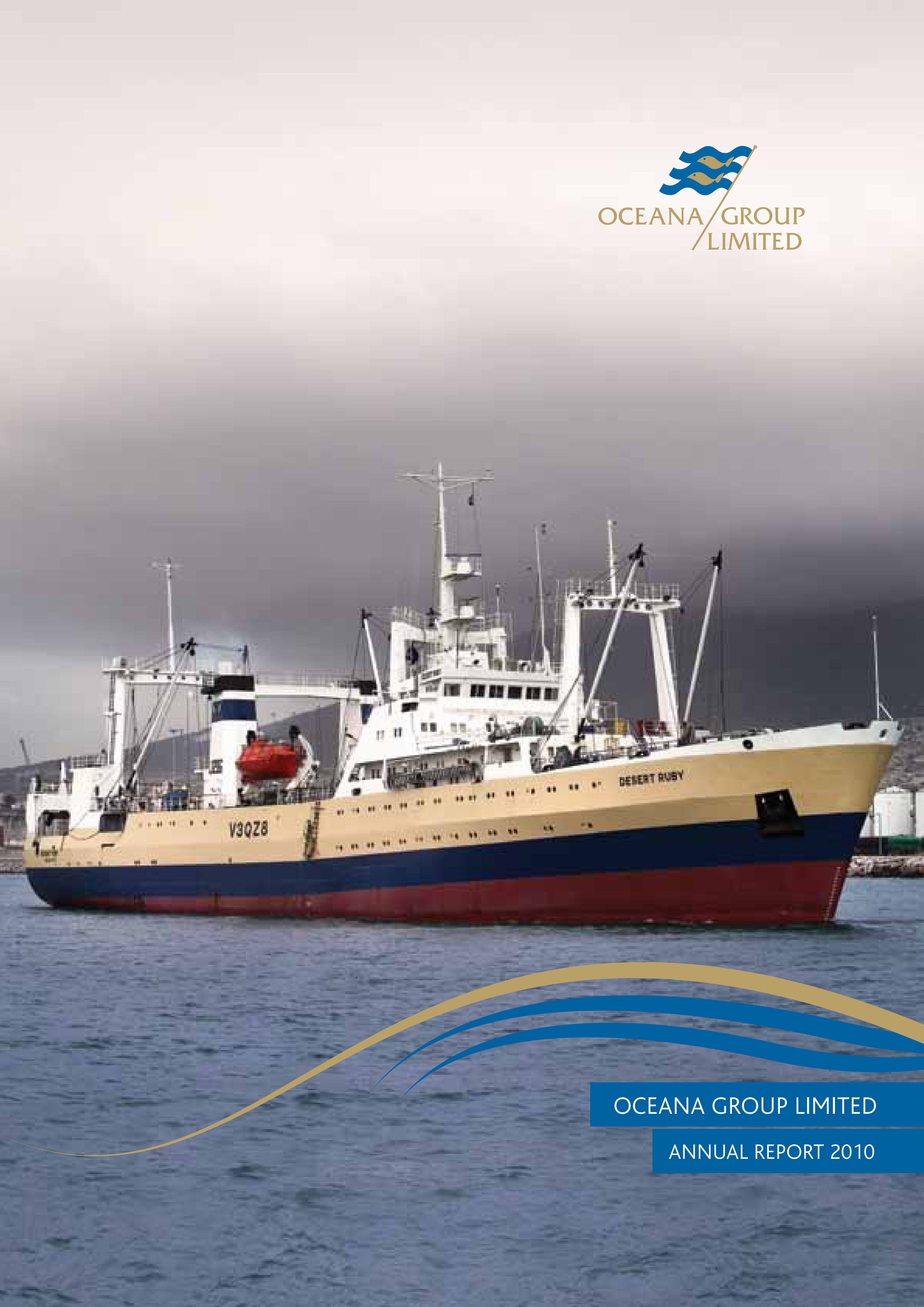

OCEANA GROUP LIMITED

ANNUAL REPORT 2010

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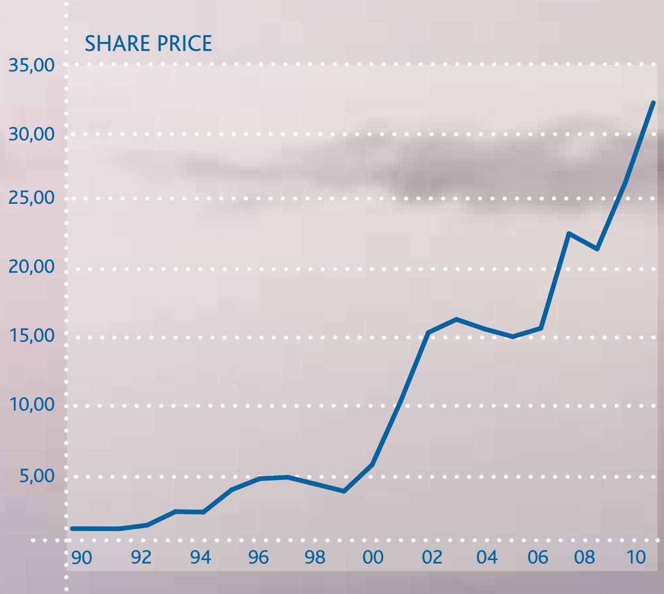


FINANCIAL HIGHLIGHTS	2010 R'000	2009 R'000	% change
Operating results			
Revenue	**3 423 219**	3 301 288	4
Operating profit before abnormal items	**484 474**	410 866	18
Headline earnings	**313 908**	276 764	13
Financial position			
Total assets	**1 843 229**	1 722 286	7
Net assets	**1 212 130**	1 091 702	11
Performance	**Cents per share**	Cents per share	
Headline earnings	**315,2**	279,4	13
Dividends	**208**	184	13
Headline dividend cover (times)	**1,5**	1,5	
Net asset value	**1 215,9**	1 099,7	11

- Achieved Level 3 rating in terms of the B-BBEE Codes
- Inclusion on the Johannesburg Stock Exchange Socially Responsible Investment (SRI) Index for the sixth consecutive year
- Received Gold Carbon Disclosure Leadership Index award
- Second Khula Trust allocation completed as part of continuing transformation process. Black employees now have participatory rights to 13,8 million Oceana shares
- Lucky Star brand voted second in the tinned foods category and joint-eighth in the overall favourite brand category of the Sunday Times Top Brands survey
- Ranked 32nd overall in the **Top Empowerment Companies** survey, published in the Financial Mail, and third in the food and beverages sectors

The Oceana Group is involved in fishing and commercial cold storage

OPERATING SEGMENTS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 R'000	2009 R'000	% change	2010 R'000	2009 R'000	% change
Business segment		**Revenue#**			**Operating profit***	
Inshore fishing	**2 280 069**	2 142 497	6	**211 060**	165 451	28
Midwater and deep-sea fishing	**909 034**	948 267	(4)	**196 993**	177 681	11
Commercial cold storage	**234 116**	210 524	11	**76 421**	67 734	13
Total	**3 423 219**	3 301 288	4	**484 474**	410 866	18
		Total assets			**Total liabilities**	
Inshore fishing	**1 020 241**	926 830	10	**313 428**	351 170	(11)
Midwater and deep-sea fishing	**268 830**	286 029	(6)	**146 132**	128 385	14
Commercial cold storage	**212 003**	174 035	22	**51 194**	44 437	15
Financing	**333 627**	329 514	1	**39 105**	22 769	72
	1 834 701	1 716 408	7	**549 859**	546 761	1
Deferred taxation	**8 528**	5 878	45	**46 900**	49 829	(6)
Total	**1 843 229**	1 722 286	7	**596 759**	596 590	0
		Capital expenditure			**Depreciation**	
Inshore fishing	**21 954**	22 921	(4)	**23 488**	21 772	8
Midwater and deep-sea fishing	**29 847**	36 480	(18)	**29 053**	26 753	9
Commercial cold storage	**40 258**	31 737	27	**24 333**	23 510	4
Total	**92 059**	91 138	1	**76 874**	72 035	7
Geographical segment¥		**Revenue#**			**Operating profit***	
South Africa and Namibia	**2 246 349**	2 200 519	2	**321 344**	264 827†	21
Other Africa	**513 539**	652 129	(21)	**93 787**	110 406†	(15)
Europe	**247 944**	294 519	(16)	**8 974**	8 482	6
Far East	**373 042**	132 419	182	**60 277**	24 558	145
Other	**42 344**	21 702	95	**92**	2 593	(96)
Total	**3 423 219**	3 301 288	4	**484 474**	410 866	18

Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation amounting to: Inshore fishing Rnil (2009: Rnil), Midwater and deep-sea fishing R56,7 million (2009: R33,3 million), Commercial cold storage R23,8 million (2009: R24,7 million).

* Operating profit is stated before abnormal items.

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

† In the 2009 annual report, the 2009 operating profit was incorrectly stated for South Africa and Namibia as R228 473 and for Other Africa as R146 760.

MISSION STATEMENT

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

- responsibly harvesting a diverse range of marine resources
- efficiently producing relevant products for global markets
- actively developing the potential of all employees
- positively assisting less privileged communities in which the company operates

thereby consistently providing superior returns to all stakeholders.

KEY GROUP OBJECTIVES

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

- achieving organic growth and acquisitions targeted at expanding the level and scope of diversification of operations
- protecting current fishing rights while securing the opportunity to acquire additional rights
- maintaining an independently accredited B-BBEE transformation rating of Level 3 in 2011 and striving towards Level 2 in the medium term
- maintaining the current performance level of management and staff as a minimum and ensuring long-term strategic workforce planning to meet future human capital requirements, and
- increasing focus on sustainability thereby ensuring activities comply with the expectations of customers and investors.

GROUP PROFILE

Oceana Group was incorporated in 1918. The group consists of a number of operating subsidiaries in the fishing and commercial cold storage industries. The key divisions within the group are Oceana Brands; Blue Continent Products; Oceana Lobster, Squid and French Fries; and Commercial Cold Storage.

Oceana is the largest fishing company in South Africa, and an important participant in Namibia.

Our shares are listed on the securities exchanges operated by JSE Limited (the JSE) and the Namibian Stock Exchange (NSX). Our principal shareholders are Tiger Brands Limited, Brimstone Investment Corporation Limited and the Khula Trust, which is Oceana's black employee share trust.

Over the last 20 years, our market capitalisation has increased thirty-fold and the annual rate of return to shareholders including dividends has been 24,4%.

Oceana's core business is the catching, processing, marketing and distribution of pilchard, fishmeal, lobster, horse mackerel, squid and hake. We are industry leaders in canned pilchard, horse mackerel and lobster. Our products are exported and consumed domestically.

Oceana provides an extensive network of commercial cold storage and fruit-handling facilities in South Africa and Namibia.

We also operate a factory producing French fries and other potato products in Lambert's Bay. This operation is the largest employer on the west coast, north of St Helena Bay.

In South Africa, our processing facilities are located in St Helena Bay, Lambert's Bay, Cape Town, Hout Bay, Port Elizabeth and Humansdorp, and in Walvis Bay in Namibia. Our cold storage operations are based in Cape Town, Durban, Johannesburg and Walvis Bay.

Oceana employs 1 434 permanent staff and 882 (full-time equivalent) seasonal employees, fluctuating during periods of seasonal fishing activities.

OWNERSHIP PROFILE

TIGER BRANDS
37,6%

KHULA TRUST
11,9%

BRIMSTONE INVESTMENT CORPORATION LIMITED
9,7%

OTHER
40,8%

OCEANA GROUP LIMITED

MARKETS AND OPERATIONAL AREAS

INSHORE FISHING

CANNED FISH

Division: Oceana Brands

- Marketing of canned pilchards to South African and other African markets under Lucky Star brand
- Marketing of canned tuna and mackerel under Lucky Star brand
- Lucky Pet is the local market leader for canned cat food
- Marketing of canned fish products under the Glenryck brand in the UK
- Ranked second in the tinned foods category by the Sunday Times Top Brands survey
- Largest EU-accredited canner of pilchards in South Africa
- Pilchard resources healthy in South Africa and Namibia
- Own fleet consists of three steel vessels
- Local and offshore procurement and packaging operations
- Healthy and affordable product endorsed by the Heart and Stroke Foundation

FISHMEAL AND FISH OIL

Division: Oceana Brands

- Anchovy, redeye herring and other by-catch processed for fishmeal
- Used for pet food, and other animal and aquaculture feeds
- Local and export markets mainly in the Far East (China)
- Eight vessels, wholly owned, co-owned or joint ventureships and four contracted vessels
- Resources healthy

LOBSTER

Division: Oceana Lobster, Squid and French Fries

- Major supplier of live and frozen west coast rock lobster to Far Eastern and European markets
- Supplier of live and tailed south coast lobster to European and US markets
- Growing demand in Asia, especially China
- Only supplier in South Africa to develop nitrogen-frozen sashimi grade lobster for the Japanese market
- Operates ten west coast vessels and one on the south coast
- Two dedicated live and frozen lobster facilities

SQUID

Division: Oceana Lobster, Squid and French Fries

- Fleet of five freezer vessels; contracts with independent vessel owners
- Packing and cold storage facilities in Port Elizabeth and Humansdorp
- Individual quick freeze packing facilities on board vessels
- Produces squid for export under the Calamari Fishing brand sold into mainly Spain and Italy

FRENCH FRIES

Division: Oceana Lobster, Squid and French Fries

- One of only three French fry factories in South Africa
- Largest single employer on the west coast north of St Helena Bay
- Supplying growing quick service restaurants industry
- Marketed under the Gold Seal brand and various house brands
- National sales and marketing infrastructure

MIDWATER AND DEEP-SEA FISHING

HORSE MACKEREL

Division: Blue Continent Products

- High-demand product in domestic and foreign markets, including South Africa, Namibia, Cameroon, Angola, Mozambique, Democratic Republic of Congo, Nigeria and Zimbabwe
- Own fleet of four horse mackerel trawlers and charters additional vessels
- Resources healthy in South Africa and Namibia

HAKE

Division: Blue Continent Products

- Trawl and longline hake
- International markets include Spain, Portugal, the Netherlands, Australia and Korea
- Blue Continent and Seamaid brands
- Resources healthy
- Accredited by Marine Stewardship Council

MARINE FOOD PRODUCTS

Division: Blue Atlantic Trading

- Handles a variety of imported and local marine foods distributed to wholesalers and retailers
- Blue Atlantic and Ocean Catch brands
- Diversified customer base

COMMERCIAL COLD STORAGE

COLD STORAGE

Division: Commercial Cold Storage

- Eight stores in South Africa and Namibia
- Offers in excess of 100 000 pallets for cold storage
- Major products stored include fish, poultry, meat vegetables and fruit
- Steri-fruit facility meets the standards of the South African Perishable Products Export Control Board and the protocols of China and the Japanese Produce Quarantine standards

MARKETS

OPERATIONAL AREAS

KEY

- Canned fish
- Horse mackerel
- Lobster
- Fishmeal and Fish oil
- Hake
- Squid
- Cold storage
- French fries
- Marine food products

INTERNATIONAL

HENLEY, UK,
BALLASALLA, ISLE OF MAN,
DAKHLA, MOROCCO

OCEANA RECOGNISES THAT TO BE SUSTAINABLE, IT NEEDS AN ONGOING INTEGRATED APPROACH TO THE WAY THE GROUP DOES BUSINESS. THIS MEANS MEASURING ITS IMPACT IN TERMS OF SOCIAL AND ENVIRONMENTAL VALUES ALONG WITH FINANCIAL RETURNS. SOME ASPECTS OF THIS APPROACH ARE:

ORGANISATIONAL SUSTAINABILITY

- Over 90 years' fishing experience
- Stable, experienced employee base with dynamic management team. The transition for the new CEO, Francois Kuttel, appointed in July 2009 has been a smooth one. There is continued focus on training and developing staff at all levels
- The company has a strong board with extensive industry and commercial experience
- Good communication channels with government and labour
- A culture of governance and compliance
- Broad-based black ownership through the black ownership shareholding scheme. The group operates and measures itself against the Codes of Good Practice on B-BBEE

ECONOMIC SUSTAINABILITY

- Satisfactory level of fishing rights and working to acquire additional rights
- Predominantly focused in the fishing industry but diversified in the various sectors thereof and also in the commercial cold storage business
- Significant supplier of canned, frozen and other marine food products to the local market. Wide range of export markets, including southern and central Africa, the Far East, Western Europe, the UK and the US. Poised for expansion into the canned fish market in the rest of Africa
- Ongoing expansion and upgrading of fishing vessels, production and commercial cold storage facilities

ENVIRONMENTAL SUSTAINABILITY

- Commitment to and support of responsible fishing practices. Oceana catches species that are sustainable – all commercial fishing rights held fall within the green category of the Southern African Sustainable Seafood Initiative consumer list
- Strict compliance with commercial fishing rights regulatory requirements. Engagement with government and other stakeholders on a regular basis
- Member of various worldwide and local organisations involved in protecting marine life such as the Responsible Fishing Alliance. Hake trawl fishery is certified by the Marine Stewardship Council
- Innovations in all production and storage facilities to achieve environmental best practice and minimise carbon footprint. Modern storage facilities comply with European Union import requirements

SOCIAL SUSTAINABILITY

- Significant spend on corporate social investment programmes in education, nutrition, health and the environment
- Major provider of employment, particularly within the South African west coast region
- Sustained involvement to uplift communities where Oceana does business in South Africa and Namibia

DIRECTORATE

Chairperson

Mustaq Ahmed Brey † (56)

CA (SA)

Appointed to the board in 1995

Non-executive director

Chief executive officer of Brimstone Investment Corporation Limited

Mustaq qualified as a chartered accountant in 1978 and started his own practice, M Brey & Associates, which became the largest black auditing practice in the country and later merged with Ernst & Young. He serves on a number of listed and unlisted companies' boards and on several audit committees. Mustaq is active in the community from which he comes and has set up various community development structures.

Vice-chairperson

Robert Albert Williams * † (70)

BA LLB (Cape Town)

Appointed to the board in 1988

Independent non-executive director

Director of companies

Robbie became managing director of Barlows Manufacturing Company 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 a director of Pescanova SA.

Chief executive officer

Francois Paul Kuttel ° ◊ • (42)

BAA (USD – San Diego)

Appointed to the board in 2009

On graduation, Francois joined his family's US-based fishing operations. He returned to South Africa in 1995 as managing director of Namibian Sea Products. He was appointed chief executive officer of Irvin & Johnson in 2006 and appointed to the Oceana board as chief executive officer in 2009.

Financial director

Rodney Gerald Nicol ° ◊ (55)

CA (SA)

Appointed to the board in 1991

Rod joined Oceana in 1985. He has held various financial positions in the group before being appointed group financial director in 1991. Rod spent four years in the outdoor advertising industry before joining Oceana.

Group strategic services director

Alethea Berenice Anne Conrad ° ◊ • (46)

BA LLB (Rhodes)

Appointed to the board in 2007

Lea was admitted as an attorney in 1989 and in 1993 joined Transnet as a legal adviser. She joined Blue Continent Products in 1998, and served as commercial manager and commercial director, before being appointed commercial manager of Oceana in 2001. In 2004, she was appointed group transformation manager and a member of the Oceana executive. In April 2008, she became managing director of Blue Continent Products' Hake Division and in April 2010 was appointed director of group strategic services.

KEY

* Audit committee

° Executive director

† Remuneration and nominations committee

◊ Risk committee

• Transformation committee

Information status as at 11 November 2010

Non-executive directors

Peter Gerard de Beyer * † (55)
BBusSc (Cape Town), FIA, FASSA
Appointed to the board in 2008
Independent
Director of companies

Peter joined Old Mutual in 1978, was appointed deputy managing director of Old Mutual Life Assurance Company (South Africa) in 2000, and retired in November 2008. He is currently a non-executive director of a number of Old Mutual group subsidiary companies. Peter is a Fellow of the Institute of Actuaries and the Actuarial Society of South Africa.

Michael Fleming ◊ (43)
CA (SA)
Appointed to the board in 2008
Financial director of Tiger Brands Limited

Previous positions held by Michael in Tiger Brands include chief financial officer, financial executive of the Tiger Brands Grocery and Consumer Health businesses and various financial positions within the Tiger Brands group. He is currently a director of Langeberg and Ashton Foods.

Peter Bambatha Matlare † (51)
BSc (Hons), MA (Southern African Studies) (York)
Appointed to the board in 2008
Chief executive officer of Tiger Brands Limited

Peter joined Tiger Brands in April 2008 as chief executive officer. His career spans executive positions with the Urban Foundation, Citibank, the Chamber of Mines, the Primedia group, the SA Broadcasting Corporation and the Vodacom group. He is a past chairman of the National Association of Broadcasters, a director of the Association of Advertisers, and a founding director of the National Electronic Media Institute of SA.

Saamsoodein Pather * † (60)
BBusSc, BCom (Hons), MBA (Cape Town)
Appointed to the board in 1996
Independent
Director of companies

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.

Nomahlubi Victoria Simamane • (51)
BSc (Hons) UBS
Appointed to the board in 2009
Independent
Chief executive officer of Zanusi Brand Solutions (Pty) Limited

Nomahlubi graduated as a biochemist and worked for Unilever for 12 years and for British American Tobacco as marketing director for five years. In 1999 she was appointed managing director of BLGK Bates. Nomahlubi sits on several boards including JSE-listed Cashbuild and Foschini Group. In 2009 she was named the Top Businesswoman of the Year at the National Business Awards.

Takula Jenkins Tapela • (42)
BCompt (Unisa)
Appointed to the board in 2009
Managing executive of Brimstone Investment Corporation Limited

Takula joined Brimstone Investment Corporation in 2005. Prior to this, he was executive assistant to the managing director at Old Mutual SA, having worked in Old Mutual's Corporate Finance team for two years. He has served as an executive director of African Harvest and worked for Delta Corporation (SAB) and the JSE's Inspectorate division.

OCEANA PRODUCED PLEASING RESULTS IN THE YEAR UNDER REVIEW, SURPASSING THOSE OF 2009. THIS WAS ACHIEVED IN A YEAR THAT FEATURED DIFFICULT ECONOMIC CONDITIONS IN CERTAIN OVERSEAS MARKETS AND A STRONG RAND EXCHANGE RATE. HEADLINE EARNINGS PER SHARE AT 315,2 CENTS WERE 13% AHEAD OF THOSE OF THE PREVIOUS YEAR.

A final dividend of 175 cents per share was declared which, with the interim dividend of 33 cents per share, makes a total distribution of 208 cents per share for the year (2009: 184 cents).

The major contributors to increased profitability were higher canned fish sales and improved margins in horse mackerel. Demand for fish in the domestic, other African and Far Eastern markets remained firm while the European market continued to be depressed.

Oceana's strategy of investment in a range of fishing industry sectors together with its cold storage business has again proved its worth in producing impressive financial results during what has been a difficult period for most businesses. The diversified nature of the group's fishing operations and product range shielded it from the effects of the fluctuations of consumer disposable income and the strong local currency. The company remains well placed to continue to face and meet its future challenges.

Mustaq Brey
Chairperson

ENSURING SUSTAINABILITY

The Oceana board approves the group and divisional strategic plans annually, with clear goals and targets set and reviewed on a continuing basis. Execution of strategy takes place within an effective risk management environment, using the resources available to the group.

Sustained growth in earnings in Oceana depends on the complementary and mutually supportive functioning of many factors, including availability of fish, secure long-term fishing rights, efficient catching and processing plants, sought-after products on good markets and the ability to maintain margins. The business requires superior skills, a solid administrative platform and a strong balance sheet. The company has therefore adopted an integrated approach combining organisational, economic, environmental and social sustainability, considering each of these factors in all business planning and implementation.

Oceana increased focus during the current year on its transformation initiatives and this has yielded a positive result in that the company has achieved a very satisfactory Level 3 rating in terms of the broad-based black economic empowerment (B-BBEE) Codes. This reflects Oceana's commitment to continued efforts to both improve and sustain its excellent transformation credentials.

The company was ranked 32nd in the Top Empowerment Companies survey published in the Financial Mail in March 2010. The survey is aimed at providing the public with a snapshot of the empowerment status of JSE-listed companies in order to raise awareness of B-BBEE and stimulate the use of B-BBEE as a competitive advantage. Oceana was ranked third of companies listed in the food and beverages sectors.

Oceana's three principal shareholders have achieved significant levels of black ownership, thereby contributing to the group realising a black ownership holding of 41,4%. Tiger Brands Limited, the Khula Trust and Brimstone Investment Corporation Limited collectively comprise 59,2% of Oceana's share capital and have black ownership levels of 27,7%, 100% and 54,3% respectively.

Oceana is pleased to be included for the sixth time on the JSE Socially Responsible Investment (SRI) Index. Oceana recently received a Gold Carbon Disclosure Leadership Index award, being rated ninth amongst the JSE Top 100 Companies. Globally, companies are challenged to balance competing demands, such as creating shareholder value, with sustainable business practices – the group's inclusion on both indices recognises its continued commitment to integrating triple bottom line practices into its business.

FISH RESOURCES, ACCESS RIGHTS AND TRANSFORMATION

The integrity and soundness of the biomass of fish species and the responsible management of it is essential for the industry. Management of South Africa's marine living resources is controlled by the Marine and Coastal Management (MCM) branch of the Department of Agriculture, Forestry and Fisheries (DAFF), with input from universities and sectoral working groups. Oceana participates in these sectoral working groups and contributes to research and management by assisting with surveys of a number of species, to contribute to knowledge and understanding of the driving forces behind resource dynamics and availability.

Oceana is fully committed to responsible resource management on a sustainable basis, demonstrated by the terms of its Environmental Policy, ethos of strict compliance with laws and permit conditions, and participation in voluntary initiatives to promote this objective.

The company therefore believes that the total allowable catch (TAC) must be set at objectively justifiable levels that support an industry that generally catches in a lawful and responsible manner, produces an important source of protein for the country and employs a large number of people. These are significant, quantifiable contributions to environmental responsibility and social well-being and development in the broad sense.

The damage to the west coast lobster resource from increasing poaching is of great concern. Inadequate policing and law enforcement will result in the depletion of the inshore lobster population, as has occurred with abalone. Oceana has consistently supported industry and conservation lobbyists in initiatives to protect the resource.

Additional resources and skills are required for proper compliance and enforcement in the fishing industry. The lack of compliance and enforcement currently poses a threat to the industry.

Oceana recognises that there are numerous fishermen who have a long history of involvement in the fishing industry in the coastal communities and that these fishers should have access to fishing rights, subject to various criteria. We therefore welcome DAFF's recently published Draft Policy on Small Scale Fisheries, as a necessary amendment to the overall legislative framework. However, it introduces some concerning aspects to resource management in respect of which Oceana has made representations to the authorities, and we hope and trust that these will be reconsidered in the finalisation of the policy.

The group's fishing quotas are relatively low when viewed in light of its investment in the industry, and therefore one of the group's strategic objectives is to increase its share in the South African TAC. We believe Oceana is well placed and qualified to acquire rights from persons who wish to dispose of them, although it has been frustrated in making progress in this respect due to the provisions of the Long Term Rights Transfer Policy. A court application for review of this policy has been filed and resolution is expected during 2011. The Long Term Rights Transfer Policy determines qualification for the transfer of rights solely on black ownership and management. We believe this approach is too narrow and should rather be based on the Department of Trade and Industry's B-BBEE Codes.

MCM has not yet released its report regarding the Long Term Rights Performance Review process, which was conducted early in 2010. The company remains committed to working within the framework of fisheries legislation, which we believe has brought a measure of stability to the industry and has been beneficial during challenging economic conditions. Furthermore, we believe that there has been continued, significant transformation in the fishing industry in terms of the B-BBEE Codes.

As a value-driven organisation, Oceana embraces the responsibility that business has to society. The group's focus is on the upliftment of the communities in which it operates through support for education, health and environmental initiatives.

GOVERNANCE

Oceana is fully committed to conducting all its business and activities in an ethical manner, as is evidenced in its board-approved Code of Business Conduct and Ethics, published on the group's website. The purpose and terms of the Code are emphasised on a continuing basis at induction sessions for new employees and at training and awareness workshops during the course of each year. An anonymous whistle-blowing service is in place. The Code is included in each employee's terms of employment, with compliance strictly enforced.

To assist in group-wide awareness of and compliance with laws and regulations, 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.

Oceana welcomed the governance standards recommended in the King III Code of Governance and conducted an internal gap analysis to assess its compliance with the Code. The principles and structures have been put in place for the group to address the recommendations contained in the Code.

The Oceana board comprises a balance of power, with a majority of non-executive directors. Non-executive board members have diversified experience and exposure in various industries and disciplines, thereby facilitating the various business judgements exercised by the board.

APPRECIATION

I appreciate the support of my fellow directors during the year, the professionalism of the executive committee under the leadership of the new chief executive officer, Francois Kuttel, and the commitment of management and staff to the continued development of the group.

I wish to pay tribute to Robbie Williams who has announced that he is to retire from the board at the annual general meeting in February 2011, after having served as a director for 22 years. I appreciate the sound and constant guidance he has provided. The remuneration and nominations committee is in the process of selecting a suitably qualified and skilled candidate to assume the role of an independent non-executive director in terms of the company's succession plan.

I also wish to thank Michael Fleming, who resigns on 31 December 2010, for his contribution to the board and the risk committee.

OUTLOOK FOR 2011

Improvements in the global economic environment should benefit the company, which relies substantially on export markets, while the rand exchange rate will continue to have a major bearing on financial performance.

On the local market conditions are likely to be difficult given the competitive situation with supplies of canned fish having increased over the past year. However the company is fortunate to hold a powerful brand in Lucky Star with which to take on this challenge.

We have no reason to expect fishing conditions to vary substantially but accept that this will always be a difficult facet of the business in our planning. The cold storage division with its recent capacity expansion is well placed to benefit from increased volumes once an improvement in the domestic economy and international trade in perishables takes place.

Mustaq Brey
Chairperson

11 November 2010

EXECUTIVE COMMITTEE

OCEANA'S BUSINESSES ARE WELL EQUIPPED IN TERMS OF RESOURCES AND EXPERIENCE, FACILITATING A SOUND PERFORMANCE IN THE YEAR UNDER REVIEW.

From left:
Suleiman Salie, Simon Cummings, Barrie King, Jane Wilkinson, Lea Conrad, Francois Kuttel, Gavin Rhodes-Harrison, Neville Brink, Rod Nicol

Francois Paul Kuttel ° ◊ • (42)
BAA (USD – San Diego)
Chief executive officer
Oceana Group Limited
Number of years' service – 1

On graduation, Francois joined his family's US-based fishing operations. He returned to South Africa in 1995 as managing director of Namibian Sea Products. He was appointed chief executive officer of Irvin & Johnson in 2006 and appointed to the Oceana board as chief executive officer in 2009.

Neville Donovan Brink ◊ (50)
Managing director
Oceana Lobster, Squid and French Fries
Number of years' service – 23

Neville obtained his marketing qualifications with the Institute of Marketing Management in Johannesburg. He worked in various marketing and sales positions at Adcock Ingram, before moving to Federal Marine, and then Oceana as marketing director of the Oceana Fishing Division. Neville has been managing director of Oceana Lobster, Squid and French Fries since 2005 and will be managing director of Blue Continent Products effective from 1 February 2011.

Alethea Berenice Anne Conrad ° ◊ • (46)
BA LLB (Rhodes)
Group strategic services director
Oceana Group Limited
Number of years' service – 11

Lea was admitted as an attorney in 1989 and in 1993 joined Transnet as a legal adviser. She joined Blue Continent Products in 1998, and served as commercial manager and commercial director, before being appointed commercial manager of Oceana in 2001, and in 2007, a member of the board. In 2004, she was appointed group transformation manager and a member of the Oceana executive. In April 2008, she became managing director of Blue Continent Products' Hake Division and in April 2010 was appointed director of group strategic services.

