individual performance. The individual multiples applied range between one and six times.

Share options may be exercised in tranches of one-third after three, four and five years from the date of grant. All options must be exercised within ten years from date of grant. Save for retirees, it is a requirement to be in the employ of the group on the vesting dates and to obtain the chairman's approval prior to disposal of shares.

Further details of the Oceana Group (1985) Share Option Scheme are contained in note 18 of the annual report.

Table 2(a): Executive directors' share and option details 2005

Name	Balance as at 30 Sept 2004	Granted	Price	Date of grant	Expiry date	Share options deemed to be exercised during the year ■	Gains on options exercised	Exercise prices	Deemed exercise dates	Balance as at 30 Sept 2005	Share trust loan as at 30 Sept 2005
	Number	Number	R			Number	R'000	R		Number	R'000
LT Langeni *						–	–	–	–	321 000	–
AB Marshall	957 000	75 000	16.00	24.11.2004	24.11.2014	(66 000)	769	3.75	16.11.2004	711 000	–
						(167 000)	1 360	6.90	16.11.2004		
						(88 000)	343	11.05	16.11.2004		
RG Nicol	616 000	40 000	16.00	24.11.2004	24.11.2014	–	–	–	–	656 000	1 377

** Appointed 4 April 2005. No share options were granted or exercised during the period 4 April 2005 to 30 September 2005. All share options as at 30 September 2005 were granted prior to appointment as a director*

■ *Directors are deemed to have exercised share options on the date on which they have ownership of the shares and are entitled to dispose of them*

Table 2(b): Executive directors' share and option details 2004

Name	Balance as at 30 Sept 2003	Granted	Price	Date of grant	Expiry date	Share options deemed to be exercised during the year *	Gains on options exercised	Exercise prices	Deemed exercise dates	Balance as at 30 Sept 2004	Share trust loan as at 30 Sept 2004
	Number	Number	R			Number	R'000	R		Number	R'000
AB Marshall	1 153 000	88 000	16.24	11.11.2003	11.11.2013	(167 000)	1 645	6.90	28.11.2003	957 000	–
						(67 000)	871	3.75	28.11.2003		
						(50 000)	567	3.90	08.07.2004		
RG Nicol	711 000	49 000	16.24	11.11.2003	11.11.2013	(144 000)	1 742	4.40	17.12.2003	616 000	626

* *Directors are deemed to have exercised share options on the date on which they have ownership of the shares and are entitled to dispose of them*

It is the company's intention that no further share options will be granted in terms of the Oceana Group (1985) Share Option Scheme referred to above. In its place a phantom (cash settled) share option scheme will be implemented based on similar principles to the existing scheme.

Executive directors' service contracts

Directors do not have fixed term contracts. Directors have employment agreements with the company and are subject to a three-month notice period by either party. The company may elect to pay the executive directors a cash sum in lieu of notice of termination. Executive directors retire from their positions at the age of 63.

Severance arrangements

In the event of an executive director's services being terminated for operational reasons, creating an obligation on the company to pay a severance package, there is no contractually agreed severance package and the rules of the Basic Conditions of Employment Act apply. The normal contractual notice period in respect of termination of the employment contract applies and it is not included in severance compensation calculations.

Succession planning

A formal succession plan for senior and executive management is reviewed annually. This is discussed and agreed by the remuneration and nominations committee. The purpose of the plan is to ensure that succession is in place, but also to develop potential for future placement. This includes middle, senior and executive management levels.

Non-executive directors' remuneration

Directors' fees are paid in respect of membership of the Oceana Group Limited board. Non-executive directors serving on board committees are also remunerated for work done in that capacity. These fees are reviewed annually and tabled by the chief executive officer for review at the remuneration and nominations committee meeting. The board then considers the directors' fees and makes a recommendation to shareholders for approval at the annual general meeting.

Non-executive directors do not qualify for share options nor do they participate in the incentive bonus scheme.

Table 3(a): Non-executive directors' remuneration 2005

Name	Board fees R'000	Committee fees R'000	Total 2005 R'000
DF Behrens º	39	32	71
MA Brey	73	48	121
BP Connellan	73	37	110
N Dennis •	73	48	121
DMJ Ncube	226	21	247
S Pather	73	37	110
RV Smither •	73	27	100
RA Williams	73	48	121
	703	298	1 001

• *Paid to Tiger Brands Limited*

º *Resigned at 31 March 2005*

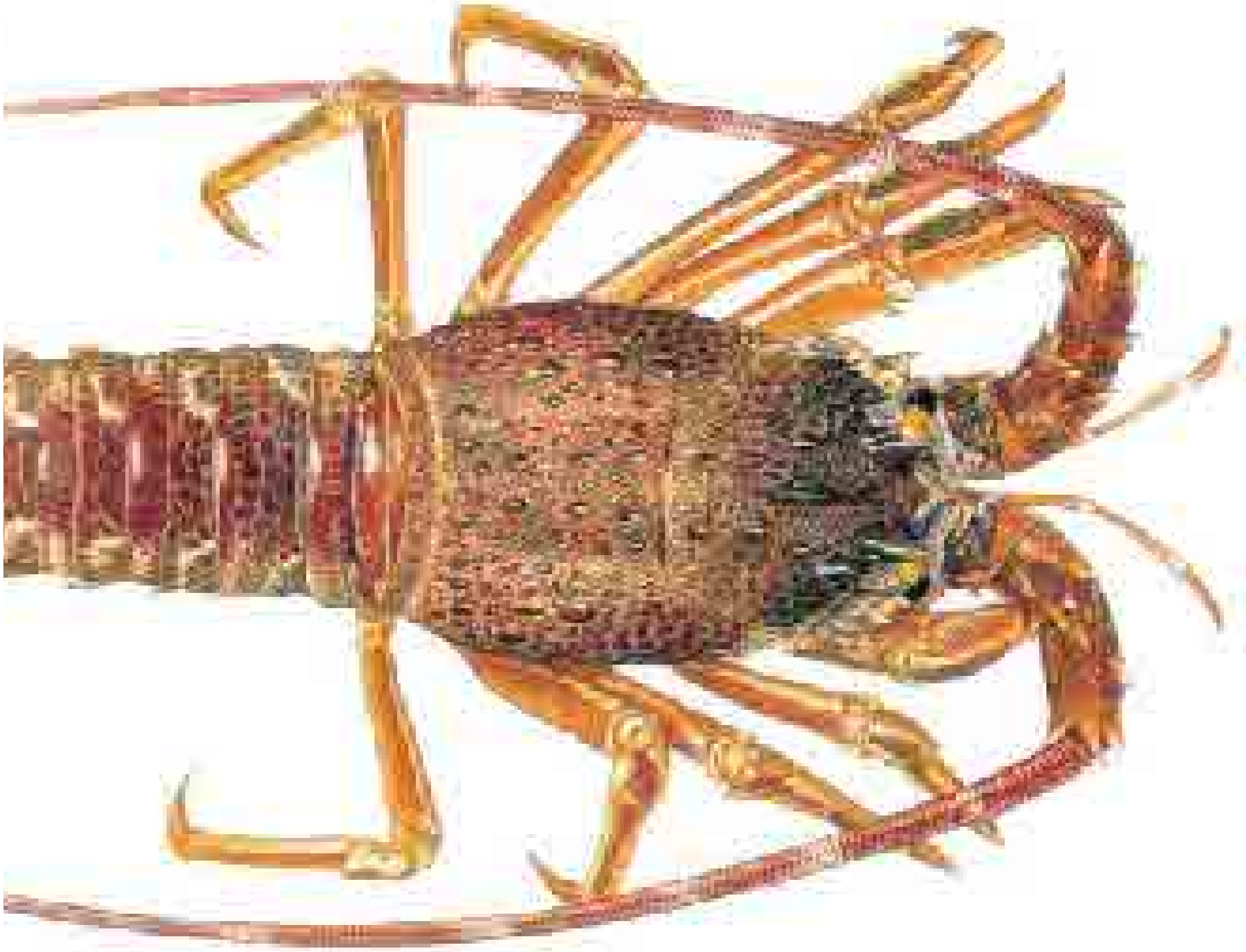
Members of board committees (2005)

Audit committee:	MA Brey (chairman), N Dennis, RV Smither, RA Williams (DF Behrens resigned 31 March 2005)
Remuneration and nominations committee:	BP Connellan (chairman), N Dennis, DMJ Ncube, RA Williams
Risk committee:	LT Langeni (chairman) (appointed 4 April 2005), ND Brink, AL Hobbs, AB Marshall, RG Nicol, GA Rhodes-Harrison, RV Smither (appointed 1 April 2005), AWS Visagie (DF Behrens resigned 31 March 2005, RM Kramer resigned 31 March 2005)
Transformation committee:	S Pather (chairman), ABA Conrad, LT Langeni, AB Marshall, G Rhodes-Harrison (appointed 4 May 2005), JL Wilkinson (ND Brink resigned 4 May 2005)

TABLE 3(B): NON-EXECUTIVE DIRECTORS' REMUNERATION 2004

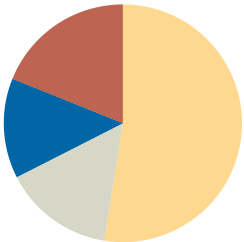
Name	Board fees R'000	Committee fees R'000	Total 2004 R'000
DF Behrens	70	60	130
MA Brey	70	45	115
BP Connellan	70	35	105
N Dennis *	70	45	115
DMJ Ncube	215	20	235
S Pather	70	35	105
RV Smither *	70	25	95
RA Williams	70	45	115
	705	310	1 015

* *Paid to Tiger Brands Limited*



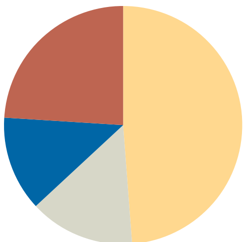
for the year ended 30 September 2005

Value added 2005



- Employees (52,5%)
- Providers of capital (15,0%)
- Government (13,6%)
- Reinvested (18,9%)

Value added 2004



- Employees (48,8%)
- Providers of capital (14,3%)
- Government (12,9%)
- Reinvested (24,0%)

	Group			
	2005 R'000	%	2004 R'000	%
Revenue	2 576 513		2 487 502	
Paid to suppliers for materials and services	2 035 154		1 877 309	
Value added	541 357		610 193	
Income from investments	29 048		23 876	
Total wealth created	570 405		634 069	
Distributed as follows:				
Employees				
Salaries, wages and other benefits	299 590	52,5	310 101	48,8
Providers of capital	85 856	15,0	90 855	14,3
Interest on borrowings	2 440	0,4	4 283	0,7
Dividends to outside shareholders	742	0,1	2 757	0,4
Dividends to shareholders of Oceana Group Limited	82 674	14,5	83 815	13,2
Government				
Central and local (Notes 1 and 2)	77 641	13,6	81 903	12,9
Reinvested in the group to maintain and develop operations	107 318	18,9	151 210	24,0
Depreciation, amortisation and impairment loss	66 886	11,8	59 454	9,4
Retained surplus (Note 3)	35 576	6,2	80 931	12,9
Deferred taxation	4 856	0,9	10 825	1,7
Total wealth distributed	570 405	100,0	634 069	100,0

Notes

	2005 R'000	2004 R'000
1. Central and local governments:		
Company taxation	59 940	66 777
Regional Services Council levies	5 043	5 247
Skills development levy net of refunds	192	665
Rates and taxes paid to local authorities	6 116	5 030
Customs duties, import surcharges and excise taxes	6 350	4 184
	77 641	81 903
2. The total amount contributed to the central and local governments as reflected above excludes the following amounts collected by the group on behalf of the governments:		
VAT: Net amount refunded	(46 595)	(66 451)
PAYE and SITE withheld from remuneration paid	30 689	34 529
UIF contributions withheld from employees' salaries	1 857	1 671
Withholding taxes	63	920
	(13 986)	(29 331)
3. Retained surplus comprises:		
Group profit after taxation	118 993	167 503
Less: Dividends paid		
Shareholders of Oceana Group Limited	(82 674)	(83 815)
Outside shareholders	(743)	(2 757)
	35 576	80 931

	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000
Consolidated income statements					
Revenue	2 576 513	2 487 502	2 517 418	2 639 216	2 022 918
Operating profit before abnormal items	185 074	221 483	267 072	248 015	205 429
Abnormal items	(27 830)	4 949	(180)	14 484	2 054
Operating profit	157 244	226 432	266 892	262 499	207 483
Dividend income	1	2 976	7 861	48	206
Interest received	29 047	20 900	27 921	31 466	20 259
Interest paid	(2 440)	(4 283)	(6 981)	(4 385)	(10 223)
Profit before taxation	183 852	246 025	295 693	289 628	217 725
Taxation	64 859	78 522	101 393	98 786	76 008
Profit after taxation	118 993	167 503	194 300	190 842	141 717
Attributable to outside shareholders in subsidiaries	7 455	3 123	5 579	7 423	3 365
Net profit attributable to shareholders of Oceana Group Limited	111 538	164 380	188 721	183 419	138 352
Headline earnings	122 455	157 557	195 359	172 894	133 728
Consolidated balance sheets					
Property, plant and equipment	279 413	310 389	280 189	199 055	194 758
Goodwill and other intangibles	52 839	53 978	20 706	29 183	27 450
Deferred taxation	13 588	20 990	20 115	20 676	16 254
Investments	42 925	75 139	73 135	76 029	76 531
Current assets	1 080 990	1 011 406	889 970	841 670	642 257
Total assets	1 469 755	1 471 902	1 284 115	1 166 613	957 250
Interest of shareholders of Oceana Group Limited	890 894	848 613	768 863	667 941	519 259
Interest of outside shareholders in subsidiaries	21 192	14 577	14 211	11 868	7 834
Interest of all shareholders	912 086	863 190	783 074	679 809	527 093
Deferred taxation	22 453	24 287	12 921	12 010	10 447
Current liabilities	535 216	584 425	488 120	474 794	419 710
Total equity and liabilities	1 469 755	1 471 902	1 284 115	1 166 613	957 250
Consolidated cash flow statements					
Cash generated from operations	278 559	223 445	238 662	299 448	244 420
Interest received	29 047	20 900	27 921	31 466	20 259
Dividend income	1	2 976	7 861	48	206
Interest paid	(2 440)	(4 283)	(6 981)	(4 385)	(10 223)
Taxation paid	(62 366)	(104 766)	(100 270)	(77 567)	(52 033)
Dividends paid	(83 587)	(86 464)	(78 529)	(64 798)	(49 881)
Net cash flows from operating activities	159 214	51 808	88 664	184 212	152 748
Cash flows applied to investing activities	(16 119)	(153 899)	(129 983)	(33 833)	(148 319)
Net cash inflow/(outflow) before financing activities	143 095	(102 091)	(41 319)	150 379	4 429
Cash flows from financing activities	17 822	18 459	3 200	6 887	6 917
Net increase/(decrease) in cash and cash equivalents	160 917	(83 632)	(38 119)	157 266	11 346

	Notes	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000
Share performance						
Number of shares upon which earnings per share is based ('000)		111 525	109 530	107 906	106 743	105 137
Headline earnings per share (cents)		109.8	143.8	181.0	162.0	127.2
Earnings per share (cents)		100.0	150.1	174.9	171.8	131.6
Dividends per share (cents)	1	74.0	76.5	76.5	68.0	53.4
Dividend cover (times)		1,5	1,9	2,4	2,4	2,4
Net asset value per share (cents)	2	794.7	771.6	710.1	619.9	489.6
Profitability		%	%	%	%	%
Operating margin	3	7,2	8,9	10,6	9,9	10,3
Return on average shareholders' funds	4	14	20	27	29	30
Return on average net assets	5 & 6	22	29	41	45	49
Return on average total assets	5 & 7	15	18	25	27	24
Finance						
Total borrowings as a percentage of total shareholders' funds	8	11	10	5	6	10
Total liabilities as a percentage of total shareholders' funds		59	68	62	70	80
Current ratio (:1)		2,0	1,7	1,8	1,8	1,5
Number of permanent employees at year end		1 325	1 659	1 597	1 541	1 345
Revenue per employee (R'000)	9	1 945	1 499	1 576	1 713	1 504
Assets per employee (R'000)	7	1 099	875	792	744	700

Notes:

1. Dividend declared after reporting date included.

2. Shareholders' funds divided by the total number of shares in issue.

3. Operating profit before abnormal items expressed as a percentage of revenue.

4. Headline earnings as a percentage of average shareholders' funds.

5. Profit before taxation and abnormal items (but excluding interest paid) expressed as a percentage of average net assets or average total assets.

