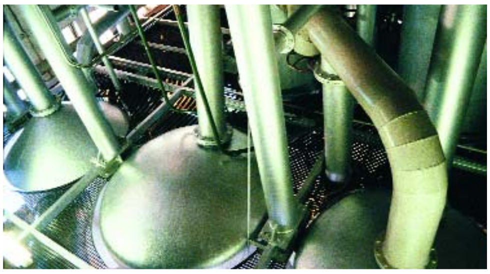
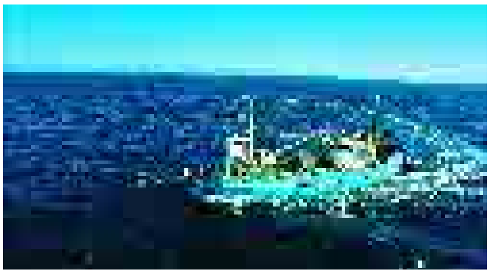
2006





OCEANA ANNUAL REPORT

OCEANA GROUP LIMITED

Contents

Since 1918 Oceana has been committed to substantial capital investment in infrastructure to underpin the long term sustainability of our business. Over many decades, and particularly during periods of uncertain political, economic and environmental climates, the group has not faltered in planning and investing in the future. This is particularly true of the last few years.

Andrew Marshall
Oceana CEO

EMPOWERMENT RATING

Oceana recently commissioned Empowerdex, an independent Black Economic Empowerment (BEE) rating agency, to conduct an in-depth verification of the group's current transformation initiatives to establish the group's BEE status, in line with the Department of Trade and Industry's broad-based BEE strategy and codes of good practice. Oceana was awarded an AA empowerment rating from Empowerdex. The rating confirms the group's direct empowerment status, the BEE contribution status and its operational capacity.

This rating reflects the extent of the group's commitment to implementing broad-based BEE initiatives.

CONSTITUENT OF THE JSE SRI INDEX

Oceana was included on the JSE's Socially Responsible Investment Index (SRI Index) for the first time in 2005. This was a first for the fishing industry. In 2006, not only did Oceana maintain its inclusion on the JSE SRI Index but its improved performance resulted in the group being placed in the top six of the high environmental impact category of companies on this 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 these companies. The SRI Index has been structured to reflect the complex nature of social responsibility in South Africa. The SRI Index identifies criteria for corporate governance as the foundation on which each of the triple bottom lines rests as good corporate governance plays a major role in ensuring that sustainability issues are identified, managed and resolved.

Midwater trawl vessels fish in South African and Namibian waters, and process and pack the catch at sea ready for despatch, mainly to African markets.

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

Principal shareholders are Tiger Brands Limited, Brimstone Investment Corporation Limited and the Oceana Group Black Employee Share Trust.

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 1 263 permanent staff, and 889 seasonal employees, fluctuating up to 1 275 during periods of seasonal fishing activity.

Ownership profile

Tiger Brands Limited	The Oceana Group Black Employee Share Trust	Brimstone Investment Corporation Limited	Other
38.5%	12.4%	10.0%	39.1%

OCEANA GROUP LIMITED

To be the leading fishing and commercial cold storage company in southern Africa with an emphasis on:
- 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 by:
- 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;
- having a 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 through:
- 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 to manage and report on performance.

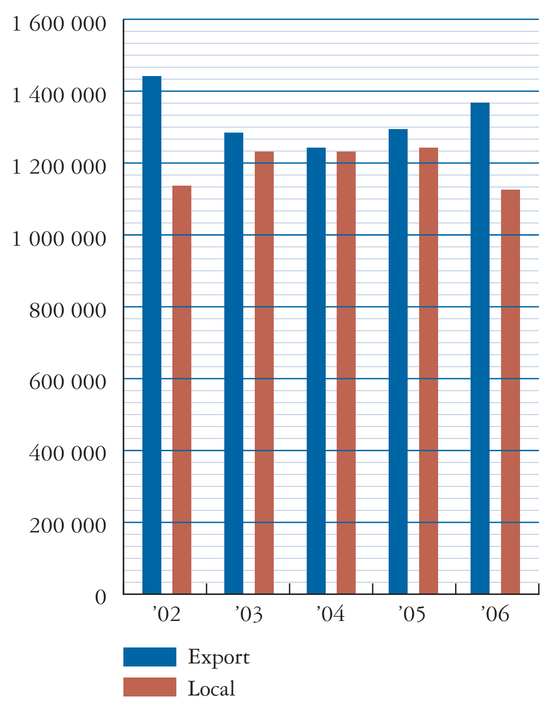
Social sustainability

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.

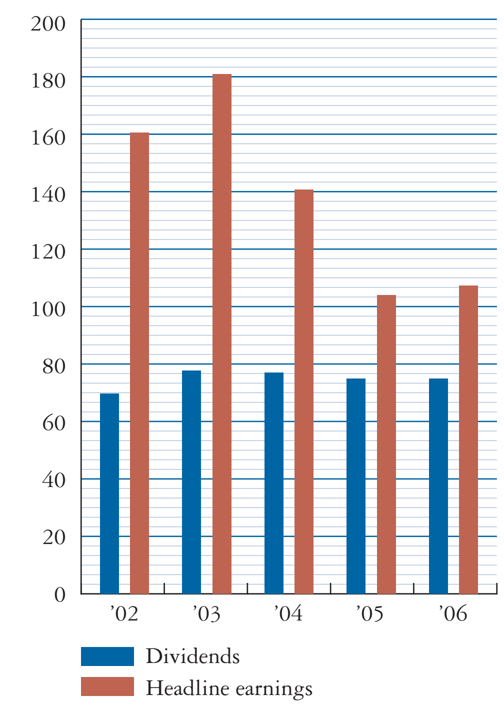
The pilchard fleet comprises five steel hulled vessels and three smaller vessels. The St Helena Bay cannery processed 39 796t of fish during this financial year.

	2006 R'000	2005 Restated R'000	% Change
Operating results			
Revenue	2 544 558	2 576 513	(1)
Operating profit before abnormal items	183 325	180 672	1
Headline earnings	127 581	118 408	8
Balance sheet			
Total assets	1 337 632	1 477 062	(9)
Net assets	795 010	895 385	(11)
	Cents per share	Cents per share	
Performance			
Headline earnings	112.8	106.2	6
Dividends	74.0	74.0	-
Headline dividend cover (times)	1.5	1.4	
Net asset value	783.3	798.7	(2)

REVENUE ANALYSIS



DIVIDENDS AND HEADLINE EARNINGS PER SHARE



for the year ended 30 September 2006

Business segment

	Revenue # 2006 R'000	2005 Restated R'000	% Change	Operating profit * 2006 R'000	2005 Restated R'000	% Change
Inshore fishing	1 318 949	1 470 587	(10)	77 939	102 518	(24)
Midwater and deep-sea fishing	1 071 362	939 091	14	46 705	16 867	176
Commercial cold storage and logistics	154 247	166 835	(8)	58 681	61 287	(4)
Total	2 544 558	2 576 513	(1)	183 325	180 672	1

	Total assets 2006 R'000	2005 Restated R'000	% Change	Total liabilities 2006 R'000	2005 Restated R'000	% Change
Inshore fishing	563 887	640 913	(12)	278 909	335 015	(17)
Midwater and deep-sea fishing	264 306	270 852	(2)	90 756	60 655	50
Commercial cold storage and logistics	177 944	126 535	41	41 693	27 848	50
Financing	318 645	423 506	(25)	77 570	111 698	(31)
	1 324 782	1 461 806	(9)	488 928	535 216	(9)
Deferred taxation	12 850	15 256	(16)	29 874	25 502	17
Total	1 337 632	1 477 062	(9)	518 802	560 718	(7)

	Capital expenditure 2006 R'000	2005 Restated R'000	% Change	Depreciation and amortisation 2006 R'000	2005 Restated R'000	% Change
Inshore fishing	11 448	25 809	(56)	23 014	27 750	(17)
Midwater and deep-sea fishing	15 987	11 396	40	17 827	16 300	9
Commercial cold storage and logistics	66 841	8 867	654	16 474	14 808	11
Total	94 276	46 072	105	57 315	58 858	(3)

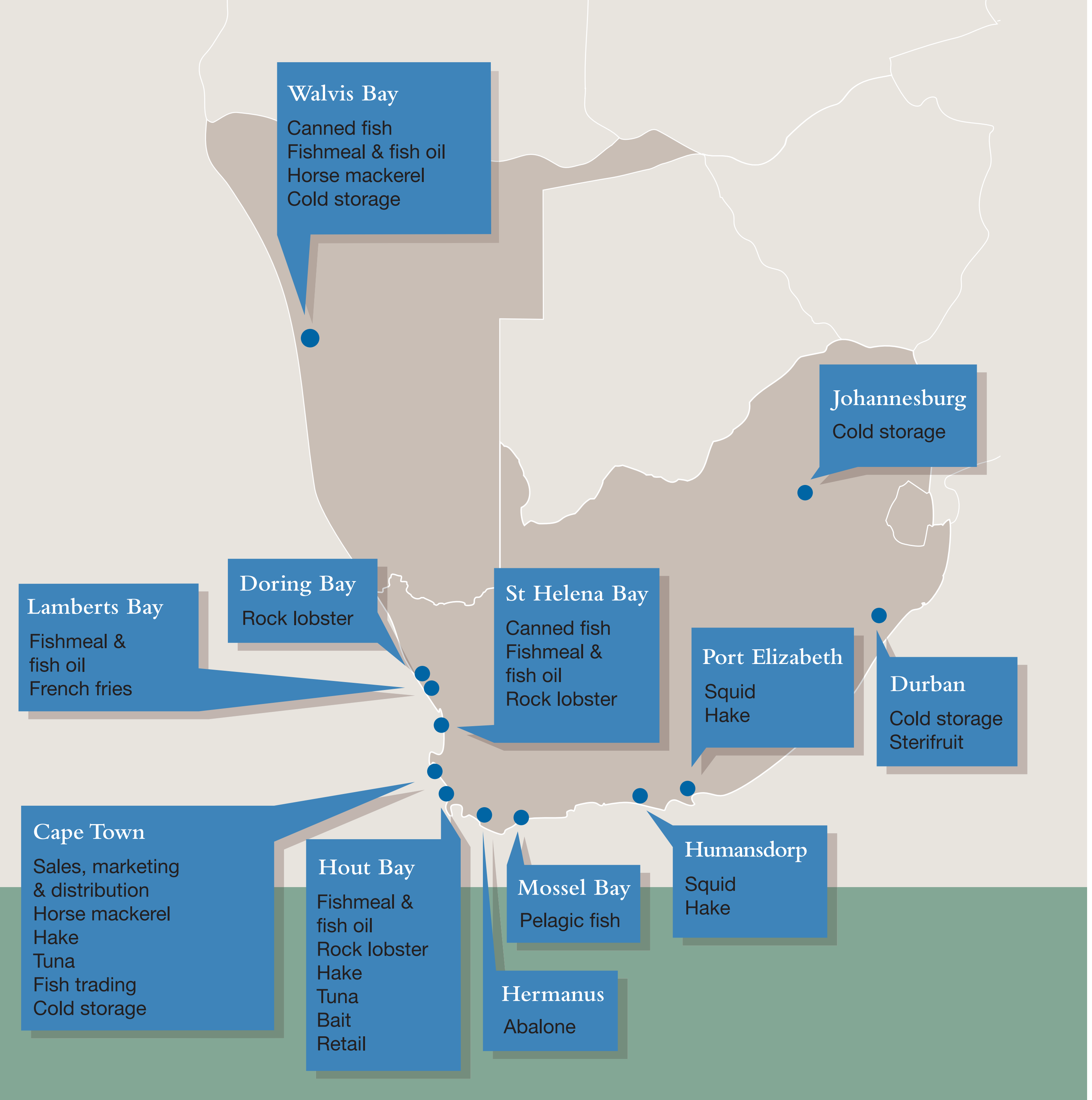
Geographical segment ■

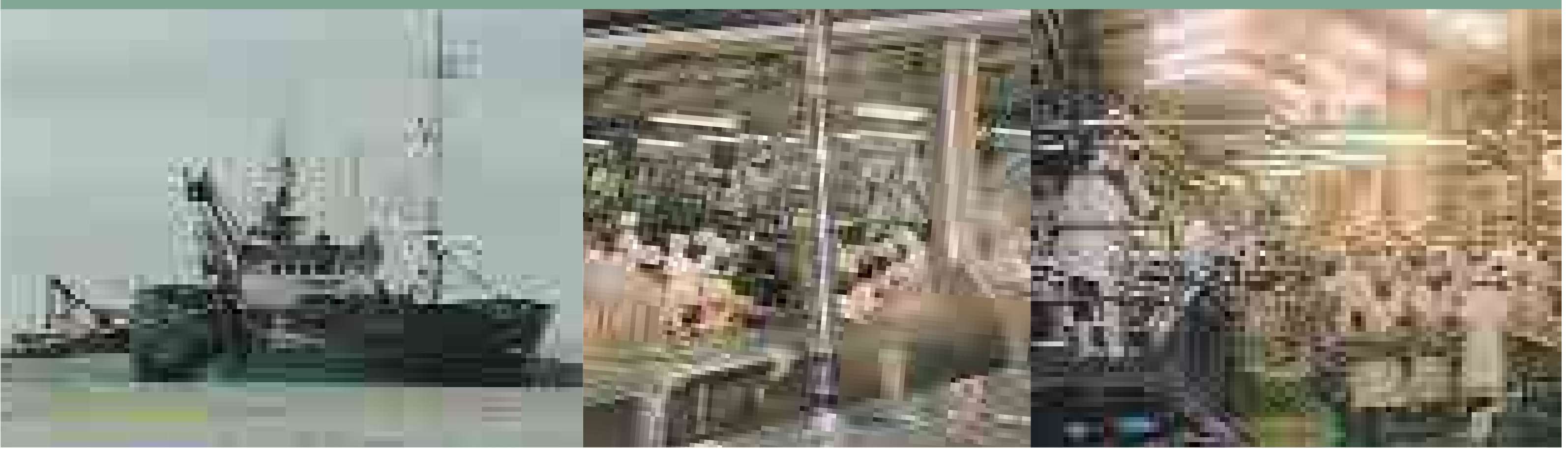
	Revenue # 2006 R'000	2005 Restated R'000	% Change	Operating profit * 2006 R'000	2005 Restated R'000	% Change
South Africa and Namibia	1 165 785	1 268 047	(8)	106 541	130 891	(19)
Other Africa	636 269	580 367	10	34 397	19 832	73
Europe	424 899	447 923	(5)	21 501	12 589	71
Far East	204 663	189 169	8	17 140	14 591	17
Other	112 942	91 007	24	3 746	2 769	35
Total	2 544 558	2 576 513	(1)	183 325	180 672	1

Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation amounting to:
Inshore fishing R1,458m (2005:R3,408m)
Midwater and deep-sea fishing R17,608m (2005: R12,784m)
Commercial cold storage and logistics R13,231m (2005:R18,117m)

* *Operating profit is stated before abnormal items*

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

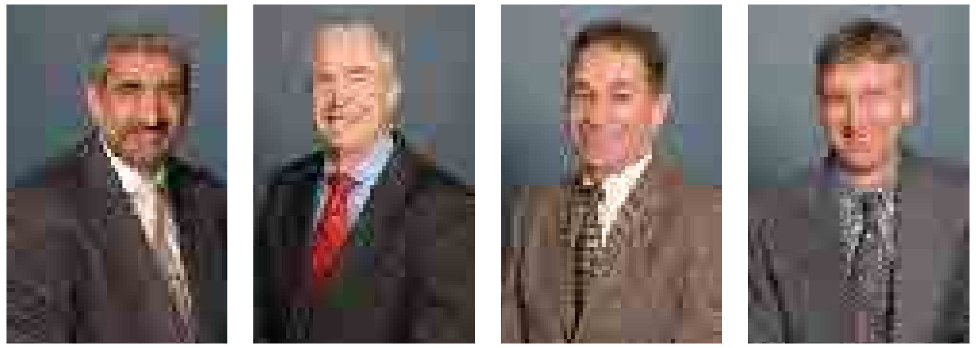




Pelagic fishing and canning infrastructure in Walvis Bay.

INSHORE FISHING	**OCEANA BRANDS** **Areas of operations:** Lamberts Bay, St Helena Bay, Cape Town, Hout Bay, Mossel Bay, Walvis Bay, Henley UK	**MARKETING** • Markets canned fish products to consumers via wholesale and retail customers under the Lucky Star brand in Africa and Glenryck brand in the United Kingdom (UK). • Both brands are exported globally.
		FLEET • A versatile fleet of owned and joint venture steel, wooden and fibreglass vessels operate from various ports on the west and south coasts of South Africa.
		ST HELENA BAY CANNERY • Sources fish from the Oceana fleet, joint venture and contract vessels. • Largest internationally accredited pelagic fish processing facility in Southern Africa.
		FISHMEAL AND FISH OIL • Three plants produce fishmeal from pelagic sources – anchovy, redeye herring and pilchard. • Fishmeal and fish oil used primarily as components in animal and aqua feeds.
		FRENCH FRIES • Major supplier to South African quick service restaurants and wholesale and retail outlets through the Gold Seal and own brands. • Potato product producing facility in Lamberts Bay internationally accredited. • National sales and marketing infrastructure.
		NAMIBIA • Oceana has a significant shareholding in Etosha Fishing in Walvis Bay, Namibia. • Three steel pelagic and contract vessels supply the cannery and fishmeal plant. • Products are marketed by Oceana Brands.
	OCEANA LOBSTER, SQUID AND ABALONE **Areas of operations:** Doring Bay, St Helena 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	**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. • Trades mainly to African markets, supported by international agents.
		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 supported by international agents.
	BLUE ATLANTIC TRADING **Areas of operations:** Cape Town	**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 100 000t 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 import protocols of Japan and China.

Directorate



ABOVE: LEFT TO RIGHT

CHAIRMAN

Mustaq Ahmed Brey ✦ (52) CA(SA)
Appointed to the board in 1995
Non-executive director
Chief executive officer of Brimstone Investment Corporation Limited

VICE-CHAIRMAN

Robert Albert Williams * ✦ (66)
BA, LLB
Appointed to the board in 1988
Independent non-executive director
Director of companies

CHIEF EXECUTIVE OFFICER

Andrew Brian Marshall ○ ■ ➤ (51)
BCom (Hons)
Appointed to the board in 1999

FINANCIAL DIRECTOR

Rodney Gerald Nicol ○ ■ (51) CA(SA)
Appointed to the board in 1991

ABOVE: LEFT TO RIGHT

NON-EXECUTIVE DIRECTORS

Nicholas Dennis * ✦ (59) (British)
BCom (Hons)
Appointed to the board in 2000
Chief executive officer of Tiger Brands Limited

Noel Patrick Doyle * (40) (Irish)
FCA, CA(SA)
Appointed to the board in 2006
Chief financial officer of Tiger Brands Limited

Zellah Fuphe ➤ (38) BSocSci
Appointed to the board in 2006
Independent
Managing director of Worldwide African Investment Holdings

Saamsoodein Pather * (56)
BBusSc, BCom (Hons), MBA
Appointed to the board in 1996
Independent
Director of companies

Lorain Ruthilal * ■ (36) CA(SA)
Appointed to the board in 2006
Group financial manager of Tiger Brands Limited

* *Audit committee*
○ *Executive director*
✦ *Remuneration and nominations committee*
■ *Risk committee*
➤ *Transformation committee*

Executive committee

ABOVE: LEFT TO RIGHT (*back row*)

RODNEY GERALD NICOL ○ ■ *(51) CA(SA)*
Financial director
Ocean Group Limited
Number of years' service - 21

NEVILLE DONOVAN BRINK ■ *(46)*
Managing director
Oceana Lobster, Squid and Abalone
Number of years' service – 18

ALETHEA BERENICE ANNE CONRAD ➤ *(42) BA LLB*
Transformation manager
Oceana Group Limited
Number of years' service – 7

GREGG BRYANT VINCENT ■ *(41)*
BBusSc
Managing director
Blue Continent Products
Number of years' service – 11

GAVIN ANDREW RHODES-HARRISON ■ ➤ *(53)*
BSc Bldg Mgmt
Managing director
Oceana Brands
Number of years' service – 7

ANDRIES WILLEM STEFANUS VISAGIE ■ *(59) CA(SA)*
Managing director
Commercial Cold Storage
Number of years' service – 32

LEFT TO RIGHT (*front row*)

JANE LOUISE WILKINSON ➤ *(37)*
BA (Hons) Public Adm,
CF-CIPD (UK)
Human resources manager
Oceana Group Limited
Number of years' service – 9

ANDREW BRIAN MARSHALL ○ ■ ➤
(51) BCom (Hons)
Chief executive officer
Oceana Group Limited
Number of years' service – 8

○ *Executive director*
■ *Risk committee*
➤ *Transformation committee*

Mustaq Brey
CHAIRMAN

Overview

Achievement of 6% growth in headline earnings per share in the year under review was a most creditable achievement by the group in a situation of difficult fishing conditions in the pilchard, anchovy, west coast lobster and hake sectors.

2006 was a very positive year for Oceana, in which two important processes were successfully concluded which will have a beneficial long term effect on stability and earnings potential. These were the finalisation of the long term commercial fishing rights application and appeals process, and the Black Economic Empowerment (BEE) transaction in terms of which shareholders approved measures to secure Oceana's black ownership profile.

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 (2005: 74,0 cents).

Long term commercial fishing rights (LTR)

The LTR process began in March 2005 when the Minister of the Department of Environmental Affairs and Tourism (DEAT) announced the draft general policy applicable to all fisheries as well as nineteen draft sector specific policies, intended to guide the allocation of long term commercial fishing rights. After a difficult period of providing comment on the drafts the final policies were published at the end of May 2005 and reflected a more reasonable approach, requiring a measure of consultation with industry before finalisation of allocations.

The formal process of applying for rights began in June last year and was completed during September 2005. It was a major logistical exercise which required intense management and staff focus, as well as the support of legal and audit services. Management ensured that compliant, accurate and fully motivated applications were lodged, on time.

DEAT announced decisions on the applications during the period from November 2005 to March 2006. Applicants then had an opportunity to submit appeals. The comparative scoring mechanism adopted by the allocating authority required that applicants were compared to each other, rather than a benchmark. It was a transparent process and all applicants were entitled to review other applicant's applications and appeals and to comment thereon. Public hearings were held at which several fishing companies were invited to address the Minister on certain issues, mostly relating to the determination of black ownership of applicants. The results of the appeals were announced in August and November.

The group's allocation in the sectors in which it is active are as follows:

Sector	% of the TAC 2006 (post appeals)	% of the TAC 2005	Duration of rights (years)
Pilchard	14.3	16.5	15
Anchovy	16.8	18.6	15
Horse mackerel	18.6	18.4	10
Squid	4.3	4.7	8
Deep sea trawl hake	1.1	1.7	15
South coast lobster	3.2	4.7	15
West coast lobster	17.2	18.5	10

Change in BEE shareholding

In 1994 a BEE consortium led by Real Africa Holdings Limited (RAH) acquired joint control of Oceana through the acquisition of all the "A" shares in Ocfish Holding Company Limited (Ocfish). This pioneering empowerment initiative occurred long before BEE scorecards had been considered.

Over time the BEE shareholding credentials of the consortium changed and hence the board of Oceana had been seeking alternatives to secure long-term BEE shareholding credentials in the company. This was necessary to enable Oceana to continue to play a meaningful role in the transformation and normalisation of the fishing industry in South Africa.

In June 2006 agreements were concluded between Oceana, Ocfish, Tiger Brands Limited and RAH which (subject to various conditions being met) would result, *inter alia*, in the sale of Oceana shares to a BEE consortium comprising the Oceana Group Black Employee Share Trust (OBEST) and Brimstone Investment Corporation Limited (Brimstone). Collectively, OBEST and Brimstone would between them own 22.4% of the issued ordinary share capital of Oceana.

Implementation of the BEE transaction set out in the Circular to Shareholders dated 31 August 2006 and approved at a general meeting of the company on 22 September 2006 resulted in 14 380 465 shares in the company being acquired by OBEST and 11 596 755 shares being acquired by Brimstone.