Simon Peter Cummings ◊ (42)
BCom (UNAM)
Managing director
Commercial Cold Storage
Number of years' service – 17

Simon was educated in Windhoek, Namibia where he completed articles of clerkship with auditing firm, Deloitte & Touche. He joined Oceana in 1993 as a financial manager, serving in various managerial positions in Oceana's cold storage and fishing operations in Walvis Bay. In 2007 Simon was appointed managing director of Commercial Cold Storage.

Barrie James King ◊ (59)
CA (SA)
Managing director
Blue Continent Products
Number of years' service – 9

Barrie also holds a BCom (Honours) degree in information technology. In 2001, he joined Oceana as financial director of the Erongo Group in Walvis Bay and following restructuring in the Oceana Group, was appointed financial director of Blue Continent Products in 2005. In 2007 Barrie was appointed managing director of Blue Continent Products and group compliance executive effective from 1 February 2011.

Rodney Gerald Nicol ° ◊ (55)
CA (SA)
Financial director
Oceana Group Limited
Number of years' service – 25

Rod joined Oceana in 1985. He has held various financial positions in the group before being appointed group financial director in 1991. Rod spent four years in the outdoor advertising industry before joining Oceana.

Gavin Andrew Rhodes-Harrison ◊ • (57)
BSc Bldg Mgmt (UND)
Managing director
Oceana Brands
Number of years' service – 11

On graduation, Gavin held various senior managerial positions in project management, engineering and construction and general management, while working for companies such as BKS Consulting Engineers, WJM Construction, Chemrite, Prostruct and Stoncor. Gavin joined the Oceana Fishing Division in 1999 and was appointed managing director of Oceana Brands in 2005.

Suleiman Salie (43)
BSc Mech Eng (Cape Town)
Managing director (from 1 December 2010)
Oceana Lobster, Squid and French Fries

Suleiman graduated in 1989 and joined Irvin & Johnson in 1990 as a graduate engineer. After progressing into management positions in the engineering and production disciplines of I&J's processing plants, he was appointed operations director in 2004. In this position, which he held until 2010, he provided strategic leadership to I&J's fishing operations. He has represented I&J as well as served as an executive on a number of fishing industry associations.

Jane Louise Wilkinson • (41)
BA (Hons) Public Adm (Hallam), CF-CIPD (UK)
Human resources manager
Oceana Group Limited
Number of years' service – 13

After graduating from Sheffield Hallam University, UK, in 1994 Jane graduated from the Chartered Institute of Personnel and Development (UK). She spent time working for Safeway Stores plc, UK and Pharmaceutical Benefit Management, SA before joining Oceana in 1997. Jane was appointed group human resources manager in 2002.

KEY
° Executive director
• Transformation committee
◊ Risk committee
Information status as at 11 November 2010

2010 HAS BEEN A SUCCESSFUL YEAR FOR OCEANA, SURPASSING OUR PREVIOUS PERFORMANCE IN MANY RESPECTS. THIS IS ALL THE MORE PLEASING SINCE IT WAS ACHIEVED AGAINST A BACKDROP OF WORLDWIDE RECESSION AND UNFAVOURABLE EXCHANGE RATES FOR OUR EXPORT OPERATIONS.

FINANCIAL PERFORMANCE

I am pleased to report that headline earnings per share were 13% above those of 2009.

Group turnover increased by 4%, with the majority of the growth being in the canned fish and fishmeal businesses. This was somewhat masked by lower turnover at Glenryck in the UK and lower horse mackerel trading volumes out of Mauritania and South Pacific. The turnover of the export businesses was of course negatively affected by the strong rand exchange rate.

The group produced an operating profit of R484,5 million before abnormal items, an increase of 18% on 2009. The overall operating margin improved on the back of improved catch rates, particularly in horse mackerel and lobster, higher volume recoveries against fixed costs and good fishmeal prices.

Francois Kuttel
Chief executive officer

The impairment expense relating to goodwill which arose on acquisition of the Glenryck UK business was treated as an abnormal item and written off at the half-year stage. This is the major component of abnormal item expense in the statement of comprehensive income.

Net investment income declined as a result of lower cash balances and interest rates. Further investment in working capital was required mainly in the area of canned fish accounts receivable although fishmeal production increased substantially towards year-end, requiring investment in inventory. Net cash balances at 30 September 2010 were R145,1 million (2009: R169,0 million).

The group's effective tax rate was higher than that of last year. The effective rate was influenced by the mix of profits taxable at the South African rate of 28%, and the Namibian rate of 34%. STC at 10% has been paid on dividends.

OPERATIONAL OVERVIEW

Summary of performance of divisions

My brief overview of the performance of Oceana's four divisions for the year follows. More detail on the activities of each division is contained in the operational reports.

Oceana Brands' canned fish sales' performance improved significantly during the year. Good pilchard resources in South Africa and Namibia ensured a steady supply of high-quality fish to the canneries. This local production supplemented by offshore sourcing of product assisted the company in meeting the strong demand for canned pilchards in the domestic market. It was pleasing to receive various market surveys confirming the Lucky Star brand once again as a leader in the high protein, canned foods category. Furthermore with the supply chain intact the company can now pursue other African markets in a meaningful and sustainable way.

The fishmeal business benefited from increased landings, particularly redeye herring, and significantly better selling prices in US dollar terms. A substantial component of our production was exported at better prices than could be achieved on the local market. Catching the full anchovy quota remains the biggest challenge to this business and I'm encouraged by efforts to address this through experimental trawling for pelagic fish and the joint venture with Premier Fishing which could potentially result in the reopening of their fishmeal plant in Saldanha Bay.

Improvements made to our horse mackerel trawlers over the years have been justified by better catch rates and vessel efficiencies which resulted in increased profitability per ton of fish. This was particularly the case with the Namibian vessels this year. Although the Namibian horse mackerel TAC was increased only marginally, the portion allocated to midwater trawl was 17% higher which has benefited the business. African markets continue to demand in excess of the volumes coming from the various fisheries around the world of which Namibia has been a significant and well-managed resource. Selling prices were generally higher in US dollar terms but lower on conversion to rand when compared to last year.

The hake resource in South Africa is sound and management efforts over the past years have resulted in increased availability and good catch rates in the industry. Oceana's financial results, however, were marred by a costly breakdown of one of its vessels and the depressed state of the European markets since the downturn.

Oceana Lobster recorded an excellent performance during the year despite the unfavourable rand/dollar rate of exchange. This was achieved mainly due to good catch rates and record export prices. Demand was strong in China, Oceana's largest market, in spite of the global recession. At the same time, volumes from other worldwide lobster fisheries were curtailed due to declines in their catches.

Demand and prices in the major squid markets in the EU remained depressed and the strong rand/euro exchange rate made market conditions very testing. The company did well in controlling fishing and overhead costs very closely.

The French fries business made a loss for the year. This business employs about 250 people in Lambert's Bay who depend on it for their livelihood since fishing opportunities declined in that region. It was affected by the high cost of potatoes due to severe frost damage in the first quarter, and competition from cheaper imported product. Sales volumes were lower than the prior year which had benefited from certain one-off orders, however the business has obtained a good spread of customers in the quick service restaurant, wholesale and retail sectors and is well placed to show a recovery in 2011.

The Commercial Cold Storage division achieved results ahead of last year, on the back of higher frozen occupancy levels and inbound volumes. However, total fruit volumes handled through the Durban facilities declined, which dampened what would otherwise have been an exceptional year. All facilities operated efficiently with focus on containing operating costs and improving customer service. To this end an advanced computerised warehouse management system for all stores was implemented towards the end of the year.

ORGANISATION

Oceana values its relationship with its 1 434 permanent employees and 882 seasonal employees. The group has been in the fortunate position to be able to maintain job security for the majority of its employees. The exceptions to this were the fruit-handling facility at CCS Paarden Eiland, which closed in October 2009 and resulted in the retrenchment of seven staff members who had elected not to take up vacant positions elsewhere in the division, and the restructuring at Glenryck Foods in the UK, where nine staff members were retrenched and the remaining two will leave after working out their notice periods.

The company continues to view skills development as integral to its sustainability. 2010 saw the launch of two new human capital development academies, one in manufacturing and the other in maritime studies. These programmes support the learning, growth and development of trainees. The first emerging managers' development programme was also completed with a 100% pass rate.

The results of the company's first ever culture survey are currently being analysed. These results will be used as a guide in improving areas of weakness and building on strengths to foster a motivated, loyal and productive workforce.

I would like to take this opportunity to welcome Suleiman Salie to the executive committee. Suleiman will take over as managing director of the Lobster, Squid and French Fries division from 1 December and Neville Brink will take over as managing director of Blue Continent Products on 1 February 2011 when Barrie King will transfer to the newly created role of group compliance executive.

SUSTAINABLE DEVELOPMENT

Oceana increased its focus on sustainability efforts this year. A major step forward was the appointment of an external expert to conduct a comprehensive gap analysis.

Based on the outcome of the analysis, the company will develop a Strategic Framework during 2011 to guide it as it embarks on this sustainability journey. Oceana intends to be positioned as a leader within the fishing industry with regard to sustainability. This can only be achieved through sustained, committed and consistent effort.

As a company, Oceana recognises the reality of climate change and also acknowledges its responsibility towards its mitigation as well as considering adaptation practices. Oceana has commissioned a study to assess the impact of climate change on the fishing industry and to identify areas for adaptation initiatives. For the first time the company participated in the carbon disclosure project and it continues to seek innovative ways of managing greenhouse gas emissions, and improving water usage and conservation in all operations.

As a responsible corporate citizen, Oceana continues to support various initiatives aimed at the upliftment of communities in which it operates, primarily in areas of food security and education. Oceana maintains its position as a major provider of employment within the South African west coast region.

Ensuring a sustainable fishery is key to Oceana's business strategy. Working with the MCM department of DAFF and independent scientists is therefore vital to ensure the long-term sustainability of the company. Addressing consumer concerns around fish resources is equally important.

Each year, Oceana commissions independent scientists to prepare papers on the status of various fishing resources and the outlook for the following year. These assessments can be read in the sustainability section of the annual report. They provide a valuable source of information to stakeholders on scientific research into marine resources.

In realisation of the importance of a multi-stakeholder approach to sustainable fisheries, as a founder member of the Responsible Fisheries Alliance, which is constituted of four major commercial fishing industry players and the World Wide Fund for Nature, South Africa, Oceana supports the implementation of responsible fishing practices. The company also participates in the South African National Biodiversity Institute and the South African Foundation for the Conservation of Coastal Birds.

Our hake operation met the strict criteria to be awarded a certificate for compliance in terms of the international Marine Stewardship Council chain of custody requirements. The entire South African hake fishery is now MSC certified. It is also worth noting that our commercial fishing rights fall within the green category of the updated Southern African Sustainable Seafood Initiative consumer list. The list provides consumers with information about which seafood species are legal and represent sustainable choices, with green representing the most sustainable choice.

In addition to the work done through these associations, Oceana is committed to the highest ethical standards in relation to its business practices and the utilisation of the natural resources to which it has been granted access rights.

CONCLUSION AND OUTLOOK

Fishing conditions in the southern African region are expected to remain relatively stable. Oceana's South African, other African and Asian markets are anticipated to show further growth while the company's European markets are yet to recover to levels experienced before the global economic crisis.

Oceana enters 2011 in a solid financial condition, with its businesses well equipped in terms of resources and experience for the challenges and opportunities that lie ahead. Overall performance in 2011 will be affected by significant variables, including the achievement of forecast landings of fish both locally and by foreign suppliers, international commodity prices, foreign currency exchange rate movements and the resilience of customers and major trading partners in countering economic and financial challenges.

The outcome of the group's application for review of the Long Term Rights Transfer Policy is fundamental to the fulfilment of the objective of acquisitive growth in the South African fishing industry. Oceana's transformation strategy has been revised to further increase our efforts in this area to assist in attaining this objective. Our corporate social investment initiatives have also been refined to deliver in a more focused manner to the communities in which we operate.

Francois Kuttel
Chief executive officer

11 November 2010

THIS OPERATING REVIEW DESCRIBES THE MAIN TRENDS AND FACTORS UNDERLYING THE PERFORMANCE OF THE GROUP DURING THE YEAR ENDED 30 SEPTEMBER 2010.

INTRODUCTION TO THE FISHING INDUSTRY IN SOUTHERN AFRICA

Regulation by government

The South African fishing industry is regulated by Marine and Coastal Management (MCM), a branch of the Department of Agriculture, Forestry and Fisheries (DAFF). In Namibia, the Ministry of Fisheries and Marine Resources (MFMR) regulates the affairs of the industry. Both South Africa and Namibia manage their fisheries strictly in terms of a regulated system. No fishing, whether commercial, subsistence or recreational, may occur without a fishing right and permit.

Oceana is largest commercial fishing company

Oceana is overall the largest commercial fishing company in South Africa. It is involved in the commercial fisheries as outlined in the table below:

Oceana's quotas

The following table describes the total allowable catch (TAC) by fish species and Oceana's share thereof.

		Total allowable catch (tons)		Oceana's quota %	
		2010	2009	**2010**	2009
Pilchard	– South Africa	**90 000**	90 000	**14,3**	14,4
	– Namibia	**25 000**	17 000	**10,3**	9,3
Anchovy		**573 183**	569 437	**16,8**	16,8
Horse mackerel	– South Africa	**31 500**	31 500	**18,8**	18,8
	– Namibia	**247 803**	243 000	**25,3**	26,6
Hake	– trawl	**100 124**	99 078	**1,1**	1,1
	– longline	**7 815**	7 727	**1,4**	1,4
Lobster	– west coast	**2 393**	2 340	**21,3**	21,3
	– south coast	**345**	363	**3,2**	3,2
Squid		**2 423**	2 423	**4,3**	4,3

Value of fishing industry

The gross value of the 650 000 tons of fish landed by the South African commercial fishing industry in 2005 was approximately R4,5 billion (U$750 million). South Africa's most valuable fishery is the hake fishery worth more than 40% of the total. The small pelagic fishery (anchovy and sardine) is responsible for the largest quantum of fish landed of all the commercial fisheries, being approximately 400 000 tons of fish.

Allocation of long-term fishing rights

In 2006, the South African Government, through the Department of Environmental Affairs and Tourism, allocated long-term commercial fishing quotas for eight to 15 years depending on the fishery. South Africa's fisheries are managed using a number of input and output controls, including:

- TACs – this is the total regulated catch from a stock in a given time period, usually a year, and includes horse mackerel, pilchard, hake and west coast lobster
- Total applied effort controls – this involves restricting vessel numbers or gear, crew numbers or sea days (or a combination of the three), and applies to squid
- Marine protected areas or closed areas
- Closed seasons
- By-catch precautionary upper catch limit

Fleet and landings

Oceana's fleet and landings for the financial year:

	Number of operating vessels		Financial year landings (tons)	
Sector	**2010**	2009	**2010**	2009
Oceana Brands				
Pelagic fleet	**11**	13		
– Pilchard			**15 978**	24 457
– Industrial (anchovy and redeye herring)			**103 915**	90 752
Oceana Lobster and Squid				
– West coast lobster	**10**	10	**390**	375
– South coast lobster (tail weight)	**1**	1	**43**	53
– Squid	**5**	5	**568**	395
Blue Continent Products				
– Horse mackerel (Namibia)	**3**	3	**73 957**	63 243
– Horse mackerel (South Africa)	**1**	1	**25 635**	24 877
– Hake	**3**	3	**3 595**	3 592

OCEANA BRANDS

The division is engaged in fishing for small pelagic species (pilchard, anchovy and redeye herring) and in the production, importation, marketing and distribution of branded canned fish products, fishmeal and fish oil. Canned pilchard is marketed under the Lucky Star label in southern Africa and the Glenryck label in the United Kingdom (UK). Canned products required in excess of production from our cannery at St Helena Bay and Etosha Fishing Corporation at Walvis Bay are sourced from other local and offshore producers. Apart from canned pilchard, Oceana Brands sells imported canned tuna and jack mackerel under the Lucky Star brand and a range of pet foods under the Lucky Pet label.

CANNED PILCHARD

Good pilchard resources combined with efficient offshore procurement operations facilitated and improved canned fish sales' performance. The division was able to satisfy local demand for canned pilchard for the first time in many years.

Oceana's pilchard fleet consists of three vessels with chilled or refrigerated holds, with additional capacity from smaller vessels resulting in an optimal combination for the harvesting of the resource and the requirements of Oceana's canning operations.

Oceana's pilchard quota and those of joint ventures in which it was a partner, together with ad hoc suppliers, were landed directly to the cannery in St Helena Bay.

A total of approximately 87,8% of our share of the South African pilchard quota (versus industry at 80%) was landed by financial year-end with the resource readily available when weather conditions were conducive to fishing. The size and quality of the fish caught was good, contributing to improved canning yields. The cannery processed a total of 17 060 tons of fresh fish and 4 734 tons of frozen fish from Morocco for the year under review (2009: 21 382 tons).

Etosha's full quota of 25 000 tons in Namibia was landed, with the bulk of the fish being caught close to Walvis Bay.

Etosha also processed frozen pilchard sourced from Morocco. Additional canned pilchard, produced in compliance with National Regulator for Compulsory Specifications' health and safety criteria and Oceana's own product quality specifications, was imported from several well-established international suppliers. This availability of stock enabled Lucky Star to return to a full marketing programme from the middle of the fiscal year which accelerated the growth of the pilchard market and further strengthened Lucky Star's leading market share position.

Demand for Lucky Star-branded canned pilchards continued to be strong in meeting consumer demand locally in addition to other African markets.

In the UK, Glenryck Foods continued to face significant challenges in terms of turnover and market share. Volumes overall were 32% lower than 2009, and 56% lower than 2008. A restructuring process was implemented, in terms of which a number of non-core product lines were terminated. Oceana Brands will continue marketing and distributing certain products using the Glenryck label through an independent distributor.

As a product with excellent health benefits and strong branding, demand for Lucky Star canned fish is very strong. The strength of the brand was illustrated when it was placed second in the tinned foods category of the *Sunday Times Brand Leaders* survey. The brand was also placed in joint-eighth position in the overall favourite brand category, the first time it has made the overall favourite top 10 list, beating many larger local and international brands. This strong equity of the brand positions it well to lead the development of the canned fish category, competing for a larger share of the protein category.

From an economic point of view, to ensure the sustainability of the brand, the challenge is to increase market size by retaining loyalty, bringing back lapsed customers, increasing the frequency of use, raising the status of the product and acquiring new customers. Currently, markets are reached through a combination of television and print advertisements and advertising in 11 vernaculars on radio.

It is positive that sardine numbers have increased appreciably, according to independent scientific sources as summarised below:

The sardine recruit biomass of just under 0,5 million tons was much greater than the long-term average of 0,16 million tons and a great deal higher than that measured over the past few years, and in fact the highest since 2003. In numbers, the recruit estimate of 35,6 billion fish was also similar to that measured in 2003 and appreciably higher than during the past six years. The larger than average recruit weight also suggested that recruit survival was likely to be higher than average for this population. This excellent recruitment is crucially important for rebuilding the sardine stock. Through careful and conservative management, a continuing increase in the spawner biomass is anticipated.[1]

Oceana Brands operates in compliance within a stringent regulatory framework, which includes permit conditions relating to vessels, nets, mass of fish, composition of catch and by-catch. Contract vessels often carry independent observers, and catching practices are constantly refined to mitigate impact on non-targeted marine species.

With the local resource and offshore procurement fully operational, Oceana Brands is likely to be able to continue to fully meet local demand for pilchards for the first time in many years. The strength of the market-leading Lucky Star brand positions us to focus on growing canned fish consumption and increasing its share of the much larger protein category. The improved state of the resources may also enable us to continue to contribute to direct and indirect job creation in the country.

FISHMEAL AND FISH OIL

Demand for fishmeal was strong and prices were firm for most of the year. Margins improved due to the higher prices, good management of costs and favourable exchange rates in the early part of the year.

Oceana's industrial fishing fleet consists of eight vessels, some of which are co-owned and managed with joint venture partners, and four contracted privately managed vessels, operating from St Helena Bay. Landings are directed to the nearest Oceana processing plant at either St Helena Bay or Hout Bay to ensure good quality and high protein levels in the fishmeal produced.

Etosha in Namibia processes mainly horse mackerel plus trimmings from the canning process into fishmeal.

High-quality fishmeal is sold as a speciality ingredient in the manufacture of feed for aquaculture species, piglets, chickens and petfood, both internationally and domestically.

International fishmeal prices increased substantially this year due mainly to early concerns of an international market shortage. International demand was strong which more than off-set the decline in local demand.

Landings of anchovy and redeye herring to the group's fishmeal plants were higher compared to 2009. In the twelve months to 30 September, input into Oceana's fishmeal plants was 132 801 tons (2009: 112 834 tons) from Oceana Brands' own quota plus those of the divisions' joint venture and supply partners and including catches of redeye herring and trimmings from the cannery.

At 31 August Oceana had completed 51,9% of its A season quota, ahead of the industry total of 40,4%.

At 31 October 4,7% of the B season quota (4,2 tons) was landed, which is allocated for catching from 1 September to 31 December.

Fishmeal production from Oceana's South African factories was 30 977 tons (2009: 28 049 tons). Etosha produced 2 229 tons of fishmeal (2009: 2 339 tons).

The strong performance of the rand contributed to off-setting the higher selling prices realised in the international market.

Overall, anchovy resources are extremely healthy and growing, according to an independent scientific report, as summarised:

(Anchovy) appear to be widespread and in high to very high density in most areas, although on the west coast they are mainly confined to inshore areas. The current anchovy biomass of nearly 3,8 million tons is similar to levels recorded in 2008. The amount of anchovy added to the exploitable stock each year due to growth or migration into the fishing area (the recruit biomass) averaged 1,69 million tons, which was appreciably higher than the long-term average of about 0,84 million tons and the highest since 2001. The number of anchovy recruits (anchovy of a certain age) estimated at 383 billion is far above the long-term average recruitment for anchovy of 232 billion. The adult

[1] Acknowledgements: Janet Coetzee (Department of Agriculture, Forestry and Fisheries, South Africa) and Dr Awie Badenhorst (Consultant Biologist)

biomass of anchovy will in all likelihood grow significantly by the end of 2010, ensuring a healthy spawning stock to provide recruits for 2011.[2]

Oceana strives to adhere to its environmental management plan and is constantly implementing initiatives and appropriate technology to reduce the emissions from its processing facilities. These facilities compare favourably to most of the modern fishmeal processing plants across the world.

With the resource in an extremely healthy state, the outlook for the fishmeal business looks positive, provided that fishing conditions, world demand, pricing and the exchange rate remain favourable.

BLUE CONTINENT PRODUCTS

HORSE MACKEREL

Good catches combined with efficiencies at sea and upgraded vessels, resulted in an excellent year for horse mackerel, despite the strong rand.

Oceana operates three horse mackerel vessels in Namibia and one in South Africa, which fish all year round. Horse mackerel is widely consumed in many central and southern African countries, including South Africa, Namibia, Cameroon, Angola, Mozambique, Nigeria and the Democratic Republic of the Congo (DRC).

Demand for horse mackerel continues to be strong. Oceana's markets are differentiated by fish size. The larger fish (25 – 30 cm) are preferred by Cameroon, which was the largest consumer of Oceana's South African horse mackerel catch, accounting for 64% of its sales volume this year.

Sales in South Africa increased to 26 077 tons (2009: 24 311 tons) for the financial year.

South Africans prefer the smaller fish (16 – 20 cm), which are caught off the Namibian coast. Sales in South Africa account for 21% of the Namibian catch, a decrease since 2009 due to competitors undercutting prices. The market increased in Mozambique to 16% (2009: 11%) and in the DRC 40% (2009: 38%). Angola increased its consumption in the latter part of this year as the port in Luanda reopened for transhipment of fish after being closed for 19 months.

In Namibia, where the TAC is 247 803 tons for the calendar year, Oceana continues to catch and process its own and contracted allocation of 96 717 tons. This large increase (2009: 76 124 tons) is due to additional quota contracted in the current year. The full quota is expected to be caught before the end of the quota year (31 December), the higher catches made possible by good catch rates, upgrades to *Desert Ruby* and *Desert Jewel* in 2009 and the additional freezing capacity installed this year.

The currency in the African horse mackerel business is the US dollar. Financial results are therefore affected by rand/dollar exchange rate movements. A significant amount of costs are also incurred in US dollars, therefore the exchange rate impact on sales is somewhat off-set by fuel, labour and imported equipment and spares.

The horse mackerel resource is stronger in Namibia than it has been for many years, due to various measures implemented by MFMR involving reduction in the TAC and limitation of fishing to areas deeper than 200 metres.

The resource in South Africa is also stable, as the following extract from an independent scientific study indicates:

The results of a routine assessment of the South African horse mackerel fishery done in 2007 were very similar to those obtained previously. No negative impacts from recent levels of catch were detected and maintenance of the current levels of catch limitation is considered appropriate. No further updates have been carried out since as there is very little new data available, and it is clear that these would not have changed the results to the extent that would have necessitated a change in management advice.[3]

Oceana's South African vessel, the *Desert Diamond*, has scientific observers on board for every trip. In Namibia, the vessels carry two compliance observers.

HORSE MACKEREL IS WIDELY CONSUMED IN MANY CENTRAL AND SOUTHERN AFRICAN COUNTRIES.

Oceana invested in additional quality controllers and trainee marine engineers to operate its fully-fledged quality control function in South Africa and Namibia.

HAKE

Although a good year in terms of the size and abundance of fish, financial results from hake operations declined due to global recession, an unfavourable exchange rate and a breakdown on the vessel *Compass Challenger*.

Oceana's hake catch is made up of its own quota allocation, as well as that of its joint venture partners. This is caught using two deep-sea trawlers and a longline vessel. In 2010, Oceana's total quota available for trawl, including that of its joint venture partners, was 3 216 tons (2009: 3 182 tons) , while the total for longline was 291 tons (2009: 286 tons). These quotas are allocated for the calendar year and are expected to be landed by year-end. Hake is either headed and gutted, or filleted. All trawl hake is boxed and frozen at sea. The longline product is typically gutted and air freighted to markets in Spain and Portugal.

Oceana's main export markets are Spain and Portugal. Western Europe has been particularly affected by the recession and this has impacted on prices, which were 16% lower in rand terms than last year. This has been additionally impacted by the strong rand against the euro. Sales of the monk by-catch to the Netherlands and Korea have also been affected. Local demand remains fair, but prices have been low.

[2] Acknowledgements: Janet Coetzee (Department of Agriculture, Forestry and Fisheries, South Africa) and Dr Awie Badenhorst (Consultant Biologist)

[3] Based on an independent scientific report for Oceana by Dave Japp: CapFish and Fisheries and Oceanographic Support Services (FOSS) cc: September 2010

The hake TAC has been conservatively managed over the last few years. As a result, the resource has improved considerably since its decline between 2002 and 2008, although caution must still be exercised, as reported below:

There appears to be a notable increase in the availability of both hake species. The most recent baseline assessment suggests that the M. capensis stock is being fished at a level that will maintain sustainability. However, the deepwater stock, M. paradoxus, is in an overfished state and requires a rebuilding strategy, primarily through the maintenance of the TAC at a level below what could be optimally caught in any one year and by closely monitoring the changes in the stock annually and responding accordingly through the operational management procedure.[4]

Blue Continent Products has been awarded a Marine Stewardship Council (MSC) certificate for compliance with the MSC chain of custody requirements for its hake products. The South African hake fishery is MSC certified, which confirms compliance with the MSC's rigorous standards concerning responsible and sustainable fishing.

OCEANA LOBSTER, SQUID AND FRENCH FRIES

LOBSTER

Good catches, lower costs, a new water treatment system and record prices combined to make an excellent year.

Oceana Lobster catches west coast lobster off the Cape west coast and south coast lobster off the east coast, using a fleet of eleven vessels. Lobsters are sold in frozen or live form. The TAC for west coast lobster was 2 393 tons (2009: 2 340 tons). The additional 53 tons were allocated to artisanal fishermen. Oceana's share is 348 tons, the same as last year. For south coast lobster, Oceana has 10,9 tons (2009: 11,4 tons) of the TAC of 345 tons (2009: 363 tons). This year, all rights holders suffered a 5% cut in the TAC of the south coast lobster.

Apart from South Africa, the world is experiencing a decline in lobster biomass, possibly as a result of global warming. In some areas, specifically in Western Australia, lobster resources decreased from a high a few years ago of approximately 14 000 tons to a low this year of approximately 5 000 tons.

Although all Oceana's markets were affected by the global recession at the start of the year, the market in China recovered well. The shortage of lobster combined with renewed demand saw prices of over U$60 per kilogram achieved for the first time.

Demand for lobster declined in the Western European and US markets.

Catch rates of west coast lobster were extremely good which meant less days at sea, resulting in lower catch and processing costs. The general quality of the lobster was very good.

The new live lobster water treatment system, installed last year, ensures that lobsters arrive in an optimal condition in China, Japan and Europe. This has influenced the higher prices realised.

Oceana complies with all industry standards regarding environmental issues.

Of concern this year, are the high levels of over-catching by interim relief fishermen and general poaching. Oceana is addressing the impact that this is having on the sustainability of the resource through the West Coast Rock Lobster Association, which represents the majority of small and large commercial rights holders.

According to an independent scientific research report:

... an estimated 20% to 30% of the west coast TAC is being poached annually. It is possible that the 2011 TAC will be adjusted down to account for this over-catch (either completely or in part). A cut in south coast lobster is also likely due to a rebuilding strategy by MCM. It is crucial that government implements regular and effective controls to monitor all catches and control poaching.[5]

With the recovery of the market for live lobster in China, the outlook for markets and prices looks good. This may be off-set by the strong rand, however, if it remains at current levels. The recovery of markets in Europe and the US will also have a bearing on lobster sales next year.

Oceana's position as a major supplier of good quality, low mortality lobster has been enhanced due to the excellent water reticulation system. However, it seems likely that a lower TAC will be introduced next year, in part because of over-catching by interim relief fishermen and continued high levels of poaching.

SQUID

Although catch rates were slightly up this year, export markets remain depressed.

Oceana conducts its squid operations through subsidiary Calamari Fishing, based in Port Elizabeth. Fishing is regulated on an effort basis, rather than a TAC system. Oceana currently operates five vessels and 104 catching permits. These remained the same as the previous year (as did the rest of the industry).

Oceana sold 90% of its squid to Spain and Italy. These markets were severely depressed this year and demand has declined significantly. Fortunately for South African suppliers there was a shortage of squid

[4] Based on an independent scientific report for Oceana by Dave Japp: CapFish and Fisheries and Oceanographic Support Services (FOSS) cc: September 2010

[5] Based on an independent scientific research report prepared by Mike Bergh of OLRAC (Ocean and Land Resource Assessment Consultants) for Oceana: August 2010

worldwide which resulted in market prices being slightly better than the previous year although most of this gain was off-set by the strong rand.

Oceana's vessels operated at satisfactory levels in terms of catch rates and cost controls.

An innovation, two years in the making, of an onboard individual quick freeze squid packing system is now in operation. This capacity allows individual squid to be frozen at sea. Oceana is the first company in South Africa to introduce this facility, which means that the consumer can defrost squid one by one rather than as a block. This innovation also makes the presentation of squid more pleasing and has had financial benefits for Oceana.

From an environmental and economic point of view, squid resources are stable and it is unlikely that there will be any additional closed seasons, according to an independent scientific report, which is summarised below:

This forecast is based on the revision of the Bayesian assessment model for squid fishing. Previously, there had been concerns around the inconsistencies of data from companies and MCM records, regarding catches and numbers of vessels. The revision gives a more optimistic assessment of the squid biomass and suggests that effort levels could even be increased. [6]

An important development for the social sustainability of the squid fishery is the recent regulation of wages. Oceana has supported the drive for a regulated industry, which levels the playing field and augurs well for future stable labour relations.

Given the good resource levels and stability in labour, Oceana is cautiously optimistic about the business.