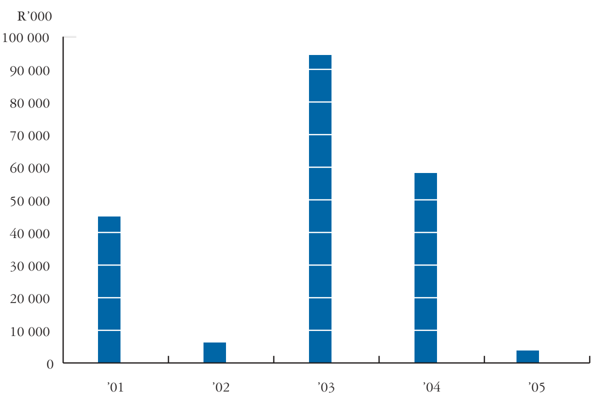
6. Net assets comprise total assets less non-interest-bearing liabilities.

7. Total assets comprise property, plant and equipment, intangibles, investments and current assets.

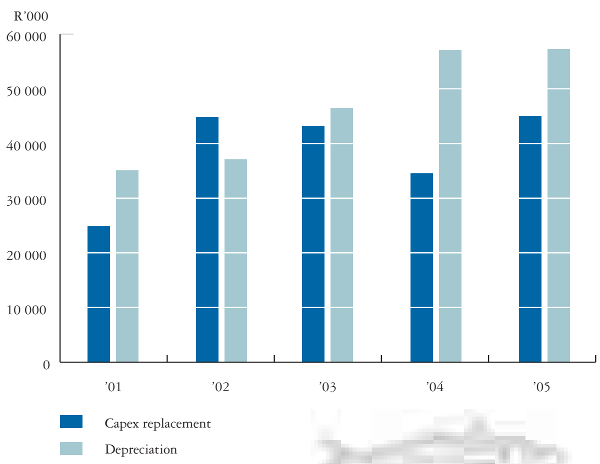
8. Total borrowings comprise long-term loans and bank overdrafts.

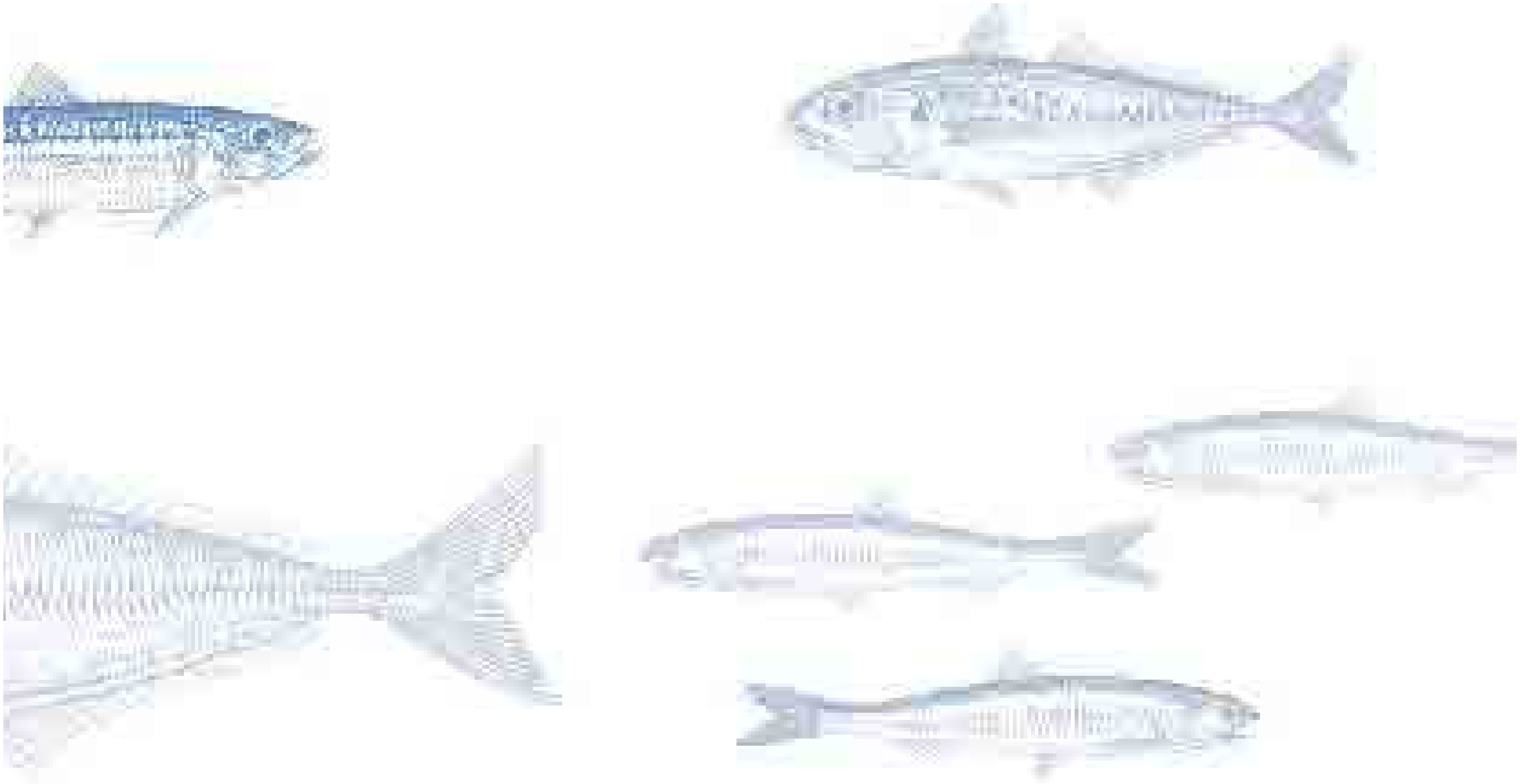
9. Revenue divided by the number of permanent employees at year end.

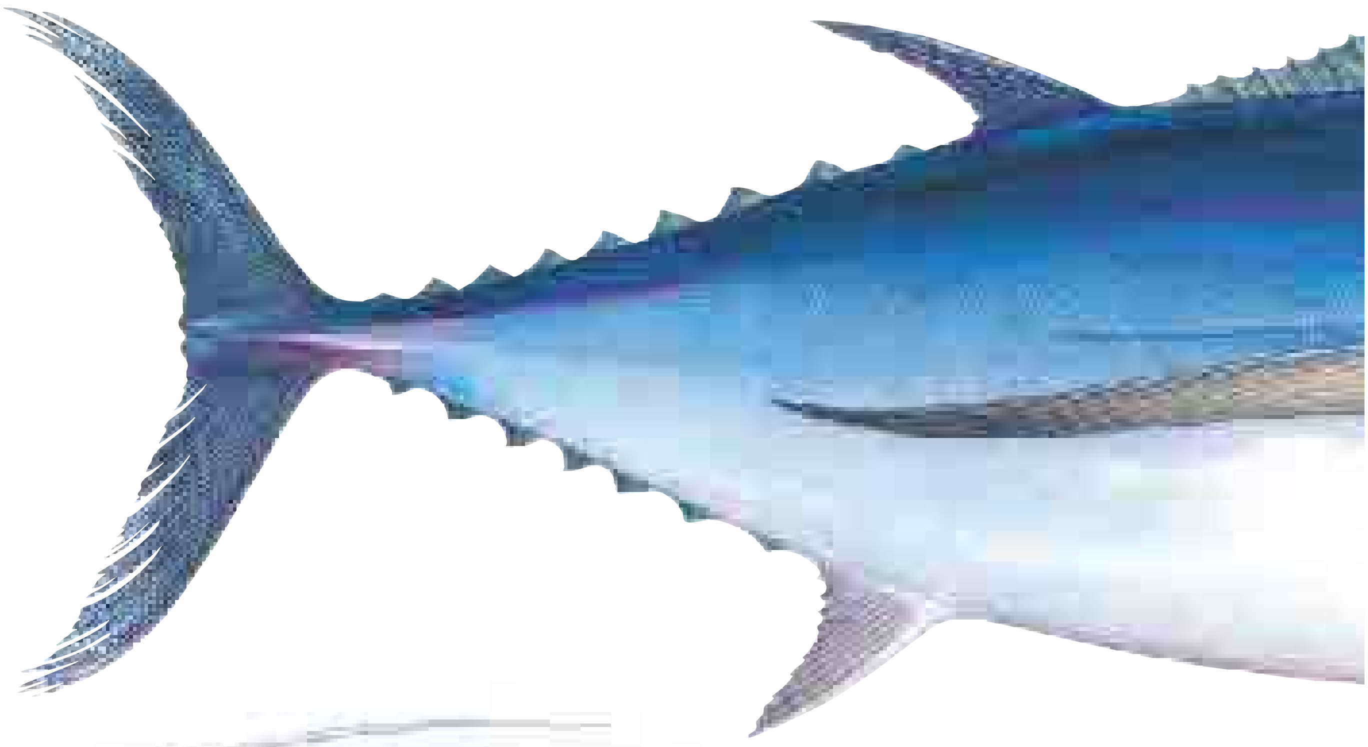
Expansion capex

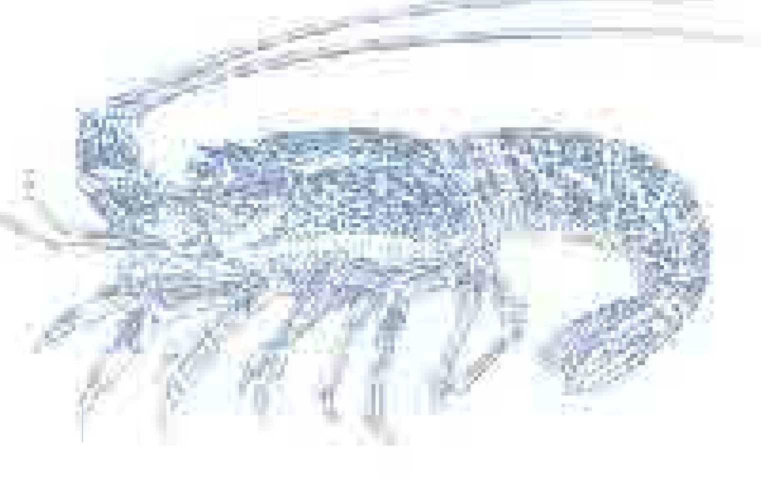


Replacement capex/depreciation

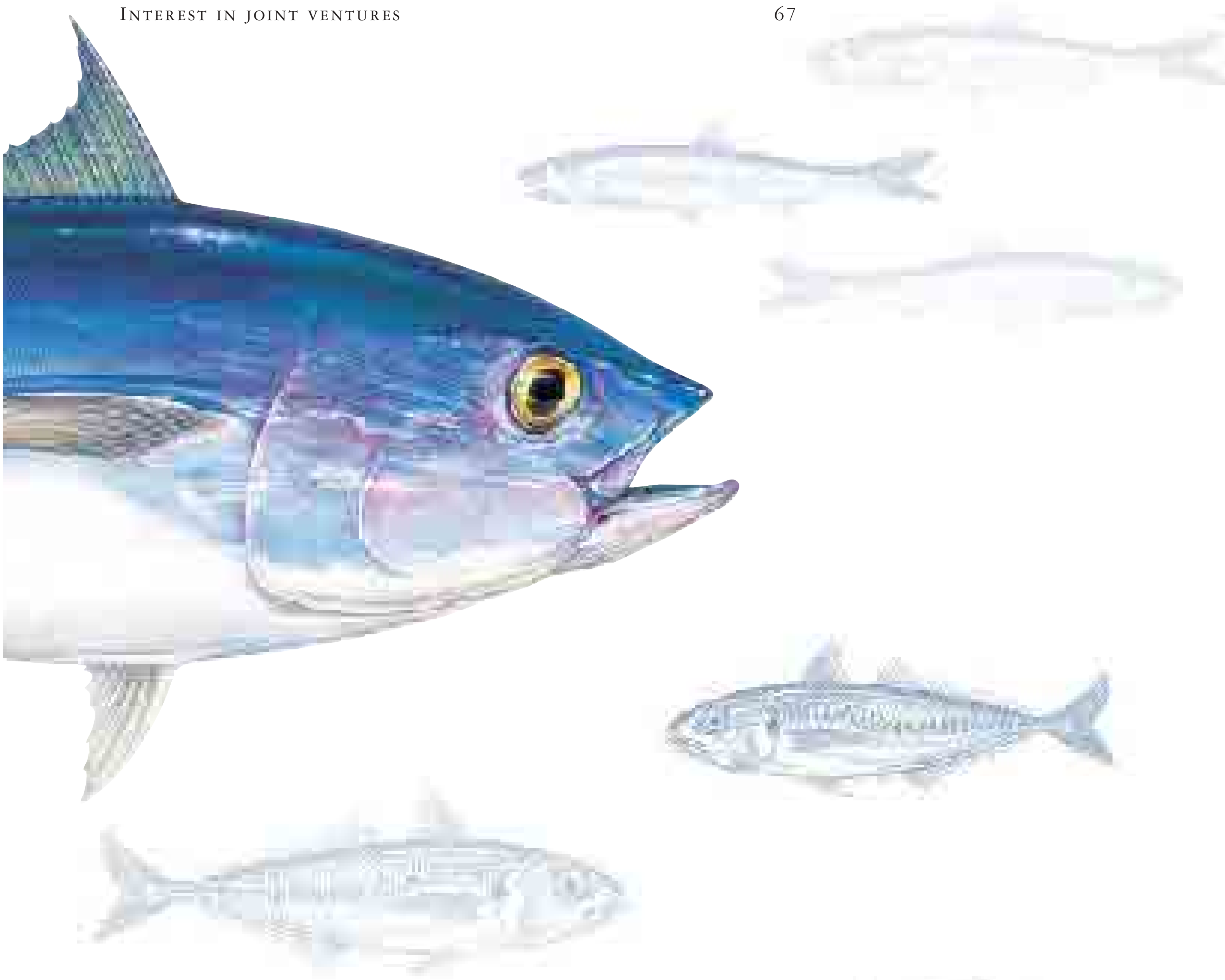








Approval of annual financial statements	40
Report of the company secretary	40
Report of the independent auditors	41
Report of the directors	42
Accounting policies	43
Income statements	46
Balance sheets	47
Statements of changes in equity	48
Cash flow statements	49
Notes to the cash flow statements	50
Notes to the annual financial statements	51
Interest in principal subsidiaries and joint ventures	66
Interest in joint ventures	67



Approval of annual financial statements

The annual financial statements for the year ended 30 September 2005, which appear on page 5 and pages 42 to 67, were approved by the board of directors on 9 November 2005 and signed on its behalf by:

DMJ Ncube
Chairman

AB Marshall
Chief executive officer

Report of the company secretary

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

JD Cole
Company secretary

9 November 2005

To the members of Oceana Group Limited

We have audited the annual financial statements and group annual financial statements of Oceana Group Limited set out on page 5 and pages 42 to 67. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