The total number of 25 977 220 Oceana shares is of historical significance as this represents the total number of Ocfish "A" shares allocated for black ownership in terms of the shareholders' agreement concluded in 1994. An objective of Oceana was to ensure that the same number of shares was the subject of the BEE transaction in order to sustain the legacy of the 1994 BEE initiative.

Desert Diamond operations have excelled in terms of catching efficiencies, product quality, energy consumption, maintenance, product transport logistics and marketing.

CHAIRMAN'S STATEMENT

Agreements are in place between the relevant shareholders to secure the continuing effect of this arrangement for at least ten years. As a consequence of this BEE transaction the direct, beneficial black ownership in Oceana at year end was 33.1%, calculated on the modified flow through principle according to the BEE Codes.

This transaction demonstrates Oceana's continued commitment to broad-based BEE and is a truly significant milestone in the group's history as its black employees acquire a major stake in the company. OBEST will operate for the benefit of current and future black employees, who are South African citizens employed on a permanent or permanent seasonal basis by Oceana and its subsidiaries. Various communication sessions are planned to explain the details of the transaction to employees.

INDUSTRY ISSUES

Fish resources

Periodic adjustments to total allowable catches (TACs) are required from year to year, in the light of continuous scientific research, measurement and modelling to take account of changes in population dynamics and annual spawning/recruitment of each specie of fish.

The biomass of the pilchard resource in South Africa is considered to be reasonable, with the likelihood of some reduction in the TAC to allow for lower than expected recruitment in some year classes. The Namibian pilchard biomass is in a poor condition.

Anchovy in South Africa is satisfactory. The horse mackerel resource in both South Africa and Namibia is considered to be sound. Hake in South Africa is under pressure, with a reduced TAC expected for conservation reasons. The west coast lobster resource appears to be satisfactory, although the TAC for 2006/2007 has been reduced for conservation reasons. The south coast lobster and squid resources are good.

Regulatory agency

The fishing industry's principal regulatory authority, Marine and Coastal Management (M&CM) has experienced financial difficulties and a shortage of skilled, experienced staff in its research, administrative and control divisions. Its work load had been considerable, with the added burden of the recent LTR process. It is hoped that completion of this process, and increased funding by the State, will assist the authority to improve its administration and delivery, and direct more resources into research. Oceana is ready to play its part with the industry in assisting M&CM to achieve its objectives.

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 a clear and informative report.

As a formality I confirm that Oceana has a unitary board structure, which at year end consisted of two executive directors and seven non-executives, three of whom are independent. 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 RV Smither (one meeting) and BP Connellan (two meetings). The board has four committees, namely audit, remuneration and nominations, risk and transformation.

Annual strategic plans are compiled at 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.

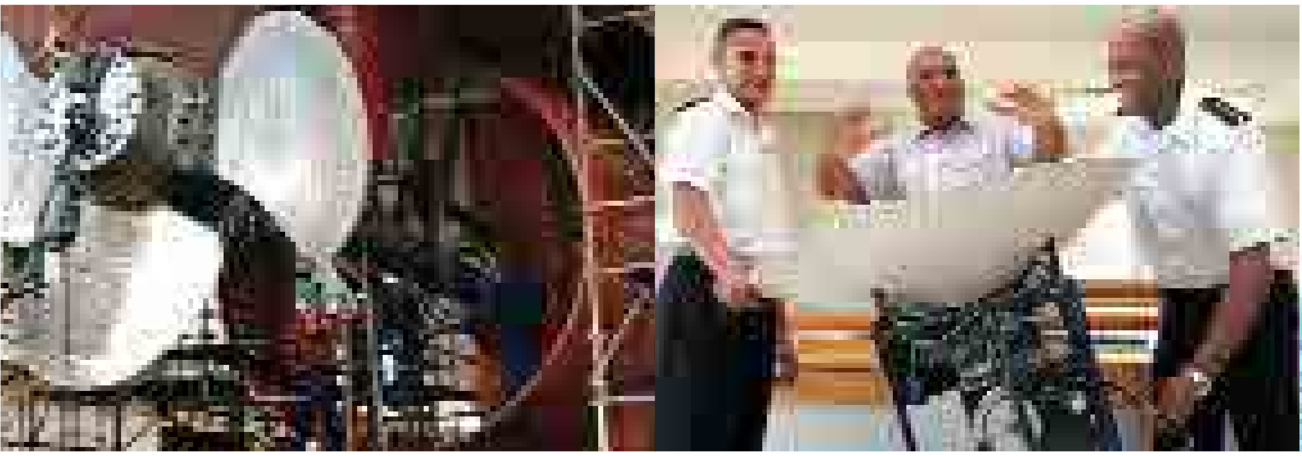
Directors and employees are required to observe the highest ethical standards ensuring that business practices are conducted in a manner which is beyond reproach. In this regard the group subscribes to a formal Code of Business Conduct and Ethics to provide guidance for the benefit of all concerned and 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 2006 annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

APPRECIATION

The support of my fellow directors and the commitment of the management and staff during the year under review are appreciated. I would like to particularly thank management and staff for the immense effort put into the whole process of applying for long term fishing rights, and in implementing the transaction to increase Oceana's BEE shareholding.



Under Oceana's accelerated South Africanisation skills transfer training programmes, 74 young recruits are now employed by the company.

Deep sea trawl vessels in the hake fishery (l-r) Realeka, eBhayi and Compass Challenger, caught and processed own quotas and additional volumes from joint venture partners during the year.

Oceana's chairman for eleven years, Mr Don Ncube, resigned in February. His deep loyalty and commitment to the company were highly valued, along with his charisma and the high regard in which he was held by his colleagues and staff.

Mr Themba Langeni died suddenly in February to the great regret and loss of his colleagues and employees throughout the group.

Mr Brian Connellan resigned from the board in August, after thirteen years as a non-executive director of the company. His analytical expertise and sound commercial reasoning were of great value to the group.

Mr Roy Smither resigned from the board in March. I would like to record the board's appreciation for his strong support and contribution.

The appointment to the board of Ms Zellah Fuphe, Ms Lorain Ruthilal and Mr Noel Doyle during the year will, I am sure, be of great value to the company's progress and development.

PROSPECTS

While retaining its existing divisional operating structure, completion of the LTR process will enable Oceana to streamline its corporate structure and so achieve savings in administration costs. Holding access rights of long term duration, and having the opportunity to acquire others from persons wishing to dispose of them, will provide greater confidence in long term planning and investment. The significant investment in the company by black employees, and of empowerment company Brimstone, is a strong indicator of confidence and commitment to the group's long term prospects. This investment is complimentary to achievement of targets in the group's BEE balanced scorecard. I am confident that Oceana's strategic positioning and organisational attributes will provide the platform for continued long term growth.

Mustaq Brey
Chairman
10 November 2006

Cannery production amounted to 2,2m cartons of fish during the year.

Lucky Star canned pilchards are a delicious and affordable source of nutritional elements such as essential Omega 3 fatty acids.

Andrew Marshall
CHIEF EXECUTIVE OFFICER

Operating profit and headline earnings were ahead of last year despite difficult fishing conditions in most of the sectors in which the group is active. This achievement underscores the importance of the group's strategy of investment in a diversified range of fishing sectors. Our strategy will be to continue operating in a number of different sectors to secure and increase volumes by working together with joint venture partners and contractual suppliers as well as to acquire quotas from willing sellers of long term fishing rights.

The groups' fleets and processing facilities performed well under the circumstances in terms of efficiencies, yields and cost containment. Product quality, efficient distribution, marketing, and brand protection and development were well managed.

Capital expenditure during the year was R94,3m (2005: R46,1m). The commercial cold storage facilities at Bayhead in Durban and Epping in Cape Town were expanded and a modification made to the Maydon Wharf sterifruit facility. Replacement capital expenditure was mainly on horse mackerel trawler refurbishments and plant and machinery at the St Helena Bay cannery.

As will be seen from the sustainability report on page 24 considerable energy and resources were directed towards employment equity, training and development, CSI initiatives, environmental responsibility and good practices.

Financial performance

Group turnover decreased by 1% largely due to lower volumes of canned fish on the domestic market.

Operating profit before abnormal items increased by 1% to R183,3m (2005 restated: R180,7m). Improved results were recorded by the midwater and deep-sea fishing segment due mainly to exceptional results from the horse mackerel business and reversal of losses in hake and tuna. The inshore fishing segment was negatively affected by poor pilchard catches which resulted in stock shortages and lower sales volumes.

Abnormal items represent primarily the provision raised in respect of the estimated value of the deemed improper use of the surplus in the Oceana Group Pension Fund. Operating profit after abnormal items was 16% higher than the previous year which had included the write down of the investment in Namibian white fish interests.

Net investment income increased by 11% on last year due mainly to higher average cash holdings. Working capital levels were consistently low. Net cash and cash equivalents at year end amounted to R126,7m (2005: R283,2m) after the cash outflow resulting from the group's contribution to the funding of its BEE transaction on 28 September 2006.

Earnings attributable to own shareholders increased by 21%. Headline earnings increased by 8% and by 6% on a per share basis.

Oceana Brands

The Oceana Brands division is engaged in fishing for small 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 local and offshore producers.

Canned fish

The South African pilchard total allowable catch (TAC) for 2006 was 204 000t (2005: 382 119t). Oceana's pilchard fleet consists of five steel hulled vessels with chilled or refrigerated holds, and three smaller vessels. Oceana's quotas and those of its pilchard joint venture partners were landed either directly to the cannery in St Helena Bay or at an off-loading facility in Mossel Bay and then transported by road to the cannery. The cannery processed a total of 39 796t of fish in the year to 30 September, compared with 36 201t in the prior year. Fishing was slow from October 2005 to May 2006, whereafter it improved although periods of winter weather interrupted fishing. The bulk of fish was caught off the southern and south eastern Cape coast which, due to the long distance from the cannery in St Helena Bay, added to the cost of landed fish. At the end of September Oceana had landed 71% of its pilchard quotas compared with 72% by the industry in total. Landing the balance of the outstanding quotas by close of season on 31 December 2006 will be challenging, particularly if the fish do not move further westwards closer to the canning factory. The average fish size was slightly larger than the previous year although the cannery production yield per ton reduced due to the quality of fish delivered. Cannery production amounted to 2,2m cartons of fish in the twelve months to 30 September, the same as in 2005.

The Namibian pilchard TAC was unchanged on that of last year, at 25 000t. It was announced late in the season, and despite a concerted effort no landings of pilchard had been made by Etosha Fishing Corporation or other industry operators by financial year end.

The Lucky Star brand retained its leading position and popularity throughout the country.

Pilchard is in short supply worldwide and the company managed to import only a small quantity to augment supplies to the local market. Efforts to procure alternative sources of supply of canned fish remain a focus area for management.

Demand for canned pilchards on the local and export markets was strong, with insufficient supply of product to fully meet demand which resulted in an increase in prices during the year. Despite the present shortage and competitive market situation, Oceana's Lucky Star brand retained its leading position and the popularity and quality assurance of the brand continued to be promoted. Sales volumes of Lucky Star canned fish, however, were substantially lower than the previous year.

Glenryck Foods, Oceana's canned fish operation in the UK, recorded increased turnover mostly attributable to higher canned tuna sales volumes and prices. Various new product lines marketed under own brand and dealers brands have been successfully added to the range of canned fish products provided to the UK retail and catering markets over the past two years. The product range includes canned pilchard, tuna, salmon and mackerel. Most of Glenryck's canned pilchard was sourced from Morocco due to the lack of production at Etosha whilst the company maintained various sources of supply for its tuna and other products. Glenryck's profits increased in sterling and rand terms.

Overall, profits from canned fish operations declined substantially compared to the previous year.

Fishmeal

Oceana's industrial fishing fleet, consisting of ten vessels, co-owned and managed with joint venture partners (augmented by pilchard vessels where appropriate), operates from St Helena Bay and Hout Bay. All landings of fish are directed to the nearest Oceana processing plant as soon as possible thereby ensuring good quality and protein levels in the fishmeal produced.

The anchovy TAC in South Africa in 2006 was 362 251t (2005: 315 648t). In the twelve months to 30 September input to Oceana's fishmeal plants was 101 648t (2005: 188 896t) from Oceana's own quotas plus those of its joint venture partners and including non quota catches and offal from the cannery. At year end Oceana had completed 59% of its "A" season anchovy quotas, which was slightly behind the industry total of 62%, and is unlikely to land the full "A" season quota by close of season. The "B" season quota, which is allocated for catching mainly from September to December each year and which must be free of pilchard by-catch, will therefore not be landed this season.

Fishmeal production from Oceana's South African factories was 25 342t (2005: 46 537t). Industrial fish landings at Etosha (juvenile horse mackerel) amounted to 23 072t to 30 September (2005: 29 250t which included offal from the canning process) which produced 5 443t of fishmeal (2005: 7 250t).

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. Prices rose steeply in the second half of the year as a result of strong world demand and a short supply situation in major markets. Operating profits, however, were lower due to lower volumes.

Other

Lamberts Bay Foods produces french fries at a factory located in Lamberts Bay, sourcing potatoes from all major growing areas in South Africa and selling products to fast food chains, retailers and wholesalers. The business produced very good results, with record sales volumes and strong support from well known fast food franchises.

Oceana Lobster Squid and Abalone

Lobster

Oceana's west coast lobster operations are based in Hout Bay (processing live lobster) and St Helena Bay and Doring Bay (frozen products). The season opens in mid-November and closes on 30 September the following year. Oceana currently has a fleet of 12 vessels, equipped and operated so as to maintain all landings in the best possible condition, for optimum yields and product quality. The west coast lobster TAC was 3 173t (2005: 3 527t). The final allocation of long term rights to Oceana amounted to 490t (2005: 594t).

The issuing of fishing permits by M&CM during the season under review was unfortunately plagued by delays. Delays in the long term rights appeal process resulted in approximately 24% (551t) of the commercial TAC not being issued to rights holders by close of season, and it therefore remained uncaught. In Oceana's case 117t of lobster remained uncaught due to this restriction in the fishing permit. In addition, prolonged poor weather and rough sea conditions in August and September compounded the disruption to normal fishing operations. Oceana's fleet landed 367t of its own lobster quota being 21t short of the actual amount allocated to it, by permit, out of its quotas. In 2005 the full quota (594t) was landed. The Minister has granted permission for the uncaught quota to be carried over to the 2006/2007 season.

Prices in foreign currency terms increased as a consequence of the general shortage of lobster products on the world market, due to unusual environmental occurrences in several major producing areas. The differential in the price realisations of live and frozen product narrowed to correct the imbalance which had developed following the build up of frozen stock in past seasons. In 2006 59% of Oceana's landings were directed into live product.

The south coast lobster TAC was 382t (2005: 382t), with Oceana's quota amounting to 12,3t (2005: 18,1t). It was landed in full and exported mainly in live form at good prices.

Overall, profit from lobster operations was marginally higher than the previous year.

Squid

Oceana's squid operations are conducted by subsidiary Calamari Fishing, based in Port Elizabeth. The company owns five vessels equipped to pack and freeze the catch at sea. Vessel performance was excellent. Oceana landed 560t of squid (2005: 503t) of good quality. Demand and prices for squid on major markets were good and the operation recorded a profit compared to a breakeven result last year.

Abalone

Oceana's abalone operations were conducted by subsidiary Tuna Marine based in Hermanus. The business was acquired in 1990 and contributed meaningfully to the group's results until poaching became a major factor affecting the biomass which led M&CM to reduce the TAC year after year. The government terminated the access rights of the original quotaholders in this sector at the end of 2006. This necessitated a scaling down of activity and retrenchment of workers in the last two years, with a decision being taken to dispose of the processing business and assets.

The 2006 abalone TAC was 223t (2005: 237t), with Oceana's quota 15,4t (2005: 17,5t), all of which was landed by close of season. Quality was good. Almost all production was directed into canned product, for which market demand and prices were good.

Blue Continent Products

The BCP division is engaged in fishing, processing and trading of horse mackerel, hake and tuna. Its primary operating subsidiaries are Blue Continent Products, Oceana International, Desert Diamond Fishing and Erongo Marine Enterprises in Namibia. The Montevideo (Uruguay) and Kaohsiung (Taiwan) trading offices of Interpesca International were closed towards the end of the year.

The division achieved an excellent performance, with good catches, demand for products and prices.

Horse mackerel

BCP operates a midwater trawl vessel in South Africa, the Desert Diamond (7 628 gross tons) and two in Namibia, the Desert Jewel (4 407gt) and the Desert Rose (4 407gt). These vessels fish in their respective national waters and catch, process and pack the catch at sea, ready for despatch to market.

The horse mackerel fishing season in both South Africa and Namibia runs from January to December each year. The Namibian midwater trawl TAC for 2006 was 315 000t (2005: 310 000t) and in South Africa was unchanged at 31 500t. Namibian quotas held by companies associated with Oceana were 78 701t (2005: 77 215t). Oceana's quota in South Africa was 5 922t (2005: 5 803t).

Oceana's South African 2006 quota was completed in full by 30 September, with the vessel continuing thereafter to land fish against quotas of other rights holders which have contracted with BCP. It is hoped to complete the Namibian quotas by close of season in December. Vessel performance in terms of catch rates and running costs was good, allowing for the Desert Diamond's non availability for two months whilst undergoing a refit and reflagging on the SA shipping register and also the refit of the Desert Rose.

Achievements with regard to continuous improvement included the use of cheaper heavier grade fuel oil through the HFO conversion on all three horse mackerel vessels; energy saving by improving vessel operating procedures; improved efficiency in the tonnage of fish blast frozen per hour; experimenting with different nets and gear to improve catching efficiency; and improving the quality and appearance of packaging.

Demand for South African and Namibian frozen horse mackerel in the major markets in Central and West Africa was strong and at good prices. Oceana International has for some years been promoting brand recognition and developing structured and reliable distribution and logistics channels in its main markets to improve market penetration and margins. Results from these distribution channels in Angola and DRC were pleasing however the Cameroon operation was closed.

Hake

BCP's hake fishing operations are restricted to South Africa, where two deep sea trawl vessels the Compass Challenger (841gt) and Realeka (497gt) are used to catch and process its own quotas, as well as additional volumes from other rights holders engaged in joint venture or supply agreements with the company. A third vessel, the eBhayi, operated from Port Elizabeth, was withdrawn from service in August as it was economically unviable as a result of the reduction of Oceana's hake quotas issued in terms of its long term rights.

The deep sea trawl hake TAC for 2006 was 125 321t (2005: 132 076t), with Oceana's quotas at 1 337t (2005: 2 281t). The long line hake TAC was 9 775t (2005: 10 309t) with Oceana's quota at 167t (2005: 114t).

Good prices were obtained for hake product (mainly headed and gutted) on international markets. Profits were very satisfactory, despite Oceana's small hake quotas.

Tuna

Despite competitive conditions experienced in tuna trading, financial results showed a turnaround to a creditable profit during the past year.

COMMERCIAL COLD STORAGE

Subsidiaries in this division own and operate eight commercial cold stores in South Africa and Namibia, of which three (Maydon Wharf Fruit Terminal, CCS Duncan Dock and CCS Walvis Bay) are on the quayside. Total capacity available to the market is in excess of 100 000t, following capacity expansions at the Epping and Bayhead stores. The facilities all offer a technologically high-quality and efficient service to importers, exporters and local manufacturers/distributors for the handling and storing of all classes of chilled and frozen product.

Average occupancy and activity levels throughout the year were good, mostly in poultry, fish, meat, vegetables and fruit products.

Imports of poultry and processed meats were at a high level, as were volumes of fish and fruit for export. Deciduous fruit export volumes handled by the division's Paarden Eiland store were very satisfactory. Citrus export volumes through Durban did not meet expectations as a consequence of quality issues faced by producers, following drought conditions in 2004/2005, and a decision by South African citrus producers to limit exports to Japan, after an oversupply in 2005.

The division has well-established core competencies in fruit handling and storage, ie in equipment and technology, geographical location in relation to growing areas and export ports, and staff and management skills.

Operating costs were well managed. Recycling of fresh water achieved appreciable savings in volume usage and costs, and a programme is underway to evaluate electricity savings in a joint initiative with Eskom.

Average occupancy levels for frozen products increased over that of the prior year resulting in increased turnover whilst throughput volumes were lower resulting in lower handling revenues, particularly for citrus exports. Operating profit increased marginally on the previous year.

CONCLUSION

The LTR application process imposed significant demands on the time and resources of senior management in fishing divisions. Now that this process has been completed, as well as the transaction to increase Oceana's BEE ownership, management will focus on the rationalisation of existing operations and corporate structure as well as opportunities to grow the business by securing access to additional volumes through acquisitions, joint ventures and contractual arrangements.

Andrew Marshall
Chief Executive Officer
10 November 2006

CCS owns and manages over 100 000t capacity of cold storage facilities (l-r) Walvis Bay, Namibia; City Deep, Johannesburg; Paarden Eiland, Duncan Dock and Epping, Cape Town and including Maydon Wharf and Bayhead in Durban (pages 40/41).

Oceana's primary objective is the achievement of financial goals within a corporate culture and discipline of social and environmental responsibility.

Oceana's Stakeholders

Shareholders

Shareholders receive an annual report in December and an interim report in May each year. 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 R17.00 per share and the lowest was R14,00 per share.

The share ownership analysis appears on page 86.

Customers and consumers

The group's goods and services are intended to 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. 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 conducted with customers in the Far East, Europe, United States and Africa, and is transacted 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

The group strives to be a first-rate corporate employer as detailed later in this report. 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 cooperative and candid interaction with national, provincial and local authority government in compliance issues and in being proactive in seeking means to satisfy 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 (SABS), 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, as detailed in the CSI report on page 32. 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

Oceana has embraced the principles of the National Strategy on Black Economic Empowerment (BEE) and the BEE Act and remains committed to implementing BEE initiatives.

Oceana adopted a proactive and focused strategy aimed at accelerating broad-based black economic empowerment programmes in all seven pillars of BEE. The group's commitment to and involvement in transformation initiatives has been an integral part of business strategy for some time.

The objectives of the BEE Act cannot properly be achieved through a narrow focus only on ownership and management, but rather on an integrated and coordinated approach.

From a governance point of view, there is a transformation committee which reports to the board on progress made by management in implementing the group's transformation strategies. The committee is appointed by the board of directors, is chaired by a non-executive director and includes four members of executive management. Its operation is governed by a formal board charter. During the year the committee met twice to review progress.

Squid operations include a fleet of five freezer vessels and packing and cold storage facilities in Port Elizabeth and Humansdorp.

BEE scorecard progress as at 30 September 2006

Core component of BEE	Weighting	Explanation	2006	2005
Equity ownership	20%		33.1%[1]	37.3%[2]
Management and control	10%	Black people as % of board	44%	40%
		Black women as % of the board	22%	0%
		Black people as % of executive management	13%	22%
Employment equity	10%	Black people in senior management	15%	10%
		Black people in middle management	46%	37%
		Black people in junior management	79%	74%
		Black people as % of total staff	93%	93%
Skills development	20%	% of training spent on black staff stated as a percentage of total payroll	1.5%	1.6%
		Number of learnerships in progress or completed stated as a % of total staff	2.5%	7.5%
Preferential procurement	20%	Discretionary procurement with BEE enterprises stated as a percentage of total procurement	66%	51%
		Non-discretionary procurement with BEE enterprises stated as a percentage of total procurement	5%[3]	34%[3]
		Ongoing assessment of suppliers' details		
Enterprise development	10%	22 joint venture and vessel co-ownership agreements		
		103 supply partners		
		Infrastructural support to partners: R6,3m		
Corporate social investment (CSI)	10%	Stated as a % of profit after tax	3.1%	1.7%

For further details in this annual report on each of these core components, refer to page/s

Equity ownership	*pages 4, 13*	Management and control	*pages 10, 11*
Employment equity	*page 27*	Skills development	*page 28*
Preferential procurement	*page 30*	Enterprise development	*page 31*
Corporate social investment	*page 32*		

[1]BEE ownership percentage calculated on the modified flow through basis as required in terms of the BEE codes, treating Brimstone as 100% black.
[2]BEE ownership as calculated and included in long term commercial fishing rights applications.
[3]Change in percentage due to expenditure with certain suppliers being reclassified.