FRENCH FRIES

An extremely tough year for French fries due to severe frost damage to the potato crop resulting in very high potato prices, and a strong surge of cheap imports from European competitors.

Oceana's subsidiary, Lamberts Bay Foods Limited, produces French fries and value-added potato products at its factory in Lambert's Bay. Although originally established in 1995 as a social responsibility project to off-set job losses in the region due to the decline in fishing employment opportunities, the business has grown to be a profitable, well-run operation. However, 2010 was an extremely difficult year.

The plant operates according to best practice standards for French fries and is regarded by customers as having the lowest product defect level in the industry. The factory is audited annually by independent technicians appointed by key customers.

The potatoes used in the plant are specifically grown as processing potatoes and only those that pass stringent quality specifications are accepted. We have developed strong long-term relationships with key farmers to ensure that they continue to meet the potato quality standards demanded by customers.

Importantly, the plant continues to provide direct employment for 241 people in the Lambert's Bay community and surrounds. A recent socio-economic study has shown that the plant has an indirect contribution to over 2 000 people. North of St Helena Bay, it is the largest single employer on the west coast. Oceana is also very involved in community upliftment in the area.

Lamberts Bay Foods is one of three French fries producers in South Africa, enjoying a number of blue-chip clients in its customer profile. The growth of convenience fast food outlets has seen the ongoing increase in demand for quality French fries.

The plant performed at a consistently high level, with good efficiencies. However, two factors impacted on the overall economic performance of the business this year. Severe frosts all but destroyed potato crops between October and January, driving input prices up. The second factor was competition brought about by imports of French fries from Western Europe due to a decline in their own markets and the strong rand, which impacted on volumes and margins.

The business is well poised in terms of its capacity and niche marketing. Investments to grow the business include a modern value-added plant, which will produce products such as wedges, hash browns and coated French fries, thereby enhancing the overall product offering.

[6] Based on an independent scientific research report prepared by Mike Bergh of OLRAC (Ocean and Land Resource Assessment Consultants) for Oceana on the squid jigging industry: September 2010

COMMERCIAL COLD STORAGE

A busier year for cold storage with frozen occupancy levels and inbound volumes up on those of last year.

Commercial Cold Storage (CCS) owns and manages public refrigerated warehouse facilities in the main industrial centres and harbours of South Africa and Namibia. It provides commercial cold storage and fruit-handling services to producers, importers, exporters, traders, wholesalers and retailers primarily in the frozen food industries. The eight cold storage facilities provide in excess of 100 000 pallets of storage capacity for poultry, fish, meat, vegetable, dairy and fruit suppliers.

The cold storage business continues to be a competitive and price-sensitive one. Strong local production volumes of poultry coupled with weak consumer demand, resulted in rising inventories for producers who continually examined options for reducing their holding costs.

Cold-room occupancy levels and inbound pallet volumes are the key performance drivers in this business. Overall, CCS experienced stronger inbound frozen volumes this year which, coupled with weak South African consumer demand, resulted in far higher in-store occupancy levels than last year. A general strike in the ports of Durban and Cape Town occurred for three weeks in May. This had a negative effect on inbound volumes both during and after the strike.

Fruit volumes handled were significantly down on last year. This was partly caused by the strike, which saw customers diverting their fruit exports away from Durban to other regional ports such as Maputo. The loss of a major fruit exporting client resulted in reduced volumes of steri-fruit to the Japanese market and severely affected the profitability of the fruit business in Durban.

During October 2009, CCS closed its Cape Town fruit-handling facility at Paarden Eiland, which resulted in the retrenchment of seven staff members who elected not to take up vacant positions elsewhere in the division.

Cost containment proved challenging in areas such as electrical expenses and quayside property rentals. The division managed to control the escalation of its labour costs relatively well, by negotiating increases on par with the inflation experiences in South Africa and Namibia, as well as matching labour resources with operational activity wherever opportunities arose. No industrial action occurred at any of the sites during the year.

The City Deep cold storage facility in Johannesburg is in the process of being expanded to a total of 26 000 pallets. The site will have a state-of-the-art frozen store, incorporating the latest technology for the control of energy consumption and insulation efficiencies that are in line with the group's sustainability focus of operating in an environmentally beneficial manner.

The Duncan Dock cold store in Cape Town has installed a minus 60 degree celsius room for sashimi producers, with around 500 pallets dedicated to this product with its unique storage temperature requirements.

Aside from the expansion of the Johannesburg facility, the most significant advancement was the replacement of the computerised warehouse management system in order to provide clients with greater access, visibility and control over their inventory and enable online access to their inventory information. The new warehouse management system went live at the end of June, with the operational crossover successful and without any significant business interruption experienced.

The division's carbon footprint is dominated by electricity consumption used by the refrigeration plants providing cooling to cold-room chambers. Our environmental focus is primarily on managing and optimising the electricity usage. Efficient energy usage is achieved through ongoing maintenance and asset replacements at older cold-room facilities with more efficient equipment. Construction processes and materials used in all new cold-room expansions incorporate the latest innovations to ensure energy efficient operations. The replacement of computerised energy management technology is scheduled for 2011 to improve the efficiencies for refrigeration plant and electrical equipment in line with international best practices.

All sites now have low energy lighting installed, which has reduced energy consumption from 1 000 w to 250 w per light unit.

CCS continues to monitor opportunities to develop its business in the broader southern African region.

"WE HAVE A RESPONSIBILITY TO OUR STAKEHOLDERS WHO ARE DEMANDING THAT WE POSITION THE COMPANY AS WORLD-CLASS AND IN ORDER TO DO THIS, WE NEED TO BE PROACTIVE AND MAKE LONG-TERM SUSTAINABILITY A PRIMARY STRATEGIC OBJECTIVE IN ALL FACETS OF OUR BUSINESS." FRANCOIS KUTTEL – GROUP CEO

Long-term business sustainability goes beyond philanthropy or "going green". It calls on companies to view sustainability as an integral part of their business activities by adopting a multidimensional approach to sustainability.

Oceana acknowledges this and recognises the need to nurture internal competencies in order to manage today's business and create future opportunities, while complying with the expectations of stakeholders.

The 2010 reporting period saw an increased focus on our sustainability efforts, which culminated in the appointment of an external expert to undertake a comprehensive gap analysis to understand where we are currently, and define our future aspirations.

Based on the outcome of the analysis, we will develop a Strategic Framework during 2011. It is our intention to position our company as a leader within our industry with regard to sustainability. We believe though that this will only be achieved through a collective sustained, committed and consistent effort.

REPORTING AGAINST THE GLOBAL REPORTING INITIATIVE

This report provides an opportunity for us to take stock of our company's efforts towards sustainability for the year under review. Our sustainability reporting process is aligned to the Global Reporting Initiative (GRI), which recognises the triple bottom line pillars (Economic, Environmental and Social).

The sustainability of our business also depends on the integrity and soundness of the biomass of fish species that we harvest. Proper management of the fisheries resources can only be possible though the availability of sound scientific knowledge. In addition to supporting the efforts by the Marine and Coastal Management (MCM) branch of the Department of Agriculture, Forestry and Fisheries (DAFF), we also undertake independent scientific studies, which are aimed at improving the reliability of the scientific data and therefore ensuring accurate reflection of the current status of the marine resources.

We also recognise the importance of engaging various stakeholders to understand particular interests and concerns that may hinder our ability to create value for our shareholders.

Furthermore, we understand that our business cannot prosper in a failing society and therefore have embarked upon deliberate efforts to improve the socio-economic conditions within the coastal communities in which we operate.

HIGHLIGHTS

- Achieved Level 3 B-BBEE rating which equates to a recognition level of 110%
- Participation in Carbon Disclosure Project for the first time. 101st company in South Africa to be listed
- Included in the Carbon Disclosure Leadership Index and received Gold Award achieving ninth place amongst the JSE Top 100 Companies
- Sixth year on the JSE SRI Index
- Climate change adaptation study undertaken
- Second Khula Trust allocation of participatory rights completed including an extensive training initiative
- Increased level of procurement with B-BBEE enterprises from 59,2% to 70,3%
- 25 joint ventures and 72 vessel co-ownership arrangements
- First group wellness intervention completed
- First group-wide culture survey completed
- Two additional training academies launched: manufacturing and maritime
- First emerging managers' development programme completed

KEY CHALLENGES

- Ensuring continued tenure and security of our commercial fishing rights
- Regulatory authority constrained through limited capacity to ensure compliance and deliver on stakeholder expectations
- Ensuring consistent application of government policy in line with other commercial and industrial sectors regarding transformation
- Ensuring continued government funding towards scientific research
- Ensuring continued availability of talented human capital

STAKEHOLDER MANAGEMENT

Oceana recognises that it has a responsibility to engage with its stakeholders meaningfully and to ensure that its activities and initiatives are communicated sufficiently, in the understanding that developing a positive corporate reputation is essential to good corporate governance. Oceana has identified the individuals and organisations affected by its activities as being mainly those included in the table below, which outlines their relationship with or to the group, their perceived expectations and how the interaction is managed.

Table of key stakeholders

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Shareholders, current (analysed on page 106) and prospective	Owners and providers of capital	Ensuring security of investment Optimal earnings and distributions Ethical operations on a sustainable basis, with long-term real growth in performance	Strong board and executive leadership Good corporate governance practices Succinct reporting via SENS, website, hard copy and presentations
Employees – 1 434 permanent – 882 (full-time equivalent) seasonal	Employment and service agreements	Safe, healthy and congenial working conditions Market-related terms of employment and remuneration Job security, satisfaction and recognition Opportunities for skills acquisition, career development and empowerment Staff benefits, superannuation funds, health awareness, life skills	Oceana Group Code of Business Conduct and Ethics, and board-approved Employment Equity Policy and B-BBEE targets Organisational culture surveys Compliance with employment legislation and B-BBEE Codes Skills training and development HIV/AIDS awareness and well-being initiatives Quarterly reporting to board on progress in achieving B-BBEE targets Formal employer/employee consultative forums and grievance procedures in place Disciplinary procedures for, inter alia, contravening terms of Code and group policies Reporting through staff associations and Oceana Tidings
Customers and consumers, including individuals, retailers, wholesalers, importers, exporters, restaurants, makers of food products, balanced-feed manufacturers, pet owners	Human consumers of finished food products (including Lucky Star canned fish), horse mackerel, hake, lobster, squid; buyers of fish-meal and fish oil for balanced animal feeds Owners of pets fed on Lucky Pet products Cold storage and stevedoring customers	Provision of ethical products and services in terms of safety, quality, origin of ingredients, grading, consistency, reliability Competitive prices, continuity in supply, product information	Business operations conducted with integrity Policies and procedures regarding fishing, manufacturing, distribution and sales implemented Compliance with laws, regulatory protocols (MCM, Inspectorate Division of Ministry of Fisheries and Marine Resources (Namibia), NRCS, MSC, ISO, SAMSA) Enterprise-wide risk identification and management system Independent audit and checking of processes and quality; market and customer surveys; group and divisional websites with product information, contact details and helpline numbers Prompt attention to and follow-up of enquiries and complaints Regular direct contact with major customers, locally and abroad
Suppliers of goods and services, including vessels and gear, fish and fish products, plant and machinery, ingredients, cans and packaging, transport, banks, suppliers of financial and advisory services, independent contractors	Purchaser of goods and services	Integrity in business relationship Continuity of positive business relationship Commitment to and progress in furthering B-BBEE procurement	Group-wide Code of Business Conduct and Ethics, with supplementary policies Qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships Achieving B-BBEE procurement targets Regular direct communication with major suppliers Formal procedures in place for handling of queries and complaints Preference for expeditious and practical dispute resolution

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Local communities, particularly in west coast towns, eg Walvis Bay, Lambert's Bay, St Helena Bay, Hout Bay Other operators in same sector of fishing industry in South Africa and Namibia	Significant dependence on presence and performance of Oceana activities Impact on local environment and resources of Oceana activities	Operations will be conducted in a safe and lawful manner Management will be attentive in identifying and responding to issues of legitimate local concern Consultation with local community	Consultation and communication with local community through formal and informal processes Responding to media interest and enquiries, to facilitate wider communication Prompt attention to dispute resolution
Regulators, including MCM, JSE, NSX, NRCS, SAMSA, SARB Accreditation: ISO 9001:2008, EU, HACCP, JPQ, FDA, MSC, Beth Din, Halaal, Heart and Stroke Foundation, Diabetes SA	Obligation or election to comply with laws and rules	Full compliance with laws and rules of regulator or accreditor	Clear designation and appointment of executive and management responsibility for ensuring compliance Continuing training and education of those tasked with ensuring compliance Implementation of internal formal compliance and reporting procedures, to board level where appropriate Immediate response to and resolution of queries or instances of non-compliance Meeting with representatives of regulators, submitting prescribed returns, participation in industry technical working groups
Media	Reporting on group activities and performance	Receipt of quality information of interest to stakeholders and general public Integrity and promptness in responding to queries and controversy	Terms of the Oceana Group Code of Business Conduct and Ethics Compliance with JSE and NSX reporting rules Informative, updated websites including JSE SENS announcements Invitation to media to attend events, press releases Development of positive relationships with media representatives
State, Provinces, local authorities – Company taxation to central and local governments was R175,8 million – Total rates paid to local authorities for 2010 was R3,9 million	Lawmakers Monitors of compliance with their laws and regulations Receivers of taxes, levies, rates	Compliance with laws, submission of returns, payment of taxes Consultation and communication on issues of public interest and concern Generator of employment	Terms of Code of Business Conduct and Ethics Formal policies and operating procedures, with audits, to facilitate compliance Improving skills and ability of employees to secure compliance Prompt response in instances of non-compliance Disciplinary action for non-compliance Reporting at senior management and board level on non-compliance and/or penalties
Trade unions including South Africa: FAWU, TALFU, NCFAWU, SAEWA Namibia: NAFAU, NATAWU NASAWU	Represents groups of employees in negotiating employment terms	Willingness to negotiate	Recognition agreements Wages and conditions negotiated via industry bodies and/or relevant unions at plant level Regular communication through employee forums Discipline and grievance procedures
Environment – Society's desire for clean, safe, sustainable planet	Business activity as it affects or is affected by the natural environment	Environmental awareness and responsibility in interactive process with the natural world and usage of resources	Adoption of formal policy, strategies and management to achieve policy and targets; transparent and informative reporting

ENVIRONMENTAL REPORT

SUSTAINABLE FISHERIES

The availability on a sustainable basis of the marine species harvested by Oceana is fundamental for continuity of the business, good performance and delivery to stakeholders. Management has always maintained a close interest in the body of knowledge and research concerning marine resources and reasons for the changes in the biomass and availability of the species.

Equally important is its management, in particular the methodology adopted in determination of the total allowable catches (TACs) and the strictly regulated process of allocating quotas. The success of these processes depends on the availability of reliable factual data and honesty of purpose in deliberation and decision-making.

Consultation with MCM, the Ministries of Fisheries and Marine Resources (Namibia), universities and industrial technical working groups enable Oceana to contribute to and benefit from a wide source of knowledge and experience, supplemented by reference to published material concerning marine life and factors affecting it.

The following independent research provided data and conclusions regarding the status of species that Oceana is involved in harvesting.

Status of the South African small pelagic fishery

Management

Acknowledgements: Janet Coetzee (Department of Agriculture, Forestry and Fisheries, South Africa) and Dr Awie Badenhorst (Consultant Biologist)

The South African pelagic fishery is a limited-access, rights-based fishery based on three species: sardine, anchovy and redeye herring. Rights holders are allowed access to their allocated portions of the TACs declared annually by the State for sardine and anchovy respectively. For redeye herring, there is no annual TAC, but rather a fixed precautionary upper catch limit (PUCL) of 100 000 tons. The TACs for sardine and anchovy are set using a joint operational management procedure (OMP).

The South African pelagic OMP was developed specifically to deal with the risks inherent in fishing for such short-lived species as sardine and anchovy in the highly dynamic and variable marine environment that characterises our temperate waters, where these two species are found in great abundance. OMPs comprise a very complex operating model, based upon the known biology, life-history characteristics and abundance of the two species, as well as a few simple rules on managing risk, essentially governing by how much and to what extent the TACs can vary from year to year. These rules are pre-agreed by all involved in managing the fishery.

However, resource management in such a dynamic environment requires a very dynamic process. Therefore, the State conducts two surveys annually to assess the state of the two species – a survey in November each year to measure the size of the adult stock and a subsequent survey in May/June the following year to measure the success of spawning that takes place over the summer.

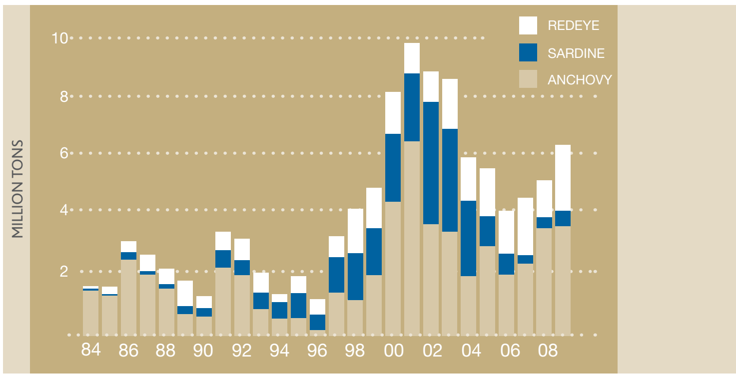
The sardine TAC is declared at the beginning of each year, because the fishery for sardine is based largely on adult fish, whereas the anchovy fishery is based upon recruits – young fish in their first year of life. Only an initial anchovy TAC is therefore set at the beginning of the year, which is then modified mid-year, based upon the results of the May/June recruitment survey.

OMPs usually run for four years, during which they essentially are on autopilot. The only input data that can influence the size of the TACs that they produce during this period are the biomasses and numbers of sardine and anchovy as measured during the two surveys. This effectively prevents stakeholders or other lobbying groups from influencing the State regarding the magnitude of the annual TACs in the pelagic fishery. These preventive measures, allied with a very conservative exploitation policy for both species, have ensured that South Africa's pelagic fish resource has been managed very sustainably since the introduction of OMPs in the early 1990s.

Time series of the biomass of small pelagic fish as measured in November

For the first time in many years, adult sardine were found in appreciable quantities high up on the west coast. Overall, the sardines were found farther to the west than in earlier years, although the distribution remained patchy. The estimate of sardine biomass increased from the previous year to about 0,5 million tons in 2009.

SPAWNER BIOMASS NOVEMBER SURVEY



Anchovy were widespread throughout most of the survey area, but on the west coast they were mainly confined to the inshore areas. Between Cape Point and Cape Agulhas anchovy occurred over the entire shelf and beyond in high to very high densities. On the central Agulhas Bank the anchovy extended beyond the shelf edge. The anchovy biomass of nearly 3,8 million tons was similar to levels recorded in 2008.

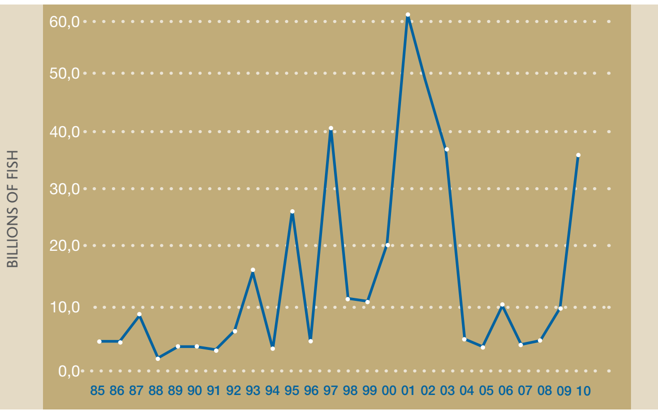
The estimated redeye herring biomass increased substantially from about 1,3 million tons in 2008 to almost 2 million tons in 2009.

The total combined spawner biomass of anchovy, sardine and redeye herring in the survey area has increased to over 6 million tons in 2009 and a positive trend is also evident from 2006.

Sardine and anchovy recruitment as measured in May 2010

The sardine recruit biomass of just under 0,5 million tons was much greater than the long-term average of 0,16 million tons and a great deal higher than that measured over the past few years and in fact the highest since 2003. In numbers, the recruit estimate of 35,6 billion fish was also similar to that measured in 2003 and appreciably higher than during the past six years. The larger than average recruit weight also suggested that recruit survival was likely to be higher than average for this population.

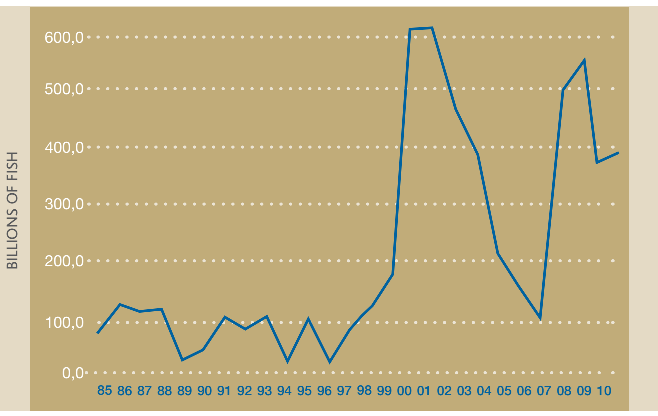
SARDINE RECRUITMENT



This excellent recruitment is crucially important for rebuilding the sardine stock, following on a period of sustained low recruitment since 2004. Through careful and conservative management, a continuing increase in the spawner biomass is anticipated.

The anchovy recruit biomass of 1,69 million tons was appreciably higher that the long-term average of about 0,84 million tons and the highest since 2001. The number of anchovy recruits estimated at 383 billion is far above the long-term average recruitment for anchovy of 232 billion and slightly up on 2008. The adult biomass of anchovy will in all likelihood grow significantly by the end of 2010, ensuring a healthy spawning stock to provide recruits for 2011.

ANCHOVY RECRUITMENT



Status of the South African and Namibian fisheries for horse mackerel

Prepared by Dave Japp: CapFish and Fisheries and Oceanographic Support Services (FOSS) cc: September 2010

In our review of horse mackerel (*Trachurus capensis*) this year we draw a comparison between the Namibian and South African fisheries.

In Namibia in the 1990s (post-independence) the allowable catch was as high as 465 000 tons with more than 25 vessels fishing. In recent years the Namibian fishery has reduced the number of vessels operating and now has only eight vessels with an allowable catch available to rights holders and concessionary holders of 222 000 tons. Namibia also permits a "juvenile" horse mackerel catch component (taken by the small purse seine fleet) of 25 000 tons per annum. Horse mackerel are also taken as a by-catch in the bottom-trawl (mostly hake) sector, but this is not a major component as the fishery is predominantly midwater directed (Figure 1).

The Namibian fishery is concentrated north of Walvis Bay towards the Angolan border.

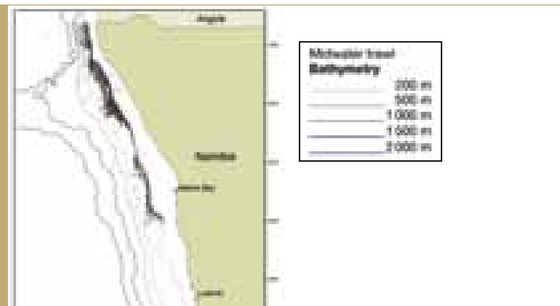


FIGURE 1. MIDWATER TRAWLING IN NAMIBIA IS CONCENTRATED NORTHWARDS FROM WALVIS BAY

In South Africa the fishery is quite different. There is no targeted fishery in the Benguela system (west coast) although historically the catch in this area in South African waters was high, and probably comparable to that taken in Namibia. Recruitment of horse mackerel in South African waters is similar to hake – that is, juveniles are mostly found in the bay areas along the west coast and it is here that juvenile horse mackerel by-catch in the sardine and anchovy-directed fisheries is problematic. These juveniles are mostly caught at the beginning of the year from January to March. South Africa has set a 5 000 tons precautionary catch limit for this by-catch.

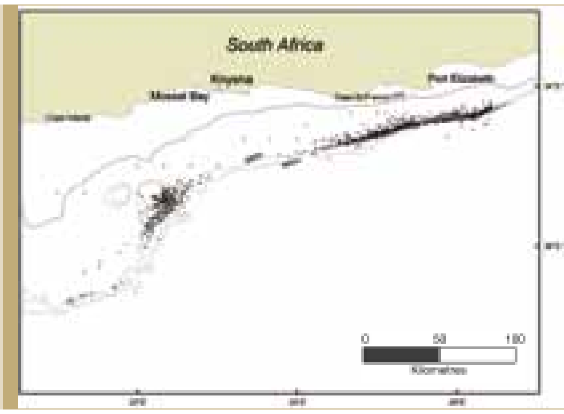


FIGURE 2. FISHING AREAS OF THE DESERT DIAMOND BETWEEN 2009 AND 2010

In South Africa, the midwater trawl fishery is only permitted east of Cape Agulhas (Figure 2) and is only fished by one dedicated horse mackerel vessel, the Oceana-owned *Desert Diamond*. This vessel has had 100% scientific observer coverage since she was first commissioned in South African waters. Similarly, in Namibia the vessels operating there carry two observers. These are compliance observers and unlike in South Africa, they are not dedicated to collecting scientific data (although on the *Desert Diamond* observers monitor by-catch for compliance reasons as well).

Adult Cape horse mackerel are taken as a by-catch by the demersal trawl fleet in South Africa. Due to the uncertainty in the horse mackerel resource assessments, precautionary management catch limits (PMCL) have been set for the demersal trawl fishery. A portion of the PMCL (which is set at 44 000 tons) is allocated for directed midwater trawl and the remainder (28%) is held as a by-catch reserve for the demersal trawl sector.

In Namibia the fishery operates year round – there appear to be only small differences from month to month (Figure 3). Fishing does seem to peak in May and has a low in September.

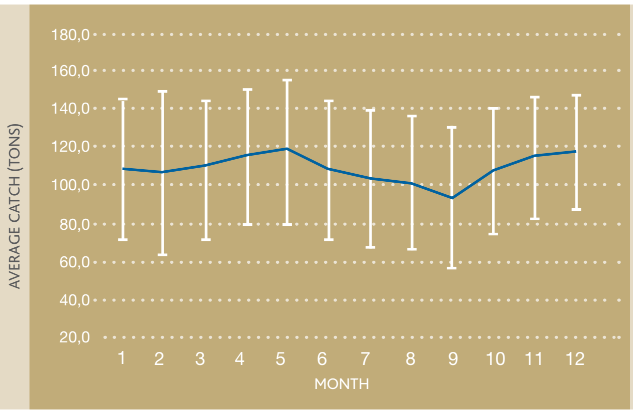


FIGURE 3. AVERAGE CATCH PER MONTH FOR NAMIBIAN HORSE MACKEREL FOR 2008 – 2010. NOTE 2010 DATA INCOMPLETE

Similarly, in South Africa, catch records from the observer reports suggest that highest catches of adult horse mackerel occur in autumn and are lowest in mid-winter, increasing again through spring to summer (Figure 4).

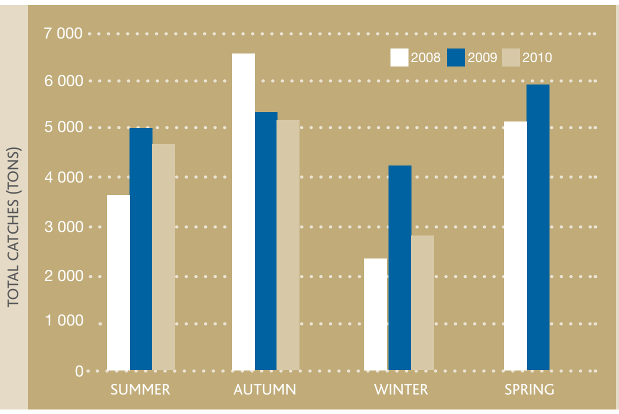


FIGURE 4. TOTAL CATCHES PER SEASON FOR THE MIDWATER TRAWLED HORSE MACKEREL IN SOUTH AFRICA FROM OBSERVER DATA 2008 – 2010. NOTE 2010 DATA INCOMPLETE

The size of the horse mackerel caught is also greatest at these times when the catches are highest (Figure 5).

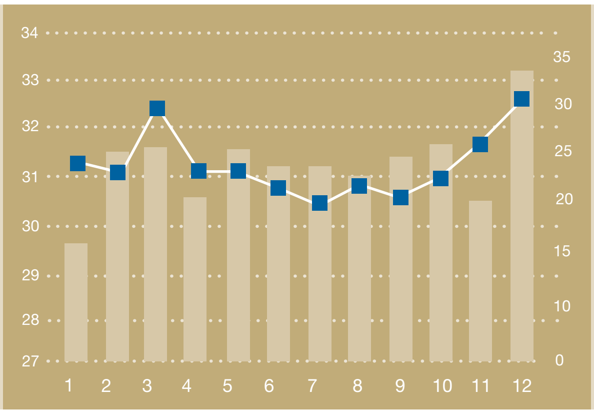


FIGURE 5. AVERAGE LENGTH PER MONTH FOR SOUTH AFRICAN MAASBANKER (2002 – 2010 NOTE DATA INCOMPLETE) AND TOTAL CATCHES 1 000 TONS FOR EACH MONTH (DASHED) FROM OBSERVER DATA

In 2007, a routine update of the existing assessment model was carried out, taking account of updated catch data and further demersal trawl survey swept-area estimates of abundance. The results and projections under current catch levels were very similar to those obtained previously, on which past recommendations have been based. Thus, no negative impacts from recent levels of catch were detected, and maintenance of the current levels of catch limitation is considered appropriate. An update of the model was not carried out during 2009 as there was very little new data available, and it was clear that this would not have changed the results to the extent that would have necessitated a change in management advice.

The fisheries for horse mackerel resources in the Benguela regions present some interesting biological questions, some of which are being addressed by the scientists in the region. Some of these are:

1. How does this species recruit? For example, South African researchers believe that horse mackerel adults are found predominantly on the eastern Agulhas Bank and that spawning occurs there seasonally, accounting for the predominance of larger fish at times. This spawning results in juveniles recruiting to the bay areas on the South African south coast and the west coast as well. What role does the successful recruitment of horse mackerel to the west coast play in the maintenance of the South African fishery and how much do the sardine and anchovy fisheries impact the stock?
2. Does the recruitment to the Namibian fishery depend at all on the success of spawning and recruitment in South Africa and why are the fish caught in Namibia generally smaller than in South African waters?
3. Because the Namibian stock is more heavily exploited than that in South Africa, it is most likely more dependent on annual recruitment and is what is often called a "recruit" fishery.
4. What role did the collapse of the sardine fishery have in the development of the Namibian horse mackerel fishery? Some fisheries scientists believe the strength of the Namibian horse mackerel fishery is associated with the demise of the sardine there – that is, one species that feeds in a similar niche, effectively replaced the other!

5. Scientists in the regions are also asking the question what the roles of the marine frontal systems play in horse mackerel recruitment and stock availability. In southern Namibia and in southern Angola, seasonal and inter-annual shifts in upwelling and fronts appear to have a strong influence on not only abundance of horse mackerel, but also in the case of Angola and Namibia, a different species (the Angolan horse mackerel, *Trachurus trecea*, is commonly also found in northern Namibia and is often mixed with *T. capensis*). Do these "fronts" also present effective barriers to recruitment in the region, separating stocks between countries?

These are important questions from a transboundary perspective and we are sure will not be resolved easily for as much biological as political reasons.

Status of the South African hake fishery

Prepared by Dave Japp: CapFish and Fisheries and Oceanographic Support Services (FOSS) cc: September 2010

For the 2010 fishing season the TAC for both hake species was set at a conservative 119 831 tons – this is a small increase on the 2009 allowable catch (118 500 tons). The allowable catch remains split between the offshore fleet (104 032 tons), the longline fleet (7 734 tons) and the inshore trawl sector (7 294 tons), with a small amount set aside for by-catch in the midwater-directed fishery for horse mackerel.