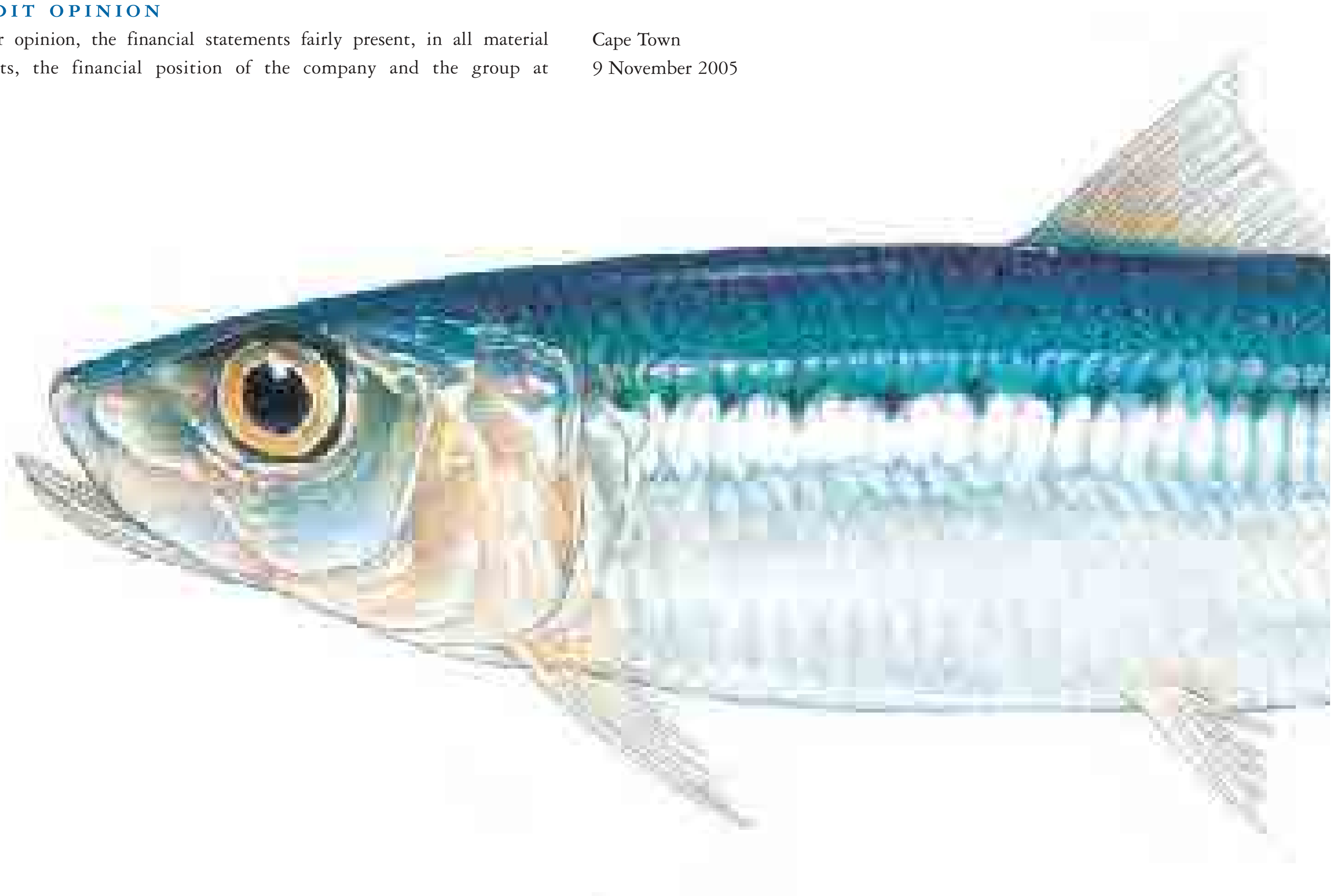
AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 30 September 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

Deloitte & Touche.

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Cape Town
9 November 2005



Your directors submit their annual report which forms part of the annual financial statements for the year ended 30 September 2005.

NATURE OF BUSINESS AND OPERATIONS

The principal activities of the company and its subsidiaries are detailed in the group profile and the group at a glance sections on pages 2 and 7 of this report. In addition, the group also carries on the business of investing funds surplus to its immediate requirements.

SHARE CAPITAL

During the year under review 2 158 000 shares were allotted in terms of the company's share option scheme increasing the issued share capital by R2 158. Premiums totalling R14 418 491 in respect of these allotments have been credited to the share premium account. Details of the authorised and issued share capital of the company are set out in note 18 to the annual financial statements.

FINANCIAL RESULTS

The results for the year under review are reflected in the income statements on page 46 of this report.

DIVIDENDS

Dividends paid during the year and dividends declared after the reporting date are set out in note 9 to the annual financial statements.

DIRECTORS AND OFFICERS

The names of the present directors appear on page 8 and the name, business and postal address of the secretary appear on the inside back cover.

DIRECTORS' SHAREHOLDING

Details of shares issued to directors during the year are as below. These share issues result from the exercise of share options.

	2005	2004
	Number of shares	
AB Marshall	321 000	284 000
RG Nicol	135 000	128 000
	456 000	412 000

The aggregate direct and indirect beneficial interest of the directors in the issued share capital of the company at 30 September was as follows:

	2005	2004
	Number of shares	
BP Connellan	500	500
LT Langeni	500	
RG Nicol	347 000	212 000
	348 000	212 500

No director holds 1% or more of the issued share capital of the company and details of their individual interests in options held in terms of the Oceana Group (1985) Share Option and Share Purchase Schemes are set out in the remuneration report.

No material change has taken place in the extent of the above interests since the year end.

SUBSIDIARIES AND JOINT VENTURES

Details of subsidiaries and joint ventures are given in separate schedules on pages 66 and 67 of this report.

The interest of the company for the year in the total profits and losses after taxation of its subsidiaries and joint ventures, was as follows:

	2005 R'000	2004 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	132 705	156 618
Total losses after taxation attributable to shareholders of Oceana Group Limited	37 899	3 328

HOLDING COMPANY

At year end the holding company was Ocfish Holding Company Limited, which held 46,3% of the issued share capital.

POST BALANCE SHEET EVENT

No material event has occurred since the end of the financial year.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate the following principal accounting policies which are consistent in all material respects with those followed during the previous financial year.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries. Operating results of subsidiaries acquired or disposed of during the reporting period are included from or to the date of acquiring or relinquishing control. All intercompany transactions and balances between group companies are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of acquisition and the minority's share of changes in equity since the date of acquisition. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Comparative figures

When an accounting policy is altered, comparative figures are restated in accordance with the new policy.

Foreign currencies

Transactions in currencies other than the group reporting currency (rand) are recorded at the rate of exchange ruling on the dates of the transactions.

Assets and liabilities at the year end arising from foreign transactions have been translated to rand at the rates of exchange ruling at that date. Profits or losses on translation are accounted for in the income statement in the year in which they arise.

Assets and liabilities of foreign subsidiaries are translated at rates of exchange approximating those ruling at year end. Income and expenditure of foreign subsidiaries are translated at the weighted average rate of exchange during the year. Profits or losses arising on the translation of foreign subsidiaries are taken directly to the foreign currency translation reserve, which is a non-distributable reserve, until the disposal of the investment at which time exchange differences are recognised in operating profit.

Revenue

Revenue comprises the selling value of goods delivered, for which title has passed, and services rendered during the year excluding value added tax, after deducting normal discounts and rebates. In the determination of revenue, transactions within the group are excluded.

Dividend income from subsidiaries and investments is recognised when the shareholders' rights to receive payments have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Research and development

Expenditure on research and development is charged to operating profit in the year in which it is incurred.

Abnormal items

Abnormal items are those items which, because of their size, nature or incidence make their disclosure relevant to explain the performance of the group.

Earnings per share

Earnings per share is based on net profit attributable to ordinary shareholders and basic headline earnings per share and diluted headline earnings per share are calculated in accordance with the requirements of Circular 7/2002 – Headline Earnings issued by the South African Institute of Chartered Accountants.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Maintenance and repairs are charged to operating profit when incurred. Borrowing costs are expensed as incurred.

Depreciation has not been provided on land.

Buildings on freehold land are depreciated on the straight-line basis over their estimated useful lives.

Buildings on leasehold land are amortised over the period of the leases.

The following depreciation rates are applied on the straight-line basis to the cost of property, plant and equipment:

	% per annum
Buildings	2
Plant	10 – 30
Furniture and equipment	10
Vehicles	20
Fishing vessels	10 – 20
Fishing nets	33

Where a diminution in value of an asset or group of assets is identified, the deficit is charged to operating profit as an impairment loss.

Goodwill, trademarks and fishing rights

Goodwill, being the excess of the cost of the shares acquired over the fair value of net assets of subsidiaries at dates of acquisition, is capitalised and subject to an annual impairment test.

Negative goodwill, which represents the excess of the group's interest in the fair value of the identifiable assets and liabilities acquired over the cost of acquisition, is recognised in operating profit.

Trademarks and fishing rights are capitalised and amortised on the straight-line basis over their expected useful lives (which vary from five to twenty years), except for those which are deemed to have an indefinite useful life and are subject to an annual impairment test.

Joint ventures

Joint ventures are those entities over which there are contractual agreements whereby the group and one or more other venturers undertake an economic activity, which is subject to joint control.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the attributable share of each of the assets, liabilities, income and expenses and cash flows of the jointly controlled entity is combined on a line-by-line basis with similar items in the group's annual financial statements.

The consolidated cash flow statement includes the group's share of the cash flows of jointly controlled entities.

A proportionate share of intercompany items is eliminated.

Any difference between the cost of acquisition and the group's fairly valued share of the identifiable net assets is recognised and treated according to the group's accounting policy for goodwill.

Appropriate adjustments are made to align accounting policies of the jointly controlled entity with those of the group, where these are different.

Investments

Loans are stated at their nominal values, reduced by provisions for estimated irrecoverable amounts.

Inventories

Inventories are stated at the lower of cost and net realisable value using the specific cost to value goods purchased for resale, while the first-in first-out or average method is used to value finished goods and consumable stores.

The cost of finished goods includes all direct variable costs and an appropriate proportion of fixed overhead expenditure.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term deposits held with banks and preference shares administered by banks, all of which are available for use by the group. For purposes of the cash flow statement, cash and cash equivalents are stated net of bank overdrafts.

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 occur, and where a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, accounts receivable, accounts payable, bank overdrafts and derivative financial instruments.

Accounts receivable are recorded at originated cost. Provisions for irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Accounts payable are initially recorded at cost, and are remeasured to fair value at subsequent reporting dates.

Financial instruments are offset when the group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. Gains or losses arising from a change in fair value of financial instruments that are not part of a hedging relationship are recognised in the income statement in the year in which the change arises.

When a derivative instrument is designated as a cash flow hedge of an asset, liability or expected future transaction, the effective part of any gain or loss arising in the derivative instrument is classified as a hedging reserve in the statement of changes in equity until the underlying transaction occurs. The ineffective part of any gain or loss is immediately recognised in the income statement. If the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the hedging reserve to the underlying asset or liability.

Deferred taxation

Deferred taxation is provided on the balance sheet liability method on the comprehensive basis in respect of net temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of assessable tax profit. In general, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Pension obligations

The group provides for its employees a defined benefit plan and defined contribution plans, the assets of which are held in separate trustee-administered pension and provident funds. These funds are governed by the Pension Funds Act, 1956 (Act 24). The plans are funded by payments from employees and group companies. In respect of the defined contribution plans, company contributions are established in terms of the rules governing those plans. In respect of the defined benefit plan, company contributions are based on the recommendations of independent actuaries.

The accounting and disclosure of retirement obligations has been prepared in accordance with the principles and methods prescribed in terms of accounting statement AC116. This statement requires an enterprise to recognise a "liability" when an employee has provided service for employee benefits to be paid in the future, and an "expense" when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

In respect of the defined benefit plan, all actuarial gains and losses are spread over the average remaining service lives of employees. To the extent that there is uncertainty as to the entitlement of any surplus, no asset is recognised.

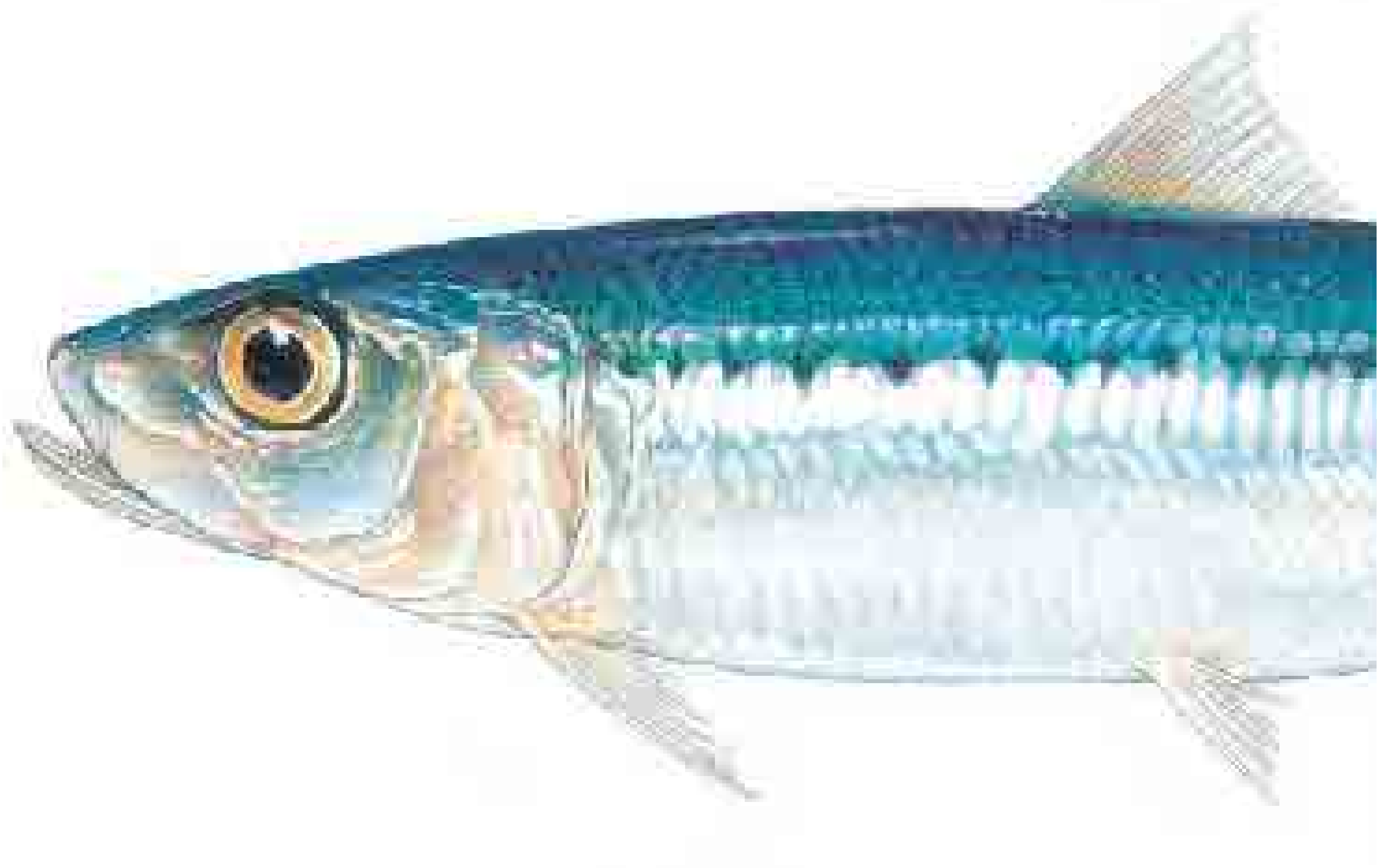
In respect of the defined contribution plans, the pension accounting costs are assessed as the actual contributions paid by the group in terms of the relevant fund's rules.