Employment equity

All operations in South Africa comply with the Employment Equity (EE) Act, 55 of 1998 and submit reports each year to the Department of Labour. All sites within each division complied with the new reporting requirements according to the amendments to the employment equity regulations promulgated in August 2006.

Suitable employee communication channels are in place to serve the requirements of both the EE Act and the Skills Development (SD) Act, 9 of 1999.

The roll out of the diversity ability programme is in full swing within the Commercial Cold Storage division and feedback to date has been positive. Supervisors and managers are attending workshops which will improve their ability to manage a diverse working group. All employees will attend planned workshops on understanding cultural differences.

Equity profile (South African Division)

	Target 2010			2006			2005			2001		
	Female	Black female	Black	Female	Black female	Black	Female	Black female	Black	Female	Black*¹ female	Black
Executive	25%	18%	40%	25%	13%	13%	22%	11%	22%	Not reported separately		17%
Senior management	25%	20%	40%	4%	0%	15%	3%	0%	10%			16%
Middle management	52%	35%	60%	17%	4%	46%	20%	6%	38%			35%
Supervisory	52%	38%	82%	25%	18%	79%	25%	16%	75%			66%
Clerical and other staff	57%	60%	99%	45%	44%	98%	57%	56%	99%			98%
Total staff	52%	50%	95%	42%	40%	93%	52%	50%	93%			89%

Employment opportunities – 2006

Of the 88 positions graded A-C*² 81% were filled with PDI*¹ candidates
Of the 14 positions graded D-F*² 71% were filled with PDI candidates

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

As required by the amendments to the employment equity regulations enacted on 18 August 2006, the group's current employment equity profile by occupational level at 30 August 2006 is as follows:

**¹ Employment Equity Act, 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.
**² Paterson grading system: Grade D-F: executive, senior and middle managers, Grade A-C: supervisory, clerical and other employees.*

The lobster division operates a fleet of 12 vessels and three HACCP accredited processing plants in Doring Bay, St Helena Bay and Hout Bay.

Workforce – occupational levels - current (at 30 August)
(Including employees with disabilities)

Occupational levels	Designated							Non-designated			
	Male			Female				White male	Foreign nationals		
	A	C	I	A	C	I	W	W	Male	Female	Total
Top management	0	0	0	0	1	0	0	6	0	1	8
Senior management	0	3	1	0	0	0	1	21	0	0	26
Professionally qualified and experienced specialists and mid-management	3	45	5	0	5	1	16	53	3	1	132
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	19	130	11	6	36	3	16	31	5	0	257
Semi-skilled and discretionary decision making	256	419	30	36	246	18	25	6	12	1	1 049
Unskilled and defined decision making	505	296	0	315	636	0	0	0	21	1	1 774
Total permanent	783	893	47	357	924	22	58	117	41	4	3 246
Non-permanent employees	0	0	0	0	1	0	1	2	0	0	4
Grand total	**783**	**893**	**47**	**357**	**925**	**22**	**59**	**119**	**41**	**4**	**3 250**

Employees with disabilities only

Occupational levels	Designated							Non-designated			
	Male			Female				White male	Foreign nationals		
	A	C	I	A	C	I	W	W	Male	Female	Total
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	2	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	3	1	0	0	2	0	1	0	0	0	7
Unskilled and defined decision making	1	0	0	0	1	0	0	0	0	0	2
Total permanent	4	1	0	0	3	0	1	2	0	0	11
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**4**	**1**	**0**	**0**	**3**	**0**	**1**	**2**	**0**	**0**	**11**

A: African; C: Coloured; I: Indian; W: White.

SKILLS DEVELOPMENT

Oceana's human resource function is underpinned by the desire to attract, retain and develop high potential individuals. Human capital needs are integrated into the business plan. The group'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 involves accelerated learning, "on the job" training and the development of succession plans for all key managerial positions.

In line with the SD Act workplace skills plans and implementation reports are submitted each year to the relevant Sectoral Education and Training Authority (SETA). The recovery of levies via grant rebates is achieved in all divisions. In addition discretionary grants have been received at some sites for specific interventions eg Adult Basic and Education Training (ABET) programmes and learnerships.

Training expenditure

	2006	2005
All employees	**R4,1m**	R5,9m
Black employees	**R3,6m**	R5,0m

The group is committed to the development of all employees. Expenditure was incurred on a number of projects detailed below and for interventions related to divisional strategy and personal training needs arising during performance appraisals. In addition to the expenditure on black employees as detailed below, 27 employees are completing tertiary studies supported financially by the group. R1,3m was spent on the technical and health and safety training of all employees.

Expenditure on black staff for ABET, supervisory, leadership and other training

	2006	2005
ABET	**R0,5m**	R0,2m
Supervisory training	**R0,2m**	R0,1m
Leadership	**R0,2m**	R0,7m
Other	**R2,7m**	R4,0m
Total	**R3,6m**	R5,0m

Stated as a percentage of payroll, the expenditure on black staff only was 1.5% (2005: 1.6%).

MFV Desert Diamond (midwater trawl vessel)

Employment and training opportunities for South Africans has increased from 59 trainees in 2005 to 74 crew members of whom 38 hold permanent status. A commitment to creating 123 employment opportunities has been made in order to develop, qualify and replace the majority of the foreign crew by 2010.

MFV Desert Diamond is accredited by the South African Maritime Safety Agency (SAMSA) for on board accelerated training programmes for deck officers.

Learnerships

Learnerships have been created by various SETAs. A number of existing employees have obtained formal national qualifications by completing learnership agreements with various SETAs during the year. Learnerships in progress or complete involve 80 employees studying in nine NQF diploma categories. This constitutes 2.9% of total staff.

Literacy

During the year R0,5m was spent on ABET programmes. Assessments continued and now 56% of the workforce are above the target level of ABET level 2, 23% are below standard and 21% are still to be assessed. An ABET programme commenced in the Commercial Cold Storage division this year and feedback to date has been positive.

Oceana continued its broad spread investment in community projects in Namibia, including recent financial and educational initiatives in local schools.

Mentoring

As an initiative to develop and accelerate diversity within senior management the group launched its mentoring policy and programme in December 2003. High potential individuals are encouraged to participate in this programme. Oceana 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;
- attracting, retaining and developing talent (high potential individuals) within the group.

Succession planning is completed through the development of a group talent pool with separate divisional talent pools. This allows focused development to fast track the identified employees. The remuneration and nominations committee reviews the group succession plan on an annual basis.

PROCUREMENT

Oceana has previously indicated its commitment to encourage the growth of BEE enterprises by making BEE enterprises their preferred suppliers. In 2004 a preferential procurement policy was adopted, committing the group *inter alia*, to setting, monitoring, reporting and auditing compliance in terms of its empowerment targets.

In measuring procurement expenditure, the group differentiates between procurement which is discretionary[1] and non-discretionary[2].

Discretionary spend

During the year the group focused on refining its assessment and verification process, to increase the level of expenditure with BEE suppliers. This process has been complicated by the absence of formally accredited BEE rating agencies.

Of the R815 million discretionary spend incurred by the group's South African operations in 2006, some R536 million (66%) was spent with BEE suppliers[3]. Comparatively in 2005, of the R1 billion discretionary spend, R556 million (51%) was spent with BEE suppliers. Key suppliers in certain divisions improved their BEE credentials notably over the last year which once again impacted on the overall change of spend. In addition certain expenditure was reallocated to the discretionary spend category from the non-discretionary category which resulted in a significant change.

[1] *Discretionary procurement includes all procurement where there is a choice in procuring from a BEE or non-BEE company.*
[2] *Non-discretionary procurement which is less controllable, includes amounts paid to suppliers where there is no choice of procuring from another supplier or it is a specialised industry e.g. government or parastatal agencies.*
[3] *Suppliers with both black ownership and black management exceeding 25%; or with empowerment rating of AAA, AA, A, BBB or BB or equivalent in terms of another scale.*

Investment in skills development and CSI projects.

ENTERPRISE DEVELOPMENT

Oceana developed joint venture relationships with small and medium sized enterprises as long ago as 2000, way ahead of the development of any industry charters requiring investment in enterprise development. This focus continues. The group currently has 22 joint ventures and vessel co-ownership arrangements and 103 processing, marketing and supply arrangements in the pelagic, west coast rock lobster, horse mackerel, south coast rock lobster and hake sectors.

Oceana embarked on a proactive strategy of entering into joint ventures (and other forms of alliances) with small and medium-sized rights holders in the various commercial fishing sectors.

The strategy achieved the following objectives:

- assisted new entrants and existing SMMEs to acquire vessels or shares in vessel owning companies to reflect investment, 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 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.

The various joint venture arrangements have resulted in:

- an ongoing skills transfer process - assistance offered by Oceana includes contractual and legal advice; financial management; funding; business structuring; business administration; vessel operations and vessel management;
- joint venture and/or supply arrangements being conducted according to the good governance practices in place within Oceana subsidiaries;
- partners being able to benefit from the proceeds from the sale of product marketed globally and to take advantage of marketing infrastructure established over many decades as well as benefit from value adding processes;
- partners being exposed to industry developments, scientific knowledge of the resource and operational reports during regular management meetings, which increases their knowledge of the industry;
- a high level of transparency in reporting, ensuring that partners appreciate the consequences of all business risks.

(l-r) Golden Girls and Little Angels; South Africanisation skills transfer and seamanship training; community projects Starfish and Lapdesks.

Corporate social investment (CSI)

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 stipulates that funding should be non-political. Initiatives are aimed at programmes that empower communities and result in long term partnerships. Focus is on reducing the number of small projects in favour of a number of larger projects (highlighted below) which delivers a greater impact. During the year the level of staff involvement in existing initiatives has increased.

Education

Tertiary School for Business Administration (TSiBA)

During 2005 Oceana announced its intention to support and partner TSiBA in Cape Town for a four year period – as one of its flagship projects. TSiBA is based on the successful CIDA City Campus established six years ago in Johannesburg and is the first "virtually free" higher university level education institution in South Africa for students from disadvantaged backgrounds.

Oceana is actively involved in TSiBA through senior executives lecturing business related courses regularly and internships being offered to students during their vacations. In 2006 the group's contribution towards TSiBA has been allocated to the establishment of the TSiBA Student Development Centre. Oceana is guaranteed three places for student scholarships. Staff are invited annually to consider whether any family member or dependent would be eligible to apply for a full tuition scholarship to TSiBA.

Lapdesks

The Lapdesk Company, with the support of corporate sponsors and non-governmental organizations, is tackling school desk shortages. The "lapdesk" was born out of the need to address the difficulties faced by underprivileged children attempting to learn in less than adequate conditions. A school desk is one of the basic requirements for an effective educational experience; however in South Africa, almost 30% of learners do not have desks.

In April 2006 Oceana handed 1 160 lapdesks to children at four schools in Kwazulu Natal. Oceana is proud to be associated with this initiative which contributes to job creation and the economy, and improves educational opportunities for learners. It also enables Oceana as a corporate sponsor to build relationships with communities by visibly supporting the development of the children in that community.

An Oceana flagship project – TSiBA the "virtually free" higher university level educational institution in Cape Town.

Healthcare

Starfish

The Starfish Greathearts Foundation (Starfish) supports children orphaned or made vulnerable by the HIV/AIDS pandemic in South Africa. Starfish funds community-based projects which endeavour to meet the physical, educational, psycho-social and shelter needs of orphans. Starfish supports over 11 000 children with a combination of these services and a further 12 500 children receive nutritional support.

Since 2003 group donations of Lucky Star tinned pilchards have been supplied to non-governmental organisations in Mpumalanga, Gauteng and KwaZulu Natal. In 2006 a significant quantity of canned fish was distributed by Starfish to over 30 community-based projects to feed more than 16 000 children. Following the Starfish philosophy that every single act makes a difference, the group is contributing to building the lives of orphaned and vulnerable children in South Africa.

Golden Girls and Little Angels

Oceana supports a number of HIV/AIDS home-based care initiatives, including Golden Girls and Little Angels, which provide shelter and care for children living with AIDS. Both organizations provide abandoned, abused, neglected and orphaned children, regardless of race, nationality and religion, with family homes. About 1 000 children, affected by the HIV/AIDS pandemic, are receiving assistance through these sponsored centres.

Others

The group has also contributed to a number of other community health initiatives, including the:

- South African Medical Foundation – a donation for a cardiac monitor and two mobile incubators at Khayelitsha Site B hospital, urgently required for babies in distress during transit between hospitals;
- Somerset Hospital – a donation for the upgrading and renovation of the casualty department serving the Cape Metropole and west coast communities.

Community development

Oceana endorses the principle that no business exists in isolation but is undeniably part of the communities in which it operates.

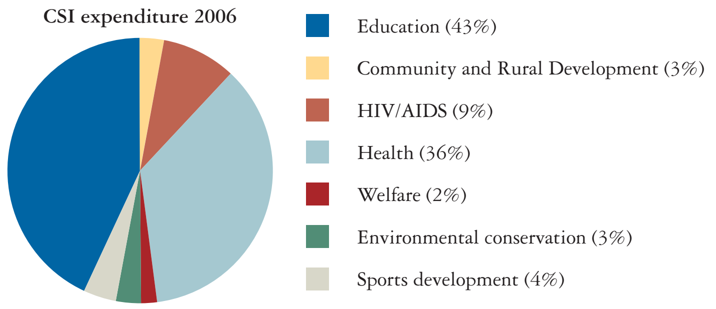
Oceana's involvement in communities on the west coast continues to be characterised by a high level of community participation. CSI expenditure has been directed towards bursary schemes, study assistance programmes, transportation for learners to and from school, ongoing HIV/AIDS counselling and support for community peer educators, sports development and environmental initiatives. Group projects included a beach clean-up and study tuition in Hout Bay and tree planting in St Helena Bay.

Oceana is a gold sponsor of the National Sea Rescue Institute (NSRI). Various annual donations are made to voluntary associations such as St Giles, St Lukes Hospice, Fairest Cape, the Western Cape Council for the Blind, the Avril Elizabeth Home, Girls and Boys Town and the Western Cape Foundation. Various shelters for the homeless and feeding schemes in Johannesburg, Cape Town and Port Elizabeth receive ongoing support through the donation of canned fish.

Oceana also invests significantly in projects in Namibia. These include support through the Unity Community Trust and Arechanab Community Trust established for the advancement of the cultural, social and educational needs of communities. Projects include annual sponsorship for the Erongo Regional Science Fair; academic scholarships for previously disadvantaged learners to attend Windhoek High School; full tuition bursaries for learners from the Arandis community; financial support for the Kolin Foundation Senior School-Arandis Kindergarten, for a learner with severe dyslexia, for the building of a hostel for learners in rural Namibia and for a government sanctioned World Wetland and Water Day initiative.

During the past year, the group invested in excess of R4,2m in a variety of programmes and initiatives, despite rather challenging and uncertain operating conditions. This amount stated as a percentage of profit after tax is 3.1%. The spend allocation is reflected in the pie chart as follows:

Corporate social investment (CSI) 2006



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, ethical and legal standards. The group's Code of Business Conduct and Ethics, first published in 1996 and reviewed in 2002, applies equally to all employees and compliance is mandatory.

In addition to the code the Fraud Policy was issued in 2003 which:
- re-iterated the principles in the code;
- demonstrated the group's commitment to a zero tolerance approach in dealing with unethical and fraudulent behaviour;
- ensured that the group investigates all allegations of unethical conduct, fraud or corruption;
- ensured that all contraventions of a criminal nature are referred to the prosecuting authority.

Since 2000, if employees become aware of, or suspect a contravention of the code or policy they are encouraged to promptly utilize the anonymous whistle-blower facility to enable the matter to be investigated. During 2006 a new service provider was appointed and a communication and training road show completed across the group. 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.

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 and 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.

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 (FAWU)
Trawler and Line Fishermen's Union (TALFU)
National Certificated Fishing and Allied Workers Union (NCFAWU)
Azanian Workers Union (AZAWU)

Namibia

Namibian Food and Allied Workers Union (NAFAU)
Namibian Transport and Allied Workers Union (NATAWU)
Namibian Seamen and Allied Workers Union (NASAWU)

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

Annual wage negotiations were completed in all divisions successfully and there was no strike action.

A dispute between pelagic skippers and their contracted crews, during industry negotiations of the existing five-year agreement on fish monies, developed into a dispute between skippers and the company. Oceana vessels returned to sea on 10 March 2006 once agreement was reached on fish monies for 2006 to 2010 and new five-year operating contracts were concluded with skippers. In addition, an illegal six-week strike affected the entire squid and Eastern Cape Fishing industry. FAWU are now involved to ensure proper procedures are followed and to prevent the occurence of illegal strikes taking place in the future.

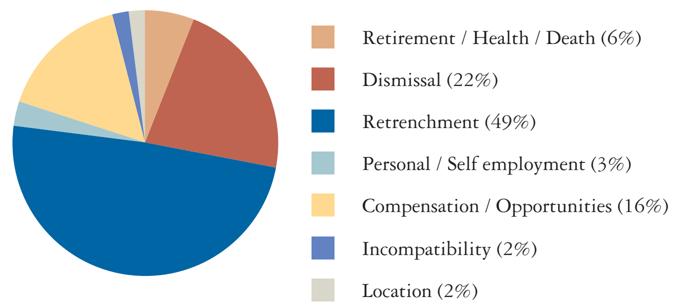
Employee forums are in place at both unionised and non-unionised sites in order to facilitate consultation and communication in general.

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 (Schedule 8, Labour Relations Act, 66 of 1995).

LABOUR TURNOVER

The labour turnover figure of 15% for the group is above the national average of 11.5%*3. This is primarily due to a number of retrenchments and voluntary retrenchments which took place during the year.

Labour turnover



*3 *Deloitte & Touche Human Capital Corporation.*

In the year of retirement access to specific financial and investment advice is available to retirees. Retirement planning workshops are run on request to assist employees with financial and related retirement matters.

HEALTH AND SAFETY

All operations in South Africa comply with the Occupational Health and Safety Act & Regulations, Act 85 of 1993. Health and safety structures, including the required committees, are in place. Alexander Forbes completes a comprehensive annual risk audit at the larger sites focusing on compliance with this legislation and insurance related requirements. Recent audits have included additional focus on our vessels to ensure all SAMSA requirements are adequately in place.

The operational sites provide clinic facilities, managed either in-house or out sourced. The clinics provide both primary health care and occupational health care to employees and strategic advice to management.

Employees involved in production processes participate in an induction training session at the start of each season. This includes health and safety training, hearing conservation and TB awareness. Throughout the year ongoing health and safety training also takes place eg fire fighting, first aid and hazardous chemical handling.

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

Following an actuarial study in 2002 a voluntary HIV/AIDS 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 machines installed in all toilets and cloakrooms. This was in line with the group AIDS Policy developed in March 2003 in full consultation with a representative group of employees.

Across the Oceana Group, including Namibia, 2 065 employees were tested. Of those, 1 948 were negative and 117 employees tested positive. This represents 5.6% of the total sample. Through the counselling process, support has been provided for positive status employees. All employees continue to be encouraged to own their status. Ongoing education and training relating to HIV and AIDS is available via the peer educator infrastructure. The personal protection programme and trauma cover from the Lifesense Group was provided for employees and their families. This product provides access to anti retro virals in the event of trauma resulting in exposure to body fluids which may be infected with HIV/AIDS eg a motor accident, attack or rape. This forms part of the group's HIV/AIDS prevention strategy. The group continues to remain abreast of latest developments in this area and will review the policy to ensure alignment with best practice.

Group environmental policy and principles

In order to identify and manage the impacts of the group's activities in a structured manner the board adopted a formal Environmental Policy as detailed in the Oceana Website. Apart from articulating a policy of environmental responsibility and positivism, the policy includes principles for risk assessment, implementation and management of controls, monitoring, review and reporting.

In setting objectives and targets for managing direct environmental impacts, Oceana's policy is to "utilise natural resources in a sustainable, efficient and environmentally responsible manner." Formal operating procedures for fleets and processing plants stipulate catching, landing and processing of fish in compliance with permit conditions. Cost management, operating procedures and financial budgets target efficient usage of renewable and non-renewable resources, in terms of volumes and masses, and financially.

Policy for reducing or minimising the negative impacts of products and services, or use of them, in the environment is to "achieve compliance with environmental laws, best practice and generally accepted standards in the operation of all businesses." The group has procedures and sound and hygienic facilities to store, handle and distribute its products (eg canned fish, fishmeal, frozen fish and live lobster), with regular monitoring and quality control checks, including the application of the Hazard Analysis Critical Control Point system (HACCP) to appropriate operations. Cold stores likewise have operating procedures for receiving, handling, storing and discharging perishable products to avoid damage or waste. Facilities are inspected by, *inter alia*, the Perishable Products Export Control Board for compliance with regulations and standards.

Fleets, factories and cold stores use all resources as sparingly and efficiently as possible, for cost and efficiency reasons. All businesses budget, monitor, report and investigate variances in physical volumes and masses of resources used, eg tons of fuel, kilolitres of water and units of electricity. During the year a "radical water" plant, with associated technology, was installed at the cannery, to enable treated sea water to be used in lieu of fresh water, resulting in a significant reduction, on a continuing basis, in fresh water consumption.

With regard to identifying, assessing and reducing the environmental impact of projects that the group is significantly involved in or finances, the company requires compliance with environmental laws. Confirmation is required prior to approval of substantial capital or major maintenance projects that environmental issues associated with the project have been addressed.

Oceana subsidiaries source goods and services from a wide range of suppliers. These include suppliers of vessels, machinery, fish and raw materials. Terms of contract with fishing joint venture partners and Oceana's close involvement enable the group to monitor environmental compliance of the partners.

Oceana's policy favours promotion of innovative research, training and technology cooperation for environmentally friendly solutions. Oceana contributes to research and engages in initiatives to improve the physical environment. The group participates with M&CM and industry associates in research into fish resources, through vessel and crew contributions; training of staff in environmental responsibility, such as The Natural Step (TNS) process; and cooperates with DEAT and industry operators in the current process to establish practical and reasonable values and levels for measuring atmospheric emissions.

Examples of the group's engagement with stakeholders in its business include participation in government sectoral resource management working groups (pelagic, horse mackerel, lobster and squid). Participation involves having senior management in elected and appointed capacities in formal organisations designed to promote sustainable resource usage and communication and cooperation between M&CM and industry operators in each sector. Oceana maintains regular contact, through meetings and correspondence with DEAT, as to conditions and terms of access rights and fishing permits.

The group's industrial fishing fleet consists of ten vessels, co-owned with joint venture partners, operating from St Helena Bay and Hout Bay. Three plants produce high quality fishmeal from pelagic fish.

IMPACTS ON THE ENVIRONMENT

The actual and potential impacts, direct and indirect, of these activities on the environment are:

Fishing	– catches reduce the total estimated population (biomass) of a particular species – by-catches of other, non-targeted species, so reducing their numbers – pollution of ocean and coastal zone, from vessel fuels and lubricants, and waste material dumped or falling from a vessel – land pollution during offloading of catches and conveyance to factory for processing
Processing	– utilisation of renewable (fish, vegetable ingredients, water) and non-renewable (electricity, hydro carbons, cans, packaging) resources – pollution of land, sea and air from waste disposal, leakages, emissions
Storing of fish products, ingredients	– pollution of land and air from waste and unusable products – emissions of odours from storage containers or facilities
Distribution and delivery	– deterioration, loss, leakage of product during transportation to stores and outlets – clean up operations
Product consumption/ disposal	– disposal of waste and packaging (plastics and metal)

GROUP ENVIRONMENTAL MANAGEMENT SYSTEM

The group does not have a formal, certified environmental management system. All operations are required to maintain up to date permits and licenses where prescribed by law. Management reviews these regularly. Assurance is obtained through periodic site and permit reviews/audits by risk consultants and by a specialist environment law attorney when appropriate. In the recent long term commercial fishing rights application process, certain data had to be checked and audited by the group's independent auditors.