Hake-directed fishing in the 2009 to early 2010 period has improved considerably with all hake fishing sectors reporting much improved catch rates compared to the poor period from about 1999 to 2006 which saw a systematic decline in hake availability (See Figure 6). This is reflected in the catch rates for both the shallow water species (*M. capensis*) and the deepwater hake (*M. paradoxus*).

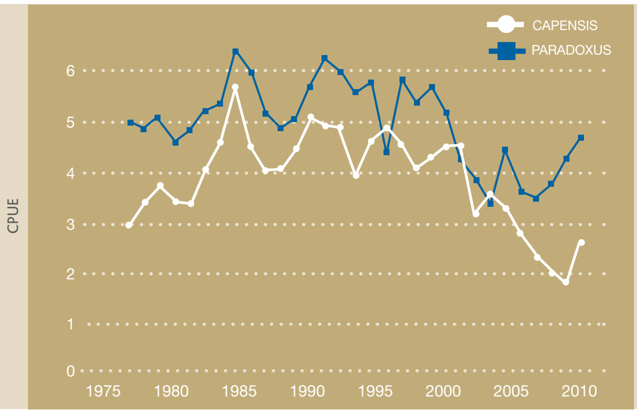


FIGURE 6. STANDARDISED CATCH PER UNIT EFFORT (CPUE) FOR THE CAPE HAKES. (REF. DRAFT REPORT: MCM 2009 STATUS OF STOCKS REVIEW)

Hake Research

Research on hake is conducted primarily under the authority of DAFF. The focus of DAFF is on the annual biomass surveys (Figure 7) and the management of the stock. "As indicated by the commercial catch per unit effort (CPUE) trend (which is based on commercial catch data), the independent biomass surveys also suggest a notable increase in the availability of both hake species."

DAFF relies largely on the mathematical stock assessments of the UCT-based group MARAM. Industry consultants also conduct independent research on hake contributing to the science and helping to maintain the high standards needed to maintain the sustainability of the resource.

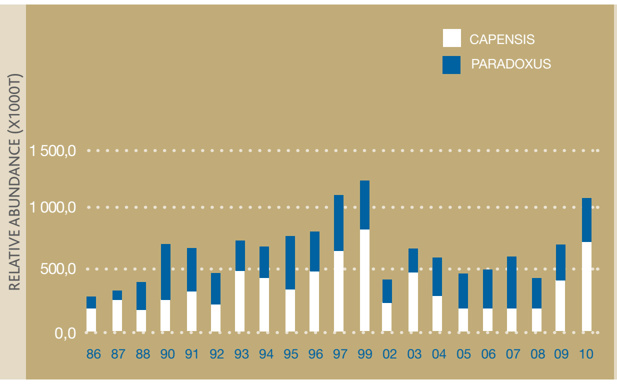


FIGURE 7. UPDATED TIME SERIES OF HAKE BIOMASS ESTIMATES CONDUCTED BY DAFF USING THEIR RESEARCH VESSELS. REF. FAIRWEATHER AND SITHOLE : ABUNDANCE ESTIMATES FOR HAKE – JANUARY AND APRIL 2010 UPDATE (MCM/2010/MAY/SWG-DEM/25)

A critical shift from the way the Cape hakes have been managed in the past was a shift from a single species (all hake) to a two-species hake model. The principle behind this new approach was that the stocks of the shallow and deepwater hakes have fundamentally different dynamics. For example, growth rates differ, the ratio between males and females also vary with depth and area and the different fisheries (offshore trawl, inshore trawl and longline) target each species in different areas and depths.

There is also the question of the transboundary nature of the two species and the extent to which both species may or may not overlap with Namibia. Research is under way to help address this specific issue using genetics by taking DNA (micro-satellites) of Cape hakes to determine if there are genetically discrete stocks off southern Africa, and, importantly, the extent to which the deepwater hake resource is shared between South Africa and Namibia.

The splitting of the two species in the historical time series used in the stock assessment is problematic, as assumptions have to be made on what the proportions of the two species in the commercial catches were historical. The data based on the current commercial catches are split between the two species based on their depth distribution, information that was not available in the historic catches. These two assumptions (historical species split and the computer algorithm for separating species based on depth) have a critical effect on the current models used for the Cape hakes and assume that the proportion of deepwater hake has increased over time as the trawl industry has systematically fished into deep waters (Figure 8).

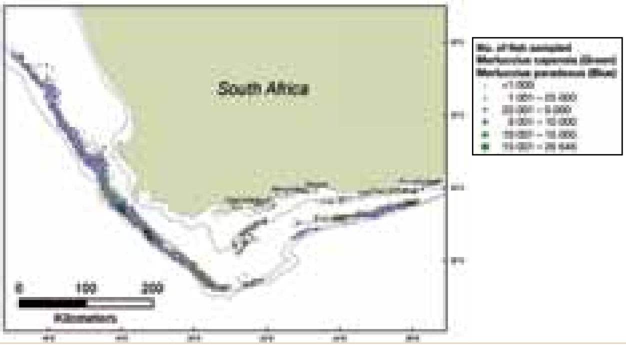


FIGURE 8. THE INDUSTRY-BASED (SADSTIA) INDEPENDENT OBSERVER PROGRAMME MONITORS PROPORTIONS OF EACH HAKE SPECIES CAUGHT IN COMMERCIAL CATCHES – THESE DATA ARE USED TO VERIFY THE INFORMATION BEING APPLIED IN THE STOCK ASSESSMENT MODELS BY DAFF

Operational Management Procedure for Hake

The current OMP for hake is under review. For 2010, however, the old OMP was followed. This included splitting the species and a new sex-disaggregated parameter.

The most recent baseline assessment for both hake species suggests that the *M. capensis* stock is being fished at a level that will maintain sustainability. For the deepwater stock however, the baseline assessment indicates that the resource is in an overfished state and is below maximum sustainable yield (MSY). The present harvesting strategy for both hake species therefore aims not only to ensure that the shallow water hake remains fished at sustainable levels, but also that the present perceived low level of the deepwater stock is addressed through a rebuilding strategy. This is achieved primarily through the maintenance of the TAC at a level below what could be optimally caught in any one year and by closely monitoring the changes in the stock annually and responding accordingly through the OMP.

Status of the west and south coast rock lobster resources

Compiled by Mike Bergh of OLRAC (Ocean and Land Resource Assessment Consultants) for Oceana: August 2010

West coast rock lobster

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 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 – an increase in 2009/2010 compared to 2008/2009 (+15,3%)
- Hoopnet CPUE – a slight increase in 2009/2010 compared to 2008/2009 (+1,1%)
- Somatic growth – overall a decrease in 2009/2010 (despite an increase at Port Nolloth) (-0,64 mm)
- FIMS – overall a decrease (-32,6%)

The decline in lobster growth rates seen in the moult of circa November 2007 was followed by a sharp increase in the November 2008 moult, and then a decline in the November 2009 moult (with the exception of Port Nolloth which saw a sharp increase in November 2009).

Despite the increases in CPUE, the likelihood is a decrease in the TAC. A complicating factor for the resource has been an over-catch by interim relief fishers compared to the amount allocated to this group in the 2009/2010 fishing season. It is possible that the 2010/2011 TAC will be adjusted to account for this over-catch (either completely or in part).

South coast rock lobster

During 2010 the models used by MCM and its consultants were corrected and updated. Correction of the model leads to a more optimistic view on the productivity of the resource and thus on future TAC prospects for the resource. However, whereas according to the previous model the resource is assessed to lie between 34% and 57% of pristine, after implementation of the corrections referred to above, it appears that the resource could lie at a depletion level of as low as 22%.

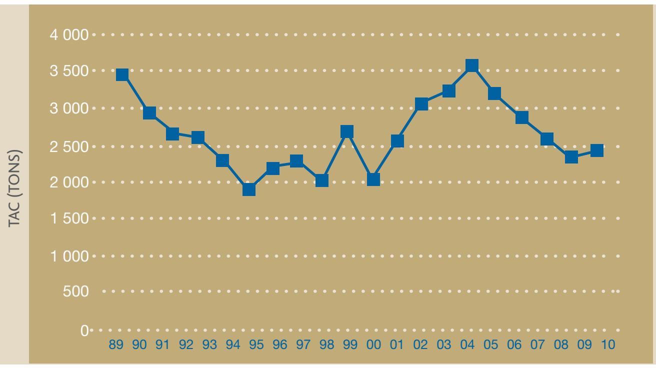
As a result, it was agreed that the OMP formula used for TAC determination would be retuned and applied in this format to the 2010/2011 and 2011/2012 TACs, and that a new OMP would be developed for management of the resource during 2012, for use in the determination of the 2012/2013 TAC (and beyond, most likely for four TAC decisions).

While superficially one might expect that the corrected models would give rise to at least a status quo TAC for 2010/2011 of 345 tons (tail weight), if not a TAC increase, this is not the case. The OMP formula uses trends in CPUE in the resource between 2004 and 2008. 2004 saw a very high CPUE level and thus these trends are still negative. Thus the TAC for 2010/2011 will be 328 tons, a 5% reduction on the TAC in 2009/2010. Note that the present OMP formula does not allow for more than a 5% reduction in the TAC from one year to the next.

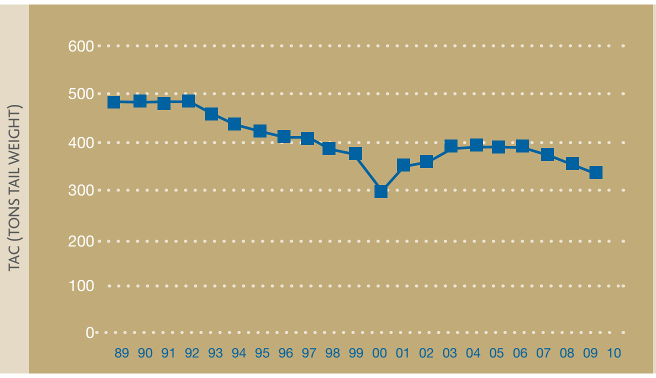
Since the window of CPUE trend will advance by one year for the 2011/2012 TAC, the high 2004 CPUE point falls outside this window, and the CPUE trends will most likely become positive. The most likely outcome for 2011/2012 is thus an increase in the TAC back up to 345 tons (since the maximum increase in the TAC from year to year is also 5%).

In particular, the 2009/2010 CPUE must be at least 80% of the 2008/2009 season's CPUE for the 2011/2012 TAC to at least remain at 328 tons. The lowest that the 2011/2012 TAC can get is 0,95 x 328 = 312 tons. Furthermore the TAC will increase by the maximum amount of 5% to 345 tons for the 2011/2012 season if the CPUE performance in 2009/2010 is at least 85% of the 2008/2009 CPUE. [For these calculations the same trends in the 2009/2010 CPUE vs 2008/2009 CPUE was assumed in all three statistical areas of the resource.]

WEST COAST ROCK LOBSTER TACs



SOUTH COAST ROCK LOBSTER TACs



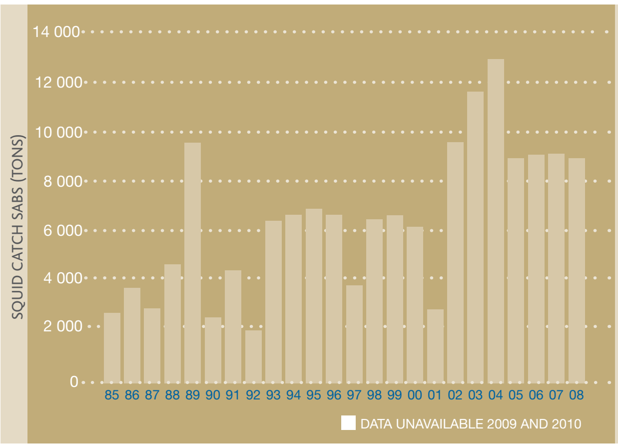
Status of the South African squid jigging industry

Compiled by Mike Bergh of OLRAC (Ocean and Land Resource Assessment Consultants) for Oceana: August 2010

This last year has seen a continuation of the extensive revision of the data underlying the management of the resource that took place during 2009. As mentioned last year, numerous inconsistencies had been picked up between company catch records submitted for the long-term rights allocation process, and the records that MCM produces for scientific calculations. In addition, there are very substantial differences in the number of fishing days per vessel, industry records compared with MCM records. This is despite significant efforts to improve the data recording process via the replacement of the "blue books" by the new "yellow books". The number of fishing days per vessel is a critical input into discussions of closed seasons, which was based on a desire to curtail latent effort in the fishery.

MCM estimates of fishing days per vessel have been in the order of 130 days per vessel, indicating a latent fishing effort of almost 100% of what is actually expended, hence the proposals for closed seasons that has typified MCM action on the management of the resource.

An important development in 2010 was the revision of the Bayesian assessment model for the squid jigging fishery. This revision was carried out using a new agreed dataset. The results of this revision suggest a more optimistic appraisal of the resource and in particular a position in which effort levels are presently suboptimal. Although there are nevertheless some risks posed by the existence of latent effort, it seems unlikely that any additional closed seasons will be promulgated in 2010 for 2011.



Membership of the Responsible Fisheries Alliance

Oceana is a founder member of the Responsible Fisheries Alliance, which was launched in September 2009. It consists of the World Wide Fund for Nature in South Africa, and four major fishing industry players, namely Oceana Group Limited, Irvin & Johnson Limited, Sea Harvest Corporation Limited and Viking Fishing Group.

This is the first alliance of its kind in the history of South African marine conservation. The alliance is a bid to achieve the common goal of ensuring that all stakeholders understand and support the implementation of an ecosystem approach to fisheries management in South Africa's fisheries.

We are proud to report that our commercial fishing rights fall within the green category of the updated Southern African Sustainable Seafood Initiative (SASSI) list. This list, which is a World Wide Fund for Nature South Africa initiative, has recently been updated. It provides information to consumers about which seafood species are legal and gives guidance on making sustainable choices. The species on the list are assessed based on the health of the fisheries and then allocated into a colour category. Green represents the most sustainable choice, orange indicating reasons for concern and red represents unsustainable fish populations or are illegal to buy and sell.

MONITORING AND MANAGEMENT OF IMPACTS OF INDUSTRIAL FISHING

Compliance with rules and regulations

The impact of industrial fishing on each species and marine life is managed 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 of Agriculture, Forestry and Fisheries 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 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.

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

Independent observers

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 cellphone 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, species mix and size, presence of by-catch, etc.

Oceana's own systems of compliance

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.

ENVIRONMENTAL RESPONSIBILITY

Policy and strategy

The group's Environmental Policy, approved by the board and reviewed annually, is available to the public and published on the website. Strategy to give effect to the policy is reviewed and updated regularly, at executive and senior management level. The CEO is responsible at board level for implementation of the policy, while divisional managing directors are responsible at operating level. Policy and strategy are outlined in the table below.

Policy	Strategy
Utilise natural resources in a sustainable, efficient and environmentally responsible manner	▪ Develop knowledge of and training in new technology, recycling, global warming effects, and best practices ▪ Progressive, affordable upgrading of vessels, plant and equipment and operating systems ▪ Implement improvement targets on usage and KPIs; monitoring and reporting on progress/achievement
Achieve compliance with laws, best practices and standards in business operations	▪ Institution of best practices and training for all employees on law and practice in all operations ▪ Develop knowledge of best practices and improvement in other fisheries and relevant processes ▪ Independent monitoring, audits, risk reviews to enhance process of achieving compliance
Contribute to research and knowledge on resource usage and effects, in fishing; broaden environmental knowledge	▪ Participation in data capture, research with MCM, universities, technical working groups, seminars and workshops ▪ Assist conservation groups, eg SANCCOB ▪ Subsidise educational and awareness initiatives ▪ Training of employees ▪ Public reporting of performance and data research; reports in in-house magazine Oceana Tidings
Assist upgrading of and improvement to operating environment	▪ Approve and implement policies and operating procedures to keep ocean and workplaces clean and safe ▪ Focused training for skippers and crew on marine environmental responsibility ▪ Participation in community interventions for cleaning coastal areas, tree planting, water conservation
Comply with procedures to prevent significant pollution or degradation	▪ Frame operating procedures towards this objective, including waste stream management ▪ Establish procedures, train and equip formal reaction units to combat spills, leaks and accidents, with restoration ▪ Progressive migration to improved technology in processing plants

Communication and training

Our Environmental Policy requires executive management to develop skills and awareness concerning environmental issues and responsibility among employees in key areas of activities and operations, including most efficient usage of non-renewable resources. The policy is available to all employees.

Compliance with the Environmental Policy, along with Oceana's other formal policies, is a condition of employment, with the possible consequence of disciplinary proceedings for non-compliance.

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 (for example, to new employees in induction programmes)
- initiatives and competitions amongst employees, resulting in the establishment of environmental awareness and improvement groups at operating level

Factors beyond Oceana's control that impact on the environment

Although Oceana takes care to minimise its impact on the environment, there are factors beyond our direct control that can affect performance. These are described below:

Biomass of fish species	▪ variations due to natural causes, impacting on TACs and quotas
Weather patterns/El Nino/global warming	▪ impact on activities associated with the marine and agricultural industries, such as 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, for example, 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

Potential and actual impacts of Oceana's activities on the environment

Oceana is mindful of its own impact on the environment. The actual and potential impacts, direct and indirect, of our 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 ▪ impacts on culture-rich or natural heritage sites, or on threatened or endemic species of flora and fauna ▪ 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, hydro carbons, cans, packaging) resources ▪ pollution of land, sea and air from waste disposal, leakages, emissions, including greenhouse gas (GHG)
Storing of fish products or 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)

Climate change study

Oceana supports the general consensus that climate change is not a figment of imagination in the minds of scientists, but a real phenomenon that warrants serious consideration. We have therefore taken a leadership role in the industry by commissioning a study on the fishing industry's role in adaptation to climate change. The report of the study highlights the impact of climate change on the fishing industry and also suggests options for adaptation initiatives.

Carbon Disclosure Project

For the first time this year, we participated in the Carbon Disclosure Project. This initiative involves measuring and disclosing our GHG emissions. We continue to seek innovative ways of managing GHG emissions and improving our water usage and conservation efforts in all our operations.

ENVIRONMENTAL MANAGEMENT SYSTEM

Oceana has developed an environmental control system, which provides for the identification, monitoring and control of the group's environmental issues. In designing this system, international best practices were taken into consideration, specifically the ISO 14000 series, as well as the local South African legal requirements.

Oceana manages environmental impacts through its CEO, who has ultimate responsibility to the board, the executive committee and an environmental committee, who engage with divisional management to facilitate implementation and management of policy.

Environmental committee

The environmental committee comprises senior operational management from Oceana's business divisions. The aims of the committee are to:

- promote understanding of environmental issues requiring attention;
- identify disciplines where initiatives would make the most impact; and
- make recommendations on strategies, targets, projects and efforts.

At its five meetings this year, the committee paid attention to climate change, GHG emissions, efficient use of non-renewable resources, water conservation, reduction of electricity usage in cold stores and recycling.

Licences, policies and procedures

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 or audits by professional consultants.

All fleets in the group have formal policies, to which skippers are bound. These regulate 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, 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.

Factories and cold stores have procedures to test higher-risk installations (eg oil and ammonia stores) and to react to failures or damage.

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 FINANCIAL YEAR

		2010		2009	
			CO_2 emission		CO_2 emission
Type and measure		**Usage**	**(tons)**	Usage	(tons)
Ammonia	(kg)	**12 542**		12 884	
Coal	(tons)	**15 184**	**35 501**	12 583	30 930
Petrol – company vehicles	(litres)	**242 287**	**565**	268 938	627
Diesel – marine gas oil	(litres)	**8 876 873**	**23 695**	7 835 733	20 917
Electricity	(kWh)	**61 942 429**	**62 758**	64 703 747	66 645
Freon	(kg)	**24 801**	**44 890**	16 745	30 308
Liquid petroleum gas	(kg)	**31 264**	**93**	43 883	66
International fuel oil	(litres)	**24 341 013**	**71 733**	22 743 775	68 004
Heavy fuel oil	(litres)	**2 752 293**	**8 858**	3 444 350	11 086
Potable water	(kilolitres)	**756 969**	**583**	708 274	545
Lubricants[1]	(litres)	**364 606**	**1 074**		
Other			**575**		769
Total			**250 325**		229 897

[1] Data relating to lubricants not available for 2009

Energy and limitations of emissions

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.

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.

Water

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.

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 cannery, fishmeal plant and lobster facility in St Helena Bay, we have agreements 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 plant uses recycled water (fresh and seawater). 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.

CO_2 emissions per unit of activity

	2010			2009		
Division	**CO_2 emission (tons)**	**Product volume (tons)**	**CO_2 emission per 1 000 tons of product**	CO_2 emission (tons)	Product volume (tons)	CO_2 emission per 1 000 tons of product
Oceana Brands	**63 936**	**46 791**	**1 366**	59 454	38 461	1 546
Blue Continent Products	**126 757**	**108 706**	**1 166**	102 594	88 554	1 159
Oceana Lobster, Squid and French Fries	**19 747**	**15 265**	**1 294**	23 059	19 545	1 180
	CO_2 emission (tons)	**Pallets handled**	**CO_2 emission per 1 000 pallets**	CO_2 emission (tons)	Pallets handled	CO_2 emission per 1 000 pallets
Commercial Cold Storage	**39 885**	**526 228**	**76**	44 790	541 470	83
Total	**250 325**			229 897		

The group monitors the CO_2 emissions in absolute terms as well as per unit of activity (normalised). In the case of Oceana's three fishing divisions normalised CO_2 emissions have been expressed per ton of finished product and for the cold storage division per 1 000 pallets of product handled into the stores. A normalised reduction target for each division of 2,5% was set for the year under review. Whilst there has been an overall increase in total CO_2 emissions Oceana Brands and Commercial Cold Storage achieved a significant reduction in their normalised CO_2 emissions of 11,6% and 8,4%, respectively. The reduction at Commercial Cold Storage was mainly due to increased focus on managing and optimising electricity usage. The reduction at Oceana Brands could mainly be attributed to reduced consumption of freon and the efficiencies resulting from increased product volumes. There was no significant change in normalised CO_2 emissions for Blue Continent Products although total emissions increased in line with the higher catch volume. Oceana Lobster, Squid and French Fries division saw a 9,6% increase in normalised CO_2 emissions due to the inefficiency as a result of lower production in the French Fries business.

The data and calculations used to determine Oceana's carbon footprint have been verified by an independent party.

Risk registers

Each of the four operating divisions maintains its own environmental risk register, with combined assurance and action plans, which form 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 risk assessments and other compliance methods

During the year under review, independent environmental risk assessments were performed at the following sites: Calamari Fishing (Port Elizabeth) and Commercial Cold Storage branches at Paarden Eiland, Duncan Dock, Bayhead, Maydon Wharf, Maydon Wharf Fruit Terminal, City Deep and Walvis Bay.

Independent environmental audits were performed at Oceana Brands (Hout Bay, St Helena Bay and aboard fishing vessels), Oceana Lobster, Squid and French Fries (Lambert's Bay, St Helena Bay and Hout Bay), and Commercial Cold Storage Epping. The table below indicates the audit scores achieved by each division for the different elements of the audit. Subsequent to the audit, we have set environmental targets for 2011, which require a particular average score as well as a minimum score for each element in the audit.

Risk audit results 2010

Division	Administration and records %	Water quality management %	Waste management %	Hazardous materials management %	Air quality management %	Land quality management %	Site management %	Average %
Oceana Brands	**94**	**84**	**91**	**95**	**95**	**98**	**95**	**92**
Lobster, Squid and French Fries	**58**	**88**	**83**	**89**	**89**	**100**	**95**	**73**
Commercial Cold Storage	**46**	**80**	**80**	**94**	**100**	**90**	**95**	**68**
Average	**66**	**84**	**85**	**93**	**95**	**96**	**95**	**78**

Independent verification of compliance with legal criteria as to usage of resources and methods of operations is provided by DAFF, the Department of Water Affairs and other local authorities. This includes:

- checking landings
- inspectors on board fishing vessels
- monitoring adherence to fishing zones
- checking documentation
- issuing permits for vessels to fish
- atmospheric emissions

The South African Maritime Safety Association (SAMSA) checks vessel registration, safety and navigation compliance.

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

Non-compliance

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.

Oceana's environmental management systems are subject to review as circumstances require. The Environmental Policy and the 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.

TRANSFORMATION

Transformation and broad-based black economic empowerment (B-BBEE) are fundamental to the future growth and sustainability of the fishing industry and the South African economy. Our future economic growth is premised on an increasing level of participation in the economy at all levels by black South Africans

Since the release of Government's Strategy on B-BBEE by the Department of Trade and Industry, Oceana has been a forerunner in the fishing industry in terms of transformation initiatives. The subsequent promulgation of the B-BBEE Act and Codes of Good Practice has provided the legislative framework for the measurement and implementation of transformation within the economy. Oceana has tracked these developments over the last six years to ensure full compliance.

Oceana's commitment to transformation is driven by the understanding that businesses need to contribute to the country's socio-economic transformation significantly. Our empowerment credentials are a critical measure in ensuring retention of our commercial fishing rights and in future acquisitions.

Having achieved a Level 4 rating during our previous financial year, we undertook a detailed review of our approach to transformation, reassessed existing practices and policies on all elements of the B-BBEE scorecard and decided to redirect our efforts to improving our transformation credentials.

A strategic objective agreed and set by the board this year was to achieve an independently accredited B-BBEE Transformation rating of Level 3 by September 2011 and to ensure that once achieved, the Level 3 rating is maintained in subsequent years. This requires that we ensure alignment and compliance with the B-BBEE Codes and integrate our transformation strategy with our business and functional strategies.

B-BBEE RATING

We have just completed an intensive B-BBEE audit by Empowerdex, a South African National Accreditation System (SANAS) accredited body and are pleased to report that Oceana has been assessed as a Level 3 contributor in terms of the B-BBEE Codes, with improvements in the elements of ownership, employment equity, skills development and procurement. This equates to a 110% recognition level.

Following the 2009 audit we identified key focus areas in each scorecard element to receive additional attention, particularly in areas such as employment equity and skills development. We recognised a need to increase knowledge and understanding of the Codes which was addressed through formal B-BBEE training sessions for the executive committee and all senior managers across Oceana involved in implementation.

Transformation committee

The transformation committee reports to the board on progress made by management in implementing the group's transformation strategies. The committee is appointed by the board of directors, is chaired by a non-executive director and includes five members of executive management and one non-executive director. During the year, the committee met twice to review progress.

Membership and meetings:

	11 November 2009	5 May 2010
NV Simamane (chairperson)	✓	✓
ABA Conrad (appointed 11 February 2010)		✓
FP Kuttel	✓	✓
M Mtsheketshe	✓	✓
GA Rhodes-Harrison	✓	✓
TJ Tapela	✓	✓
JL Wilkinson	✓	✓

B-BBEE SCORECARD

The following scorecard reflects the result of a verification report issued by Empowerdex based on the verification, validation and analysis performed using information provided by the group, and shows our performance against the Department of Trade and Industry's Code of Good Practice for the period 1 October 2009 to 30 September 2010.

Element	Category	Indicator	Target score	Verified score	Compliance targets	
					Years 0 – 5	Years 6 – 10
OWNERSHIP	Voting rights	Exercisable voting rights in the enterprise in the hands of black people	3,00	3,00		25% + 1 vote
Ownership of companies by black people		Exercisable voting rights in the enterprise in the hands of black women	2,00	2,00		10%
Code 100	Economic interest	Economic interest of black people in the enterprise	4,00	4,00		25%
		Economic interest of black women in the enterprise	2,00	2,00		10%
		Economic interest of the following black natural people in the enterprise:	1,00	1,00		2,5%
		• black designated groups				
		• black participants in employee ownership schemes				
		• black beneficiaries of broad-based ownership schemes; or				
		• black participants in co-operatives				
	Realisation points	Ownership fulfilment	1,00	0,00		No restrictions
		Net value	7,00	7,00		25%
	Bonus points	Involvement in the ownership of the enterprise of black new entrants	2,00	0,00		10%
		Involvement in the ownership of the enterprise of black participants:	1,00	1,00		10%
Total points = 20		• in employee ownership schemes;				
		• of broad-based ownership schemes; or				
		• in co-operatives				
	Score		20,00	20,00		
MANAGEMENT CONTROL	Board participation	Exercisable voting rights of board members who are black adjusted using the adjusted recognition for gender	3,00	2,45		50%
Measures effective control by black people		Black executive directors adjusted using the adjusted recognition for gender	2,00	1,67		50%
Code 200	Top management	Black senior top management adjusted using the adjusted recognition for gender	3,00	0,00		40%
Total points = 10		Black other top management adjusted using the adjusted recognition for gender	2,00	1,43		40%
	Bonus points	Black independent non-executive board members	1,00	1,00		40%
	Score		10,00	6,55		
EMPLOYMENT EQUITY	Disabled	Black disabled employees as a percentage of all employees using the adjusted recognition for gender	2,00	0,00	2%	3%
Measures initiatives intended to achieve equity in the workplace	Senior	Black employees in senior management as a percentage of all such employees using the adjusted recognition for gender	5,00	2,33	43%	60%
Code 300	Middle	Black employees in middle management as a percentage of all such employees using the adjusted recognition for gender	4,00	2,26	63%	75%
Total points = 15	Junior	Black employees in junior management as a percentage of all such employees using the adjusted recognition for gender	4,00	3,47	68%	80%
	Bonus points	For meeting or exceeding the EAP targets in each category above	3,00	0,00		
	Score		15,00	8,06		
SKILLS DEVELOPMENT	Skills expenditure	Skills development expenditure on learning programmes for black employees as a percentage of leviable amount using adjusted recognition for gender	6,00	4,05		3%
Measures extent to which employers develop the competencies of black employees		Skills development expenditure on learning programmes specified in the LPM[1] for black employees with disabilities as a percentage of leviable amount using adjusted recognition for gender	3,00	0,29		0,30%
Total points = 15	Learnerships	Number of black employees participating in learnerships or category B, C and D programmes as a percentage of total employees using the adjusted recognition for gender	6,00	5,80		5%
	Score		15,00	10,14		

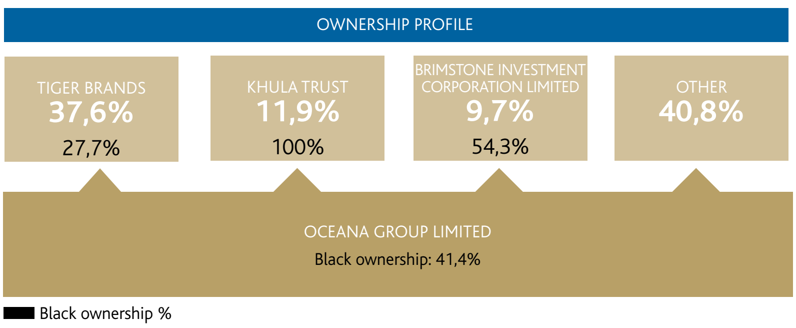
Element	Category	Indicator	Target score	Verified score	Compliance targets	
					Years 0 – 5	Years 6 – 10
PREFERENTIAL PROCUREMENT		B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a % of total measured procurement spend	12,00	12,00	50%	70%
Measures the extent to which companies buy goods and services from BEE entities and black-owned entities		B-BBEE procurement spend from QSE² or EME³ based on applicable B-BBEE procurement recognition levels as a % of total measured procurement spend	3,00	3,00	10%	15%
		B-BBEE procurement spend from any of the following suppliers as a % of total measured procurement spend	3,00	2,97	15%	20%
Total points = 20		• Suppliers that are more than 50% black owned; or				
		• Suppliers that are more than 30% black women owned	2,00	0,59		
	Score		20,00	18,56		
ENTERPRISE DEVELOPMENT						
Measures the extent to which companies carry out initiatives contributing to enterprise development		Average annual value of all enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target	15,00	15,00		3% of NPAT
Code 600						
Total points = 15						
	Score		15,00	15,00		
SOCIO-ECONOMIC DEVELOPMENT						
Measures the extent to which companies support socio-economic development		Average annual value of all SED⁴ contributions made by the measured entity as a % of the target	5,00	5,00		1% of NPAT
Code 700						
Total points = 5						
	Score		5,00	5,00		
Overall score				83,31		

[1] LPM – Learning programme matrix
[2] QSE – Qualifying small enterprises
[3] EME – Exempted micro enterprises
[4] SED – Socio-economic development

OWNERSHIP

Our black ownership credentials have improved significantly following improvements in the black ownership credentials of our key shareholders being Tiger Brands and Brimstone. Oceana Group currently is 41,4% black owned, and has achieved full points on ownership.