Post-retirement medical obligations

The group provides post-retirement health care benefits to certain of its retirees. This practice has been discontinued and this benefit is no longer offered to current employees or new employees. The potential liability in respect of eligible retirees has been provided for in the financial statements using the projected unit credit method. Valuations of these obligations are carried out every year by independent qualified actuaries.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.



Income statements

for the year ended 30 September 2005

		Group		Company	
	Note	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Revenue	1	2 576 513	2 487 502	19 601	19 817
Cost of sales		1 812 179	1 704 794		
Gross profit		764 334	782 708	19 601	19 817
Sales and distribution expenditure		280 808	256 422		
Marketing expenditure		15 759	18 952		
Overhead expenditure		282 693	285 851	18 346	16 819
Operating profit before abnormal items	2	185 074	221 483	1 255	2 998
Abnormal items	4	(27 830)	4 949	20 455	(1 078)
Operating profit		157 244	226 432	21 710	1 920
Dividend income	5	1	2 976	131 938	190 266
Interest received	6	29 047	20 900	30 121	23 475
Interest paid	6	(2 440)	(4 283)	(12 342)	(12 268)
Profit before taxation		183 852	246 025	171 427	203 393
Taxation	7	64 859	78 522	6 789	5 013
Profit after taxation		118 993	167 503	164 638	198 380
Attributable to outside shareholders in subsidiaries		7 455	3 123		
Net profit attributable to shareholders of Oceana Group Limited		111 538	164 380	164 638	198 380
Headline earnings	8	122 455	157 557		
Earnings per share (cents)	8				
– Basic		100.0	150.1		
– Diluted		99.4	147.2		
Headline earnings per share (cents)	8				
– Basic		109.8	143.8		
– Diluted		109.1	141.1		
Dividends per share (cents)	9	74.0	76.5		
– Interim paid		15.0	17.5		
– Final declared after reporting date		59.0	59.0		
Headline dividend cover (times)		1,5	1,9		

at 30 September 2005

	Note	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
Assets					
Non-current assets		388 765	460 496	123 720	240 642
Property, plant and equipment	10	279 413	310 389	396	665
Goodwill and other intangibles	11	52 839	53 978		
Deferred taxation	12	13 588	20 990	198	192
Investments	13	42 925	75 139	435	435
Oceana Group Share Trust	14			8 748	5 146
Interest in subsidiaries and joint ventures	15			113 943	234 204
Current assets		1 080 990	1 011 406	370 798	155 084
Inventories	16	242 413	309 288		
Accounts receivable	17	457 996	502 380	2 095	2 104
Cash and cash equivalents		380 581	199 738	368 703	152 980
Total assets		1 469 755	1 471 902	494 518	395 726
Equity and liabilities					
Capital and reserves		890 894	848 613	483 388	387 147
Share capital and premium	18	55 480	41 396	56 460	42 040
Non-distributable reserves	19	12 025	12 930		
Distributable reserves		823 389	794 287	426 928	345 107
Interest of outside shareholders		21 192	14 577		
Non-current liabilities					
Deferred taxation	12	22 453	24 287		
Current liabilities		535 216	584 425	11 130	8 579
Accounts payable	20, 27	394 389	452 799	8 350	7 775
Provisions	21, 27	17 542	23 188	615	537
Taxation		25 899	26 155	2 165	267
Bank overdrafts		97 386	82 283		
Total equity and liabilities		1 469 755	1 471 902	494 518	395 726

Statements of changes in equity

for the year ended 30 September 2005

	Note	Share capital and premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Group					
Balance at 30 September 2003		32 894	22 497	713 472	768 863
Shares issued		8 630	–	–	8 630
Increase in treasury shares held by share trust		(128)	–	–	(128)
Movement on foreign currency translation reserve		–	(9 567)	–	(9 567)
Net profit for the year		–	–	164 380	164 380
Profit on sale of treasury shares		–	–	250	250
Dividends	9	–	–	(83 815)	(83 815)
Balance at 30 September 2004		41 396	12 930	794 287	848 613
Shares issued		14 420	–	–	14 420
Increase in treasury shares held by share trust		(336)	–	–	(336)
Movement on foreign currency translation reserve		–	(905)	–	(905)
Net profit for the year		–	–	111 538	111 538
Profit on sale of treasury shares		–	–	238	238
Dividends	9	–	–	(82 674)	(82 674)
Balance at 30 September 2005		55 480	12 025	823 389	890 894
Company					
Balance at 30 September 2003		33 410		230 688	264 098
Shares issued		8 630		–	8 630
Net profit for the year		–		198 380	198 380
Dividends	9	–		(83 961)	(83 961)
Balance at 30 September 2004		42 040		345 107	387 147
Shares issued		14 420		–	14 420
Net profit for the year		–		164 638	164 638
Dividends	9	–		(82 817)	(82 817)
Balance at 30 September 2005		56 460		426 928	483 388

for the year ended 30 September 2005

	Note	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
Cash flow from operating activities					
Operating profit before abnormal items		185 074	221 483	1 255	2 998
Adjustment for non-cash and other items		59 496	57 822	382	399
Depreciation, amortisation and impairment loss		58 168	59 454	304	399
Research and development expenditure		845	768		
Other non-cash items		483	(2 400)	78	
Cash operating profit before working capital changes		244 570	279 305	1 637	3 397
Working capital changes	A	33 989	(55 860)	584	1 957
Cash generated from operations		278 559	223 445	2 221	5 354
Interest received		29 047	20 900	30 121	23 475
Dividend income		1	2 976	131 938	190 266
Interest paid		(2 440)	(4 283)	(12 342)	(12 268)
Taxation paid	B	(62 366)	(104 766)	(4 897)	(5 140)
Dividends paid	C	(83 587)	(86 464)	(82 817)	(83 961)
Net cash flow from operating activities		159 214	51 808	64 224	117 726
Cash flow (applied to)/generated from investing activities		(16 119)	(153 899)	137 079	(147 508)
Replacement capital expenditure		(43 429)	(36 156)	(57)	(94)
Expansion capital expenditure		(2 643)	(57 144)		
Cash-related abnormal items		(1 347)	–		
Disposal/(acquisition) of business	D, E	16 745	(70 515)		
Research and development expenditure		(845)	(768)		
Proceeds on disposal of property, plant and equipment		6 413	12 949	7	–
Acquisition of investments				–	(73 177)
Proceeds on disposal of investments		12	332	26 781	–
Net movement on loans and advances		8 975	(2 597)	110 348	(74 237)
Net cash inflow/(outflow) before financing activities		143 095	(102 091)	201 303	(29 782)
Cash flow from financing activities		17 822	18 459	14 420	8 630
Proceeds from issue of share capital net of treasury shares		14 084	8 502	14 420	8 630
Profit on sale of treasury shares		238	250		
Short-term borrowings raised		3 500	9 707		
Net increase/(decrease) in cash and cash equivalents		160 917	(83 632)	215 723	(21 152)
Net cash and cash equivalents at the beginning of the year	F	117 455	205 040	152 980	174 132
Effect of exchange rate changes		4 823	(3 953)		
Net cash and cash equivalents at the end of the year	F	283 195	117 455	368 703	152 980

		Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
A.	**Working capital changes are calculated as follows**				
	Inventories	65 686	(88 010)		
	Accounts receivable	(43 828)	(13 309)	9	3 572
	Accounts payable	12 131	45 459	575	(1 615)
	Total working capital changes	33 989	(55 860)	584	1 957
B.	**Taxation paid is reconciled to the amounts disclosed in the income statement as follows**				
	Amounts unpaid at the beginning of the year, net	(12 179)	(48 653)	(267)	(510)
	Per the income statement (Note 7)	(60 003)	(67 697)	(6 795)	(4 897)
	Adjustment in respect of businesses disposed/(acquired)	907	(549)		
	Exchange rate difference	96	(46)		
	Amounts unpaid at the end of the year, net	8 813	12 179	2 165	267
	Cash amounts paid	(62 366)	(104 766)	(4 897)	(5 140)
C.	**Dividends paid are reconciled as follows**				
	Per the statements of changes in equity (Note 9)	(82 674)	(83 815)	(82 817)	(83 961)
	Dividends paid to outside shareholders	(913)	(2 649)		
	Cash amounts paid	(83 587)	(86 464)	(82 817)	(83 961)
D.	**Acquisition of business**				
	Property, plant and equipment		(834)		
	Goodwill		(19 279)		
	Trademarks		(17 809)		
	Deferred taxation asset		(355)		
	Inventories		(29 603)		
	Accounts receivable		(26 769)		
	Accounts payable		23 585		
	Taxation		549		
	Cash and cash equivalents		(2 662)		
	Cash movement on acquisition		(73 177)		
	Cash and cash equivalents acquired		2 662		
	Net cash movement on acquisition of business		(70 515)		
E.	**Disposal of businesses**				
	Property, plant and equipment and investments	3 783			
	Inventories	298			
	Accounts receivable	78 971			
	Cash and cash equivalents	11 804			
	Accounts payable, provisions and minorities	(72 085)			
	Deferred taxation liability	725			
	Taxation	(907)			
	Surplus on disposal	5 960			
	Cash movement on disposal	28 549			
	Less cash and cash equivalents disposed	(11 804)			
	Net cash movement on disposal of business	16 745			
F.	**Net cash and cash equivalents**				
	Cash and cash equivalents	380 581	199 738	368 703	152 980
	Bank overdrafts	(97 386)	(82 283)		
		283 195	117 455	368 703	152 980

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
1. Revenue				
The main categories of revenue are set out below:				
Sale of goods				
Inshore fishing	1 470 587	1 333 448		
Midwater and deep-sea fishing	939 091	1 007 779		
Rendering of services				
Commercial cold storage and logistics	166 835	146 275		
Other			19 601	19 817
	2 576 513	2 487 502	19 601	19 817

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
2. Operating profit before abnormal items is arrived at after taking into account the following items				
Income				
Directors' fees from a joint venture			36	27
Management fees from subsidiaries			19 601	19 817
Foreign exchange profit/(loss)	2 075	5 488	(192)	570
Net (loss)/surplus on disposal of property, plant and equipment	(508)	2 400	1	–
Expenditure				
Auditors' remuneration				
fees for audit – current year	3 693	3 601	223	210
fees for audit – prior year under/(over)provision	91	110	(20)	(10)
expenses	64	105		
other services	1 204	693	157	122
	5 052	4 509	360	322
Depreciation of property, plant and equipment				
buildings	5 624	4 239		
plant, equipment and vehicles	30 627	31 128	304	399
fishing vessels and nets	21 917	22 669		
	58 168	58 036	304	399
Amortisation of goodwill and other intangibles	–	1 190		
Administrative, technical and secretarial fees	2 139	3 158	318	502
Management fees paid to related parties				
Tiger Food Brands Limited	448	427	448	427
Real Africa Holdings Limited	–	24	–	24
Movement on liability provisions	945	9 110	78	219
Operating lease expenses				
properties	16 168	13 013	912	825
equipment and vehicles	2 479	2 656		
Research and development expenditure	845	768		
Employment costs	278 716	291 872	9 613	10 987
Retirement costs	20 874	18 229	1 552	1 415

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
3. Directors' emoluments				
Executive directors				
Managerial and other services			4 377	3 598
Gains on exercise of share options			2 472	4 825
			6 849	8 423
Non-executive directors				
Paid by holding company				
Services as directors			1 001	1 015
Detailed information appears in the remuneration report on page 31.				
4. Abnormal items				
Provision for loans, staff retrenchment and other closure costs in Namibian whitefish business	(28 764)	–		
Impairment loss on property, plant and equipment in Namibian whitefish business	(5 580)	–		
Impairment loss on hake fishing vessel	(1 238)	–		
Impairment loss on Australian lobster fishing rights	(1 900)	–		
Net surplus on disposal of property, plant and equipment	2 364	5 072		
Profit/(loss) on change of interest in subsidiaries and joint ventures	7 288	(123)		
Profit/(loss) on disposal of investments			21 663	(1 078)
Impairment loss on investment			(1 208)	–
	(27 830)	4 949	20 455	(1 078)
5. Dividend income				
Subsidiaries			131 938	187 290
Unlisted investments	1	2 976	–	2 976
	1	2 976	131 938	190 266
6. Interest				
Received				
Subsidiaries			14 218	15 519
Joint ventures	5 810	8 044	1 219	928
Unlisted investments and short-term deposits	23 237	12 856	14 684	7 028
	29 047	20 900	30 121	23 475
Paid				
Subsidiaries			(11 593)	(11 705)
Joint ventures	(94)	(922)	–	(4)
Other	(2 346)	(3 361)	(749)	(559)
	(2 440)	(4 283)	(12 342)	(12 268)

		Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
7.	**Taxation**				
7.1	***South African***				
	Current	44 600	55 916	5 923	4 539
	Adjustments in respect of previous years	(532)	(5 735)		
	Abnormal items	(162)	88		
	Withholding	–	91		
	Secondary taxation on companies	7 848	8 357	809	123
		51 754	58 717	6 732	4 662
7.2	***Foreign***				
	Current	9 432	8 736		
	Adjustments in respect of previous years	(1 246)	(585)		
	Withholding	63	829	63	235
		60 003	67 697	6 795	4 897
7.3	***South African deferred taxation***				
	Current	7 235	5 525	(12)	45
	Adjustments in respect of previous years	(835)	4 763	–	71
	Adjustment in respect of change in tax rate	57	–	6	–
7.4	***Foreign deferred taxation***				
	Current	650	(36)		
	Adjustments in respect of previous years	(2 251)	573		
	Taxation charge per income statement	64 859	78 522	6 789	5 013
7.5	***The reconciliation of the effective rate of taxation charge with the standard tax rate is as follows***	%	%	%	%
	Effective rate of taxation	35,3	31,9	3,9	2,5
	Adjustment to rate due to:				
	dividend income	–	0,4	22,3	28,1
	net effect of tax losses	0,1	1,0		
	adjustment in respect of previous years	2,6	0,4	–	(0,1)
	tax effect of unprovided temporary differences	–	0,3		
	exempt income, expenses not allowable for taxation, taxation rate differentials and withholding taxes	(0,4)	(1,2)	(0,2)	(0,2)
	secondary taxation on companies	(4,3)	(3,4)	(0,5)	(0,1)
	abnormal items	(4,3)	0,6	3,5	(0,2)
	Rate of South African normal taxation	29,0	30,0	29,0	30,0
		R'000	R'000		
7.6	***The group's share of tax losses in subsidiaries and joint venture companies available as a deduction from their future taxable incomes amounted to***				
	South African	16 304	9 507		
	Foreign	32 305	73 836		
	Total	48 609	83 343		
	Tax savings effect:				
	before deferred taxation	16 026	28 685		
	after deferred taxation	6 650	17 073		

		Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
8.	**Earnings per share**				
8.1	***Calculation of earnings per share***				
	The calculation of basic earnings per share and basic headline earnings per share is based on 111 524 814 (2004: 109 529 971) shares being the weighted average number in issue during the year net of treasury shares held by the share trust. The calculation of fully diluted earnings per share and fully diluted headline earnings per share is based on 112 245 919 (2004: 111 669 984) shares being the adjusted weighted average number in issue during the year.				
8.2	***Determination of headline earnings***				
	Net profit attributable to shareholders of Oceana Group Limited	111 538	164 380		
	Adjusted for:				
	Provision for loans, staff retrenchment and other closure costs in Namibian whitefish business	14 201	–		
	Impairment loss on property, plant and equipment in Namibian whitefish business	5 580	160		
	Impairment loss in hake fishing vessel	879			
	Impairment loss on Australian lobster fishing rights	1 900	–		
	Net surplus on disposal of property, plant and equipment	(4 540)	(6 567)		
	Profit on change of interest in subsidiaries and joint ventures	(7 103)	(416)		
	Headline earnings for the year	122 455	157 557		
9.	**Dividends**				
	Final of 59.0 cents per share declared on 11 November 2004, paid 17 January 2005 (2004: 59.0 cents)	65 896	64 576	66 010	64 686
	Interim of 15.0 cents per share declared on 5 May 2005, paid 4 July 2005 (2004: 17.5 cents)	16 778	19 239	16 807	19 275
		82 674	83 815	82 817	83 961
	Final of 59.0 (2004: 59.0) cents per share declared after reporting date based on number of shares in issue at balance sheet date	66 141	64 886	66 278	65 005
10.	**Property, plant and equipment**				
10.1	***Land and buildings – cost***				
	Freehold	29 784	34 483		
	Leasehold	80 572	79 893		
		110 356	114 376		
	Accumulated depreciation and amortisation	46 621	42 545		
	Impairment loss	–	2 690		
		63 735	69 141		
10.2	***Plant, equipment and vehicles – cost***	357 793	342 276	2 962	2 968
	Accumulated depreciation	260 357	241 875	2 566	2 303
	Impairment loss	2 378	4 723		
		95 058	95 678	396	665

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
10. Property, plant and equipment *(continued)*				
10.3 Fishing vessels and nets – cost	233 407	259 052		
Accumulated depreciation	111 549	110 005		
Impairment loss	1 238	3 477		
	120 620	145 570		
10.4 Totals				
Cost	701 556	715 704	2 962	2 968
Accumulated depreciation and amortisation	418 527	394 425	2 566	2 303
Impairment loss	3 616	10 890		
	279 413	310 389	396	665

The insured value of the group's property, plant and equipment at 30 September 2005 amounted to R1 800m (2004: R1 662m).

