MISSION STATEMENT

To be the leading fishing and commercial cold storage company in Africa offering:

- **a diversified range of fish products**
- **strong brands**
- **global sources of supply**
- **empowerment, transformation and corporate social responsibility credentials**

resulting in superior returns to all stakeholders.

CONTENTS

90TH ANNIVERSARY

On 30 July 2008 Oceana celebrated its 90th anniversary year of the founding of the company in Lambert's Bay in 1918.

Over the years, and despite the normal ups and downs of a cyclical resource, the group's core fishing and cold storage operations have shown consistent growth and stability. Oceana remains committed to the principles of planning and investing in the future and to the long-term sustainability of its business.

Andrew Marshall
Oceana CEO

OCEANA 90 1918–2008

Oceana Group Limited was incorporated in 1918.

Its shares are listed on the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX).

It all started in 1918

Oceana Group Limited had its origins in the picturesque west coast town of Lambert's Bay. When it was incorporated in 1918, the company was known as Lamberts Bay Canning Company Ltd.

1927 The factory began canning Cape crawfish or 'kreef' for export to France. It posted fair profits from the start and by 1927 there were 500 people fully dependent on the company for their livelihood.

Principal shareholders are Tiger Brands Limited, Brimstone Investment Corporation Limited and the Khula Trust (Oceana's 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 and hake.

Products are sold through international and local marketing channels. In addition, Oceana provides extensive cold storage and fruit-handling facilities in the commercial market.

Oceana employs 1 359 permanent staff and 255 (full-time equivalent) seasonal employees, fluctuating during periods of seasonal fishing activities.

1947 Lamberts Bay Canning Company installed the country's most modern fish reduction plant for fishmeal and fish oil production. The plant had a rated capacity of 10 tons of raw fish per hour.

Five small rock lobster processing companies in Cape Town and Hout Bay merged to form South African Sea Products, one of which was the Hout Bay Canning Company (1920) Ltd. Their pooled quotas resulted in South African Sea Products holding the largest rock lobster quota in the country.

ECONOMIC SUSTAINABILITY

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

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

1949 United Fish Canners was formed, and acquired several processing factories along the west coast and in Lüderitz. Reorganisation of these diverse interests led to improved efficiencies and sales operations.

ENVIRONMENTAL SUSTAINABILITY

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

- Participation in sustainable fishing sectors and support for government research and management of marine resources
- Strict adherence to terms of access rights, fishing permits and operating procedures by fleets
- Efficient and minimal usage of renewable and non-renewable resources
- Minimisation of emissions and waste
- Developing processes to measure and monitor environmental impacts against targets and benchmarks

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

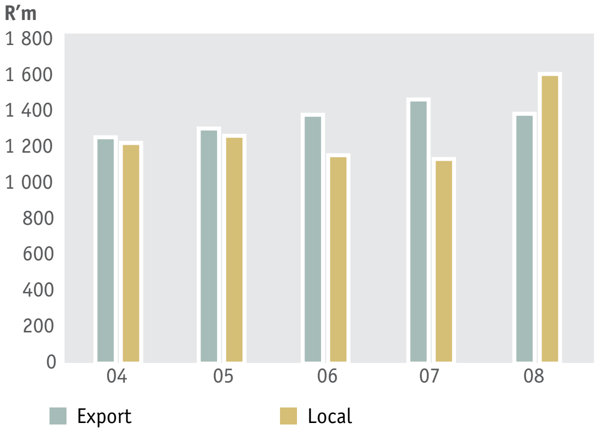
1950 Seafare Investments was formed to control the investments and centralise the management of the Lamberts Bay group. Over the years it established a presence in Hondeklip Bay and St Helena Bay in rock lobster, fishmeal and fish oil production.

FINANCIAL AND OTHER SIGNIFICANT HIGHLIGHTS

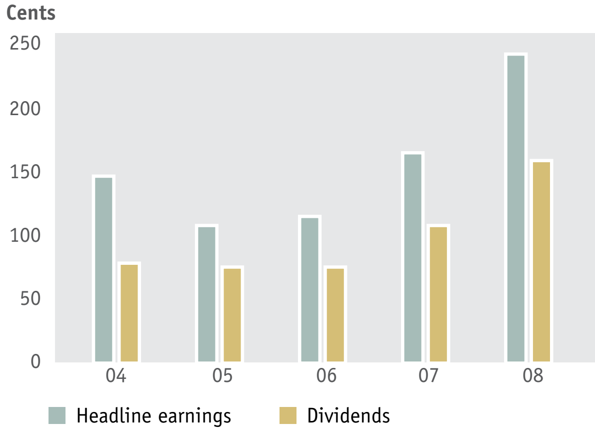
	2008 R'000	2007 R'000	% Change
Operating results			
Revenue	**3 002 476**	2 608 894	15
Operating profit before abnormal items	**317 284**	236 723	34
Headline earnings	**234 636**	163 836	43
Balance sheet			
Total assets	**1 555 482**	1 502 379	4
Net assets	**969 926**	871 503	11
Performance	**Cents per share**	Cents per share	
Headline earnings	**237.7**	162.4	46
Dividends	**156.0**	106.0	47
Headline dividend cover (times)	**1,5**	1,5	
Net asset value	**986.0**	869.1	13

1951 Lamberts Bay Canning Company acquired the North Bay and Namaqua Canning companies and the factory was expanded to become the only double-storey fish factory operating in South Africa.

Revenue analysis



Headline earnings and dividends per share



SEGMENTAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2008

	2008 R'000	2007 R'000	% Change	2008 R'000	2007 R'000	% Change
Business segment						
	Revenue#			**Operating profit***		
Inshore fishing	**1 879 711**	1 409 041	33	**164 345**	105 862	55
Midwater and deep-sea fishing	**934 384**	1 023 667	(9)	**94 267**	73 587	28
Commercial cold storage	**188 381**	176 186	7	**58 672**	57 274	2
Total	**3 002 476**	2 608 894	15	**317 284**	236 723	34
	Total assets			**Total liabilities**		
Inshore fishing	**697 947**	604 834	15	**324 220**	293 596	10
Midwater and deep-sea fishing	**283 247**	280 829	1	**102 703**	135 320	(24)
Commercial cold storage	**165 557**	168 407	(2)	**34 247**	35 979	(5)
Financing	**403 345**	437 871	(8)	**50 021**	99 377	(50)
	1 550 096	1 491 941	4	**511 191**	564 272	(9)
Deferred taxation	**5 386**	10 438	(48)	**44 733**	32 585	37
Total	**1 555 482**	1 502 379	4	**555 924**	596 857	(7)
	Capital expenditure			**Depreciation**		
Inshore fishing	**28 470**	19 611	45	**25 066**	25 151	0
Midwater and deep-sea fishing	**75 942**	2 220	3 321	**20 289**	19 859	2
Commercial cold storage	**23 099**	6 210	272	**21 900**	22 389	(2)
Total	**127 511**	28 041	355	**67 255**	67 399	0
Geographical segment¥						
	Revenue#			**Operating profit***		
South Africa and Namibia	**1 611 084**	1 137 432	42	**163 808**	140 313	17
Other Africa	**665 173**	579 407	15	**65 435**	43 526	50
Europe	**492 988**	569 461	(13)	**45 570**	29 322	55
Far East	**214 441**	271 995	(21)	**40 169**	21 723	85
Other	**18 790**	50 599	(63)	**2 302**	1 839	25
Total	**3 002 476**	2 608 894	15	**317 284**	236 723	34

 # Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation amounting to: Inshore fishing R7,3 million (2007: R2,2 million), Midwater and deep-sea fishing R15,0 million (2007: R26,0 million), Commercial cold storage R16,0 million (2007: R17,0 million).

** Operating profit is stated before abnormal items.*

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

1953 Sea Products (SWA) was formed to take over the South West African interests of South African Sea Products. Some 4 000 people were employed in the country's fishing industry factories which were supplied by 217 boats.

1956 Federal Fish Packers Ltd was formed with the aim of creating an industry-wide canned fish sales arm.

OPERATING LOCATIONS

OWNERSHIP PROFILE

TIGER BRANDS LIMITED	KHULA TRUST	BRIMSTONE INVESTMENT CORPORATION LIMITED	OTHER
38,0%	12,1%	9,8%	40,1%

OCEANA GROUP LIMITED

GROUP AT A GLANCE

<table>
<tr><td rowspan="7">INSHORE FISHING</td><td rowspan="5">OCEANA BRANDS
Areas of operations:
St Helena Bay, Cape Town, Hout Bay, Mossel Bay, Walvis Bay</td><td>**MARKETING**
• Markets canned fish products to consumers via wholesale and retail customers under the Lucky Star brand mainly in Africa.</td></tr>
<tr><td>**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.</td></tr>
<tr><td>**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.</td></tr>
<tr><td>**FISHMEAL AND FISH OIL**
• Plants at St Helena Bay and Hout Bay produce fishmeal from pelagic fish – anchovy, redeye herring and pilchard.
• Fishmeal and fish oil used primarily as components in animal and aquaculture feeds.</td></tr>
<tr><td>**NAMIBIA**
• Oceana has a significant shareholding in Etosha Fishing in Walvis Bay, Namibia.
• Own and contract vessels supply the cannery and fishmeal plant.
• Experimental fishing under licence in Morocco.
• Products are marketed by Oceana Brands.</td></tr>
<tr><td>GLENRYCK FOODS
Areas of operations:
Henley, UK</td><td>• Markets canned fish products to consumers via wholesale and retail customers under the Glenryck brand in the United Kingdom (UK).</td></tr>
<tr><td>OCEANA LOBSTER, SQUID AND FRENCH FRIES
Areas of operations:
Lambert’s Bay,
St Helena Bay, Hout Bay, Humansdorp, Port Elizabeth</td><td>**LOBSTER**
• Industry leader with over 90 years’ experience.
• Operates a fleet of 11 vessels and two HACCP-accredited processing plants.
• Markets lobster to the Far East, Europe and the USA under a range of Oceana brands.

SQUID
• Fleet of five freezer vessels; contracts with independent vessel owners.
• Packing and cold storage facility in Port Elizabeth and cold storage facility in Humansdorp.
• Produces squid for export under the Blue Continent brand.

FRENCH FRIES
• Major supplier to South African quick service restaurants and wholesale and retail outlets through the Gold Seal and house brands.
• Potato product producing facility in Lambert’s Bay internationally accredited.
• National sales and marketing infrastructure.</td></tr>
<tr><td rowspan="3">MIDWATER AND DEEP-SEA FISHING</td><td rowspan="2">BLUE CONTINENT PRODUCTS
Areas of operations:
Cape Town, Hout Bay, Port Elizabeth, Walvis Bay, Isle of Man</td><td>**HORSE MACKEREL**
• South African vessel lands horse mackerel for export.
• The Namibian-based Erongo Group operates its own fleet of three horse mackerel trawlers and charters additional vessels as required.
• Exports mainly to African markets, supplemented by international trading and logistics services.</td></tr>
<tr><td>**HAKE**
• Interests in two steel trawlers and two longline vessels.
• Processes fresh and frozen hake for export.
• Brands include Blue Continent and Seamaid.</td></tr>
<tr><td>BLUE ATLANTIC TRADING
Areas of operations:
Cape Town</td><td>**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.</td></tr>
<tr><td>COMMERCIAL COLD STORAGE</td><td>COMMERCIAL COLD STORAGE
Areas of operations:
Cape Town, Durban, Johannesburg, Walvis Bay</td><td>**COMMERCIAL COLD STORAGE**
• Owns and manages over 100 000 tons 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 9001:2000 and HACCP grading.
• The sterifruit facility in Durban complies with import protocols of Japan and China.</td></tr>
</table>

DIRECTORATE

LEFT TO RIGHT: Frederick Robertson, Saamsoodein Pather, Zellah Fuphe, Rodney Nicol, Robert Williams, Mustaq Brey, Michael Fleming, Andrew Marshall, Peter Matlare, Alethea Conrad, Peter de Beyer

Chairman
MUSTAQ AHMED BREY ♦ (54) CA(SA)
Appointed to the board in 1995
Non-executive director
Chief executive officer of Brimstone Investment Corporation Limited

Vice-chairman
ROBERT ALBERT WILLIAMS * ♦ (68) BA, LLB
Appointed to the board in 1988
Independent non-executive director
Director of companies

Chief executive officer
ANDREW BRIAN MARSHALL ● ■ ▲ (53) BCom (Hons)
Appointed to the board in 1999

Financial director
RODNEY GERALD NICOL ● ■ (53) CA(SA)
Appointed to the board in 1991

Executive director
ALETHEA BERENICE ANNE CONRAD ● ■ (44) BA LLB
Appointed to the board in 2007

* *Audit committee*
● *Executive director*
♦ *Remuneration and nominations committee*
■ *Risk committee*
▲ *Transformation committee*
Information status as at 13 November 2008

Non-executive directors
PETER GERARD DE BEYER * (53) BBusSc, FIA
Appointed to the board in 2008
Independent
Director of companies

MICHAEL FLEMING ■ (41) CA(SA)
Appointed to the board in 2008
Chief financial officer of Tiger Brands Limited

ZELLAH FUPHE ▲ (40) BSocSc
Appointed to the board in 2006
Independent
Chief executive officer of Plessey SA

PETER BAMBATHA MATLARE ♦ (49) BSc (Hons), Masters Degree (Southern African Studies)
Appointed to the board in 2008
Chief executive officer of Tiger Brands Limited

SAAMSOODEIN PATHER * (58) BBusSc, BCom (Hons), MBA
Appointed to the board in 1996
Independent
Director of companies

FREDERICK ROBERTSON (54)
Appointed to the board in 2007
Executive deputy chairman of Brimstone Investment Corporation Limited

EXECUTIVE COMMITTEE

LEFT TO RIGHT: Andrew Marshall, Rodney Nicol, Neville Brink, Alethea Conrad, Simon Cummings, Barrie King, Gavin Rhodes-Harrison, Jane Wilkinson

ANDREW BRIAN MARSHALL •■▲ (53) BCom (Hons)
Chief executive officer
Oceana Group Limited
Number of years' service – 10

RODNEY GERALD NICOL •■ (53) CA(SA)
Financial director
Oceana Group Limited
Number of years' service – 23

NEVILLE DONOVAN BRINK ■ (48)
Managing director
Oceana Lobster, Squid and French Fries
Number of years' service – 20

ALETHEA BERENICE ANNE CONRAD •■ (44) BA LLB
Managing director
Blue Continent Products – Hake
Number of years' service – 9

SIMON PETER CUMMINGS ■ (40) BCom
Managing director
Commercial Cold Storage
Number of years' service – 15

BARRIE JAMES KING ■ (57) CA(SA)
Managing director
Blue Continent Products – Horse Mackerel
Number of years' service – 7

GAVIN ANDREW RHODES-HARRISON ■▲ (55) BSc Bldg Mgmt
Managing director
Oceana Brands
Number of years' service – 9

JANE LOUISE WILKINSON ▲(39) BA (Hons) Public Adm, CF-CIPD (UK)
Human resources manager
Oceana Group Limited
Number of years' service – 11

• *Executive director*
▲ *Transformation committee*
■ *Risk committee*
Information status as at 13 November 2008

Chairman's statement

Overview

Oceana produced excellent results in the year under review, with headline earnings per share 46% ahead of those of the previous year.

A final dividend of 130 cents per share was declared which, together with the interim dividend of 26 cents per share, makes a total distribution of 156 cents per share for the year (2007: 106 cents).

The economic benefits of Oceana's diversified activities in a number of inshore and deep-sea sectors in fishing and in cold storage were once again reflected in the results achieved.

The major contributors to increased profitability were higher sales volumes and improved margins for most products on both local and export markets.

The 90th anniversary of Oceana's incorporation was celebrated across the group in July. To add to the sense of achievement during the year Oceana was included amongst the top 50 companies, in the earnings over ten years category, in a Sunday Times survey in November 2007 and was placed 7th amongst the Financial Mail's Top Empowerment companies in April. It is also included in the JSE's SRI index whose eligibility criteria have become steadily more exacting.

Sustainability

Sustained growth in earnings is dependent on the complementary and mutually supportive functioning of many factors, including availability of fish, secure long-term fishing rights (quotas), efficient catching and processing plants, consumer demand and the ability to maintain margins in times of escalating costs. The business requires good skills, a sound administrative platform and a strong balance sheet.

Fish resources, access rights and management

The integrity and soundness of the biomass of fish species is essential for sustained fishing by the industry. Oceana supports responsible management of all species it catches, which includes adjustments to total allowable catches (TACs) and catching effort from season to season.

Commentary on the status of some of the fish species landed by Oceana is included in the sustainable fisheries report. The group's share in the TAC is summarised in the table below:

	Oceana's percentage of TAC	
Species	**2008**	2007
Pilchard – South Africa	**14,4**	14,3
Pilchard – Namibia (via Etosha)	**9,3**	9,3
Anchovy	**16,8**	16,7
Horse mackerel – South Africa	**18,8**	18,8
Horse mackerel – Namibia	**26,7**	28,0
Hake • trawl	**1,1**	1,1
• longline	**1,4**	1,4
Lobster • west coast (commercial)	**21,3**	21,4
• south coast	**3,2**	3,2
Squid	**4,3**	4,3

Management of South Africa's living marine resources is controlled by the Marine and Coastal Management (MCM) branch of the Department of Environmental Affairs and Tourism (DEAT), with input from universities and sectoral working groups to enable the fishing industry to engage in a participative process of sharing knowledge, expertise, catch statistics and seeking agreement on a modus operandi most likely to promote sustainable harvesting. Oceana participates in sectoral working groups each season and contributes to research and management by assisting with surveys of a number of species.

Climate change has an effect on fish availability and behaviour, as well as supplies of other raw materials. The activities of Oceana's environmental committee during the year included addressing climate

1958 Permission was given for two fishmeal plants to be built at Hout Bay, one by South African Sea Products and the other in an Oceana Group joint venture. This was in response to a perceived southward movement of pilchard shoals.

1957 The Oceana Group of fishing companies was formed. It united the operations of five of the biggest South African fishing companies and was hailed a triumph of organisation.

The Oceana Group now had control over a factory at Walvis Bay, six of the 14 pilchard factories in the Cape and ten rock lobster processing factories along South Africa's west coast.

Mustaq Brey | CHAIRMAN

change as it may or does affect Oceana's business and measurement of greenhouse gas emissions and their reduction and neutralisation.

It is essential that the TACs and, in particular, the commercial parts of them be set at objectively justifiable levels, so as to support the industry which catches in a lawful and responsible manner, produces an important source of protein for the country, employs a large number of people in the formal sector, and is a strong net earner of foreign exchange for South Africa.

Oceana's investment in the industry and its consistent performance as measured on the triple bottom line basis justify the holding of adequate long-term rights (LTR). These rights, expressed as a percentage of the TAC, are included in the table on the previous page.

During the year Oceana purchased additional hake longline and horse mackerel quotas in South Africa, and awaits formal transfer from the sellers. The group's west coast lobster percentage declined marginally by consent following adjustments to correct administrative errors by the regulator. The share of the Namibian horse mackerel TAC declined as a consequence of the regulator adjusting the mass of quotas of all holders after a reduction in TAC from 300 000 tons to 230 000 tons in 2008.

Oceana successfully defended its status in the judicial review of hake sector allocations of long-term fishing rights during the year. Applications for judicial review of allocations in the lobster and pelagic sectors have yet to be heard. Oceana is confident of the merits of its allocations and will defend its position to the fullest extent in both reviews and appeals.

In a dynamic industry there are always parties desirous of exiting or of increasing their involvement. Oceana is well placed and qualified to acquire rights from persons who wish to dispose of them. This process is expected to accelerate once MCM settles the criteria for and conditions of transfer between non-related parties.

Fleet

Oceana's fleet capacity can be summarised as follows:

Business division	Number of vessels		Total landing/hold capacity Tons	
	2008	2007	**2008**	2007
Oceana Brands – Pilchard and industrial fish	**12**	17	**4 035**	4 960
Etosha – Pilchard and industrial fish	**4**	3	**2 350**	1 550
Blue Continent – Horse mackerel SA	**1**	1	**2 300**	2 300
– Horse mackerel Namibia	**3**	2	**4 050**	2 700
– Hake	**4**	4	**360**	360
Oceana Lobster and Squid – West coast lobster	**11**	11	**302**	475
– South coast lobster (JV)	**1**	1	**50 (tail wt)**	50 (tail wt)
– Squid	**5**	5	**130**	130

1960 The August edition of *South African Shipping News and Fishing Industry Review* reported that Oceana factories from Hout Bay to Doringbaai were responsible for processing nearly half the total pelagic catch of the Cape west coast.

Fleet capacity and vessel utilisation is augmented or reduced according to quota mass available from own quotas or those of contracted parties. Oceana's policy is to maintain and upgrade vessels and gear to remain economically viable in terms of operating costs and catch efficiency. All vessels are maintained according to sea-worthiness and health and safety laws and have advanced navigational and fish-finding technology. During the year the group spent some R80 million on the acquisition and refit of the horse mackerel midwater trawler *Desert Ruby* for Namibian operations and the midwater trawler *Iona* acquired by Etosha Fishing Corporation for Moroccan operations. The cost of fuels used in the group during the year increased significantly compared with the previous year. The effect on operating costs was partially managed by savings in fuel consumption in some sectors through adjustments to fishing strategy appropriate for resource availability and sea conditions.

Processing plants

Land-based pelagic processing plants are located at Hout Bay, St Helena Bay and through Etosha Fishing at Walvis Bay.

The pelagic canning factories at St Helena Bay and Walvis Bay embrace appropriate stringent internationally accredited food safety management plans. The plant in St Helena Bay has a capacity of 400 tons per day and that in Walvis Bay 600 tons per day. Whilst these capacities are currently large relative to the output, the plants have been suitably sized to cater for the large annual variations in raw material supply which are characteristic of pelagic species.

The two reduction plants located at Hout Bay and St Helena Bay can reduce 1 800 tons of raw fish per day into fishmeal and oil. The latest indirect drying technology is employed with the mutual advantage of producing superior products of the desired standard required by the aquaculture sector and at the same time resulting in processing that is more environmentally friendly. The reduction plant in Walvis Bay has a capacity of 900 tons of raw fish per day and produces product that is suitable in particular for the poultry industry.

Oceana Lobster has a cooking and freezing plant at St Helena Bay, which includes a liquid nitrogen freezing facility, to achieve enhanced product quality, and a live-lobster holding and dispatch operation at Hout Bay. Both facilities are fully approved by the Hazard Analysis of Critical Control Points (HACCP) approved with European Union (EU) accreditation, and process not only Oceana's landings but those of third parties wishing to join Oceana in producing premium products for best markets.

South coast lobster is caught and held in tanks on board and transferred to a land-based factory where it is either packed as live or tails. Squid is bulk packed and frozen at sea, then transferred to a land-based cold store for repacking in calamari squid boxes.

Catches of horse mackerel and hake are packed and frozen at sea; some chilled hake is packed on land, for export.

The cold stores operated by Commercial Cold Storage are maintained to high standards with modern equipment and technology for handling, storing, accessing and monitoring products held for a diverse range of customers. The sterifruit facility at Maydon Wharf, Durban, is accredited by the Perishable Products Export Control Board for exports to Japan.

Procedures are in place to safeguard production continuity and cold store temperatures in the event of limited electricity supply shortages in the future. Oceana Brands has an effective working arrangement with Eskom to manage supplies in times of general shortage. The cold storage division has commenced with a project to install voltage smoothing and lower energy lighting.

All Oceana's production and service facilities are predicated on high quality, hygiene and safety, at competitive cost. Plant rationalisation and upgrading of facilities ensure that the group meets the requirements of HACCP, the EU, the United States Food and Drug Administration and

1963 Massive pilchard catches continued and 1963 marked the sixth year in succession that the total combined catch of South and South West Africa set a new record – the third million ton year in a row with a catch of 1 248 230 tons.

1962 Blue Continent Products (Pty) Ltd was founded and established as a broker and dealer in frozen fish and seafood products. Locally caught fish were sold on export markets and the company provided a means for foreign trawlers to sell their catch.

the National Regulator for Compulsory Specifications (NRCS) (formerly the South African Bureau of Standards).

Products and markets

Oceana's products range from basic to those requiring a high level of processing and include: fishmeal for animal and aquaculture feeds; fish oil for emulsifiers; canned fish for human consumption and pet food; frozen horse mackerel, hake and monk, live and frozen rock lobster and frozen squid for export markets; and French fries for the domestic market. This range, from a relatively limited number of species and production facilities, gives flexibility in variants and packaging specifications to meet consumer preferences in markets at home and abroad. Markets served are diverse, as to disposable income, tastes, and geographical location. Oceana has developed logistical and distribution channels in Central Africa, with local operators. Oceana is attentive and proactive to market dynamics. Consumers are identified as key stakeholders in the business, and effective communication with them is highly valued.

Oceana operates in a competitive domestic market (canned fish versus alternative proteins, eg poultry and processed meats) and international market (usage of fishmeal versus soya; horse mackerel versus freshwater and dried fish, hake versus white fish from aquaculture) and this ensures that prices remain competitive.

Skills and training

Oceana's business requires significant engineering and technical expertise and competencies. Recruitment and retention of skilled staff, and continuous upgrading of in-house skills, is regarded as a priority. Oceana has a graduate recruitment programme in place, focusing on broad-based black economic empowerment (B-BBEE) candidates. Training in a variety of technical and business-related skills is provided for employees, from internal resources and through third parties, eg tertiary institutions. Group training is organised through a centralised department. Expenditure on training in 2008 was R4,4 million (2007: R4,9 million). Employee remuneration, based on cost to company, includes initiatives to retain and motivate skilled staff.

Financial and administration

The successful completion of 90 years of growth and expansion is testimony to good management, financial discipline and efficient administration. In recent years Oceana has restructured and rationalised its operating and organisational systems, including enhanced information systems (IS) applications, for reasons of operational efficiency and to achieve sustainable cost savings. Group-wide functions of IS, payroll and human resources, specifically the areas of training and development and performance, reward and talent have been centralised.

Governance

Every aspect of business activity is regulated by increasingly onerous and complex laws and regulations, from catching and processing fish, operating plant and machinery, product safety and hygiene, marketing and consumer protection, and in the work place. To assist in group-wide awareness and compliance Oceana engages in in-house instruction, consultation with professional advisers, internal audit and other assurance testing, and has its own procedures to integrate this process. During the year the Oceana Code of Business Conduct and Ethics was revised, as were formal policies relating to fraud, discipline and grievances, computer and internet usage, socio-economic development, HIV/AIDS and BEE procurement.

Appreciation

I appreciate the support I received from my fellow directors during the year and the commitment of management and staff to the development of the group. During the year Messrs N Dennis and NP Doyle resigned and Messrs PG de Beyer, M Fleming and PB Matlare were appointed to the board.