Oceana's three principal shareholders have achieved significant levels of black ownership, thereby contributing to the group realising a black ownership holding of 41,4%. Tiger Brands Limited, the Khula Trust and Brimstone Investment Corporation Limited collectively comprise 59,2% of Oceana's share capital and have black ownership levels of 27,7%, 100% and 54,3% respectively.



Black ownership through the Khula Trust

In 2006, Oceana embarked on a process once again to transform the ownership of the group, which resulted in a milestone empowerment transaction, through which the Khula Trust (previously known as Oceana Group Black Employee Share Trust) was established.

The first allocation of participatory rights to black employees was made on 15 January 2007. 58% of the shares were allocated to employee beneficiaries at all levels, leaving 42% for a future allocation. 1 978 black employees became beneficiaries of the Khula Trust, owning rights to some 8,3 million shares.

The second allocation of participatory rights to employees was launched on 30 July 2010 at a function attended by the former Minister of Public Works, the Honourable Geoff Doidge. An extensive communication and training road show was launched simultaneously and completed during September, aimed at explaining the rationale for and principles of the Trust, as well as its significance to the long-term sustainability of the company, to all staff members.

These communication and information sessions were held at most sites across Oceana. Industrial theatre and audiovisual presentations were used to ensure that key concepts were fully explained and to ensure effective communication with all our employees.

During the second allocation process 7,9 million shares were allocated to existing Khula Trust beneficiaries as well as new employees who joined Oceana in the period from January 2007 until 1 May 2010.

Significantly, since its establishment, the Khula Trust has received approximately R75,9 million in dividends.

EMPLOYMENT EQUITY

During the period under review we analysed our employment equity targets that had been set in 2007 and assessed these vis-à-vis our actual performance and against the longer-term Department of Trade and Industry (DTI) targets. We concluded that our targets will require revision. This will be a key focus during 2011. As a minimum we aim to ensure that the sub-minimum targets set in terms of the B-BBEE Codes will be met by September 2011.

SKILLS DEVELOPMENT

Our score has improved significantly during this year given the increased focus on ensuring that training expenditure was directed at initiatives required in terms of the Codes. The score improved from 1,96 points for the 2009 Empowerdex audit to 10,14 points. During the year our group focus on people with disabilities was revisited. This included the development of a disability framework and the implementation of an internal process aimed at increasing awareness and encouraging the disclosure of disabilities by employees.

PREFERENTIAL PROCUREMENT

During the period under review, procurement with B-BBEE Enterprises stated as a percentage of our total procurement spend increased rather significantly from 59,2% in 2009 to 70,3% in 2010. This resulted in an increased score of 18,56 points out of a possible 20 points.

Further work remains to be done to encourage all suppliers to be rated by accredited B-BBEE rating agencies. This rating is required in terms of the SANAS rules. It is necessary to determine with accuracy which suppliers may be categorised as black-owned or women-owned enterprises.

Preferential procurement is one of the more challenging areas of the scorecard management process, as it requires the assessment of our suppliers' BEE compliance, as well as the collating of information on an ongoing basis.

The measurement of procurement is complicated by the fact that each company relies on other companies to calculate their score. The higher the score of each supplier, the greater its impact on the group's preferential procurement score.

This year, all suppliers were contacted to ascertain their BEE status. This process has seen a marked increase in the number of our suppliers that are B-BBEE rated, making preferential procurement a far easier and smoother process.

Preferential procurement strategy

The group's overall preferential procurement strategy aims to:

- increase its spend on targeted suppliers, so that by 2012, 70% of Oceana's procurement is on B-BBEE enterprises, 50% on black-owned enterprises and 30% on 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; and
- ensure that Oceana continues to maximise efficiency, economies of scale and value for money.

The group is developing a centralised database of B-BBEE suppliers. The benefit of this system is that it provides relevant management information at a business unit level, thereby ensuring better management and reporting of procurement spend throughout the group.

ENTERPRISE DEVELOPMENT

During the year, Oceana's operating subsidiaries were partners in many joint ventures and supply agreements in the fishing industry. This is a key area in which Oceana contributes significantly to B-BBEE.

The group currently has 25 joint ventures and vessel co-ownership arrangements and 72 processing, marketing and supply arrangements in the pelagic, horse mackerel, west coast rock lobster, south coast rock lobster and hake sectors.

Many of these joint venture relationships began as long ago as 2000, way ahead of the development of any industry charters requiring investment in enterprise development.

Infrastructural and financial support

Oceana's financial and infrastructural support includes:

- assisting with the acquisition of vessels or shares in vessels or in vessel-owning companies to reflect investment
- providing access to capital to facilitate this investment, with structured repayments linked to landing of product
- concluding mutually beneficial joint venture or vessel co-ownership or supply agreements, to ensure continuity of supply to the group's vessels and processing facilities
- providing loans and advances. These totalled R3,7 million at year-end (2009: R1,5 million).

The various joint venture arrangements have resulted in:

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

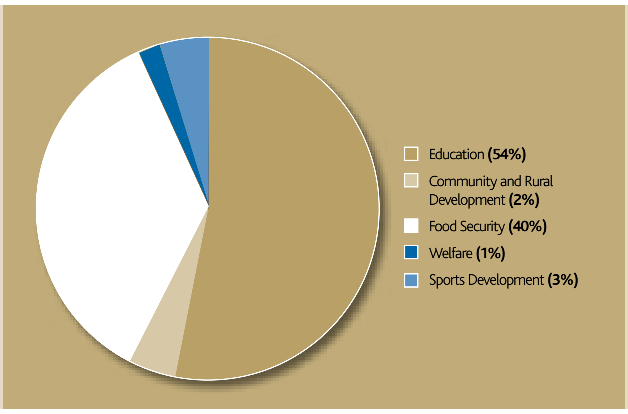
SOCIO-ECONOMIC DEVELOPMENT

In terms of the B-BBEE Codes we are required to direct 1% of our South African operations net profit after tax towards socio-economic development initiatives (SED). During the current year we have directed 1,4% of our net profit after tax towards SED.

The pie-chart gives a percentage spend breakdown of our SED programmes for the current financial year.

Our expenditure has been directed towards projects in line with our overall corporate social investment (CSI) strategy which is fully outlined below. The primary areas are education (54%) and food security (40%).

Socio-economic development (South African operations)



CORPORATE SOCIAL INVESTMENT

Mindful of our social obligations as a corporate citizen and the group's values to support sustainable initiatives and to meet stakeholder needs, Oceana engages in projects that further the social development agenda. Our aim is to foster long-term partnerships with communities we work with, that ultimately transform and uplift them.

Our CSI focus has been on education and health care since 2003. Given our intent to develop and foster relationships within the communities within which we operate, the responsibility for the bulk of funding previously devolved to our operating divisions. However, following an extensive review of the CSI expenditure during the last financial year, we have concluded that the fragmented manner in which the investment has been channelled has not been sufficiently impactful. This has resulted in a decision to consolidate the overall management of the CSI expenditure at group level to ensure greater focus and reduce duplication of effort.

We recognise government's increased focus on improving the quality of life of rural households, increasing access to food security and strengthening our skills base.

Our revised strategy aims to increase our focus on sustainable projects within the fishing communities on the west coast, where we operate and where the need for increased social investment is evident. Our expenditure will be directed towards initiatives and programmes in education and improving food security. This is more directly relevant to current social, economic and environmental realities.

In future, we will support programmes within communities in which we operate where:

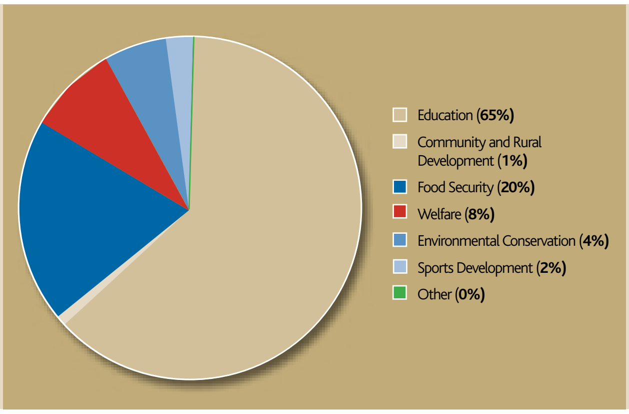
- there is a tangible and sustainable impact on the social upliftment of that community; and
- we are able to create partnerships with community organisations to maximise funding benefits and build organisational capacity.

Support for educational initiatives and food security projects will contribute significantly towards the sustainability of the communities in which we operate and are more aligned with causes relevant to our core business. In the longer term, this may contribute towards building brand identity and increasing consumer loyalty.

Corporate social investment spend

The pie chart below gives a percentage spend breakdown for our CSI programmes for the current financial year. The total group spend in 2010 was R4,9 million which stated as a percentage of net profit after tax is 1,6% (2009: 1,6%).

Corporate social investment



Projects supported

Below is a brief description of the programmes we support.

Support to education projects

Oceana's support to education projects is based on our aim of increasing the skills base in South Africa. Apart from our major contributions to the Tertiary School in Business Administration and Lapdesk, which we describe below, we also support bursary schemes, study assistance programmes and transport for learners to and from school.

This year, we also made a donation to the Hangberg Education and Development Movement, a community-based organisation in Hout Bay, where we have a fishmeal plant. The programme provides learning resources and training to matric learners.

Tertiary School in Business Administration: TSiBA is a non-profit higher education institution in Cape Town that develops future leaders from talented historically disadvantaged youth. All students receive a full tuition scholarship for their Bachelor of Business Administration degree.

Lapdesk Company: This project seeks to improve the learning conditions for children in KwaZulu-Natal who do not have access to a desk in their classroom, and gives them a chance to improve their academic performance.

Unity Community Trust and Arechanab Community Trust: Oceana also invests significantly in projects in Namibia, since we are a large employer in Walvis Bay. We support the Unity Community Trust and Arechanab Community Trust, which both advance the cultural, social and educational needs of various communities. Their projects include the Khorixas Regional Science Fair, where young Namibian scientists have an opportunity to exhibit their creativity, and the Arandis Kindergarten, which assists learners with severe dyslexia.

Support to health care and nutrition projects

As an organisation whose primary business is fishing, and since fish are an excellent source of protein, we donate canned pilchards as a contribution to the nutritional needs of South Africa's poor.

Apart from our extensive support to the Starfish programme described below, we also supply many shelters for the homeless and feeding schemes in Johannesburg, KwaZulu-Natal, Cape Town and Port Elizabeth with our canned fish products.

The Starfish Greathearts Foundation (Starfish): This programme 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.

Each month, Oceana donates tins of Lucky Star pilchards, for inclusion in the food parcels that children receive from Starfish each month; contributing to meeting their basic nutritional needs.

The NGOs that currently receive our Lucky Star pilchards through Starfish are Heartbeat in Gauteng, the Masoyi home-based care project in Mpumalanga, and God's Golden Acre in the Valley of 1 000 Hills area in KwaZulu-Natal.

Support to environmental projects

Using our environment sustainably is integral to our business. We support various voluntary associations such as the National Sea Rescue Institute, the Southern African Foundation for the Conservation of Coastal Birds and the Wildlife and Environment Society of South Africa.

HUMAN RESOURCES

The human resource function continues to play a key role in driving the values and business philosophy of the group. We aim to provide employees with opportunities to use their talents to achieve short-term and long-term goals, and to attract, retain and develop high-potential individuals. Our goal is to create and maintain a stimulating, culturally diverse and healthy working environment.

NUMBER OF EMPLOYEES AND WAGE BILL

The headcount at the end of September indicated 1 434 permanent employees and 882 (full-time equivalent) seasonal employees.

Due to the closure of the CCS Paarden Eiland fruit store last year, seven employees were retrenched. In July this year, we also closed the Glenryck Foods office in the UK, resulting in the retrenchment of eleven employees based in the UK.

The wage bill for the reporting period was R388,7 million (2009: R379,2 million).

ADHERENCE TO ALL EMPLOYMENT LAWS AND FOSTERING OF HUMAN RIGHTS

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

Our employees receive training on the above legislation. Oceana does not permit child labour or forced or compulsory labour.

Oceana experienced no litigation pertaining to discrimination, anti-union practices or alleged human rights violations during the year.

INDUSTRIAL RELATIONS AND UNION MEMBERSHIP

52% (2009: 54%) of the group's employees are members of a union.

Annual wage negotiations were completed in all divisions successfully and there was no strike action, despite the prevailing economic climate. This reconfirms the positive working relationships that are in place with the trade unions that are involved in the group.

Various unions have recognition agreements with different companies in the group. Relationships with these unions were generally positive. In South Africa, our employees are members of the Food and Allied Workers Union (FAWU); the Trawler and Line Fishermen's Union (TALFU); the National Certificated Fishing and Allied Workers Union (NCFAWU) and the South Africa Equity Workers Association (SAEWA).

The Namibian unions are the Namibia Food and Allied Workers Union (NAFAU), the Namibia Transport and Allied Workers Union (NATAWU) and the Namibia Seamen and Allied Workers Union (NASAWU).

Wages and conditions are negotiated via industry bodies. In pelagic and lobster, they are negotiated through the SA Pelagic Fish Processors Association, and in white fish through the Fishing Industry Bargaining Council, Deep Sea and Inshore Trawling.

The squid industry has a statutory council and Calamari Fishing (Pty) Limited 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.

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

DISCIPLINARY PROCEDURES

Comprehensive discipline and grievance procedures in line with the requirements of the Code of Good Practice: Dismissal (Schedule 8, Labour Relations Act) are in place. The procedures are communicated to employees on joining, and ongoing education and training programmes take place at various levels in the structure and with shop stewards.

CODE OF BUSINESS CONDUCT AND ETHICS

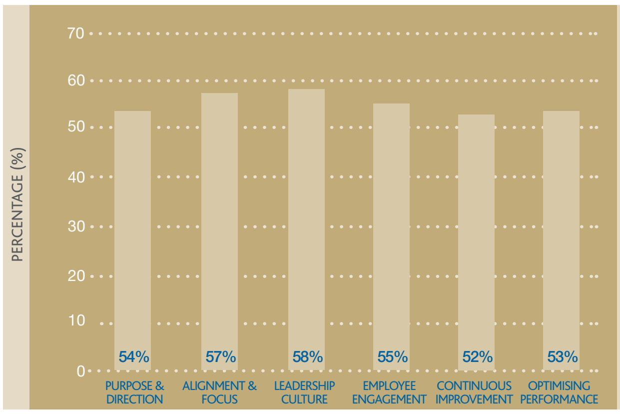
The group's Code of Business Conduct and Ethics is distributed to all new employees on joining the group and there are regular refresher sessions addressing the key items covered by the Code.

CULTURE SURVEY

This year, we conducted a culture survey within the wholly-owned subsidiaries and head office. This was the first time that the group has conducted a survey of this nature.

The aim was to assess employee perceptions of the group. The results are being analysed at operating division level, and strategies and action plans will be developed to ensure that there is improvement in the weaker areas going forward. Achievement against the action plans developed will be measured as part of the incentive bonus non-financial targets.

The survey covered six elements (the overall score achieved by the Group is indicated):



HUMAN CAPITAL DEVELOPMENT

Oceana's Training and Development Policy is implemented by the central training and development team, which reports to the group HR manager. This policy supports the learning, growth and development of all employees and ensures a uniform and fair approach to training and development.

Leadership academy: senior, middle and emerging management levels

The leadership academy offers programmes to managers at senior and junior levels. These are run by reputable local institutions. The second leadership management development programme was completed with a 100% success rate. In addition, the first emerging management development programme was also completed with a 100% success rate.

Manufacturing and maritime academies

Two new academies were launched this year: a manufacturing academy and a maritime academy. We also offered programmes at a more junior level, including several learnerships (NC: Maritime Operations, NC: Generic Management and NC: Wholesale and Distribution).

PERSONAL DEVELOPMENT PLANS

72% (2009: 55%) of non-bargaining unit employees completed a personal development plan this year. This process allows employees to identify their development needs and action plans to be agreed upon.

Workplace skills plans and reporting

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

Training expenditure

Expenditure on all employees and black employees

	2010 Rm	2009 Rm
All employees	**7,8**	5,1
Black employees	**6,4**	4,0

An average of 2,5% (2009: 1,8%) of the leviable amount of payroll was spent on training. This was 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. The average spend amounted to R3 368 per employee (2009: R2 525). The target is to achieve a spend of R3 900.

A further R1,2 million was spent on administrative costs incurred by the group in facilitating and managing the training function (2009: R0,7 million). Expenditure was incurred on a number of specific projects (detailed in the table below) and for specific interventions related to divisional strategy and personal training needs arising during performance appraisals and personal development plan discussions.

Expenditure on ABET, supervisory, leadership and other training

	2010 Rm	2009 Rm
Adult basic education and training (ABET)	**0,2**	
Leadership and supervisory training	**0,9**	1,2
Maritime	**1,9**	0,7
Health and safety	**1,0**	0,6
Technical	**1,5**	1,0
Diversity/Equity		0,3
Other	**2,3**	1,3
Total	**7,8**	5,1

PERFORMANCE AND TALENT MANAGEMENT

The performance management guidelines require that all non-bargaining unit employees have an individual performance agreement (IPA) in place. In 2010, 80% (2009: 69%) of non-bargaining unit employees had an IPA.

SUCCESSION PLANNING

Succession planning is conducted by developing a group talent pool with separate divisional talent pools. This allows focused development to fast-track the identified employees. The remuneration and nomination committee reviews the group succession plan on an annual basis.

RETENTION MECHANISMS

Retention of key employees continued to receive significant focus this year, particularly in the engineering and technical disciplines, which are critical to the optimal functioning of factories and vessels. Appropriate retention mechanisms are considered on an ongoing basis.

In addition, in order to ensure a supply of engineers into the technical skills pipeline of the business, a graduate recruitment campaign was completed targeting tertiary institutions mainly in the Western Cape. Three engineering graduates (2009: three) and three graduates in non-technical disciplines (2009: two) joined the group this year.

During 2010, a campaign targeting chemical, electrical and marine engineers and food technologists was repeated with an intake of four graduates to commence in January 2011.

EMPLOYMENT EQUITY ACT AND AFFIRMATIVE ACTION

All operations in South Africa comply with the Employment Equity Act and Employment Equity Regulations of 1996. We submit reports each year to the Department of Labour. Appropriate employee communication channels are in place to serve the requirements of both Acts.

The group's Employment Equity Policy affirms the commitment to equal opportunities and all initiatives relating to affirmative action and the achievement of employment equity. The policy reaffirms the group's commitment to the elimination of all forms of unfair discrimination.

During the period under review, a strategy focusing on the employment and development of people with disabilities was launched in order to improve the representation of employees with disabilities within the group.

All statistics included in the tables in this section relate to South African divisions only.

Equity profile

	Target 2012			2010			2009			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%	6%	26%	18%	4%	21%			16%
Middle management	52%	35%	64%	19%	10%	50%	21%	10%	50%			35%
Supervisory	52%	38%	84%	24%	18%	82%	25%	16%	79%			66%
Clerical and other staff	60%	60%	99%	40%	39%	99%	45%	44%	99%			98%
Disabled	0,8%			0,5%			0,2%			Not reported		
Total staff	48%	47%	95%	36%	34%	91%	40%	37%	92%			98%

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

Employment opportunities

Of the 80 positions graded A – C[1], 86% were filled with candidates from the designated groups[2] (2009: 102 positions, 87% designated candidates).

Of the 14 positions graded D – F[1] 64% were filled with candidates from the designated groups[2] (2009: 16 positions, 44% 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

Group equity profile

As required by the amendments to the Employment Equity regulations (2006), the group's current employment equity profile by occupational level at 31 August 2010 is as follows:

Workforce – occupational levels

Total number of employees by occupational levels:

	Male				Female				Foreign National		
Occupational levels	A	C	I	W	A	C	I	W	Male	Female	Total
Top management	0	0	0	6	0	1	0	0	0	1	**8**
Senior management	2	1	3	19	0	2	0	3	0	1	**31**
Professionally qualified and experienced specialists and mid-management	1	41	3	46	1	9	2	12	1	1	**117**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	24	128	18	31	7	34	7	13	0	2	**264**
Semi-skilled and discretionary decision-making	347	269	30	3	50	162	14	15	2	0	**892**
Unskilled and defined decision-making	288	128	0	0	183	191	0	0	1	0	**791**
Total permanent	**662**	**567**	**54**	**105**	**241**	**399**	**23**	**43**	**4**	**5**	**2 103**
Temporary employees	83	131	1	13	13	35	1	3	43	0	**323**
Grand total	**745**	**698**	**55**	**118**	**254**	**434**	**24**	**46**	**47**	**5**	**2 426**

A – Africans; C – Coloureds; I – Indians; W – Whites

Workforce – disability

Total number of employees by occupational level and disability

Occupational levels	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	0	0	0	1	0	0	0	0	0	0	**1**
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	1	0	1	2	0	0	0	0	**4**
Semi-skilled and discretionary decision-making	1	0	0	0	0	1	0	1	0	0	**3**
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	**0**
Total permanent	**1**	**0**	**1**	**1**	**1**	**3**	**0**	**1**	**0**	**0**	**8**
Temporary employees	0	0	0	0	1	0	0	0	0	0	**1**
Grand total	**1**	**0**	**1**	**1**	**2**	**3**	**0**	**1**	**0**	**0**	**9**

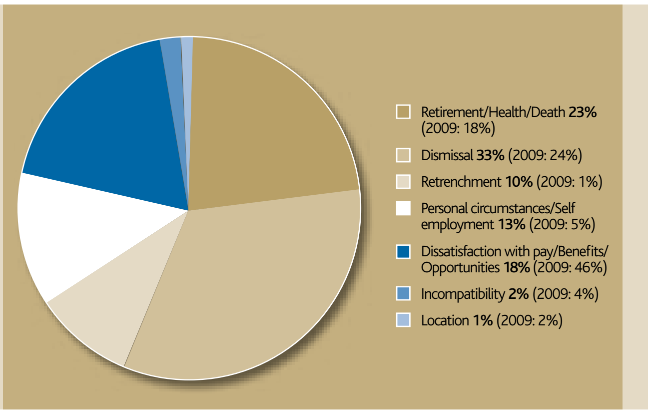
A – Africans; C – Coloureds; I – Indians; W – Whites

In May 2010 the group was placed under the Director-General's review in terms of section 43 of the Employment Equity Act. An audit was completed and recommendations have been received. The recommendations require the group to revise its employment equity plan and targets and to resubmit these to the Department of Labour. This revision will be completed in the first half of 2011.

LABOUR TURNOVER

The labour turnover figure of 6,8% for the group is below the national average of 10,7% (as per Deloitte Human Capital Corporation).

Labour turnover



Retiring employees are given access to additional specific financial and investment advice.

OCCUPATIONAL HEALTH AND SAFETY

All operations in South Africa comply with the Occupational Health and Safety Act and Regulations 1993 and in Namibia with the Labour Act (1997). Managing directors of all the operating divisions are responsible for ensuring the implementation of this legislation and the required structures are in place.

An independent consultant completes a comprehensive annual risk audit at the larger sites focusing on compliance with this legislation and insurance-related requirements. An annual report-back on this process is presented to the risk committee.

Clinic facilities

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 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.

Health induction training

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

Risk assessments

Risk assessments are regularly conducted in relation to a number of areas, including ventilation, illumination, noise, hazardous chemicals, refrigeration. Recommendations from the reports are implemented to promote a safe working environment.

This year, we focused on fire fighting. Employees attended relevant training. A number of teams entered the Mutual Risk Group fire team competition for the Cape region with one team from Commercial Cold Storage in Epping again proceeding to the national finals.

Injury frequency rate

The group's disabling injury frequency rate (DIFR) for 2010 was 1,4 (2009: 1,7). This was restated during the year due to a correction in the application of the definition of a disabling injury. The decrease in the DIFR is as a result of management's increased focus in this area.

A detailed analysis of injury incidents has been undertaken resulting in the re-emphasis of preventative controls and operating processes. Absenteeism as a result of both normal sick leave and injuries on duty was 1,2% (2009: 1,4%).

HIV/AIDS AND WELLNESS POLICIES

The HIV/AIDS Policy, developed in March 2003 in consultation with a representative group of employees, is currently under review following the implementation of a group wide wellness programme incorporating HIV/AIDS. A new wellness policy is also being developed and wellness ambassadors will be appointed at all sites to ensure a continuing focus on the policies.

Voluntary testing and counselling

The wellness programme included training and education sessions with all employees covering general health risks and included HIV/AIDS education. The workshops were followed immediately with a voluntary testing process, which included pre- and post-test counselling, HIV testing and other health risk assessments covering blood pressure, cholesterol, glucose and body mass index.

2 581 employees completed all tests resulting in a 79% participation rate (target of 75%) in the programme. Of the 2 196 who participated in the HIV tests, the results indicated an HIV/AIDS prevalence of 11% for the group (23,5% in Namibia and 5,4% in South Africa).

At-risk employees were referred onto the patient management programme, which is also part of the service offered by the wellness provider. This consists of individual case management through telephonic follow up to ensure that employees are receiving the correct treatment and support for their medical programme as well as assisting the employee to change their lifestyle where appropriate.

Personal protection programmes

The personal protection programme and trauma cover remains in place. This product provides access to anti-retrovirals (ARV) in the event of trauma resulting in exposure to body fluids that may be infected with HIV/AIDS (for example, a vehicle accident, assault or rape) for employees and their families. This, together with the distribution of free condoms and ongoing education and awareness, forms part of the group's HIV/AIDS prevention strategy.

AIDS strategy tool

The group has also adopted the AidsRating® analysis tool to manage the strategy relating to the impact of AIDS. This is a document consisting of 93 questions, which provides a score and allows for benchmarking internally and externally with other companies and industries.

The tool will allow the group to measure year-on-year improvements and will identify areas of weakness as well as best practice. We are targeting a score of 60% by 2012 and scored 32% as at August 2010. This has increased from 15% in March 2010 when the programme commenced.


LUCKY STAR

OCEANA IS COMMITTED TO GOOD CORPORATE CITIZENSHIP AND TO OPEN CORPORATE GOVERNANCE IN ITS STEWARDSHIP OF THE COMPANY'S AFFAIRS. THIS COMMITMENT PROVIDES STAKEHOLDERS WITH THE COMFORT THAT THE GROUP'S INTERESTS ARE BEING MANAGED IN AN ETHICAL, TRANSPARENT AND RESPONSIBLE MANNER, AFTER CONSIDERING PRUDENTLY DETERMINED RISK PARAMETERS.

COMPLIANCE WITH KING III REPORT

In recognition of the need to conduct the affairs of the company according to the highest standards of corporate governance and in the interests of investor protection, the group's commitment to good governance as articulated in the King III Report on governance has been formalised in charters, policies and operating procedures. These are intended to cover all aspects of the company's activities wherever situated, and in reporting internally and to stakeholders. The board has considered the implications and effect of the King III Report and remains committed to achieving high standards of business integrity and ethics across all its activities.

The principles of and structures for good corporate governance throughout the group are in place and operating well. The directors are satisfied that the group substantially complies with the provisions and the spirit of the King III Code, which became effective from 1 March 2010.

The JSE Listings Requirements pertaining to King III are effective for financial years commencing on or after 1 March 2010 (ie financial year 2011 in Oceana's case). During the first half of 2010, Oceana conducted an internal gap analysis, assessing its compliance with the principles contained in King III. Areas identified as not complying with the Code have either been rectified, or are in the process of being addressed.

THE BOARD

Board charter

The board has a formal charter setting out, inter alia, its composition, meeting frequency, powers and responsibilities, particularly with regard to financial, statutory, administrative, regulatory and human resource matters. The charter sets out a clear division of responsibilities at board level to ensure a balance of power and authority.

The board charter includes a formal schedule of the matters it oversees including reviewing and guiding corporate strategy, risk policies, annual budgets and business plans and monitoring corporate performance. The board charter is reviewed annually and was updated in 2010 to incorporate the recommendations of King III.

Independence of chairperson and vice-chairperson

Oceana has a unitary board structure. The offices of chairperson and chief executive officer (CEO) are separate with segregated duties. The chairperson is non-executive but not independent in terms of the King III definition. The board members are of the view that it is appropriate for Mr MA Brey to chair the company's board, notwithstanding the fact that he does not fulfil the strict criteria of "independence" as set out in King III.

In line with international corporate governance best practice and the JSE Listings Requirements, the company's vice-chairperson, Mr RA Williams, has been appointed as lead independent director.

Composition of board

The board currently has eleven members, of whom three are executive directors. Of the eight non-executives, four are independent.

There is a formal, transparent board nomination process in terms of the policy detailing the procedures for appointment to the board. Directors are appointed, subject to re-election by the shareholders and to the Companies Act provisions relating to removal, and retire by rotation every three years. Reappointment of directors is not automatic.

Details of the directors of the board appear on pages 8 and 9 of the annual report.

Board meetings

The board meets quarterly with one further meeting during the year to review the strategic plans. Additional meetings are convened as and when necessary. The board met five times during the year. Each director attended each meeting, save for an apology from Mr PB Matlare in respect of one meeting.

Membership and attendance at meetings:

	12 Nov 2009	11 Feb 2010	6 May 2010	22 Jul 2010	19 Aug 2010
MA Brey (chairperson)	✓	✓	✓	✓	✓
RA Williams (vice-chairperson)	✓	✓	✓	✓	✓
ABA Conrad	✓	✓	✓	✓	✓
PG de Beyer	✓	✓	✓	✓	✓
M Fleming	✓	✓	✓	✓	✓
FP Kuttel	✓	✓	✓	✓	✓
PB Matlare	✓	✓	✓	✓	X
RG Nicol	✓	✓	✓	✓	✓
S Pather	✓	✓	✓	✓	✓
NV Simamane	✓	✓	✓	✓	✓
TJ Tapela	✓	✓	✓	✓	✓

Audit, remuneration, risk and transformation committees

Subject to those matters reserved for its decision, the board delegates certain responsibilities to four committees, namely audit, remuneration and nominations, risk and transformation, all of which have their own charters and are chaired by independent non-executive directors except for the risk committee, which is chaired by a non-executive director who is not independent, Mr M Fleming.

The board is of the opinion that Mr Fleming's background and qualifications are appropriate for him to chair this committee, notwithstanding that he is not independent. The composition of the remuneration and nominations committee has been amended in terms of the Listings Requirements of the JSE. The committee comprises three independent non-executive directors, one of whom is the chairperson of the committee, and two non-independent non-executive directors.

Members of committees are contained in the table below:

Audit committee:	S Pather (chairperson); PG de Beyer; RA Williams
Remuneration and nominations committee:	RA Williams (chairperson); MA Brey; PG de Beyer; PB Matlare; S Pather (appointed 19 August 2010)
Risk committee:	M Fleming (chairperson); ND Brink; ABA Conrad; MD Copeland; SP Cummings; BJ King; FP Kuttel; RG Nicol; GA Rhodes-Harrison
Transformation committee:	NV Simamane (chairperson); ABA Conrad (appointed 11 February 2010); FP Kuttel; M Mtsheketshe; GA Rhodes-Harrison; TJ Tapela; JL Wilkinson

Code of Business Conduct and Ethics

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.