All fleets in the group have formal policies, to which skippers are committed, regulating issues such as targeting species, avoiding by-catches of other species, prohibiting dumping of fish, fuels and plastics at sea, and procedures for refueling, handling spills of fuel and oil and cleaning of tanks, and garbage disposal. P&I Insurance cover for environmental damage is in place.

Formal operating procedures are in place in all major areas of business for work to be done by trained and responsible staff, adequate supervision, reporting of failures and omissions and further investigation thereof.

The CEO is the executive ultimately responsible for environmental issues.

Each of the four operating divisions maintains its own environmental risk register, with combined assurance and action plans, developed in accordance with independent professional advice, and forming part of the overall enterprise wide risk management system. The environmental risk registers record and analyse the major risks impacting on, or potentially caused by, each division's activities, products and services. Assurance and action plans record measures in place to provide assurance as to sufficiency of control mechanisms, and action plans to respond to and manage the risks and consequences. The risk registers are reviewed and updated quarterly. The group's environmental policy prescribes the system for reporting major environmental incidents to the CEO, risk committee and at divisional management meetings. The internal reporting and monitoring system includes immediate reports to the CEO of every major environmental incident. No major environmental incidents occurred during the year.

Independent verification of compliance with legal criteria as to usage of resources and methods of operations is provided by DEAT – checking landings, inspectors on board fishing vessels, monitoring adherence to fishing zones, checking documentation, issuing permits for vessels and to fish, atmospheric omissions; SAMSA – vessel registration, safety and navigation compliance; and quality control authorities such as SABS, the International Standards Organisation and risk service consultants.

Documentation pertaining to use, management and control of natural resources is maintained including fishing rights and permits; permits regulating activity in processing plants; product clearances; storage and use of fuels, gases and chemicals.

The group's policy requires executive management to develop skills and awareness concerning environmental issues and responsibility amongst employees in key areas of activities and operations, including most efficient usage of non-renewable resources. The policy is circulated to all employees. Awareness is promoted through a variety of channels including articles on environmental issues in the Oceana Tidings in-house magazine, maintaining environmental risk registers and quarterly reporting, regular fleet meetings that include skippers and crews of vessels, presentations on and follow up of TNS amongst all employees, resulting in the establishment of environmental awareness and improvement groups in fishing factories.

Environmental awareness training organised by Oceana is extended to joint venture partners, for example in compliance with terms of fishing permits, offloading and transport of fish and environmental awareness through TNS.

Examples of Oceana's participation in emergency preparedness plans include its membership of the DEAT west coast oil spill emergency recovery structure. Factories and cold stores have structures and procedures in place to test higher risk installations (eg oil and ammonia stores) and to react to failures or damage.

Formal structures are in place to address non-compliance with policy and for preventative and corrective action to be taken. The Environmental Policy specifies reporting and follow up procedures. The risk registers include control systems. The Discipline and Grievance Code and Guidelines prescribe disciplinary action for breach.

Oceana's environmental management systems are subject to review and updating as circumstances require.

The Environmental Policy and the Oceana Group Code of Business Conduct and Ethics confirm the principle of legal compliance in group operations, and so far as reasonably possible in the business activities of outside parties supplying fish, goods and services to group companies. Operating contracts with joint venture partners stipulate compliance with all fisheries laws including quota limits and offloading of fish.

The terms of its supply agreements, with professional advice where appropriate, assists the group in clarifying legal liability in the case of environmental incidents such as fuel leaks or spills, or loss and damage to fish en route to a processing plant. Recovery plans and insurance are in place to cover the consequences where the group has liability or might incur loss.

MONITORING OF DIRECT AND INDIRECT IMPACTS ON SENSITIVE RESOURCES, SPECIES OR AREAS

Oceana's activities do not impact on culture-rich or natural heritage sites, nor on threatened or endemic species of flora and fauna.

Policy and operating procedures require all catches of fish to comply with permit conditions. Catch statistics are supplied to M&CM. Oceana is involved directly and indirectly through industry organisations in interacting with the Department concerning management and sustainable use of fish and the marine habitat.

Oceana is a corporate member of SANCCOB, which aims to conserve and protect sea birds, especially threatened species. In 2006 the group continued its annual sponsorship of the National Marine Week campaign.

Group policy and management practice is to use water as sparingly and efficiently as possible in production, cleansing and domestic applications. Usage is monitored on a monthly basis.

Limitation of emissions

In terms of Oceana's Environmental Policy, factories and vessels are required to minimise usage of fossil fuels and emissions of gases, particulate materials and odours into the atmosphere. Factories comply with conditions imposed by the Atmospheric Pollution Prevention Act, 1965 and Air Quality Act, 2004. The Enviro 100 project of 2003 was an example of technological upgrading in plants to *inter alia* limit emissions using Scandinavian technology. Efficient production systems are maintained. Operating procedures, monitoring, technical upgrades, compliance with permits and convection drying of fishmeal reduces odours. Emissions in general are continually reduced/minimised through "cleaner production" strategy.

Heat exchangers are in place in fishmeal plants and the cannery to re-use thermal emissions in exhaust boxes and water. Waste water is returned to the sea at ambient temperatures in terms of authorised conditions of use.

Use of resources over the last financial year

Use of energy varies annually from division to division depending on, for example, the location of fish and distance to processing plants, weather and factory production runs. Management is constantly seeking ways to reduce consumption of natural resources where reasonably possible and consistent with safety at sea, cost efficient operations, quality of fish landed and product quality and safety.

In the hake fleet, careful management of engine running time and power settings at sea saved fuel. The lobster fleet returns to base at lower speed to save fuel, where possible, and has discontinued the tally system for catch per vessel to allow fewer vessels to land more fish each, in order to reduce the number of vessels going to sea. The pelagic fleet manages vessel speed and catch per vessel to minimise fuel usage, consistent with sea conditions and maintaining quality of fish landed. The Commercial Cold Storage facilities minimise opening of cold rooms to conserve temperatures and reduce electricity usage for cooling compressors.

Coastal factories use sea water instead of fresh water, *inter alia*, for cleaning floors. TNS training and follow up encourages all employees to save water, turn off taps and be pro-active in devising and adhering to water saving methods.

Sustainability report

Waste disposal and effluents

Oceana's activities do not generate or involve transportation, storage or trade in hazardous waste that requires special treatment. With regard to recycling or reclamation of waste material, offal from the cannery (fish heads, tails and guts) is processed into fishmeal. Stik water in the fishmeal plant is reprocessed to extract all protein and solids.

In St Helena Bay (cannery, fishmeal and lobster) contracts are in place with specialist contractors to remove and recycle waste oils, plastics, paper cartons and coal ash. Condemned canned fish is destroyed under severe arrangements.

Off-loading of fish for the cannery and fishmeal plant in St Helena Bay uses recycled water (fresh and sea water). Fish and waste in the cannery is moved dry, instead of in water. Water for cooling in retorts is filtered and re-used.

In fishmeal plants, condensate and steam for heating and drying is returned to the boiler for re-use, and also in a waste vapour heat recovering system.

Blue Continent Products uses the international recycle and trash can logos on wrapping for frozen horse mackerel products.

During the year under review no subsidiary was responsible for any uncontrolled significant discharge of hydro carbons, process materials or reagents, chemicals or inadequately treated water or effluents.

Commercial Cold Storage facilities at Maydon Wharf and Bayhead in Durban, offering a technologically high-quality and efficient service to importers and exporters.

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 43
Risk committee	• Appointed by the board of directors • Has a formal charter • Chaired by a non-executive director and comprises seven members, including divisional managing directors • 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 executive member 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.

Issues addressed during the year in terms of the group's risk management process included the recall management plan for canned products, effectiveness of whistleblower services in place in the group, follow up procedures where risk management weaknesses are identified, dealing with utility (electricity and water) stoppages, the importance of compliance with all legal obligations in major transactions, and methods to develop continuous awareness of risk management amongst senior decision makers.

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 five non-executive directors. It met three times during the year, with full attendance by all members, save for Mr RV Smither, who was unable to attend one meeting whilst out of the country. He ceased to be a member following his resignation as a director in March. Mr S Pather succeeded Mr MA Brey as chairman in February and Mr NP Doyle and Ms L Ruthilal were appointed as members during the year.

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 improvements to and compliance with group policies and internal controls, controls and security in computerised information systems and a claim submitted by the Oceana Group Pension Fund arising from alleged improper use of surplus by the employer in 1996.

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

Remuneration and nominations are combined into a single committee. This committee determines the remuneration of executive directors and senior management and recommends to the board the remuneration of non-executive directors. The committee also gives consideration to the composition of the board and organisational succession planning. It operates in terms of a formally approved charter. The committee currently comprises three non-executive directors and is chaired by an independent non-executive chairperson. 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.

Four meetings were held during the year; three meetings were attended by all members. For one meeting there was an apology from Mr Connellan.

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. Remuneration is one of the largest cost components of the group and optimising the remuneration rand remains a core focus area.

Composition of executive remuneration

Executive remuneration consists of:

- a guaranteed package component that includes cash salary and the value of benefits such as retirement funding contributions, medical aid and car allowance;
- an executive incentive bonus scheme which is measured on achievement of individual performance criteria and pre-determined financial targets;
- a long term incentive scheme in the form of a phantom share option scheme.

Guaranteed package

The guaranteed packages of the executive directors are subject to annual review and are benchmarked in line with the market median.

Retirement funding and healthcare form part of the overall package in line with market trends. Executive directors and senior management are eligible for membership of the Oceana Group Executive Provident Fund.

Executive incentive bonus scheme

An incentive bonus 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 principle 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. These targets are reviewed annually by the committee, and are based on financial performance as well as achievement of agreed strategic and individual performance objectives.

Eighty percent of the maximum bonus payable is determined by financial performance. Financial targets at group level are based on growth in headline earnings per share and return on net assets whilst at divisional level they are based on operating profit 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 financial year end.

Share option scheme

Share option allocations to executive directors and senior management were considered annually by the committee. Options were last granted to executive directors on 25 November 2004. No further options will be granted in terms of the Oceana Group (1985) Share Option Scheme. Further details of the Oceana Group (1985) Share Option Scheme are contained in notes 20 and 25 to the annual financial statements.

Phantom share option scheme

The new phantom share option scheme was approved by the remuneration committee in February 2006. This scheme replaces the equity settled share option scheme referred to above. The scheme rules are modelled on the Oceana Group (1985) Share Option Scheme. Aside from the fact that the options in the phantom share option scheme are "cash settled" as opposed to "equity settled" the major difference is that the duration of the options are reduced from ten years to six years. The vesting period remains unchanged (one third vesting on each of the third, fourth and fifth anniversary of the date of grant).

Phantom share option allocations are considered annually by the committee. The intention of the phantom share option scheme is to align interests of shareholders and employees. This scheme also forms part of the group's talent retention strategy.

The annual value of phantom shares for which options are granted is determined by using a multiple of annual package. This is then further adjusted in line with individual performance. The individual multiples applied range between 0.5 and 1.2 of annual package.

Executive directors' service contracts

Directors do not have fixed term contracts. Directors have employment agreements with the company which 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.

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 succession plan for senior and executive management is reviewed annually in October as part of the group's talent management process. This is discussed and agreed by the remuneration and nominations committee. The purpose of the plan is to ensure that succession is in place and also to develop potential candidates for future placement. This includes middle, senior and executive management levels.

Executive directors' remuneration

Remuneration of executive directors is set out in the following tables 1(A) and 1(B). 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 2006 financial year.

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 by the remuneration and nominations committee. 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. These fees are detailed in the following tables 4(A) and 4(B):

TABLE 1(A): EXECUTIVE DIRECTORS' REMUNERATION: 2006

Name	Salary	Allowances	Retirement fund contributions	Performance bonuses*	Gain on exercise of share options	Fringe benefit on low interest loans	Total emoluments
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
LT Langeni[1]	379	102	84	-	592	-	1 157
AB Marshall	1 678	435	406	831	1 845	-	5 195
RG Nicol	973	259	235	481	3 584	-	5 532

1 Deceased 6 February 2006. Remuneration reflected above relates to the period 1 October 2005 to 6 February 2006.
** Performance bonuses are accounted for on an accrued basis, to match the amount payable to the applicable financial year.*

TABLE 1(B): EXECUTIVE DIRECTORS' REMUNERATION: 2005

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

1 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.*

TABLE 2(A): EXECUTIVE DIRECTORS' SHARE AND OPTION DETAILS: 2006

Name	Balance as at 30 Sept 2005	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 2006	Share trust loan as at 30 Sept 2006
	Number	Number	R			Number	R'000	R		Number	R'000
LT Langeni[1]	321 000					(33 000)	287	6,90	11.11.2005	221 000	-
						(67 000)	305	11,05	11.11.2005		
AB Marshall	711 000					(166 000)	1 444	6,90	11.11.2005	457 000	-
						(88 000)	401	11,05	11.11.2005		
RG Nicol	656 000					(40 000)	490	3,75	16.01.2006	304 194	705 119
						(54 506)	496	6,90	16.01.2006		
						(12 494)	107	6,90	03.02.2006		
						(65 000)	791	3,50	03.02.2006		
						(80 000)	958	3,75	03.02.2006		
						(71 806)	617	6,90	10.02.2006		
						(28 000)	125	11,05	10.02.2006		

[1] Deceased 6 February 2006.
** 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: 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[1]										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

[1] 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 3(A): EXECUTIVE DIRECTORS' PHANTOM SHARE AND OPTION DETAILS : 2006

Name	Balance as at 30 Sept 2005	Granted	Price	Date of grant	Expiry date	Phantom share options exercised during the year	Gains on phantom share options exercised	Exercise prices	Balance as at 30 Sept 2006
	Number	Number	R			Number	R'000	R	Number
AB Marshall	–	194 000	15,39	09.02.2006	09.02.2012	–	–	–	194 000
RG Nicol	–	115 000	15,39	09.02.2006	09.02.2012	–	–	–	115 000

Note : There were no phantom share options granted or held in 2005.

TABLE 4(A): NON-EXECUTIVE DIRECTORS' REMUNERATION: 2006

Name	Board fees	Committee fees	Total 2006
	R'000	R'000	R'000
MA Brey [1]	180	29	209
BP Connellan [6]	64	32	96
N Dennis [7]	77	50	127
NP Doyle [4, 7]	31	2	33
Z Fuphe [5]	26	3	29
DMJ Ncube [2]	86	8	94
S Pather	77	70	147
L Ruthilal [4, 7]	31	5	36
RV Smither [3, 7]	38	14	52
RA Williams	77	50	127
	687	263	950

[1] Appointed as chairman 9 February 2006 *[2] Resigned at 9 February 2006* *[3] Resigned at 31 March 2006* *[4] Appointed at 10 May 2006*
[5] Appointed at 1 June 2006 *[6] Resigned at 3 August 2006* *[7] Paid to Tiger Brands Limited*

Members of board committees (2006)

Audit committee: S Pather (chairman) (appointed 9 February 2006); N Dennis; NP Doyle (appointed 31 August 2006); L Ruthilal (appointed 31 August 2006); RA Williams; (MA Brey resigned 9 February 2006; RV Smither resigned 31 March 2006).

Remuneration and nominations committee: RA Williams (chairman); MA Brey (appointed 9 February 2006); N Dennis; (DMJ Ncube resigned 9 February 2006; BP Connellan resigned 3 August 2006).

Risk committee: L Ruthilal (chairperson) (appointed 31 August 2006); ND Brink; AB Marshall; RG Nicol; GA Rhodes-Harrison; GM Vincent (appointed 1 March 2006); AWS Visagie; (LT Langeni deceased 6 February 2006; AL Hobbs resigned 28 February 2006; RV Smither resigned 31 March 2006).

Transformation committee: Z Fuphe (chairperson) (appointed 31 August 2006); ABA Conrad; AB Marshall; GA Rhodes-Harrison; JL Wilkinson; (LT Langeni deceased 6 February 2006; S Pather resigned 31 August 2006).

TABLE 4(B): NON-EXECUTIVE DIRECTORS' REMUNERATION: 2005

Name	Board fees	Committee fees	Total 2005
	R'000	R'000	R'000
DF Behrens [2]	39	32	71
MA Brey	73	48	121
BP Connellan	73	37	110
N Dennis [1]	73	48	121
DMJ Ncube	226	21	247
S Pather	73	37	110
RV Smither[1]	73	27	100
RA Williams	73	48	121
	703	298	1 001

[1] Paid to Tiger Brands Limited *[2] Resigned at 31 March 2005*

Consolidated income statements

	2006 IFRS R'000	2005 IFRS R'000	2004 SA GAAP R'000	2003 SA GAAP R'000	2002 SA GAAP R'000
Revenue	2 544 558	2 576 513	2 487 502	2 517 418	2 639 216
Operating profit before abnormal items	183 325	180 672	221 483	267 072	248 015
Abnormal items	(5 882)	(27 830)	4 949	(180)	14 484
Operating profit	177 443	152 842	226 432	266 892	262 499
Dividend income	6 151	1	2 976	7 861	48
Interest received	28 500	29 047	20 900	27 921	31 466
Interest paid	(5 160)	(2 440)	(4 283)	(6 981)	(4 385)
Profit before taxation	206 934	179 450	246 025	295 693	289 628
Taxation	70 088	64 541	78 522	101 393	98 786
Profit after taxation	136 846	114 909	167 503	194 300	190 842
Attributable to outside shareholders in subsidiaries	7 055	7 418	3 123	5 579	7 423
Net profit attributable to shareholders of Oceana Group Limited	129 791	107 491	164 380	188 721	183 419
Headline earnings	127 581	118 408	157 557	195 359	172 894

Consolidated balance sheets

	2006 IFRS R'000	2005 IFRS R'000	2004 SA GAAP R'000	2003 SA GAAP R'000	2002 SA GAAP R'000
Property, plant and equipment	316 457	285 052	310 389	280 189	199 055
Goodwill and other intangible assets	62 020	52 839	53 978	20 706	29 183
Deferred taxation	12 850	15 256	20 990	20 115	20 676
Investments	119 978	42 925	75 139	73 135	76 029
Current assets	826 327	1 080 990	1 011 406	889 970	841 670
Total assets	1 337 632	1 477 062	1 471 902	1 284 115	1 166 613
Interest of shareholders of Oceana Group Limited	795 010	895 385	848 613	768 863	667 941
Interest of outside shareholders in subsidiaries	23 820	20 959	14 577	14 211	11 868
Interest of all shareholders	818 830	916 344	863 190	783 074	679 809
Deferred taxation	29 874	25 502	24 287	12 921	12 010
Other liabilities	488 928	535 216	584 425	488 120	474 794
Total equity and liabilities	1 337 632	1 477 062	1 471 902	1 284 115	1 166 613

Consolidated cash flow statements

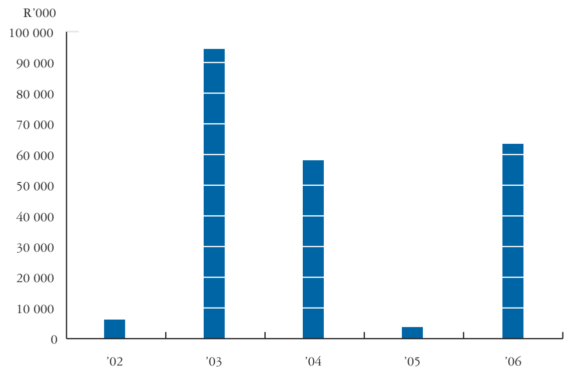
	2006 IFRS R'000	2005 IFRS R'000	2004 SA GAAP R'000	2003 SA GAAP R'000	2002 SA GAAP R'000
Cash generated from operations	294 708	278 559	223 445	238 662	299 448
Interest received	28 500	29 047	20 900	27 921	31 466
Dividend income	6 151	1	2 976	7 861	48
Interest paid	(5 160)	(2 440)	(4 283)	(6 981)	(4 385)
Taxation paid	(46 960)	(62 366)	(104 766)	(100 270)	(77 567)
Dividends paid	(86 034)	(83 587)	(86 464)	(78 529)	(64 798)
Net cash flows from operating activities	191 205	159 214	51 808	88 664	184 212
Cash flows applied to investing activities	(167 811)	(16 119)	(153 899)	(129 983)	(33 833)
Cash flows from financing activities	(174 894)	17 822	18 459	3 200	6 887
Net (decrease)/increase in cash and cash equivalents	(151 500)	160 917	(83 632)	(38 119)	157 266

	Notes	2006 IFRS	2005 IFRS	2004 SA GAAP	2003 SA GAAP	2002 SA GAAP
Share performance						
Number of shares upon which earnings per share is based ('000)		113 099	111 525	109 530	107 906	106 743
Headline earnings per share (cents)		112.8	106.2	143.8	181.0	162.0
Earnings per share (cents)		114.8	96.4	150.1	174.9	171.8
Dividends per share (cents)	1	74.0	74.0	76.5	76.5	68.0
Dividend cover (times)		1,5	1,4	1,9	2,4	2,4
Net asset value per share (cents)	2	783.3	798.7	771.6	710.1	619.9
Profitability		%	%	%	%	%
Operating margin	3	7,2	7,0	8,9	10,6	9,9
Return on average shareholders' funds	4	15	14	20	27	29
Return on average net assets	5 & 6	23	21	29	41	45
Return on average total assets	5 & 7	16	14	18	25	27
Finance						
Total borrowings as a percentage of total shareholders' funds	8	9	11	10	5	6
Total liabilities as a percentage of total shareholders' funds		60	58	68	62	70
Current ratio (:1)		1,7	2,0	1,7	1,8	1,8
Number of permanent employees at year end		1 263	1 325	1 659	1 597	1 541
Revenue per employee (R'000)	9	2 015	1 945	1 499	1 576	1 713
Assets per employee (R'000)	7	1 049	1 103	875	792	744

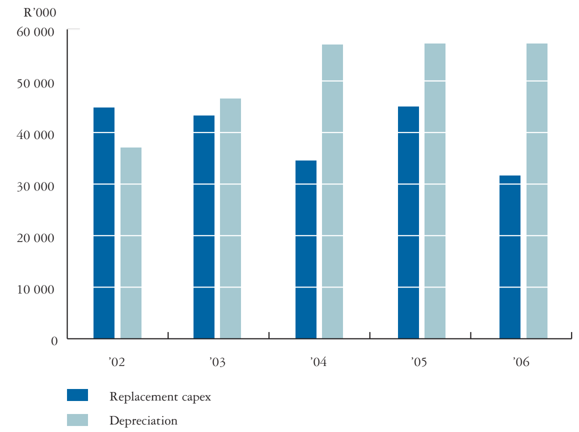
Notes:

1. *Dividend declared after reporting date included.*
2. *Own 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 interest bearing loans and bank overdrafts.*
9. *Revenue divided by the number of permanent employees at year end.*

Expansion capex

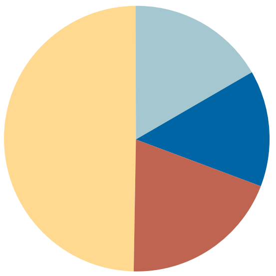


Replacement capex/depreciation

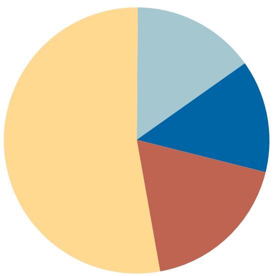


for the year ended 30 September 2006

Value added
2006



Value added
2005



	Group			
	2006 R'000	%	2005 Restated R'000	%
Revenue	2 544 558		2 576 513	
Paid to suppliers for materials and services	2 011 155		2 038 804	
Value added	533 403		537 709	
Income from investments	34 651		29 048	
Total wealth created	568 054		566 757	
Distributed as follows:				
Employees				
Salaries, wages and other benefits	282 522	49,7	299 590	52,9
Providers of capital	93 092	16,4	85 856	15,1
Interest on borrowings	5 160	0,9	2 440	0,4
Dividends to outside shareholders	4 194	0,7	742	0,1
Dividends to shareholders of Oceana Group Limited	83 738	14,8	82 674	14,6
Government				
Central and local (Notes 1 and 2)	79 393	14,0	77 704	13,7
Reinvested in the group to maintain and develop operations	113 047	19,9	103 607	18,3
Depreciation, amortisation and impairment loss	57 315	10,1	67 576	11,9
Retained surplus (Note 3)	48 914	8,6	31 493	5,6
Deferred taxation	6 818	1,2	4 538	0,8
Total wealth distributed	568 054	100,0	566 757	100,0

Notes

	2006 R'000	2005 Restated R'000
1. Central and local government:		
Company taxation	63 270	60 003
Regional Services Council levies	2 604	5 043
Skills development levy net of refunds	220	192
Rates and taxes paid to local authorities	6 190	6 116
Customs duties, import surcharges and excise taxes	7 423	6 350
Training grants and subsidies	(314)	–
	79 393	77 704
2. The total amount contributed to the central and local government as reflected above excludes the following amounts collected by the group on behalf of the government:		
VAT: Net amount refunded	(62 139)	(46 595)
PAYE and SITE withheld from remuneration paid	33 319	38 045
UIF contributions withheld from employees' salaries	1 991	1 857
Excise duties charged on revenue	58	–
	(26 771)	(6 693)
3. Retained surplus comprises:		
Group profit after taxation	136 846	114 909
Less: Dividends paid		
Shareholders of Oceana Group Limited	(83 738)	(82 674)
Outside shareholders	(4 194)	(742)
	48 914	31 493

Approval of annual financial statements

The annual financial statements and group annual financial statements for the year ended 30 September 2006, which appear on page 7 and pages 54 to 85, were approved by the board of directors on 10 November 2006 and signed on its behalf by:

MA Brey
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

10 November 2006

Independent auditor's report

to the shareholders of Oceana Group Limited

We have audited the annual financial statements and group annual financial statements of Oceana Group Limited set out on page 7 and pages 54 to 85 for the year ended 30 September 2006. 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 30 September 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Per RJ Hofmeyr
Partner

8 December 2006

Brookside
11 Lansdowne Road
Claremont
7708

National executive
GG Gelink, chief executive; AE Swiegers, chief operating officer; GM Pinnock, Audit; DL Kennedy, Tax; L Geeringh, Consulting; MG Crisp, Financial Advisory; L Bam, Strategy; CR Beukman, Finance; TJ Brown, Clients and Markets; SJC Sibisi, Public Sector and Corporate Social Responsibility; NT Mtoba, chairman of the board; J Rhynes, deputy chairman of the board

A full list of partners and directors is available on request.