Prospects

The effects of this year's volatility in financial markets are likely to spill over into 2009 as consumers' income and confidence are tested and producers deal with the constraints of scarce and expensive credit facilities, across the globe. These effects will impact on supplies of raw materials and demand and prices for Oceana's products. Oceana has the resources, skills and expertise to adapt to challenges which it may encounter. I am confident that the group will produce good results in real terms.

MA Brey
Chairman

13 November 2008

1967 Lamberts Bay Canning Company invested in Sea Products (SWA) as the South West African fishery continued to achieve excellent catches and caught and processed some 790 000 tons.

Chief executive officer's report

Financial performance

Group turnover increased by 15% over last year and reached the R3,0 billion milestone. Turnover grew in all business units with the exception of tuna which was discontinued in January. Excluding tuna, group turnover growth was 26%.

The overall gross trading margin, after selling and distribution expenses, improved by 0,5% to 22,2%. Group operating margin improved to 10,6% from 9,1% last year. The group produced an operating profit of R317,3 million before abnormal items, an increase of 34% on 2007.

The major abnormal items were cash recoveries relating to previously impaired Namibian hake assets and a foreign exchange profit on disposal of the remaining Western Australian lobster rights. Profit after abnormal items was up by 38%.

Net investment income was higher due to higher interest rates. Net cash balances at year-end amounted to R218,1 million (2007: R218,4 million).

The group effective tax rate was lower than the previous year, mainly due to the reversal of certain tax overprovisions relating to prior years, the reduction in the South African normal tax rate and utilisation by a joint venture company of an assessed loss not recognised as a deferred tax asset.

Earnings attributable to own shareholders increased by 46% and by 49% on a per share basis due to a lower average number of shares in issue following the repurchase of 2,6 million Oceana Group shares by a subsidiary company in December 2007.

Headline earnings increased by 43% and by 46% on a per share basis.

Overview

Group results in 2008 were very pleasing, especially coming off a high base in 2007. Growth in earnings was due mainly to the 19% increase in turnover and improved margins. Despite significantly higher fuel costs and lower volumes from Namibia, Oceana's overall horse mackerel activities produced exceptional results. While pilchard availability in South African and Namibian waters was at a low level, Oceana Brands' initiatives in securing supplies of canned fish from offshore sources enabled it to support the Lucky Star brand and increase sales of canned pilchards in 2008. Fishmeal sales volumes were well up, and good prices were obtained for most of the year. Lower landings of west coast rock lobster were compensated for by high prices and efficient marketing. Squid landings rose significantly over those for 2007, and high prices were achieved in the first half of the year. The French fries production plant operated at full capacity and was able to recover the increased cost of raw materials. The cold storage division recorded a good pallet inflow and experienced another year of good occupancy rates although results were negatively affected by a poor result from the sterifruit store in Durban.

Unavoidable retrenchments, mostly voluntary, were completed in Oceana Brands, due to the lower pilchard TAC and quotas. The group was required to absorb the effects of significant increases in prices of fuel, electricity and cans.

As will be noted in more detail in the sustainability report, positive progress was made in achieving objectives in B-BBEE management and enterprise development, training, skills attraction and retention at all levels, and in awareness of the implications of climate change and responsibility with regard to greenhouse gas emissions.

Operating report

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 branded canned fish products, fishmeal and fish oil. Canned pilchards are marketed under the Lucky Star label in southern Africa and the Glenryck label in the United Kingdom (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. Apart from locally produced variants of canned pilchards, Oceana Brands sells canned

1969 Trade Traffic (Pty) Ltd was established as an associate company in the Blue Continent stable to provide specialised clearing and forwarding services for perishable cargo.

Lamberts Bay Canning Company was further enlarged when it merged with Seafare Investments. It also acquired for cash a 51% interest in Blue Continent Products (Pty) Ltd and Trade Traffic (Pty) Ltd. This was viewed as a significant diversification and investment of sound potential.

Lamberts Bay Canning Company now stood as the largest single unit in the South African inshore fishing industry with assets exceeding R15 million.

Another important event was the acquisition, in January, by Tiger Oats and National Milling Company Ltd of effective control of the Oceana Group of fishing companies.

tuna and jack mackerel under the Lucky Star brand, and a range of pet foods under the Lucky Pet label.

Canned fish

The South African pilchard TAC for 2008 was 90 776 tons (2007: 162 436 tons).

Oceana's pilchard fleet consists of five steel hulled vessels with chilled or refrigerated holds, with additional capacity from smaller vessels. Oceana's pilchard quotas and those of joint ventures in which it was a partner were landed directly to Oceana's cannery in St Helena Bay or to an external cannery in Gansbaai, or to an off-loading facility in Mossel Bay, and then transported by road to St Helena Bay. Pilchard availability was generally poor over the year, being found mostly off the southern Cape coast. Prolonged periods of poor fishing conditions, in October and November 2007, and particularly in the 2008 winter months, greatly reduced available fishing days. The cannery processed a total of 13 581 tons of fish in the year to 30 September, compared with 42 364 tons of fish in the prior year. At the end of September, Oceana had landed 52% of its pilchard quotas compared with 80,5% by the industry in total. Landing the balance of the outstanding quotas by close of season on 31 December 2008 should be achieved.

The current and projected reduction in the pilchard biomass indicates a strong likelihood of reduced TACs for several years. This situation necessitated a review of Oceana's entire fleet and canning strategy, in order to remain profitable and competitive for the duration of difficult conditions. The review resulted in five vessels in the fleet being retired and 312 voluntary retrenchments in all areas of activity at St Helena Bay.

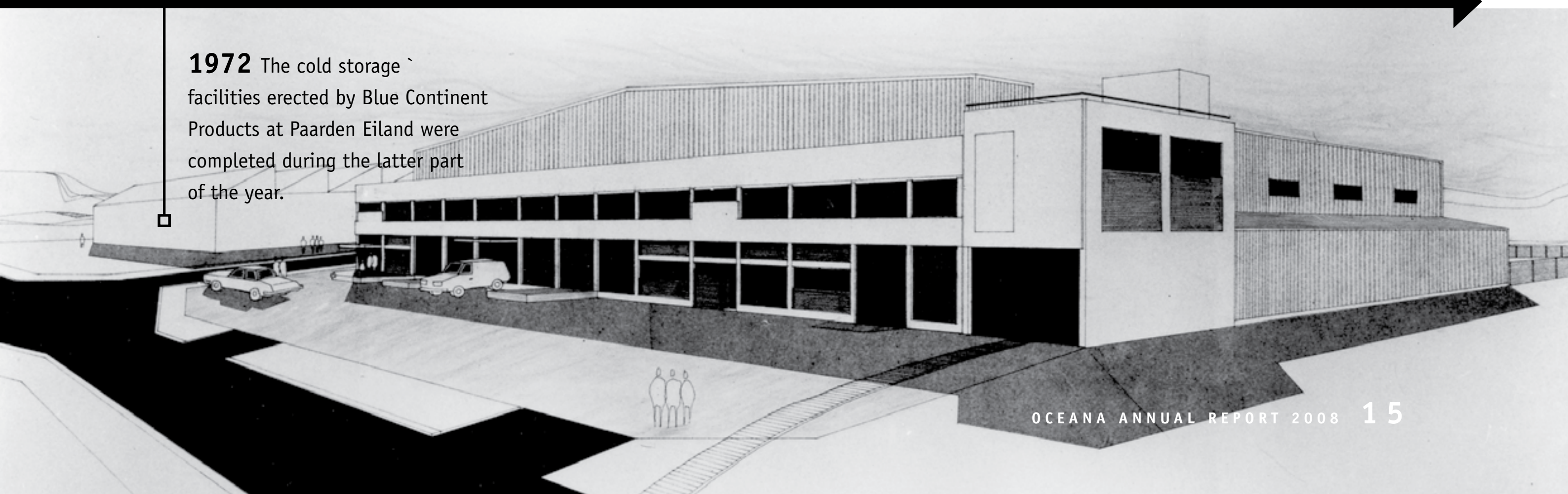
The Namibian pilchard TAC of 15 000 tons (2007: 15 000 tons) was determined and announced in May. Landings to the Etosha cannery for the season were 12 477 tons (2007: 8 261 tons), with quotas completed by the end of July. The fish was caught close to Walvis Bay and canning yields were good. Most of the product was unsold at

Andrew Marshall | CHIEF EXECUTIVE OFFICER

financial year-end due to the quality assurance clearance being under way.

Demand for canned pilchards on the local market was strong, with insufficient supply of products to fully meet demand. Initiatives to secure additional sources of supply of canned fish (with NRCS approval) from offshore sources were successful, supporting the Lucky Star brand, which retained its leading position on the local market. Good progress was made in developing sales volumes of Lucky Star branded canned tuna. Canned fish sales increased significantly.

Glenryck Foods in the UK had likewise to contend with the shortage of product due to reduced availability from traditional sources of supply. Glenryck did well to secure alternative sources and to increase canned pilchard sales volumes by 15% over the previous year, although at lower margins. Sales volumes of canned tuna were



1972 The cold storage facilities erected by Blue Continent Products at Paarden Eiland were completed during the latter part of the year.

reduced with the focus on improving margins. Earnings from this business in sterling and rand terms were well ahead of those of 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 2008 was 517 500 tons (2007: 536 842 tons). In the twelve months to 30 September input to Oceana's fishmeal plants was 127 761 tons (2007: 131 044 tons) 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 52,2% of its 'A' season anchovy quotas, which was slightly ahead of the industry total of 49,9%. The 'A' season is unlikely to be landed in full by close of season. The 'B' season quota, which is allocated for catching mainly from September to December each year and which must be predominantly free from pilchard by-catch, is therefore also unlikely to be landed in full this season. Sea and weather conditions during the winter reduced sea-going days appreciably.

Fishmeal production from Oceana's South African factories was 32 037 tons (2007: 31 933 tons).

Industrial fish landings at Etosha (horse mackerel and pilchard) plus offal from the canning process amounted to 15 021 tons to 30 September (2007: 24 989 tons) from which 4 082 tons of fishmeal (2007: 6 451 tons) was produced.

Costs were well managed. International prices remained firm for most of the year as a result of strong world demand and a short supply situation in major markets.

Oceana Lobster, Squid and French Fries

Lobster

Oceana's west coast lobster operations are based in Hout Bay (processing live lobster) and St Helena Bay (frozen products). The season runs from mid-November to 30 September the following year. Oceana currently has a fleet of 11 vessels, equipped and operated so as to maintain all catches in the best possible live condition, for optimum yields and product quality.

The west coast lobster TAC was 2 571 tons (2007: 2 856 tons), with Oceana's quotas at 373 tons (2007: 427 tons).

The south coast lobster TAC was 382 tons (2007: 382 tons), with Oceana's quota amounting to 12,0 tons (2007: 12,3 tons) being landed in full.

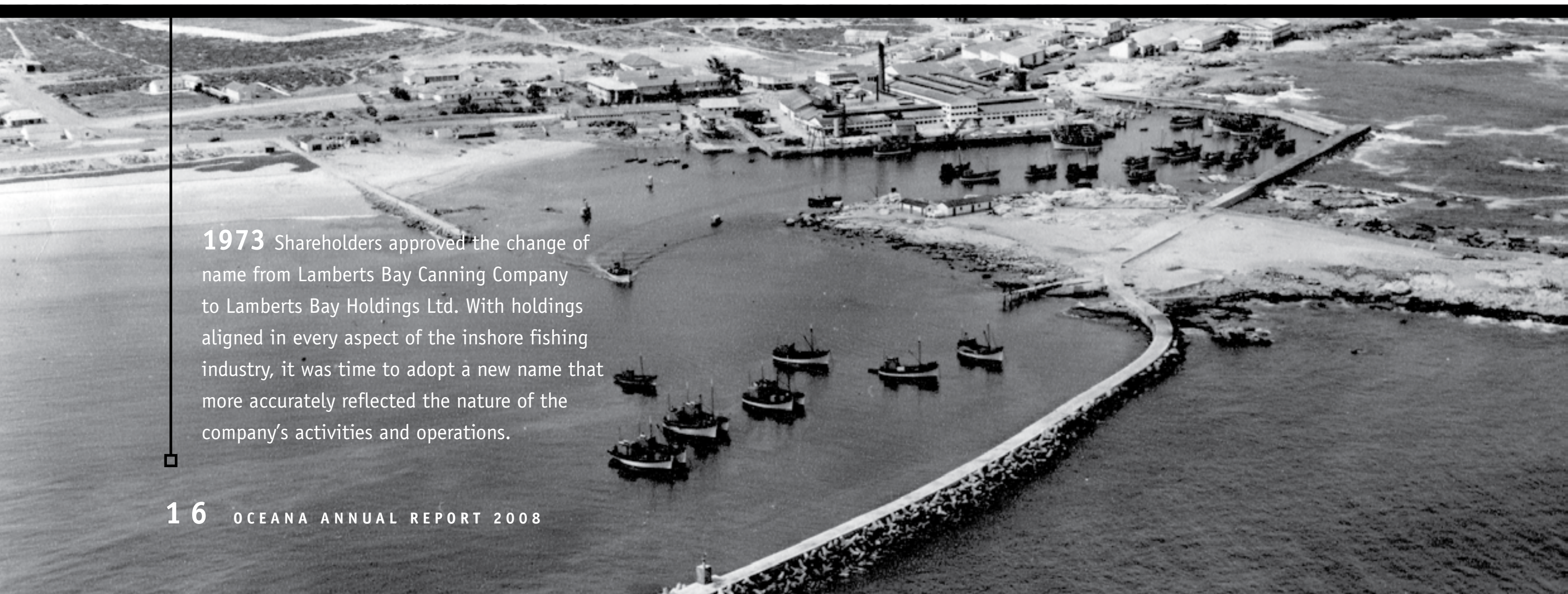
Landings of west coast lobster to close of season on 30 September were at 266 tons, which was 106 tons short of quota mass, due to reduced availability of fish. This was mainly in Area 7, one of the major fishing grounds off Dassen Island, where reduced availability was attributed to heavy fishing effort last year, poaching and adverse sea conditions, eg water temperatures and turbulence. The quality of fish landed was good. The fleet was well maintained and operated efficiently.

Landings were directed mainly into live and frozen products for export markets. Product frozen through the medium of liquid nitrogen continued to enjoy good demand and secured enhanced prices. Production yields and efficiencies, allowing for the lower volumes handled, were good, and costs well maintained, in a tightly controlled and efficient business unit.

Demand for product and prices on the Chinese market were strong, in comparison with less robust conditions in Japan, the USA and the EU, as a consequence of reduced economic performance in those regions.

Squid

Oceana's squid operations are conducted by subsidiary Calamari Fishing, based in Port Elizabeth. The company owns five vessels



1973 Shareholders approved the change of name from Lamberts Bay Canning Company to Lamberts Bay Holdings Ltd. With holdings aligned in every aspect of the inshore fishing industry, it was time to adopt a new name that more accurately reflected the nature of the company's activities and operations.

equipped to pack and freeze high-quality *Loligo vulgaris* at sea. Own vessel performance was excellent and outperformed the industry's catch rates. Oceana landed 603 tons of squid (2007: 484 tons) during the season which runs from December to October.

The worldwide shortage of high-quality squid continued into the first six months of the financial year, driving prices up to high levels in major EU markets. The supply situation improved thereafter, which, coupled with slower economic conditions in those markets, resulted in a severe softening in prices.

French fries
Lamberts Bay Foods produces French fries at its factory located in Lambert's Bay, employing some 230 persons, making it the largest single employer in the area.

Production was 5% ahead of last year, and at the plant's maximum capacity. The plant operated well and focused on longer volume runs for major customers. The availability and quality of potatoes was generally good, although at higher prices, as farmers factored in significant increases in their input costs.

Demand for product, principally from quick service restaurants, was steady.

Although French fries is not a core business, it provides an important vehicle for alternative employment opportunities given the reduction in fishing along the west coast.

Blue Continent Products

Horse mackerel
Primary operating subsidiaries engaged in fishing, processing and marketing of horse mackerel are Blue Continent Products, Desert Diamond Fishing, Erongo Marine Enterprises in Namibia and Oceana International in the Isle of Man. The division achieved an outstanding performance with good catches, demand for products and prices.

Blue Continent Products operates a midwater trawl vessel in South Africa, the *Desert Diamond* (7 628 gross tons), and three in Namibia, the *Desert Jewel* (4 407 gross tons), the *Desert Rose* (4 407 gross tons) and the *Desert Ruby* (4 407 gross tons). The vessels fish in their respective national waters and catch, process and pack the catch at sea, ready for despatch to market. The fleet performed very efficiently, with costs well controlled.

The horse mackerel fishing season in both Namibia and South Africa opens in January and closes in December each year. The Namibian midwater trawl TAC for 2008 was 197 000 tons (2007: 265 000 tons). Namibian quotas held by companies associated with Oceana were 52 556 tons (2007: 74 177 tons).

Landings in Namibia for the year to 30 September were 38 895 tons (2007: 59 609 tons), this reduction being due to the non-availability of two chartered vessels which in previous years augmented the company's fishing effort. The *Desert Ruby* only commenced fishing in August and so its capacity contribution will only take effect in the 2009 year.

In South Africa the horse mackerel TAC was unchanged at 31 500 tons. Oceana's quota was 5 922 tons (2007: 5 922 tons). A further amount of 2 556 tons quota was acquired in 2007, but formal transfer is still subject to the approval of MCM. The *Desert Diamond* landed 23 087 tons of fish in the 12 months to 30 September (2007: 22 961 tons), being Oceana's quotas and those of others which contracted with the company.

The company's South African horse mackerel product is sold largely in Angola but also in other southern African countries, including South Africa under the Desert Diamond brand. Demand for product was firm throughout the year and good prices were achieved. Namibian fish, which generally is of smaller size, is sold mainly in the Democratic Republic of Congo and other countries in West Africa, where demand and prices were good.

Oceana International, the offshore trading business operating from the Isle of Man, increased its volumes of fish traded into African markets. It is well placed to further expand its product and service offering to customers on the continent.

1977 Cold storage capacity of Blue Continent Cold Storage (Pty) Ltd was extensively increased and new freezing technology was introduced to enhance the modern state-of-the-art facility.

1981 Oceana acquired a minority stake in Walvis Bay Cold Storage (Pty) ltd and constructed a 5 000 ton quayside cold store.

Hake

Blue Continent Products' hake fishing operations are conducted in four separate joint ventures and involve two deep-sea trawl vessels, the *Compass Challenger* (841 gross tons) and *Realeka* (497 gross tons) and two longline vessels, the *Estrela do Mar* and *Avril W*. These vessels catch and process the company's own quotas, as well as those of rights holders engaged in joint venture agreements.

The deep-sea trawl hake TAC for 2008 was 109 023 tons (2007: 112 772 tons), with Oceana's quotas at 1 199 tons (2007: 1 239 tons) and joint venture partners at 2 270 tons (2007: 2 347 tons). The longline hake TAC was 8 510 tons (2007: 8 802 tons) with Oceana's quotas at 117 tons (2007: 125 tons) and joint venture partners at 256 tons (2007: 273 tons).

The hake resource in South Africa is managed closely and conservatively in a programme of reducing TACs aimed at achieving a biomass capable of sustaining an industry trawl catch of 150 000 tons per annum from 2011. Catches during the year were good, with fish tending to be of larger size than last season.

All vessels have NRCS certification required for export of product to the EU. Blue Continent Products was awarded a Marine Stewardship Council (MSC) certificate for compliance with MSC chain of custody requirements for its hake products.

Hake products are frozen headed and gutted, and filleted, and monk by-catch is frozen head on or tails, sold locally and abroad. Demand and prices softened in the latter part of the financial year in a number of major export markets. Longline hake is sold fresh, on export markets. Haddock is sold in Australia under the Seamaid label.

Despite its small quota, Blue Continent Products' hake operations reported a very good performance in the year under review.

Commercial Cold Storage (CCS)

This division owns and operates 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 quay-side. Total storage capacity available to the market is in excess of 100 000 tons.

CCS is differentiated from other industry operators and private in-house facilities by a combination of being national and in having prime site locations at major ports and in Gauteng; over 90% of pallet capacity is racked for maximised cube utilisation of space, with leading-edge warehouse management and information systems; all stores are ISO 9001:2000 accredited, with HACCP and EU accreditation in place where appropriate; and more than 30 years' experience in the industry with a skilled and motivated workforce.

Total pallet inflow during the year, while good, was slightly below that of 2007 due to reduced sterifruit exports and lower fish volumes. Average product dwell time in store was longer due to slower offtake of customers' products. Poultry, frozen vegetables and red meat led the range of imported product coming into the store, while exports were principally fish, fruit concentrates and fruit (citrus, stone fruit, grapes). The volume of citrus exports through the Maydon Wharf Fruit Terminal (steri facility) was well down on last year due to competitive forces and shipping arrangements. Securing additional quayside space alongside the steri facility, to handle conventional fruit exports, and changes to operating and contract terms are expected to result in greater utilisation in the coming season.

Electricity supply outages in the first few months of calendar 2008 were not of sufficient duration to affect cooling or temperatures in cold rooms, but impeded access to product as mobile racking machinery could not function. The company is testing technology at several stores to reduce electrical consumption through efficiencies, and if justified it will be installed at all stores; alternative lighting technology using less power is being tested; and planning is under way to install the requisite infrastructure at all stores to enable them to be connected to full-capacity generators in the event of a general power shortage situation.

Stevedoring services offered at Duncan Dock in Cape Town reported a quieter year, as higher fuel prices reduced calls by foreign fishing fleets which offload catches and take on bait and victuals.

Operating costs were well managed; however, the cost of electrical power rose significantly as did rentals charged by the National Ports

1982 An offer to Tiger Oats and National Milling Company by the Barlow Rand Group was accepted and resulted in Lamberts Bay Holdings, as a partly owned subsidiary of Tiger Oats, becoming a member of the Barlow Rand Group.

1983 Lamberts Bay Holdings changed its name to the Oceana Fishing Group Ltd in August. The company operated five distinct divisions – pelagic, rock lobster, white and other fish products, Sea Products (SWA) and the Blue Continent group.

Authority. Operating profit was in line with the previous year, with lower activity at Maydon Wharf Fruit Terminal offsetting very good income growth in other stores.

Apart from periodic expansion of capacity at existing sites to keep abreast of growth in export and import volumes of its customers, CCS monitors opportunities to develop business in the broader southern African region. Its trading experience, and recognised brand name, provide a platform for new ventures where there is sufficient potential.

Blue Atlantic Trading

Blue Atlantic Trading is a joint venture with Snoek Wholesalers, selling fish and fish products on the local market from a wide variety of sources, mainly offshore. Higher interest rates and the rising cost of living reduced consumers' disposable incomes from the latter part of 2007, and impacted negatively on restaurant sales and retailers of non-basic fish products. This required close attention to working capital management in very competitive and challenging conditions. Despite this, sales, margins and operating profit were slightly ahead of last year.

Conclusion

Demand for canned pilchard on the local market continues to exceed supply. Production from landings in South Africa and Namibia next year is forecast to be lower than in 2008. Oceana will continue to source product from offshore suppliers to support the Lucky Star brand in pilchard, tuna and other species.

The South African anchovy resource is strong. If landings meet expectations, earnings from fishmeal should improve on those of the year under review, as demand for it in balanced feeds remains positive and prices are projected to continue around current levels.

Lower prices in major northern hemisphere markets for lobster, squid and hake, and anticipated lower lobster TAC and quotas, will provide challenges for the company.

The cold storage division's capacity in Gauteng will be increased by 5 500 pallets in 2009. The division offers a quality service at competitive rates and should benefit from an expected increase in product dwell times.

A good performance is expected from the horse mackerel division, with increased landings in Namibia from the *Desert Ruby*.

Overall improvement in earnings in real terms is expected for 2009.

Andrew Marshall
Chief Executive Officer

13 November 2008

1987 Oceana acquired Epping Cold Storage (Pty) Ltd in Cape Town.

1990 Oceana acquired Maydon Wharf Cold Storage (Pty) Ltd in Durban.

Oceana signed a merger agreement with Imperial Cold Storage and Supply Company Ltd, which owned cold stores in City Deep (Johannesburg), Philippi and C-Berth in Cape Town Docks. Oceana held a 60% interest in the newly formed Commercial Cold Storage Ltd.

Oceana sold its interests in Namibia due to the decline in pelagic resources and cut in quotas. The proceeds from the sale went to the purchase of Tuna Marine (Pty) Ltd based in Hermanus.

1993 Oceana increased its equity interest in Walvis Bay Cold Storage to 76%, via its Commercial Cold Storage division and immediately commenced construction of a state-of-the-art mobile racked expansion to the existing store, thus extending its capacity to 14 000 tons.

Sustainability report

Inclusion in the JSE SRI Index

For the fourth consecutive year, Oceana was included on the JSE's Socially Responsible Investment (SRI) Index. Admission to and maintaining a listing is awarded to companies which fulfil certain demanding criteria set by the JSE in relation to the triple bottom line, namely economic, environmental and social sustainability.

Oceana has performed exceptionally well in all these elements in working towards the group's defined key objectives: to position the company for long-term growth and viability; to utilise resources on a responsible basis; to maintain positive relationships with major stakeholders and to promote social upliftment.

Sustainable fisheries

Management of relevant small pelagic fisheries

Acknowledgements: Thanks are extended to Dr Awie Badenhorst for helpful information and to Marine and Coastal Management (South Africa) for relevant data.

Oceana Brands is involved in the purse seine fisheries of predominantly pilchard (*Sardinops sagax*) and anchovy (*Engraulis encrasicolus*). The pilchard is canned and sold under the Lucky Star brand and the anchovy is reduced to fishmeal and oil.

Globally pilchard and anchovy occur in vast but fluctuating numbers, and where they occur they form the basis of substantial commercial fisheries. Both are short-lived species that exhibit large natural fluctuations in abundance with typical periods of several decades between peaks of abundance. The supply of raw material to support Oceana's branded Lucky Star product requires constantly changing strategies.

Pilchards (also known as sardines) suitable to be canned for the group's market are found in six separate geographical areas around the globe. It is fortunate that it is highly unlikely that each resource will be in a cyclically depleted state at the same time.

Southern African pilchard

The Southern African pilchard is found in temperate waters stretching from southern Angola in the west, to KwaZulu-Natal in the east of the subcontinent. The pilchards exist as discrete spawning stocks in Namibian and South African waters and they thus are managed autonomously by the two countries.

In South Africa the control measures for sardine are rights-based total allowable catches (TACs), and operational management procedures (OMPs) are used to manage the resource. The OMPs provide the management framework for quantifying the annual TAC such that acceptable levels of risk to the resource are not exceeded. The mathematical model relies to a large extent on fishery independent estimates of abundance from scientific acoustic surveys conducted by Marine and Coastal Management (MCM). The latest information available indicates a relatively low current abundance of adult fish and that there has been another year of poor recruitment.

South African pilchard

1994/95 Oceana pioneered a historic empowerment transaction. A consortium headed by leading black empowerment company, Real Africa Holdings Ltd, and regional interest groups acquired joint control of Oceana with Tiger Oats.