The Code prescribes mandatory compliance with all laws and regulations and commits the whole group, its staff and all directors to fair dealing and integrity in the conduct of business. Compliance is monitored at senior management level, and the directors believe that the contents of the Code are being met.

During the year under review, there were neither major instances of non-compliance with the Code or laws, nor prosecutions or fines.

Whistle-blowing

An anonymous and secure "whistle-blowing" facility has been in place for many years. Its purpose and anonymity are emphasised at staff induction and training sessions.

Conflict of interest

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.

Induction of directors

Oceana recognises that an induction programme will enable a new director to swiftly make maximum contribution to the board. During the year, Oceana revised its director induction programme to better familiarise incoming directors with the company's operations, its business environment and the sustainability issues relevant to its business. The revised induction programme now includes guidance regarding the responsibilities, powers and potential liabilities of a director, as well as operational aspects specific to the group.

Board evaluation

A formal evaluation of the performance of the board, its committees and individual directors was carried out during the year. The evaluation process included an appraisal of the chairperson of the board and the chairpersons of the committees being evaluated. The performance of the CEO was also formally evaluated. The directors are aware of the need to convey to the chairperson of the board any concerns that they may have in respect of the performance of the conduct of their peers or the board as a whole. The performance evaluations are taken into account prior to directors being nominated for re-election.

The independence of the non-executive directors who have served a term of greater than nine years has been confirmed after an independence assessment by the board. The assessment confirmed that the independence of character and judgement of these directors was not in any way affected or impaired by their length of service.

Reporting mechanisms

Annual strategic plans are compiled at both group and business level and progress is reviewed regularly. Comprehensive management reporting disciplines are in places. These 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 budgets and compared to the prior year. Management updates profit forecasts quarterly, while working capital is monitored on an ongoing basis.

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 International Financial Reporting Standards (IFRS).

RISK MANAGEMENT REPORT

Oceana has a formal and structured enterprise-wide risk identification and management system in place.

ROLE OF THE BOARD

The board of directors recognises that it is ultimately responsible for the group's risk management process and system of internal control. This includes establishing appropriate risk control policies and communicating and distributing these policies throughout the group. The board also ensures that the risk management process and system of internal control are regularly reviewed for effectiveness. The board's responsibility for risk governance is manifested in the charter for the board of directors as well as in the group risk management policy, both of which have been approved by the board. The process of risk identification and management extends deep into each operating division, as well as at corporate level.

The group's risk philosophy is to be involved in operational 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.

ROLE OF THE RISK COMMITTEE

While the board is responsible for the overall governance of risk, it is assisted by the risk committee in discharging this responsibility. The committee operates in terms of a formal charter that expresses its responsibility for the risk management process, its duty to review the effectiveness of the risk management activities, the key risks facing the company, and the responses to address these key risks. Membership of the committee includes executive and non-executive directors, including the CEO and divisional managing directors. The committee meets at least twice per annum in terms of its charter. The group's internal auditors attend the risk committee meetings to supplement the committee's efforts.

Membership and attendance at meetings

Each member of the risk committee attended its two meetings held during the year. An apology was received from Mr MD Copeland for one meeting.

	11 Nov 2009	5 May 2010
M Fleming (chairperson)	✓	✓
ND Brink	✓	✓
ABA Conrad	✓	✓
MD Copeland	✓	X
SP Cummings	✓	✓
BJ King	✓	✓
FP Kuttel	✓	✓
RG Nicol	✓	✓
GA Rhodes-Harrison	✓	✓

Identification of risks

Risk committee meeting agendas include review of the group`s top ten risks, those of the holding company and the operating divisions, incident reports, implementation of the risk management plan and planning for external assurance reviews. The group also maintains functional risk registers, covering, inter alia, environmental, financial, information systems and technical risks. These registers are developed by senior management with responsibility in functional areas. The perceived top ten risks are identified, analysed and balanced with management processes and interventions. The registers are reviewed thoroughly twice per annum.

Risk managers appointed in each division facilitate the identification, analysis, categorisation and ranking of the division's major risks, in a structured, continuous and interactive process with quarterly reviews and involvement of executive and senior management. This process promotes a culture amongst executive and senior management of vigilance and awareness of the nature and impact of risk – in all its guises in all facets of planning and operational activity. The aim is to:

- ensure the integrity and reliability of the risk reporting and monitoring process;
- put in place controls and mitigation plans;
- obtain independent assurance as to adequacy; and
- follow up on incidents where risks result in loss, and take corrective action to avoid recurrence.

Risk management issues are included in the incentive bonus criteria, where appropriate.

The risk management process comprises a thorough risk analysis, inter alia, defining risks and their potential impact and probability, management's response to them and examining the processes in place to mitigate the effect of the risks. Key performance and risk areas are identified, along with the associated performance and risk indicators. These are either listed individually or put into major risk categories. The governance structure of the risk management process is regularly reviewed for effectiveness.

Reporting mechanisms

Reports are made to the board via the audit committee. The board ensures that particular attention is focused on those risks that impact on the long-term sustainability of the company. The board, via the audit committee, annually monitors the performance of the risk committee in terms of its composition, mandate and effectiveness.

The board's risk strategy is executed by management by means of risk management systems and processes. Systematic, thorough and documented risk assessments are regularly performed by independent service providers. Recommendations are considered and implemented if deemed appropriate. These assessments are continually reviewed, updated and applied. The outputs of risk assessments provide the board and management with a realistic perspective of key risks and other material risks that the company faces. Risk managers and senior management are responsible for integrating risk in the daily activities of the company. Management provides the assurance to the board that the risk management plan is integrated in the daily activities of the company as the divisional managers are members of the risk committee.

In line with the recommendations and spirit of the King III Report on governance, this year the board set specific limits for the levels of risk the company is able to tolerate in pursuit of its objectives. Risk factors in both the internal and external environments in which the business operates were considered in setting the risk tolerance levels. These limits will be reviewed annually and at times of increased uncertainty or adverse changes in the business environment. The board continually monitors significant risks taken by management and is satisfied that management decisions balance performance with the defined tolerance limits.

Further changes to the risk management process arising from the principles contained in the King III Report include the modification of the induction programme of the board to incorporate risk governance. The internal audit function will be required to provide a written assessment of the effectiveness of the system of internal controls and risk management to the board. This assessment is to take place annually in future.

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 and disabling injuries. During the year, professional consultants reviewed the adequacy and integrity of the risk management process in fire protection, work place safety, and issues of an environmental nature. Reports were presented to the risk committee and followed up to a proper conclusion by management.

There were no specific risk incidents resulting in significant financial loss to the company or which negatively affected the economic life of the community in which the group operates 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.

The board has satisfied itself that the company's risk assessments, responses, interventions and risk management processes are effective. The company will continue to develop and improve its risk management process to ensure that it remains resilient and effective to preserve value for all its stakeholders.

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 70
Risk committee:	▪ Appointed by the board of directors ▪ Has a formal charter ▪ Chaired by a non-executive director (not independent) and comprises nine members, including the CEO and 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 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 co-ordinates testing of control systems to ensure effectiveness ▪ Facilitates communication of risk policy to all employees ▪ Submits reports to the risk committee

REMUNERATION REPORT

This report is intended to provide an overview and understanding of the company's remuneration policy and practice with specific emphasis on executive and non-executive directors and provides details of their remuneration and share interests for the year ended 30 September 2010.

The remuneration and nominations committee has taken cognisance of the recommendations contained in the King III Report on corporate governance, and is satisfied that there is substantial compliance.

REMUNERATION AND NOMINATIONS COMMITTEE

The board has delegated the responsibility of determining the remuneration of executive directors and senior management to the remuneration and nominations committee (the committee). The committee recommends to the board the remuneration of non-executive directors. The committee also gives consideration to the composition and performance of the board as well as succession planning for the organisation, particularly in respect of the CEO and executive committee and for the board, in respect of the chairperson. It operates in terms of a charter formally approved by the board.

Composition

The committee currently comprises five non-executive directors, three of whom are independent, and is chaired by the lead independent director who reports to the board on the committee's deliberations and decisions. The CEO attends the committee meetings by invitation and assists with the issues under consideration, save those relating to his own remuneration.

Membership and attendance at meetings

Four meetings were held during the year, three of which were attended by all members. An apology was received from Mr PB Matlare for one meeting.

	11 Nov 2009	11 Feb 2010	5 May 2010	18 Aug 2010
RA Williams (chairperson)	✓	✓	✓	✓
MA Brey	✓	✓	✓	✓
PG de Beyer	✓	✓	✓	✓
PB Matlare	✓	✓	✓	X
S Pather (appointed 19 August 2010)				

REMUNERATION PHILOSOPHY AND POLICY

In addition to attending to regular matters, the committee adopted the formal remuneration policy and the execution thereof, which supports the company's human resources and business strategies and ensures that its reward practices are aligned to shareholder value.

Oceana's remuneration policy is formulated to attract, retain, motivate and reward high-calibre employees in support of the commitment to achieving "employer of choice" status. The aim is to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way employees are remunerated reflects the dynamics of the market and context in which the company operates.

The committee intends that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as required. While the aim is to reward superior performance and the achievement of the organisation's strategic goals there are also consequences for non-delivery. Remuneration is not a stand-alone management process but is fully integrated into other human resource processes such as the performance management system. Managers play a vital role in ensuring that the performance management process provides the right information required to inform remuneration decisions.

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 and their performance.

Remuneration is benchmarked against appropriate surveys on a regular basis.

It is compulsory for all employees to become members of one of the group's retirement funds. The contribution covers benefits in terms of death and disability cover, a funeral scheme as well as contributions to a retirement fund. Investment choice options are provided to members of the Oceana Group Pension Fund and Oceana Group Executive Provident Fund, while the Oceana Group Provident Fund has a default investment option in a conservative balanced fund.

COMPOSITION OF EXECUTIVE REMUNERATION

The remuneration (guaranteed package) of executives is determined on a total cost to company basis and includes a cash amount and various benefits such as retirement benefits, medical aid and a car allowance.

Guaranteed packages are subject to annual review and are benchmarked to 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 target the guaranteed pay at above median levels as reflected by the relevant survey in order to attract and retain talent .

Retirement and health-care 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.

The group has in place both a short-term incentive scheme (incentive bonus) which requires achievement of individual performance criteria and predetermined financial targets, and a long-term incentive scheme in the form of a phantom share option scheme.

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 accordance 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. The incentive scheme for 2010 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 was subject to the achievement of a 20% increase in headline earnings per share.

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 option grants 1A, 1B and 2 have only time-based vesting attached to them. From grant 3 onward, performance conditions have been attached to the options granted. The performance condition (hurdle rate) attached to 50% of these grants 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 retesting 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.

Share Option Scheme

Options were last granted on 25 November 2004. The board has resolved not to grant any further options to anyone in terms of the Oceana Group (1985) Share Option Scheme. Further details of the Oceana Group (1985) Share Option Scheme are contained in notes 19 and 24 to the annual financial statements. There was no material dilution of earnings per share as a result of shares exercised during the year.

Executive directors' service contracts

Executive directors do not have fixed term contracts. They 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 provisions 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 as part of the group's talent management process. Included in this process is the succession discussion for the chairperson of the board. This is reviewed and agreed by the committee. The purpose of the plan is to ensure that succession is in place, and also to develop potentially suitable candidates for future placement. There is continuing focus on retention of key and critical skills in the business.

As part of long-term succession planning, the group continued with a graduate recruitment campaign targeting tertiary institutions. A bursary scheme is also in place. Further details can be found on page 49 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 2010 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. Remuneration is paid on an annual retainer basis to account for the responsibilities borne by the directors throughout the year. An attendance fee for formal meetings is not considered necessary, as the attendance record at meetings is considered satisfactory. An hourly rate for extraordinary work is in place and additional ad-hoc expenses are reimbursed as required. These fees are reviewed annually and proposed adjustments tabled by the CEO for review by the committee. The board then considers the fees and makes a recommendation to shareholders for approval at the annual general meeting. The non-executive directors' fees are detailed in table 4.

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

Table 1(a): Executive directors' remuneration: 2010

Name	Salary R'000	Allowances R'000	Retirement fund contributions R'000	Incentive bonuses* R'000	Gain on exercise of share options R'000	Gain on exercise of phantom share options R'000	Total emoluments R'000
ABA Conrad	**1 044**	**145**	**225**	**452**	**748**	**168**	**2 782**
FP Kuttel	**2 696**	**190**	**482**	**1 074**			**4 442**
RG Nicol	**1 843**	**101**	**371**	**739**		**1 769**	**4 823**
Total	**5 583**	**436**	**1 078**	**2 265**	**748**	**1 936**	**12 047**

* 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: 2009

Name	Salary R'000	Allowances R'000	Retirement fund contributions R'000	Incentive bonuses* R'000	Gain on exercise of share options R'000	Gain on exercise of phantom share options R'000	Total emoluments R'000
ABA Conrad	959	145	208	333		177	1 822
FP Kuttel[1]	621	45	112	1 292			2 070
AB Marshall[2]	963	131	210	500	2 298	573	4 675
RG Nicol	1 688	109	344	1 199			3 340
Total	4 231	430	874	3 324	2 298	750	11 907

1 Appointed 1 July 2009. Remuneration reflected above relates to the period 1 July 2009 to 30 September 2009. Included in performance bonuses is a sign-on bonus amounting to R1 million.

2 Resigned 28 February 2009. Remuneration reflected above relates to the period 1 October 2008 to 28 February 2009.

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

Table 2(a): Executive directors' phantom share option details: 2010

Name	Options as at 30 Sept 2009	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	Lapsed options	Options as at 30 Sept 2010	Expiry date
ABA Conrad	40 000	1 539					**40 000**	08.02.2012
	40 000	1 691		13 334	2 950		**26 666**	10.11.2012
	45 000	1 926					**45 000**	07.02.2014
	92 000	2 265					**92 000**	05.02.2015
		2 959	38 000				**38 000**	11.02.2016
	217 000		38 000	13 334			**241 666**	
FP Kuttel	500 000	2 506					**500 000**	01.07.2015
		2 959	136 000				**136 000**	11.02.2016
	500 000		136 000				**636 000**	
RG Nicol	115 000	1 539		76 667	3 239		**38 333**	08.02.2012
	90 000	1 691		30 000	3 239		**60 000**	10.11.2012
	100 000	1 926					**100 000**	07.02.2014
	188 000	2 265					**188 000**	05.02.2015
		2 959	78 000				**78 000**	11.02.2016
	493 000		78 000	106 667			**464 333**	

Table 2(b): Executive directors' phantom share option details: 2009

Name	Options as at 30 Sept 2008	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	Lapsed options	Options as at 30 Sept 2009	Expiry date
ABA Conrad	60 000	1 539		20 000	2 425		40 000	08.02.2012
	40 000	1 691					40 000	10.11.2012
	45 000	1 926					45 000	07.02.2014
		2 265	92 000				92 000	05.02.2015
	145 000		92 000	20 000			217 000	
FP Kuttel[1]		2 506	500 000				500 000	01.07.2015
AB Marshall[2]	194 000	1 539		64 667	2 425	129 533		
	190 000	1 691				190 000		
	177 000	1 926				177 000		
	561 000			64 667		496 533		
RG Nicol	115 000	1 539					115 000	08.02.2012
	90 000	1 691					90 000	10.11.2012
	100 000	1 926	188 000				100 000	07.02.2014
		2 265					188 000	05.02.2015
	305 000		188 000				493 000	

1 Appointed 1 July 2009

2 Resigned at 28 February 2009

Table 3(a): Executive directors' share option details: 2010

Name	Balance as at 30 Sept 2009 Number	Share options deemed to be exercised during the year[1] Number	Gains on options exercised R'000	Exercise prices R	Deemed exercise dates	Lapsed options Number	Balance as at 30 Sept 2010 Number	Share trust loan as at 30 Sept 2010 R'000
ABA Conrad	**56 000**	**(10 000)**	**134**	**15,60**	**02.12.2009**			
		(30 000)	**390**	**16,00**	**02.12.2009**			
		(10 000)	**128**	**16,24**	**02.12.2009**			
		(2 072)	**27**	**16,24**	**02.12.2009**			
		(3 928)	**50**	**16,24**	**02.12.2009**			
RG Nicol	**187 000**						**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.

Table 3(b): Executive directors' share option details: 2009

Name	Balance as at 30 Sept 2008 Number	Share options deemed to be exercised during the year[1] Number	Gains on options exercised R'000	Exercise prices R	Deemed exercise dates	Lapsed options Number	Balance as at 30 Sept 2009 Number	Share trust loan as at 30 Sept 2009 R'000
ABA Conrad	56 000						56 000	
AB Marshall[2]	369 000	(137 000)	945	15,60	21.05.2007	(25 000)		
		(29 000)	181	16,24	21.05.2007			
		(69 000)	476	15,60	10.12.2007			
		(9 000)	56	16,24	10.12.2007			
		(20 000)	126	16,24	10.12.2007			
		(25 000)	163	16,00	10.12.2007			
		(30 000)	188	16,24	25.11.2008			
		(25 000)	163	16,00	25.11.2008			
RG Nicol	187 000						187 000	2 295

[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] Resigned 28 February 2009

Table 4: Non-executive directors' remuneration: 2010 and 2009

	2010			2009		
Name	**Board fees R'000**	**Committee fees R'000**	**Total R'000**	Board fees R'000	Committee fees R'000	Total R'000
MA Brey	**350**	**45**	**395**	300	36	336
PG de Beyer	**140**	**100**	**240**	120	70	190
M Fleming[1]	**140**	**60**	**200**	120	47	167
Z Fuphe				35	14	49
PB Matlare[1]	**140**	**45**	**185**	120	36	156
S Pather	**140**	**95**	**235**	120	92	212
F Robertson				107		107
NV Simamane	**140**	**60**	**200**	10		10
TJ Tapela	**140**	**35**	**175**	12		12
RA Williams	**140**	**130**	**270**	120	107	227
Total	**1 330**	**570**	**1 900**	1 064	402	1 466

[1] Paid to Tiger Brands Limited

Composition of board committees 2010

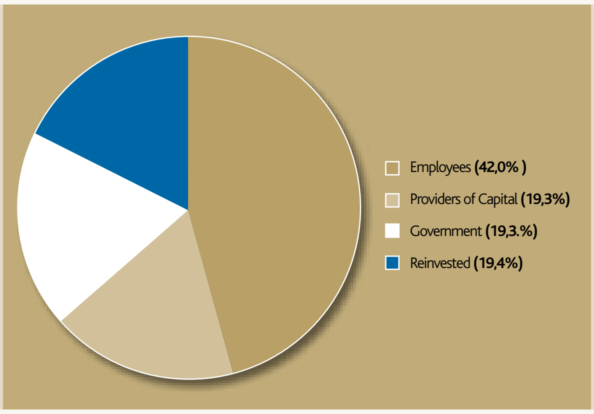
Audit committee	S Pather (chairperson); PG de Beyer; RA Williams
Remuneration and nominations committee	RA Williams (chairperson); MA Brey; PG de Beyer; PB Matlare; S Pather (appointed 19 August 2010)
Risk committee	M Fleming (chairperson); ND Brink; ABA Conrad; MD Copeland; SP Cummings; BJ King; FP Kuttel; RG Nicol; GA Rhodes-Harrison
Transformation committee	NV Simamane (chairperson); ABA Conrad (appointed 11 February 2010); FP Kuttel; M Mtsheketshe; GA Rhodes-Harrison; TJ Tapela; JL Wilkinson

	2010 R'000		2009 R'000	
Revenue	**3 423 219**		3 301 288	
Paid to suppliers for materials and services	**(2 409 187)**		(2 350 547)	
Value added	**1 014 032**		950 741	
Income from investments	**19 750**		31 561	
Total wealth created	**1 033 782**		982 302	
Distributed as follows:				
Employees				
Salaries, wages and other benefits	**434 087**	**42,0%**	422 267	43,0%
Providers of capital	**199 337**	**19,3%**	176 584	18,0%
Interest on borrowings	**5 497**	**0,5%**	5 600	0,6%
Dividends to non-controlling interests	**8 819**	**0,9%**	11 439	1,2%
Dividends to shareholders of Oceana Group Limited	**185 021**	**17,9%**	159 545	16,2%
Governments				
Central and local (Notes 1 and 2)	**199 727**	**19,3%**	168 989	17,2%
Reinvested in the group to maintain and develop operations	**200 631**	**19,4%**	214 462	21,8%
Depreciation and impairment loss	**96 664**	**9,4%**	72 748	7,4%
Retained surplus (Note 3)	**109 675**	**10,6%**	136 949	13,9%
Deferred taxation	**(5 708)**	**(0,6%)**	4 765	0,5%
Total wealth distributed	**1 033 782**	**100,0%**	982 302	100,0%

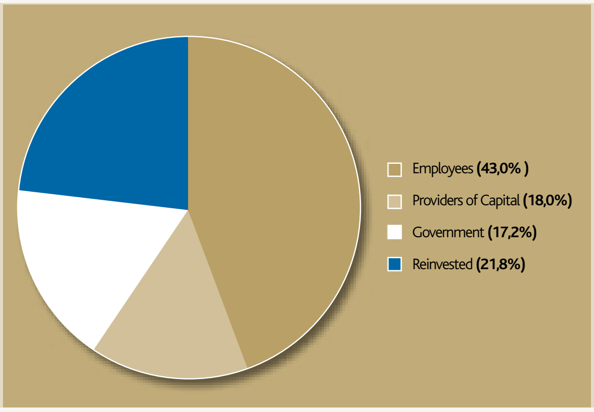
Notes

	2010 R'000	2009 R'000
1. Central and local governments:		
Company taxation	**175 754**	138 910
Skills development levy net of refunds	**1 232**	1 429
Rates and taxes paid to local authorities	**3 909**	5 697
Customs duties, import surcharges and excise taxes	**13 492**	18 238
Withholding taxes	**5 340**	4 715
	199 727	168 989
2. The total amount contributed to the central and local governments as reflected above excludes the following amounts collected by the group on behalf of the governments:		
VAT: Net amount refunded	**(120 290)**	(67 550)
PAYE and SITE withheld from remuneration paid	**55 739**	50 260
UIF contributions withheld from employees' salaries	**2 932**	2 458
	(61 619)	(14 832)
3. Retained surplus comprises:		
Group profit after taxation	**303 515**	307 933
Less: Dividends paid to		
shareholders of Oceana Group Limited	**(185 021)**	(159 545)
non-controlling interests	**(8 819)**	(11 439)
	109 675	136 949

Value added 2010



Value added 2009



STATISTICAL AND FINANCIAL DATA

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Consolidated income statements					
Revenue	**3 423 219**	3 301 288	3 002 476	2 608 894	2 544 558
Operating profit before abnormal items	**484 474**	410 866	317 284	236 723	183 325
Abnormal items	**(19 697)**	19 329	11 725	2 549	(5 882)
Operating profit	**464 777**	430 195	329 009	239 272	177 443
Dividend income	**13 532**	18 731	19 103	15 922	6 151
Interest received	**6 218**	12 830	16 775	19 856	28 500
Interest paid	**(5 497)**	(5 600)	(6 464)	(8 675)	(5 160)
Profit before taxation	**479 030**	456 156	358 423	266 375	206 934
Taxation	**175 515**	148 223	104 153	85 869	70 088
Profit after taxation	**303 515**	307 933	254 270	180 506	136 846
Attributable to non-controlling interests	**9 091**	15 734	8 197	11 701	7 055
Net profit attributable to shareholders of Oceana Group Limited	**294 424**	292 199	246 073	168 805	129 791
Headline earnings	**313 908**	276 764	234 636	163 836	127 581
Consolidated statements of financial position					
Property, plant and equipment	**364 538**	352 170	334 147	273 413	316 457
Goodwill and other intangible assets	**16 183**	36 117	45 293	55 512	62 020
Deferred taxation	**8 528**	5 878	5 386	10 438	12 850
Investments	**151 897**	140 111	131 258	121 361	119 978
Current assets	**1 302 083**	1 188 010	1 039 398	1 041 655	826 327
Total assets	**1 843 229**	1 722 286	1 555 482	1 502 379	1 337 632
Interest of shareholders of Oceana Group Limited	**1 212 130**	1 091 702	969 926	871 503	795 010
Interest of non-controlling interests in subsidiaries	**34 340**	33 994	29 632	34 019	23 820
Interest of all shareholders	**1 246 470**	1 125 696	999 558	905 522	818 830
Deferred taxation	**46 900**	49 829	44 733	32 585	29 874
Other liabilities	**549 859**	546 761	511 191	564 272	488 928
Total equity and liabilities	**1 843 229**	1 722 286	1 555 482	1 502 379	1 337 632
Consolidated statements of cash flows					
Cash generated from operations	**416 596**	293 650	320 833	270 671	294 708
Interest received	**6 218**	12 830	16 775	19 856	28 500
Dividend income	**421**	3 679	4 223	4 616	6 151
Interest paid	**(5 497)**	(5 600)	(6 464)	(8 675)	(5 160)
Taxation paid	**(166 234)**	(138 822)	(84 623)	(74 378)	(46 960)
Dividends paid	**(193 840)**	(170 984)	(123 640)	(83 128)	(86 034)
Net cash inflow/(outflow) from operating activities	**57 664**	(5 247)	127 104	128 962	191 205
Cash outflow from investing activities	**(87 937)**	(62 429)	(87 526)	(700)	(167 811)
Cash inflow/(outflow) from financing activities	**6 753**	15 670	(41 583)	(33 286)	(174 894)
Net (decrease)/increase in cash and cash equivalents	**(23 520)**	(52 006)	(2 005)	94 976	(151 500)

	Notes	2010	2009	2008	2007	2006
Share performance						
Number of shares upon which earnings per share is based ('000)		**99 580**	99 041	98 721	100 866	113 099
Headline earnings per share (cents)		**315,2**	279,4	237,7	162,4	112,8
Earnings per share (cents)		**295,7**	295,0	249,3	167,4	114,8
Dividends per share (cents)	1	**208,0**	184,0	156,0	106,0	74,0
Headline dividend cover (times)		**1,5**	1,5	1,5	1,5	1,5
Net asset value per share (cents)	2	**1 215,9**	1 099,7	986,0	869,1	783,3
Profitability		**%**	%	%	%	%
Operating margin	3	**14,2**	12,4	10,6	9,1	7,2
Return on average shareholders' funds	4	**27**	27	25	20	15
Return on average net assets	5 and 6	**39**	37	35	28	23
Return on average total assets	5 and 7	**31**	26	25	19	16
Finance						
Total borrowings as a percentage of total shareholders' funds	8	**3**	2	5	11	9
Total liabilities as a percentage of total shareholders' funds		**44**	49	51	62	60
Current ratio (:1)		**2,6**	2,3	2,1	1,9	1,7
Number of permanent employees at year-end		**1 434**	1 351	1 359	1 274	1 263
Revenue per employee (R'000)	9	**2 387**	2 444	2 209	2 048	2 015
Assets per employee (R'000)	7	**1 279**	1 270	1 141	1 171	1 049

Notes:

1. Dividend declared after reporting date included.
2. Own shareholders' funds divided by the net 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.

ANNUAL FINANCIAL STATEMENTS

CONTENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and group annual financial statements for the year ended 30 September 2010, which appear on pages 69 to 106 and include the operating segments' report on page 2, were approved by the board of directors on 11 November 2010 and signed on its behalf by:

MA Brey
Chairperson

FP Kuttel
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.

M Allie
Company secretary

11 November 2010

INDEPENDENT AUDITOR'S REPORT to the shareholders of Oceana Group Limited

We have audited the group annual financial statements and annual financial statements of Oceana Group Limited, which comprise the consolidated and separate statements of financial position as at 30 September 2010, and the consolidated and separate statements of comprehensive income, changes in equity, cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the report of the directors, as set out on pages 69 to 106 and the operating segments report on page 2.

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 consolidated and separate financial position of Oceana Group Limited as at 30 September 2010, and its consolidated and separate financial performance and consolidated and separate 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

Deloitte & Touche
Registered auditors

Per RJ Hofmeyr
Partner

11 November 2010

1st Floor
The Square
Cape Quarter
27 Somerset Road
Green Point
8005

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

Regional Leader: BGC Fannin

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

B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2010.

NATURE OF BUSINESS AND OPERATIONS

The principal activities of the company and its subsidiaries are detailed in the group profile on pages 3 to 5 of this report. In addition, the company also carries on the business of investing funds surplus to its immediate requirements and providing funding to subsidiaries.

SHARE CAPITAL

During the year under review 412 000 shares (2009: 819 600 shares) were allotted in terms of the company's share option scheme, increasing the issued share capital by R412 (2009: R820). Premiums totalling R6,4 million (2009: R13,0 million) in respect of these allotments have been credited to the share premium account.

Details of the authorised and issued share capital of the company are set out in note 19 to the annual financial statements.

FINANCIAL RESULTS

The results for the year under review are reflected in the statement of comprehensive income on page 78 of the annual financial statements.

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 R30,2 million on expansion (2009: R19,6 million) and R61,6 million on replacement assets (2009: R71,5 million). During the year there has been no major change in the nature of the assets nor in the policy relating to their use. Further details are disclosed in note 10 to the annual financial statements.

CONTINGENT LIABILITY

The company received a summons from the Competition Commission in February 2010 pursuant to an investigation into the pelagic fishing industry which has been ongoing since July 2008. Oceana's attorneys have undertaken an extensive investigation into the business conduct at Oceana Brands, the subsidiary in which the group's pelagic operations are held. The group has been co-operating fully with the Commission. The outcome of the investigation and summons is uncertain and therefore the financial effect cannot be determined.

DIRECTORS AND OFFICERS

The names of the present directors appear on pages 8 and 9. The name, business and postal address of the company secretary appear on the inside back cover. The group and company annual financial statements are prepared in accordance with the going concern and historical cost basis 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.

DIRECTORS' SHAREHOLDING

Details of shares issued to directors during the year are as below.

These share issues resulted from the exercise of share options.

	Number of shares	
	2010	2009
ABA Conrad	**56 000**	
AB Marshall		55 000
RG Nicol		147 000
	56 000	202 000

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

	Number of shares	
	2010	2009
RG Nicol	**147 000**	147 000

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 104 and 105 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:

	2010 R'000	2009 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	**310 353**	277 418
Total losses after taxation attributable to shareholders of Oceana Group Limited	**6 080**	2 032

GOING CONCERN

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

EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that may have an impact on the group's reported financial position at 30 September 2010.

REPORT OF THE AUDIT COMMITTEE

THE AUDIT COMMITTEE

Composition

The audit committee is appointed by the board and comprises three non-executive directors of the company, all of whom are independent. The members possess the necessary expertise to direct the committee constructively in the execution of its duties. The chairperson is Mr S Pather, who attended the company's annual general meeting in February. The company secretary is secretary of this committee.

Meetings

The committee met twice during the year, with full attendance by all members. Attendance at meetings by directors and management is by way of invitation.

Membership and attendance at meetings

	12 Nov 2009	6 May 2010
S Pather (Chairperson)	✓	✓
PG de Beyer	✓	✓
RA Williams	✓	✓

Audit committee charter

The audit committee has a charter, approved by the board, dealing with membership, authority and duties. The charter is reviewed annually and was updated during the year under review to comply with the recommendations contained in the King III Code.

The committee's terms of reference, which have been approved by the board, include financial reporting and operational matters such as the monitoring of controls, loss prevention, litigation, approving the disclosure of sustainability issues and JSE, statutory and regulatory compliance matters. The committee charter allows it to consult with specialists to assist it with the performance of its functions, subject to a board-approved process.

INDEPENDENCE OF EXTERNAL AUDITORS

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 company's independent external auditors do not assist in the performance of any internal audit assignments. The nature and extent of all non-audit services provided by the independent external auditors are approved and reviewed by the committee, to ensure compliance with the company's policy. The committee is satisfied that the external auditor was independent of the company. The committee also considered and determined the fees and terms of engagement of the external auditors.