	Freehold land and buildings R'000	Leasehold land and buildings R'000	Plant, equipment and vehicles R'000	Fishing vessels and nets R'000	Total R'000
10.5 Movement of group property, plant and equipment					
2005					
Net balance at the beginning of the year	18 622	50 519	95 678	145 570	310 389
Additions	49	1 171	32 316	12 536	46 072
	18 671	51 690	127 994	158 106	356 461
Disposals	1	–	149	4 392	4 542
Disposal of business	911	90	2 135	4 360	7 496
Depreciation and amortisation	778	4 846	30 627	21 917	58 168
Impairment loss	–	–	–	6 818	6 818
Translation differences	–	–	25	(1)	24
Net balance at the end of the year	16 981	46 754	95 058	120 620	279 413
2004					
Net balance at the beginning of the year	21 178	30 131	74 284	154 596	280 189
Reclassification of opening balance	(1 640)	1 640	–	–	–
Additions	236	22 117	52 248	18 699	93 300
Acquisition of business	–	–	834	–	834
	19 774	53 888	127 366	173 295	374 323
Disposals	282	–	493	4 713	5 488
Depreciation and amortisation	870	3 369	31 128	22 669	58 036
Impairment loss	–	–	–	228	228
Translation differences	–	–	67	115	182
Net balance at the end of the year	18 622	50 519	95 678	145 570	310 389

Details of land and buildings mentioned above are included in a register which is available on request for inspection at the registered office of the company. The group holds no investment properties.

	Company 2005 R'000	Company 2004 R'000
10. Property, plant and equipment *(continued)*		
10.6 Movement of company plant and equipment		
Net balance at the beginning of the year	665	970
Additions	43	94
	708	1 064
Disposals	8	–
Depreciation	304	399
Net balance at the end of the year	396	665

	Trademarks R'000	Goodwill R'000	Fishing rights R'000	Total R'000
11. Goodwill and other intangibles				
2005				
Cost	17 738	18 302	24 162	60 202
Accumulated amortisation	830	–	4 633	5 463
Impairment loss (see note 4)	–	–	1 900	1 900
	16 908	18 302	17 629	52 839
2004				
Cost	18 007	21 688	27 478	67 173
Accumulated amortisation	843	3 107	7 002	10 952
Impairment loss	–	–	2 243	2 243
	17 164	18 581	18 233	53 978
Movement of goodwill and other intangibles				
2005				
Net balance at the beginning of the year	17 164	18 581	18 233	53 978
Translation differences on cost	(269)	(279)	1 603	1 055
	16 895	18 302	19 836	55 033
Impairment loss	–	–	(1 900)	(1 900)
Translation differences on amortisation	13	–	(307)	(294)
	16 908	18 302	17 629	52 839
2004				
Net balance at the beginning of the year	–	–	20 706	20 706
Acquisitions	17 808	19 279	–	37 087
Translation differences on cost	(676)	(698)	(1 567)	(2 941)
	17 132	18 581	19 139	54 852
Amortisation	–	–	(1 190)	(1 190)
Translation differences on amortisation	32	–	284	316
	17 164	18 581	18 233	53 978

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
12. Deferred taxation				
Net balance at the beginning of the year	(3 297)	7 194	192	308
Disposal of business	(725)	–		
Acquisition of business	–	342		
Exchange rate adjustment	13	(8)		
Adjustment in respect of change in tax rate	(57)	–	(6)	–
Charged to income	(4 799)	(10 825)	12	(116)
Net balance at the end of the year	(8 865)	(3 297)	198	192
Arising as a result of:				
Deferred taxation assets				
Property, plant and equipment	1 151	251		
Trademarks	3 364	4 492		
Provisions and other	9 073	16 247	198	192
Total per balance sheet	13 588	20 990	198	192
Deferred taxation liabilities				
Property, plant and equipment	(26 064)	(27 545)		
Other	(3 142)	(8 049)		
Taxation loss relief	6 753	11 307		
Total per balance sheet	(22 453)	(24 287)		
Aggregate amount of deductible temporary differences, unused taxation losses and unused taxation credits for which no deferred taxation asset is recognised in the balance sheet in terms of group policy	19 479	49 458		
13. Investments				
Loans	158 600	117 355	272	272
Less: Provisions	115 863	42 404		
Net loans	42 737	74 951	272	272
Other	188	188	163	163
	42 925	75 139	435	435

Loans are secured by marine bonds over vessels, mortgage bonds over land and buildings and notarial bonds over plant and equipment. Repayment terms vary depending on the nature of the loan. Interest rates charged are floating and approximate prevailing market rates.

The full value of loans to joint venture companies in the Namibian hake sector is included in the 2005 group figures above. These joint ventures were proportionately consolidated in prior years.

14. Oceana Group Share Trust

The Oceana Group Share Trust was formed to finance the purchase of shares in the company by employees of the group. The loans are secured by pledge of the shares purchased in terms of the scheme, and are repayable within 10 years.

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
Interest-bearing at 8% per annum (2004: 9%)			7 385	2 955
Interest-free			923	1 821
Distribution accrued			440	370
Total			8 748	5 146

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
15. Interest in subsidiaries and joint ventures				
Shares at cost, less amounts written off			149 671	151 306
Amounts owing by			148 390	240 332
			298 061	391 638
Amounts owing to			184 118	157 434
			113 943	234 204
Loans to and from subsidiaries and joint ventures are unsecured and have no fixed terms of repayment. Interest rates are floating and approximate prevailing market rates.				
Details of subsidiary and joint venture companies are set out in separate schedules on pages 66 and 67 of this report.				
16. Inventories				
Raw materials	12 845	26 067		
Work in progress	7 180	6 956		
Finished goods	202 896	262 084		
Consumable stores	19 492	14 181		
	242 413	309 288		
Carrying amount of inventories written down to net realisable value	–	20 670		
17. Accounts receivable				
Trade	412 521	452 215	–	925
Loans and advances	8 763	6 897		
Prepayments	16 171	18 637	41	42
SARS – VAT and provisional taxation	39 469	37 233		
Accrued income and other	12 288	19 828	2 054	1 137
	489 212	534 810	2 095	2 104
Less: Provisions for irrecoverable amounts	31 216	32 430		
	457 996	502 380	2 095	2 104
18. Share capital and premium				
18.1 Ordinary shares of 0.1 cents each				
Authorised share capital:				
120 000 000 (2004: 120 000 000) shares	120	120	120	120
Issued share capital:				
112 335 900 (2004: 110 177 900) shares	112	110	112	110
Share premium	56 348	41 930	56 348	41 930
	56 460	42 040	56 460	42 040
Less: Treasury shares held by the share trust 231 500 (2004: 202 000) shares	980	644		
	55 480	41 396	56 460	42 040

	Group 2005	Group 2004	Company 2005	Company 2004
18. Share capital and premium *(continued)*				
18.2 Unissued shares	Number of shares		Number of shares	
Under option in terms of company's share option scheme	5 880 000	7 833 000	5 880 000	7 833 000
at 350 cents per share exercisable until 1 March 2009	8 000	123 000	8 000	123 000
at 375 cents per share exercisable until 21 September 2009	28 000	672 000	28 000	672 000
at 500 cents per share exercisable until 6 January 2010	–	33 000	–	33 000
at 690 cents per share exercisable until 10 October 2010	785 000	1 676 000	785 000	1 676 000
at 1 105 cents per share exercisable until 23 October 2011	1 268 000	1 831 000	1 268 000	1 831 000
at 1 440 cents per share exercisable until 1 February 2012	55 000	55 000	55 000	55 000
at 1 560 cents per share exercisable until 13 November 2012	1 579 000	1 781 000	1 579 000	1 781 000
at 1 624 cents per share exercisable until 11 November 2013	1 497 000	1 662 000	1 497 000	1 662 000
at 1 600 cents per share exercisable until 24 November 2014	660 000	–	660 000	–
Under control of the directors for the purposes of the Oceana Group (1985) Share Purchase Scheme and the Oceana Group (1985) Share Option Scheme	1 784 100	1 989 100	1 784 100	1 989 100
	R'000	R'000	R'000	R'000
19. Non-distributable reserves				
Net reserves arising on consolidation	7 657	7 657		
Statutory reserve	400	400		
Capital redemption reserve fund	90	90		
Foreign currency translation reserve	3 878	4 783		
	12 025	12 930		
20. Accounts payable				
Trade	196 805	225 882	478	513
Payroll-related accruals	33 013	29 352	2 656	3 148
Short-term loans and advances	20 517	17 017	–	–
VAT payable	5 620	6 145	530	491
Accruals and other payables	138 434	174 403	4 686	3 623
	394 389	452 799	8 350	7 775
21. Provisions				
Agency and supplier claims				
Balance at the beginning of the year	4 821	2 890		
Net (credit)/charge to operating profit	(3 045)	4 675		
Utilised during the year	(171)	(2 744)		
Balance at the end of the year	1 605	4 821		
Post-retirement medical aid				
Balance at the beginning of the year	305	1 929	47	304
Net (credit)/charge to operating profit	–	(124)	–	171
Disposal of business	(28)	–		
Utilised during the year	–	(1 500)	–	(428)
Balance at the end of the year	277	305	47	47

	Group 2005 R'000	Group 2004 R'000	Company 2005 R'000	Company 2004 R'000
21. Provisions *(continued)*				
Ex gratia retirement provision				
Balance at the beginning of the year	5 547	5 544		
Net charge to operating profit	101	407		
Utilised during the year	(204)	(404)		
Balance at the end of the year	5 444	5 547		
Leave pay				
Balance at the beginning of the year	10 759	10 253	490	442
Net charge to operating profit	2 678	3 971	78	48
Utilised during the year	(3 370)	(3 465)	–	–
Disposal of business	(593)	–	–	–
Balance at the end of the year	9 474	10 759	568	490
Other				
Balance at the beginning of the year	1 756	2 836		
Net charge to operating profit	1 211	181		
Utilised during the year	(2 225)	(1 261)		
Balance at the end of the year	742	1 756		
Total				
Balance at the beginning of the year	23 188	23 452	537	746
Net charge to operating profit	945	9 110	78	219
Utilised during the year	(5 970)	(9 374)	–	(428)
Disposal of business	(621)	–		
Balance at the end of the year	17 542	23 188	615	537
22. Commitments				
22.1 ***Capital commitments***				
Approved capital expenditure is as follows:				
Contracted	703	2 246	–	104
Not contracted	96 222	68 662	601	101
	96 925	70 908	601	205
Capital expenditure will be financed from the group's cash resources or borrowings.				
22.2 ***Operating lease commitments***				
The future minimum lease payments under operating leases are as follows:				
Land and buildings				
Not later than one year	13 529	14 603	983	955
Later than one year but not later than five years	53 877	54 429	4 063	770
Later than five years	60 133	70 001	178	
	127 539	139 033	5 224	1 725

Prior year figures have been restated as explained in note 27.3

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
22. Commitments *(continued)*				
Plant, equipment and vehicles				
Not later than one year	615	776		
Later than one year but not later than five years	1 557	2 381		
Later than five years	193	204		
	2 365	3 361		
Total operating lease commitments				
Not later than one year	14 144	15 379	983	955
Later than one year but not later than five years	55 434	56 810	4 063	770
Later than five years	60 326	70 205	178	
	129 904	142 394	5 224	1 725
23. Number of employees				
Permanent employees at year end	1 325	1 659	24	24

24. Retirement benefits

The group provides a total of seven retirement plans that cover all employees. The plans consist of one defined benefit pension fund, one defined contribution pension fund, four defined contribution provident funds and a defined contribution retirement fund into which the group contributes. 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. The Oceana Group Pension Fund which is not exempt from valuation must, in terms of the Pension Funds Act, be valued at least every three years. At the date of the last valuation on 30 September 2003, the fund was confirmed to be in a financially sound condition. For purposes of production of disclosures, in order to comply with the requirements of AC116, a valuation has been performed by independent actuaries, using the projected unit credit method. A roll forward projection from the prior completed actuarial valuation was used, taking account of actual subsequent experience.

	Group	
	2005 R'000	2004 R'000
Balance at the end of the year		
Present value of funded defined benefit obligations	(2 236)	(1 980)
Fair value of plan assets in respect of defined benefit obligations	14 017	12 361
Funded status of defined benefit plans	11 781	10 381
Unrecognised actuarial (gains)/losses	(645)	(238)
Asset not recognised at balance sheet date	(11 136)	(10 143)
Liability at balance sheet date	–	–

In respect of those retirement arrangements which disclosed a positive funded status, no assets have been recognised by the group. The disclosure of the funded status is for accounting purposes only, and does not necessarily indicate any assets available to the group. Only once the surplus apportionment exercise is completed and approved by the Financial Services Board in terms of the provisions of the Pension Funds Second Amendment Act, 2001, will it be appropriate for the group to recognise any assets in respect of the retirement funds, to the extent that the group is apportioned such assets. In addition, the impact of the Amendment Act insofar as minimum individual reserves are concerned, has not been taken into account. The surplus appointment date for the Oceana Group Pension Fund and the Oceana Group Executive Provident Fund is 30 September 2004. The Final Scheme of Apportionment should be submitted to the Financial Services Board for approval during the 2006 financial year.

24. Retirement benefits *(continued)*

	Group 2005 R'000	Group 2004 R'000
Movement in the liability recognised in the balance sheet:		
Opening balance	–	–
Asset not recognised at the beginning of the year	10 143	9 601
Balance at the beginning of the year	10 143	9 601
Contributions paid	19 652	17 946
Other expenses included in staff costs	(29 795)	(27 547)
Current service cost	(19 646)	(17 924)
Interest cost	(190)	(224)
Expected return on plan assets	1 177	926
Net actuarial gains recognised during the year	–	(182)
Asset not recognised at balance sheet date	(11 136)	(10 143)
Balance at the end of the year	–	–
The principal actuarial assumptions used for accounting purposes relating to the defined benefit obligations were:		
Discount rate net of tax	7,75%	9,50%
Inflation rate	5,00%	5,00%
Expected return on plan assets	8,75%	9,50%
Future salary increases	5,75%	6,50%
Future pension increases	5,00%	3,30%

Post-employment medical obligations

The company operates a post employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the company to current employees or new employees. The liabilities are valued annually using the projected unit credit method. The latest full actuarial valuation was performed at 30 September 2005.