REAL AFRICA HOLDINGS LTD

A reasonable conclusion from this graph is that there is likely to be a consequent reduction in the TAC in South Africa in 2009.

A further consideration in South Africa is that from 2009 an ecosystem approach to fisheries (EAF) will be incorporated in the OMPs. This could have implications on the amount of fish that can be taken by the fishing industry as in this approach cognisance is also given to other predators in the ecosystem.

In Namibia the pilchard fishery is also a rights-based fishery and annual TACs are set based on survey information. Surveys are conducted jointly by the Ministry of Fisheries and Marine Resources and the fishing industry and provide information on biomass estimates, recruitment and other biological characteristics of the stock. The latest available data indicates an improvement in the resource so it is probable that the TAC in 2009 will be at least the same as in 2008.

Australian pilchard
The Australian pilchard occurs on the south western coast of Australia and on the southern coast up to Adelaide. It is a small fishery and not really of interest to Oceana as the fish size is not entirely suitable. Nevertheless, the fishery is managed by the implementation of a total allowable commercial catch based on scientific stock assessment and has limited entry access.

Japanese pilchard
The Japanese pilchard occurs predominantly off the eastern coasts of the island but is currently in a low abundance phase with environmental conditions favouring anchovy and this is representative of a typical natural regime shift phenomenon. Consequently the sardine biomass is relatively low and the anchovy high. The strategy of the sardine fisheries management plan is defined to rebuild the sardine spawner biomass. A TAC is declared each year based on an acceptable biological catch and this is determined from indices of stock abundance, egg abundance and recruitment.

European pilchard
The European pilchard occurs on the coasts of the eastern North Atlantic from Iceland down to Senegal and also in the eastern part of the Mediterranean Sea. It is particularly abundant in the Canary Current marine ecosystem off the coast of north-west Africa where it forms the basis of an important commercial fishery. Catches increased steadily from the 1950s, and since the 1970s have been at a healthy average of about one million tons per annum. The largest catch is recorded in Moroccan waters where the fishery is managed by both a total allowable effort (TAE) basis and a TAC basis. Determination of the allowable fishing mortality is based on stock abundance indices and the biological characteristics of the catch.

South American pilchard
The South American pilchard occurs in the Humboldt-Peruvian Current marine ecosystem off the coasts of Peru and Chile. The resource is in a natural low abundance phase with environmental conditions favouring a regime shift to anchovy. Nevertheless, fishing is controlled by the imposition of TACs and TAEs. A variety of fishery dependent data (catch statistics) and fishery independent data (stock assessments) is used to determine the allowable quotas.

Californian pilchard
Californian pilchard occurs in the Gulf of California and in the Californian Current marine ecosystem off the west coasts of Mexico and the United States up to British Columbia. The fishery collapsed in the 1950s but since the mid-1970s the catches started improving and are currently averaging around 600 000 tons per annum. Fish appeared in Oregon and British Columbia for the first time in 50 years in the late 1990s, and this is indicative of a healthy abundance. The Californian pilchard is a transboundary resource migrating across international boundaries. To ensure sustainability of the coastwise fishery, Mexico, the USA and Canada are working to coordinate fishery management and science. These three countries meet annually at the Trinational Sardine Forum. Independently the fishery is managed from stock assessment models and either effort control or quotas are set to control catches.

In summary half of the pilchard resources that produce fish that are suitable for canning are in a healthy state. The others have environmental conditions that favour the development of, in particular, anchovy. Whilst continuing to monitor all resources, Oceana Brands ensures that it has an active presence in those resources where conditions are favourable for pilchard.

1995 The Real Africa/Tiger Oats transaction made provision for permanent and seasonal employees and fishermen to purchase shares in Oceana, and 2 103 out of a possible 2 330 people took advantage of the share scheme.

Oceana chairman Don Ncube officially opened the R7,8 million French fries plant in Lambert's Bay, commissioned to create further employment opportunities in the face of declining fishing quotas.

Anchovy

Anchovy is landed predominantly in the winter months on the west coast of South Africa and is reduced to fishmeal and oil. Anchovy adults are particularly abundant on the western Agulhas Bank where peak spawning occurs in midsummer. The eggs and larvae are transported by the Benguela Current northwards to the Orange River where metamorphosis is completed to juvenile fish. These young fish, referred to as recruits, swim shorewards and then southwards in the counter currents. The young recruits are caught by purse seiners as they pass the factories on the west coast in their migration towards the Agulhas Bank.

As this is a recruit fishery the OMP takes into consideration both the acoustic estimates of the spawner biomass and the recruitment in the determination of the TAC. Since the results of the recruit survey only become available in June, any midyear upward revision of the TAC is dependent on the recruit success.

South African anchovy

As is apparent from the graph above, the spawner biomass survey results of November 2007 showed a healthy anchovy resource whilst the recruitment measured in May 2008 was extremely strong. It can be expected therefore that the anchovy TAC for 2009 should be high.

These short-lived small pelagic species are highly vulnerable to changing environmental conditions and cold regimes in general favour anchovy and warm regimes pilchard. The effect that climate change may have on these species is unknown at present as clearly the resultant environment could favour one or other of the species.

The horse mackerel fishery in South Africa – management and sustainability

Acknowledgement: Prepared by Dave Japp, Fisheries and Oceanographic Support Services cc for Oceana: October 2008

Biology and behaviour

Horse mackerel are found throughout the world's oceans and are exploited heavily in places. Unlike many white fish species (such as hake) they are difficult to process, mostly because of their generally small size and tough skin. It is not commonly known that horse mackerel are in fact classified by fisheries taxonomists as game fish in the family Carangidae. They have a narrow caudal peduncle (base of the tail) and a lateral line along the body comprising bony 'scutes' (which is the main reason why they are not easily filleted and are sold in the whole form). Unlike many of the large pelagic game fish (such as barracuda), they do not get much larger than 50 cm in length, they are not carnivores and are found in huge shoals.

The commercial species of horse mackerel (maasbanker) *Trachurus capensis*, found in South African waters, is caught in a broad area extending from the east coast (East London area) across the Agulhas Bank and into the Benguela system as far north as the Angola Benguela maritime frontal system in northern Namibia. At the eastern limit of the distribution of *Trachurus capensis* and the northern limit (northern

1997 Oceana purchased the canned fish marketing company, Federal Marine Ltd, as well as the Lucky Star and other well-known brands, with a bid of R53,5 million in the industry auction.

1996 Commercial Cold Storage increased its equity stake in Walvis Bay Cold Storage (Pty) Ltd to 100%.

Namibia/southern Angola) there is some mixing with different warm water species, but these are not of major commercial interest to South Africa. Horse mackerel are predominantly filter feeders, swimming in large shoals filtering plankton and small crustaceans. They have a distinct vertical migration pattern, shoaling close to or hard on the bottom of the sea during the day when the light intensity is highest, and moving up in the water column at night when they are more dispersed. This behaviour is thought to be primarily associated with predation (staying close to the bottom during the day to avoid predators) and also feeding (plankton or 'feed' also respond to light and predation, rising at night and moving deeper in daylight).

Management of the resource

Although there has been much scientific research on horse mackerel, the information on the stock and the fisheries exploiting them is considered inadequate to provide reliable stock assessments. Historically, horse mackerel were exploited heavily on the west coast (Figure 1).

Catches of horse mackerel in South African waters from 1950 – 2007

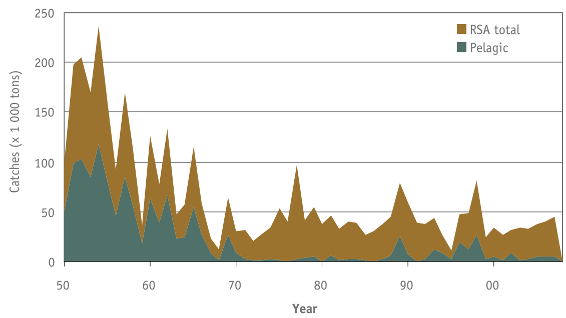


Figure 1. Historical time series of catches of horse mackerel in South African waters, showing proportion of catches made in the purse seine fishery. (Data provided by MCM: T Fairweather)

In the early 1950s and into the 1960s juvenile horse mackerel (fish smaller than 15 cm) were found in abundance and caught extensively by the purse seine fishery for anchovy and pilchard. Coinciding with the collapse of the Namibian pilchard resource, catches of horse mackerel declined in South Africa. Scientists believe that the west coast is the main recruiting area for horse mackerel. The abundance of adult stock on the west coast is significantly lower than on the south coast (eastern Agulhas Bank area) where a healthy adult spawning biomass is found. For this reason resource managers only permit targeted exploitation of the adult stock on South Africa's east coast. It is thought that the juveniles on the west coast, some of which are caught in the beginning of the year by the anchovy and pilchard-directed (purse seine) vessels, provide the recruitment for the 'adult' fishery on the east coast. Further, the inshore grounds and bays on the south coast are also thought to be nursery areas for the adult stock. Management of the fishery therefore applies a very simple strategy – prevent or limit as far as possible the catching of juveniles on the west coast and sustain a strong adult population on the east coast. This is reflected in the fishing strategy of the *MFV Desert Diamond* where effort is concentrated in a narrow area on the east coast. The large shoals of horse mackerel are targeted in 'midwater' mostly at night when the fish rise from the bottom and can be more easily caught with a midwater trawl. Other management conditions related to the midwater fishery (apart from the area limitation) are that hake must be avoided (for this reason the vessel has 100% observer coverage) and trawling is not permitted shallower than 100 m or closer than 20 nautical miles from the coast. Because of the size of the vessel and gear deployed, a close watch is also kept on the by-catch.

Stock status

The fishery has in recent years been strictly controlled with respect to both effort and catch. Stock assessments rely on good data. In the case of horse mackerel, the historical time series of effort relied on the 'foreign' catches – that is the directed effort of the predominantly Japanese fleet in the 1960-70s when they were permitted to fish on the Agulhas Bank. The data from these vessels provided a time series of catch rates that were used to estimate the stock abundance of horse mackerel. Once those vessels were stopped and many years later a directed South African initiative started, stock assessment scientists could no longer rely on the estimates provided by the somewhat inconsistent effort of both the demersal and midwater

1997/98

Two Russian midwater trawlers, *Desert Rose* and *Desert Jewel* were purchased and refurbished for over R20 million each. Both were destined for the Namibian horse mackerel fishery and had the capacity to produce 120 tons of frozen fish and 10 tons of fishmeal per day.

1998 Oceana chairman Don Ncube officiated at the listing of Oceana Fishing Group Ltd on the Namibian Stock Exchange. The dual listing afforded Namibians an opportunity to acquire shares in the group and contributed to economic integration between SADC countries.

Oceana demonstrated support for government's Marine Living Resources Act by a partnership agreement with South African Commercial Fishermen Corporation (Pty) Ltd consisting of 24 cooperatives representing over 3 000 fishermen.

fleets. Attempts to use 'fishery independent' biomass surveys have also not proved useful to this point. Several 'acoustic' surveys have been conducted providing target strength estimates of South African horse mackerel. The hake-directed surveys also provide an independent index of abundance (Figure 2), but these are also not considered adequate for rigid quantitative stock assessments.

For these reasons, scientists and resource managers follow what is known as 'the precautionary approach'. This is an internationally adopted procedure introduced by the Food and Agricultural Organisation of the United Nations which basically says, "When uncertain and insufficient data, to reliably assess a stock, and the risks of stock collapse are high, err on the side of caution!"

The approach adopted by resource managers at MCM is therefore precautionary. This strategy aims to protect both the juvenile and adult stocks. A by-catch limit of 5 000 tons has been placed on the catching of juveniles on the west coast in the pilchard/anchovy-directed fishery and an upper precautionary catch limit (UPCL) of 44 000 tons for the adult stock on the east coast. The UPCL is split amongst the rights holders in two fisheries – the bulk is allocated to the midwater trawl (most of which is consolidated and caught on one vessel by Oceana) and the balance caught as a by-catch permitted in the hake-directed trawl.

The outlook for the horse mackerel resource remains positive. Scientists believe that as long as the recruitment process is sustained (ie allowing juveniles to grow out to the adult stage), and as long as effort is capped and the fishery monitored for impact on the resource, then the fishery will remain stable. Horse mackerel stocks, because of their behaviour and sensitivity to environmental variability (recruitment, availability of feed and water temperature are all known to affect horse mackerel availability), do fluctuate from year to year. Foreseeably, it is likely that resource managers will maintain the precautionary approach, continuing to err on the side of caution until more reliable stock assessments are possible. As the fishery progresses, it is also possible that resource managers will have greater confidence in the UPCL strategy with a view to increasing the UPCL.

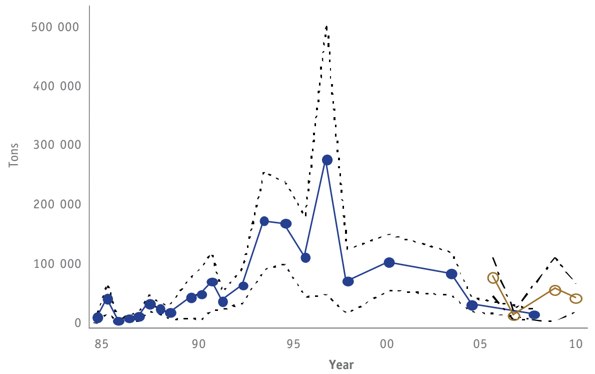


Figure 2. Abundance estimates of horse mackerel in hake-directed independent surveys conducted by Marine and Coastal Management since 1985. Note the high variability in estimates. A new time series was also started with a different survey vessel from 2004 (Information provided by MCM: Dr R Leslie)

The horse mackerel fishery in Namibia

Source: Namibia: Total Allowable Catches (TAC) 2008: Government of the Republic of Namibia

Research surveys on horse mackerel stocks conducted in 2006 and 2007 have indicated a decline in the horse mackerel biomass to 546 000 tons and 535 000 tons respectively. There has also been an overall reduction in the size of captured fish and this indicates that this fishery is under pressure.

In 2006, the industry was allocated 300 000 tons. However, according to the fishing industry, they could not land the full 2006 TAC due to the movement of adult horse mackerel into waters shallower than the 200 m isobath where there is a ban on fishing and the fact that the fish had been smaller than usual and it took longer to find schools of fish.

1999 Oceana continued to invest in empowerment projects and pioneered further joint ventures and vessel co-ownership arrangements as well as processing, marketing and supply agreements with new entrants in the fishing industry.

Oceana acquired a 45% interest in Etosha Fisheries Holding Company (Pty) Ltd. The assets included a fish cannery and fishmeal plant in Walvis Bay, five pelagic fishing vessels and quotas amounting to 29% of the Namibian pilchard TAC.

In the foreground is the Etosha complex against the backdrop of Walvis Bay harbour.

As a precautionary approach to fisheries management, the Minister of Fisheries and Marine Resources considered the scientific recommendations and the recommendations of the Marine Resources Advisory Council and set a TAC of 230 000 tons for horse mackerel for the January to December 2008 fishing season.

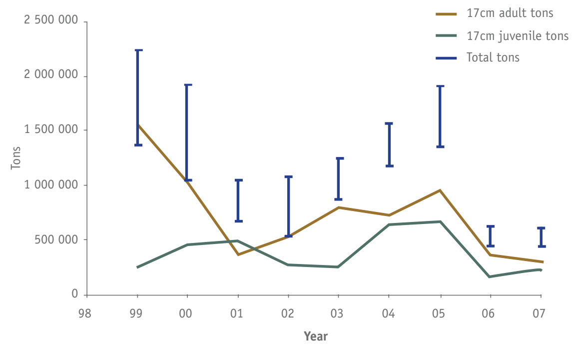


Figure 5. Accoustic biomass estimates of Namibian horse mackerel from surveys conducted by RV Welwitschia *between 1999 and 2006*

Source of graph: Benguela Current Large Marine Ecosystem – State of Stocks Review 2007, *compiled by Capricorn Fisheries Monitoring (Eds: DW Japp, MG Purves and S Wilkinson).*

West and south coast rock lobster resources

Summaries of the status, total allowable catch and prospects of the South African resources prepared by OLRAC (Ocean and Land Resource Assessment Consultants) for Oceana: 27 August 2008

West coast

The management of the resource is via a TAC setting formula, or OMP, which is based on information for five so-called 'super areas'. The five super areas are: Areas 1 and 2 (Port Nolloth and Hondeklipbaai); Areas 3 and 4 (Lambert's Bay and Elandsbaai); Areas 5 and 6 (Saldanha Bay Area); Area 7 (Dassen Island); and Area 8 (Cape Point). Key indicators on the health of the stock in each of these super areas are the commercial catch per unit effort (CPUE), separately for hoopnet and trap fishing, the fisheries independent monitoring survey (FIMS) index, and the somatic growth rates. The super-area information is combined into resource-wide indices in order to calculate the global TAC (which is then divided up by a pre-agreed formula for allocation to super areas). The resource-wide indices show the following trends over the last two years:

- Trap CPUE – a sharp decline in 2007/08 compared to 2006/07
- Hoopnet CPUE – an increase in 2007/08 compared to 2006/07
- Somatic growth – a sharp decline in 2007/08 compared to 2006/07 (This decline is about 1 mm for Cape Point, Elandsbaai, Lambert's Bay and the Saldanha Bay areas; Dassen Island shows effectively no change; and Port Nolloth/Hondeklipbaai shows an increase of the order of 0,85 mm.)
- FIMS – a small increase in 2007/08 compared to 2006/07

The sharp decline in lobster growth rates seen in the moult is a significant new feature of resource dynamics. For years now resource managers have been debating the possibility of the growth rate increasing to 'normal' pre-1990 levels, and so this sharp decline is quite unexpected and contrary. This increases the possibility that the poor growth rates in the resource are a fishing-induced phenomenon.

2002 A restructuring of the Oceana Group was completed. Divisions were grouped under three sectors: inshore fishing; midwater and deep-sea fishing; and commercial cold storage and logistics.

2000 Oceana Fishing Group Ltd changed its name to Oceana Group Limited to reflect the broader spectrum of business with which the company was involved.

The Department of Environmental Affairs and Tourism released its *'Draft document for the fisheries management plan to improve the process of allocating fishing rights'*. One of the key features was a commitment to issue long-term fishing rights for all species.

The other possibility is that it is an environmentally mediated effect, perhaps related to the large-scale environmental anomaly seen in the 2008 January hake survey on the west coast (ie large-scale prevalence of cold green water).

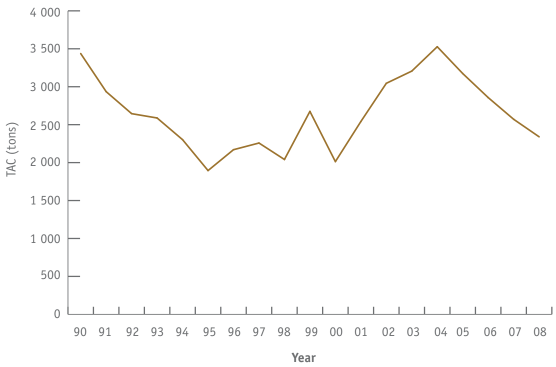
Future prospects for the fishery are heavily reliant on what direction lobster growth rates take. Whether the recent further downturn in the growth rate is sustained in future years, or whether it was just an anomaly, will be decisive for the future of the fishery.

Recent stock assessment analyses have suggested that previous estimates of a resource biomass of circa 40 000 tons were somewhat overstated, and that a figure in the range 15 000 tons to 20 000 tons is more consistent with available data.

The current TAC of 2 571 tons is likely to decrease next season, with indications of a sustainable ongoing annual TAC of between 2 000 tons and 2 500 tons.

Given the high value of this inshore specie, poaching is an ongoing concern. Organised commercial poaching could devastate this resource and ongoing industry and MCM compliance measures are being implemented.

West coast rock lobster TACs



South coast

The south coast resource is presently assessed by two models which produce somewhat conflicting results. Both of these models incorporate the following new features:

- Time-varying selectivities
- Treatment of the resource in a spatially disaggregated manner, in three newly defined areas

The status of the resource using these methods is assessed to lie between 34% and 57% of pristine. There is thus no immediate biological concern about the size of the resource in relation to pristine; however, there is a concern in some quarters that the resource biomass has declined over the last eight years, as indicated by the stock assessment results. This result is largely a reflection, via the mathematical models, of a decline in the CPUE over the last few years, particularly a sharp decline between the 2005/06 and 2006/07 fishing seasons.

The annual catch is also estimated to represent a substantial proportion of the exploitable biomass (20% – 30%). As a result, the resource biomass is likely to be quite sensitive to errors in the determination of the sustainable catch level.

This is the first time that a TAC-setting formula has been developed for the resource. Known as an OMP, this formula sets the TAC on the basis of trends in the CPUE over the last five years. A feature of the particular formula adopted for the 2008/09 and 2009/10 TACs is that it is designed to result in a 20% increase in the resource biomass over the next 20 years.

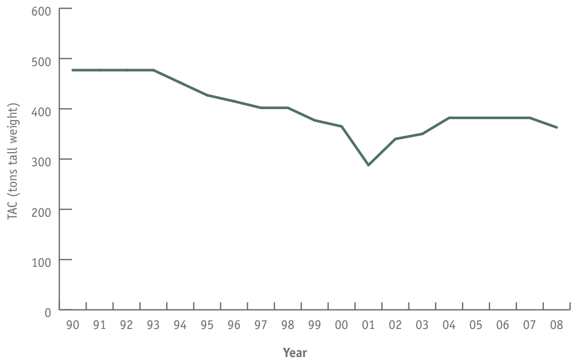
A further new feature of the management of the resource is modification of the TAE, previously expressed in terms of sea days. A change to the determination of the TAE will most likely be recommended for the 2008/09 fishing season. The TAE was previously based on the sea day concept. The rock lobster working group has received proposals, likely to be included in the 2008/09 recommendations, that the sea day concept be replaced by the fishing day concept. This method puts operators running short and long trips on an equal footing. It retains the TAE as a secondary

2003 Investment of R72 million was made in the midwater trawler *Desert Diamond* for the South African horse mackerel fishery.
A five-year South Africanisation programme was designed to transfer skills from the Russian crew to a South African crew.

control, but allows some flexibility so that operators are not needlessly prevented from landing the TAC.

According to the analyses tabled during 2008, prospects for further increases in the TAC are very limited, since the long-term average TAC over the next 20 years is forecast to be between 350 tons and 364 tons. The projected TAC for next season is approximately 360 tons (down 5%) which is in the projected sustainable range.

South coast rock lobster TACs



Management of squid resources

Summary of data from: www.eprints.ru.ac.za; www.envirofishafrica.co.za; www.environment.gov.za; www.sacoast.uwc.ac.za; Summary of data and graphic from www.oceanafrica.com

The South African *Loligo vulgaris reynaudii* squid fishery is based mainly in the Eastern Cape and inhabits the shelf region between Cape Town and East London. The fishery is classed as a medium-size fishery, when compared to the major pelagic and demersal trawl fisheries in South Africa, harvesting between 2 000 tons and 10 000 tons annually.

Before the mid 1980s, almost all of the squid in South African waters was landed by foreign trawlers. Foreign trawlers were gradually phased out and in 1993 were excluded altogether. South African trawlers continue to catch squid, mainly as a by-catch with annual catches usually less than several hundred tons.

In 1983 the squid jig fishery was initiated. Squid are caught with a handline and a large spiny hook that is 'jigged' up and down. This makes the industry particularly labour intensive. Squid vessels range from small ski boats (these initially dominated the industry; however, there are now few left) to larger vessels ranging in length from 45 ft to 65 ft.

Squid are short lived animals and complete their life cycle within two years. Squid reach sexual maturity one year after hatching and normally form spawning aggregations in shallow inshore waters in the summer months to mate. It is also known that spawning occurs in deep water on the Agulhas Bank at depths of up to 120 m. Between 40% and 50% of the annual squid catch is landed in the summer months, from December through to January. Squid are strongly influenced by changes in their environment and appear attracted to low temperature coastal waters with clear visibility. When storms stir up sediment on the seabed, squid move to the deeper Agulhas Bank to spawn, where waters are colder but clearer.

Management of squid is complicated by the relatively large spatial component to their life cycle. Within one year it is possible that a squid may remain within a relatively small area or travel more than 2 000 km. The South Africa Climate Change and Squid Programme embraces five distinct components of research all being undertaken concurrently; climate variability, ocean variability, squid spawning behaviour, global economics and local socio-economic implications and modelling and information systems. Within each component, research is undertaken by specialists and students. By understanding the role of the environment in local catches, and elsewhere in the world, a better understanding of the key threats is gained. If this understanding can be used to forecast squid catches, then some uncertainty can be removed from this fishery and its performance can be improved.

The jigging industry is regulated through the setting of a TAE level. The TAE is constituted in terms of a maximum number of persons on

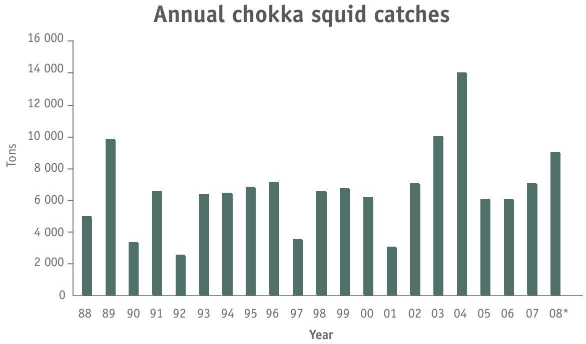
board a vessel for which permits are issued. Each rights holder is allocated a fixed number of persons per vessel per year to harvest the resource. Permits are issued according to vessel size – 45 ft with 16 men, 55 ft with 19 men, 60 ft with 22 men and 65 ft with 25 men. Currently there are 136 vessels and 2 422 licences in the industry.

The TAE is reviewed and determined annually on the basis of scientific research from trawl surveys conducted by MCM to determine squid biomass. By comparing the results of the spring and autumn biomass surveys, together with the catch-per-unit effort of the trawl and jig fisheries, they can determine the status of the stock.

Other measures used to manage the fishery include a closed area at the Tsitsikamma National Park, which straddles the main spawning ground, and a closed season of six weeks from 18 October to 22/23 November each year which is the main spawning period.

During 2008, based on recommendations from MCM, a further two closed seasons were introduced from 29 March to 9 April and from 23 July to 22 August.

Annual chokka squid catches



** 2008 estimate (tons)*

The fishery for Cape hake in South Africa – management and sustainability

Acknowledgement: Extract from report by Dave Japp, Fisheries and Oceanographic Support Services cc prepared for Oceana: October 2008

The Cape hake, comprising of the deepwater hake *Merluccius paradoxus* and the shallow-water *M. capensis* remains the dominant and, along with the small pelagic fishery (for pilchard and anchovy), is the most important of South Africa's commercial fisheries. The small pelagic sector dominates with respect to volume, but hake and the associated by-catch is the most valuable – South African hake is a significant contributor to the international white fish markets.