Reporting mechanisms

The committee provides a forum through which the external and internal auditors report to the board. It is responsible for the consideration for appointment and review of internal and independent external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements. In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports.

INTERNAL CONTROLS

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. The committee considers the accounting policies, practices and financial statements to be appropriate.

Outsourcing of internal audit

The internal audit function has been outsourced to a professional firm of registered accountants and auditors, KPMG, who 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. Significant findings are reported to both executive management and the audit committee and corrective action is taken to address identified internal control deficiencies.

The committee approved a three-year internal audit plan, compiled using a risk-based approach and through extensive consultation between the internal auditors and Oceana management, taking into consideration the entire audit universe affecting Oceana.

The 2010 plan scheduled 35 audits of which 26 covered reviews in group and divisional activities and 9 were follow-ups and attending to ancillary matters. The finalisation of the report of one internal audit review has been deferred to the 2011 financial year. Included in the review process were tests on supplier selection and evaluation, corporate governance, journal entries and reconciliations, procurement, HR processes including remuneration, and inventories and production. The coverage of the three-year plan is reviewable annually. The internal auditors attend all meetings of the audit and risk committees.

Attendance of internal and external auditors at audit committee meetings

The external and internal auditors attend committee meetings and have unrestricted access to the committee and its chairperson at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity of addressing the committee and its chairperson at each of the meetings without management being present.

The committee reviews detailed reports from both the external and internal auditors and the chairperson of the committee reports on the findings of the internal and external auditors at board meetings. The committee reviews the effectiveness of the system of internal control adopted by group companies with reference to the findings of the external and internal auditors. Based on the overall ratings assigned, and in accordance with the assessment approach followed in terms of the Oceana rating framework, Oceana's system of internal control is assessed to be good.

Amongst other issues considered in meetings during the course of the year, were the review of the draft annual and interim reports, risk management issues, and the nature of legal actions in which the group is involved.

Risk committee reports

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. The committee has ensured that the combined assurance plan is appropriate to address all the significant threats facing the company.

Compliance and ethics reports

A compliance and ethics report was presented at both meetings during the year, dealing with principles and issues of a compliance and 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 report also details significant disciplinary actions that took place during the period under review.

The provisions of the King III Code, as they affect audit committees, have been implemented during 2010. The committee has also considered the expertise and experience of the Oceana Group Limited financial director in terms of the Listings Requirements of the JSE and concluded that the financial director's expertise and experience meet the appropriate requirements.

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 audit committee reviewed the 2010 annual integrated report of Oceana Group Limited and recommended it for approval to the board. The board of directors believes that the committee satisfied its responsibilities for the year in compliance with its terms of reference.

ACCOUNTING POLICIES

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 basis 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 statement of comprehensive income.

Non-controlling interest at acquisition date is determined as the non-controlling 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 reporting 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 statement of comprehensive income 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 reporting 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 reporting 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 statement of comprehensive income.

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 statement of comprehensive income 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 statement of comprehensive income 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 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 using the Black-Scholes model, further details of which are given in the note on share-based payment plans.

The cost of equity-settled share-based payments is recognised, together with a corresponding increase in equity under the share-based payment reserve, over the vesting period. The cumulative expense recognised for share options granted at each reporting 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 charge or credit recognised in the statement of comprehensive income 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 the note on earnings per share.

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 number of options that are expected to vest are revised at each reporting date and the liability is remeasured up to and including the settlement date with changes in fair value recognised in the statement of comprehensive income.

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 statement of comprehensive income 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 recognised in the statement of comprehensive income in the year in which it is incurred.

11. INTEREST PAID

Interest paid is accrued and recognised in the statement of comprehensive income 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 reporting 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 for all temporary differences at the reporting 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 reporting 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 period 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 reporting date.

Deferred tax assets and liabilities are off-set 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 statement of comprehensive income when the related dividend has been declared.

Foreign withholding taxes

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

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.

Freehold land and buildings

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.

Leasehold land and buildings

Improvements to leasehold property is capitalised and depreciated to expected residual value over the remaining period of the lease.

Plant, equipment, motor vehicles and fishing vessels and nets

Plant, equipment, motor vehicles and fishing vessels and nets are carried at cost less accumulated depreciation and impairment. When plant and equipment comprise major components with different useful lives, these components are depreciated as separate items. In the case of fishing vessel refits, these costs are depreciated over the period between each vessel refit.

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 statement of comprehensive income 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 statement of comprehensive income.

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 range of depreciation rates apply on initial recognition:

	% per annum
Buildings – Freehold	5
– Leasehold	5 – 10
Plant and equipment	10 – 20
Motor vehicles	20 – 25
Office equipment	10 – 50
Fishing vessels and nets	10 – 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 statement of comprehensive income 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 periods.

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 statement of comprehensive income.

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 that 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 statement of financial position 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 statement of cash flows, 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 statement of comprehensive income when there is objective evidence that the asset is impaired. Amounts considered irrecoverable are written off against the provision, and recovery of amounts subsequently written off are recognised in the statement of comprehensive income.

Financial instruments are off-set when the group has a legally enforceable right to off-set 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.

Financial liabilities

Financial liabilities are initially recorded at cost and subsequently measured at amortised cost.

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 statement of comprehensive income in the period 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 statement of comprehensive income. 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 statement of comprehensive income.

20. TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the statement of comprehensive income 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 REPORTING DATE

The financial statements are adjusted to reflect the effect of events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting 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 are 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 and the trademark;
- 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; and
- revenue from the sale of goods which is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. Due to economic uncertainties in certain geographic regions, this can only be determined using a measure of judgement. Management estimate the portion of revenue for which it is uncertain that the economic benefits related to the transaction will flow to the entity. This revenue is not recognised until the amounts associated with the transaction have been collected.

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

ADOPTION OF NEW AND REVISED STANDARDS, INTERPRETATIONS AND CIRCULARS

Standards, Interpretations and Circulars adopted in the current financial year

During the period, the group adopted IAS 1: *Presentation of Financial Statements* and IFRS 8: *Operating Segments*.

The principal effects of the changes required by IAS 1 were as follows:

- The income statement is now the statement of comprehensive income.
- All non-owner changes in equity are now presented in other comprehensive income in the statement of comprehensive income.
- The balance sheet is now the statement of financial position.
- The cash flow statement is now the statement of cash flows.

The adoption of IFRS 8 had no effect on the presentation of the current and prior period results.

The group has not been required to adopt any other new standards, interpretations or circulars.

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.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2010

		GROUP		COMPANY	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	1	**3 423 219**	3 301 288	**63 787**	48 705
Cost of sales		**2 160 639**	2 231 648		
Gross profit		**1 262 580**	1 069 640	**63 787**	48 705
Sales and distribution expenditure		**298 073**	246 473		
Marketing expenditure		**39 658**	29 641		
Overhead expenditure		**440 375**	382 660	**59 932**	46 147
Operating profit before abnormal items	2	**484 474**	410 866	**3 855**	2 558
Abnormal items	4	**(19 697)**	19 329	**(21 341)**	(113)
Operating profit/(loss)		**464 777**	430 195	**(17 486)**	2 445
Dividend income	5	**13 532**	18 731	**219 340**	232 065
Interest received	6	**6 218**	12 830	**3 794**	7 056
Interest paid	6	**(5 497)**	(5 600)	**(2 748)**	(4 456)
Profit before taxation		**479 030**	456 156	**202 900**	237 110
Taxation	7	**175 515**	148 223	**6 941**	6 963
Profit after taxation		**303 515**	307 933	**195 959**	230 147
Other comprehensive income					
Movement on foreign currency translation reserve		**(3 541)**	(24 894)		
Movement on cash flow hedging reserve		**(75)**	(7 856)		
Other comprehensive income, net of taxation		**(3 616)**	(32 750)		
Total comprehensive income for the year		**299 899**	275 183	**195 959**	230 147
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		**294 424**	292 199		
Non-controlling interests		**9 091**	15 734		
		303 515	307 933		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		**290 808**	259 449		
Non-controlling interests		**9 091**	15 734		
		299 899	275 183		
Earnings per share (cents)	8				
– Basic		**295,7**	295,0		
– Diluted		**280,6**	286,6		
Dividends per share (cents)	9	**208,0**	184,0		
– Interim paid		**33,0**	31,0		
– Final declared after reporting date		**175,0**	153,0		

STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2010

		GROUP		COMPANY	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
NON-CURRENT ASSETS		**541 146**	534 276	**239 040**	245 902
Property, plant and equipment	10	**364 538**	352 170	**6 190**	6 966
Goodwill	11		18 774		
Trademark	11	**16 183**	17 343		
Deferred taxation	12	**8 528**	5 878	**3 635**	2 174
Investments and loans	13	**151 897**	140 111	**143 029**	129 655
Oceana Group Share Trust	14			**7 698**	7 264
Khula Trust	15			**4 028**	4 042
Interest in subsidiaries and joint ventures	16			**74 460**	95 801
CURRENT ASSETS		**1 302 083**	1 188 010	**459 080**	471 385
Inventories	17	**574 838**	589 814		
Accounts receivable	18	**545 515**	408 793	**2 201**	2 596
Amounts owing by subsidiaries and joint ventures	16			**365 151**	393 333
Cash and cash equivalents		**181 730**	189 403	**91 728**	75 456
Total assets		**1 843 229**	1 722 286	**698 120**	717 287
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES		**1 246 470**	1 125 696	**652 179**	670 594
Share capital and premium	19	**23 129**	16 536	**148 629**	142 200
Foreign currency translation reserve		**(6 059)**	(2 518)		
Capital redemption reserve		**130**	130		
Cash flow hedging reserve		**(7 931)**	(7 856)		
Share-based payment reserve		**40 058**	32 015	**6 217**	6 066
Distributable reserve		**1 162 803**	1 053 395	**497 333**	522 328
Interest of own shareholders		**1 212 130**	1 091 702	**652 179**	670 594
Non-controlling interests		**34 340**	33 994		
NON-CURRENT LIABILITIES		**89 841**	76 291	**11 933**	6 822
Liability for share-based payments	24.3	**42 941**	26 462	**11 933**	6 822
Deferred taxation	12	**46 900**	49 829		
CURRENT LIABILITIES		**506 918**	520 299	**34 008**	39 871
Accounts payable	20	**387 949**	426 094	**10 812**	10 639
Amounts owing to subsidiaries and joint ventures	16			**22 136**	28 345
Provisions	21	**24 698**	23 945	**1 060**	887
Taxation		**57 657**	49 827		
Bank overdrafts		**36 614**	20 433		
Total equity and liabilities		**1 843 229**	1 722 286	**698 120**	717 287

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Share capital and premium R'000	Foreign currency translation reserve R'000	Capital redemption reserve R'000	Cash flow hedging reserve R'000	Share-based payment reserve R'000	Distribut-able reserve R'000	Interest of own share-holders R'000	Non-controlling interests R'000	Total R'000
GROUP										
Balance at 1 October 2008		2 370	22 376	130		24 616	920 434	969 926	29 632	999 558
Total comprehensive income for the year			(24 894)		(7 856)		292 199	259 449	15 734	275 183
Movement on foreign currency translation reserve			(24 894)					(24 894)		(24 894)
Loss recognised on cash flow hedge					(4 703)			(4 703)		(4 703)
Transferred to profit or loss					(2 562)			(2 562)		(2 562)
Transferred to initial carrying amount of hedged item					(591)			(591)		(591)
Profit after taxation							292 199	292 199	15 734	307 933
Share options exercised		12 979						12 979		12 979
Decrease in treasury shares held by share trusts		1 187						1 187		1 187
Recognition of share-based payments	24					7 399		7 399	67	7 466
Profit on sale of treasury shares							307	307		307
Dividends	9						(159 545)	(159 545)	(11 439)	(170 984)
Balance at 30 September 2009		16 536	(2 518)	130	(7 856)	32 015	1 053 395	1 091 702	33 994	1 125 696
Total comprehensive income for the year			**(3 541)**		**(75)**		**294 424**	**290 808**	**9 091**	**299 899**
Movement on foreign currency translation reserve			**(3 541)**					**(3 541)**		**(3 541)**
Loss recognised on cash flow hedge					**(1 442)**			**(1 442)**		**(1 442)**
Transferred to profit or loss					**1 665**			**1 665**		**1 665**
Transferred to initial carrying amount of hedged item					**(298)**			**(298)**		**(298)**
Profit after taxation							**294 424**	**294 424**	**9 091**	**303 515**
Share options exercised		**6 429**						**6 429**		**6 429**
Decrease in treasury shares held by share trusts		**164**						**164**		**164**
Recognition of share-based payments	24					**8 043**		**8 043**	**74**	**8 117**
Profit on sale of treasury shares							**5**	**5**		**5**
Dividends	9						**(185 021)**	**(185 021)**	**(8 819)**	**(193 840)**
Balance at 30 September 2010		**23 129**	**(6 059)**	**130**	**(7 931)**	**40 058**	**1 162 803**	**1 212 130**	**34 340**	**1 246 470**
COMPANY										
Balance at 1 October 2008		129 221				5 901	482 848	617 970		617 970
Total comprehensive income for the year							230 147	230 147		230 147
Share options exercised		12 979						12 979		12 979
Recognition of share-based payments	24					165		165		165
Dividends	9						(190 667)	(190 667)		(190 667)
Balance at 30 September 2009		142 200				6 066	522 328	670 594		670 594
Total comprehensive income for the year							**195 959**	**195 959**		**195 959**
Share options exercised		**6 429**						**6 429**		**6 429**
Recognition of share-based payments	24					**151**		**151**		**151**
Dividends	9						**(220 954)**	**(220 954)**		**(220 954)**
Balance at 30 September 2010		**148 629**				**6 217**	**497 333**	**652 179**		**652 179**

		GROUP		COMPANY	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit before abnormal items		**484 474**	410 866	**3 855**	2 558
Adjustment for non-cash and other items		**101 092**	89 659	**9 931**	4 115
Depreciation and non-abnormal impairment		**76 953**	72 035	**4 669**	2 183
Share-based payment expense		**36 470**	23 169	**8 968**	3 421
Cash-settled share-based payment		**(11 848)**	(4 065)	**(3 706)**	(1 489)
Net surplus on disposal of property, plant and equipment		**(483)**	(1 480)		
CASH OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**585 566**	500 525	**13 786**	6 673
Working capital changes	A	**(168 970)**	(206 875)	**(354)**	(6 187)
CASH GENERATED FROM OPERATIONS		**416 596**	293 650	**13 432**	486
Interest received		**6 218**	12 830	**3 794**	7 056
Dividend income		**421**	3 679	**206 229**	217 013
Interest paid		**(5 497)**	(5 600)	**(2 748)**	(4 456)
Taxation paid	B	**(166 234)**	(138 822)	**(7 307)**	(10 874)
Dividends paid	C	**(193 840)**	(170 984)	**(220 954)**	(190 667)
NET CASH INFLOW/(OUTFLOW)FROM OPERATING ACTIVITIES		**57 664**	(5 247)	**(7 554)**	18 558
CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		**(87 937)**	(62 429)	**23 606**	(123 680)
Replacement capital expenditure		**(61 619)**	(71 520)	**(3 893)**	(5 195)
Expansion capital expenditure		**(30 233)**	(19 618)		
Proceeds on disposal of property, plant and equipment		**2 590**	10 275		
Net movement on loans and advances		**1 534**	14 221	**(474)**	5 845
Acquisition of investment		**(209)**		**(209)**	
Cash-related abnormal items			4 213		
Movement on amounts owing by subsidiaries and joint ventures				**28 182**	(124 330)
CASH INFLOW FROM FINANCING ACTIVITIES		**6 753**	15 670	**220**	20 309
Proceeds from issue of share capital		**6 598**	14 472	**6 429**	12 979
Short-term borrowings raised		**155**	1 198		
Movement on amounts owing to subsidiaries and joint ventures				**(6 209)**	7 330
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(23 520)**	(52 006)	**16 272**	(84 813)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**168 970**	218 133	**75 456**	160 269
Effect of exchange rate changes		**(334)**	2 843		
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	D	**145 116**	168 970	**91 728**	75 456

		GROUP		COMPANY	
		2010	2009	**2010**	2009
		R'000	R'000	**R'000**	R'000
A.	WORKING CAPITAL CHANGES				
	Inventories	**12 585**	(260 896)		
	Accounts receivable	**(144 892)**	9 181	**(700)**	764
	Accounts payable and provisions	**(36 588)**	53 362	**346**	(6 656)
	Effect of non-cash items	**(75)**	(8 522)		(295)
	Total working capital changes	**(168 970)**	(206 875)	**(354)**	(6 187)
B.	TAXATION PAID				
	Net amount (unpaid)/overpaid at the beginning of the year	**(39 351)**	(34 494)	**1 243**	(2 085)
	Charged to profit and loss (Note 7)	**(181 094)**	(143 625)	**(8 402)**	(7 546)
	Exchange rate difference	**(60)**	(54)		
	Net amount unpaid/(overpaid) at the end of the year	**54 271**	39 351	**(148)**	(1 243)
	Cash amounts paid	**(166 234)**	(138 822)	**(7 307)**	(10 874)
C.	DIVIDENDS PAID				
	Charged to the statements of changes in equity	**(185 021)**	(159 545)	**(220 954)**	(190 667)
	Dividends paid to non-controlling interests	**(8 819)**	(11 439)		
	Cash amounts paid	**(193 840)**	(170 984)	**(220 954)**	(190 667)
D.	NET CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents	**181 730**	189 403	**91 728**	75 456
	Bank overdrafts	**(36 614)**	(20 433)		
		145 116	168 970	**91 728**	75 456

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
1. REVENUE				
The main categories of revenue are set out below:				
Sale of goods				
Inshore fishing	**2 280 069**	2 142 497		
Midwater and deep-sea fishing	**909 034**	948 267		
Rendering of services				
Commercial cold storage	**234 116**	210 524		
Management fees from subsidiaries and joint ventures			**63 787**	48 705
	3 423 219	3 301 288	**63 787**	48 705
2. OPERATING PROFIT BEFORE ABNORMAL ITEMS IS ARRIVED AT AFTER TAKING INTO ACCOUNT THE FOLLOWING ITEMS				
Income				
Directors' fees from a joint venture			**33**	12
Net surplus on disposal of property, plant and equipment	**483**	1 480		
Expenditure				
Auditor's remuneration				
fees for audit – current year	**4 651**	4 215	**649**	532
fees for audit – prior year under/(over)provision	**115**	201		(41)
expenses	**82**	139	**21**	1
other services	**405**	1 177	**90**	74
	5 253	5 732	**760**	566
Depreciation of property, plant and equipment				
buildings	**8 919**	9 567		
plant, equipment and motor vehicles	**35 441**	30 744	**4 669**	2 183
fishing vessels and nets	**32 515**	31 724		
	76 875	72 035	**4 669**	2 183
Administrative, technical and secretarial fees	**21 806**	7 163	**3 227**	1 033
Operating lease expenses				
properties	**23 725**	21 330	**1 033**	1 107
equipment and vehicles	**4 966**	2 909		
Foreign exchange loss	**13 595**	4 900		
Employment costs	**388 741**	379 219	**23 990**	24 073
Retirement costs	**22 984**	21 267	**2 645**	2 246
Share-based payments – cash-settled compensation scheme	**28 384**	15 703	**8 817**	3 256
Share-based payments – equity-settled compensation scheme		42		27
Share-based payments – Khula Trust	**8 117**	7 424	**151**	138

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
3. DIRECTORS' EMOLUMENTS				
Executive directors				
Managerial and other services			**11 299**	9 609
Gains on exercise of share options			**748**	2 298
			12 047	11 907
Non-executive directors				
Services as directors			**1 900**	1 466
Detailed information appears in the remuneration report on pages 58 to 62.				
4. ABNORMAL ITEMS				
Goodwill impairment	**(19 279)**			
Impairment of investment in subsidiary			**(21 341)**	
Impairment charge on vessels and equipment	**(432)**	(713)		
Net surplus on disposal of property	**14**	8 474		
Reversal of provision for loans in Namibian whitefish business		7 422		
Insurance proceeds		2 799		
Profit on disposal of investment		1 413		182
Reversal of provision for irrecoverable loans		600		
Utilisation of pension fund surplus		(666)		(295)
	(19 697)	19 329	**(21 341)**	(113)
5. DIVIDEND INCOME				
Subsidiaries			**205 808**	213 334
Unlisted investments	**421**	3 679	**421**	3 679
Dividends received	**421**	3 679	**206 229**	217 013
Preference dividend accrued	**13 111**	15 052	**13 111**	15 052
	13 532	18 731	**219 340**	232 065
6. INTEREST				
Received				
Subsidiaries			**1 326**	2 641
Bank and short-term deposits	**3 022**	7 885	**1 933**	3 618
Unlisted investments	**1 777**	3 663		
Other	**1 419**	1 282	**535**	797
	6 218	12 830	**3 794**	7 056
Paid				
Subsidiaries			**(2 649)**	(4 137)
Bank	**(4 818)**	(4 588)	**(99)**	(304)
Other	**(679)**	(1 012)		(15)
	(5 497)	(5 600)	**(2 748)**	(4 456)

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
7. TAXATION				
7.1 South African				
Current year	**97 642**	75 770	**3 218**	2 249
Adjustments in respect of previous years	**(2 589)**	(1 107)	**(454)**	(955)
Secondary taxation on companies	**22 193**	21 023	**5 548**	6 162
	117 246	95 686	**8 312**	7 456
7.2 Foreign				
Current year	**58 765**	41 822		
Adjustments in respect of previous years	**(257)**	1 402		
Withholding tax	**5 340**	4 715	**90**	90
	181 094	143 625	**8 402**	7 546
7.3 South African deferred taxation				
Current year	**(8 921)**	2 950	**(1 452)**	(583)
Adjustments in respect of previous years	**(529)**	(603)	**(9)**	
7.4 Foreign deferred taxation				
Current year	**4 515**	3 494		
Adjustments in respect of previous years	**(38)**	(1 243)		
Adjustment in respect of change in tax rate	**(606)**			
Taxation charge	**175 515**	148 223	**6 941**	6 963

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	**36,6**	32,5	**3,4**	2,9
Adjustment to rate due to:				
Dividend income	**0,8**	1,1	**30,3**	27,4
Net effect of tax losses	**(0,3)**	0,4		
Adjustment in respect of previous years	**0,7**	0,3	**0,2**	0,4
Adjustment in respect of change in tax rate	**0,1**			
Foreign taxation differentials and withholding taxes	**(3,3)**	(1,7)		
Secondary taxation on companies	**(4,6)**	(4,6)	**(2,7)**	(2,6)
Abnormal items	**(1,2)**	0,7	**(2,9)**	
Expenses not allowable for taxation and other	**(0,8)**	(0,7)	**(0,3)**	(0,1)
South African company income tax rate	**28,0**	28,0	**28,0**	28,0

	R'000	R'000
7.6 The group's share of tax losses in subsidiaries and joint venture companies available as a deduction from their future taxable incomes amounted to:		
South African	**2 135**	
Foreign	**28 407**	23 759
Total	**30 542**	23 759
Tax savings effect:		
before deferred taxation	**10 147**	8 316
after deferred taxation	**3 251**	1 792

	GROUP	
	2010	2009
	Number of shares	
8. EARNINGS PER SHARE		
8.1 Calculation of weighted average number of ordinary shares		
Weighted average number of ordinary shares	**118 894 880**	118 386 396
Less:		
Treasury shares held by Khula Trust	**(14 204 722)**	(14 236 739)
Treasury shares held by Oceana Brands Limited	**(5 094 350)**	(5 094 350)
Treasury shares held by Oceana Group Share Trust	**(16 086)**	(14 250)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**99 579 722**	99 041 057
Shares deemed to be issued for no consideration in respect of unexercised share options	**5 342 960**	2 909 418
Khula Trust[1]	**5 125 708**	2 692 509
Equity-settled compensation scheme[2]	**217 252**	216 909
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**104 922 682**	101 950 475

Notes:

[1] Represents the number of options available, 14 198 799 (2009:14 210 465), times the average share price for the year of 3 013 cents (2009: 2 375 cents) less the number of options available times the option value of 1 925 cents, divided by the average share price for the year.

[2] Refer to note 24.1 for additional information.

	GROUP			
	Gross of tax	**Net of tax**	Gross of tax	Net of tax
	2010	**2010**	2009	2009
	R'000	**R'000**	R'000	R'000
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited		**294 424**		292 199
Adjusted for:				
Goodwill impairment	**19 279**	**19 279**		
Impairment charge on vessels and equipment	**432**	**564**	713	546
Net surplus on disposal of property, plant and equipment	**(497)**	**(359)**	(9 954)	(9 482)
Reversal of provision for loans in Namibian whitefish business			(7 422)	(5 086)
Profit on disposal of investment			(1 413)	(1 413)
Headline earnings for the year		**313 908**		276 764
Headline earnings per share (cents)				
– Basic		**315,2**		279,4
– Diluted		**299,2**		271,5

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
9. DIVIDENDS				
Final of 153 cents per share declared on 12 November 2009, paid 11 January 2010 (2009: 130 cents)	**152 123**	128 490	**181 684**	153 619
Interim of 33 cents per share declared on 6 May 2010, paid 5 July 2010 (2009: 31 cents)	**32 898**	31 055	**39 270**	37 048
Dividends paid during the year	**185 021**	159 545	**220 954**	190 667
Final of 175 cents (2009: 153 cents) per share declared on 11 November 2010, payable on 17 January 2011 based on number of shares in issue on 11 November 2010				
Dividend declared after reporting date[1]	**174 574**	151 881	**208 366**	181 441

Note:

[1] The income tax consequence of the dividend declared after the reporting date for the group and company amounted to R4,2 million (2009: R5,5 million).

	GROUP				
	Freehold land and buildings	Leasehold land and buildings	Plant equipment and vehicles	Fishing vessels and nets	Total
	R'000	R'000	R'000	R'000	R'000
10. PROPERTY, PLANT AND EQUIPMENT					
Cost					
At 1 October 2008	39 895	95 427	426 364	317 328	879 014
Additions	2 328	2 039	49 618	37 153	91 138
Disposals	(224)	(3)	(6 362)	(19 242)	(25 831)
Exchange differences			(259)		(259)
At 30 September 2009	41 999	97 463	469 361	335 239	944 062
At 1 October 2009	**41 999**	**97 463**	**469 361**	**335 239**	**944 062**
Additions	**1 758**	**1 460**	**58 045**	**30 589**	**91 852**
Disposals	**(26)**	**(66)**	**(9 916)**	**(16 201)**	**(26 209)**
Exchange differences			**(48)**		**(48)**
At 30 September 2010	**43 731**	**98 857**	**517 442**	**349 627**	**1 009 657**
Accumulated depreciation and impairment					
At 1 October 2008	11 561	54 673	305 699	172 934	544 867
Depreciation for the year	1 362	8 205	30 744	31 724	72 035
Disposals	(223)	(3)	(6 189)	(19 097)	(25 512)
Impairment charge			115	598	713
Exchange differences			(211)		(211)
At 30 September 2009	12 700	62 875	330 158	186 159	591 892
At 1 October 2009	**12 700**	**62 875**	**330 158**	**186 159**	**591 892**
Depreciation for the year	**1 290**	**7 629**	**35 441**	**32 515**	**76 875**
Disposals		**(66)**	**(9 716)**	**(14 334)**	**(24 116)**
Impairment charge			**78**	**432**	**510**
Exchange differences			**(42)**		**(42)**
At 30 September 2010	**13 990**	**70 438**	**355 919**	**204 772**	**645 119**
Carrying value					
At 1 October 2008	28 334	40 754	120 665	144 394	334 147
At 30 September 2009	29 299	34 588	139 203	149 080	352 170
At 30 September 2010	**29 741**	**28 419**	**161 523**	**144 855**	**364 538**

The insured value of the group's property, plant and equipment at 30 September 2010 amounted to R2,7 billion (2009: R2,5 billion).

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
	R'000
10. PROPERTY, PLANT AND EQUIPMENT CONTINUED	
Plant, equipment and motor vehicles	
Cost	
At 1 October 2008	7 835
Additions	5 195
At 30 September 2009	13 030
At 1 October 2009	**13 030**
Additions	**3 893**
Disposals	**(15)**
At 30 September 2010	**16 908**
Accumulated depreciation	
At 1 October 2008	3 881
Depreciation for the year	2 183
At 30 September 2009	6 064
At 1 October 2009	**6 064**
Depreciation for the year	**4 669**
Disposals	**(15)**
At 30 September 2010	**10 718**
Carrying value	
At 1 October 2008	3 954
At 30 September 2009	6 966
At 30 September 2010	**6 190**

	GROUP		
	Goodwill	Trademark	Total
	R'000	R'000	R'000
11. GOODWILL AND TRADEMARK			
Cost			
At 1 October 2008	23 544	21 749	45 293
Exchange difference	(4 770)	(4 406)	(9 176)
At 30 September 2009	18 774	17 343	36 117
At 1 October 2009	**18 774**	**17 343**	**36 117**
Exchange difference	**(1 144)**	**(1 160)**	**(2 304)**
At 30 September 2010	**17 630**	**16 183**	**33 813**
Accumulated impairment			
At 1 October 2009			
Impairment charge	**19 279**		**19 279**
Exchange difference	**(1 649)**		**(1 649)**
At 30 September 2010	**17 630**		**17 630**
Carrying value			
At 1 October 2008	23 544	21 749	45 293
At 30 September 2009	18 774	17 343	36 117
At 30 September 2010		**16 183**	**16 183**

11. GOODWILL AND TRADEMARK CONTINUED

Goodwill

During the financial year the recoverable amount of goodwill that arose on the acquisition of Glenryck Foods Limited, in the United Kingdom (UK) was assessed based on expected future cash flows. The assessment resulted in the full impairment of the carrying value of goodwill. The impairment loss is included in abnormal items in the statement of comprehensive income.

The impairment arose as a result of a reorganisation of the groups canned fish operations in the UK pursuant to reduced trading returns in that region. A number of product lines have been discontinued and core products will in future be supplied by Oceana Brands for distribution in the UK by a third party distributor under the Glenryck brand.

The recoverable amount of the goodwill related to Glenryck Foods Limited was assessed by reference to the present value of its future cash flows, based on forecast information and financial budgets. A discount rate, calculated using a weighted average cost of capital, based on the market risk premium, risk-free rate and the borrowing rate applicable to the UK, was applied to these projected cash flows.

The goodwill impairment was included in the inshore fishing segment disclosure.