OCEANA ANNUAL REPORT 2006

Your directors submit their annual report which forms part of the annual financial statements for the year ended 30 September 2006.

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 4 and 9 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 the authorised share capital of the company was increased from 120 million shares to 200 million shares. A specific issue of 2 479 257 shares was made to the Oceana Group Black Employee Share Trust and 1 065 700 shares were allotted in terms of the company's share option scheme increasing the issued share capital by R3 545. Premiums totalling R47 081 774 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 20 to the annual financial statements.

Financial results

The results for the year under review are reflected in the income statements on page 60 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.

Property, plant and equipment

Capital expenditure during the year amounted to R62,5 million (2005: R2,6 million) on expansion and R31,8 million (2005: R43,4 million) on replacement assets. Further details are disclosed in note 10 to the annual financial statements.

Directors and officers

The names of the present directors appear on page 10 and the name, business and postal address of the secretary appear on page 101.

Directors' shareholding

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

	2006	2005
	Number of shares	
LT Langeni	100 000	-
AB Marshall	254 000	321 000
RG Nicol	94 000	135 000
	448 000	456 000

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

	2006	2005
	Number of shares	
BP Connellan	-	500
LT Langeni	-	500
RG Nicol	89 194	347 000
	89 194	348 000

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 84 and 85 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:

	2006 R'000	2005 Restated R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	128 146	130 056
Total losses after taxation attributable to shareholders of Oceana Group Limited	6 499	37 618

Going concern

The directors consider both the group and the company to be going concerns.

Post balance sheet event

Subsequent to year end the company disposed of its entire interest in Tuna Marine (Pty) Limited. The financial effects of the transaction are not material.

1. Basis of preparation

The annual financial statements and group annual financial statements are prepared in accordance with the going concern and historical cost bases except where stated otherwise. The presentation and functional currency of the group and company financial statements is the South African Rand and all amounts are rounded to the nearest thousand, except when otherwise indicated.

2. Statement of compliance

The annual financial statements and group annual financial statements have been prepared in compliance with International Financial Reporting Standards ('IFRS').

During the current year the group adopted all of the new and revised Statements and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the financial year ended on 30 September 2006, with the transition date in respect of adoption being 1 October 2004. The group previously complied with South African Statements of Generally Accepted Accounting Practice (SA GAAP). The opening balance sheets at 1 October 2004 as well as the comparative figures for the 2005 financial period have been restated accordingly. Further disclosure regarding the adjustments related to the first time adoption of IFRS is given in note 29 to the annual financial statements.

3. Basis of consolidation

The consolidated financial statements comprise of the annual financial statements of the company and its subsidiaries (including the employee share trusts).

The results of subsidiaries are consolidated from the date control is acquired and cease to be consolidated on the date control ceases. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When there is a disposal or loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the group had control. Any difference between the net proceeds on disposal and the carrying amount of the subsidiary is recognised in the company's income statement.

Minority interest at acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of the subsidiary acquired.

The company carries its investments in subsidiaries at cost, less any accumulated impairment losses. The financial statements of subsidiaries are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those of the group.

Intra-group balances, transactions, income and expenses are eliminated in full.

4. Interests in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The group recognises its interest in joint ventures using proportionate consolidation. The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements.

Any difference between the cost of acquisition and the group's fairly valued share of the identifiable net assets is recognized and treated according to the group's accounting policy for goodwill. The financial statements of the joint venture are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used in line with those of the group.

A joint venture is proportionately consolidated from the date joint control is acquired until the date on which the group ceases to have joint control.

The company carries its investments in joint ventures at cost, less any accumulated impairment losses.

5. Foreign currency translation

The financial results of an entity are accounted for in its functional currency.

Translation of foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction.

Subsequent measurement

Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

Exchange differences on monetary items are recognised in the income statement when they arise.

Translation of foreign operations

On consolidation, the financial statements of foreign operations are translated into the group's presentation currency. Assets and liabilities are translated at the closing rate on the balance sheet date. Income, expenses and capital transactions (such as dividends) are translated at average exchange rates or at the prevailing rates on the transaction dates, if more appropriate. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at the closing rate on the balance sheet date.

Exchange differences arising on translation are recognised in the statement of changes in equity in the Foreign Currency Translation Reserve (FCTR). On disposal of part or all of the investment, the proportionate share of the related cumulative gain or loss previously recognised in the FCTR is included in determining the profit or loss on disposal of that investment and recognised in the income statement.

6. 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.

Interest Received

Interest received is recognised on a time basis using the effective interest rate method implicit in the instrument.

Dividend Income
Dividend income is recognised when the group's right to receive the payment is established.

7. Employee benefits

Short-term employee benefits
Remuneration of employees is recognised in the income statement as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs. Provision is made for accumulated leave on the cost to company basis.

Defined contribution plans
The group contributions to the defined contribution funds are determined in terms of the rules governing those funds. Contributions are recognised in the income statement in the period in which the service is rendered by the relevant employees.

Defined benefit plans
The group has an obligation to provide certain post-retirement benefits to its eligible employees and pensioners. The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs and the fair value of plan assets. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate.

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 to any surplus, no asset is recognized.

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 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. Independent actuaries carry out annual valuations of these obligations.

8. Share-based payments

Equity-settled compensation benefits
Certain employees, including executive directors of the group, receive remuneration in the form of equity-settled share-based payments, whereby they render services in exchange for rights over the company's listed shares.

The cost of equity-settled share-based payments is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using the Black - Scholes model, further details of which are given in note 25.

The cost of equity-settled share-based payments is recognised, together with a corresponding increase in equity under the share based payments reserve, over the vesting period. The cumulative expense recognised for share options granted at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The effect of outstanding options is reflected in the computation of diluted earnings per share in note 8.

Cash-settled transactions
The cost of cash settled transactions is measured initially at fair value at the grant date using the Black - Scholes model. This model takes into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the income statement.

9. Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee. Operating lease rentals are recognised in the income statement on a straight-line basis over the lease term. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

Contingent rental income and expenses are recognised when incurred.

10. Research and development costs

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

11. Interest paid

Interest paid is accrued and recognised in the income statement at the effective interest rate relating to the relevant financial liability, in the period in which it is incurred.

12. Taxation

The income tax expense consists of current tax, deferred tax, secondary tax on companies and foreign withholding taxes.

Current taxation
The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred taxation
The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected manner of recovery of the carrying amount of the group's assets and liabilities.

Deferred taxation is provided using the liability method, for all temporary differences at the balance sheet date between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that the related tax benefit will be realised in the foreseeable future against future taxable profit. The carrying value of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all to be utilised, the carrying value of the deferred tax asset is reduced.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if the group has a legally enforceable right to set off current assets against current liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Secondary tax on companies (STC)
STC is recognised as part of the current tax charge in the income statement when the related dividend has been raised as a liability.

13. Dividends

Dividends payable and the related taxation thereon are recognised as liabilities in the period in which the dividends are declared.

14. Property, plant and equipment

Initial recognition
Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property
Immoveable property owned by the group is classified as owner-occupied property and shown at cost less accumulated depreciation and impairment. Land is shown at cost less impairment and is not depreciated.

Lease premiums and leasehold improvements
Expenditure relating to leased premises is capitalised and depreciated to expected residual value over the remaining period of the lease. Leasehold improvements for leasehold buildings are depreciated over the lease periods or shorter periods as may be appropriate.

Plant and equipment
Plant and equipment is carried at cost less accumulated depreciation and impairment. When plant and equipment comprises major components with different useful lives, these components are depreciated as separate items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred. Expenditure incurred to replace or modify a significant component of plant or equipment is capitalised if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. Any remaining book value of the component replaced is written off in the income statement. All other expenditure is recognised in the income statement.

Depreciation
Items of property, plant and equipment are depreciated to their estimated residual values on the straight-line basis over their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. A change resulting from the review is treated as a change in accounting estimate.

Depreciation commences when an asset is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation ceases temporarily when the residual value exceeds the carrying value. The following depreciation rates apply:

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

Derecognition
An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected through its continued use or disposal. Gains or losses which arise on derecognition are included in the income statement in the period of derecognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of disposal.

Impairment
The carrying value of the group's property, plant and equipment is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimated recoverable amount of the asset. That recoverable amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years.

15. Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life.

Initial recognition and measurement
Goodwill is initially measured at cost being the excess of the cost of the business combination over the group's attributable share of the fair value of the net identifiable assets at the date of acquisition. If the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Subsequent measurement
Goodwill is reflected at cost less any accumulated impairment losses.

If the initial accounting for business combinations has been determined provisionally, then adjustments to these values resulting from the emergence of new information within twelve months after the acquisition date are made against goodwill. In addition, goodwill is adjusted for changes in the estimated value of contingent considerations given in the business combination when they arise.

Impairment
Goodwill is not amortised but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount, which is the higher of fair value less costs to sell and value in use, of the cash-generating unit to which the goodwill relates. The value in use is calculated as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The impairment loss is applied firstly to the carrying amount of goodwill, thereafter any remaining impairment is allocated to the other assets of the unit. Impairment losses on goodwill are not reversed.

Derecognition
Goodwill associated with an operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

16. Intangible assets

Intangible assets consist of trade marks and fishing rights.

Initial recognition and measurement
Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

Subsequent measurement
Trade marks and fishing rights which have finite useful lives are amortised over their expected useful lives. Those with indefinite useful lives are not amortised. The useful lives of the intangible assets are reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Impairment
Trade marks and fishing rights are tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the trade marks and fishing rights, which is the higher of fair value less costs to sell and value in use. The value in use is calculated as the present value of the future cash flows expected to be derived from the trade marks and fishing rights.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses on trade marks and fishing rights are not reversed.

Derecognition
Intangible assets are derecognised on disposal or when no future economic benefits are expected from their continued use. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item at the date of its disposal.

17. Financial instruments

Financial instruments recognised in the balance sheet include investments and loans, cash and cash equivalents, trade and other receivables, trade and other payables and derivative instruments.

Investments in preference shares consist of preference shares held in Oceana SPV (Pty) Ltd which are held at cost. Other investments consist of unlisted equities. They are recorded at original cost, subject to an annual impairment review.

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

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

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.

18. Inventories

Inventories are stated at the lower of cost and net realisable value using the specific cost to value goods purchased for resale whilst the first-in-first-out and weighted average methods are used to value finished goods and consumable stores.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

19. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition within one year from the date of classification. Non-current assets held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Gains and losses arising upon remeasurement are recognised in the income statement.

20. Share capital and premium

Issued share capital and premium is stated in the statement of changes in equity as the amount of the proceeds received.

21. Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the group's own equity instruments.

22. 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 resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

23. Events after balance sheet date

The financial statements are adjusted to reflect events that occurred between the balance sheet date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the balance sheet date. Events that are indicative of conditions that arose after the balance sheet date are disclosed, but do not result in an adjustment of the financial statements themselves.

24. IFRS amendments and International Financial Reporting Interpretations Committee ('IFRIC') interpretations that have been issued but are not yet effective

The group has not identified any accounting standards or interpretations that have been issued that are not yet effective that will have a material financial impact on the amounts reported in the group's financial statements in the future.

25. Use of estimates and judgements in the preparation of annual financial statements

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period. Judgements made by management that could have a significant effect on the amounts recognised in the financial statements include:

- useful lives and residual values used to calculate depreciation of property, plant and equipment;
- future cash flows of cash-generating units used to test for impairment of goodwill, trademarks and fishing rights;
- recoverability of loans and accounts receivable;
- assumptions used in the Black - Scholes model to value share-based payments;
- amounts provided in respect of supplier and other claims and ex gratia retirement payments in respect of employees previously excluded from membership of retirement funds.

Further information is provided in the relevant notes to the financial statements.

Income statements

for the year ended 30 September 2006

	Notes	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Revenue	1	2 544 558	2 576 513	25 930	19 601
Cost of sales		1 805 035	1 813 926		
Gross profit		739 523	762 587	25 930	19 601
Sales and distribution expenditure		274 465	280 808		
Marketing expenditure		14 583	15 759		
Overhead expenditure		267 150	285 348	26 592	20 026
Operating profit/(loss) before abnormal items	2	183 325	180 672	(662)	(425)
Abnormal items	4	(5 882)	(27 830)	(3 017)	20 455
Operating profit/(loss)		177 443	152 842	(3 679)	20 030
Dividend income	5	6 151	1	109 794	131 938
Interest received	6	28 500	29 047	24 896	30 121
Interest paid	6	(5 160)	(2 440)	(13 838)	(12 342)
Profit before taxation		206 934	179 450	117 173	169 747
Taxation	7	70 088	64 541	5 386	6 789
Profit after taxation		136 846	114 909	111 787	162 958
Attributable to:					
Shareholders of Oceana Group Limited		129 791	107 491		
Outside shareholders in subsidiaries		7 055	7 418		
		136 846	114 909		
Earnings per share (cents)	8				
– Basic		114.8	96.4		
– Diluted		114.4	95.8		
Dividends per share (cents)	9	74.0	74.0		
– Interim paid		15.0	15.0		
– Final declared after reporting date		59.0	59.0		

Balance sheets

at 30 September 2006

	Notes	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Assets					
Non-current assets		511 305	396 072	253 141	159 448
Property, plant and equipment	10	316 457	285 052	598	396
Goodwill	11	21 911	18 302		
Trademark	11	20 241	16 908		
Fishing rights	11	19 868	17 629		
Deferred taxation	12	12 850	15 256	267	198
Investments and loans	13	119 978	42 925	88 625	435
Oceana Group Share Trust	14			4 410	8 748
Oceana Group Black Employee Share Trust	15			3 519	
Interest in subsidiaries and joint ventures	16			155 722	149 671
Current assets		826 327	1 080 990	342 488	519 188
Inventories	17	219 224	242 413		
Accounts receivable	18	403 486	457 996	1 620	2 095
Amounts owing by subsidiaries and joint ventures	16			224 185	148 390
Non-current assets held for sale	19	4 950			
Cash and cash equivalents		198 667	380 581	116 683	368 703
Total assets		1 337 632	1 477 062	595 629	678 636
Equity and liabilities					
Capital and reserves		818 830	916 344	559 602	483 388
Share capital and premium	20	101	55 480	103 546	56 460
Foreign currency translation reserve		23 018	3 878		
Capital redemption reserve		90	90		
Share based payment reserve		11 232	8 619	5 135	3 888
Distributable reserves		760 569	827 318	450 921	423 040
Interest of own shareholders		795 010	895 385	559 602	483 388
Interest of outside shareholders		23 820	20 959		
Non-current liabilities		30 961	25 502	351	
Liability for share based payments		1 087		351	
Deferred taxation	12	29 874	25 502		
Current liabilities		487 841	535 216	35 676	195 248
Accounts payable	21	361 609	394 389	18 550	8 350
Amounts owing to subsidiaries and joint ventures	16			16 028	184 118
Provisions	22	24 822	17 542	583	615
Taxation		29 464	25 899	515	2 165
Bank overdrafts		71 946	97 386		
Total equity and liabilities		1 337 632	1 477 062	595 629	678 636

Statements of changes in equity

for the year ended 30 September 2006

	Notes	Share capital and premium R'000	Foreign currency translation reserve R'000	Consolidation and capital redemption reserves R'000	Share based payment reserve R'000	Distributable reserves R'000	Interest of own shareholders R'000	Interest of outside shareholders R'000	Total R'000
Group									
Balance at 30 September 2004									
as previously reported		41 396	4 783	8 147		794 287	848 613	14 577	863 190
Adjustments arising on									
implementation of IFRS:									
Recalculation of depreciation	29					4 828	4 828	(196)	4 632
Share based payments	29				4 910	(4 910)			
Transfer of non-distributable									
to distributable reserves	29			(8 057)		8 057			
Balance at 30 September 2004									
as restated		41 396	4 783	90	4 910	802 262	853 441	14 381	867 822
Shares options exercised		14 420					14 420		14 420
Increase in treasury shares held									
by share trust		(336)					(336)		(336)
Movement on foreign currency									
translation reserve			(905)				(905)		(905)
Recognition of share based payments					3 709		3 709		3 709
Profit after taxation						107 491	107 491	7 418	114 909
Profit on sale of treasury shares						239	239		239
Dividends	9					(82 674)	(82 674)	(742)	(83 416)
Disposal of subsidiaries								(98)	(98)
Balance at 30 September 2005		55 480	3 878	90	8 619	827 318	895 385	20 959	916 344
Shares options exercised		9 377					9 377		9 377
Increase in treasury shares held									
by share trusts		(64 756)				(113 007)	(177 763)		(177 763)
Movement on foreign currency									
translation reserve			19 140				19 140		19 140
Recognition of share based payments					2 613		2 613		2 613
Profit after taxation						129 791	129 791	7 055	136 846
Profit on sale of treasury shares						205	205		205
Dividends	9					(83 738)	(83 738)	(4 194)	(87 932)
Balance at 30 September 2006		101	23 018	90	11 232	760 569	795 010	23 820	818 830
Company									
Balance at 30 September 2004									
as previously reported		42 040				345 107	387 147		387 147
Adjustment arising on									
implementation of IFRS:									
Share based payments	29				2 208	(2 208)			
Balance at 30 September 2004									
as restated		42 040			2 208	342 899	387 147		387 147
Shares options exercised		14 420					14 420		14 420
Recognition of share based payments					1 680		1 680		1 680
Profit after taxation						162 958	162 958		162 958
Dividends	9					(82 817)	(82 817)		(82 817)
Balance at 30 September 2005		56 460			3 888	423 040	483 388		483 388
Shares issued to share trust		37 709					37 709		37 709
Shares options exercised		9 377					9 377		9 377
Recognition of share based payments					1 247		1 247		1 247
Profit after taxation						111 787	111 787		111 787
Dividends	9					(83 906)	(83 906)		(83 906)
Balance at 30 September 2006		103 546			5 135	450 921	559 602		559 602

Cash flow statements

for the year ended 30 September 2006

	Notes	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Cash flow from operating activities					
Operating profit/(loss) before abnormal items		183 325	180 672	(662)	(425)
Adjustment for non-cash and other items		60 777	63 898	1 856	2 062
Depreciation and impairment loss		57 315	58 858	290	304
Share based payments		3 700	3 709	1 598	1 680
Research and development expenditure			845		
Other non-cash items		(238)	486	(32)	78
Cash operating profit before working capital changes		244 102	244 570	1 194	1 637
Working capital changes	A	50 606	33 989	(236 227)	119 210
Cash generated from/(utilised in) operations		294 708	278 559	(235 033)	120 847
Interest received		28 500	29 047	24 896	30 121
Dividend income		6 151	1	109 794	131 938
Interest paid		(5 160)	(2 440)	(13 838)	(12 342)
Taxation paid	B	(46 960)	(62 366)	(7 105)	(4 897)
Dividends paid	C	(86 034)	(83 587)	(83 906)	(82 817)
Net cash flow from operating activities		191 205	159 214	(205 192)	182 850
Cash flow (applied to)/generated from investing activities		(167 811)	(16 119)	(93 914)	18 453
Replacement capital expenditure		(31 820)	(43 429)	(492)	(57)
Expansion capital expenditure		(62 456)	(2 643)		
Cash-related abnormal items		227	(1 347)		
Disposal of businesses	D		16 745		
Research and development expenditure			(845)		
Proceeds on disposal of property, plant and equipment		1 639	6 413		7
Acquisition of investments		(190)		(190)	
Acquisition of Oceana SPV (Pty) Limited preference shares		(88 000)		(88 000)	
Proceeds on disposal of investments			12		26 781
Net contribution to Oceana Group Black Employee Share Trust				(3 519)	
Net movement on loans and advances		12 789	8 975	(1 713)	(8 278)
Cash flow (used by)/from financing activities		(174 894)	17 822	47 086	14 420
Proceeds from issue of share capital		9 377	14 420	47 086	14 420
Proceeds on sale of treasury shares		264	238		
Acquisition of treasury shares by share trust		(177 822)	(336)		
Short-term borrowings (repaid)/raised		(6 713)	3 500		
Net (decrease)/increase in cash and cash equivalents		(151 500)	160 917	(252 020)	215 723
Net cash and cash equivalents at the beginning of the year		283 195	117 455	368 703	152 980
Effect of exchange rate changes		(4 974)	4 823		
Net cash and cash equivalents at the end of the year	E	126 721	283 195	116 683	368 703

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
A. Working capital changes				
Inventories	34 426	65 686		
Accounts receivable	54 103	(43 828)	475	9
Accounts payable	(31 081)	12 131	10 200	575
Amounts owing by/to subsidiaries and joint ventures			(243 885)	118 626
Less effect of non-cash related abnormal item	(6 842)		(3 017)	
Total working capital changes	50 606	33 989	(236 227)	119 210
B. Taxation paid				
Amounts unpaid at the beginning of the year, net	(8 813)	(12 179)	(2 165)	(267)
Charged to the income statements (Note 7)	(63 270)	(60 003)	(5 455)	(6 795)
Adjustment in respect of businesses disposed of		907		
Exchange rate difference	(163)	96		
Amounts unpaid at the end of the year, net	25 286	8 813	515	2 165
Cash amounts paid	(46 960)	(62 366)	(7 105)	(4 897)
C. Dividends paid				
Charged to the statements of changes in equity	(83 738)	(82 674)	(83 906)	(82 817)
Dividends paid to outside shareholders	(2 296)	(913)		
Cash amounts paid	(86 034)	(83 587)	(83 906)	(82 817)
D. 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 of		(11 804)		
Net cash movement on disposal of businesses		16 745		
E. Net cash and cash equivalents				
Cash and cash equivalents	198 667	380 581	116 683	368 703
Bank overdrafts	(71 946)	(97 386)		
	126 721	283 195	116 683	368 703