Resources status and management

Hake has been exploited in South Africa since the first steam trawlers were introduced in 1900. At that time effort was restricted to inshore waters with trawling restricted to mostly shallow waters where catches were mixed with many other by-catch species and abundance of hake in these waters was high. Because effort was relatively shallow, it has been assumed that the main species caught then was the shallow-water hake *M. capensis*.

Later, bigger and more efficient vessels were introduced, fishing in much deeper water with trawling for hake now conducted up to 800 m water depth. Add to that the increase in the number of rights holders in recent years, as well as the introduction of new fisheries such as the hake longline and handline fisheries, these factors and many more have added to the complexity of management of Cape hake, as well as increasing the overall impact on the stocks.

Effort

Hake is caught in a broad area extending from the Namibian border to Cape Point and extending along the length of the south coast to Port Elizabeth. The Oceana vessels fish mostly in the offshore areas, that is in deep water often greater than 500 m. Their target species is deep-water hake. The inshore trawl fishery fishes shallower and targets shallow-water hake. The inshore handline fishery targets shallow-water hake and the hake longline fishery a mixture of deep-

2003 A significant capital outlay of R60 million was made in the construction of a specialised steri-citrus facility on the quayside at Maydon Wharf in Durban for fruit exports, particularly to the Japanese market. Some 80 new jobs were created.

and shallow-water Cape hake. Since transformation of the industry, the number of rights holders has increased from 6 operators to 52 in the deep-sea, another 30 in the inshore and another 100 odd operators in the line sectors. This increase has created an enormous compliance problem that threatens the sustainability of the hake resource. One of the ways of managing the effort is a type of 'co-management' approach, using what resource managers call 'input' and 'output' controls.

Output control is the setting of allowable catches or a TAC. TACs were first introduced in South Africa in 1978 and fluctuated between 160 000 tons and 133 500 tons (2008) per annum. Input control is the management of effort. In this context the deep-sea trawling industry took the initiative and developed an effort management regime which is being applied by MCM. Permits are now issued with both a catch amount (output) and a restricted number of days (input). The input days are based on the vessel size, power, type of propeller, catch rates, etc. In this way it is hoped misreporting of catches, dumping and many other non-compliant activities that may threaten the long-term sustainability of the hake resource are addressed. A similar plan is now being put in place for hake longliners.

Two or one species of hake

In the past, assessment of hake was based on only one 'hake' stock, with an apportionment between west and south coast. Stock assessments have now advanced to separate each species on the basis of the depths fished by the operators. Authorities are now in a position to estimate each species and to effectively issue a combined TAC. In this way it is expected that the stock status of each species will be better managed.

Critical to the inputs of the models used are the annual independent biomass estimates conducted by MCM, using its research vessels on both the west and east coast to obtain estimates of both species (Figure 1 has consolidated the surveys).

Biomass estimates of Cape hake in RSA waters

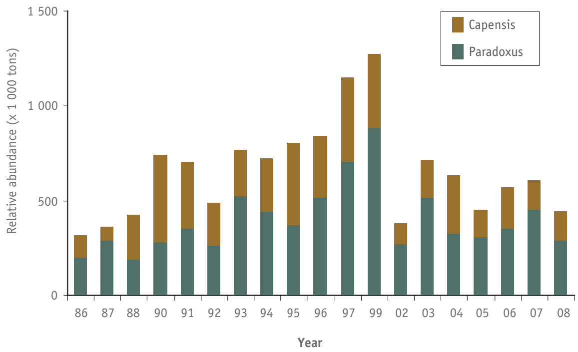
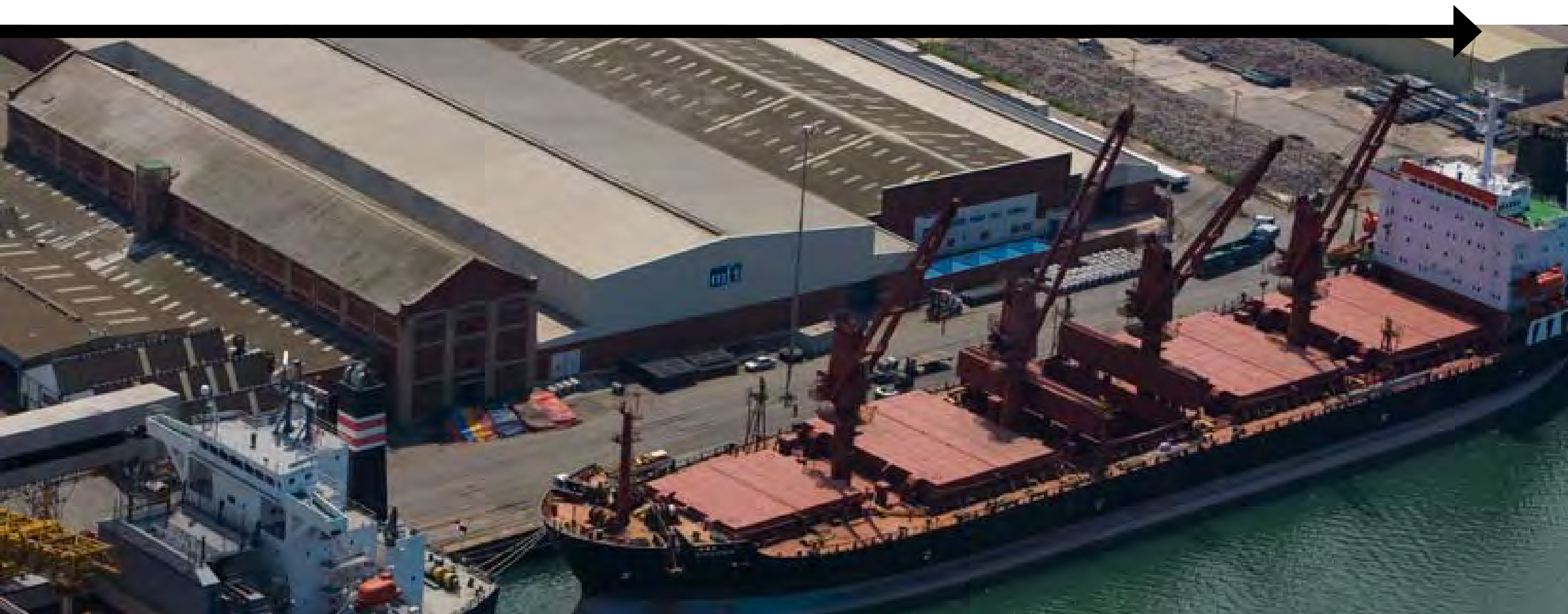


Figure 1. Historical biomass estimates of hake – scientists prefer to refer to these estimates as 'relative' estimates of abundance rather than 'absolute' estimates. Note also that some critical years are missing in the time series due to problems with research vessels.



Environmental policy and principles

The Oceana Group's board-approved Environmental Policy embraces the need for environmental responsibility and positivism, and includes principles for risk assessment, implementation and management of controls, monitoring, review and reporting. The policy is available to the public.

In setting objectives and targets for managing environmental impacts, Oceana's policy is to utilise natural resources in a sustainable, efficient and environmentally responsible manner. Both policy and formal operating procedures for fleets and processing plants stipulate catching, landing and processing of fish in compliance with permit conditions. Oceana does not fish for any threatened or endangered species. Cost management, operating procedures and financial budgets target efficient usage of renewable and non-renewable resources, in terms of volumes and masses, and financially.

The policy for reducing or minimising the negative impacts of products and services, or use of them, on 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 of 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 (PPECB) 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. Business units budget, monitor, report and investigate variances in physical volumes and masses of resources used, including water, electricity, hydrocarbon fuels and gases, ammonia and plastic stretchwrap.

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 by the joint ventures.

Oceana's policy favours promotion of research, training and technology cooperation for environmentally friendly solutions. The group participates with Marine and Coastal Management (MCM) in South Africa, the Ministry of Fisheries and Marine Resources (MFMR) in Namibia and industry associates in research into fish resources through vessel and crew contributions.

Examples of the group's engagement with stakeholders in its business include participation in government sectoral resource management working groups (pelagic, horse mackerel, hake, 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 MCM, MFMR and industry operators in each sector. Oceana maintains regular contact, through meetings and correspondence with MCM and MFMR as to conditions and terms of access rights and fishing permits.

2004 Oceana acquired Glenryck Foods for R73 million. At the time Glenryck was the largest canned pilchard brand in the UK with a market share of 80%.

GLENRYCK

QUALITY CANNED FISH FOR

– OVER 75 YEARS –

Environmental impact

Factors and conditions of the natural environment impact on Oceana, as do or can Oceana's activities impact on the environment.

Major factors, beyond Oceana's direct control, which can affect performance, are:

Biomass of fish species	– variations due to natural causes, impacting on total allowable catches (TACs) and quotas
Weather patterns/El Nino/ global warming	– impact on activities associated with the marine and agricultural industries, ie fishing, French fries, cold storage of fruit, vegetables, meat
Pollution of the sea	– by others, contaminating living marine resources
Pollution on land	– by others, affecting quality of water used
Unsafe practices	– by others, eg suppliers, in quality and safety of raw material; reckless as to marine animals' and birds' welfare
Land use	– rezoning or changes in use of land adjacent to factories and plant

The actual and potential impacts, direct and indirect, of Oceana's activities on the environment are:

Fishing	– catches reduce the total 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
	– emissions into the atmosphere from vessel engine exhausts
	– land pollution during offloading of catches and conveyance to factory for processing
Processing	– utilisation of renewable (fish, vegetable ingredients, water) and non-renewable (electricity, hydrocarbons, cans, packaging) resources
	– pollution of land, sea and air from waste disposal, leakages, emissions including greenhouse gas (GHG)
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
Product consumption/ disposal	– clean-up operations
	– disposal of waste and packaging (plastics and metal)

2005 The independent black economic empowerment rating agency, Empowerdex, awarded Oceana an overall 'A' rating, reflecting the extent of the group's commitment to transformation.

Oceana was included as a constituent of the JSE's Socially Responsible Index in acknowledgement as a listed company that successfully integrated the principles of the triple bottom line into its business activities.

Monitoring and management of direct and indirect impacts, including on sensitive resources, species or areas

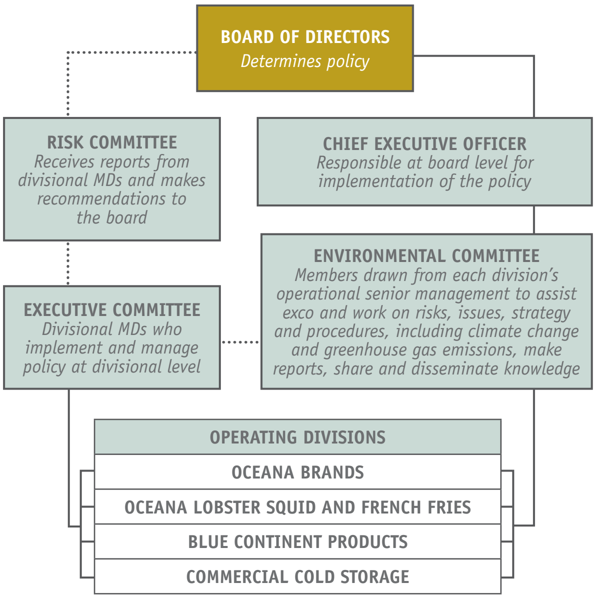
The impact of industrial fishing on each species and marine life is regulated by a comprehensive process of regulatory control, industry involvement and engagement, and company-specific (in Oceana's case) management procedures. Catch controls are set by the Minister after scientific surveys and study of the biomass and consultation with major stakeholders. Oceana is involved directly and indirectly through industry organisations in interacting with MCM concerning management and sustainable use of fish and the marine habitat. The industrial or commercial part of the allowable catch is allocated amongst long-term fishing rights (LTR) holders, who obtained such rights as being eligible in terms of various criteria, including performance and legal compliance. Fishing in terms of a right may not commence without a permit issued by the authorities for a season or period, with conditions as to species, size, by-catch, controlled areas, etc. Compliance with the legal framework and permit conditions is facilitated by a system involving independent observers on vessels during fishing trips; monitoring vessel location and movement by MCM in South Africa through satellite and cell phone technology; and landing all catches only at discharge sites specified in permits. Independent monitors, appointed by MCM, must be present during offloading, to check mass, specie mix and size, presence of by-catch, etc. Apart from these laws and controls by regulatory authorities, Oceana has in place its own formal operating procedures to promote compliance, with disciplinary follow-up for transgressions.

Oceana's activities do not impact on culture–rich or natural heritage sites, or on threatened or endemic species of flora and fauna.

Oceana is a corporate member of the Southern African Foundation for the Conservation of Coastal Birds, which aims to conserve and protect sea birds, especially threatened species.

Environmental management system

Oceana manages environmental impacts through its CEO, who has ultimate responsibility to the board, the executive committee (exco) and an environmental committee, who engage with divisional management to facilitate implementation and management of policy. The management structure is summarised in the following table:



The environmental committee, comprising senior operational management from Oceana's operating divisions, was established in January, with the primary objectives of promoting understanding of environmental issues requiring attention, identifying disciplines where

2006 After the intense and formal process of applying for long-term rights began in June 2005, and the appeal process in 2006, Oceana secured commercial rights for all fisheries in which it was active.

Agreements were concluded in terms of which Oceana shares were sold to a consortium made up of the Oceana Group Black Employee Share Trust (Khula Trust 12,4%) and strategic partner Brimstone Investment Corporation (10%). Further BEE shareholdings placed 32% of Oceana under black ownership.

initiatives would make most impact, and making recommendations on strategies, projects and efforts. It met five times during the year, with climate change, GHG emissions, efficient use of non-renewable resources and recycling receiving major attention. All operations are required to maintain up-to-date permits and licences. Management reviews these regularly. Assurance is obtained through periodic site and permit reviews/audits by professional consultants.

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

Operating procedures are adhered to in all major areas of business, including cold storage, for work to be done by trained and responsible staff, adequate supervision, reporting of failures and omissions and further investigation thereof.

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 procedure for reporting major environmental incidents to the CEO, risk committee and at divisional meetings. The internal reporting and monitoring system includes immediate reports to the CEO of every major environmental incident.

Independent environmental risk assessments were performed at Lambert's Bay and St Helena Bay to initiate a process of further assessments of a similar nature in the group.

Independent verification of compliance with legal criteria as to usage of resources and methods of operations is provided by the Department of Environmental Affairs and Tourism (DEAT) – checking landings, inspectors on board fishing vessels, monitoring adherence to fishing zones, checking documentation, issuing permits for vessels to fish, atmospheric omissions; South African Maritime Safety Association (SAMSA) – vessel registration, safety and navigation compliance; and quality control authorities such as National Regulator for Compulsory Specifications (NRCS), the International Standards Organisation (ISO) and risk management 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 Environmental 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, initiatives and competitions amongst employees, resulting in the establishment of environmental awareness and improvement groups in fishing factories.

Factories and cold stores have procedures 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.

During the year there were neither major instances of non-compliance with environmental regulations nor prosecutions or fines.

2007 In July Oceana celebrated its 60th year of being listed on the Johannesburg Stock Exchange. Oceana CEO Andrew Marshall accepted the award from Russell Loubser and Humphrey Borkum at the JSE ceremony.

Oceana's environmental management systems are subject to review 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.

The terms of its supply agreements, with professional advice where appropriate, assist 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.

Use of resources over the last financial year

Use of energy varies annually from division to division depending on, for example, TAC and 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.

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.

Direct usage of resources and GHG emissions

		2008		2007	
Type and measure		Usage	CO_2 emission (tons)	Usage	CO_2 emission (tons)
Ammonia	(kg)	21 208		20 956	
Coal	(tons)	13 304	32 471	16 008	39 070
Diesel	(litres)	8 198 398	22 204	10 785 551	29 211
Electricity	(kWh)	65 570 005	55 627	70 968 490	60 207
Freon	(kg)	14 884		19 613	
Liquid petroleum gas	(kg)	52 132	156	69 867	209
Heavy fuel oil	(tons)	18 169	56 813	18 234	57 016
Potable water	(kL)	761 070		1 234 707	

There has been a 10% decrease in reported CO_2 emissions. These can be attributed to a reduction in the usage of coal, diesel and electricity. The reduction in diesel usage is mainly as a result of the change in the mix of small pelagic fish landed but is also due to improved efficiencies. The reduction in the usage of coal and electricity is mainly the result of reduced canning volumes. The quantity of water used per ton of fish landed has also decreased markedly.

The reported data is collated from own records and has not been subject to external review. The calculation of the carbon dioxide emissions has been done using conversion factors published by the joint World Resources Institute/World Business Council for Sustainable Development GHG Protocol Initiative.

Management of waste streams and their effect

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 legislation. There is a continuous drive to achieve reduced energy consumption (diesel and electricity) in vessels and plant through revised operating procedures and technological enhancements; recycling and reusing renewable and non-renewable resources (waste heat, water, packing materials); enhanced control of emissions; all of which reduce the group's carbon footprint and save costs.

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. Stick water in the fishmeal plant is reprocessed to extract all protein and solids.

At the facility 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 controlled conditions.

Offloading of fish for the cannery and fishmeal plants 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 reused. Waste water is returned to the sea at ambient temperatures in terms of authorised conditions of use.

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

International recycle and trash can logos are featured on wrapping for frozen horse mackerel products.

During the year under review no uncontrolled significant discharge of hydrocarbons, reagents or chemicals occurred within the group. There were two instances of overflow of surplus post-processing water effluent from the fishmeal plant into the harbour at Hout Bay. This occurred due to a malfunctioning sewage system, which was corrected after the occurrences.

Oceana's stakeholders

Oceana's stakeholders are considered to be:

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 Johannesburg Stock Exchange (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 R26,19 per share and the lowest was R16,01 per share.

The share ownership analysis appears on page 97.

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 NRCS (formerly known as the South African Bureau of Standards {SABS}) 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,

2008 (left) Demand for canned pilchards on the local market was strong and, with additional sources of supply procured offshore, the Lucky Star brand retained its leading market position.

(right) The fishmeal warehouse in St Helena Bay. International fishmeal prices remained firm for most of the year as a result of strong world demand and a short-supply situation in major markets.

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. The cold stores conduct client surveys amongst customers and results are reported at monthly management meetings.

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 black economic empowerment (BEE) suppliers of goods and services needed in the group.

Employees

The group strives to be a first-rate corporate employer as detailed later in this report. Communication is encouraged in the work place between employers and employees and is facilitated by consultative forums and interaction groups. 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 governments 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, and resource management and harvesting.

Oceana seeks to maintain good relations with quasi government and regulatory bodies, such as stock exchanges and the NRCS, 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 socio-economic development (SED) report on page 46. 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

Transformation is one of Oceana's key focus areas and is driven by the company's top leadership. Having embraced the principles of transformation in 1994, Oceana remains ever mindful of its responsibility to correct the imbalances of the past and the need for socio-economic change.

The work done during the year in reviewing the scorecard components and understanding each division's current status and targets has been invaluable in both setting clear objectives for the delivery of broad-based black economic empowerment (B-BBEE) as well as further entrenching transformation in the operational plans of all divisions.

The overall objectives remain unchanged as follows:

- Ensure alignment of internal policies and reporting practices with the Codes of Good Practice on B-BBEE as promulgated by the Department of Trade and Industry early last year.
- Continue to lead empowerment initiatives in the fishing industry, to position the group both as regards retention of fishing rights and for future acquisitions of rights.
- Encourage MCM, a branch of DEAT, to adopt the broad-based approach to measuring transformation as prescribed in the Final

The St Helena Bay canning factory operates under stringent internationally accredited food safety management plans and has a production capacity of 400 tons per day.

Codes of Good Practice on B-BBEE (the Final Codes) rather than a narrow focus in the allocation of commercial fishing rights.

Against these objectives, certain key milestones were achieved, notably:

- The successful implementation of internal reporting in line with the new codes for all seven B-BBEE elements. In terms of implementation, Oceana has adopted a phased approach aimed at being in a position to obtain a new Empowerdex rating during the first quarter of 2009.
- Recognition by the Financial Mail Survey 2008 when Oceana was once again listed amongst the top ten JSE leading empowerment companies.
- Following the successful implementation of the Khula Trust (Oceana Group Black Employees Share Scheme), 1 963 of the group's employees have a real stake in the success of the company. Khula Trust enables them to have a sense of ownership and a tangible reward for their contributions.

A key challenge that remains is to ensure that Oceana retains its impressive Empowerdex rating.

Given the importance of BEE, Oceana has a transformation committee which assists the board in ensuring there are appropriate strategies, policies and processes in place to progress transformation.

The committee consists of four members of executive management and is chaired by a non-executive director. The responsibilities of the committee include reviewing and approving targets for each element of the BEE scorecard; and monitoring and assessing the policies and plans in place to achieve the targets and the effectiveness thereof. The committee met twice in the year to review progress.

Preferential procurement

Preferential procurement has been identified as the most challenging area to measure as it requires assessment of Oceana's suppliers' BEE compliance, as well as the collation of information on an ongoing basis.

Oceana has outsourced the evaluation of its suppliers to Ezee-Dex who offer a streamlined process of assessing the BEE status of suppliers. This information will enable the group to calculate its B-BBEE procurement spend in terms of the new codes of good practice.

Whilst the method of measuring procurement has been refined the group's overall strategy remains unchanged as to:

- substantially increase Oceana spend on targeted suppliers, so that by 2012, 70% of Oceana procurement is with B-BBEE enterprises, 50% with black-owned enterprises and 30% with women-owned enterprises;
- establish and support a competitive and viable base of B-BBEE enterprises through providing access to opportunities, stability and meaningful supplier development interventions, especially for micro and small enterprises;
- provide for fair and equitable treatment of all suppliers involved in procurement with Oceana, within the framework of this strategy;
- improve the capacity of procurement officials to execute preferential procurement effectively and in terms of the codes;
- ensure that Oceana continues to maximise efficiency, economies of scale and value for money.

Oceana has reviewed its policy on preferential procurement to be aligned with the Final Codes. The policy was adopted, committing the group, inter alia, to setting, monitoring, reporting and auditing compliance in terms of its empowerment targets.

Oceana's midwater trawl fleet catches, processes and packs horse mackerel at sea, ready for despatch to markets under the Desert Diamond brand. Demand for product was firm throughout the year and good prices were achieved.

BEE scorecard progress as at 30 September 2008

Element	Explanation	B-BBEE scorecard weighting points	Oceana points
Equity ownership	Exercisable voting rights in the enterprise in the hands of black people and black women	20	16,8
	Economic interest of black people and black women in the enterprise		
	Economic interest of the following natural people in the enterprise: black designated groups; black participants in employee ownership schemes; black beneficiaries of broad-based ownership schemes		
Total points = 20	Exercisable voting rights of board members who are black adjusted using the Adjusted Recognition for Gender (ARG)		
	Realisation points: Ownership fulfilment and net value		
	Bonus point: Employee ownership scheme		
Management and control	Exercisable voting rights of board members who are black adjusted using the ARG	3	2,7
	Black executive directors adjusted using the ARG	2	2,0
Total points = 10	Black senior top management adjusted using the ARG	3	2,3
	Black other top management adjusted using the ARG	2	
	Bonus point: Black independent non-executive board members	1	1,0
Employment equity	Black disabled employees as a percentage of all such employees using the ARG	2	0,1
	Black employees in senior management as a percentage of all such employees using the ARG	5	1,7
Total points = 15	Black employees in middle management as a percentage of all such employees using the ARG	4	2,0
	Black employees in junior management as a percentage of all such employees using the ARG	4	3,2
	Bonus point: For meeting or exceeding the Economically Active Population (EAP) targets in each category	3	0,0
Skills development	Skills development expenditure on learning programmes for black employees as a percentage of leviable amount using the ARG	6	2,4
Total points = 15	Skills Development expenditure on learning programmes specified in the Learning Programme Matrix (LPM) for black employees with disabilities as a percentage of leviable amount using the ARG	3	0,9
	Number of black employees participating in learnerships or category B, C and D programmes as a percentage of total employees using the ARG	6	0,4
Preferential procurement *	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	12	
Total points = 20	B-BBEE procurement spend from Qualifying Small Enterprises (QSE) or Exempted Micro Enterprises (EME) based on applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3	
	B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend	5	
	• Suppliers that are more than 50% black owned; or		
	• Suppliers that are more than 30% black women owned		
Enterprise development *Total points = 15*	Average annual value of all enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target	15	15,0
Socio-economic development *Total points = 5*	Average annual value of all Socio-economic Development (SED) contributions made by the measured entity as a percentage of the target	5	4,4

** The group is currently having all its suppliers evaluated for their B-BBEE status by Ezee-Dex and we anticipate that we will be able to report fully on this element in the 2009 financial year.*

Enterprise development

This is a key area in which Oceana contributes significantly to B-BBEE. Oceana embarked on a proactive strategy of entering into joint ventures (and other forms of alliances) with SMMEs in the various commercial fishing sectors, as long ago as 2000, way ahead of the development of any industry charters requiring investment in enterprise development.

The group currently has 37 joint ventures and vessel co-ownership arrangements and 82 processing, marketing and supply arrangements in the pelagic, horse mackerel, squid, west coast rock lobster, south coast rock lobster and hake sectors.

Oceana continues to provide the following assistance to its partners:

- Assistance to SMMEs to acquire vessels or shares in vessels or shares in vessel-owning companies, thereby securing their access rights in the medium term
- Providing access to capital to facilitate this investment, with structured repayments linked to landing of product
- Concluding mutually beneficial joint venture, vessel co-ownership or supply agreements, which ultimately ensure continuity of supply to the group's vessels and processing facilities

Joint ventures, co-ownership and supply arrangements continue to require support in the form of informal business networking as well as financial and infrastructural support.

The various joint venture arrangements result in the following:

- An ongoing skills transfer process. Assistance offered by Oceana includes contractual and legal advice, financial management, funding, business administration, vessel operations and vessel management.
- Joint venture and/or supply arrangements are conducted according to good governance practices.
- Partners benefit from the sale of product marketed globally, taking advantage of marketing infrastructure established over many decades as well as benefit from value adding.
- Partners are exposed to industry developments and scientific knowledge of industry resources.
- Transparent reporting. Partners appreciate the consequences of all business risks.

Human resources

The human resource (HR) function is underpinned by the desire to attract, retain and develop high-potential individuals and plays a key role in driving the values and business philosophy of the group, thereby enabling employees to use their unique talents to drive the achievement of short- and long-term strategies and objectives. The goal is to create and maintain a positive, culturally diverse and healthy working environment and to provide employees with development opportunities and a stimulating work environment. During the period under review workshops took place which assisted in reviewing the HR purpose and developing the people management philosophy of the group.

HR purpose: To provide the expertise and tools to enable the people management philosophy and strategy to be delivered and thereby positively impact the bottom line.