Trademark

The trademark relates to the Glenryck brand of canned fish in the UK market. The recoverable amount of the trademark was determined by assessing the present value of the future cash flows based on a value-in-use calculation and no impairment was required. The key assumptions used in the calculation were the sales volume and price growth rates which were based on forecasts of performance in terms of the revised business model. A discount rate based on the UK market risk premium and risk-free rate was applied to these projected cash flows.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
12. DEFERRED TAXATION				
Deferred tax assets	**8 528**	5 878	**3 635**	2 174
Deferred tax liabilities	**(46 900)**	(49 829)		
Net deferred taxation (liability)/asset	**(38 372)**	(43 951)	**3 635**	2 174
Net (liability)/asset at the beginning of the year	**(43 951)**	(39 347)	**2 174**	1 673
Adjustment in respect of change in tax rate	**606**			
Exchange rate adjustment	**1**	(6)		
Transferred to subsidiary				(82)
Credited/(charged) to income	**4 972**	(4 598)	**1 461**	583
Net (liability)/asset at the end of the year	**(38 372)**	(43 951)	**3 635**	2 174
Comprising:				
Property, plant and equipment	**(52 329)**	(47 667)		
Taxation loss relief	**6 896**	6 524		
Provisions and other credit balances	**22 635**	10 076	**3 635**	2 174
Section 14(1)(c) allowances, prepayments and other	**(15 574)**	(12 884)		
	(38 372)	(43 951)	**3 635**	2 174
Aggregate amount of unused taxation losses for which no deferred taxation asset is recognised in the statement of financial position	**9 882**	5 119		
13. INVESTMENTS AND LOANS				
Gross loans	**12 485**	18 310	**273**	219
Less: Provisions for irrecoverable loans	**(3 367)**	(7 658)		
Loans	**9 118**	10 652	**273**	219
Preference shares	**142 349**	129 238	**142 349**	129 238
Other shares	**430**	221	**407**	198
	151 897	140 111	**143 029**	129 655

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 R524 206 (2009: R791 348) 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 4,4% (2009: 4,0%) equity share. No impairment provision is required in respect of this loan.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
13. INVESTMENTS AND LOANS (CONTINUED)				
Movement on loans				
Balance at beginning of the year	**10 652**	16 851	**219**	219
Advances	**8 039**	13 869	**54**	
Interest charged	**778**	1 635		
Loans repaid	**(14 642)**	(26 214)		
Transferred to short-term loans and advances		(4 042)		
Movement on provisions for irrecoverable loans	**4 291**	8 553		
Balance at end of the year	**9 118**	10 652	**273**	219
Movement on provisions for irrecoverable loans				
Balance at beginning of the year	**7 658**	16 211		
Irrecoverable amounts written off against the provision	**(32)**	(10)		
Recovery of amounts previously written off	**(51)**			
Impairment losses reversed	**(4 208)**	(4 743)		
Transferred to short-term loans and advances		(3 800)		
Balance at end of the year	**3 367**	7 658		

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 which expires on 26 September 2026. 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 The Standard Bank of South Africa Limited in Oceana SPV (Pty) Limited.

	COMPANY	
	2010	2009
	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 8% per annum (2009: 8%)	**7 553**	7 009
Interest-free	**145**	255
	7 698	7 264
15. KHULA TRUST		
Capital contribution	**4 028**	4 042

Khula 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	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
16. INTEREST IN SUBSIDIARIES AND JOINT VENTURES				
Shares at cost, less amounts written off			**74 460**	95 801
Amounts owing by			**365 151**	393 333
			439 611	489 134
Amounts owing to			**(22 136)**	(28 345)
			417 475	460 789

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 104 and 105 of this report.

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
17. INVENTORIES				
Raw materials	**25 080**	88 754		
Finished goods	**515 410**	460 093		
Consumable stores and work in progress	**34 348**	40 967		
	574 838	589 814		
18. ACCOUNTS RECEIVABLE				
Trade receivables	**428 437**	329 153		51
Gross trade receivables	**437 035**	340 389		51
Less: Allowance for credit notes	**(6 614)**	(5 181)		
Less: Provisions for irrecoverable trade receivables	**(1 984)**	(6 055)		
Short-term loans and advances	**3 666**	1 508		
Gross short-term loans and advances	**9 403**	7 623		
Less: Provisions for irrecoverable loans and advances	**(5 737)**	(6 115)		
Prepayments	**30 016**	26 209	**320**	367
VAT and company taxation	**58 335**	43 194	**148**	1 243
Accrued income and other	**25 061**	8 729	**1 733**	935
	545 515	408 793	**2 201**	2 596

	GROUP	
	Trade receivables 2010	Trade receivables 2009
	R'000	R'000
18. ACCOUNTS RECEIVABLE (CONTINUED)		
The analysis of group trade receivables is as follows:		
Not past due	**385 311**	292 681
Ageing of trade and other receivables which are past due and not impaired		
30 days	**31 461**	13 669
60 days	**7 578**	9 740
90 days	**3 269**	11 789
120 days	**531**	1 037
150 days and over	**287**	237
	428 437	329 153

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 largely 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	
	2010	2009
	R'000	R'000
Movement in provisions for irrecoverable trade receivables		
Balance at beginning of the year	**6 055**	7 444
Irrecoverable amounts written off against the provision	**(6)**	(1 567)
Impairment losses (reversed)/recognised	**(4 064)**	192
Exchange rate adjustment	**(1)**	(14)
Balance at end of the year	**1 984**	6 055
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	**301 496**	256 124
Other Africa	**19 029**	30 398
Europe	**57 723**	25 985
Far East and other	**50 189**	16 646
Trade receivables	**428 437**	329 153

	GROUP	
	2010	2009
	R'000	R'000
18. ACCOUNTS RECEIVABLE (CONTINUED)		
By customer sector		
Domestic FMCG, wholesale, retail (blue-chip or insured)	**271 059**	255 402
Cold storage (secured by lien)	**50 406**	29 568
Exports on letter of credit/cash with documents	**85 901**	16 614
Open account	**21 071**	27 569
Trade receivables	**428 437**	329 153

There were no customers (2009: no customers) 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.

Movement in provisions for irrecoverable loans and advances		
Balance at beginning of the year	**6 115**	7 508
Impairment losses reversed	**(378)**	(5 193)
Transferred from investments and loans		3 800
Balance at end of the year	**5 737**	6 115

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
19. SHARE CAPITAL AND PREMIUM				
19.1 Ordinary shares of 0,1 cent each				
Authorised share capital:				
200 000 000 (2009: 200 000 000) shares	**200**	200	**200**	200
Issued share capital:				
119 001 157 (2009: 118 589 157) shares	**119**	119	**119**	119
Share premium	**148 510**	142 081	**148 510**	142 081
	148 629	142 200	**148 629**	142 200
Less: Treasury shares				
19 309 649 (2009: 19 320 315) shares	**(125 500)**	(125 664)		
	23 129	16 536	**148 629**	142 200
	Number of shares		Number of shares	
Treasury shares comprise shares held by:				
Khula Trust	**14 198 799**	14 210 465		
Oceana Brands Limited	**5 094 350**	5 094 350		
Oceana Group Share Trust	**16 500**	15 500		
	19 309 649	19 320 315		
19.2 Unissued shares				
Authorised			**200 000 000**	200 000 000
Issued			**119 001 157**	118 589 157
Unissued			**80 998 843**	81 410 843
Under option in terms of company's share scheme			**525 000**	987 000
Balance of unissued shares			**80 473 843**	80 423 843

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
20. ACCOUNTS PAYABLE				
Trade payables	**153 440**	204 136	**137**	283
Payroll-related accruals	**39 939**	35 802	**4 864**	5 324
Short-term loans and advances	**2 491**	2 336		
VAT payable	**3 398**	4 717	**596**	443
Accruals and other payables	**188 681**	179 103	**5 215**	4 589
	387 949	426 094	**10 812**	10 639

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		COMPANY	
21. PROVISIONS				
Supplier claims and other provisions				
Balance at the beginning of the year	**7 166**	21 836		
Net credit to operating profit	**(1 008)**	(6 212)		
Utilised during the year	**(522)**	(8 458)		
Balance at the end of the year	**5 636**	7 166		
Ex gratia retirement provision				
Balance at the beginning of the year	**4 311**	4 310		
Net charge to operating profit	**307**	615		
Utilised during the year	**(648)**	(614)		
Balance at the end of the year	**3 970**	4 311		
Leave pay				
Balance at the beginning of the year	**12 468**	11 068	**887**	626
Net charge to operating profit	**15 455**	12 187	**1 371**	1 579
Utilised during the year	**(12 831)**	(10 787)	**(1 198)**	(1 318)
Balance at the end of the year	**15 092**	12 468	**1 060**	887
Total				
Balance at the beginning of the year	**23 945**	37 214	**887**	626
Net charge to operating profit	**14 754**	6 590	**1 371**	1 579
Utilised during the year	**(14 001)**	(19 859)	**(1 198)**	(1 318)
Balance at the end of the year	**24 698**	23 945	**1 060**	887

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
22. COMMITMENTS				
22.1 Capital commitments				
Budgeted capital expenditure is as follows:				
Contracted	**44 904**	9 449		
Not contracted	**124 636**	95 815	**3 937**	2 284
	169 540	105 264	**3 937**	2 284
Capital expenditure will be financed from the group's cash resources.				
22.2 Operating lease commitments				
The future minimum lease payments under operating leases are as follows:				
Not later than one year	**17 494**	20 598	**381**	1 128
Later than one year but not later than five years	**70 743**	57 951		190
Later than five years	**192 684**	128 157		
	280 921	206 706	**381**	1 318

	Number		Number	
23. NUMBER OF EMPLOYEES				
Permanent employees at year-end	**1 434**	1 351	**41**	41

24. SHARE-BASED PAYMENT PLANS

24.1 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.

24. SHARE-BASED PAYMENT PLANS (CONTINUED)

24.1 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.

	2010 Number of share options	**2010** WAEP rand	2009 Number of share options	2009 WAEP rand
Outstanding at the beginning of the year	**987 000[1]**	**15,03**	1 886 600[1]	15,43
Forfeited during the year	**50 000**	**16,00**	80 000	16,09
Exercised during the year	**412 000[2]**	**15,61**	819 600[3]	15,84
Outstanding at the end of the year	**525 000[1]**	**14,49**	987 000[1]	15,03
Exercisable at the end of the year	**525 000**		842 333	

Notes:

1. Included in the end of the year balance are options over 117 000 (2009: 147 000) 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 R29,01.
3. The weighted average share price at the date of exercise for the options exercised was R22,86.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2010 is 2,6 years (2009: 3,9 years).

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

	2010 Number of share options	2009 Number of share options
R6,90 per share exercisable until 10 October 2010	**60 000**	60 000
R11,05 per share exercisable until 23 October 2011	**57 000**	87 000
R15,60 per share exercisable until 13 November 2012	**52 000**	154 000
R16,24 per share exercisable until 11 November 2013	**236 000**	348 000
R16,00 per share exercisable until 24 November 2014	**120 000**	338 000
	525 000	987 000

The fair value of equity-settled share options 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.

24.2 Black Economic Empowerment scheme – Khula Trust

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 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 8 482 500 options was made on 15 January 2007 at an option price of R15,21 per share. During the current year, a second allocation of 7 881 750 options was made on 1 May 2010, at the original option price of R15,21 per share. The second allocation was made to new eligible employees, who had joined since 15 January 2007, and as a top-up to employees who received options in the first allocation.

The number of allocated options has reduced due to retrenchments, resignations and dismissals in terms of the scheme rules.

During the year 11 666 options (2009: 39 167) were realised on behalf of beneficiaries of deceased employees.

The fair value of equity-settled share options 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.

24. SHARE-BASED PAYMENT PLANS (CONTINUED)

24.3 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 24.1, but the contractual life of the options is six years and gains on options are settled in cash. Phantom share options granted in 2008 and thereafter 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 statement of comprehensive income.

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

	2010		2009	
	Number of share options	**WAEP rand**	Number of share options	WAEP rand
Outstanding at the beginning of the year	**6 373 228**	**19,65**	4 755 000	17,11
Granted during the year	**1 434 000**	**29,59**	2 760 000	23,09
Forfeited during the year	**88 000**	**17,33**	687 333	17,37
Exercised during the year	**807 512**[1]	**16,07**	454 439[2]	15,39
Outstanding at the end of the year	**6 911 716**	**22,29**	6 373 228	19,65
Exercisable at the end of the year	**170 735**		148 567	

Notes:

1. The weighted average share price at the date of exercise for the options exercised was R30,74.
2. The weighted average share price at the date of exercise for the options exercised was R24,31.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2010 is 3,9 years (2009: 4,2 years).

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

		2010	2009
	Grant number	Number of share options	
R15,39 per share exercisable until 9 February 2012	1A	**618 393**	1 101 895
R15,20 per share exercisable until 10 May 2012	1B	**12 333**	23 333
R16,91 per share exercisable until 10 November 2012	2	**801 990**	1 175 000
R19,26 per share exercisable until 7 February 2014	3	**1 315 000**	1 329 000
R22,65 per share exercisable until 4 February 2015	4A	**2 230 000**	2 244 000
R25,06 per share exercisable until 30 June 2015	4B	**500 000**	500 000
R29,59 per share exercisable until 11 February 2016	5	**1 434 000**	
		6 911 716	6 373 228

The significant inputs into the valuation model are the spot share price of R31,00 (2009: R26,50), an expected option life of six years and expected dividend yield of 5,4% (2009: 5,4%). The risk-free rate ranged from 5,8% to 7,4% (2009: 6,9% to 8,7%) during the year. Expected volatility of 34% (2009: 33%) is based on historical share price volatility.

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

25. RETIREMENT BENEFITS

The group provides a total of seven retirement plans that cover all employees. The plans consist of one defined-contribution pension fund, four defined-contribution provident funds and one defined-contribution retirement fund. There is also a defined-benefit pension fund with one member. The assets of the funds are held in independent funds, administered by their trustees 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. A valuation as at 30 September 2010 will be completed in 2011. 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 actuarial valuation was used, taking account of actual subsequent experience.

	GROUP				
	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
Balance at the end of the year					
Present value of defined-benefit obligations and surplus apportionment to former members	**(10 176)**	(9 495)	(1 941)	(1 858)	(1 900)
Fair value of plan assets in respect of defined-benefit obligations and surplus apportionment to former members	**17 573**	13 702	15 983	18 059	15 168
Funded status of defined-benefit plan	**7 397**	4 207	14 042	16 201	13 268
Unrecognised actuarial (losses)/gains	**(722)**	(3 056)	924	(3 220)	(1 088)
Unrecognised past-service cost – non-vested benefits					(379)
Asset not recognised at the reporting date	**(6 675)**	(1 151)	(14 966)	(12 981)	(11 801)
Liability at the reporting date	**–**	–	–	–	–

In respect of those retirement arrangements which disclosed a positive fund status, no assets have been recognised by the group. The funded status is shown above for disclosure purposes only and does not necessarily indicate any assets available to the group.

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

During the prior year, the company settled the claim made by the Oceana Group Pension Fund relating to the utilisation of the pension fund surplus. Also during the prior year, the surplus attributable to the company in terms of the Oceana Group Executive Provident Fund Scheme was utilised as part settlement of the company liability to the Oceana Group Pension Fund.

	GROUP				
	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
25. RETIREMENT BENEFITS (CONTINUED)					
Movement in the liability recognised in the statement of financial position					
Opening balance	**–**	–	–	–	–
Asset not recognised at the beginning of the year	**1 151**	14 966	12 981	11 801	11 136
Contributions paid	**22 670**	20 400	18 411	18 910	18 040
Other expenses included in staff costs	**(23 821)**	(35 366)	(31 392)	(30 711)	(29 176)
Current service cost	**(22 667)**	(20 389)	(17 410)	(18 911)	(18 049)
Interest (cost)/income	**(756)**	160	(144)	(148)	(167)
Expected return on plan assets	**1 455**	1 227	1 626	1 329	1 220
Surplus allocation – former members and related reserves	**4 409**	(15 213)			
Unrecognised past-service cost – non-vested benefits					(379)
Net actuarial gains recognised during the year	**413**		(498)		
Asset not recognised at the reporting date	**(6 675)**	(1 151)	(14 966)	(12 981)	(11 801)
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%	9,00%	8,50%	7,75%
Inflation rate	**6,00%**	6,00%	6,50%	5,50%	5,00%
Expected return on plan assets	**10,00%**	9,50%	10,00%	9,00%	8,75%
Future salary increases	**6,75%**	6,75%	7,25%	6,25%	5,75%
Future pension increases	**6,00%**	6,00%	6,50%	5,50%	5,00%

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 2010.

	GROUP	
	2010	2009
	R'000	R'000
Balance at the end of the year		
Present value of obligations	**7 280**	6 771
Less: Fair value of plan assets	**7 921**	7 643
Asset at the reporting date	**(641)**	(872)
The asset has not been recognised on the statement of financial position.		
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:		
Discount rate	**8,75%**	9,00%
Medical inflation	**7,50%**	7,50%

26. CONTINGENT LIABILITIES

The company received a summons from the Competition Commission in February 2010 pursuant to an investigation into the pelagic fishing industry which has been ongoing since July 2008. Oceana's attorneys have undertaken an extensive investigation into the business conduct at Oceana Brands, the subsidiary in which the group's pelagic operations are held. The group has been co-operating fully with the Commission. The outcome of the investigation and summons is uncertain and therefore the financial effect cannot be determined.

The company has given guarantees in support of bank overdraft facilities of certain subsidiaries and subordinated its loan to Blue Atlantic Trading (Pty) Limited.

27. 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 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			
	US dollar	Euro	Yen	Australian dollar
	'000	'000	'000	'000
2010				
Trade receivables	**12 693**	**2 688**	**20 171**	**390**
Other accounts receivable	**201**			
Cash and cash equivalents	**5 279**			
Accounts payable	**(3 946)**	**(343)**		
Bank overdrafts		**(272)**		
	14 227	**2 073**	**20 171**	**390**
Year-end exchange rate	**6,98**	**9,48**	**0,08**	**6,67**
2009				
Trade receivables	3 313	1 299	3 556	293
Other accounts receivable	726			
Cash and cash equivalents	3 533			
Accounts payable	(4 597)	(200)		
Bank overdrafts		(478)		
	2 975	621	3 556	293
Year-end exchange rate	7,44	10,81	0,08	6,46

Currency risks arising from foreign trading operations are partially hedged by means of forward exchange contracts (FECs) 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 co-operation between the group's operating units and the group treasury department in terms of approved policies.

The group holds FECs which have been marked to market in the statement of financial position. For FECs designated as cash flow hedges, the gains and losses transferred from equity into profit or loss are included in cost of sales. Those which relate to foreign currency commitments not yet due and assets not yet receivable (therefore not yet recognised in the statement of financial position) are shown in the following table. The contracts will be utilised for purposes of trade in the 2011 financial year.

	GROUP		
	US dollar	**Euro**	**Sterling**
	'000	**'000**	**'000**
27. FINANCIAL RISK MANAGEMENT (CONTINUED)			
Foreign currency balances and exposure (continued)			
2010			
Foreign currency bought	**17 344**	**161**	
Foreign currency sold	**703**	**135**	
Average exchange rate	**7,55**	**10,02**	
2009			
Foreign currency bought	24 183	688	21
Foreign currency sold	738		
Average exchange rate	7,40	10,95	11,81

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. The table excludes foreign subsidiaries.

	GROUP	
	2010	2009
	R'000	R'000
Increase in profit before taxation		
US dollar	9 930	2 212
Euro	1 965	672
Yen	168	29
Australian dollar	260	189

The following table shows the group's sensitivity to a 10% weaker rand on the translation of foreign subsidiaries, with all other variables held constant. For a 10% stronger rand there would be an equal and opposite impact on the FCTR.

	GROUP	
	2010	2009
	R'000	R'000
Increase in FCTR		
US dollar	355	919
Sterling	3 620	4 057

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

27. 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, preference shares, 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 and forecasting cash flows 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 the reporting date, net interest earned would amount to R20,9 million (2009: R23,7 million). A 100 basis points change in the interest rate would result in an increase or decrease of R3,0 million (2009: R3,1 million).

For the company, based on the interest-bearing net assets and interest rates ruling at the reporting date, net interest earned would amount to R18,0 million (2009: R17,8 million). A 100 basis points change in the interest rate would result in an increase or decrease of R2,3 million (2009: R2,0 million).

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. Long-term 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 2010, the directors did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Details are disclosed in note 18 of how credit risk relating to accounts receivable is managed.

Fair values

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

28. 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 104 and 105. Details of treasury shares held by share trusts are disclosed in note 19.

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.

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

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	R'000	R'000	**R'000**	R'000
28. RELATED-PARTY DISCLOSURES (CONTINUED)				
Transactions				
Transactions with joint ventures				
Administration fees received	**2 491**	2 184	**580**	830
Net interest received	**470**	398	**521**	797
Transactions with subsidiaries				
Administration fees received			**63 207**	47 875
Dividends received			**205 808**	213 334
Net interest paid			**(1 323)**	(1 496)
Transactions with shareholders				
Accrued dividends receivable from Oceana SPV (Pty) Limited	**13 111**	15 052	**13 111**	15 052
Goods and services sold to Tiger Brands Limited subsidiaries	**11 532**	10 886		
Net amount owed by Tiger Brands Limited subsidiaries	**939**	396		
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	**23 251**	19 274	**12 933**	10 394
Post-employment benefits	**2 420**	2 062	**1 292**	1 062
Share-based payments – cash settled compensation scheme	**6 864**	2 811	**3 676**	628
Share-based payments – Khula Trust	**108**	99	**90**	82
Non-executive directors' emoluments	**1 900**	1 466	**1 900**	1 466
Total compensation of key management	**34 543**	25 712	**19 891**	13 632

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 shareholders, 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 25.

29. EVENTS AFTER THE REPORTING DATE

No events occurred after the reporting date that may have an impact on the group's reported financial position at 30 September 2010.

INTEREST IN PRINCIPAL SUBSIDIARIES AND JOINT VENTURES AT 30 SEPTEMBER 2010

			Issued capital	Effective holding		Interest of holding company			
						Cost of shares		Indebtedness	
			2010	2010	2009	2010	2009	2010	2009
Name of company	Notes	Nature of business	R	%	%	R'000	R'000	R'000	R'000
Blue Atlantic Trading (Pty) Limited	2	Fish trading	100	50	50			5 034	5 671
Blue Continent Products (Pty) Limited		Horse mackerel, hake	1 000	100	100	1 932	1 932	8 714	5 273
Calamari Fishing (Pty) Limited		Squid	4 000	100	100			13 085	11 666
Commercial Cold Storage (Pty) Limited		Cold storage	100	100	100			25 575	(20 892)
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 – Namibia		Cold storage	10 000	100	100				
Compass Trawling (Pty) Limited	2	Hake	1 000	42 05	42 05				
Desert Diamond Fishing (Pty) Limited		Horse mackerel	120	90	90			6 801	16 924
Erongo Marine Enterprises (Pty) Limited – Namibia		Horse mackerel	100	100	100			(21 480)	31 912
Erongo Seafoods (Pty) Limited – Namibia		Horse mackerel	40 000	49	49				
Erongo Sea Products (Pty) Limited – Namibia		Horse mackerel	100	48	48				
Etosha Fisheries Holding Company (Pty) Limited – Namibia	2	Canned fish, fishmeal/oil	9 085	44 9	44 9	10 988	10 988		
Glenryck Foods Limited – United Kingdom		Canned fish	6 080 000	100	100	51 813	73 154		
Lamberts Bay Foods Limited		French fries	52 700	100	100	22	22	7 719	6 879
MFV Romano Paulo Vessel Company (Pty) Limited	2	Rock lobster	3 000	35	35				
Oceana Brands Limited		Canned fish, fishmeal/oil	600 000	100	100	1 706	1 706	294 660	298 034
Oceana International Limited – Isle of Man		Horse mackerel	23	100	100	23	23		
Oceana Lobster Limited		Rock lobster	965 500	100	100	966	966	3 563	9 191
Stephan Rock Lobster Packers Limited		Rock lobster	200 000	51	51	25	25	(656)	330
						74 460	95 801	343 015	364 988

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. Joint venture.
3. All subsidiaries and joint ventures are incorporated in South Africa unless otherwise indicated.

	2010	2009
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**	42,05
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
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	**139 779**	149 435
Expenses	**(115 401)**	(120 797)
Operating profit before abnormal items	**24 378**	28 638
Abnormal items	**(902)**	
Net interest	**(2 137)**	(1 487)
Profit before taxation	**21 339**	27 151
Taxation	**5 127**	4 190
Profit after taxation	**16 212**	22 961
STATEMENT OF FINANCIAL POSITION		
Property, plant and equipment	**16 016**	18 229
Investments	**22**	22
Current assets	**110 713**	74 282
Current liabilities		
– Interest-bearing	**(34 550)**	(11 302)
– Interest-free	**(33 886)**	(25 591)
Deferred taxation	**(2 419)**	(2 372)
STATEMENT OF CASH FLOWS		
Operating profit	**24 378**	28 638
Adjustments for non-cash items	**3 293**	3 758
Working capital changes	**(29 679)**	(1 744)
Cash flows from operations	**(2 008)**	30 652
Net interest	**(2 137)**	(1 487)
Taxation paid	**(3 862)**	(5 508)
Net cash flows from operating activities	**(8 007)**	23 657
Cash flows from investing activities	**(1 971)**	(649)
Net (decrease)/increase in cash and cash equivalents	**(9 978)**	23 008

SHARE ANALYSIS AT 30 SEPTEMBER 2010

	Notes	**2010**	2009	2008	2007	2006
SHARE PERFORMANCE						
Market price per share (cents)						
Year-end		**3 200**	2 625	2 105	2 260	1 580
Highest		**3 425**	2 800	2 619	2 300	1 700
Lowest		**2 600**	1 950	1 601	1 560	1 400
Price earnings ratio	1	**10,2**	9,4	8,9	13,9	14,0
Number of transactions	2	**3 746**	2 170	1 896	1 240	1 683
Number of shares traded ('000)	2	**31 797**	22 236	18 078	9 090	18 252
Value of shares traded (R'000)	2	**923 955**	520 990	372 452	180 056	280 578
Volume of shares traded as a percentage of total issued shares	2	**26,7**	18,8	15,4	7,8	15,7
Market capitalisation (R'000)	3	**3 808 037**	3 112 965	2 479 049	2 647 490	1 830 918
JSE food producers index	4	**166,30**	140,73	120,69	132,66	100,00
JSE industrial index	4	**190,40**	162,54	144,64	123,33	100,00
Oceana Group Limited share price index	4	**202,50**	166,14	133,23	143,04	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 and subsidiary company.
4. Adjusted base 2006 = 100.

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	546	47,7	312 821	0,3
1 001 – 10 000 shares	376	32,9	1 456 292	1,2
10 001 – 100 000 shares	138	12,1	5 587 770	4,7
100 001 – 1 000 000 shares	71	6,2	18 912 252	15,9
1 000 001 shares and over	13	1,1	92 732 022	77,9
	1 144	100,0	119 001 157	100,0

DISTRIBUTION OF SHAREHOLDERS

Banks	10	0,9	1 558 324	1,3
Brokers	7	0,6	310 431	0,3
Close corporations	14	1,2	27 782	0,0
Empowerment	1	0,1	11 596 755	9,7
Individuals	819	71,6	3 164 345	2,7
Insurance companies	9	0,8	979 899	0,8
Investment companies	9	0,8	776 358	0,7
Medical aid schemes	2	0,2	91 045	0,1
Mutual funds	62	5,4	17 264 736	14,5
Nominees and trusts	78	6,8	867 339	0,8
Other corporate bodies	19	1,7	2 148 720	1,8
Pension funds	70	6,1	15 390 705	12,9
Private companies	35	3,1	390 477	0,3
Public companies	6	0,5	45 124 592	37,9
Treasury shares held by share trusts	2	0,2	14 215 299	11,9
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 144	100,0	119 001 157	100,0

SHAREHOLDER TYPE

Non-public shareholders	154	13,5	76 307 167	64,1
Directors and employees	149	13,0	701 300	0,6
Treasury shares held by share trusts	2	0,2	14 215 299	11,9
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
Empowerment	1	0,1	11 596 755	9,7
Holdings greater than 10%	1	0,1	44 699 463	37,6
Public shareholders	990	86,5	42 693 990	35,9
	1 144	100,0	119 001 157	100,0

SHAREHOLDERS HOLDING IN EXCESS OF 5%

Tiger Brands Limited	44 699 463	37,6
Khula Trust	14 198 799	11,9
Brimstone Investment Corporation Limited	11 596 755	9,7
Investec Asset Management (Pty) Limited	7 097 056	6,0

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

Notice is hereby given that the 93rd 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, 10 February 2011 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 2010 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 2010, as set out in the annual report, are hereby approved."

2. In terms of the articles of association of the company, Mr MA Brey, Ms ABA Conrad, Mr PG de Beyer and Mr S Pather retire by rotation but, being eligible, offer themselves for re-election. A brief curriculum vitae of each of the aforesaid directors appears on pages 8 and 9. 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 Mustaq Ahmed Brey be and is hereby elected as director of the company."

   Ordinary resolution number 2.2
   "Resolved that Ms Alethea Berenice Anne Conrad be and is hereby elected as director of the company."

   Ordinary resolution number 2.3
   "Resolved that Mr Peter Gerard de Beyer 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."

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 2011 by passing the following ordinary resolution:

   Ordinary resolution number 3
   "Resolved that the non-executive directors' fees for the year ending 30 September 2011 be as follows:

	R
• As chairman of the board	425 000
• As lead independent director	200 000
• As a member of the board	150 000
• As chairman of the audit committee	96 500
• As a member of the audit committee	59 000
• As chairman of the remuneration and nominations committee	80 500
• As a member of the remuneration and nominations committee	48 500
• As chairman of the risk committee	75 000
• As a member of the risk committee	45 000
• As chairman of the transformation committee	75 000
• As a member of the transformation committee	45 000

   and in addition that non-executive directors be paid an amount of R2 000 per hour in respect of work performed by them as required by extraordinary circumstances, provided that payment in respect of any such additional work is approved by the remuneration and nominations committee and the chief executive officer."

   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 525 000 (five hundred and twenty-five thousand) 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 appoint the auditors and if deemed fit, to pass the following ordinary resolution:

   Ordinary resolution number 5
   "Resolved that the directors be and are hereby authorised to reappoint the auditors, Deloitte and Touche together with R Hofmeyr as the individual registered auditor, for the ensuing financial year and are authorised to fix the remuneration of the auditors."

6. To authorise the directors to sign all documentation necessary to give effect to the resolutions herein, pursuant to the following ordinary resolution:

   Ordinary resolution number 6
   "Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions number 1 to 5 and special resolution number 1 which are passed by the shareholders."

7. To table the company's remuneration policy referred to on page 58 of the annual report of which this notice forms a part, for a non-binding advisory vote to enable shareholders to express their views on the remuneration policies adopted and on their implementation.

   Ordinary resolution number 7
   "Resolved that the directors determine the remuneration of executive directors in accordance with the remuneration policy which is hereby approved by the shareholders."

8. 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 compay 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 number 1 is set forth in 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.

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

   General
   The annual report to which this notice of annual general meeting is attached provides details of:

   - the directors and managers of the company on pages 8, 9, 14 and 15;
   - the major shareholders of the company on page 106;
   - the directors' shareholding in the company on page 69; and
   - the share capital of the company in note 19 on page 93.

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 2010 and the reporting date.

The directors 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.

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve (12) months, a material effect on the financial position of the company or its subsidiaries.

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.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

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 Securities 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.

M Allie
Company secretary

Cape Town
11 November 2010

SCHEDULE 1 TO THE 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 per cent) 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 per cent) 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 per cent) 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 per cent) 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 on 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 paragraph 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.

Oceana Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1939/001730/06)
(JSE share code: OCE)
(NSX share code: OCG)
(ISIN: ZAE000025284)
("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, 10 February 2011 (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 Brey as director			
Ordinary resolution no. 2.2:	Election of Ms Conrad as director			
Ordinary resolution no. 2.3:	Election of Mr De Beyer as director			
Ordinary resolution no. 2.4:	Election of Mr Pather as director			
Ordinary resolution no. 3:	Approval of non-executive directors' fees for 2011			
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]			
Ordinary resolution no. 5:	Appointment of auditors			
Ordinary resolution no. 6:	Signature of documentation			
Ordinary resolution no. 7:	Approval of remuneration policy			
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 2011

Signature ....
(Authority of signatory to be attached if application – 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 Investor Services (Pty) Limited, 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, 8 February 2011.
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

Masood Allie (35)
BA LLB
Appointed in 2009

COMPANY REGISTRATION NUMBER

1939/001730/06

JSE SHARE CODE

OCE

NSX SHARE CODE

OCG

COMPANY ISIN

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
Nedbank Limited

AUDITORS

Deloitte & Touche

JSE SPONSOR

The Standard Bank of South Africa Limited

NSX SPONSOR

Old Mutual Investment Services (Namibia) (Pty) Limited

SHAREHOLDERS' DIARY

Financial year-end	30 September
Annual general meeting	February

REPORTS AND PROFIT STATEMENTS

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

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