	Group 2005 R'000	Group 2004 R'000
Balance at the end of the year		
Present value of obligations	7 339	9 029
Less: Fair value of plan assets	7 744	8 724
(Asset)/liability at balance sheet date	(405)	305
The present value of obligations reduced to a greater extent during the year than the reduction in fair value of plan assets. The resulting asset has not been recognised on the balance sheet.		
Movement in the liability recognised in the balance sheet:		
Balance at the beginning of the year	305	1 929
Contributions paid	–	(1 500)
Past service cost recognised	–	(124)
Disposal of business	(28)	–
Balance at the end of the year	277	305
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations were:		
Discount rate	7,75%	9,75%
Medical inflation	6,50%	8,50%

25. Related parties

Oceana Group Limited has made loans and advances to certain subsidiaries and joint ventures which are identified on page 66. Interest received on these loans is disclosed in note 6. In addition the company provides secretarial and administrative services to certain subsidiaries and joint ventures as disclosed in note 2.

Management fees paid to Tiger Food Brands Limited and Real Africa Holdings Limited are detailed in note 2.

The board of directors of Oceana Group Limited has given general declarations of interest 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, customers and/or competitors of the Oceana Group. Transactions conducted with these director-related customers and suppliers were on an arm's length basis.

26. Financial risk management

Currency risk

The group is exposed to currency risk in its foreign trading operations, foreign subsidiary companies and foreign currency bank accounts held in South Africa and Namibia. Currency risks arising from foreign trading operations are partially hedged by means of forward exchange contracts and the set-off effect of foreign currency assets and liabilities. The group does not enter into derivative contracts for speculative purposes.

		Group			
		Foreign currency '000	2005 R'000	Foreign currency '000	2004 R'000
Uncovered consolidated foreign currency monetary items					
Assets					
Trade accounts receivable	– US dollar	14 927	95 540	14 775	97 854
	– Sterling	3 508	40 520	3 549	41 599
	– Euro	1 423	11 103	2 874	22 907
	– Australian dollar	–	–	107	491
Cash and cash equivalents	– US dollar	1 253	8 021	3 018	19 767
	– Euro	44	342	–	–
	– Australian dollar	396	1 940	205	938
	– New Taiwanese dollar	18 523	3 593	12 843	2 499
Other accounts receivable	– US dollar	915	5 859	1 409	9 228
	– Sterling	110	1 270	130	1 528
	– Australian dollar	3	16	–	–
			168 204		196 811
Liabilities					
Trade and other accounts payable	– US dollar	2 935	18 782	6 160	40 351
	– Sterling	2 383	27 529	2 528	29 627
	– Euro	69	536	459	3 655
	– Australian dollar	9	44	–	–
	– Yen	–	–	11 890	712
Bank overdrafts	– US dollar	9 434	60 375	9 389	61 496
	– Sterling	742	8 567	216	2 529
	– Euro	795	6 201	–	–
			122 034		138 370

In previous years, only foreign currency monetary items not covered by forward exchange contracts were disclosed. This disclosure has been extended to include the group's foreign exchange exposure arising on consolidation of monetary items of foreign subsidiary companies. Prior year figures have been restated accordingly.

26. Financial risk management *(continued)*

The group holds forward exchange contracts which were entered into to cover foreign currency commitments not yet due and assets not yet receivable which have not been recognised in the balance sheet. The contracts will be utilised for purposes of trade in the 2006 financial year.

Details of these contracts are as follows:

	Foreign currency '000	Average rate	Rands '000
Foreign currency bought			
US dollar	1 138	6,44	7 331
Euro	93	8,05	749
Foreign currency sold			
US dollar	1 703	6,50	11 073
Euro	900	7,81	7 026

Unrealised profits and losses on these forward exchange contracts were recognised in the income statement.

Foreign currency translation differences relating to investments in foreign subsidiaries were included in non-distributable reserves.

Liquidity risk

The group manages its liquidity risk by monitoring cash flows on a daily basis and by maintaining adequate borrowing facilities to meet short-term demands. In terms of the company's articles of association the group's borrowings are unlimited.

Interest rate risk management

Financial assets and liabilities affected by interest rate fluctuations include cash and short-term deposits, loans receivable and bank overdrafts. Interest rates applicable to these assets and liabilities are floating except for short-term deposits which mature within one month of the year end date. Interest rates approximate prevailing market rates in respect of the financial instrument and country concerned with the exception of certain loans referred to in note 13 which have been provided for. The group does not use derivative instruments to manage exposure to interest rate movements.

Credit risk management

Potential concentrations of credit risk consist principally of trade accounts receivable, loans and advances and short-term cash investments. Accounts receivable comprise a large, widespread customer base and group companies perform ongoing credit evaluations of the financial condition of their customers. Loans are secured by marine bonds over vessels, mortgage bonds over land and buildings and notarial bonds over plant and equipment. Advances are short-term and usually recoverable within the fishing season to which they relate. The granting of credit is controlled by application and credit vetting procedures which are reviewed by management and updated on an ongoing basis. The group deposits short-term cash surpluses only with major banks of high-quality credit standing. At 30 September 2005, the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Fair values

The carrying amounts of financial assets and liabilities approximate their fair values at year end.

		Group	Company
		2004	2004
		R'000	R'000
27.	**Restatement of comparative information**		
27.1	***Accounts payable as previously stated***	463 558	8 265
	Less: Provision for leave pay now included in provisions	(10 759)	(490)
	Accounts payable as restated	452 799	7 775
27.2	***Provisions as previously stated***	12 429	47
	Add: Provision for leave pay previously included in accounts payable	10 759	490
	Provisions as restated	23 188	537
27.3	***Operating lease commitments***		
	Land and buildings		
	As previously stated:		
	Not later than one year	14 603	955
	Later than one year but not later than five years	58 887	770
	Later than five years	163 565	
		237 055	1 725
	As restated:		
	Not later than one year	14 603	955
	Later than one year but not later than five years	54 429	770
	Later than five years	70 001	
		139 033	1 725

In prior years, operating lease commitments were calculated based on anticipated escalation rates. Commitments are now calculated using escalation rates only to the extent to which they are contracted.

Name of company	Nature of business	Issued capital	Effective holding		Interest of holding company: Cost of shares		Interest of holding company: Indebtedness	
at 30 September 2005		2005 R	2005 %	2004 %	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Blue Atlantic Trading (Pty) Limited (note 3)	Trade in frozen and other fish products	100	50				10 678	
Blue Continent Products (Pty) Limited	Trade in frozen and other fish products	1 000	100	100	1 932	1 932	(44 924)	36 051
Calamari Fishing (Pty) Limited	Squid, hake, horse mackerel	4 000	100	100			18 616	20 764
Coast Trading Company (Pty) Limited	Rock lobster	30 024	100	100	207	207	(1 279)	(3 215)
Commercial Cold Storage (Pty) Limited	Cold storage	100	100	100			(55 763)	(27 513)
Commercial Cold Storage Group Limited	Investment holding	1 000 000	100	100	6 985	6 985		
Commercial Cold Storage (Ports) (Pty) Limited	Cold storage	100	70	70				
Commercial Cold Storage (Namibia) (Pty) Limited – Namibia	Cold storage	10 000	100	100				
Compass Trawling (Pty) Limited (note 3)	Hake	1 000	37,37	37,37				
Desert Diamond Fishing (Pty) Ltd	Horse mackerel	120	90	100			62 048	52 381
Erongo Marine Enterprises (Pty) Limited – Namibia	Horse mackerel, hake	100	100	100	40 000	40 000	22 793	28 370
Erongo Seafoods (Pty) Limited – Namibia	Horse mackerel, hake	40 000	49	49				
Erongo Sea Products (Pty) Limited – Namibia	Horse mackerel	100	100	100				
Erundu Stevedoring (Pty) Limited – Namibia	Stevedoring	400		75				
Etosha Fisheries Holding Company (Pty) Limited – Namibia (note 3)	Canned fish, fishmeal/oil	9 000	44,9	44,9	10 988	10 988		
Glenryck (UK) Limited – United Kingdom	Canned fish	23	100	100	67 103	67 103	2 884	8 684
Hicksons Fishing Company Limited	Rock lobster, property	140 000	100	100	35	35	300	300
Ikamva Lethu Fishing (Pty) Limited	Rock lobster	2 001	70,02	70,02			2 980	3 500
Interfrost Pty Limited – Australia (note 4)	Rock lobster	20 621 787	100	100	19 413	20 622		
Interpesca SA – Uruguay and Taiwan	Trade in frozen and other fish products	2 163	100	100				
Lamberts Bay Fishing Company Limited	Rock lobster, fishmeal/oil	52 700	100	100	22	22	(3 976)	2 028
Lamberts Bay Foods (Pty) Limited	French fries	100	100	100			22 944	
Namaqua Fishing Company Limited	Rock lobster	100 000	100	100	25	25	400	800
North Bay Fishing Company Limited	Rock lobster	120 000	100	100	241	241	2 000	2 000
Oceana International Limited	Horse mackerel	23	100		23		2 550	
MFV Romano Paulo Vessel Company (Pty) Limited (note 3)	Rock lobster	3 000	35	35				
South African Sea Products Limited	Rock lobster, fishmeal/oil and retail operations	965 500	100	100	966	966	(13 840)	(40 541)
Stephan Rock Lobster Packers Limited	Rock lobster	200 000	51	51	25	25	197	2 063
St Helena Bay Fishing Industries Limited	Canned fish, fishmeal/oil and rock lobster	600 000	100	100	1 706	1 706	(54 558)	12 706
TRT Shipping Services (Pty) Limited	Shipping, clearing and forwarding, bunkers	100		100				(7 539)
TRT Shipping Services (Namibia) (Pty) Limited – Namibia	Shipping, clearing and forwarding, bunkers	100		100				
Tuna Marine (Pty) Limited	Abalone	100	100	100			(9 778)	(8 041)
Other						449		100
					149 671	151 306	(35 728)	82 898

Notes:

1. Only principal subsidiaries and joint ventures have been included in the above list, but details of all subsidiaries and joint ventures are available upon request from the company secretary.
2. Included in indebtedness is the company's share of final dividends declared by subsidiaries. These amounts have been offset against intercompany balances for disclosure purposes.
3. Joint venture.
4. Cost of shares is shown net of impairment provision.

	2005	2004
Effective holding	%	%
The amounts below are included in the group's financial statements as a result of the proportionate consolidation of joint ventures. Significant joint ventures include:		
Atlantic Sea Products Controlling (Pty) Limited	–	44,90
Blue Ocean Products (Pty) Limited	–	42,72
Blue Atlantic Trading JV	–	50,00
Blue Atlantic Trading (Pty) Ltd	50,00	–
Realeka JV	52,00	52,00
Compass Trawling (Pty) Limited	37, 37	37,37
Etosha Fisheries Holding Company (Pty) Limited	44,90	44,90
MFV Romano Paulo Vessel Company (Pty) Limited	35,00	35,00
	R'000	R'000
Income statement		
Revenue	122 011	145 811
Expenses	(102 597)	(113 115)
Operating profit before abnormal items	19 414	32 696
Abnormal items	(4 677)	–
Net interest and dividends (paid)/received	(3 246)	191
Profit before taxation	11 491	32 887
Taxation	(886)	(1 693)
Net profit after taxation	10 605	31 194
Balance sheet		
Property, plant and equipment and fishing rights	18 152	35 868
Investments	22	22
Current assets	52 964	45 991
Current liabilities		
– Interest-bearing	(12 515)	(14 302)
– Interest-free	(27 419)	(38 096)
Deferred taxation	(990)	(1 551)
Cash flow statement		
Operating profit	19 414	32 696
Adjustments for non-cash items	5 095	6 297
Working capital changes	9 174	(8 688)
Cash flows from operations	33 683	30 305
Net interest and dividends received	(3 245)	191
Taxation paid	(1 370)	(1 925)
Net cash flows from operating activities	29 068	28 571
Cash flows from investing activities	4 898	(2 708)
Net increase in cash and cash equivalents	33 966	25 863

at 30 September 2005

	Note	2005	2004	2003	2002	2001
Share performance						
Market price per share (cents)						
Year end		1 520	1 575	1 644	1 550	1 050
Highest		1 670	1 750	1 690	1 580	1 100
Lowest		1 190	1 400	1 250	1 050	686
Price earnings ratio	1	13,8	11,0	9,0	9,6	8,3
Number of transactions	2	2 216	1 324	1 003	1 135	645
Number of shares traded ('000)	2	25 612	14 978	7 698	8 236	8 880
Value of shares traded (R'000)	2	360 207	238 288	118 523	114 003	82 311
Volume of shares traded as a % of total issued shares	2	22,8	13,6	7,1	7,6	8,4
Market capitalisation (R'000)	3	1 707 506	1 735 302	1 783 327	1 669 999	1 113 576
JSE food index (adjusted base 2001 = 100)		245,4	158,3	120,1	119,8	100,0
JSE industrial index (adjusted base 2001 = 100)		182,4	162,8	114,6	106,4	100,0
Oceana Group Limited share price index (adjusted base 2001 = 100)		144,8	150,0	156,6	147,6	100,0

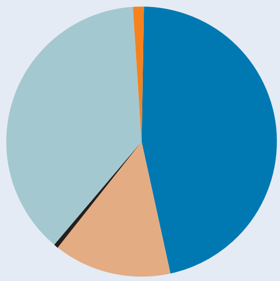
Notes:

1. Market price per share at year end divided by headline earnings per share.
2. Figures based on JSE transactions only.
3. Value of ordinary shares in issue at year end price.

Share ownership

	Number of share-holders	%	Number of shares	%
Holdings				
1 – 5 000 shares	972	71,8	1 200 892	1,1
5 001 – 50 000 shares	284	20,8	4 990 140	4,4
Over 50 000 shares	99	7,3	105 913 368	94,3
	1 355	99,9	112 104 400	99,8
Treasury shares held by share trust	1	0,1	231 500	0,2
	1 356	100,0	112 335 900	100,0
Analysis of holdings				
Ocfish Holding Company Limited	1	0,1	51 954 440	46,3
Tiger Brands Limited	1	0,1	16 148 289	14,4
Directors and employees	426	31,4	1 482 000	1,3
Financial institutions and general public	927	68,3	42 519 671	37,8
	1 355	99,9	112 104 400	99,8
Treasury shares held by share trust	1	0,1	231 500	0,2
	1 356	100,00	112 335 900	100,0

Share ownership – analysis of holdings



- Ocfish Holding Company Limited (46,3%)
- Tiger Brands Limited (14,4%)
- Treasury shares held by share trust (0,2%)
- Financial institutions and general public (37,8%)
- Directors and employees (1,3%)

Holdings in excess of 5%

Ocfish Holding Company Limited	51 954 440	46,3%
Tiger Brands Limited	16 148 289	14,4%
Public Investment Corporation	5 650 330	5,0%

All shareholders are encouraged to attend the annual general meeting of Oceana Group Limited ("the company").

Notice is hereby given that the 88th annual general meeting of the shareholders of the company will be held in the Boardroom, 16th Floor, Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town on Thursday, 9 February 2006 at 14:00, to consider the matters and proposed resolutions (with or without modification) set out in the agenda below.

AGENDA

1. To receive and consider the annual financial statements of the company and the group for the year ended 30 September 2005, and if deemed fit, pass the following ordinary resolution:

Ordinary resolution number 1

"Resolved that the annual financial statements of the company and the group for the year ended 30 September 2005, as set out in the annual report, are hereby approved."