People management philosophy and principles

- Our leaders own our people management philosophy/principles and strategy.
- Each employee needs to understand how his/her role contributes to the organisation (meaningful work).
- Each employee needs to be equipped to do his/her job.
- We believe in the learning, growth and development of individuals.
  Everyone in our organisation is well informed.
- Our environment fosters healthy relationships.
- We recognise and reward our people in line with their performance and the market.
- We attract and retain talent (and create a pipeline) to deliver to our business strategies.
- We acknowledge and respond to the reality of the social and economic environment within which we operate.
- We anticipate, acknowledge and respond to external trends that impact on our people management practices.

The Oceana Lobster fleet comprises 11 lobster boats with 6 crew members per vessel. The lobster-catching season stretches from November to September, with October being a non-fishing month.

Headcount

The headcount at the end of September indicated 1 359 permanent employees and 255 seasonal employees (calculated using a proportionate method for joint ventures and a full-time equivalent method for seasonal employees). During the year a large rationalisation project in St Helena Bay took place as a result of the move from three shifts to one shift due to a declining pilchard TAC. Three hundred and twelve employees applied for and were granted voluntary retrenchment. In Hout Bay the closure of the harbour department resulted in 83 employees being retrenched.

Human rights

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, 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.

No litigation pertaining to discrimination, anti-union practices or alleged human rights violations occurred during the year under review.

Industrial relations

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

South Africa

FAWU – Food and Allied Workers Union
TALFU – Trawler and Line Fishermen's Union
NCFAWU – National Certificated Fishing and Allied Workers Union
STEMCWU – Steel Mining and Commercial Workers Union

Namibia

NAFAU – Namibia Food and Allied Workers Union
NATAWU – Namibia Transport and Allied Workers Union
NASAWU – Namibia Seamen and Allied Workers Union

Fifty eight percent of the group's employees are members of a union.

Wages and conditions in two sectors are negotiated via industry bodies: in pelagic and lobster through the SA Pelagic Fish Processors Association and in white fish through the Fishing Industry Bargaining Council, Deep Sea and Inshore Trawling. In the squid industry a statutory council has been formed and Calamari Fishing (Pty) Ltd is an active member of the Employers Organisation for the Cephalopod and Associated Fisheries which is the squid industry employers' association and is involved in this council. In other parts of the group there are negotiations with the relevant union at plant level.

At the end of the reporting period a strike which had lasted 25 days was still in progress in the squid industry as a result of a dispute relating to payment terms (basic pay instead of commission) remaining unresolved. Mediation had commenced with the assistance of the Commission for Conciliation, Mediation and Arbitration. Due to poor fishing it was anticipated that there was minimal impact and cost to the industry.

Annual wage negotiations were completed in all other divisions successfully with no strike action.

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

Comprehensive discipline and grievance procedures are in place in the group which are in line with the requirements of the Labour Relations Act. The procedures are communicated to employees on joining, and ongoing education and training programmes take place at various levels in the company and with shop stewards.

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,

The 90th anniversary of Oceana's incorporation was celebrated across the group on 30 July 2008. A breakfast at the Cape Town International Convention Centre was attended by guests from the fishing industry, clients, service providers and staff.

first published in 1996 and reviewed in 2002, applies equally to all employees and compliance is mandatory.

In addition to the code a Fraud Policy was issued in 2003 which:

- reiterated the principles 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.

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

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

Human capital development

A training and development policy was implemented during the year which supports the philosophy of encouraging the learning, growth and development of all employees and ensures a uniform and fair approach to training and development. Good progress was also made on the development of the leadership academy which was launched towards the end of the period. Programmes are available for managers at senior and junior levels run by reputable local institutions. Development of the manufacturing academy will now be prioritised.

In line with the Skills Development Act workplace skills plans and implementation reports are submitted each year to the relevant Sectoral Education and Training Authority (SETA). The workplace skills plans are developed to ensure that both the strategic needs of the business and the personal development needs of all employees are incorporated and implementation planned and budgeted for during the skills year.

Training expenditure

	2008 Rm	2007 Rm
All employees	**4,4**	4,9
Black employees	**3,7**	4,3

An average of 1,8% (2007: 2%) of the leviable amount of payroll was spent on training. This is in addition to the 1% payroll levy paid to the relevant SETAs. A target of 3% of the leviable amount of payroll is in place in line with the B-BBEE legislation.

Expenditure was incurred on a number of specific projects detailed below and for specific interventions related to divisional strategy and personal training needs arising from performance appraisals.

Expenditure on ABET, supervisory, leadership and other training

	2008 Rm	2007 Rm
Adult basic education and training (ABET)	**0,2**	0,2
Leadership and supervisory training	**0,2**	0,2
Health and safety	**0,3**	0,6
Technical	**1,6**	1,5
Diversity/Equity	**0,1**	0,3
Other	**2,0**	2,1
Total	**4,4**	4,9

Mentoring programme

The mentoring policy and programme launched in December 2003 as an initiative to develop and accelerate diversity within senior management in the group continues to run successfully. High-potential individuals are encouraged to participate in this programme. During 2008 nine mentees participated in the programme.

Performance and talent management

Two of the group's four divisions have completed the review of their role profiles with the rest of the group due to be completed by mid-2009. An exercise to review job grades has also commenced. Personal development planning reviews form part of this process and are scheduled to take place in March each year.

Oceana CEO, Andrew Marshall, addressed staff at the 90th anniversary function held at Ratanga Junction. Almost 1 400 employees from Cape Town and St Helena Bay enjoyed the festivities.

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.

Retention of key employees has received significant focus during the period under review, particularly in the engineering and technical disciplines which are critical to the optimal functioning of our factories and vessels.

A graduate recruitment campaign was undertaken at tertiary institutions mainly in the Western Cape and an intake of up to eight engineers is targeted to commence in the first quarter of 2009. On successful completion of this project the plan is to expand the graduate focus into other disciplines during 2009.

Employment equity

All operations in South Africa comply with the Employment Equity (EE) Act and Employment Equity Regulations and submit reports each year to the Department of Labour. Suitable employee communication channels are in place to serve the requirements of both the EE Act and the Skills Development Act.

During the period under review the group's Employment Equity guideline was revised and a new policy was implemented following consultation with all stakeholders. The policy reaffirms the group's commitment to all initiatives relating to affirmative action and the achievement of employment equity. In addition, the maternity leave policy was also revised and improved. A policy on flexible working hours practices was implemented where appropriate.

Equity profile (South African divisions)

	Target 2012			2008			2007			2001		
	Female	Black[1] female	Black	Female	Black female	Black	Female	Black female	Black	Female	Black female	Black
Executive	25%	13%	20%	**25%**	**13%**	**13%**	25%	13%	13%	NOT REPORTED SEPARATELY		17%
Senior management	25%	20%	32%	**19%**	**4%**	**19%**	13%	4%	13%			16%
Middle management	52%	35%	64%	**20%**	**8%**	**47%**	19%	6%	47%			35%
Supervisory	52%	38%	84%	**21%**	**15%**	**78%**	25%	18%	81%			66%
Clerical and other staff	60%	60%	99%	**45%**	**44%**	**99%**	46%	45%	99%			98%
Disabled	0,8%			**0,2%**			0,2%			Not reported		
Total staff	48%	47%	95%	**27%**	**38%**	**92%**	43%	41%	94%			98%

1 Employment Equity Act 55 of 1998
"black people" is a generic term which means Africans, Coloureds and Indians

(left) Oceana invests significantly in educational projects in Namibia including financial support for bursaries, building and upgrading programmes in local and rural schools.

(right) Oceana supports the Lapdesk Company project which seeks to improve the learning conditions of children who do not have access to a desk in their classrooms.

OCEANA GROUP LIMITED

Employment opportunities – 2008

Of the 265 positions graded A-C[1] 96% was filled with candidates from the designated groups[2] (2007: 88 positions, 89% designated candidates)

Of the 13 positions graded D-F[1] 38% was filled with candidates from the designated groups[2] (2007: 15 positions, 80% designated candidates)

1 Paterson grading system: grade D-F: executive, senior and middle managers, grade A-C: supervisory, clerical and other employees

2 Employment Equity Act 55 of 1998
'designated groups' means black people, women and people with disabilities

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

The group's current employment equity profile by occupational level at 31 August 2008 is as follows:

Workforce – occupational levels – current (at 31 August)

(Including employees with disabilities)

	Designated							Non-designated			
	Male			Female				White male	Foreign Nationals		
Occupational levels	**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	1	1	2	0	1	0	3	18	0	0	26
Professionally qualified and experienced specialists and mid-management	1	40	4	1	7	1	13	45	1	2	115
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	28	134	17	4	29	2	14	30	0	2	260
Semi-skilled and discretionary decision making	282	301	19	35	170	14	15	1	10	1	848
Unskilled and defined decision making	293	143	1	215	290	0	0	1	1	0	944
Total permanent	605	619	43	255	498	17	45	101	12	6	2 201
Non-permanent employees	97	117	0	19	35	0	3	8	53	0	332
Grand total	702	736	43	274	533	17	48	109	65	6	2 533

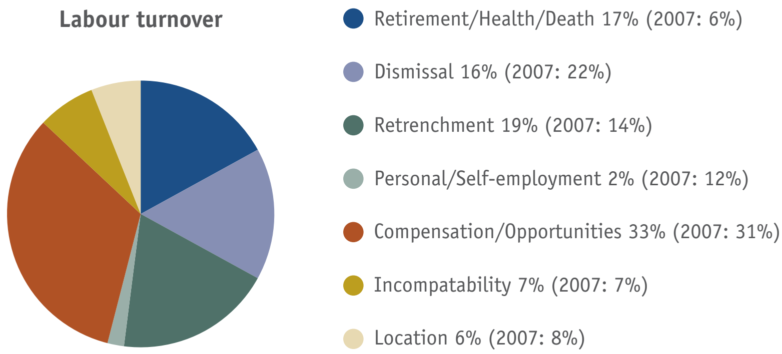
Employees with disabilities only

	Designated							Non-designated			
	Male			Female				White male	Foreign Nationals		
Occupational levels	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	4	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	1	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	2	1	0	0	0	0	0	4	0	0	7
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**2**	**1**	**0**	**0**	**0**	**0**	**0**	**4**	**0**	**0**	**7**

Labour turnover

The labour turnover figure of 13,6% for the group's permanent employees is in line with the national average of 13,4%[1].

1 Deloitte Human Capital Corporation



On 30 July 2008 Oceana employees celebrated the founding of the company in Lambert's Bay in 1918 and their own contribution to the ongoing sustainability of the company.

In the year of retirement, access to additional 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.

Occupational health and safety

The group's health and safety systems are applied to all divisions.

Managing directors of the operating divisions are responsible for ensuring compliance with the Occupational Health and Safety Act and Regulations. The required structures are in place, including the requisite health and safety committees. Alexander Forbes Risk Services completes an annual risk audit at the larger sites focusing on compliance with this legislation and insurance-related requirements.

The operational sites provide clinic facilities, managed either in-house or outsourced. The clinics provide both primary health care and occupational health care to employees and strategic advice to management. Specific areas of focus include hearing loss prevention programmes within the factory environments. Additional programmes are implemented relevant to concerns arising from annual medical examinations. The clinics also provide treatment for injuries sustained on duty. All workplace injuries and illnesses are reported to the Compensation Commissioner within the stipulated time frames.

Employees involved in production processes participate in an induction training session at the start of each fishing season. This includes health and safety training, hearing conservation and tuberculosis awareness. Throughout the year ongoing health and safety training also takes place, eg fire fighting, first aid, hazardous chemical handling and SAMSA-accredited training for all sea-going employees. Personal protective clothing is issued to employees in line with legislative requirements.

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

During the period under review a serious accident took place at the Epping cold store which resulted in two employee fatalities. An internal investigation was completed with the assistance of specialist attorneys, and full cooperation was given to the Department of Labour investigation. The final report from the Department of Labour is still awaited. Trauma counselling was made available to employees and family members of the deceased. Recommended corrective action measures flowing from the internal investigation have been implemented. This included the replacement of all safety cages with the latest available equipment designed specifically for the purpose of lifting people.

Six fire teams from various group operations took part in the annual Mutual Risk Group Fire Team Competition. All teams which participated learnt from the experience and returned inspired to improve their capabilities. The combined team representing CCS Cape Town qualified for the second year for the final national competition and achieved excellent results.

The group's disabling injury frequency ratio for 2008 was 2,45, and absenteeism as a result of both normal sick leave and injuries on duty was 1,2%.

Six teams from Oceana Group operations competed in the 2008 annual Mutual Risk Group Fire Team Competition and CCS Cape Town qualified for the final national competition.

The Morgen's Village housing project is in line with government's national housing programme. The Cape Town Community Housing Company develops low-cost housing for qualifying low-income purchasers.

HIV/AIDS

The AIDS Policy, developed in March 2003 in consultation with a representative group of employees, remains in place. An actuarial study preceded a voluntary counselling and testing intervention 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. Across the whole of the Oceana Group, including Namibia, 2 065 employees were tested (5,6% tested positive). All employees continue to be encouraged to know 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 introduced in 2004 also remains in place. This product provides access to antiretrovirals in the event of trauma resulting in exposure to body fluids which may be infected with HIV/AIDS for employees and their families and forms part of the group's HIV/AIDS prevention strategy. The group continues to remain abreast of latest developments in this area to ensure alignment of its policy with best practice.

Socio-economic development (SED)

Oceana's focus is on the upliftment of communities by supporting education, health and environmental initiatives.

SED is an integral part of the group's corporate policies, and initiatives are aimed at ensuring that investments are made in effective programmes that empower communities and result in long-term partnerships.

Some of the key projects are:

Education

Tertiary School in Business Administration (TSiBA)

TSiBA, which means 'leap' in Xhosa, is a South African higher education provider based in Cape Town. It is focused on developing future leaders out of South Africa's talented historically disadvantaged youth. It operates as a non-profit education institution where all students in the Bachelor of Business Administration degree programme are on a full tuition scholarship.

Oceana is proud to be one of the founding sponsors of TSiBA since its inception four years ago. During 2008 Oceana announced its intention to support and partner TSiBA for another two years as one of its flagship projects. Oceana will continue with its programme of funding the TSiBA Student Development Centre as well as active involvement through senior executives who regularly lecture business-related courses and by offering internships to students during their vacations.

Lapdesks

The Lapdesk Company was born out of the need to address the difficulties faced by underprivileged children attempting to learn in less than adequate conditions. Oceana is honoured to be associated with this project which seeks to improve the learning conditions of

Lamberts Bay Foods is the largest single employer in the area. Production was 5% ahead of last year and demand for product, principally from quick service restaurants, was steady.

children who do not have access to a desk in their classrooms and gives these children the opportunity to create a better life for themselves through improved academic performance. In the current year Oceana distributed Lucky Star branded lapdesks to approximately 4 000 children at 10 schools in KwaZulu-Natal.

Healthcare

Starfish

The Starfish Greathearts Foundation (Starfish) supports children orphaned or made vulnerable by the HIV/AIDS pandemic. Starfish provides physical, educational and shelter services to over 28 000 children through community-based projects. Oceana's partnership with Starfish started in 2003. The group donates tins of pilchards, which are included in the food parcels that children receive from Starfish each month, contributing to meeting their basic nutritional needs. Through Starfish, Oceana has linked up with child-focused NGOs donating Lucky Star canned pilchards to the food relief component of their community-based programmes. The three NGO partners, Heartbeat in Gauteng, the Masoyi home-based care project in Mpumalanga, and God's Golden Acre in the impoverished Valley of a Thousand Hills area in KwaZulu-Natal, all satisfy the criteria of the Starfish Care Intervention Model which advocates a community-based approach to the holistic care and support of these children.

Others

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

- Somerset Hospital – a donation for a ventilator for the ICU ward
- South African Medical Foundation – a donation for additional medical equipment and renovation of the Paediatric ward
- Beautiful Gate – a donation to the home that cares for orphans and vulnerable children affected by HIV/AIDS

Community development

Oceana endorses the principle that no business exists in isolation but is undeniably part of the communities in which it operates. Corporate social investment expenditure had 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. A donation was made to Hangberg Education and Development Movement, a community-based organisation in Hout Bay, to improve learning resource and training programmes for Grade 12s.

Oceana supports various voluntary associations such as the National Sea Rescue Institute, the Southern African Foundation for the Conservation of Coastal Birds, Wild Life and Environment Society of South Africa, Carel du Toit Trust, Meals on Wheels, St Giles, St Luke's Hospice, and animal rescue organisations. Various shelters for the homeless and feeding schemes in Johannesburg, KwaZulu-Natal, Cape Town and Port Elizabeth receive ongoing support through the donation of canned fish.

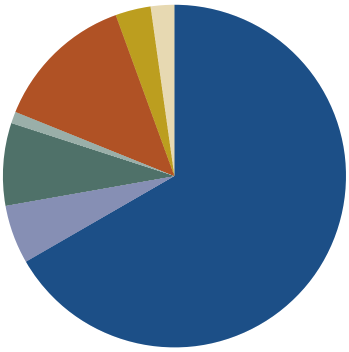
A founding sponsor of TSiBA four years ago, Oceana announced its intention to partner the institution for another two years. TSiBA is a non-profit education centre for students in a Bachelor of Business Administration degree programme.

Oceana also invests significantly in projects in Namibia. This includes support through the Unity Community Trust and Arechanab Community Trust. Both organisations were established for the advancement of the cultural, social and educational needs of various communities. Major projects in 2008 included bursaries for disadvantaged students, upgrading of Arandis Kindergarten and financial support for building and educational programmes in local and rural schools.

During the past year, the group invested R3 million in a variety of programmes and initiatives. This amounts to 1,2% of profit after tax.

The spend allocation is reflected in the pie chart below.

Total socio-economic development spend



- Education 60% (2007: 46%)
- Community and rural development 5% (2007: 4%)
- HIV/AIDS 17% (2007: 9%)
- Health (excluding medical-aid contributions) 1% (2007: 33%)
- Welfare 12% (2007: 6%)
- Environmental conservation 3% (2007: 1%)
- Sports development 2% (2007: 1%)

Oceana employees celebrate the group's 90th anniversary.

Risk management report

Introduction

Oceana has a formal and structured enterprise-wide 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.

Application and recording

During the year Mr NP Doyle, chairperson of the risk committee, resigned as a director and was succeeded by Mr M Fleming. All members of the committee attended its two meetings during the year.

The risk managers appointed in each division facilitate the identification and ranking of the division's major risks, in a structured and interactive process with quarterly reviews and involvement of executive and senior management. It includes promotion of the culture amongst executive and senior management of awareness of the nature and impact of risk – in all its guises in all facets of planning and operational activity – to ensure the integrity and reliability of the risk reporting and monitoring process, to put in place controls and mitigation plans, to obtain independent assurance as to adequacy and to follow up on incidents where risks result in loss, as to corrective action to avoid recurrence.

The group also maintains functional risk registers, reviewed biannually, covering, inter alia, environmental, financial, information systems and technical risks.

Issues addressed during the year in terms of the group's risk management process included a review of the adequacy of insurance cover, attention to workplace safety conditions, independent tax risk assessments in certain divisions, and a review of the extent and impact of information system risks on a stand-alone basis and as integrated into operations.

There were no significant risk incidents resulting in financial loss during the year under review.

As regards insured risks, the group has comprehensive risk and 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.

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 50
Risk committee:	– Appointed by the board of directors – Has a formal charter – Chaired by a non-executive director and comprises nine members, including divisional managing directors – Meets at least twice a year – Reports to the audit committee – Internal auditor (KPMG) attends committee meetings
Risk forum:	– Has formal terms of reference – Chaired by a member of the risk committee (director) – Members are divisional risk managers who work closely with the executive committee (exco) – Updates and reviews risk registers, combined assurance and action plans and risk incident reports at management level, on a regular basis – Evaluates and coordinates testing of control systems to ensure effectiveness – Facilitates communication of risk policy to all employees – Submits reports to the risk committee

Audit committee and internal controls

The audit committee has a charter, approved by the board, dealing with membership, authority and duties.

The committee comprises three non-executive directors, who act independently, appointed by the board. The chairman is Mr S Pather, who attended the company's annual general meeting in February. The company secretary is secretary of this committee. It met twice during the year, with full attendance by all members, save for Mr RA Williams at the November 2007 meeting. Attendance at meetings by directors and management is by way of invitation.

The committee has formal rules regulating the services and conditions of usage of non-audit services provided by the external auditors, governing, inter alia, compliance issues, taxation, valuations and information systems.

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 in terms of the Internal Audit Charter and under the direction of the audit committee which approves the scope of the work to be performed. Its scope, agreed with the audit committee, includes providing assurance over internal control systems in terms of compliance reviews and risk-based reviews focusing on key risks. Significant findings are reported to both executive management and the audit committee and corrective action is taken to address identified internal control deficiencies.

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 and reviews the effectiveness of the system of internal control adopted by group companies with reference to the findings of the external and internal auditors.

Amongst other issues considered in meetings during the course of the year were the additional disclosures required in terms of IFRS7, surplus apportionment in Oceana retirement funds, legal actions in which the group is involved and improvements to and compliance with internal control procedures.

The committee receives formal reports from the chairman of the risk committee and is of the view that Oceana's process of generating group-wide risk awareness, and identifying, categorising and managing risk is robust and dynamic.

An ethics report is presented at routine biannual meetings, dealing with principles and issues of an ethical nature in the group's business. These reports outline initiatives and processes to maintain a high level of compliance with the ever increasing and complex range of statutes regulating business, adherence to the provisions of the group's Code of Business Conduct and Ethics, and conducting business in a changing society at home and abroad.

The provisions of the Corporate Laws Amendment Act, 2006, as they affect audit committees, have been and are being implemented.

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.

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

Corporate governance

The principles of and structures for good corporate governance throughout the group are in place and operating well. The group's commitment to good governance as articulated in the King 2 Code, is formalised in charters, policies and operating procedures covering all aspects of activity, and in reporting internally and to stakeholders.

Oceana has a unitary board structure with 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 offices of chairman and chief executive officer are separated.

The board met five times during the year. Each director attended each meeting, save for apologies from Ms Z Fuphe and Messrs M Fleming, PB Matlare, F Robertson and RA Williams in respect of one meeting each. The board currently has 11 members, of whom three are executive directors. Of the eight non-executives, four are independent. The chairman is a non-executive, though not independent. The board has four committees, namely audit, remuneration and nominations, risk and transformation, all of which have their own charters and are chaired by non-executive directors.

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

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

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

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

Directors and employees are required to observe the highest ethical standards ensuring that business practices are conducted in a manner which is beyond reproach. In this regard the group has a formal Code of Business Conduct and Ethics, which was reviewed and updated during the year. It commits the whole group and all directors and staff to fair dealing and integrity in the conduct of its business at home and abroad, and provides guidance for the benefit of all concerned. 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 of the company and its subsidiaries, and senior management, are requested to submit, at least annually, a list of all their directorships and interests in contracts with Oceana. They 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.

During the year subsidiary St Helena Bay Fishing Industries Limited changed its name to Oceana Brands Limited by special resolution passed on 18 December 2007, and similarly South African Sea Products Limited changed its name to Oceana Lobster Limited by special resolution passed on 25 March 2008.

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 annual financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards).

Remuneration report

Remuneration and nominations committee

Remuneration and nominations are combined into a single committee delegated by the board with the responsibility of determining the remuneration of executive directors and senior management and recommending 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 who reports to the board on the committee's discussions and decisions. 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 of which were attended by all members. An apology was received from Mr RA Williams for one meeting.

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 reward consists of fixed and variable components. This 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.

Composition of executive remuneration

Executive remuneration consists of the following:

- A guaranteed package component, based on a total cost to company basis, includes a cash amount and various benefits such as retirement benefits, medical aid and a car allowance scheme
- A short-term incentive scheme (incentive bonus) which is measured on achievement of individual performance criteria and predetermined financial targets
- A long-term incentive scheme in the form of a phantom share option scheme

The above elements are commented on in more detail below.

Guaranteed package

Guaranteed packages are subject to annual review and are benchmarked against appropriate market surveys, taking into account, amongst other issues, the size and profitability of the company. Individual performance and overall responsibility are also considered when setting guaranteed package levels. It is the intention to set the guaranteed pay at above median levels as reflected by the relevant survey.

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

Incentive bonus scheme

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.

In line with the principle of creating shareholder value, 80% 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, while 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 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 for 2008 was capped at 75% of total cost to company remuneration. Bonuses are paid in cash in November following the financial year-end. Payment of the maximum bonus is subject to the achievement of a 35% increase in headline earnings per share.

Share option scheme

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 committee gives consideration to granting options to executive directors and senior management on an annual basis. In February 2006 the Phantom Share Option Scheme was approved to replace the Oceana Group (1985) Share Option Scheme. 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 options in the Phantom Share Option scheme are 'cash-settled' as opposed to 'equity-settled'. Options may be exercised in tranches of one-third after three, four and five years from the date of grant. All options must be exercised within six years from date of grant.

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 total cost to company package.

In terms of the rules, the grant price is equal to the average closing market price of an Oceana Group share on the JSE for the preceding 30 trading days immediately prior to the grant date. The cash settlement amount of an option is the difference between the closing market price of an Oceana Group share on the date preceding the date of exercise and the grant price.

Phantom share options grant 1 and 2 have only time-based vesting attached to them. However, from grant 3 onward, performance conditions have been attached to the options granted. The performance condition (hurdle rate) attached to 50% of grant 3 is that the company's headline earnings per share should increase by 3% per annum above inflation over a three-year performance period. The committee will allow re-testing of the performance condition on the first and second anniversary of the end of the performance period. The target has been set with regard to the cumulative headline earnings per share over the performance period.

Executive directors' service contracts

Directors do not have fixed term contracts, but rather 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 executives, senior management and critical skill positions is reviewed annually in May 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. There is an ongoing focus on retention of key and critical skills in the business.

As part of long-term succession planning, the group embarked on a graduate recruitment campaign targeting tertiary institutions mainly in the Western Cape. Further details of this campaign can be found on page 42 of the annual report.

Executive directors' remuneration

Remuneration of executive directors is set out in 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 2008 financial year.

Non-executive directors' remuneration

Non-executive directors' fees are paid in respect of membership of the Oceana Group Limited board, and those 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 tables 4(a) and 4(b).

Table 1(a): Executive directors' remuneration: 2008

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
ABA Conrad	776	148	174	802			1 900
AB Marshall	2 113	274	458	2 082			4 927
RG Nicol	1 535	101	312	1 434			3 382
Total	4 424	523	944	4 318			10 209

** 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: 2007

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
ABA Conrad	420	99	64	681	218		1 482
AB Marshall	1 890	350	430	1 931	480		5 081
RG Nicol	1 247	170	271	1 311	935		3 934
Total	3 557	619	765	3 923	1 633		10 497

** 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: 2008

Name	Balance as at 30 Sept 2007	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 2008	Share trust loan as at 30 Sept 2008
	Number	Number	R			Number	R'000	R		Number	R'000
ABA Conrad	56 000									56 000	
AB Marshall	369 000									369 000	2 650
RG Nicol	187 000									187 000	

** 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: 2007

Name	Balance as at 30 Sept 2006	Granted	Price	Date of grant	Expiry date	Share options deemed to be exercised during the year[1]	Gains on options exercised	Exercise prices	Deemed exercise dates	Balance as at 30 Sept 2007	Share trust loan as at 30 Sept 2007
	Number	Number	R			Number	R'000	R		Number	R'000
						(20 000)	129	11,05	14.11.2006		
						(1 404)	13	11,05	16.11.2004		
ABA Conrad[2]	86 000					(8 596)	76	11,05	16.11.2004	56 000	
						(73 100)	398	11,05	14.11.2006		
AB Marshall	457 000					(14 900)	82	11,05	14.11.2006	369 000	2 650
						(32 000)	339	6,90	16.11.2005		
						(6 410)	68	6,90	16.11.2005		
						(4 269)	45	6,90	16.11.2005		
						(18 515)	178	6,90	16.11.2005		
						(28 000)	153	11,05	16.11.2005		
RG Nicol	304 194					(28 000)	152	11,05	14.11.2006	187 000	

1 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.