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
1. Revenue				
The main categories of revenue are set out below:				
Sale of goods				
Inshore fishing	1 318 949	1 470 587		
Midwater and deep-sea fishing	1 071 362	939 091		
Rendering of services				
Commercial cold storage and logistics	154 247	166 835		
Other			25 930	19 601
	2 544 558	2 576 513	25 930	19 601
2. Operating profit/(loss) before abnormal items is arrived at after taking into account the following items				
Income				
Directors' fees from a joint venture			5	36
Management fees from subsidiaries and joint ventures			25 930	19 601
Foreign exchange profit/(loss)	9 838	2 075	139	(192)
Net surplus/(loss) on disposal of property, plant and equipment	235	(508)		1
Expenditure				
Auditors' remuneration				
fees for audit – current year	4 628	3 693	314	223
fees for audit – prior year under/(over) provision	696	91	(29)	(20)
expenses	82	64		
other services	2 350	1 204	231	157
	7 756	5 052	516	360
Depreciation of property, plant and equipment				
buildings	5 506	5 773		
plant, equipment and vehicles	29 158	29 814	290	304
fishing vessels and nets	22 651	23 271		
	57 315	58 858	290	304
Administrative, technical and secretarial fees	1 280	2 139	467	318
Management fees paid to related parties				
Tiger Food Brands Limited	466	448	466	448
Movement on liability provisions (Note 22)	10 369	945	(32)	78
Operating lease expenses				
properties	14 337	16 168	952	912
equipment and vehicles	3 133	2 479	41	
Research and development expenditure	865	845		
Employment costs	261 656	278 716	14 102	9 613
Retirement costs	20 866	20 874	1 867	1 552
Share based payments – cash settled	1 087		351	
Share based payments – equity settled	2 613	3 709	1 247	1 680

	Group		Company	
	2006	2005 Restated	2006	2005 Restated
	R'000	R'000	R'000	R'000
3. Directors' emoluments				
Executive directors				
Managerial and other services			5 863	4 377
Gains on exercise of share options			6 021	2 472
			11 884	6 849
Non-executive directors				
Paid by holding company				
Services as directors			950	1 001
Detailed information appears in the remuneration report on page 46 and 47.				
4. Abnormal items				
Net surplus on disposal of property, plant and equipment	450	2 364		
Profit on change of interest in subsidiaries and joint ventures	283	7 288		
Profit on disposal of fishing rights in Namibia	227			
Provision for cost of deemed improper use of pension fund surplus	(6 842)		(3 017)	
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)		
Profit on disposal of investments				21 663
Impairment loss on investment				(1 208)
	(5 882)	(27 830)	(3 017)	20 455
5. Dividend income				
Subsidiaries			103 643	131 938
Unlisted investments	6 151	1	6 151	
	6 151	1	109 794	131 938
6. Interest				
Received				
Subsidiaries			5 619	14 218
Joint ventures	632	5 810	1 094	1 219
Unlisted investments and short-term deposits	27 868	23 237	18 183	14 684
	28 500	29 047	24 896	30 121
Paid				
Subsidiaries			(13 261)	(11 593)
Joint ventures	(91)	(94)		
Other	(5 069)	(2 346)	(577)	(749)
	(5 160)	(2 440)	(13 838)	(12 342)

	Group		Company	
	2006	2005 Restated	2006	2005 Restated
	R'000	R'000	R'000	R'000
7. Taxation				
7.1 South African				
Current	45 728	44 600	3 872	5 923
Adjustments in respect of previous years	(988)	(532)	(231)	
Abnormal items	(1 954)	(162)	(875)	
Secondary taxation on companies	11 678	7 848	2 563	809
	54 464	51 754	5 329	6 732
7.2 Foreign				
Current	8 680	9 432		
Adjustments in respect of previous years		(1 246)		
Withholding	126	63	126	63
	63 270	60 003	5 455	6 795
7.3 South African deferred taxation				
Current	4 933	6 917	(81)	(12)
Adjustments in respect of previous years	(218)	(835)	12	
Adjustment in respect of change in tax rate		57		6
7.4 Foreign deferred taxation				
Current	2 103	650		
Adjustments in respect of previous years		(2 251)		
Taxation charge per income statement	70 088	64 541	5 386	6 789
7.5 The reconciliation of the effective rate of taxation charge with the standard tax rate is as follows	%	%	%	%
Effective rate of taxation	33,9	36,0	4,6	4,0
Adjustment to rate due to:				
dividend income	0,9		27,2	22,6
net effect of tax losses	1,0	0,1		
adjustment in respect of previous years	0,6	2,7	0,2	
tax effect of unprovided temporary differences, exempt income, expenses not allowable for taxation, taxation rate differentials and withholding taxes	(1,9)	(1,0)	(0,8)	(0,6)
secondary taxation on companies	(5,6)	(4,4)	(2,2)	(0,5)
abnormal items	0,1	(4,4)		3,5
Rate of South African normal taxation	29,0	29,0	29,0	29,0

	Group 2006	Group 2005
	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	10 074	16 304
Foreign	22 153	32 305
Total	32 227	48 609
Tax savings effect:		
before deferred taxation	10 668	16 026
after deferred taxation	3 532	6 650

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated 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 113 099 399 (2005: 111 524 814) shares being the weighted average number in issue during the year net of treasury shares held by the share trusts. The calculation of fully diluted earnings per share and fully diluted headline earnings per share is based on 113 426 038 (2005: 112 245 919) shares being the adjusted weighted average number in issue during the year.

The adjustment comprises 326 639 (2005: 721 105) dilutive potential ordinary shares on unexercised share options. There are a further 17 587 765 (2005: 3 791 000) unexercised share options and unallocated treasury shares held by the share trusts which could potentially dilute basic earnings per share and basic headline earnings per share in the future, but were not included in the adjustment because they are antidilutive for the periods presented.

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited	129 791	107 491		
Adjusted for:				
Net surplus on disposal of property, plant and equipment	(596)	(4 540)		
Profit on change of interest in subsidiaries and joint ventures	(283)	(7 103)		
Insurance proceeds for damaged vessel	(1 104)			
Profit on disposal of fishing rights	(227)			
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		
Impairment loss in hake fishing vessel		879		
Impairment loss on Australian lobster fishing rights		1 900		
Headline earnings for the year	127 581	118 408		
Headline earnings per share (cents)				
– Basic	112.8	106.2		
– Diluted	112.5	105.5		
9. Dividends				
Final of 59.0 cents per share declared on 9 November 2005, paid 16 January 2006 (2005: 59.0 cents)	66 762	65 896	66 896	66 010
Interim of 15.0 cents per share declared on 10 May 2006, paid 3 July 2006 (2005: 15.0 cents)	16 976	16 778	17 010	16 807
	83 738	82 674	83 906	82 817
Final of 59.0 cents (2005: 59.0 cents) per share declared after reporting date based on number of shares in issue at balance sheet date	59 881	66 141	68 370	66 278
10. Property, plant and equipment				
10.1 Land and buildings – cost				
Freehold	42 037	29 784		
Leasehold	94 476	80 572		
	136 513	110 356		
Accumulated depreciation and amortisation	52 881	47 452		
Carrying value	83 632	62 904		

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
10. Property, plant and equipment ***(continued)***				
10.2 Plant, equipment and vehicles – cost	391 228	357 793	3 454	2 962
Accumulated depreciation	263 256	251 379	2 856	2 566
Impairment loss	2 378	2 378		
Carrying value	125 594	104 036	598	396
10.3 Fishing vessels and nets – cost	237 473	233 407		
Accumulated depreciation	129 004	114 057		
Impairment loss	1 238	1 238		
Carrying value	107 231	118 112		
10.4 Total - cost	765 214	701 556	3 454	2 962
Accumulated depreciation and amortisation	445 141	412 888	2 856	2 566
Impairment loss	3 616	3 616		
Carrying value	316 457	285 052	598	396

The insured value of the group's property, plant and equipment at 30 September 2006 amounted to R1 838m (2005: R1 800m).

	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					
2006					
Carrying value at the beginning of the year	18 267	44 637	104 036	118 112	285 052
Additions	12 581	13 904	51 312	16 479	94 276
	30 848	58 541	155 348	134 591	379 328
Disposals	(259)		(682)	(13)	(954)
Disposal of business				(946)	(946)
Reclassified as non-current asset held for sale				(3 750)	(3 750)
Depreciation and amortisation	(29)	(5 477)	(29 158)	(22 651)	(57 315)
Translation differences	8		86		94
Carrying value at the end of the year	30 568	53 064	125 594	107 231	316 457
2005 Restated					
Carrying value at the beginning of the year	19 938	48 521	103 843	144 416	316 718
Additions	49	1 171	32 316	12 536	46 072
	19 987	49 692	136 159	156 952	362 790
Disposals	(1)		(149)	(4 392)	(4 542)
Disposal of business	(911)	(90)	(2 135)	(4 360)	(7 496)
Depreciation and amortisation	(808)	(4 965)	(29 814)	(23 271)	(58 858)
Impairment loss				(6 818)	(6 818)
Translation differences			(25)	1	(24)
Carrying value at the end of the year	18 267	44 637	104 036	118 112	285 052

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

	Company 2006 R'000	Company 2005 Restated R'000
10. Property, plant and equipment *(continued)*		
10.6 Movement of company plant and equipment		
Carrying value at the beginning of the year	396	665
Additions	492	43
	888	708
Disposals		8
Depreciation	290	304
Carrying value at the end of the year	598	396

	Goodwill (a) R'000	Trademark (b) R'000	Fishing rights (c) R'000	Total R'000
11. Goodwill, trademark and fishing rights - group				
2006				
Cost	21 911	20 241	21 768	63 920
Impairment loss			(1 900)	(1 900)
Carrying value	21 911	20 241	19 868	62 020
2005 Restated				
Cost	18 302	16 908	19 529	54 739
Impairment loss			(1 900)	(1 900)
Carrying value	18 302	16 908	17 629	52 839
Movement of goodwill, trademark and fishing rights				
2006				
Carrying value at the beginning of the year	18 302	16 908	17 629	52 839
Exchange differences arising on translation of cost	3 609	3 333	2 239	9 181
Carrying value at the end of the year	21 911	20 241	19 868	62 020
2005				
Carrying value at the beginning of the year	18 581	17 164	18 233	53 978
Exchange differences arising on translation of cost	(279)	(256)	1 296	761
Impairment loss			(1 900)	(1 900)
Carrying value at the end of the year	18 302	16 908	17 629	52 839

(a) Goodwill arose on the acquisition of Glenryck Foods Limited. The directors do not consider it necessary to impair this goodwill as Glenryck is earning a satisfactory return on investment, its net asset value has increased in both rand and sterling terms and there is no reason to believe that growth in profitability will not continue in future.

(b) The trademark relates to the Glenryck brand of canned fish in the United Kingdom. Key assumptions used to determine the recoverable amount of the trademark by using the value-in-use calculation relate to the sales growth rate. Cash flow projections were based on historical information and financial budgets. A 4% discount rate based on the UK borrowing rate was applied to these projected cash flows.

(c) The value of fishing rights relate to the group's lobster entitlements in Western Australia. This intangible asset is considered to have an indefinite useful life as the rights are owned in perpetuity.

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
12. Deferred taxation				
Net balance at the beginning of the year	(10 246)	(4 995)	198	192
Disposal of business	30	(725)		
Exchange rate adjustment	10	13		
Adjustment in respect of change in tax rate		(57)		(6)
Charged to income	(6 818)	(4 482)	69	12
Net balance at the end of the year	(17 024)	(10 246)	267	198
Arising as a result of:				
Deferred taxation assets				
Property, plant and equipment	(2 788)	2 819		
Trademarks	2 295	3 364		
Taxation loss relief	2 964	594		
Provisions and other	10 379	8 479	267	198
Total per balance sheet	12 850	15 256	267	198
Deferred taxation liabilities				
Property, plant and equipment	(30 233)	(29 113)		
Other	(1 514)	(3 142)		
Taxation loss relief	1 873	6 753		
Total per balance sheet	(29 874)	(25 502)		
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	10 109	19 479		
13. Investments and loans				
Loans	135 506	158 600	328	272
Less: Provisions	103 848	115 863		
Net loans	31 658	42 737	328	272
Investments - Preference shares	88 000		88 000	
Other	320	188	297	163
	119 978	42 925	88 625	435

Loans are secured by marine bonds over vessels and mortgage bonds over fixed property as appropriate. Repayment terms vary depending on the nature of the loan. Interest rates charged are floating and approximate prevailing market rates.

The preference shares are cumulative redeemable "B" preference shares in Oceana SPV (Pty) Limited, a wholly owned subsidiary of Brimstone Investment Corporation Ltd, with a coupon rate of 95% of the prime overdraft rate and a 20 year term. Redemption of the preference shares and payment of the preference dividends rank behind the servicing and redemption of "A" preference shares held by Standard Bank of South Africa Limited in Oceana SPV (Pty) Limited.

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 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Interest-bearing at 9% per annum (2005: 8%)			5 641	7 385
Interest-free			(1 613)	923
Distribution accrued			382	440
Total			4 410	8 748

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
15. Oceana Group Black Employee Share Trust				
Capital contribution			4 066	
Less amount withheld to fund establishment costs			(547)	
Net balance at the end of the year			3 519	

The Oceana Group Black Employee Share Trust (OBEST) was formed in 2006 to hold shares in the company for allocation to qualifying black employees. OBEST is funded by capital contributions from the company and participating South African subsidiary companies.

The capital contribution plus a return of 7,46% will be repaid by OBEST from dividends received from the company and from the proceeds of shares realised on behalf of qualifying employees after the 10 year lock-in period.

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
16. Interest in subsidiaries and joint ventures				
Shares at cost, less amounts written off			155 722	149 671
Amounts owing by			224 185	148 390
			379 907	298 061
Amounts owing to			(16 028)	(184 118)
			363 879	113 943

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 84 and 85 of this report.

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
17. Inventories				
Raw materials	16 470	12 845		
Work in progress	11 883	7 180		
Finished goods	167 047	202 896		
Consumable stores	23 824	19 492		
	219 224	242 413		
18. Accounts receivable				
Trade receivables	374 017	412 521		
Loans and advances	15 836	8 763		
Prepayments	26 019	16 171	47	41
SARS – VAT and provisional taxation	26 032	39 469		
Accrued income and other	13 339	12 288	1 573	2 054
	455 243	489 212	1 620	2 095
Less: Provisions for irrecoverable amounts	51 757	31 216		
	403 486	457 996	1 620	2 095
19. Non-current assets held for sale				
Transferred from property, plant and equipment	3 750			
Acquired in part settlement of a defaulted long term loan	1 200			
Carrying value	4 950			

Two hake fishing vessels, both in the mid water and deep-sea fishing segment, which are not currently in use have been classified as held for sale. Proceeds on disposal within the next financial year are expected to amount to at least their carrying values and accordingly no impairment loss has been recognised on these vessels in the current year.

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
20. Share capital and premium				
20.1 Ordinary shares of 0.1 cents each				
Authorised share capital:				
200 000 000 (2005: 120 000 000) shares	200	120	200	120
Issued share capital:				
115 880 857 (2005: 112 335 900) shares	116	112	116	112
Share premium	103 430	56 348	103 430	56 348
	103 546	56 460	103 546	56 460
Less: Treasury shares held by the share trusts				
14 387 465 (2005: 231 500) shares	(103 445)	(980)		
	101	55 480	103 546	56 460

	Group 2006	Group 2005 Restated	Company 2006	Company 2005 Restated
20.2 Unissued shares	Number of shares		Number of shares	
Under option in terms of company's share option scheme	4 198 300	5 880 000	4 198 300	5 880 000
at R3.50 per share exercisable until 1 March 2009	8 000	8 000	8 000	8 000
at R3.75 per share exercisable until 21 September 2009	20 000	28 000	20 000	28 000
at R6.90 per share exercisable until 10 October 2010	152 000	785 000	152 000	785 000
at R11.05 per share exercisable until 23 October 2011	756 000	1 268 000	756 000	1 268 000
at R14.40 per share exercisable until 1 February 2012	55 000	55 000	55 000	55 000
at R15.60 per share exercisable until 13 November 2012	1 393 300	1 579 000	1 393 300	1 579 000
at R16.24 per share exercisable until 11 November 2013	1 229 000	1 497 000	1 229 000	1 497 000
at R16.00 per share exercisable until 24 November 2014	585 000	660 000	585 000	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		1 784 100
Under control of the directors until the forthcoming Annual General Meeting	79 920 843		79 920 843	

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
21. Accounts payable				
Trade payables	168 648	196 805	4 555	478
Payroll-related accruals	35 877	33 013	5 142	2 656
Short-term loans and advances	13 804	20 517		
VAT payable	6 208	5 620	412	530
Accruals and other payables	137 072	138 434	8 441	4 686
	361 609	394 389	18 550	8 350
22. Provisions				
Supplier and other claims				
Balance at the beginning of the year	2 347	6 577		
Net charge/(credit) to operating profit	8 879	(1 834)		
Utilised during the year	(1 238)	(2 396)		
Balance at the end of the year	9 988	2 347		

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
22. Provisions *(continued)*				
Post-retirement medical aid				
Balance at the beginning of the year	277	305	47	47
Net credit to operating profit	(277)		(47)	
Disposal of business		(28)		
Balance at the end of the year		277		47
Ex gratia retirement provision				
Balance at the beginning of the year	5 444	5 547		
Net charge to operating profit	46	101		
Utilised during the year	(397)	(204)		
Balance at the end of the year	5 093	5 444		
Leave pay				
Balance at the beginning of the year	9 474	10 759	568	490
Net charge to operating profit	1 721	2 678	15	78
Utilised during the year	(1 454)	(3 370)		
Disposal of business		(593)		
Balance at the end of the year	9 741	9 474	583	568
Total				
Balance at the beginning of the year	17 542	23 188	615	537
Net charge/(credit) to operating profit	10 369	945	(32)	78
Utilised during the year	(3 089)	(5 970)		
Disposal of business		(621)		
Balance at the end of the year	24 822	17 542	583	615

23. Commitments

23.1 *Capital commitments*

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Approved capital expenditure is as follows:				
Contracted	2 124	703	12	
Not contracted	61 020	96 222	293	601
	63 144	96 925	305	601

Capital expenditure will be financed from the group's cash resources.

23.2 *Operating lease commitments*

The future minimum lease payments under operating leases are as follows:

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
Land and buildings				
Not later than one year	16 267	13 529	908	983
Later than one year but not later than five years	73 240	53 877	3 333	4 063
Later than five years	65 752	60 133		178
	155 259	127 539	4 241	5 224

	Group 2006 R'000	Group 2005 Restated R'000	Company 2006 R'000	Company 2005 Restated R'000
23. Commitments *(continued)*				
23.2 ***Operating lease commitments (continued)***				
Plant, equipment and vehicles				
Not later than one year	770	615	45	
Later than one year but not later than five years	641	1 557	8	
Later than five years	307	193		
	1 718	2 365	53	
Total operating lease commitments				
Not later than one year	17 037	14 144	953	983
Later than one year but not later than five years	73 881	55 434	3 341	4 063
Later than five years	66 059	60 326		178
	156 977	129 904	4 294	5 224
24. Number of employees				
Permanent employees at year end	1 263	1 325	32	24

25. Share-based payment plans

25.1 *Equity-settled compensation scheme*

The group operates the Oceana Group (1985) Share Option Scheme ('the Scheme'), which is an equity-settled compensation scheme. The provisions of the scheme provide that the aggregate number of unissued shares that may be reserved for the scheme may not exceed 20% of the company's current issued share capital. Share options were granted to executive directors and senior managers by the Board on the recommendation of the Remuneration and Nominations Committee. The last grant of options in terms of the Scheme was on 25 November 2004 and it is not intended to grant any further options. The exercise price of the options is equal to the 30 day average closing market price of the shares prior to the date of grant. Provided the employee remains in service, the options vest in 3 tranches, one third after a period of three years from the date of grant, a further third after four years and the final third after 5 years. The contractual life of each option granted is 10 years, after which the option lapses. There are no cash alternatives.

Options that have not been exercised in accordance with the rules of the scheme are forfeited upon termination of employment, other than on death or retirement.

The following table illustrates the number and weighted average exercise prices in Rand (WAEP) of, and movements in, share options during the year.

	2006 Number	2006 WAEP	2005 Number	2005 WAEP
Outstanding at the beginning of the year	5 880 000[1]	13.58	7 833 000[1]	11.55
Granted during the year			690 000	16.00
Forfeited during the year	616 000	14.82	515 000	14.99
Exercised during the year	1 065 700[3]	8.80	2 158 000[2]	6.68
Outstanding at the end of the year	4 198 300[1]	14.61	5 880 000[1]	13.58
Exercisable at the end of the year	977 000		201 000	

Notes:

[1] Included in the end of the year balance are options over 991 000 (2005: 2 144 000, 2004: 4 390 000) shares that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore, in accordance with IFRS 2, do not need to be accounted for.

[2] The weighted average share price at the date of exercise for the options exercised is R15.69.

[3] The weighted average share price at the date of exercise for the options exercised is R15.25.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2006 is 6,4 years (2005: 7,0 years).

The weighted average fair value of options granted during the year was Nil (2005: R4.00 per share).

The range of exercise prices for the options outstanding at the end of the year is disclosed in note 20.

25. Share-based payment plans *(continued)*

25.1 *Equity-settled compensation scheme (continued)*

The fair value of equity settled share options granted is estimated as at the date of grant using the Black - Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs into the model used for the year ended 30 September 2005. No options were granted in 2006.

	Group and company 2005 R'000
Expected life of option (years)	10
Grant price (R)	16,00
Expected volatility (%)	27%
Expected dividend yield (%)	5.4%
Risk-free interest rate (%)	9.0%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends,which may not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The share based payment expense relating to equity settled options recognised for employee services received during the year to 30 September 2006 is R2,613m (2005: R3,709m).

25.2 *Cash-settled (phantom) compensation scheme*

Phantom share options are granted to executive directors and senior managers by the Board on the recommendation of the Remuneration and Nominations Committee in terms of the phantom share scheme which was implemented in 2006. The exercise price and vesting rights of the phantom share options are the same as for the share scheme described in 25.1 above, but the contractual life of the options is 6 years and gains on options are settled in cash.

The fair value of the cash-settled options is measured at the grant date using the Black - Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and the liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the income statement.

The carrying amount of the liability relating to the cash-settled options at 30 September 2006 is R1,087m (2005:nil). No cash settled options had vested at 30 September 2006.

The share based payment expense relating to cash settled options recognised for employee services received during the year to 30 September 2006 is R1,087m (2005:nil).

26. 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 to 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 2004, the fund was confirmed to be in a financially sound condition. In order to comply with the disclosure requirements of IAS 19, 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				
	2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000
Balance at the end of the year					
Present value of funded defined benefit obligations	(1 900)	(2 236)	(1 980)	(2 202)	(1 718)
Fair value of plan assets in respect of defined benefit obligations	15 168	14 017	12 361	10 284	10 431
Funded status of defined benefit plans	13 268	11 781	10 381	8 082	8 713
Unrecognised actuarial (losses)/gains	(1 088)	(645)	(238)	1 519	
Unrecognised past service cost – non vested benefits	(379)				
Asset not recognised at balance sheet date	(11 801)	(11 136)	(10 143)	(9 601)	(8 713)
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, should a share of such assets be apportioned to the group. In addition, the impact of the Amendment Act insofar as minimum individual reserves are concerned, has not been taken into account. A provision has been raised by the group in respect of a claim made by The Oceana Group Pension Fund relating to the deemed improper use of pension fund surplus which has been disclosed as an abnormal item in note 4.

The surplus apportionment date for The Oceana Group Pension Fund and the Oceana Group Executive Provident Fund is 30 September 2004 and for the Oceana Group Provident Fund is 30 September 2003. The Final Schemes of Apportionment for these funds are expected to be submitted to the Financial Services Board for approval during the 2007 financial year.