2. In terms of the articles of association of the company, Messrs Lloyd Themba Langeni, Andrew Brian Marshall, Saamsoodein Pather, Roy Vaughan Smither and Robert Albert Williams retire by rotation but, being eligible, offer themselves for re-election. A brief curriculum vitae of each of the aforesaid directors appears on page 71. Accordingly, to consider and, if deemed fit, to re-elect these directors, by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 2.1

"Resolved that Mr Lloyd Themba Langeni be and is hereby elected as director of the company."

Ordinary resolution number 2.2

"Resolved that Mr Andrew Brian Marshall be and is hereby elected as director of the company."

Ordinary resolution number 2.3

"Resolved that Mr Saamsoodein Pather be and is hereby elected as director of the company."

Ordinary resolution number 2.4

"Resolved that Mr Roy Vaughan Smither be and is hereby elected as director of the company."

Ordinary resolution number 2.5

"Resolved that Mr Robert Albert Williams be and is hereby elected as director of the company."

3. To consider and, if deemed fit, to approve the fees of the non-executive directors of the company for the year ending 30 September 2006, by passing the following ordinary resolution:

Ordinary resolution number 3

"Resolved that the non-executive directors' fees for the year ending 30 September 2006 be as follows:

	R
• As chairman of the board	237 500
• As a member of the board	77 500
• As chairman of the audit committee	50 000
• As a member of the audit committee	27 500
• As chairman of the remuneration and nominations committee	38 500
• As a member of the remuneration and nominations committee	22 000
• As a member of the risk committee	22 000
• As chairman of the transformation committee	38 500"

Explanatory note

The chairman of the board will be remunerated for such position as stated above and will not, in addition, receive remuneration for membership of the board. The chairmen of the subcommittees will be remunerated for such positions as stated above and will not, in addition, receive remuneration for membership of the subcommittees.

4. To consider and, if deemed fit, to pass the following ordinary resolution:

Ordinary resolution number 4

"Resolved that 7 664 100 unissued authorised shares in the company, comprising the 1 784 100 unissued shares reserved for shares offered (or to be offered) for sale in terms of the Oceana Group (1985) Share Purchase Scheme, and the remaining 5 880 000 unissued shares to meet the company's existing obligations in terms of the options that have been granted in terms of the Oceana Group (1985) Share Option Scheme, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, No. 61 of 1973 (as amended), the articles of association of the company, and the Listings Requirements of JSE Limited, until the next annual general meeting."

The directors record that they do not intend to grant any new options in terms of the Oceana Group (1985) Share Option Scheme.

5. To consider and, if deemed fit, to pass the following special resolution:

Special resolution number 1

General authority to repurchase company shares

"Resolved that the company hereby approves, as a general approval contemplated in sections 85 and 89 of the Companies Act, No. 61 of 1973 (as amended) ("the Companies Act"), the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company and the provisions of the Companies Act and if, and for so long as, the shares of the company are listed on JSE Limited ("JSE"), subject also to the Listings Requirements of the JSE ("JSE Listings Requirements") as presently constituted and which may be amended from time to time."

Additional information required by the JSE Listings Requirements

It is recorded that the company or any of its subsidiaries shall only be authorised to make a general acquisition of shares on such terms and conditions that the board of directors deem fit, provided that the following requirements of the JSE Listings Requirements, as presently constituted, and which may be amended from time to time, are met:

- any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party (reported trades are prohibited);
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a

cumulative basis, three percent of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the company acquires a further three percent of such shares thereafter, which announcement shall contain full details of such acquisitions;
- acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 20% of the company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;
- in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than ten percent above the weighted average of the market price at which such shares are traded on the JSE for the five business days immediately preceding the date the repurchase transaction is effected;
- the company will not make any repurchase until such time as the company's sponsors have provided the JSE with a letter in relation to the working capital statement set out above (as required in terms of the JSE Listings Requirements); and
- in the case of a derivative (as contemplated in the Listings Requirements of the JSE) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the JSE Listings Requirements.

Statement by the board of directors of the company

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the company hereby states that:
- it is its intention to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
- in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:
  - the company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 months after the date of this notice of the annual general meeting;
  - the consolidated assets of the company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 months after the date of this notice of the annual general meeting;
  - the issued share capital and reserves of the company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 months after the date of approval of this notice of the annual general meeting; and
  - the working capital available to the company and its subsidiaries would, after the repurchase, be adequate for ordinary business purposes for the next 12 months after the date of approval of this notice of the annual general meeting.

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to grant the company a general authority in terms of the Companies Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

6. To consider and, if deemed fit, to pass the following special resolution:

Special resolution number 2

Amendment to memorandum of association to increase authorised share capital

"Resolved that the authorised share capital of the company be increased from R120 000 divided into 120 000 000 ordinary shares of R0,001 each to R200 000, divided into 200 000 000 ordinary shares of R0,001 each and that the first sentence of paragraph 4 of the company's memorandum of association is hereby amended to read:

'The authorised share capital of the company is R200 000 divided into 200 000 000 ordinary shares of R0,001 each.'"

Reason for and effect of special resolution number 2

The reason for the amendment to the memorandum of association is that the company has almost issued all of its authorised share capital. An increase in the authorised share capital of the company will allow the company greater flexibility to make future acquisitions and to issue further shares in the company if necessary or desirable. The effect of the resolution is to increase the authorised share capital of the company from R120 000, comprising 120 000 000 ordinary shares of R0,001 each to R200 000, comprising 200 000 000 ordinary shares of R0,001 each.

7. To consider and, if deemed fit, to pass the following ordinary resolution:

Ordinary resolution number 5

Authorisation of directors

"Resolved that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

8. To transact such other business that may be transacted at an annual general meeting.

General

The annual report to which this notice of this annual general meeting is attached provides details of:
- the directors and managers of the company on pages 8 and 9;
- the major shareholders of the company on page 6;
- the directors' shareholding in the company on page 42;
- the share capital of the company in note 18 on page 58.

There are no material changes to the group's financial or trading position, nor are there any material, legal or arbitration proceedings that may affect the financial position of the group between 30 September 2005 and the reporting date.

The directors, whose names are given on page 8 of the annual report collectively and individually accept full responsibility for the accuracy of the information given in this annual report and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contain all information required by law and the JSE Listings Requirements.

All holders of shares in the company ("shares") are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name on the company's subregister), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and return it to the office of the company secretary by no later than 48 hours prior to the time appointed for the holding of the meeting.

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under JSE Limited's electronic settlement system, Share Transactions Totally Electronic ("STRATE"), held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder, you are not a shareholder of the company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker (or their nominee):

- if you wish to attend the annual general meeting you must contact your CSDP or broker (or their nominee) and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the general meeting but wish to be represented at the meeting, you must contact your CSDP or broker (or their nominee) and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker (or their nominee) within the time period required by your CSDP or broker (or their nominee).

CSDPs or brokers (or their nominees) recorded in the company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company secretary not less than 48 hours prior to the time appointed for the holding of the meeting.

JD Cole
Company secretary

Cape Town
9 November 2005

CURRICULUM VITAE

LT Langeni (49)

BCom

Themba graduated from Fort Hare University in 1979 and commenced employment in the fast moving consumer goods industry, starting with Johnson & Johnson Consumer Division and thereafter Reckitt & Coleman, Nestlé and Seagram. He joined Oceana Brands in 1998 and became its managing director and a member of Exco in 2000. Themba was appointed an executive director of the company in April 2005.

AB Marshall (50)

BCom (Hons)

Andrew graduated from the University of Natal, majoring in marketing and financial management. He spent time with AECI, Gundle Plastics and Nampak in various managerial positions before joining the Oceana Group in February 1999. Andrew is currently CEO of the Oceana Group.

S Pather (55)

BBusSc, BCom (Hons), MBA

Since graduating from the University of Cape Town in 1973, Shams has been actively involved in investment management which included senior executive functions at Colonial Mutual Assurance Company and Southern Life Limited. He is currently a director of Lungisa Investment Holdings (Pty) Limited.

RV Smither (60)

BCom, CA(SA)

Roy obtained his BCom degree in 1966 and qualified as a chartered accountant in 1970. He then spent a number of years working in London and New York for an investment bank. In 1979 he joined the Barlow Rand Group and in 1994 became the CEO of the ICS Group, which was acquired by Tiger Brands in 1998. Roy is currently an executive director of Tiger Brands with responsibility for its fishing interests, its international businesses and investor relations.

RA Williams (65)

BA, LLB

Robbie qualified at the University of Cape Town and joined Barlows Manufacturing Company, where he became the managing director in 1979. In 1983, he was appointed chief executive officer of Tiger Oats. In 1985, he became chairman of CG Smith Foods and Tiger Oats and was appointed to the board of Barlow Rand. Following the unbundling of CG Smith, he remained chairman of Tiger Brands and Illovo Sugar. He is also a director of Nampak, FirstRand and Mutual & Federal.

Triple bottom line reporting

The Oceana Group has adopted the Global Reporting Initiative (GRI) sustainability guidelines on economic, environmental and social performance (otherwise referred to as the "triple bottom line") as a benchmark for the group's sustainability reporting.

GRI benchmark *General performance indicators*	Comments	Page number
1.1 The group's mission, objectives and performance measures	Introductory section	2, 3
1.2 Report from chief executive officer describing key elements of report	Chief executive officer's report	12
2.1 Name of organisation	Cover page, form of proxy	Cover, 79
2.2 Major products and/or services, including brands	Group at a glance, chief executive officer's report	7, 12
2.3 Operational structure of the organisation	Group at a glance, chairman's statement, chief executive officer's report	7, 10, 12
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	Group at a glance, chairman's statement, chief executive officer's report, interest in principal subsidiaries and joint ventures, interest in joint ventures	7, 10, 12, 66, 67
2.5 Countries in which the organisation's operations are located	Group at a glance, interest in principal subsidiaries and joint ventures	7, 66
2.6 Nature of ownership; legal form	Ownership profile, chairman's statement, engagement with stakeholders, ownership, share ownership, administration	6, 10, 16, 18, 68, IBC
2.7 Nature of markets served	Group at a glance, chief executive officer's report, customers and consumers	7, 12, 16
2.8 Scale of reporting organisation * Specific breakdowns by countries/regions that make up 5% or more of total revenue	Segmental report, group at a glance, interest in principal subsidiaries and joint venture	5, 7, 66
2.9 List of stakeholders	Ownership profile, engagement with stakeholders, ownership, share ownership	6, 16, 18, 68
2.10 Contact information	Administration	IBC
2.11 Reporting period	Annual financial statements	39
2.12 Date of most recent previous report	2004 annual report, interim results at 31.03.05	
2.13 Boundaries/scope of report	Group profile, financial and other significant highlights, segmental report, group at a glance	2, 4, 5, 7
2.14 Significant changes in size, structure, ownership or products/services since last report	Ownership profile, group at a glance, chairman's statement, chief executive officer's report, sustainability report	6, 7, 10, 12, 16
2.15 Basis for reporting	Group at a glance, accounting policies	7, 43
2.16 Explanation regarding the restatement of information	Accounting policies, notes to the annual financial statements, restatement of comparative information	43, 51, 65
2.17 Decisions not to apply GRI principles or protocols	Not applicable – GRI index applied	72
2.18 Criteria/definitions	Risk management report, audit committee and internal controls, statistical and financial data, report of the independent auditors, accounting policies	29, 30, 36, 41, 43
2.19 Significant changes in measurement	Nil during the year – report of the independent auditors, report of the directors, accounting policies, restatement of comparative information	41, 42, 43, 65
2.20/2.21 Policies and internal practices to enhance and provide assurance about the accuracy, completeness and reliability of the sustainability report	Corporate governance, risk management report, audit committee and internal controls	11, 29, 30
2.22 Information available on sustainability	Sustainability report	16

GRI benchmark ***General performance indicators*** *(continued)*	Comments	Page number
3.1 Governance structure of the organisation	Ownership profile, group at a glance, directorate, executive committee, corporate governance	6, 7, 8, 9, 11
3.2 Percentage of the board of directors who are independent, non-executive directors	40% – directorate	8
3.3 Board member expertise	Directorate, curriculum vitae	8, 71
3.4 Board-level processes	Corporate governance, transformation committee, risk committee, audit committee and internal controls, remuneration and nominations committee	11, 17, 29, 30, 31
3.5 Linkage between executive compensation and the achievement of objectives	Remuneration report, directors' emoluments	31, 52
3.6 Organisational structure and key responsibilities	Group at a glance, directorate, executive committee	7, 8, 9
3.7 Mission, business conduct and ethics	Mission statement, key group objectives and performance measures, corporate governance, business conduct and ethics	2, 3, 11, 25
3.8 Mechanisms for shareholders to provide recommendations	To attend annual general meeting and contact company secretary – notice of annual general meeting, administration	69, IBC
3.9 Major stakeholders	Ownership profile, engagement with stakeholders, ownership, share ownership	6, 16, 18, 68
3.10 Stakeholder consultation	Engagement with stakeholders, notice of annual general meeting	16, 69
3.11 Stakeholder consultation information	Notice of annual general meeting, curriculum vitae, administration, shareholders' diary	69, 71, IBC
3.12 Use of stakeholder consultation information	Annual report, website, SENS releases, contact company secretary – notice of annual general meeting, curriculum vitae, form of proxy, administration and shareholders' diary	69, 71, 79, IBC
3.13 Precautionary approach	Report of the independent auditors, report of the directors, accounting policies	41, 42, 43
3.14 Economic, environmental and social charters	Key group objectives and performance measures, sustainability report	3, 16
3.15 Industry and business association memberships	Details of association – sustainability report	16
3.16 Policies and/or systems for managing upstream and downstream impacts	Key group objectives and performance measures, risk management report, audit committee and internal controls, accounting policies	3, 29, 30, 43
3.17 Approach to managing indirect impacts	Engagement with stakeholders, CSI, health and safety, HIV/AIDS, environment, risk management report	16, 22, 25, 26, 29
3.18 Decisions regarding location and change in operations	Chairman's statement, chief executive officer's report	10, 12
3.19 Programmes and procedures pertaining to economical and environmental performance:		
• Priority and target setting	Group profile, mission statement, key group objectives and performance measures	2, 3
• Major programmes to improve performance	Chairman's statement, chief executive officer's report, sustainability report	10, 12, 16
• Internal communication and training	Sustainability report	16
• Performance monitoring	Chairman's statement, chief executive officer's report, sustainability report	10, 12, 16
• Internal and external auditing	Risk management report, audit committee and internal controls, report of the independent auditors	29, 30, 41
• Senior management review	Chairman's statement, chief executive officer's report, report of the directors	10, 12, 42