2 These options were granted to ABA Conrad prior to her being appointed as a director.

Table 3(a): Executive directors' phantom share and option details: 2008

Name	Balance as at 30 Sept 2007	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 2008
	Number	Number	R			Number	R'000	R	Number
ABA Conrad	100 000	45 000	19,26	07.02.2008	07.02.2014				145 000
AB Marshall	384 000	177 000	19,26	07.02.2008	07.02.2014				561 000
RG Nicol	205 000	100 000	19,26	07.02.2008	07.02.2014				305 000

Table 3(b): Executive directors' phantom share and option details: 2007

Name	Balance as at 30 Sept 2006	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 2007
	Number	Number	R			Number	R'000	R	Number
ABA Conrad[1]	60 000	40 000	16,91	10.11.2006	10.11.2012				100 000
AB Marshall	194 000	190 000	16,91	10.11.2006	10.11.2012				384 000
RG Nicol	115 000	90 000	16,91	10.11.2006	10.11.2012				205 000

1 These options were granted to ABA Conrad prior to her being appointed as a director.

Table 4(a): Non-executive directors' remuneration: 2008

Name	Board fees R'000	Committee fees R'000	Total R'000
MA Brey	270	32	302
PG de Beyer[1]	42	17	59
N Dennis[2, 3]	41	29	70
NP Doyle[2, 4]	54	42	96
M Fleming[2, 5]	42	12	54
Z Fuphe	107	43	150
PB Matlare[2, 6]	42	16	58
S Pather	107	64	171
F Robertson	107	–	107
RA Williams	107	96	203
Total	919	351	1 270

1 Appointed at 9 May 2008
2 Paid to Tiger Brands Limited
3 Resigned at 19 February 2008
4 Resigned at 31 May 2008
5 Appointed at 31 May 2008
6 Appointed at 9 May 2008

Members of board committees (2008)

Audit committee: S Pather (chairman); PG de Beyer (appointed 9 May 2008); RA Williams; (N Dennis resigned at 19 February 2008); (NP Doyle resigned at 31 May 2008)

Remuneration and nominations committee: RA Williams (chairman); MA Brey; PB Matlare (appointed 9 May 2008); (N Dennis resigned at 19 February 2008)

Risk committee: M Fleming (chairman) (appointed 31 May 2008); ND Brink; ABA Conrad (appointed 7 May 2008); SP Cummings; BJ King; AB Marshall; RG Nicol; GA Rhodes-Harrison; (NP Doyle resigned at 31 May 2008)

Transformation committee: Z Fuphe (chairperson); AB Marshall; M Mtsheketshe (appointed 7 May 2008); GA Rhodes-Harrison; JL Wilkinson; (ABA Conrad resigned 7 May 2008)

Table 4(b): Non-executive directors' remuneration: 2007

Name	Board fees R'000	Committee fees R'000	Total R'000
MA Brey	252	30	282
N Dennis[1]	100	70	170
NP Doyle[1]	100	55	155
Z Fuphe	100	40	140
S Pather	100	72	172
F Robertson[2]	39	-	39
L Ruthilal[1, 3]	36	29	65
RA Williams	100	90	190
Total	827	387	1 213

1 Paid to Tiger Brands Limited

2 Appointed at 11 May 2007

3 Resigned at 8 February 2007

	2008 IFRS R'000	2007 IFRS R'000	2006 IFRS R'000	2005 IFRS R'000	2004 SA GAAP R'000
Consolidated income statements					
Revenue	**3 002 476**	2 608 894	2 544 558	2 576 513	2 487 502
Operating profit before abnormal items	**317 284**	236 723	183 325	180 672	221 483
Abnormal items	**11 725**	2 549	(5 882)	(27 830)	4 949
Operating profit	**329 009**	239 272	177 443	152 842	226 432
Dividend income	**19 103**	15 922	6 151	1	2 976
Interest received	**16 775**	19 856	28 500	29 047	20 900
Interest paid	**(6 464)**	(8 675)	(5 160)	(2 440)	(4 283)
Profit before taxation	**358 423**	266 375	206 934	179 450	246 025
Taxation	**104 153**	85 869	70 088	64 541	78 522
Profit after taxation	**254 270**	180 506	136 846	114 909	167 503
Attributable to outside shareholders in subsidiaries	**8 197**	11 701	7 055	7 418	3 123
Net profit attributable to shareholders of Oceana Group Limited	**246 073**	168 805	129 791	107 491	164 380
Headline earnings	**234 636**	163 836	127 581	118 408	157 557
Consolidated balance sheets					
Property, plant and equipment	**334 147**	273 413	316 457	285 052	310 389
Goodwill and other intangible assets	**45 293**	55 512	62 020	52 839	53 978
Deferred taxation	**5 386**	10 438	12 850	15 256	20 990
Investments	**131 258**	121 361	119 978	42 925	75 139
Current assets	**1 039 398**	1 041 655	826 327	1 080 990	1 011 406
Total assets	**1 555 482**	1 502 379	1 337 632	1 477 062	1 471 902
Interest of shareholders of Oceana Group Limited	**969 926**	871 503	795 010	895 385	848 613
Interest of outside shareholders in subsidiaries	**29 632**	34 019	23 820	20 959	14 577
Interest of all shareholders	**999 558**	905 522	818 830	916 344	863 190
Deferred taxation	**44 733**	32 585	29 874	25 502	24 287
Other liabilities	**511 191**	564 272	488 928	535 216	584 425
Total equity and liabilities	**1 555 482**	1 502 379	1 337 632	1 477 062	1 471 902
Consolidated cash flow statements					
Cash generated from operations	**320 833**	270 671	294 708	278 559	223 445
Interest received	**16 775**	19 856	28 500	29 047	20 900
Dividend income	**4 223**	4 616	6 151	1	2 976
Interest paid	**(6 464)**	(8 675)	(5 160)	(2 440)	(4 283)
Taxation paid	**(84 623)**	(74 378)	(46 960)	(62 366)	(104 766)
Dividends paid	**(123 640)**	(83 128)	(86 034)	(83 587)	(86 464)
Net cash inflow from operating activities	**127 104**	128 962	191 205	159 214	51 808
Cash outflow from investing activities	**(87 526)**	(700)	(167 811)	(16 119)	(153 899)
Cash (outflow)/inflow from financing activities	**(41 583)**	(33 286)	(174 894)	17 822	18 459
Net (decrease)/increase in cash and cash equivalents	**(2 005)**	94 976	(151 500)	160 917	(83 632)

	Notes	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 SA GAAP
Share performance						
Number of shares upon which earnings per share is based ('000)		**98 721**	100 866	113 099	111 525	109 530
Headline earnings per share (cents)		**237.7**	162.4	112.8	106.2	143.8
Earnings per share (cents)		**249.3**	167.4	114.8	96.4	150.1
Dividends per share (cents)	1	**156.0**	106.0	74.0	74.0	76.5
Headline dividend cover (times)		**1,5**	1,5	1,5	1,4	1,9
Net asset value per share (cents)	2	**986.0**	869.1	783.3	798.7	771.6
Profitability		**%**	%	%	%	%
Operating margin	3	**10,6**	9,1	7,2	7,0	8,9
Return on average shareholders' funds	4	**25**	20	15	14	20
Return on average net assets	5 & 6	**35**	28	23	21	29
Return on average total assets	5 & 7	**25**	19	16	14	18
Finance						
Total borrowings as a percentage of total shareholders' funds	8	**5**	11	9	11	10
Total liabilities as a percentage of total shareholders' funds		**51**	62	60	58	68
Current ratio (:1)		**2,1**	1,9	1,7	2,0	1,7
Number of permanent employees at year-end		**1 359**	1 274	1 263	1 325	1 659
Revenue per employee (R'000)	9	**2 209**	2 048	2 015	1 945	1 499
Assets per employee (R'000)	7	**1 141**	1 171	1 049	1 103	875

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.

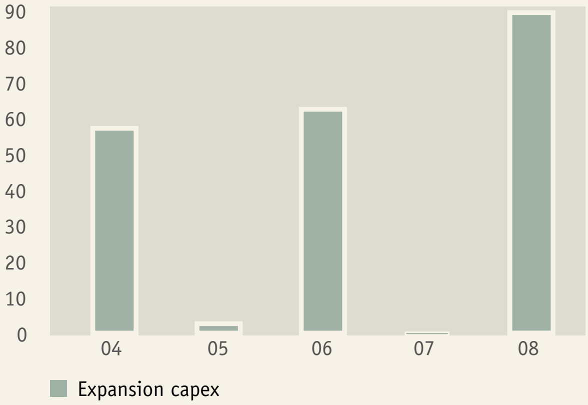
7. Total assets comprise property, plant and equipment, intangibles, investments and current assets.

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

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

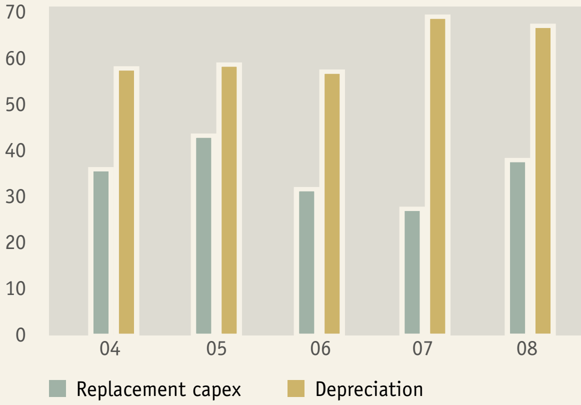
Expansion capex

R'000

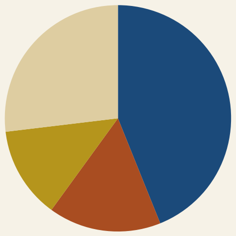


Replacement capex/depreciation

R'000

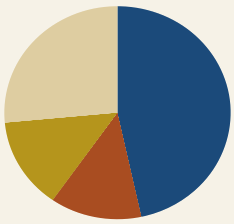


Value added 2008



- Employees (43,9%)
- Providers of capital (16,2%)
- Government (13,1%)
- Reinvested (26,8%)

Value added 2007



- Employees (46,6%)
- Providers of capital (13,1%)
- Government (13,8%)
- Reinvested (26,5%)

	GROUP			
	2008 R'000	**%**	2007 R'000	%
Revenue	**3 002 476**		2 608 894	
Paid to suppliers for materials and services	**2 232 170**		1 958 684	
Value added	**769 306**		650 210	
Income from investments	**35 878**		35 778	
Total wealth created	**805 184**		685 988	
Distributed as follows:				
Employees				
Salaries, wages and other benefits	**353 673**	**43,9**	319 888	46,6
Providers of capital	**130 104**	**16,2**	89 691	13,1
Interest on borrowings	**6 464**	**0,8**	8 675	1,3
Dividends to outside shareholders	**12 651**	**1,6**	1 550	0,2
Dividends to shareholders of Oceana Group Limited	**110 989**	**13,8**	79 466	11,6
Government				
Central and local (Notes 1 and 2)	**105 260**	**13,1**	94 709	13,8
Reinvested in the group to maintain and develop operations	**216 147**	**26,8**	181 700	26,5
Depreciation and impairment loss	**68 731**	**8,5**	77 211	11,3
Retained surplus (Note 3)	**130 630**	**16,2**	99 490	14,5
Deferred taxation	**16 786**	**2,1**	4 999	0,7
Total wealth distributed	**805 184**	**100,0**	685 988	100,0

Notes

1. Central and local government:				
Company taxation	**87 117**		80 870	
Skills development levy net of refunds	**729**		312	
Rates and taxes paid to local authorities	**5 320**		4 070	
Customs duties, import surcharges and excise taxes	**11 844**		9 005	
Withholding taxes	**250**		650	
Training grants and subsidies			(198)	
	105 260		94 709	
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	**(31 863)**		(65 341)	
PAYE and SITE withheld from remuneration paid	**39 944**		37 338	
UIF contributions withheld from employees' salaries	**2 343**		2 393	
	10 424		(25 610)	
3. Retained surplus comprises:				
Group profit after taxation	**254 270**		180 506	
Less: Dividends paid				
Shareholders of Oceana Group Limited	**(110 989)**		(79 466)	
Outside shareholders	**(12 651)**		(1 550)	
	130 630		99 490	

OCEANA GROUP LIMITED

CONTENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements for the year ended 30 September 2008, which appear on page 5 and pages 64 to 96, were approved by the board of directors on 13 November 2008 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

13 November 2008

We have audited the annual financial statements and group annual financial statements of Oceana Group Limited, which comprise the directors' report, the balance sheet and consolidated balance sheet as at 30 September 2008, the income statement and consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on page 5 and pages 64 to 96.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as at 30 September 2008, and their financial performance 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
Registered auditors

Per RJ Hofmeyr
Partner

13 November 2008

Brookside
11 Lansdowne Road
Claremont
7708

National Executive: GG Gelink (Chief Executive); AE Swiegers (Chief Operating Officer); GM Pinnock (Audit); DL Kennedy (Tax & Legal and Financial Advisory); L Geeringh (Consulting); L Bam (Corporate Finance); CR Beukman (Finance); TJ Brown (Clients & Markets); NT Mtoba (Chairman of the Board); CR Qualley (Deputy Chairman of the Board)

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

Your directors submit their annual report which forms part of the annual financial statements for the year ended 30 September 2008.

Nature of business and operations

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

Share capital

During the year under review 624 000 shares were allotted in terms of the company's share option scheme increasing the issued share capital by R624. Premiums totalling R9 587 436 in respect of these allotments have been credited to the share premium account. A wholly owned subsidiary, Oceana Brands Limited acquired 2 615 093 shares in Oceana Group Limited through a specific share repurchase for a total consideration of R52 301 860. These shares are held as treasury shares.

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 70 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 R89,4 million on expansion (2007: R0,5 million) and R38,1 million on replacement assets (2007: R27,5 million). Expansion capex included R63,2 million for an additional horse mackerel trawler based in Namibia. Further details are disclosed in note 10 to the annual financial statements.

Directors and officers

The names of the present directors appear on page 8 and the name, business and postal address of the company secretary appear on page 105.

Directors' shareholding

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

	2008	2007
	Number of shares	
AB Marshall	**123 000**	254 000
RG Nicol	**–**	28 000
	123 000	282 000

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

	2008	2007
	Number of shares	
AB Marshall	**289 000**	166 000

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 95 and 96 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:

	2008	2007
	R'000	R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	**231 836**	163 441
Total losses after taxation attributable to shareholders of Oceana Group Limited	**1 026**	18 183

Going concern

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

The principal accounting policies adopted in the preparation of these annual financial statements and consolidated annual financial statements are set out below and are consistent in all material respects with those applied during the previous year, except where indicated otherwise.

1. Basis of preparation

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

3. Basis of consolidation

The consolidated financial statements comprise 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 recognised 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 into 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 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.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

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 recognised.

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.

Qualifying black employees receive empowerment benefits in the form of equity-settled share-based payments through their participation in the Khula Trust.

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 remeasured 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 the 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 at 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 of the asset 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.

Foreign withholding taxes
Foreign withholding taxes are recognised as part of the current tax charge in the income statement when the related dividend receivable has been accrued.

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
Immovable 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 are 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.

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 which is accounted for on a prospective basis.

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 trademarks 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

Trademarks 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

Trademarks 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 trademarks 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 trademarks and fishing rights.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised.

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 assets

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

Investments in preference shares consist of preference shares held in Oceana SPV (Pty) Limited which are held at cost plus preference dividends accrued but not yet declared. 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 less allowance for credit notes to be issued. Provisions for irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Amounts considered irrecoverable are written off against the provision, and subsequent recovery of amounts written off are recognised in the income statement.

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.

Financial assets are derecognised when substantially all the risks and rewards of ownership are transferred to another entity.

Impairment

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Issued share capital and premium is recorded at the amount of the proceeds received.

Other financial liabilities

Other financial liabilities are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Financial liabilities are derecognised when the obligations are discharged, cancelled or they expire.

Derivative financial instruments

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. 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.

21. 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.

22. Events after balance sheet date

The financial statements are adjusted to reflect the effect of 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.

23. 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.

ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards and Interpretations adopted in the current financial year

During the current year, the group has adopted IFRS 7: *Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1: *Presentation of Financial Statements*.

The impact of both the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the group's financial instruments and management of capital.

Accounting Standards and Interpretations issued but not yet effective.

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

		GROUP		COMPANY	
		2008	2007	**2008**	2007
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	1	**3 002 476**	2 608 894	**44 125**	38 913
Cost of sales		**2 131 946**	1 773 442		
Gross profit		**870 530**	835 452	**44 125**	38 913
Sales and distribution expenditure		**203 459**	269 448		
Marketing expenditure		**24 373**	17 515		
Overhead expenditure		**325 414**	311 766	**43 735**	37 142
Operating profit before abnormal items	2	**317 284**	236 723	**390**	1 771
Abnormal items	4	**11 725**	2 549	**(3 297)**	6 893
Operating profit/(loss)		**329 009**	239 272	**(2 907)**	8 664
Dividend income	5	**19 103**	15 922	**153 358**	99 099
Interest received	6	**16 775**	19 856	**12 649**	9 963
Interest paid	6	**(6 464)**	(8 675)	**(1 720)**	(5 859)
Profit before taxation		**358 423**	266 375	**161 380**	111 867
Taxation	7	**104 153**	85 869	**12 160**	5 000
Profit after taxation		**254 270**	180 506	**149 220**	106 867
Attributable to:					
Shareholders of Oceana Group Limited		**246 073**	168 805		
Outside shareholders in subsidiaries		**8 197**	11 701		
		254 270	180 506		
Earnings per share (cents)	8				
– Basic		**249.3**	167.4		
– Diluted		**245.7**	167.1		
Dividends per share (cents)	9	**156.0**	106.0		
– Interim paid		**26.0**	19.0		
– Final declared after reporting date		**130.0**	87.0		

BALANCE SHEETS AT 30 SEPTEMBER 2008

	Notes	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
Assets					
Non-current assets		**516 084**	460 724	**233 452**	226 117
Property, plant and equipment	10	**334 147**	273 413	**3 954**	1 719
Goodwill	11	**23 544**	22 830		
Trademark	11	**21 749**	21 090		
Fishing rights	11		11 592		
Deferred taxation	12	**5 386**	10 438	**1 673**	860
Investments and loans	13	**131 258**	121 361	**114 603**	99 931
Oceana Group Share Trust	14			**13 085**	10 330
Khula Trust	15			**4 066**	4 021
Interest in subsidiaries and joint ventures	16			**96 071**	109 256
Current assets		**1 039 398**	1 041 655	**430 937**	419 712
Inventories	17	**344 458**	312 470		
Accounts receivable	18	**424 405**	412 073	**2 117**	1 858
Amounts owing by subsidiaries and joint ventures	16			**268 551**	163 698
Non-current assets held for sale	19		602		
Cash and cash equivalents		**270 535**	316 510	**160 269**	254 156
Total assets		**1 555 482**	1 502 379	**664 389**	645 829
Equity and liabilities					
Capital and reserves		**999 558**	905 522	**617 970**	591 783
Share capital and premium	20	**2 370**	4 267	**129 221**	119 633
Foreign currency translation reserve		**22 376**	25 350		
Capital redemption reserve		**130**	130		
Share-based payment reserve		**24 616**	16 818	**5 901**	5 520
Distributable reserves		**920 434**	824 938	**482 848**	466 630
Interest of own shareholders		**969 926**	871 503	**617 970**	591 783
Interest of outside shareholders		**29 632**	34 019		
Non-current liabilities		**59 690**	39 584	**5 345**	2 398
Liability for share-based payments	25.3	**14 957**	6 999	**5 345**	2 398
Deferred taxation	12	**44 733**	32 585		
Current liabilities		**496 234**	557 273	**41 074**	51 648
Accounts payable	21	**366 817**	398 506	**17 556**	21 272
Amounts owing to subsidiaries and joint ventures	16			**20 807**	29 358
Provisions	22	**37 214**	26 175	**626**	583
Taxation		**39 801**	34 451	**2 085**	435
Bank overdrafts		**52 402**	98 141		
Total equity and liabilities		**1 555 482**	1 502 379	**664 389**	645 829

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	Share capital and premium R'000	Foreign currency translation reserve R'000	Capital redemption reserve 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 2006		101	23 018	90	11 232	760 569	795 010	23 820	818 830
Share options exercised		16 087					16 087		16 087
Increase in treasury shares held by subsidiary and share trusts		(11 921)				(24 884)	(36 805)		(36 805)
Movement on foreign currency translation reserve			2 332				2 332		2 332
Transfer to capital redemption reserve				40		(40)			
Recognition of share-based payments	25				5 586		5 586	48	5 634
Profit after taxation						168 805	168 805	11 701	180 506
Loss on sale of treasury shares						(46)	(46)		(46)
Dividends	9					(79 466)	(79 466)	(1 550)	(81 016)
Balance at 30 September 2007		4 267	25 350	130	16 818	824 938	871 503	34 019	905 522
Share options exercised		9 588					9 588		9 588
Increase in treasury shares held by subsidiary		(12 767)				(39 535)	(52 302)		(52 302)
Decrease in treasury shares held by share trusts		1 282					1 282		1 282
Movement on foreign currency translation reserve			(2 974)				(2 974)		(2 974)
Recognition of share-based payments	25				7 798		7 798	67	7 865
Profit after taxation						246 073	246 073	8 197	254 270
Loss on sale of treasury shares						(53)	(53)		(53)
Dividends	9					(110 989)	(110 989)	(12 651)	(123 640)
Balance at 30 September 2008		2 370	22 376	130	24 616	920 434	969 926	29 632	999 558
Company									
Balance at 30 September 2006		103 546			5 135	450 921	559 602		559 602
Share options exercised		16 087					16 087		16 087
Recognition of share-based payments	25				385		385		385
Profit after taxation						106 867	106 867		106 867
Dividends	9					(91 158)	(91 158)		(91 158)
Balance at 30 September 2007		119 633			5 520	466 630	591 783		591 783
Share options exercised		9 588					9 588		9 588
Recognition of share-based payments	25				381		381		381
Profit after taxation						149 220	149 220		149 220
Dividends	9					(133 002)	(133 002)		(133 002)
Balance at 30 September 2008		129 221			5 901	482 848	617 970		617 970

	Notes	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
Cash flow from operating activities					
Operating profit before abnormal items		**317 284**	236 723	**390**	1 771
Adjustment for non-cash and other items		**83 045**	78 423	**4 486**	2 872
Depreciation		**67 255**	67 399	**1 158**	438
Share-based payments		**15 823**	11 546	**3 328**	2 432
Net (surplus)/loss on disposal of property, plant and equipment		**(33)**	(522)		2
Cash operating profit before working capital changes		**400 329**	315 146	**4 876**	4 643
Working capital changes	A	**(79 496)**	(44 475)	**(3 817)**	2 580
Cash generated from operations		**320 833**	270 671	**1 059**	7 223
Interest received		**16 775**	19 856	**12 649**	9 963
Dividend income		**4 223**	4 616	**138 478**	87 793
Interest paid		**(6 464)**	(8 675)	**(1 720)**	(5 859)
Taxation paid	B	**(84 623)**	(74 378)	**(11 323)**	(5 673)
Dividends paid	C	**(123 640)**	(83 128)	**(133 002)**	(91 158)
Net cash inflow from operating activities		**127 104**	128 962	**6 141**	2 289
Cash (outflow)/inflow from investing activities		**(87 526)**	(700)	**(101 065)**	105 767
Replacement capital expenditure		**(38 127)**	(27 549)	**(3 393)**	(1 561)
Expansion capital expenditure		**(89 384)**	(492)		
Proceeds on disposal of property, plant and equipment		**2 478**	1 854		
Net movement on loans and advances		**3 470**	14 291	**(2 755)**	(5 920)
Net disposal and acquisition of businesses	D	**21 312**	7 830		
Proceeds on disposal of fishing rights		**7 728**	3 366		
Proceeds on disposal of investments		**451**		**451**	53 263
Cash-related abnormal items		**4 546**			
Proceeds on disposal of investments in subsidiary				**9 530**	
Net contribution to Khula Trust				**(45)**	(502)
Movement on amounts owing by subsidiaries and joint ventures				**(104 853)**	60 487
Cash (outflow)/inflow from financing activities		**(41 583)**	(33 286)	**1 037**	29 417
Proceeds from issue of share capital		**10 817**	16 087	**9 588**	16 087
Acquisition of treasury shares by subsidiary		**(52 302)**	(36 805)		
Short-term borrowings repaid		**(98)**	(12 568)		
Movement on amounts owing to subsidiaries and joint ventures				**(8 551)**	13 330
Net (decrease)/increase in cash and cash equivalents		**(2 005)**	94 976	**(93 887)**	137 473
Net cash and cash equivalents at the beginning of the year		**218 369**	126 721	**254 156**	116 683
Effect of exchange rate changes		**1 769**	(3 328)		
Net cash and cash equivalents at the end of the year	E	**218 133**	218 369	**160 269**	254 156

		GROUP		COMPANY	
		2008	2007	**2008**	2007
		R'000	R'000	**R'000**	R'000
A.	**Working capital changes**				
	Inventories	**(49 423)**	(90 725)		
	Accounts receivable	**(9 692)**	(8 632)	**(259)**	(238)
	Non-current assets held for sale	**602**	4 348		
	Accounts payable	**(21 947)**	53 798	**(3 673)**	2 722
	Effect of non-cash-related abnormal item	**964**	(3 264)	**115**	96
	Total working capital changes	**(79 496)**	(44 475)	**(3 817)**	2 580
B.	**Taxation paid**				
	Amounts unpaid at the beginning of the year, net	**(31 863)**	(25 286)	**(435)**	(515)
	Charged to the income statements (Note 7)	**(87 367)**	(80 870)	**(12 973)**	(5 593)
	Adjustment in respect of businesses acquired	**(81)**			
	Exchange rate difference	**194**	(85)		
	Amounts unpaid at the end of the year, net	**34 494**	31 863	**2 085**	435
	Cash amounts paid	**(84 623)**	(74 378)	**(11 323)**	(5 673)
C.	**Dividends paid**				
	Charged to the statements of changes in equity	**(110 989)**	(79 466)	**(133 002)**	(91 158)
	Dividends paid to outside shareholders	**(12 651)**	(3 662)		
	Cash amounts paid	**(123 640)**	(83 128)	**(133 002)**	(91 158)
D.	**Net disposal and acquisition of businesses**				
	Property, plant and equipment	**(1 229)**	480		
	Investments and loans	**1 809**			
	Inventories	**18 276**	233		
	Accounts receivable	**2 006**	7		
	Cash and cash equivalents		2		
	Deferred tax liability	**414**			
	Accounts payable, provisions and minorities	**(739)**	(810)		
	Taxation	**81**			
	Surplus on disposal	**694**	7 920		
	Cash movement on disposal and acquisition	**21 312**	7 832		
	Less: Cash and cash equivalents disposed of		(2)		
	Net cash movement on disposal and acquisition of businesses	**21 312**	7 830		
E.	**Net cash and cash equivalents**				
	Cash and cash equivalents	**270 535**	316 510	**160 269**	254 156
	Bank overdrafts	**(52 402)**	(98 141)		
		218 133	218 369	**160 269**	254 156