	2006	2005	2004	2003	2002
Movement in the liability recognised in the balance sheet:					
Opening balance	–	–	–	–	–
Asset not recognised at the beginning of the year	11 136	10 143	9 601	8 713	7 878
Balance at the beginning of the year	11 136	10 143	9 601	8 713	7 878
Contributions paid	18 040	19 652	17 946	15 428	12 811
Other expenses included in staff costs	(29 176)	(29 795)	(27 547)	(24 141)	(20 689)
Current service cost	(18 049)	(19 646)	(17 924)	(15 439)	(12 788)
Interest cost	(167)	(190)	(224)	(201)	(177)
Expected return on plan assets	1 220	1 177	926	1 100	989
Unrecognised past service cost – non vested benefits	(379)				
Net actuarial gains recognised during the year			(182)		
Asset not recognised at balance sheet date	(11 801)	(11 136)	(10 143)	(9 601)	(8 713)
Balance at the end of the year	–	–	–	–	–

26. Retirement benefits *(continued)*

	Group 2006	2005	2004	2003	2002
The principal actuarial assumptions used for accounting purposes relating to the defined benefit obligations were:					
Discount rate net of tax	7,75%	7,75%	9,50%	10,00%	11,50%
Inflation rate	5,00%	5,00%	5,00%	5,00%	6,50%
Expected return on plan assets	8,75%	8,75%	9,50%	9,00%	10,50%
Future salary increases	5,75%	5,75%	6,50%	6,50%	8,00%
Future pension increases	5,00%	5,00%	3,30%	3,77%	5,19%

Post-employment medical obligations

The group operates a post employment medical benefit scheme that covers certain of its retirees. This benefit is no longer offered by the group 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 2006.

	Group 2006 R'000	2005 R'000
Balance at the end of the year		
Present value of obligations	7 293	7 339
Less: Fair value of plan assets	7 521	7 744
Asset at balance sheet date	(228)	(405)
The 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	277	305
Reversal of past service cost recognised	(277)	
Disposal of business		(28)
Balance at the end of the year		277
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations were:		
Discount rate	8,50%	7,75%
Medical inflation	7,25%	6,50%

27. 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 denominated assets and liabilities. The group does not enter into derivative contracts for speculative purposes.

		Group Foreign currency '000	2006 R'000	Foreign currency '000	2005 R'000
Uncovered consolidated foreign currency denominated monetary items					
Assets					
Trade receivables	– US dollar	1 005	7 388	14 927	95 540
	– Sterling	3 613	49 927	3 508	40 520
	– Euro	39	359	1 423	11 103
	– Yen	32 434	2 002		
Cash and cash equivalents	– US dollar	2 604	19 143	1 253	8 021
	– Euro	8	77	44	342
	– Australian dollar	537	2 966	396	1 940
	– Taiwanese dollar			18 523	3 593
Other accounts receivable	– US dollar	894	6 570	915	5 859
	– Sterling	124	1 712	110	1 270
	– Australian dollar	1	3	3	16
			90 147		168 204
Liabilities					
Trade and other accounts payable	– US dollar	1 861	13 689	2 935	18 782
	– Sterling	3 330	46 020	2 383	27 529
	– Euro			69	536
	– Australian dollar	26	142	9	44
Bank overdrafts	– US dollar	1 012	7 439	9 434	60 375
	– Sterling	403	5 576	742	8 567
	– Euro			795	6 201
	– Taiwanese dollar	5 965	1 330		
			74 196		122 034

27. 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 2007 financial year.

Details of these contracts are as follows:

	2006			2005		
	Foreign currency '000	Average rate	Rands '000	Foreign currency '000	Average rate	Rands '000
Foreign currency bought:						
US dollar	2 564	7,44	19 087	1 138	6,44	7 331
Foreign currency sold:						
US dollar	854	7,19	6 141	93	8,05	749
Euro	792	9,45	7 488	1 703	6,50	11 073
Australian dollar	225	5,63	1 266	900	7,81	7 026

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

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

The company does not have any foreign currency commitments or any foreign currency denominated assets or liabilities.

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 company's borrowing powers 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 when short-term deposits of up to three months are made at fixed rates. 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 receivables, 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 and mortgage bonds over fixed property as appropriate. 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 financial institutions of high-quality credit standing. In addition the company is exposed to credit risk through loans to subsidiaries. These loans are monitored and provision is made, where necessary, for any irrecoverable amounts. At 30 September 2006, the directors 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.

28. Related party disclosures

Subsidiaries and joint ventures

During the year the company received fees from some of its subsidiaries and joint ventures for the provision of various administration services.

The company provides financing to subsidiary companies and joint ventures and invests surplus cash on their behalf through loan accounts which bear interest at rates similar to rates levied by banks. Details of loan balances with, and interests in, subsidiary and joint venture companies are disclosed on page 84 and 85. Details of treasury shares held by share trusts are disclosed in note 20.

The company has invested in preference shares issued by Oceana SPV (Pty) Limited, a subsidiary of Brimstone Investment Corporation Limited. Further details of this investment are disclosed in note 13.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

	Note	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Transactions with joint ventures					
Administration fees received		454	601	155	48
Interest received		2 290	2 947	1 094	1 219
Transactions with a shareholder.					
Administration fees paid to Tiger Food Brands Limited		466	448	466	448
Compensation of key management personnel					
Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities, directly or indirectly, including any director of that entity. Details relating to executive and non-executive directors' emoluments and shareholdings (including share options) in the company, are disclosed in the remuneration report.					
Compensation of key management personnel:					
Short-term employee benefits		12 805	9 386	7 064	4 683
Post-employment benefits		1 763	1 674	985	891
Other long-term benefits		397		232	
Termination benefits			1 473		
Share-based payments		1 140	1 530	540	772
		16 105	14 063	8 821	6 346

The remuneration of directors and key management personnel is determined by the Remuneration and Nominations Committee.

Interest of directors in contracts

The directors of Oceana Group Limited make 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 group.

Post-retirement benefit plans

The group is a member of various defined contribution plans as well as a defined benefit plan. Further detail is shown in note 26.

29. Restatement of comparative figures

Comparative figures have been restated as a result of the adoption of IFRS and certain interpretation changes relating to the application of SA GAAP.

The group adopted IFRS for the first time in the 2006 financial period, with the transition date in respect of such adoption being 1 October 2004. The group previously complied with SA GAAP. The opening balance sheets at 1 October 2004 as well as the comparative figures for the 2005 period have been restated accordingly.

Transitional arrangements:

IFRS 1: First-time Adoption of International Financial Reporting Standards generally requires full retrospective application of IFRS. However, IFRS 1 provides for issuers of financial statements to elect certain optional and mandatory exemptions from full retrospective application and the Group has elected as follows:

Share-based payments: The group elected to apply the provisions of IFRS 2 only to share options granted on or after 7 November 2002 that had not yet vested at 1 January 2005.

Business Combinations: The group elected not to retrospectively apply IFRS 3 to business combinations that occurred before 1 October 2004. On that date, the carrying amount of goodwill equated to the amortised amount.

IAS 1 requires that loans which have no fixed terms of repayment, be classified on the face value of the balance sheet as current assets and current liabilities and no longer as non-current assets and non-current liabilities. This is a presentation change and has no impact on the profit reported in the current and prior year. This is only applicable to the company.

The impact of the adoption of IFRS is shown in the reconciliation that follows:

	Notes	30 September 2005 SA GAAP R'000	30 September 2005 Effect of transition to IFRS R'000	30 September 2005 IFRS R'000	1 October 2004 SA GAAP R'000	1 October 2004 Effect of transition to IFRS R'000	1 October 2004 IFRS R'000
29.1 *Group*							
Non-current assets		388 765	7 307	396 072	460 496	7 742	468 238
Property, plant and equipment	1	279 413	5 639	285 052	310 387	6 331	316 718
Goodwill and other intangibles		52 839		52 839	53 978		53 978
Deferred taxation	2	13 588	1 668	15 256	20 990	1 411	22 401
Investments and loans		42 925		42 925	75 141		75 141
Current assets		1 080 990		1 080 990	1 011 406		1 011 406
Inventories		242 413		242 413	309 288		309 288
Accounts receivable		457 996		457 996	502 380		502 380
Cash and cash equivalents		380 581		380 581	199 738		199 738
Total assets		1 469 755	7 307	1 477 062	1 471 902	7 742	1 479 644
Capital and reserves		890 894	4 491	895 385	848 613	4 828	853 441
Share capital and premium		55 480		55 480	41 396		41 396
Non-distributable reserves	3	12 025	562	12 587	12 930	(3 147)	9 783
Distributable reserves		823 389	3 929	827 318	794 287	7 975	802 262
Interest of outside shareholders	4	21 192	(232)	20 959	14 577	(196)	14 381
Non-current liabilities							
Deferred taxation	2	22 453	3 048	25 502	24 287	3 109	27 396
Current liabilities		535 216		535 216	584 425		584 425
Accounts payable		394 389		394 389	452 799		452 799
Provisions		17 542		17 542	23 188		23 188
Taxation		25 899		25 899	26 155		26 155
Bank overdrafts		97 386		97 386	82 283		82 283
Total equity and liabilities		1 469 755	7 307	1 477 062	1 471 902	7 742	1 479 644

29. Restatement of comparative figures *(continued)*

	Notes	30 September 2005 SA GAAP R'000	30 September 2005 Effect of transition to IFRS R'000	30 September 2005 IFRS R'000	1 October 2004 SA GAAP R'000	1 October 2004 Effect of transition to IFRS R'000	1 October 2004 IFRS R'000
29.1 *Group (continued)*							
Reconciliation of attributable profit							
Revenue		2 576 513		2 576 513			
Cost of sales	5	1 812 179	1 747	1 813 926			
Gross profit		764 334	(1 747)	762 587			
Sales and distribution expenditure		280 808		280 808			
Marketing expenditure		15 759		15 759			
Overhead expenditure	6	282 693	2 655	285 348			
Operating profit before abnormal items		185 074	(4 402)	180 672			
Abnormal items		(27 830)		(27 830)			
Operating profit		157 244	(4 402)	152 842			
Net interest received and dividend income		26 608		26 608			
Profit before taxation		183 852	(4 402)	179 450			
Taxation	2	64 859	(318)	64 541			
Profit after taxation		118 993	(4 084)	114 909			
Attributable to:							
Shareholders of Oceana Group Limited		111 538	(4 047)	107 491			
Outside shareholders in subsidiaries	4	7 455	(37)	7 418			
		118 993	(4 084)	114 909			
29.2 *Company*							
Capital and reserves		483 388		483 388	387 147		387 147
Share capital and premium		56 460		56 460	42 040		42 040
Share based payment reserve	3		3 888	3 888		2 208	2 208
Distributable reserves		426 928	(3 888)	423 040	345 107	(2 208)	342 899
Reconciliation of attributable profit							
Revenue		19 601		19 601			
Overhead expenditure	6	18 346	1 680	20 026			
Operating profit before abnormal items		1 255	(1 680)	(425)			
Abnormal items		20 455		20 455			
Operating profit		21 710	(1 680)	20 030			
Net interest received and dividend income		149 717		149 717			
Profit before taxation		171 427	(1 680)	169 747			
Taxation		6 789		6 789			
Profit after taxation		164 638	(1 680)	162 958			

Notes to the reconciliations of the effects of transition to IFRS:

1. IAS 16: Property, plant and equipment requires that the residual values and useful lives of property, plant and equipment be reassessed at each balance sheet date. The impact of these reassessments have been applied retrospectively.
2. The changes in deferred taxation result from the changes in the carrying values of property, plant and equipment.
3. IFRS 2 requires that equity-settled share-based payments are measured at fair value on grant date, with the expense recognised in the income statement over the vesting period, with a corresponding increase in an equity reserve. Prior to the adoption of IFRS 2, the group did not recognise the financial effect of these share-based payments. The cumulative impact on opening retained earnings at 1 October 2005 was R8,619m (2004: R4,910m). The adjustment also includes a transfer of various non-distributable reserves amounting to R8,057m, which arose on consolidation, to distributable reserves.
4. This adjustment represents the portion of the IFRS adjustments attributable to outside shareholders.
5. The cost of sales adjustment results from the adjustment of depreciation on property, plant and equipment.
6. The overhead expenditure adjustment results from the adjustment of depreciation on property, plant and equipment and the recognition of share-based payments.

30. Contingent liabilities

The company has given guarantees in support of bank overdraft facilities of certain wholly owned subsidiaries and has guaranteed the liabilities of Calamari Fishing (Pty) Limited. This has no impact on the group.

at 30 September 2006

Name of company	Nature of business	Issued capital 2006 R	Effective holding 2006 %	Effective holding 2005 %	Interest of holding company: Cost of shares 2006 R'000	Cost of shares 2005 R'000	Indebtedness (note 2) 2006 R'000	Indebtedness (note 2) 2005 R'000
Blue Atlantic Trading (Pty) Limited (note 3)	Trade in fish products	100	50	50			9 032	10 678
Blue Continent Products (Pty) Limited	Horse mackerel, hake tuna	1 000	100	100	1 932	1 932	(14 487)	(44 924)
Calamari Fishing (Pty) Limited	Squid, hake, horse mackerel	4 000	100	100			22 921	18 616
Coast Trading Company (Pty) Limited	Rock lobster	30 024	100	100	207	207	(1 070)	(1 279)
Commercial Cold Storage (Pty) Limited	Cold storage	100	100	100			17 088	(55 763)
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			6 633	
Commercial Cold Storage (Namibia) (Pty) Limited – Namibia	Cold storage	10 000	100	100				
Compass Trawling (Pty) Limited (note 3)	Hake	1 000	31,55	37,37				
Desert Diamond Fishing (Pty) Ltd	Horse mackerel	120	90	90			40 968	62 048
Erongo Marine Enterprises (Pty) Limited – Namibia	Horse mackerel	100	100	100	40 000	40 000	11 142	22 793
Erongo Seafoods (Pty) Limited – Namibia	Horse mackerel, hake	40 000	49	49				
Erongo Sea Products (Pty) Limited – Namibia	Horse mackerel	100	100	100				
Etosha Fisheries Holding Company (Pty) Limited – Namibia (note 3)	Canned fish, fishmeal/oil	9 000	44,9	44,9	10 988	10 988		
Glenryck Foods Limited – United Kingdom (note 4)	Canned fish	6 080 000	100		73 154			
Glenryck (UK) Limited – United Kingdom (note 4)	Canned fish			100		67 103		2 884
Hicksons Fishing Company Limited	Rock lobster, property	140 000	100	100	35	35	2 117	300
Ikamva Lethu Fishing (Pty) Limited	Rock lobster	2 001	100	70,02			2 242	2 980
Interfrost Pty Limited – Australia (note 5)	Rock lobster	20 621 787	100	100	19 413	19 413		
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	12 661	(3 976)
Lamberts Bay Foods (Pty) Limited	French fries	100	100	100			15 415	22 944
Namaqua Fishing Company Limited	Rock lobster	100 000	100	100	25	25	2 174	400
North Bay Fishing Company Limited	Rock lobster	120 000	100	100	241	241	4 234	2 000
Oceana International Limited	Horse mackerel	23	100	100	23	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	5 573	(13 840)
Stephan Rock Lobster Packers Limited	Rock lobster	200 000	51	51	25	25	(472)	197
St Helena Bay Fishing Industries Limited	Canned fish, fishmeal/oil and rock lobster	600 000	100	100	1 706	1 706	71 923	(54 558)
Tuna Marine (Pty) Limited	Abalone	100	100	100			63	(9 778)
					155 722	149 671	208 157	(35 728)

Notes:

1. Only principal subsidiaries and joint ventures have been included in the above list. 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. Shares in Glenryck Foods Limited, previously owned by Glenryck (UK) Limited, were transferred to Oceana Group Limited in an internal restructuring which did not affect Oceana's net investment in the Glenryck business.
5. Cost of shares is shown net of impairment provision.

at 30 September 2006

	2006	2005 Restated
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:		
Blue Atlantic Trading (Pty) Ltd	50,00	50,00
Realeka JV	52,00	52,00
Compass Trawling (Pty) Limited	31,55	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	110 218	122 011
Expenses	(99 672)	(102 554)
Operating profit before abnormal items	10 546	19 457
Abnormal items	646	(4 677)
Net interest and dividends paid	(423)	(3 246)
Profit before taxation	10 769	11 534
Taxation	1 577	903
Profit after taxation	9 192	10 631
Balance sheet		
Property, plant and equipment	15 733	19 152
Investments	115	22
Current assets	71 149	52 515
Current liabilities		
– Interest-bearing	(104)	(12 515)
– Interest-free	(29 076)	(27 419)
Deferred taxation	(1 033)	(717)
Cash flow statement		
Operating profit	10 546	19 457
Adjustments for non-cash items	2 779	4 603
Working capital changes	15 616	9 623
Cash flows from operations	28 941	33 683
Net interest and dividends paid	(423)	(3 245)
Taxation paid	(1 948)	(1 370)
Net cash flows from operating activities	26 570	29 068
Cash flows from investing activities	(5 291)	4 898
Net increase in cash and cash equivalents	21 279	33 966

at 30 September 2006

	Notes	2006	2005	2004	2003	2002
Share performance						
Market price per share (cents)						
Year end		1 580	1 520	1 575	1 644	1 550
Highest		1 700	1 670	1 750	1 690	1 580
Lowest		1 400	1 190	1 400	1 250	1 050
Price earnings ratio	1	14,0	13,8	11,0	9,0	9,6
Number of transactions	2	1 683	2 216	1 324	1 003	1 135
Number of shares traded ('000)	2	18 252	25 612	14 978	7 698	8 236
Value of shares traded (R'000)	2	280 578	360 207	238 288	118 523	114 003
Volume of shares traded as a % of total issued shares	2	15,7	22,8	13,6	7,1	7,6
Market capitalisation (R'000)	3	1 830 918	1 707 506	1 735 302	1 783 327	1 669 999
JSE food index (adjusted base 2002 = 100)		229,9	203,3	131,0	99,4	100,0
JSE industrial 25 index (adjusted base 2002 = 100)		254,0	207,9	136,2	95,5	100,0
Oceana Group Limited share price index (adjusted base 2002 = 100)		101,9	98,1	101,6	106,1	100,0

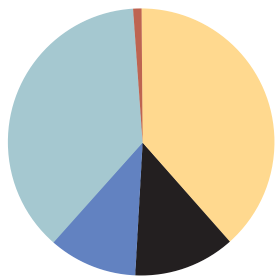
Notes:

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 including treasury shares held by share trusts.

Share ownership

	Number of share-holders	%	Number of shares	%
Holdings				
1 – 5 000 shares	812	70,3	967 539	0,8
5 001 – 50 000 shares	240	20,8	46 452 499	40,1
Over 50 000 shares	100	8,7	54 073 354	46,7
	1 152	99,8	101 493 392	87,6
Treasury shares held by share trusts	2	0,2	14 387 465	12,4
	1 154	100,0	115 880 857	100,0
Analysis of holdings				
Tiger Brands Limited	1	0,1	44 699 463	38,6
Directors and employees	360	31,2	1 145 394	1,0
Financial institutions and general public	791	68,5	55 648 535	48,0
	1 152	99,8	101 493 392	87,6
Treasury shares held by share trusts	2	0,2	14 387 465	12,4
	1 154	100,0	115 880 857	100,0

Share ownership – analysis of holdings



Tiger Brands Limited (38,6%)

Treasury shares held by share trusts (12,4%)

Brimstone Investment Corporation Ltd (10%)

Financial institutions and general public (38,0%)

Directors and employees (1,0%)

Holdings in excess of 5%		
Tiger Brands Limited	44 699 463	38,6%
Oceana Group Black Employee Share Trust	14 380 465	12,4%
Brimstone Investment Corporation Ltd	11 596 755	10,0%
Coronation – various funds	6 562 114	5,7%

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

Notice is hereby given that the 89th 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, 8 February 2007 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 2006 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 2006, as set out in the annual report, are hereby approved."

2. To consider and, if deemed fit, to re-elect, in terms of the articles of association of the company, Mr Nicholas Dennis, Mr Noel Patrick Doyle, Ms Zellah Fuphe, Mr Rodney Gerald Nicol and Ms Lorain Ruthilal, who retire by rotation but, being eligible, offer themselves for re-election, by way of passing the separate ordinary resolutions set out below. A brief *curriculum vitae* of each of the aforesaid directors appears on page 91 of the annual report.

Ordinary resolution number 2.1

"Resolved that Mr Nicholas Dennis be and is hereby elected as director of the company."

Ordinary resolution number 2.2

"Resolved that Mr Noel Patrick Doyle be and is hereby elected as director of the company."

Ordinary resolution number 2.3

"Resolved that Ms Zellah Fuphe be and is hereby elected as director of the company."

Ordinary resolution number 2.4

"Resolved that Mr Rodney Gerald Nicol be and is hereby elected as director of the company."

Ordinary resolution number 2.5

"Resolved that Ms Lorain Ruthilal 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 2007 by passing the following ordinary resolution:

Ordinary resolution number 3

"Resolved that the non-executive directors' fees for the year ending 30 September 2007 be as follows:

	R
• As chairman of the board	252,000
• As a member of the board	100,000
• As chairman of the audit committee	60,000
• As a member of the audit committee	40,000
• As chairman of the remuneration and nominations committee	50,000
• As a member of the remuneration and nominations committee	30,000
• As chairman of the risk committee	40,000
• As chairman of the transformation committee	40,000"

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 chairpersons 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 84,119,143 (eighty four million one hundred and nineteen thousand one hundred and forty three) unissued authorised shares in the capital of the company, comprising, collectively the (i) 4,198,300 (four million one hundred and ninety eight thousand three hundred) unissued authorised shares required 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, and (ii) the remaining 79,920,843 (seventy nine million nine hundred and twenty thousand eight hundred and forty three) unissued authorised shares, 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 Companies Act"), the articles of association of the company and the Listings Requirements of JSE Limited ("JSE Listings Requirements"), 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 the repurchase 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 the JSE Limited ("JSE"), subject also to the JSE Listings Requirements as presently constituted and which may be amended from time to time."

Additional information required by the JSE Listings Requirements

The additional information required by the JSE Listings Requirements and which pertains to special resolution number 1 is set forth on Schedule 1 hereto and headed "Information pertaining to Special Resolution Number 1".

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 repurchase 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 (fifteen) 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

Specific authority to repurchase company shares

"Resolved that the company hereby approves the repurchase, through its wholly-owned subsidiary, St Helena Bay Fishing Industries Limited, from Khula Enterprise Finance Limited ("Khula") of 2,479,257 (two million four hundred and seventy nine thousand two hundred and fifty seven) ordinary shares in the issued share capital of the company at a price of R14.62 per share, excluding any dividend declared by the company prior to the date 2 (two) business days after the registration of this special resolution by the Registrar of Companies, together with all rights and benefits thereto. The total consideration payable for the repurchased shares is an aggregate amount of R36,246,737.34 (thirty six million two hundred and forty six thousand seven hundred and thirty seven rand and thirty four cents) ("the Purchase Consideration"). Resolved further that the repurchase as aforesaid be hereby approved as a specific approval as contemplated in section 85(2) of the Companies Act, the JSE Listings Requirements and in accordance with article 7A of the company's articles of association."

Special resolution number 2 is subject to at least 75% (seventy five percent) of the votes cast by the company's shareholders represented in person or by proxy at the annual general meeting being cast in favour thereof. The ordinary shares repurchased under special resolution number 2 constitute 48,67% (forty eight comma six seven percent) of Khula's entire shareholding in the company and Khula and its associates will not vote their shares in the capital of the company at the annual general meeting in relation to this special resolution number 2.

Additional information required by the JSE Listings Requirements

The additional information required by the JSE Listings Requirements and which pertains to special resolution number 2 is set forth on Schedule 2 hereto and headed "Information pertaining to Special Resolution Number 2".

Reason and effect of special resolution number 2

The reason for special resolution number 2 is to grant the company the specific authority in terms of the Companies Act for the repurchase through its wholly-owned subsidiary, St Helena Bay Fishing Industries Limited, of 2,479,257 (two million four hundred and seventy nine thousand two hundred and fifty seven) ordinary issued shares in the issued share capital of the company from Khula. The effect of the repurchase will be that such repurchased shares will be held as treasury shares.

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 the annual general meeting is attached provides details of:

- the directors and managers of the company on pages 10 and 11;
- the major shareholders of the company on page 86;
- the directors' shareholding in the company on page 54;
- the share capital of the company in note 20 on page 73

There are no material changes to the group's financial or trading position between 30 September 2006 and the reporting date. The group is not, and in the past 12 months, has not, been involved in any material, legal or arbitration proceedings, nor is it aware of any proceedings that are pending or threatened which may have or have had a material effect on the financial position of the group.