Triple bottom line reporting

GRI benchmark *General performance indicators (continued)*	Comments	Page number
3.20 Certification status	External appraisal	1
Economic performance indicators		
EC1 Top-line income (net sales)	Statistical and financial data, income statements, revenue	36, 46, 51
EC2 Geographic breakdown of markets	Segmental report, group at a glance	5, 7
EC3 Costs of all goods, materials and services purchased	Sustainability report, value added statement, income statements, operating profit (note 2)	16, 35, 46, 51
EC4 Percentage of contracts paid in accordance with agreed terms	Not measured as a percentage – in principle, all contractual terms are complied with	N/A
EC5 Payroll and benefits	Value added statement, statistical and financial data, Oceana Group Share Trust, accounts payable, provisions, retirement benefits	35, 37, 57, 59, 61
EC6 Distributions to providers of capital	Value added statement, statistical and financial data, earnings per share, dividends	35, 36, 54
EC7 Increase/decrease in retained earnings	Statements of changes in equity	48
EC8 Taxes paid	Value added statement, taxation, deferred taxation	35, 53, 57
EC9 Subsidies received	Skills expenditure, learnerships, human capital development, Desert Diamond, learnerships	19, 20, 23 24
EC10 Donations to community, civil society and other groups	CSI	22
EC11 Supplier breakdown by organisation and country	Details not outlined in annual report	*
EC12 Total spend on non-core business infrastructure	Annual donations	23
EC13 The organisation's indirect economic impacts	Preferential procurement, enterprise development, CSI, industrial relations, HIV/AIDS, environment	20, 21, 22, 25, 26
Environmental performance indicators		
EN1 Total materials use	Chairman's statement, sustainability report, environment	10, 16, 26
EN2 Percentage of materials used that are wastes from sources external to the reporting organisation	Nil	N/A
EN3 Direct energy use	Utilisation of natural resources	26
EN4 Indirect energy use	Utilisation of natural resources	26
EN5 Total water use	Working towards measurement – utilisation of natural resources	26
EN6 Location and size of land owned, leased or managed in biodiversity-rich habitats	Nil	N/A
EN7 Description of the major impacts on biodiversity	Environment	26
EN8 Greenhouse gas emissions	Details not outlined in annual report	*
EN9 Use and emissions of ozone-depleting substances	Details not outlined in annual report	*
EN10 Significant air emissions by type	Details not outlined in annual report	*
EN11 Total amount of waste by type and destination	Details not outlined in annual report	*
EN12 Significant discharges to water by type	Details not outlined in annual report	*
EN13 Significant spills of chemicals, oils and fuels	No significant spills	N/A
EN14 Significant environmental impacts of principal products and services	Environmental sustainability, environment	3, 26

GRI benchmark *Environmental performance indicators (continued)*	Comments	Page number
EN15 Percentage of weight of products sold that is reclaimable versus the percentage that is actually reclaimed	Details not outlined in annual report	*
EN16 Incidents of and fines for non-compliance associated with environmental issues	None – chairman's statement, environment	11, 28
EN17 Initiatives to use renewable energy sources	Environment	26
EN18 Energy consumption footprint of major products	Working towards measurement – utilisation of natural resources	26
EN19 Other direct (upstream/downstream) energy use and implications	Utilisation of natural resources, compliance, improvement initiatives	26, 27, 28
EN20 Water sources and related ecosystems/habitats significantly affected by use of water	Details not outlined in annual report	*
EN21 Annual withdrawals of ground and surface water	Working towards measurement – utilisation of natural resources	26
EN22 Total recycling and re-use of water	Working towards measurement – utilisation of natural resources	26
EN23 Total amount of land owned, leased or managed for production activities or extractive use	Details not outlined in annual report – land owned 779,44 ha; leased 108,32 ha	*
EN24 Amount of impermeable surface as a percentage of land purchased or leased	Details not outlined in annual report	*
EN25 Impacts of activities on protected and sensitive areas	Environmental sustainability, environment	3, 26
EN26 Changes to natural habitats	Details not outlined in annual report	*
EN27 Strategies for protecting and restoring native ecosystems and species in degraded areas	Research and awareness	27
EN28 Number of IUCN Red List species with habitats in areas affected by operations	12 bird species – research and awareness	27
EN29 Business units currently operating or planning operations in or around protected or sensitive areas	Group at a glance, sustainability introduction, environment	7, 16, 26
EN30 Other relevant indirect greenhouse gas emissions	Details not outlined in annual report	*
EN31 All production, transport, import or export of any waste deemed hazardous under the terms of the Basel Convention	Nil	N/A
EN32 Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff	Details not outlined in annual report	*
EN33 Performance of suppliers relative to environmental components of programmes and procedures	Suppliers, verification	16, 20
EN34 Significant environmental impacts of transportation used for logistical purposes	Nil	N/A
EN35 Total environmental expenditures by type	Details not outlined in annual report	*
Social performance indicators **Labour practices**		
LA1 Breakdown of workforce	Core component of BEE, equity profile	18, 19
LA2 Employment creation and average turnover	Employment equity, human resources report, labour turnover	19, 23, 24
LA3 Trade union representation	Industrial relations	25
LA4 Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organisation's operations	Economic sustainability, transformation report, transformation committee, industrial relations	3, 17, 25

GRI benchmark *Social performance indicators* (*continued*)		Comments	Page number
LA5	Occupational accidents and diseases	Health and safety	25
LA6	Health and safety	Health and safety	25
LA7	Injury, lost days and absentee rates	Details not outlined in annual report	*
LA8	HIV/Aids policies or programmes	Social sustainability, flagship projects, HIV/AIDS	3, 22, 26
LA9	Training per ethnic split	Core component of BEE	18
LA10	Equal opportunity policies or programmes, and monitoring thereof	Transformation report, transformation committee, employment equity	17, 19
LA11	Composition of senior management and corporate governance bodies	Directorate, executive committee, corporate governance, transformation committee, risk management report, audit committee and internal controls, remuneration report	8, 9, 11, 17, 29, 30, 31
LA12	Employee benefits beyond those legally mandated	Skills development, human resources report	19, 23
LA13	Provision for formal worker representation in decision-making	Employees, skills development, industrial relations	16, 19, 25
LA14	Compliance with the ILO Guidelines for Occupational Health Management Systems	At applicable work sites – Desert Diamond, health and safety	24, 25
LA15	Formal agreements with trade unions covering health and safety at work and proportion of workforce covered by such agreements	Details not outlined in annual report	*
LA16	Programmes to support the continued employability of employees and to manage career endings	Employment equity, skills development, human capital development	19, 23
LA17	Policies and programmes for skills management	Skills development, enterprise development, human capital development	19, 21, 23
Human rights			
HR1	Policies, guidelines, corporate structure and procedures to deal with all aspects of human rights	Mission statement, key group objectives and performance measures, chairman's statement, transformation report, transformation committee, employment equity, human rights, human capital development	2, 3, 10, 17, 19, 23
HR2	Evidence of consideration of human rights impacts as part of investment and procurement	Core component of BEE, preferential procurement, enterprise development, CSI, human capital development	18, 20, 21, 22, 23
HR3	Policies and procedures to evaluate and address human rights performance within the supply chain and contractors	Suppliers, preferential procurement, enterprise development	16, 20, 21
HR4	Global policy and procedures/programmes preventing all forms of discrimination in operations	Human rights, human capital development, business conduct and ethics	23, 25
HR5	Freedom of association policy	Industrial relations, business conduct and ethics	25
HR6	Child labour policy	Human rights	23
HR7	Forced and compulsory labour policy	Human rights	23
HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations	Human rights	23
HR9	Appeal practices	Industrial relations	25
HR10	Non-retaliation policy and employee grievance system	Employees, industrial relations	16, 25
HR11	Human rights training for security personnel	Details not outlined in annual report	*
HR12	Description of policies, guidelines and procedures to address the needs of indigenous people	Local community, CSI, human resources report	16, 22, 23
HR13	Description of jointly managed community grievance mechanisms/authority	Local community, CSI	16, 22

GRI benchmark *Social performance indicators (continued)*		Comments	Page number
HR14	Share of operating revenues from the area of operations that are redistributed to local communities	CSI	22
Society			
SO1	Policies to manage impacts on communities	Key group objectives and performance measures, community, HIV/AIDS, environment	3, 22, 26
SO2	Policy/procedures for addressing bribery and corruption	Business conduct and ethics	25
SO3	Description of policy, procedures/management systems for managing political lobbying and contributions	Formal policy precludes donations to political parties – CSI	22
SO4	Awards received	External appraisal	1
SO5	Money paid to political parties	Formal policy precludes donations to political parties – CSI	22
SO6	Court decisions regarding cases pertaining to anti-trust and monopoly regulations	No court cases instituted against Oceana	N/A
SO7	Policies/procedures for preventing anti-competitive behaviour	Customers and consumers, suppliers	16
Product responsibility			
PR1	Policy for preserving customer health and safety during use of products and services	Economic sustainability, customers and consumers, utilisation of natural resources, risk management report	3, 16, 26, 29
PR2	Policy/procedures related to product information and labelling	Details not outlined in annual report	*
PR3	Policy/procedures relating to consumer privacy	Business conduct and ethics	25
PR4	Non-compliance with customer health and safety regulations	No issues instituted against Oceana – chairman's statement, risk management report	11, 29
PR5	Complaints upheld regarding the health and safety of products and services	None – chairman's statement, risk management report	11, 29
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility	External appraisal	1
PR7	Non-compliance concerning product information and labelling	No issues instituted against Oceana – chairman's statement, risk management report	11, 29
PR8	Policies/procedures and mechanisms related to customer satisfaction	Economic sustainability, customers and consumers	3, 16
PR9	Policies/procedures for adherence to standards and voluntary codes related to advertising	Details not outlined in annual report	*
PR10	Breaches of advertising and marketing regulations	No issues instituted against Oceana – chairman's statement, risk management report	11, 29
PR11	Complaints regarding breaches of consumer privacy	No complaints issued against Oceana – chairman's statement, risk management report	11, 29
Corporate social investment management			
CSR1	Social elements of CSI policy	CSI	22
CSR2	Structure and relevant CSI responsibilities	CSI	22
CSR3	CSI audit	Audits undertaken but details not outlined in annual report	*
CSR4	Procedures for handling issues sensitive to stakeholders	Engagement with stakeholders	16
CSR5	Non-compliance incidents with any law or regulatory code of conduct	Risk management report	29
CSR6	Stakeholder dialogue and involvement procedures	Engagement with stakeholders, audit committee and internal controls	16, 30

GRI benchmark *Social performance indicators (continued)*	Comments	Page number
Internal social performance		
INT1 Corporate social responsibility issues covered in the human resources policies	CSI, health and safety, HIV/AIDS	22, 25, 26
INT2 Labour turnover	Labour turnover	24
INT3 Employee satisfaction	Details not outlined in annual report	*
INT4 Remuneration of senior management and board of directors	Remuneration report	31
INT5 Bonuses that contain additional sustainability elements	Remuneration report	31
INT6 Ratio of female to male salaries, including bonuses, per hierarchy level	Details not outlined in annual report	*
INT7 Employee profile per hierarchy level	Employment equity	19
Performance to society		
SOC1 Contributions to charitable causes, community investments and commercial sponsorships	CSI, human capital development, research and awareness, improvement initiatives	22, 23, 27, 28
SOC2 Economic value added	Sustainability report, value added statement	16, 35
Suppliers		
SUP1 Policies/procedures to screen suppliers' social performance	Suppliers, transformation report, core component of BEE, preferential procurement	16, 17, 18, 20
SUP2 Supplier satisfaction	Preferential procurement	20
Asset management		
AM1 Social criteria applied in asset management	Preferential procurement, enterprise development	20
AM2 Provision of tailored and innovative products and services applying special positive ethical/sustainability criteria	Preferential procurement, enterprise development	20, 21
AM3 Activities with companies invested in, where CSR issues are either raised in communications with board and management or explicitly considered when exercising shareholder rights	Enterprise development	21

** Details not outlined in annual report*
N/A Not applicable

Oceana Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 1939/001730/06)
(ISIN number ZAE 000025284)
("Oceana" or "the company")

For use at the annual general meeting of the company to be held at the registered office of the company, 16th Floor, Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town, at 14:00 on Thursday, 9 February 2006 (the "annual general meeting").

Not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker unless you are recorded on the subregister as an "own name" dematerialised shareholder ("own name dematerialised shareholder"). Generally, you will not be an own name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the company's subregister.

Only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's subregister as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in place of that member at the annual general meeting.

I/We (block letters) ____

of ____

Telephone: Work ______________________ Telephone: Home ______________________

being the holder/s of ______________________ ordinary shares in the company, hereby appoint (refer note 1)

1. ____ or failing him/her,

2. ____ or failing him/her,

3. the chairman of the annual general meeting,
as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer note 2).

		Number of votes (one vote per ordinary share)		
		For	Against	Abstain
Ordinary resolution no. 1:	Adoption of annual financial statements			
Ordinary resolution no. 2.1:	Election of Mr Langeni as director			
Ordinary resolution no. 2.2:	Election of Mr Marshall as director			
Ordinary resolution no. 2.3:	Election of Mr Pather as director			
Ordinary resolution no. 2.4:	Election of Mr Smither as director			
Ordinary resolution no. 2.5:	Election of Mr Williams as director			
Ordinary resolution no. 3:	Approval of non-executive directors' fees for 2006			
Ordinary resolution no. 4:	Placing unissued shares under the control of the directors			
Special resolution no. 1:	General authority to repurchase company shares			
Special resolution no. 2:	Amendment to memorandum of association to increase authorised share capital			
Ordinary resolution no. 5:	Authorisation of directors			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you desire to vote (see note 2).

Signed at ______________________ on ______________________ 2006

Signature ____
(Authority of signatory to be attached if applicable – see note 6)

Assisted by me (where applicable) ____

Telephone number: ____

Please read the notes on the following page.

1. A certificated or own name dematerialised shareholder or CSDP or broker (or their nominee) registered in the company's subregister may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.

2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" for all or the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. Proxy forms must be lodged at 16th Floor, Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town 8001, or posted to the company secretary, Oceana Group Limited, PO Box 7206, Roggebaai 8012. Forms of proxy must be received or lodged by no later than 48 hours before the annual general meeting, i.e.14:00 on Tuesday, 7 February 2006.

4. Without limitation, the chairperson of the general meeting may, in his absolute discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.

5. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company's secretaries or waived by the chairman of the annual general meeting. CSDPs or brokers (or their nominees) registered in the company's subregister voting on instructions from owners of shares registered in the company's sub-subregister, are requested that they identify the owner in the sub-subregister on whose behalf they are voting and return a copy of the instruction from such owner to the company's secretary together with this form of proxy.

7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.

8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the secretary of the company.

9. If required, additional forms of proxy are available from the secretary of the company.

10. Shareholders which are a company or body corporate may by resolution of their directors, or other governing body, authorise any person to act as their representative. The representative will be counted in the quorum and will be entitled to vote on a show of hands or on a poll.

11. If you are the owner of dematerialised shares held through a CSDP or broker (or their nominee) and are not an own name dematerialised shareholder, you are not a shareholder of the company; accordingly do NOT fill in this proxy form, subject to the mandate between yourself and your CSDP or broker (or their nominee):
    - If you wish to attend the annual general meeting you must contact your CSDP or broker (or their nominee) and obtain the relevant letter of representation from it; alternatively
    - if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker (or their nominee) and furnish it with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker (or their nominee). You should not complete the attached form of proxy. The instructions must be provided within the time period required by your CSDP or broker (or their nominee).

    CSDPs or brokers (or their nominees) recorded in the company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's secretary within the required period prior to the time appointed for the holding of the annual general meeting.

Administration

Registered office and business address

16th Floor, Metropolitan Centre
7 Coen Steytler Avenue
Cape Town 8001
PO Box 7206, Roggebaai 8012

Telephone:	National 021 419 5911
	International +27 21 419 5911
Facsimile:	021 419 5979
E-mail:	info@oceana.co.za
Website:	www.oceana.co.za

Secretary

Jeremy David Cole (59)
BCom (Hons) LLM
Appointed in 1984

Company registration number

1939/001730/06

JSE share code

OCE

NSX share code

OCG

Company ISIN number

ZAE000025284

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown 2107

Telephone:	011 370 5000
Facsimile:	011 688 5216

Bankers

The Standard Bank of South Africa Limited
FirstRand Bank Limited

Auditors

Deloitte & Touche

Sponsors

The Standard Bank of South Africa Limited

Shareholders' diary

Financial year end	30 September
Annual general meeting	February

Reports and profit statements

Interim report	Published May
Announcement of annual results	Published November
Annual report	Published December
Dividends	Interim declared May, paid July
	Final declared November, paid January

ILLUSTRATION TOBIE BEELE

CALLIGRAPHY ANDREW VAN DER MERWE WWW.WRITTENWORD.CO.ZA

GRAPHICOR
33268