F. Change of line item disclosure

In the 2007 annual financial statements movement on the net amounts owing by subsidiaries and joint ventures in the company was shown under working capital changes. The comparatives have now been restated to reflect the movement on the net amounts owing by/to subsidiaries and joint ventures under investing and financing activities respectively. This disclosure change has no impact on the movement in cash and cash equivalents

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
1. Revenue				
The main categories of revenue are set out below:				
Sale of goods				
Inshore fishing	**1 879 711**	1 409 041		
Midwater and deep-sea fishing	**934 384**	1 023 667		
Rendering of services				
Commercial cold storage	**188 381**	176 186		
Other			**44 125**	38 913
	3 002 476	2 608 894	**44 125**	38 913
2. Operating profit before abnormal items is arrived at after taking into account the following items				
Income				
Directors' fees from a joint venture			**6**	5
Management fees from subsidiaries and joint ventures			**44 125**	38 913
Foreign exchange profits	**15 769**	5 308		
Net surplus/(loss) on disposal of property, plant and equipment	**33**	522		(2)
Expenditure				
Auditor's remuneration				
fees for audit – current year	**3 743**	5 287	**408**	548
fees for audit – prior year under/(over)provision	**412**	309		(44)
expenses	**49**	104		
other services	**1 639**	2 382	**98**	198
	5 843	8 082	**506**	702
Depreciation of property, plant and equipment				
buildings	**10 169**	9 297		
plant, equipment and vehicles	**31 823**	31 552	**1 158**	438
fishing vessels and nets	**25 263**	26 550		
	67 255	67 399	**1 158**	438
Administrative, technical and secretarial fees	**1 314**	928		
Management fees paid to a related party				
Tiger Brands Limited	**516**	489	**516**	489
Movement on liability provisions (note 22)	**16 205**	5 113	**43**	
Operating lease expenses				
properties	**16 298**	17 083	**1 184**	803
equipment and vehicles	**2 578**	1 125	**61**	45
Employment costs	**334 187**	301 624	**25 573**	21 295
Retirement costs	**19 486**	18 264	**2 131**	1 784
Share-based payments – cash-settled compensation scheme	**7 958**	5 912	**2 947**	2 047
Share-based payments – equity-settled compensation scheme	**441**	377	**243**	288
Share-based payments – Khula Trust	**7 424**	5 257	**138**	97

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
3. Directors' emoluments				
Executive directors				
Managerial and other services			**10 209**	8 864
Gains on exercise of share options				1 633
			10 209	10 497
Non-executive directors				
Services as directors			**1 270**	1 213
Detailed information appears in the remuneration report on pages 52 to 57.				
4. Abnormal items				
Net surplus/(loss) on disposal of property	**1 684**	(64)		
Profit/(loss) on change of interest in subsidiaries/businesses	**809**	7 920	**(3 540)**	9 558
Impairment loss on Western Australia lobster fishing rights	**(1 476)**	(6 223)		
Profit on disposal of Western Australia lobster fishing rights	**4 565**	1 652		
Reversal of prior years' provision for loans in Namibian whitefish business	**5 395**	5 547		
Provision reversed/(raised) for irrecoverable loans	**505**	(1 180)		
Profit on disposal of investment	**243**		**243**	
Impairment loss on vessels and equipment		(1 839)		
Impairment of non-current asset held for sale		(1 750)		
Provision in respect of utilisation of pension fund surplus		(1 514)		(670)
Impairment loss on investment in subsidiary				(1 995)
	11 725	2 549	**(3 297)**	6 893
5. Dividend income				
Subsidiaries			**134 255**	83 177
Unlisted investments	**4 223**	4 616	**4 223**	4 616
Dividends received	**4 223**	4 616	**138 478**	87 793
Preference dividend accrued	**14 880**	11 306	**14 880**	11 306
	19 103	15 922	**153 358**	99 099
6. Interest				
Received				
Subsidiaries			**6 557**	1 509
Joint ventures	**654**	141	**959**	809
Unlisted investments and short-term deposits	**16 121**	19 715	**5 133**	7 645
	16 775	19 856	**12 649**	9 963
Paid				
Subsidiaries			**(1 705)**	(3 955)
Joint ventures	**(863)**	(138)		
Bank and other	**(5 601)**	(8 537)	**(15)**	(1 904)
	(6 464)	(8 675)	**(1 720)**	(5 859)

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
7. Taxation				
7.1 South African				
Current	**64 511**	57 586	**4 553**	3 130
Adjustments in respect of previous years	**(7 257)**	591		(80)
Abnormal items	**319**	72		285
Secondary taxation on companies	**17 016**	2 225	**8 420**	2 258
	74 589	60 474	**12 973**	5 593
7.2 Foreign				
Current	**15 382**	20 343		
Adjustments in respect of previous years	**(2 854)**	(597)		
Withholding	**250**	650		
	87 367	80 870	**12 973**	5 593
7.3 South African deferred taxation				
Current	**4 055**	5 895	**(842)**	(573)
Adjustments in respect of previous years	**2 517**	(1 573)		(20)
Abnormal items		(1 000)		
Adjustment in respect of change in tax rate	**(688)**		**29**	
7.4 Foreign deferred taxation				
Current	**10 902**	1 660		
Adjustments in respect of previous years		17		
Taxation charge per income statements	**104 153**	85 869	**12 160**	5 000
7.5 The reconciliation of the effective rate of taxation charge with the South African company income tax rate is as follows:	**%**	%	**%**	%
Effective rate of taxation	**29,1**	32,2	**7,5**	4,5
Adjustment to rate due to:				
Dividend income	**1,5**	1,7	**26,6**	25,7
Net effect of tax losses	**0,3**	0,2		
Adjustment in respect of previous years	**2,1**	0,6		0,1
Adjustment in respect of change in tax rate	**0,2**			
Tax effect of unprovided temporary differences	**0,1**	(2,6)		
Foreign taxation differentials and withholding taxes	**(0,1)**	(1,2)		
Secondary taxation on companies	**(4,7)**	(0,8)	**(5,2)**	(2,0)
Abnormal items	**0,8**	0,6	**(0,6)**	1,5
Expenses not allowable for taxation and other	**(1,3)**	(1,7)	**(0,3)**	(0,8)
South African company income tax rate	**28,0**	29,0	**28,0**	29,0

	GROUP 2008 R'000	GROUP 2007 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		5 377
Foreign	**17 396**	21 251
Total	**17 396**	26 628
Tax savings effect:		
before deferred taxation	**6 089**	8 995
after deferred taxation	**4 800**	6 580

	GROUP	
	2008	2007
	Number of shares	
8. Earnings per share		
8.1 Calculation of earnings per share		
Weighted average number of ordinary shares	**117 610 425**	116 795 584
Less:		
Treasury shares held by Khula Trust	**(14 364 122)**	(14 380 465)
Treasury shares held by Oceana Brands Ltd	**(4 514 014)**	(1 541 894)
Treasury shares held by Oceana Group Share Trust	**(11 000)**	(7 500)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**98 721 289**	100 865 725
Shares deemed to be issued for no consideration in respect of unexercised share options	**1 422 914**	150 962
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**100 144 203**	101 016 687

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited	**246 073**	168 805		
Adjusted for:				
Net surplus on disposal of property, plant and equipment	**(1 590)**	(349)		
Profit on change of interest in subsidiaries/businesses	**(615)**	(7 852)		
Impairment loss on Western Australia lobster fishing rights	**1 476**	6 223		
Profit on disposal of Western Australia lobster fishing rights	**(4 565)**	(1 172)		
Reversal of prior years' provision for loans in Namibian whitefish business	**(5 395)**	(5 547)		
Provision (reversed)/raised for irrecoverable loans	**(505)**	1 180		
Profit on disposal of investment	**(243)**			
Impairment loss on vessels and equipment		2 548		
Headline earnings for the year	**234 636**	163 836		
Headline earnings per share (cents)				
– Basic	**237.7**	162.4		
– Diluted	**234.3**	162.2		
9. Dividends				
Final of 87 cents per share declared on 9 November 2007, paid 14 January 2008 (2007: 59 cents)	**85 442**	60 418	**102 390**	68 907
Interim of 26 cents per share declared on 8 May 2008, paid 7 July 2008 (2007: 19 cents)	**25 547**	19 048	**30 612**	22 251
	110 989	79 466	**133 002**	91 158
Final of 130 cents (2007: 87 cents) per share declared on 13 November 2008, payable on 12 January 2009, based on number of shares in issue at balance sheet date	**127 883**	87 242	**153 100**	101 917

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
10. Property, plant and equipment				
10.1 Land and buildings – cost				
Freehold	**39 895**	41 379		
Leasehold	**95 427**	91 487		
	135 322	132 866		
Accumulated depreciation	**66 234**	58 122		
Carrying value	**69 088**	74 744		
10.2 Plant, equipment and vehicles – cost	**426 364**	398 741	**7 835**	4 442
Accumulated depreciation	**303 157**	280 414	**3 881**	2 723
Impairment loss	**2 542**	2 542		
Carrying value	**120 665**	115 785	**3 954**	1 719
10.3 Fishing vessels and nets – cost	**317 328**	238 777		
Accumulated depreciation	**170 021**	152 980		
Impairment loss	**2 913**	2 913		
Carrying value	**144 394**	82 884		
10.4 Total – cost	**879 014**	770 384	**7 835**	4 442
Accumulated depreciation	**539 412**	491 516	**3 881**	2 723
Impairment loss	**5 455**	5 455		
Carrying value	**334 147**	273 413	**3 954**	1 719

The insured value of the group's property, plant and equipment at 30 September 2008 amounted to R2,0 billion (2007: R1,8 billion).

	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					
2008					
Carrying value at the beginning of the year	**29 407**	**45 337**	**115 785**	**82 884**	**273 413**
Additions	**159**	**4 570**	**36 942**	**85 840**	**127 511**
Acquisition of business				**1 230**	**1 230**
	29 566	**49 907**	**152 727**	**169 954**	**402 154**
Disposals	**(166)**	**(50)**	**(249)**	**(297)**	**(762)**
Depreciation	**(1 066)**	**(9 103)**	**(31 823)**	**(25 263)**	**(67 255)**
Translation differences			**10**		**10**
Carrying value at the end of the year	**28 334**	**40 754**	**120 665**	**144 394**	**334 147**
2007					
Carrying value at the beginning of the year	30 568	53 064	125 594	107 231	316 457
Additions		741	22 729	4 571	28 041
	30 568	53 805	148 323	111 802	344 498
Disposals	(64)		(844)	(488)	(1 396)
Disposal of business	(268)		(7)	(205)	(480)
Depreciation	(829)	(8 468)	(31 552)	(26 550)	(67 399)
Impairment loss			(164)	(1 675)	(1 839)
Translation differences			29		29
Carrying value at the end of the year	29 407	45 337	115 785	82 884	273 413

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 2008 R'000	COMPANY 2007 R'000
10. Property, plant and equipment *(continued)*		
10.6 Movement of company plant and equipment		
Carrying value at the beginning of the year	**1 719**	598
Additions	**3 393**	1 561
	5 112	2 159
Disposals		(2)
Depreciation	**(1 158)**	(438)
Carrying value at the end of the year	**3 954**	1 719

	Goodwill R'000	Trademark R'000	Fishing rights R'000	Total R'000
11. Goodwill, trademark and fishing rights – group				
2008				
Cost and carrying value	**23 544**	**21 749**		**45 293**
2007				
Cost	22 830	21 090	19 715	63 635
Impairment loss			(8 123)	(8 123)
Carrying value	22 830	21 090	11 592	55 512
Movement of goodwill, trademark and fishing rights				
2008				
Carrying value at the beginning of the year	**22 830**	**21 090**	**11 592**	**55 512**
Disposals			**(12 098)**	**(12 098)**
Impairment loss			**(1 476)**	**(1 476)**
Exchange differences arising on translation of cost	**714**	**659**	**1 982**	**3 355**
Carrying value at the end of the year	**23 544**	**21 749**		**45 293**
2007				
Carrying value at the beginning of the year	21 911	20 241	19 868	62 020
Disposals			(3 366)	(3 366)
Impairment loss			(6 223)	(6 223)
Exchange differences arising on translation of cost	919	849	1 313	3 081
Carrying value at the end of the year	22 830	21 090	11 592	55 512

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 the company is expected to grow its profits in future.

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 5% discount rate based on the UK borrowing rate was applied to these projected cash flows.

The value of **fishing rights** related to the group's lobster entitlements in Western Australia. Although the value of these fishing rights was impaired during the first half of the financial year, the rights were disposed of for a profit at the end of the financial year.

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
12. Deferred taxation				
Deferred taxation asset	**5 386**	10 438	**1 673**	860
Deferred taxation liability	**(44 733)**	(32 585)		
Net deferred taxation (liability)/asset	**(39 347)**	(22 147)	**1 673**	860
Net (liability)/asset at the beginning of the year	**(22 147)**	(17 024)	**860**	267
Disposal of business	**(414)**			
Adjustment in respect of change in tax rate	**688**		**(29)**	
Exchange rate adjustment		(124)		
(Charged)/credited to income	**(17 474)**	(4 999)	**842**	593
Net (liability)/asset at the end of the year	**(39 347)**	(22 147)	**1 673**	860
Comprising:				
Property, plant and equipment	**(40 000)**	(34 301)		
Trademarks	**250**	1 274		
Taxation loss relief	**1 288**	2 415		
Provisions and other credit balances	**4 493**	10 519	**1 673**	860
Section 14(1)(c) allowances, prepayments and other	**(5 378)**	(2 054)		
	(39 347)	(22 147)	**1 673**	860
Aggregate amount of unused taxation losses for which no deferred taxation asset is recognised in the balance sheet	**16 105**	18 300		
13. Investments and loans				
Gross loans	**33 062**	41 625	**219**	328
Less: Provisions for irrecoverable loans	**(16 211)**	(19 890)		
Loans	**16 851**	21 735	**219**	328
Preference shares	**114 186**	99 306	**114 186**	99 306
Other shares	**221**	320	**198**	297
	131 258	121 361	**114 603**	99 931

Group 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. Interest amounting to R866 629 (2007: R2 468 680) was recognised in respect of impaired loans.

Company loans consist of an unsecured, interest-free loan with no fixed terms of repayment to a company in which the group holds a 4% (2007: 6%) equity share. No impairment provision is required in respect of this loan.

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
Movement on loans				
Balance at beginning of the year	**21 735**	31 658	**328**	328
Advances	**10 390**	16 681		
Interest charged	**5 477**	3 375		
Loans repaid	**(24 430)**	(37 571)	**(109)**	
Exchange rate movement		(47)		
Irrecoverable loans written off		(76 319)		
Movement on provisions for irrecoverable loans	**3 679**	83 958		
Balance at end of the year	**16 851**	21 735	**219**	328

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
13. Investments and loans *(continued)*				
Movement on provisions for irrecoverable loans				
Balance at beginning of the year	**19 890**	103 848		
Irrecoverable amounts written off against the provision	**(60)**	(76 319)		
Recovery of amounts previously written off	**(1 861)**	(7 752)		
Impairment losses (reversed)/recognised	**(1 758)**	113		
Balance at end of the year	**16 211**	19 890		

The preference shares are cumulative redeemable "B" preference shares in Oceana SPV (Pty) Limited, a wholly owned subsidiary of Brimstone Investment Corporation Limited, with a coupon rate of 95% of the prime overdraft rate and a 20-year term. Carrying value includes preference dividends accrued but not yet declared. 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.

	COMPANY	
	2008	2007
	R'000	R'000
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.		
Interest-bearing at 12% per annum (2007: 10%)	**12 645**	8 993
Interest-free	**440**	1 337
Total	**13 085**	10 330
15. Khula Trust		
Capital contribution	**4 066**	4 066
Less: Amount withheld to fund establishment costs		(45)
Net balance at the end of the year	**4 066**	4 021

The Khula Trust (formerly The Oceana Group Black Employee Share Trust) was formed in 2006 to hold shares in the company for allocation to qualifying black employees. The trust 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 Khula Trust 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 or on behalf of the beneficiaries of deceased qualifying employees.

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
16. Interest in subsidiaries and joint ventures				
Shares at cost, less amounts written off			**96 071**	109 256
Amounts owing by			**268 551**	163 698
			364 622	272 954
Amounts owing to			**(20 807)**	(29 358)
			343 815	243 596
Loans to and from subsidiaries and joint ventures are unsecured and have no fixed terms of repayment. Loans to and from wholly-owned South African subsidiaries are interest free. Interest rates on other loans are floating and approximate prevailing market rates.				
Details of subsidiary and joint venture companies are set out in separate schedules on pages 95 and 96 of this report.				
17. Inventories				
Raw materials	**23 442**	19 396		
Work in progress	**4 216**	7 849		
Finished goods	**278 478**	258 413		
Consumable stores	**38 322**	26 812		
	344 458	312 470		
18. Accounts receivable				
Trade receivables	**344 026**	337 753	**43**	745
Gross trade receivables	**356 325**	355 721	**43**	745
Less: Allowance for credit notes	**(4 855)**	(3 709)		
Less: Provisions for irrecoverable trade receivables	**(7 444)**	(14 259)		
Short-term loans and advances	**9 817**	4 571		
Gross short-term loans and advances	**17 325**	9 459		
Less: Provisions for irrecoverable loans and advances	**(7 508)**	(4 888)		
Prepayments	**26 380**	26 846	**1 448**	192
SARS – VAT and company taxation	**27 381**	28 323		
Accrued income and other	**16 801**	14 580	**626**	921
	424 405	412 073	**2 117**	1 858

In the 2007 annual financial statements the group trade receivables and the group provision for irrecoverable amounts were both overstated by an amount of R26 263 000. This grossing up has no impact on the group's income statement or balance sheet.

	GROUP Trade receivables 2008 R'000	GROUP Trade receivables 2007 R'000	GROUP Other receivables 2008 R'000	GROUP Other receivables 2007 R'000
18. Accounts receivable *(continued)*				
The analysis of group trade and other receivables is as follows:				
Not past due	**304 004**	283 824	**80 379**	74 320
Ageing of trade and other receivables which are past due and not impaired				
30 days	**27 273**	36 899		
60 days	**10 674**	14 722		
90 days	**1 253**	1 503		
120 days	**450**	250		
150 days and over	**372**	555		
	344 026	337 753	**80 379**	74 320

Company accounts receivable consist mainly of accounts receivable from group companies which are neither past due nor impaired. These accounts are monitored and a provision is created, when necessary, for any irrecoverable amounts.

The granting of credit is controlled by application and credit-vetting procedures which are reviewed and updated on an ongoing basis. Credit risk is reduced by other measures depending on the nature of the customer and market. Credit exposure relating to the domestic fast-moving consumer goods (FMCG) and retail market, other than blue-chip customers, is covered by credit guarantee insurance. Exports are normally on letter of credit and in some cases are on a prepaid basis. Exports to African countries in which satisfactory credit guarantee insurance or letter of credit facilities are not available are on open account, subject to strict credit limits. Cold storage trade receivables are covered by a lien over customer's product held in storage. Individual customer default risks as well as country risks are closely monitored and provisions adjusted accordingly.

In determining the recoverability of a trade receivable, management considers any change in the credit quality of the account from the date credit was initially granted up to the reporting date, taking into account credit guarantee cover, lien over customer's product or other collateral held.

	GROUP 2008 R'000	GROUP 2007 R'000
Movement in provisions for irrecoverable trade receivables		
Balance at beginning of the year	**14 259**	14 578
Irrecoverable amounts written off against the provision	**(917)**	(1 117)
Impairment losses (reversed)/recognised	**(5 899)**	800
Exchange rate adjustment	**1**	(2)
Balance at end of the year	**7 444**	14 259
Movement in provisions for irrecoverable loans and advances		
Balance at beginning of the year	**4 888**	6 717
Impairment losses recognised/(reversed)	**2 620**	(1 829)
Balance at end of the year	**7 508**	4 888
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	**202 986**	178 133
Other Africa	**48 139**	39 336
Europe	**73 127**	99 930
Far East and other	**19 774**	20 354
Trade receivables	**344 026**	337 753

	GROUP 2008 R'000	GROUP 2007 R'000
18. Accounts receivable *(continued)*		
By customer sector		
Domestic FMCG, wholesale, retail (blue-chip or insured)	**224 596**	205 971
Cold storage (secured by lien)	**28 933**	34 573
Exports on letter of credit/cash with documents	**44 232**	75 583
Open account	**46 265**	21 626
Trade receivables	**344 026**	337 753

There was one customer group with a balance in excess of 10% of the total trade receivables.

Short-term loans and advances are provided to joint venture partners and quota holders to assist in acquiring fishing vessels or to provide working capital. Interest is charged at rates which vary between prime interest rate charged by banks and prime plus 2%.

Provisions are raised for all trade receivables and short-term loans and advances which are considered irrecoverable.

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
19. Non-current assets held for sale				
Vessel components		602		
Carrying value		602		
20. Share capital and premium				
20.1 Ordinary shares of 0.1 cents each				
Authorised share capital:				
200 000 000 (2007: 200 000 000) shares	**200**	200	**200**	200
Issued share capital:				
117 769 557 (2007: 117 145 557) shares	**118**	117	**118**	117
Share premium	**129 103**	119 516	**129 103**	119 516
	129 221	119 633	**129 221**	119 633
Less: Treasury shares				
19 398 315 (2007: 16 867 222) shares	**(126 851)**	(115 366)		
	2 370	4 267	**129 221**	119 633

	GROUP Number of shares 2008	GROUP Number of shares 2007	COMPANY Number of shares 2008	COMPANY Number of shares 2007
Treasury shares comprise of shares held by:				
Khula Trust	**14 292 965**	14 380 465		
Oceana Brands Limited	**5 094 350**	2 479 257		
Oceana Group Share Trust	**11 000**	7 500		
	19 398 315	16 867 222		
20.2 Unissued shares				
Authorised			**200 000 000**	200 000 000
Issued			**117 769 557**	117 145 557
Unissued			**82 230 443**	82 854 443
Under option in terms of company's share scheme			**1 886 600**	2 557 600
Balance of unissued shares			**80 343 843**	80 296 843

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
21. Accounts payable				
Trade payables	**168 620**	175 151	**481**	2 594
Payroll-related accruals	**45 575**	46 331	**8 763**	9 100
Short-term loans and advances	**1 138**	1 236		
VAT payable	**3 754**	3 722	**241**	419
Accruals and other payables	**147 730**	172 066	**8 071**	9 159
	366 817	398 506	**17 556**	21 272

No interest is charged on trade payables. The group has financial risk management processes to ensure that all payables are paid within the credit time frame. The carrying value of current accounts payable approximates their fair value.

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
22. Provisions				
Supplier and other claims				
Balance at the beginning of the year	**10 869**	9 988		
Net charge to operating profit	**11 930**	3 356		
Utilised during the year	**(963)**	(2 475)		
Balance at the end of the year	**21 836**	10 869		
Ex gratia retirement provision				
Balance at the beginning of the year	**4 653**	5 093		
Net charge/(credit) to operating profit	**310**	(189)		
Utilised during the year	**(653)**	(251)		
Balance at the end of the year	**4 310**	4 653		
Leave pay				
Balance at the beginning of the year	**10 653**	9 741	**583**	583
Net charge to operating profit	**3 965**	1 946	**43**	
Utilised during the year	**(3 550)**	(1 034)		
Balance at the end of the year	**11 068**	10 653	**626**	583
Total				
Balance at the beginning of the year	**26 175**	24 822	**583**	583
Net charge to operating profit	**16 205**	5 113	**43**	
Utilised during the year	**(5 166)**	(3 760)		
Balance at the end of the year	**37 214**	26 175	**626**	583

	GROUP 2008 R'000	GROUP 2007 R'000	COMPANY 2008 R'000	COMPANY 2007 R'000
23. Commitments				
23.1 Capital commitments				
Approved capital expenditure is as follows:				
Contracted	**27 769**	8 436		
Not contracted	**98 009**	77 038	**4 312**	3 984
	125 778	85 474	**4 312**	3 984

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

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
23. Commitments *(continued)*				
23.2 Operating lease commitments				
The future minimum lease payments under operating leases are as follows:				
Land and buildings				
Not later than one year	**17 931**	17 262	**1 050**	977
Later than one year but not later than five years	**51 606**	61 359	**1 319**	2 368
Later than five years	**83 215**	59 971		
	152 752	138 592	**2 369**	3 345
Plant, equipment and vehicles				
Not later than one year	**155**	538		41
Later than one year but not later than five years	**29**	270		
	184	808		41
Total operating lease commitments				
Not later than one year	**18 086**	17 800	**1 050**	1 018
Later than one year but not later than five years	**51 635**	61 629	**1 319**	2 368
Later than five years	**83 215**	59 971		
	152 936	139 400	**2 369**	3 386

	Number		Number	
24. Number of employees				
Permanent employees at year-end	**1 359**	1 274	**39**	38

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 three 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 five years. The contractual life of each option granted is ten 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.

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

25.1 Equity-settled compensation scheme *(continued)*

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

	2008 Number of share options	**2008** WAEP Rand	2007 Number of share options	2007 WAEP Rand
Outstanding at the beginning of the year	**2 557 600[1]**	**15.42**	4 198 300[1]	14.61
Forfeited during the year	**47 000**	**16.15**	376 000	15.46
Exercised during the year	**624 000[2]**	**15.37**	1 264 700[3]	12.72
Outstanding at the end of the year	**1 886 600[1]**	**15.43**	2 557 600[1]	15.42
Exercisable at the end of the year	**1 276 800**		916 500	

Notes:

1. Included in the end of the year balance are options over 175 000 (2007: 244 000) 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 was R20.98.
3. The weighted average share price at the date of exercise for the options exercised was R17.86.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2008 is 4,9 years (2007: 5,8 years).