The directors, whose names are given on page 10 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.

Shares in the company ("shares") held by a share trust or scheme will not have their votes at the annual general meeting taken into account in respect of special resolution 1 and 2. All other 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 returning it to the office of the company secretary, to be received by no later than 48 (forty eight) hours, excluding Saturdays, Sundays and public holidays, 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 the JSE's electronic settlement system, STRATE Limited ("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 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 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, to be received not less than 48 (forty eight) hours, excluding Saturdays, Sundays and public holidays, prior to the time appointed for the holding of the meeting.

JD Cole
Company secretary

Cape Town
10 November 2006

SCHEDULE 1 TO NOTICE OF ANNUAL GENERAL MEETING

"Information pertaining to Special Resolution Number 1"

Terms used in this schedule, unless the context requires otherwise, bear the same meanings as in the Notice of Annual General Meeting to which this schedule is attached.

1. Terms of general repurchase

It is recorded that the company or any of its subsidiaries shall only be authorised to make a general repurchase of shares on such terms and conditions as the board of directors may 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 repurchase 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 counterparty (reported trades are prohibited);
- any such repurchase of ordinary shares is authorised by the company's articles of association;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published not later than 08:30 on the second business day following the day on which the company and/or its subsidiaries has/have repurchased shares constituting, on a cumulative basis, 3% (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 3% (three percent) of such shares thereafter, which announcement shall contain full details of such acquisitions;
- repurchases 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% (twenty percent) 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 repurchased by the company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be repurchased may not be greater than 10% (ten percent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- the company may only appoint one agent to effect any repurchase on its behalf;
- after any repurchase, the company still complies with the minimum shareholder spread requirements of the JSE Listings Requirements;
- the company and/or its subsidiaries may not repurchase any ordinary shares during a prohibited period as defined in the JSE Listings Requirements;
- 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 below (as required in terms of the JSE Listings Requirements); and
- in the case of a derivative (as contemplated in the JSE Listings Requirements) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the JSE Listings Requirements.

2. Statements 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 repurchase 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 repurchase its shares, the maximum number of shares to be repurchased and the date on which such repurchase will take place, the directors of the company will only make the repurchase if at the time of the repurchase 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 (twelve) 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 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 (twelve) 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 (twelve) 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 (twelve) months after the date of approval of this notice of the annual general meeting.

SCHEDULE 2 TO NOTICE OF ANNUAL GENERAL MEETING

"Information pertaining to Special Resolution Number 2"

Terms used in this schedule, unless the context requires otherwise, bear the same meanings as in the Notice of Annual General Meeting to which this schedule is attached.

1. The rationale of the specific repurchase

The company currently has cash reserves in excess of its current requirements and wishes to utilise this cash to reduce its outstanding shares.

2. Terms of specific repurchase

a. Subject to shareholder approval at the annual general meeting of the company, the company (either directly or through one or more of its subsidiaries) will repurchase 2,479,257 (two million four hundred and seventy nine thousand two hundred and fifty seven) ordinary shares from Khula, with all rights and benefits thereto.

b. The Purchase Consideration represents a 12,02% (twelve comma zero two percent) discount to the weighted average price at which the shares traded for the 5 (five) business days prior to 5 December 2006, being the date on which the specific repurchase agreement was concluded with Khula.

c. After the specific share repurchase, the company still complies with the minimum shareholder spread requirements of the JSE Listings Requirements.

3. Funding

The Purchase Consideration as stated in 2(b) above will be funded by internal cash resources.

4. Conditions

The specific repurchase is subject to special resolution 2 being passed by the shareholders (excluding Khula and its associates) at the annual general meeting, represented (in person or by proxy) and voting at the annual general meeting.

5. Details pertaining to Khula

Khula Enterprise Finance Limited (Registration No. 1995/011258/06) currently holds 5,094,350 (five million ninety four thousand three hundred and fifty) ordinary shares constituting 4,40% (four comma four percent) of the issued share capital of the company. After the repurchase by the company of 2,479,257 (two million four hundred and seventy nine thousand two hundred and fifty seven) ordinary shares, Khula will hold 2,615,093 (two million six hundred and fifteen thousand and ninety three) ordinary shares constituting 2,26% (two comma two six percent) of the issued share capital of the company.

6. Effect on earnings per share, headline earnings per share, net asset value per share, net tangible asset value per share and, if applicable, diluted earnings and headline earnings per share, of the proposed repurchase

The effect on earnings per share, headline earnings per share, net asset value and tangible net asset value per share of the proposed repurchase under Special Resolution 2 is not material.

7. Statements by the board directors of the company

The directors, having considered the effect of the specific repurchase, are of the opinion that:

- the company and its subsidiaries will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months after the date upon which special resolution 2 is approved by the shareholders;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with the accounting policies used in the latest audited financial statements, would, after the date of the approval of special resolution 2 by the shareholders, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date upon which special resolution 2 is approved by the shareholders;
- the issued share capital and reserves of the company and its subsidiaries would, after the specific repurchase, be adequate for the ordinary business purposes of the company or any acquiring subsidiary for the next 12 (twelve) months after the date upon which special resolution 2 is approved by the shareholders; and
- the working capital available to the company and its subsidiaries would, after the specific repurchase, be adequate for ordinary business purposes for the next 12 (twelve) months after the date upon which special resolution 2 is approved by the shareholders.

N Dennis (59) (British)

BCom (Hons)

Nick graduated from the University of the Witwatersrand with a BCom degree in 1968, majoring in applied economics, and went on to obtain a BCom (Hons) degree in 1970. After working at Colgate for 14 years, the major portion abroad in the United Kingdom and Germany, he returned to join the Barlow Group. He is currently chief executive officer of Tiger Brands Limited, a position he has held since February 1994 and is also a non-executive director of Nedbank Limited.

NP Doyle (40) (Irish)

FCA, CA(SA)

Noel was a senior manager at PriceWaterhouse-Coopers from 1989 to 1995. He joined the Southern Sun Group as a financial controller, followed by his appointment as financial operations director in Tiger Brands' subsidiary Albany Bakeries in 1998. He is currently chief financial officer of Tiger Brands.

Z Fuphe (38)

BSocSci

Zellah joined the oil industry through Engen in 1990, holding various positions at both operational and strategic levels. After a period in the human resources division of Southern Life she rejoined Engen in the mergers and acquisition division where she was responsible for the company's growth initiatives in West Africa. She was appointed managing director of Afric Oil in 2000 and joined Worldwide African Investment Holdings in 2002, where she is currently managing director.

RG Nicol (51)

CA(SA)

Rod studied through the University of South Africa and qualified as a chartered accountant in 1981. He spent four years in the outdoor advertising industry before joining Oceana in 1985. Since then he has held various financial positions in the group and was appointed group financial director in 1991.

L Ruthilal (36)

CA(SA)

After qualifying, Lorain commenced employment with Pinetique CC in the furniture industry, followed by positions within Transnet from 1997 to 2005. She is group financial manager of Tiger Brands Limited.

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	Mission statement, key group objectives and performance measures	5
1.2	Report from chief executive officer describing key elements of report	Chief executive officer's report	18
2.1	Name of organisation	Cover page, form of proxy	Cover, 99
2.2	Major products and/or services, including brands	Operating locations, group at a glance, chief executive officer's report	8, 9, 18
2.3	Operational structure of the organisation	Operating locations, group at a glance, chairman's statement, chief executive officer's report	8, 9, 12, 18
2.4	Description of major divisions, operating companies, subsidiaries and joint ventures	Operating locations, group at a glance, chairman's statement, chief executive officer's report, interest in principal subsidiaries and joint ventures, interest in joint ventures	8, 9, 12, 18 84, 85
2.5	Countries in which the organisation's operations are located	Operating locations, group at a glance, interest in principal subsidiaries and joint ventures	8, 9, 84
2.6	Nature of ownership; legal form	Ownership profile, chairman's statement, Oceana's stakeholders, share ownership, administration	4, 12, 24, 86, 101
2.7	Nature of markets served	Operating locations, group at a glance, chief executive officer's report, customers and consumers	8, 9, 18, 24
2.8	Scale of reporting organisation * Specific breakdowns by countries/regions that make up 5% or more of total revenue	Segmental report, operating locations, group at a glance, interest in principal subsidiaries and joint ventures	7, 8, 9, 84
2.9	List of stakeholders	Ownership profile, change in BEE shareholding, Oceana's stakeholders, share ownership	4, 13, 24, 86
2.10	Contact information	Administration	101
2.11	Reporting period	Annual financial statements	51
2.12	Date of most recent previous report	2005 annual report, reviewed group results and dividend declaration for the year ended 30 September 2006	N/A
2.13	Boundaries/scope of report	Group profile, financial and other significant highlights, segmental report, operating locations, group at a glance	4, 6, 7, 8, 9
2.14	Significant changes in size, structure, ownership or products/services since last report	Ownership profile, operating locations, group at a glance, chairman's statement, chief executive officer's report, sustainability report	4, 8, 9, 12, 18, 24
2.15	Basis for reporting	Group at a glance, accounting policies	9, 55
2.16	Explanation regarding the restatement of information	Accounting policies, notes to the annual financial statements, restatement of comparative figures	55, 65, 82
2.17	Decisions not to apply GRI principles or protocols	Not applicable – GRI index applied	92
2.18	Criteria/definitions	Risk management report, audit committee and internal controls, statistical and financial data, independent auditor's report, accounting policies	42, 43, 48 53, 55
2.19	Significant changes in measurement	Nil during the year – independent auditor's report, report of the directors, accounting policies, restatement of comparative figures	53, 54, 55, 82
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, government/regulators, risk management report, audit committee and internal controls	14, 24, 42, 43
2.22	Information available on sustainability	Sustainability report	24

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, government/regulators	4, 9, 10, 11, 14, 24
3.2	Percentage of the board of directors who are independent, non-executive directors	One-third – directorate	10
3.3	Board member expertise	Directorate, curriculum vitae	10, 91
3.4	Board-level processes	Corporate governance, transformation committee, risk committee, audit committee and internal controls, remuneration and nominations committee	14, 25, 42, 43, 44
3.5	Linkage between executive compensation and the achievement of objectives	Remuneration report, directors' emoluments	44, 66
3.6	Organisational structure and key responsibilities	Group at a glance, directorate, executive committee	9, 10, 11
3.7	Mission, business conduct and ethics	Mission statement, key group objectives and performance measures, corporate governance, business conduct and ethics	5, 14, 34
3.8	Mechanisms for shareholders to provide recommendations	To attend annual general meeting and contact company secretary – notice of annual general meeting, administration	87, 101
3.9	Major stakeholders	Ownership profile, change in BEE shareholding, Oceana's stakeholders, share ownership	4, 13, 24, 86
3.10	Stakeholder consultation	Oceana's stakeholders, notice of annual general meeting	24, 87
3.11	Stakeholder consultation information	Notice of annual general meeting, curriculum vitae, administration, shareholders' diary	87, 91, 101
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	87, 91, 99, 101
3.13	Precautionary approach	Independent auditor's report, report of the directors, accounting policies	53, 54, 55
3.14	Economic, environmental and social charters	Key group objectives and performance measures, sustainability report	5, 24
3.15	Industry and business association memberships	Details of association – sustainability report	24
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	5, 42, 43 55
3.17	Approach to managing indirect impacts	Oceana's stakeholders, CSI, health and safety, group environmental policy and principles, risk management report	24, 32, 35, 36, 42
3.18	Decisions regarding location and change in operations	Chairman's statement, chief executive officer's report	12, 18
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	4, 5
	• Major programmes to improve performance	Chairman's statement, chief executive officer's report, sustainability report	12, 18, 24
	• Internal communication and training	Sustainability report	24
	• Performance monitoring	Chairman's statement, chief executive officer's report, sustainability report	12, 18, 24
	• Internal and external auditing	Risk management report, audit committee and internal controls, independent auditor's report	42, 43, 53
	• Senior management review	Chairman's statement, chief executive officer's report, report of the directors	12, 18, 54

GRI benchmark *General performance indicators (continued)*		**Comments**	**Page Number**
3.20	Certification status	External appraisal	2
Economic performance indicators			
EC1	Top-line income (net sales)	Segmental report, statistical and financial data, income statements, revenue	7, 48, 60, 65
EC2	Geographic breakdown of markets	Segmental report, operating locations, group at a glance	7, 8, 9
EC3	Costs of all goods, materials and services purchased	Sustainability report, value added statement, income statements, operating profit note	24, 50, 60, 65
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	Statistical and financial data, value added statement, operating profit note, Oceana Group Share Trust, OBEST, accounts payable, provisions, retirement benefits, related party disclosures	48, 50, 65, 71, 72, 73, 77, 81
EC6	Distributions to providers of capital	Statistical and financial data, value added statement, earnings per share, dividends	48, 50, 68
EC7	Increase/decrease in retained earnings	Statements of changes in equity	62
EC8	Taxes paid	Value added statement, taxation, deferred taxation	50,67, 71
EC9	Subsidies received	Skills development, learnerships	28, 29
EC10	Donations to community, civil society and other groups	CSI	32
EC11	Supplier breakdown by organisation and country	Details not outlined in annual report	*
EC12	Total spend on non-core business infrastructure	CSI expenditure 2006	34
EC13	The organisation's indirect economic impacts	Procurement, enterprise development, CSI, industrial relations, health and safety, impacts on the environment, monitoring of direct and indirect impacts on sensitive resources	30, 31, 32, 34, 35, 38, 39
Environmental performance indicators			
EN1	Total materials use	Chairman's statement, sustainability report, group environmental policy and principles	12, 24, 36
EN2	Percentage of materials used that are wastes from sources external to the reporting organisation	Not measured as a percentage – limitation of emissions, waste disposal and effluents	40, 41
EN3	Direct energy use	Impacts on the environment, limitation of emissions, use of resources	38, 40
EN4	Indirect energy use	Impacts on the environment, limitation of emissions, use of resources	38, 40
EN5	Total water use	Working towards measurement – group environmental policy and principles, monitoring of direct and indirect impacts, use of resources, waste disposal and effluents	36, 39, 40, 41
EN6	Location and size of land owned, leased or managed in biodiversity-rich habitats	Nil - monitoring of direct and indirect impact on sensitive resources, species or areas	39
EN7	Description of the major impacts on biodiversity	Impacts on the environment	38
EN8	Greenhouse gas emissions	Group environmental management system, limitation of emissions	38, 40
EN9	Use and emissions of ozone-depleting substances	Limitation of emissions	40
EN10	Significant air emissions by type	Not reported by type – limitation of emissions	40
EN11	Total amount of waste by type and destination	Not measured by total – waste disposal and effluents	41

GRI benchmark *Environmental performance indicators (continued)*		**Comments**	**Page Number**
EN12	Significant discharges to water by type	Group environmental policy and principles, use of resources, waste disposal and effluents	36, 40, 41
EN13	Significant spills of chemicals, oils and fuels	No significant spills – group environmental management system	38
EN14	Significant environmental impacts of principal products and services	Environmental sustainability, group environmental policy and principles, impacts on the environment, monitoring of direct and indirect impacts on sensitive resources	5, 36, 38, 39
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, group environmental management system	15, 38
EN17	Initiatives to use renewable energy sources	Group environmental policy and principles, use of resources	36, 40
EN18	Energy consumption footprint of major products	Working towards measurement – use of resources	40
EN19	Other direct (upstream/downstream) energy use and implications	Impacts on the environment, use of resources	38, 40
EN20	Water sources and related ecosystems/habitats significantly affected by use of water	None – monitoring of direct and indirect impacts on sensitive resources	39
EN21	Annual withdrawals of ground and surface water	Working towards measurement – group environmental management system	38
EN22	Total recycling and re-use of water	Working towards measurement – group environmental policy and principles, group environmental management system, use of resources, waste disposal and effluents	36, 38, 40, 41
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	Monitoring of direct and indirect impacts on sensitive resources, species or areas	39
EN26	Changes to natural habitats	Monitoring of direct and indirect impacts on sensitive resources, species or areas	39
EN27	Strategies for protecting and restoring native ecosystems and species in degraded areas	Group environmental policy and principles	36
EN28	Number of IUCN Red List species with habitats in areas affected by operations	12 bird species – monitoring of direct and indirect impacts on sensitive resources, species or areas	39
EN29	Business units currently operating or planning operations in or around protected or sensitive areas	Group at a glance, group environmental policy and principles, group environmental management system	9, 36, 38
EN30	Other relevant indirect greenhouse gas emissions	Limitation of emissions	40
EN31	All production, transport, import or export of any waste deemed hazardous under the terms of the Basel Convention	Nil – waste disposal and effluents	41
EN32	Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff	Waste disposal and effluents	41
EN33	Performance of suppliers relative to environmental components of programmes and procedures	Group environmental policy and principles	36
EN34	Significant environmental impacts of transportation used for logistical purposes	Impacts on the enviornment, group environmental management system	38
EN35	Total environmental expenditures by type	Details not outlined in annual report	*

GRI benchmark ***Social performance indicators***		**Comments**	**Page Number**
Labour practices			
LA1	Breakdown of workforce	Core component of BEE, equity profile	26, 27
LA2	Employment creation and average turnover	Employment equity, skills development, labour turnover	27, 28, 35
LA3	Trade union representation	Industrial relations	34
LA4	Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting organisation's operations	Economic sustainability, change in BEE shareholding, transformation, business conduct and ethics, industrial relations	5, 13, 25, 34
LA5	Occupational accidents and diseases	Health and safety	35
LA6	Health and safety	Health and safety	35
LA7	Injury, lost days and absentee rates	Working towards measurement	*
LA8	HIV/AIDS policies or programmes	Social sustainability, healthcare, health and safety	5, 33, 35
LA9	Training per ethnic split	Core component of BEE, skills development	26, 28
LA10	Equal opportunity policies or programmes, and monitoring thereof	Transformation, employment equity, skills development	25, 27, 28
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	10, 11, 14, 25, 42, 43, 44
LA12	Employee benefits beyond those legally mandated	Employees, skills development, education, health and safety	24, 28, 32, 35
LA13	Provision for formal worker representation in decision-making	Employees, employment equity, skills development, industrial relations	24, 27, 28, 34
LA14	Compliance with the ILO Guidelines for Occupational Health	At applicable work sites – health and safety	35
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, labour turnover	27, 28, 35
LA17	Policies and programmes for skills management	Skills development, enterprise development	28, 31
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, employment equity, skills development, human rights	5, 12, 25, 27, 28, 34
HR2	Evidence of consideration of human rights impacts as part of investment and procurement	Core component of BEE, skills development, procurement, enterprise development, CSI	26, 28, 30, 31, 32
HR3	Policies and procedures to evaluate and address human rights performance within the supply chain and contractors	Suppliers, procurement, enterprise development	24, 30, 31
HR4	Global policy and procedures/programmes preventing all forms of discrimination in operations	Skills development, business conduct and ethics, human rights	28, 34
HR5	Freedom of association policy	Business conduct and ethics, industrial relations	34
HR6	Child labour policy	Human rights	34
HR7	Forced and compulsory labour policy	Human rights	34
HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations	Business conduct and ethics, human rights, industrial relations	34
HR9	Appeal practices	Industrial relations	34
HR10	Non-retaliation policy and employee grievance system	Employees, industrial relations	24, 34

GRI benchmark ***Social performance indicators*** *(continued)*		**Comments**	**Page Number**
HR11	Human rights training for security personnel	Most security personnel subcontracted	N/A
HR12	Description of policies, guidelines and procedures to address the needs of indigenous people	Social sustainability, local community, CSI	5, 25, 32
HR13	Description of jointly managed community grievance mechanisms/authority	Local community, CSI	25, 32
HR14	Share of operating revenues from the area of operations that are redistributed to local communities	CSI expenditure 2006	34
Society			
SO1	Policies to manage impacts on communities	Key group objectives and performance measures, local community, community development, health and safety, group environmental policy and principles	5, 25, 33, 35, 36
SO2	Policy/procedures for addressing bribery and corruption	Business conduct and ethics	34
SO3	Description of policy, procedures/management systems for managing political lobbying and contributions	Formal policy stipulates that funding should be non-political – CSI	32
SO4	Awards received	External appraisal	2
SO5	Money paid to political parties	Formal policy stipulates that funding should be non-political – CSI	32
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, business conduct and ethics	24, 34
Product responsibility			
PR1	Policy for preserving customer health and safety during use of products and services	Economic sustainability, customers and consumers, group environmental policy and principles, risk management report	5, 24, 36, 42
PR2	Policy/procedures related to product information and labelling	Customers and consumers, group environmental policy and principles	24, 36
PR3	Policy/procedures relating to consumer privacy	Business conduct and ethics	34
PR4	Non-compliance with customer health and safety regulations	No issues instituted against Oceana – chairman's statement, risk management report	15, 42
PR5	Complaints upheld regarding the health and safety of products and services	None – chairman's statement, risk management report	15, 42
PR6	Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility	External appraisal, customers and consumers	2, 24
PR7	Non-compliance concerning product information and labelling	No issues instituted against Oceana – chairman's statement, risk management report	15, 42
PR8	Policies/procedures and mechanisms related to customer satisfaction	Economic sustainability, customers and consumers	5, 24
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	15, 42
PR11	Complaints regarding breaches of consumer privacy	No complaints issued against Oceana – chairman's statement, risk management report	15, 42
Corporate social investment management			
CSR1	Social elements of CSI policy	Social sustainability, CSI	5, 32
CSR2	Structure and relevant CSI responsibilities	CSI	32

Triple bottom line reporting

GRI benchmark *Social performance indicators (continued)*		**Comments**	**Page Number**
CSR3	CSI audit	Audits undertaken – external appraisal	2
CSR4	Procedures for handling issues sensitive to stakeholders	Oceana's stakeholders	24
CSR5	Non-compliance incidents with any law or regulatory code of conduct	Risk management report	42
CSR6	Stakeholder dialogue and involvement procedures	Oceana's stakeholders, government/regulators, media, audit committee and internal controls	24, 25, 43
Internal social performance			
INT1	Corporate social responsibility issues covered in the human resources policies	Local community, CSI, health and safety	25, 32, 35
INT2	Labour turnover	Labour turnover	35
INT3	Employee satisfaction	Details not outlined in annual report	*
INT4	Remuneration of senior management and board of directors	Remuneration report	44
INT5	Bonuses that contain additional sustainability elements	Remuneration report	44
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	27
Performance to society			
SOC1	Contributions to charitable causes, community investments and commercial sponsorships	CSI, group environmental policy and principles, monitoring of direct and indirect impacts on sensitive resources,	32, 36, 39
SOC2	Economic value added	Sustainability report, value added statement	24, 50
Suppliers			
SUP1	Policies/procedures to screen suppliers' social performance	Suppliers, transformation, core component of BEE, procurement	24, 25, 26, 30
SUP2	Supplier satisfaction	Procurement	30
Asset management			
AM1	Social criteria applied in asset management	Procurement, enterprise development	30, 31
AM2	Provision of tailored and innovative products and services applying special positive ethical/sustainability criteria	Procurement, enterprise development	30, 31
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	31

* *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)
(JSE share code: OCE)
(NSX share code: OCG)
(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 8 February 2007 (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 (full name in block letters) ____________________

(address) ____________________

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 Dennis as director			
Ordinary resolution no. 2.2:	Election of Mr Doyle as director			
Ordinary resolution no. 2.3:	Election of Ms Fuphe as director			
Ordinary resolution no. 2.4:	Election of Mr Nicol as director			
Ordinary resolution no. 2.5:	Election of Ms Ruthilal as director			
Ordinary resolution no. 3:	Approval of non-executive directors' fees for 2007			
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:	Specific authority to repurchase company shares			
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 ____________________ 2007

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 form of proxy 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 form of 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. Forms of proxy 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 (forty eight) hours before the annual general meeting, i.e 14:00 on Tuesday 6 February 2007.

4. Without limitation, the chairperson of the annual 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 form of proxy 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 form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company secretary 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 to 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 secretary together with this form of proxy.

7. Any alteration or correction made to this form of proxy must be initialed 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 company secretary.

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

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 form of proxy, 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 secretary within the required period prior to the time appointed for the holding of the annual general meeting.

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 (60)
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

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Administration

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