The range of exercise prices for the options outstanding at the end of the year is as follows:

	2008 Number of share options	2007 Number of share options
R6.90 per share exercisable until 10 October 2010	**60 000**	72 000
R11.05 per share exercisable until 23 October 2011	**107 000**	137 000
R14.40 per share exercisable until 1 February 2012	**8 000**	35 000
R15.60 per share exercisable until 13 November 2012	**460 600**	787 600
R16.24 per share exercisable until 11 November 2013	**792 000**	971 000
R16.00 per share exercisable until 24 November 2014	**459 000**	555 000
	1 886 600	2 557 600

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 share-based payment expense relating to equity-settled options is disclosed in note 2.

25.2 Black Economic Empowerment scheme – Khula Trust

The Khula Trust acquired 14 380 465 Oceana shares at a cost of R15.21 per share in 2006 as part of the group's BEE transaction. Options to acquire these shares are allocated to qualifying black employees by the trustees of the Khula Trust. Provided the employee remains in service, the options vest in three tranches, one third after a period of three years from the date of allocation, a further third after four years and the final third after five years. After vesting the employee acquires a right to take up the share, but will only take transfer of the share after a lock-in period of ten years from the date of the initial allocation. Earlier vesting and transfer of benefits is allowed in the event of the death of the employee. Options not exercised will be available for future allocation to other qualifying employees.

An allocation of 8 360 000 options was made on 15 January 2007 at an option price of R15.21 per share. No further allocations were made during the year. During the year 87 500 options (2007: nil) were realised on behalf of beneficiaries of deceased employees.

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 share-based payment expense relating to Khula Trust options is disclosed in note 2.

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

25.3 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 note 25.1, but the contractual life of the options is six years and gains on options are settled in cash. Phantom share options granted in 2008 have an additional performance-related hurdle rate, linked to growth in headline earnings per share, which applies to half of the options granted.

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 following phantom share option grants had been made as at the year-end:

Grant	Issue date	Expiry date	Number of options	Option strike price (in cents)
1A	9 February 2006	9 February 2012	2 049 000	1 539
1B	10 May 2006	10 May 2012	70 000	1 520
2	10 November 2006	10 November 2012	1 517 000	1 691
3	7 February 2008	7 February 2014	1 567 000	1 926

The significant inputs into the valuation model were the spot share price of R21.70 (2007: R19.50), an expected option life of six years and expected dividend yield of 5,28% (2007: 5,28%). The interest rate yield curve was derived from the external valuators calculation. The risk-free rate ranged from 11,88% to 12,38% (2007: 10,07% to 10,85%) during the year. Expected volatility of 27% (2007: 27%) is based on historical share price volatility over the past six years.

The share-based payment expense relating to cash-settled options is disclosed in note 2.

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 2007, 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				
	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000
Balance at the end of the year					
Present value of funded defined-benefit obligations	**(1 941)**	(1 858)	(1 900)	(2 236)	(1 980)
Fair value of plan assets in respect of defined-benefit obligations	**15 983**	18 059	15 168	14 017	12 361
Funded status of defined-benefit plans	**14 042**	16 201	13 268	11 781	10 381
Unrecognised actuarial gains/(losses)	**924**	(3 220)	(1 088)	(645)	(238)
Unrecognised past-service cost – non-vested benefits			(379)		
Asset not recognised at balance sheet date	**(14 966)**	(12 981)	(11 801)	(11 136)	(10 143)
Liability at balance sheet date	**–**	–	–	–	–

26. Retirement benefits *(continued)*

The surplus apportionment date for the Oceana Group Pension Fund and the Oceana Group Executive Provident Fund is 30 September 2004, and 30 September 2003 for the Oceana Group Provident Fund. The Final Schemes of Apportionment for these funds have all been approved by the Financial Services Board.

The company is in the process of settling the claim made by the Oceana Group Pension Fund relating to the utilisation of pension fund surplus. Thereafter the Fund will commence with distributions to former members in terms of its Scheme.

The Oceana Executive Provident Fund and the Oceana Group Provident Fund made distributions to former and active members in terms of their respective Schemes during the year. The surplus attributable to the company in terms of the Oceana Group Executive Provident Fund will be utilised as part settlement of its liability to the Oceana Group Pension Fund.

In respect of those retirement arrangements which disclosed a positive fund 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.

	GROUP				
	2008	2007	2006	2005	2004
	R'000	R'000	R'000	R'000	R'000
Movement in the liability recognised in the balance sheet					
Opening balance	**–**	–	–	–	–
Asset not recognised at the beginning of the year	**12 981**	11 801	11 136	10 143	9 601
Balance at the beginning of the year	**12 981**	11 801	11 136	10 143	9 601
Contributions paid	**18 411**	18 910	18 040	19 652	17 946
Other expenses included in staff costs	**(31 392)**	(30 711)	(29 176)	(29 795)	(27 547)
Current service cost	**(17 410)**	(18 911)	(18 049)	(19 646)	(17 924)
Interest cost	**(144)**	(148)	(167)	(190)	(224)
Expected return on plan assets	**1 626**	1 329	1 220	1 177	926
Unrecognised past-service cost – non-vested benefits			(379)		
Net actuarial gains recognised during the year	**(498)**			(182)	
Asset not recognised at balance sheet date	**(14 966)**	(12 981)	(11 801)	(11 136)	(10 143)
Balance at the end of the year	**–**	–	–	–	–
The principal actuarial assumptions used for accounting purposes relating to the defined-benefit obligations were:					
Discount rate net of tax	**9,00%**	8,50%	7,75%	7,75%	9,50%
Inflation rate	**6,50%**	5,50%	5,00%	5,00%	5,00%
Expected return on plan assets	**10,00%**	9,00%	8,75%	8,75%	9,50%
Future salary increases	**7,25%**	6,25%	5,75%	5,75%	6,50%
Future pension increases	**6,50%**	5,50%	5,00%	5,00%	3,30%

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 and have been funded by contributions to an independently administered insurance plan. The latest full actuarial valuation was performed at 30 September 2008.

	GROUP 2008 R'000	GROUP 2007 R'000
26. Retirement benefits *(continued)*		
Balance at the end of the year		
Present value of obligations	**6 519**	7 252
Less: Fair value of plan assets	**7 664**	7 498
Asset at balance sheet date	**(1 145)**	(246)
The asset has not been recognised on the balance sheet.		
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations were:		
Discount rate	**9,50%**	8,50%
Medical inflation	**8,50%**	7,25%

27. 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.

28. Financial risk management

The group's activities expose it to a variety of financial risks: capital risk, market risk (including currency, interest rate and price risk), liquidity risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Capital risk

Capital is managed to ensure that operations continue as a going concern and that expansion opportunities can be funded when they arise. The group's and company's capital management strategy has remained consistent with the prior year. Capital comprises equity, as disclosed in the statement of changes in equity, and overdrafts supplemented when required by adequate short-term borrowing facilities.

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.

Foreign currency balances and exposure (Group)

2008	US dollar '000	Euro '000	Sterling '000	Yen '000	Australian dollar '000
Trade receivables	**7 717**	**1 796**	**3 426**	**115 445**	**307**
Other accounts receivable	**413**		**130**		
Cash and cash equivalents	**709**		**3**		
Accounts payable	**(3 502)**	**(755)**	**(4 706)**		
Bank overdrafts	**(1 090)**	**(636)**	**(1 764)**		
Balance sheet exposure	**4 247**	**405**	**(2 911)**	**115 455**	**307**
Year-end exchange rate	**8,11**	**11,83**	**14,85**	**0,08**	**6,72**
2007					
Trade receivables	9 588	4 058	3 347	109 314	82
Other accounts receivable	929		123		
Cash and cash equivalents	486				
Accounts payable	(5 590)	(294)	(2 599)		
Bank overdrafts	(7 447)		(706)		
Balance sheet exposure	(2 034)	3 764	165	109 314	82
Year-end exchange rate	7,15	9,93	14,40	0,06	6,06

28. Financial risk management *(continued)*

Currency risks arising from foreign trading operations that 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. Currency risk management is carried out in close cooperation between the group's operating units and the group treasury department in terms of approved policies. Group treasury identifies, evaluates and manages financial risks in close cooperation with the group's operating units.

The group holds forward exchange contracts which have been marked to market in the balance sheet. Those which relate to foreign currency commitments not yet due and assets not yet receivable which have not been recognised in the balance sheet are shown in the table below. The contracts will be utilised for purposes of trade in the 2009 financial year. Unrealised profits and losses on forward exchange contracts are recognised in the income statement.

2008	US dollar '000	Euro '000	Sterling '000	Yen '000	Australian dollar '000
Foreign currency bought	**18 686**	**228**	**18**		
Foreign currency sold	**666**			**20 595**	
Average exchange rate	**8,04**	**12,29**	**14,85**	**0,08**	
2007					
Foreign currency bought	4 672				
Foreign currency sold	821	752		106 040	
Average exchange rate	7,21	10,15		0,07	

Foreign currency sensitivity analysis

The following table shows the group's sensitivity to a 10% weakening in the rand against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 10% weaker rand, with all other variables held constant. For a 10% stronger rand there would be an equal and opposite impact on profit before taxation and other equity.

	2008 R'000	2007 R'000
Increase in profit before taxation		
US dollar	**2 773**	4 502
Euro	**479**	3 737
Yen	**882**	681
Australian dollar	**206**	50
Increase/(decrease) in other equity		
US dollar	**1 019**	(805)
Sterling	**5 575**	5 321
Australian dollar	**23**	1 381

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

28. Financial risk management *(continued)*

Interest rate risk and liquidity risk

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. The group does not use derivative instruments to manage exposure to interest rate movements.

The group and company manage their 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 sensitivity analysis

For the group, based on the interest-bearing net assets and interest rates ruling at balance sheet date, net interest earned would amount to R35,1 million (2007: R38,0 million). A 100 basis points change in the interest rate would result in an increase or decrease of R2,4 million (2007: R2,4 million). The group's sensitivity to interest rates has not changed since the previous year.

For the company, based on the interest-bearing net assets and interest rates ruling at balance sheet date, net interest earned would amount to R20,8 million (2007: R33,0 million). A 100 basis points change in the interest rate would result in an increase or decrease of R1,6 million (2007: R2,5 million). The company's sensitivity to interest rates has decreased since the previous year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group or company.

Potential concentrations of credit risk consist principally of trade receivables, loans and advances and short-term cash investments. 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 group and company deposit short-term cash surpluses only with major financial institutions of high-quality credit standing. At 30 September 2008, the directors did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Details of how credit risk relating to accounts receivables is managed are disclosed in note 18.

Fair values

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

29. Related-party disclosures

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. Loan accounts between wholly owned group companies in South Africa are interest free. Other loan accounts 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 pages 95 and 96. Details of treasury shares held by share trusts are disclosed in note 20.

The company owns 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.

R2,6 million (2007: R1,8 million reversal) has been recognised in the income statement for irrecoverable amounts owing by related parties.

Details of the transactions between the group and the company with related parties follow.

	GROUP		COMPANY	
	2008	2007	**2008**	2007
	R'000	R'000	**R'000**	R'000
29. Related-party disclosures *(continued)*				
Transactions				
Transactions with joint ventures				
Administration fees received	**1 970**	1 660	**685**	389
Net interest received	**483**	594	**959**	809
Transactions with subsidiaries				
Administration fees received			**43 440**	38 524
Dividends received			**134 255**	83 177
Net interest received/(paid)			**4 825**	(2 446)
Transactions with shareholders				
Accrued dividends receivable from Oceana SPV (Pty) Limited	**14 880**	11 306	**14 880**	11 306
Goods and services sold to Tiger Brands Limited subsidiaries	**19 768**	7 931		
Administration fees paid to Tiger Brands Limited	**516**	489	**516**	489
Net amount owed by/(to) Tiger Brands Limited subsidiaries	**2 339**	1 981	**(49)**	(47)
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.				
Short-term employee benefits	**18 987**	17 429	**10 869**	9 670
Post-employment benefits	**1 967**	1 771	**1 104**	982
Other long-term benefits	**3 184**	2 511	**2 035**	1 392
Share-based payments	**78**	258	**101**	93
Non-executive directors' emoluments	**1 277**	1 213	**1 277**	1 213
Total compensation of key management	**25 493**	23 182	**15 386**	13 350

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 details are shown in note 26.

INTEREST IN PRINCIPAL SUBSIDIARIES AND JOINT VENTURES AT 30 SEPTEMBER 2008

Name of company	Notes	Nature of business	Issued capital 2008 R	Effective holding 2008 %	Effective holding 2007 %	Interest of holding company: Cost of shares 2008 R'000	Cost of shares 2007 R'000	Indebtedness (note 2) 2008 R'000	Indebtedness (note 2) 2007 R'000
Blue Atlantic Trading (Pty) Limited	3	Fish trading	100	50	50			6 040	6 841
Blue Continent Products (Pty) Limited		Horse mackerel, hake	1 000	100	100	1 932	1 932	8 082	(15 041)
Calamari Fishing (Pty) Limited		Squid	4 000	100	100			38 022	29 179
Coast Trading Company (Pty) Limited	4, 6	Rock lobster	30 024	100	100	30	30	(30)	(30)
Commercial Cold Storage (Pty) Limited		Cold storage	100	100	100			(3 146)	(8 074)
Commercial Cold Storage Group Limited		Holding company	1 000 000	100	100	6 985	6 985		
Commercial Cold Storage (Ports) (Pty) Limited		Cold storage	100	70	70				
Commercial Cold Storage (Namibia) (Pty) Limited		Cold storage	10 000	100	100				
Compass Trawling (Pty) Limited	3, 8	Hake	1 000	42,05	31,55				
Desert Diamond Fishing (Pty) Limited		Horse mackerel	120	90	90			(3 345)	5 520
Erongo Marine Enterprises (Pty) Limited		Horse mackerel	100	100	100			34 041	390
Erongo Seafoods (Pty) Limited		Horse mackerel, hake	40 000	49	49				
Erongo Sea Products (Pty) Limited		Horse mackerel	100	48	48				
Etosha Fisheries Holding Company (Pty) Limited	3	Canned fish, fishmeal/oil	9 085	44,9	44,9	10 988	10 988		
Glenryck Foods Limited		Canned fish	6 080 000	100	100	73 154	73 154		
Hicksons Fishing Company Limited	4	Rock lobster	140 000	100	100	35	35	(140)	(140)
Ikamva Lethu Fishing (Pty) Limited	4	Rock lobster	2 001	100	100			(2)	(2)
Interfrost Pty Limited	5	Rock lobster	10 460 640	100	100		13 185		
Lamberts Bay Fishing Company Limited		French fries	52 700	100	100	22	22	10 805	14 577
Lamberts Bay Foods (Pty) Limited	4	French fries	100	100	100				
MFV Romano Paulo Vessel Company (Pty) Limited	3	Rock lobster	3 000	35	35				
Namaqua Fishing Company Limited	4	Rock lobster	100 000	100	100	25	25	(100)	(100)
North Bay Fishing Company Limited	4, 6	Rock lobster	120 000	100	100	180	180	(180)	(180)
Oceana Brands Limited		Canned fish, fishmeal/oil	600 000	100	100	1 706	1 706	157 226	107 191
Oceana International Limited		Horse mackerel	23	100	100	23	23		
Oceana Lobster Limited (formerly South African Sea Products Limited)		Rock lobster	965 500	100	100	966	966	1 663	(4 953)
Stephan Rock Lobster Packers Limited		Rock lobster	200 000	51	51	25	25	(1 192)	(838)
						96 071	109 256	247 744	134 340

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. Dormant, to be deregistered.
5. Cost of shares is shown net of impairment provision and capital reduction.
6. Cost of shares is shown net of dividends paid out of pre acquisition profits.
7. All subsidiaries and joint ventures are incorporated in South Africa unless otherwise indicated.
8. Share in Compass Trawling (Pty) Ltd increased with effect 1 January 2008.

	2008	2007
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) Limited	**50,00**	50,00
Realeka JV	**52,00**	52,00
Compass Trawling (Pty) Limited	**42,05**	31,55
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	**152 448**	125 047
Expenses	**(120 359)**	(106 746)
Operating profit before abnormal items	**32 089**	18 301
Abnormal items	**382**	
Net interest	**(1 155)**	611
Profit before taxation	**31 316**	18 912
Taxation	**4 649**	5 798
Profit after taxation	**26 667**	13 114
Balance sheet		
Property, plant and equipment	**21 338**	13 820
Investments	**22**	22
Current assets	**82 438**	68 914
Current liabilities		
– Interest-bearing	**(12 799)**	(2 505)
– Interest-free	**(35 580)**	(24 197)
Deferred taxation	**(2 212)**	(1 514)
Cash flow statement		
Operating profit	**32 089**	18 301
Adjustments for non-cash items	**3 575**	3 190
Working capital changes	**(11 856)**	(24 360)
Cash flows from operations	**23 808**	(2 869)
Net interest	**(1 155)**	611
Taxation paid	**(5 496)**	(1 151)
Net cash flows from operating activities	**17 157**	(3 409)
Cash flows from investing activities	**(9 862)**	(1 183)
Net increase/(decrease) in cash and cash equivalents	**7 295**	(4 592)

SHARE ANALYSIS AT 30 SEPTEMBER 2008

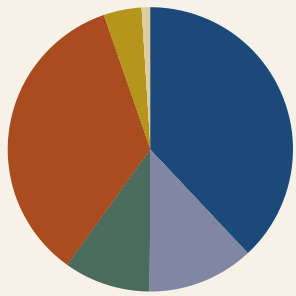
	Notes	2008	2007	2006	2005	2004
Share performance						
Market price per share (cents)						
Year-end		**2 105**	2 260	1 580	1 520	1 575
Highest		**2 619**	2 300	1 700	1 670	1 750
Lowest		**1 601**	1 560	1 400	1 190	1 400
Price earnings ratio	1	**8,9**	13,9	14,0	13,8	11,0
Number of transactions	2	**1 896**	1 240	1 683	2 216	1 324
Number of shares traded ('000)	2	**18 078**	9 090	18 252	25 612	14 978
Value of shares traded (R'000)	2	**372 452**	180 056	280 578	360 207	238 288
Volume of shares traded as a percentage of total issued shares	2	**15,4**	7,8	15,7	22,8	13,6
Market capitalisation (R'000)	3	**2 479 049**	2 647 490	1 830 918	1 707 506	1 735 302
JSE food producers and processors index (adjusted base 2004 = 100)		**211,84**	232,86	175,53	155,22	100,00
JSE industrial index (adjusted base 2004 = 100)		**229,94**	272,64	193,64	156,22	100,00
Oceana Group Limited share price index (adjusted base 2004 = 100)		**133,65**	143,49	100,32	96,51	100,00

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	735	69,1	807 496	0,7
5 001 – 50 000 shares	220	20,7	4 071 025	3,5
Over 50 000 shares	105	9,9	93 492 722	79,4
	1 060	99,7	98 371 243	83,6
Treasury shares held by share trusts	2	0,2	14 303 964	12,1
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 063	100,0	117 769 557	100,0
Analysis of holdings				
Tiger Brands Limited	1	0,1	44 699 463	38,0
Directors and employees	215	20,2	1 180 782	1,0
Financial institutions and general public	844	79,4	52 490 998	44,6
	1 060	99,7	98 371 243	83,6
Treasury shares held by share trusts	2	0,2	14 303 964	12,1
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 063	100,0	117 769 557	100,0

Share ownership – analysis of holdings



Holdings in excess of 5%

Tiger Brands Limited	44 699 463	38,0%
Khula Trust	14 292 964	12,1%
Brimstone Investment Corporation Limited	11 596 755	9,8%

Notice is hereby given that the 91st 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 5 February 2009 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 2008 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 2008, as set out in the annual report, are hereby approved."

2. In terms of the articles of association of the company, Messrs PG de Beyer, M Fleming, PB Matlare, S Pather and RA Williams retire by rotation but, being eligible, offer themselves for re-election. A brief curricula vitae of each of the aforesaid directors appears on page 102. Accordingly, to consider and, if deemed fit, to re-elect these directors by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 2.1

"Resolved that Mr Peter Gerard de Beyer be and is hereby elected as director of the company."

Ordinary resolution number 2.2

"Resolved that Mr Michael Fleming be and is hereby elected as director of the company."

Ordinary resolution number 2.3

"Resolved that Mr Peter Bambatha Matlare be and is hereby elected as director of the company."

Ordinary resolution number 2.4

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

Ordinary resolution number 2.5

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

3. To consider and, if deemed fit, to approve the fees of the non-executive directors of the company for the year ending 30 September 2009 by passing the following ordinary resolution:

Ordinary resolution number 3

"Resolved that the non-executive directors' fees for the year ending 30 September 2009 be as follows:

	R
• As chairman of the board	300 000
• As a member of the board	120 000
• As chairman of the audit committee	71 000
• As a member of the audit committee	47 000
• As chairman of the remuneration and nominations committee	60 000
• As a member of the remuneration and nominations committee	36 000
• As chairman of the risk committee	47 000
• As chairman of the transformation committee	47 000"

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 1 886 600 (one million eight hundred and eighty six thousand six hundred) unissued authorised shares in the capital of the company, 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 be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, 61 of 1973 (as amended) ("the Companies Act"), the articles of association of the company, and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), until the next annual general meeting."

The directors record that notwithstanding the granting of the aforesaid authority, they do not intend to grant any new options in terms of the Oceana Group (1985) Share Option Scheme. In addition to the foregoing, the directors remind shareholders that the aforesaid authority does not constitute a general authority to issue shares in the capital of the company, and is limited by the specific objectives and parameters set forth in 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 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 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 transact such other business that may be transacted at an annual general meeting.

General
The annual report to which this notice of this annual general meeting is attached provides details of:
- the directors and managers of the company on pages 8 and 9;
- the major shareholders of the company on page 97;
- the directors' shareholding in the company on page 64;
- the share capital of the company in note 20 on page 85.

There are no material changes to the group's financial or trading position nor are there any material, legal or arbitration proceedings that may affect the financial position of the group between 30 September 2008 and the reporting date.

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

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 number 1. All other holders of shares are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (ie have not dematerialised your shares in the company) or are registered as an "own name" dematerialised shareholder (ie 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 by no later than 48 (forty eight) hours prior to the time appointed for the holding of the annual general meeting.

Please note that if you are the owner of dematerialised shares (ie 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 not less than 48 (forty eight) hours prior to the time appointed for the holding of the annual general meeting.

JD Cole
Company secretary

Cape Town
13 November 2008

Schedule 1 to Notice of Annual General Meeting

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.

"Information pertaining to special resolution number 1"

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 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 the 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 securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and the quantities of securities to be traded during the relevant period are fixed (not subject to variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
   - 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.

Peter Gerard de Beyer (53)
BBusSc, FIA, FASSA
Peter joined Old Mutual in 1978 and held a variety of executive roles there before being appointed deputy managing director of Old Mutual Life Assurance Company (South Africa) in 2000. He retired from Old Mutual in November 2008, and is currently a non-executive director of a number of Old Mutual group subsidiary companies.

Peter holds a BBusSc degree from UCT, and is a Fellow of the Institute of Actuaries and the Actuarial Society of South Africa.

He was appointed to the Oceana board in 2008 and serves on the audit committee.

Michael Fleming (41)
CA(SA)
Michael is the chief financial officer of Tiger Brands and has responsibility for investor relations.

He was previously the financial executive of the Tiger Brands Grocery and Consumer Health businesses and has held various financial positions within the Tiger Brands group.

He is currently a director of Langeberg and Ashton Foods which operates in the international deciduous fruit market.

Michael was appointed to the Oceana board in 2008 and serves on the risk committee.

Saamsoodein Pather (58)
BBusSc, BCom (Hons), MBA
Since graduating from the University of Cape Town in 1973, Shams has been actively involved in investment management which has included senior executive functions at Colonial Mutual Assurance Company, Southern Life and Real Africa Holdings.

He is currently a director of Coronation Fund Managers and Lungisa Investment Holdings.

Shams was first appointed to the Oceana board in 1996 and serves on the audit committee.

Robert Albert Williams (68)
BA, LLB
Robbie qualified at the University of Cape Town and joined Barlows Manufacturing Company, where he became the managing director in 1979. In 1983, he was appointed chief executive officer of Tiger Oats. In 1985, he became chairman of CG Smith Foods and Tiger Oats and was appointed to the board of Barlow Rand.

Following the unbundling of CG Smith, he remained chairman of Tiger Brands until 2006. He is currently chairman of Illovo Sugar and Pescanova.

Robbie was first appointed to the Oceana board in 1988 and serves on the audit committee and the remuneration and nominations committee.

Peter Bambatha Matlare (49)
BSc (Hons), Master's Degree (Southern African Studies)
Peter joined Tiger Brands on 1 April 2008 as chief executive officer.

After beginning his career with the Urban Foundation and Citibank, and international experience in the USA and Europe, Peter held various executive positions in the Chamber of Mines, the Primedia group and was group chief executive of the SA Broadcasting Corporation.

In 2005 he joined Vodacom South Africa as executive director: commercial, and in 2007 was appointed as chief strategy officer for the Vodacom Group.

He is a past chairman of the National Association of Broadcasters, a director of the Association of Advertisers, a founding director of the National Electronic Media Institute of SA, and has served on the task team working on the Green Paper for the new Broadcasting Act.

Peter was appointed to the Oceana board in 2008 and serves on the remuneration and nominations committee.

FORM OF PROXY

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 5 February 2009 (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 de Beyer as director			
Ordinary resolution no. 2.2:	Election of Mr Fleming as director			
Ordinary resolution no. 2.3:	Election of Mr Matlare as director			
Ordinary resolution no. 2.4:	Election of Mr Pather as director			
Ordinary resolution no. 2.5:	Election of Mr Williams as director			
Ordinary resolution no. 3:	Approval of non-executive directors' fees for 2009			
Ordinary resolution no. 4:	Placing unissued shares under the control of the directors for the purposes of the Oceana Group (1985) Share Option Scheme[1]			
Special resolution no. 1:	General authority to repurchase company shares			

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 ____________________ 2009

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 Unissued shares placed under the control of the directors pursuant to ordinary resolution number 4 will only be used to fulfil the obligations of the company (if any) to issue shares to employees pursuant to the Oceana Group (1985) Share Option Scheme.

NOTES

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 Computershare, 70 Marshall Street, Johannesburg 2001 or posted to PO Box 61051, Marshalltown 2107 or e-mailed to proxy@computershare.co.za. Forms of proxy must be received or lodged by no later than 48 (forty eight) hours before the annual general meeting, ie by 14:00 on Tuesday 3 February 2009.

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 initialled by the signatory/ies, but may not be accepted by the chairperson.

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

12. 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.

ADMINISTRATION

Registered office and business address
16th Floor Metropolitan Centre
7 Coen Steytler Avenue
Cape Town 8001
PO Box 7206, Roggebaai 8012
Telephone: National 021 410 1400
International +27 21 410 1400
Facsimile: 021 419 5979
E-mail: info@oceana.co.za
Website: www.oceana.co.za

Secretary
Jeremy David Cole (62)
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 (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

GREYMATTER & FINCH # 4136