

Group profile

- Incorporated in 1918, Oceana Group is the largest fishing company in South Africa, and an important participant in Namibia's fishing industry. It is listed on both the Johannesburg (JSE) and Namibian (NSX) stock exchanges.
- Oceana is a majority black-owned company and a level 2 B-BBEE contributor.
- Oceana employs 1 711 permanent and 512 seasonal employees (in both South Africa and Namibia).
- The Group consists of a number of operating subsidiaries in the fishing and commercial cold storage industries. Its key divisions are Oceana Brands; Blue Continent Products; Oceana Lobster, Squid and French Fries; and Commercial Cold Storage.
- Oceana's core fishing business is the catching, processing, marketing and distribution of canned fish, fishmeal, fish oil, lobster, horse mackerel, squid and hake.
- Oceana is committed to and supports responsible fishing practices, catching only species that are managed on a sustainable basis. All its commercial fishing rights fall within the Green category of the Southern Africa Sustainable Seafood Initiative consumer list.
- Oceana products are sold and consumed in many African countries, Asia, the EU, USA and Australia.
- Commercial Cold Storage provides public refrigerated warehouse facilities with operations in Cape Town, Durban, Johannesburg and Walvis Bay. Now in its 40th year, the company's storage capacity has grown to more than 110 000 pallets, which equates to 543 000 cubic metres of refrigerated space.
- Oceana is a member of the Responsible Fisheries Alliance. Its Lucky Star range of canned fish and Lucky Pet products are all predator friendly, and the South African hake trawl fishery is certified by the Marine Stewardship Council.

Ownership profile

Oceana shareholder	Number of shares held	% of total shareholding
Khula Trust	14 156 799	11,9
Brimstone	11 596 755	9,7
Tiger Brands	44 699 463	37,5
Other	48 753 140	40,9
Total shares	119 206 157	100,0

Black ownership profile

Tiger Brands
27,7%

Khula Trust
100%

Brimstone Investment Corporation
100%

Other

Oceana Group Limited | Black ownership: 50,5%

Inshore **fishing**

Oceana Brands

Products

- Lucky Star and Lucky Pet products
- Fishmeal and fish oil

Canned fish

- The Lucky Star brand was voted the 5th most favourite brand overall in South Africa and 2nd in the tinned foods category in the 2011 Sunday Times Top Brands survey
- Canned pilchards are marketed and sold under the Lucky Star brand in South African and other African markets
- Canned tuna, sardines and mackerel are marketed and sold under the Lucky Star brand in South Africa
- Canned and dried cat food are marketed in South Africa under the Lucky Pet brand
- Canned fish products are marketed under the Glenryck brand in the UK
- Largest EU-accredited canner of pilchard in South Africa
- Pilchard resources are well managed in South Africa and Namibia
- Own fleet consists of steel refrigerated seawater (RSW) vessels
- Access to local and offshore canning operations
- Healthy and affordable product endorsed by the Heart and Stroke Foundation and Diabetes SA

Fishmeal and fish oil

- Anchovy, redeye herring and associated by-catch and cannery off-cuts reduced to fishmeal and oil products
- Used for animal and aquaculture feeds
- Products sold into the local and global export markets
- Eight vessels, wholly owned, co-owned or joint ventures and four contracted vessels
- Resources sustainably harvested and in healthy condition

Oceana Lobster, Squid and French Fries

Products

- West and south coast rock lobster
- Squid
- French fries

Lobster

- 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 nine west coast vessels and one on the south coast
- Two dedicated live and frozen lobster facilities

Squid

- 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 mainly to Spain and Italy

French fries

- One of only three French fries factories in South Africa
- Factory situated in Lambert's Bay
- Largest single employer on the west coast north of St Helena Bay
- Supplies growing QSR industry
- Marketed under various house brands, Gold Seal and the QSR brands
- National sales and marketing infrastructure

Operating **segments**

Midwater and **deep-sea fishing**

Blue Continent Products

Products

- Horse mackerel
- Hake

Horse mackerel

- Product is in high demand as an important source of protein 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
- Resources healthy in South Africa and Namibia

Hake

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

Blue Atlantic Trading

Marine food products

- 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**

Commercial Cold Storage

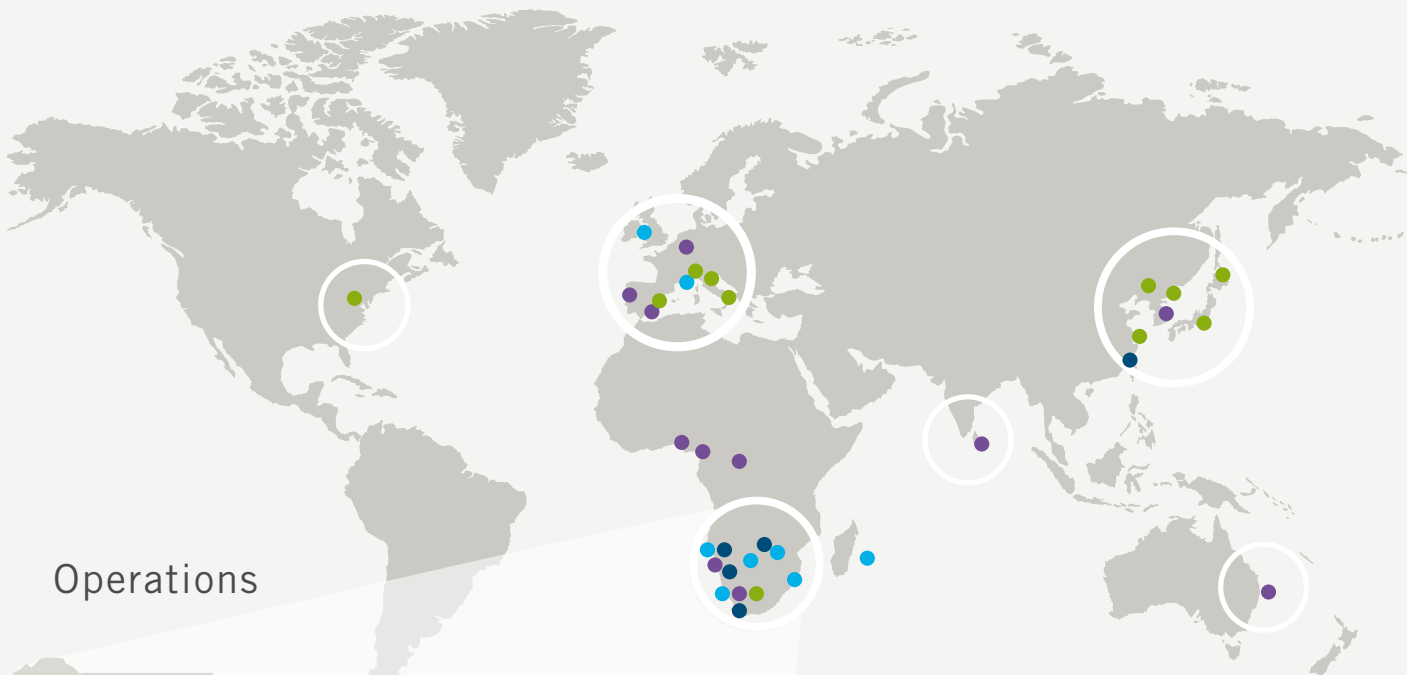
Services

- Cold storage
- Fruit handling
- Blast freezing
- Stevedoring

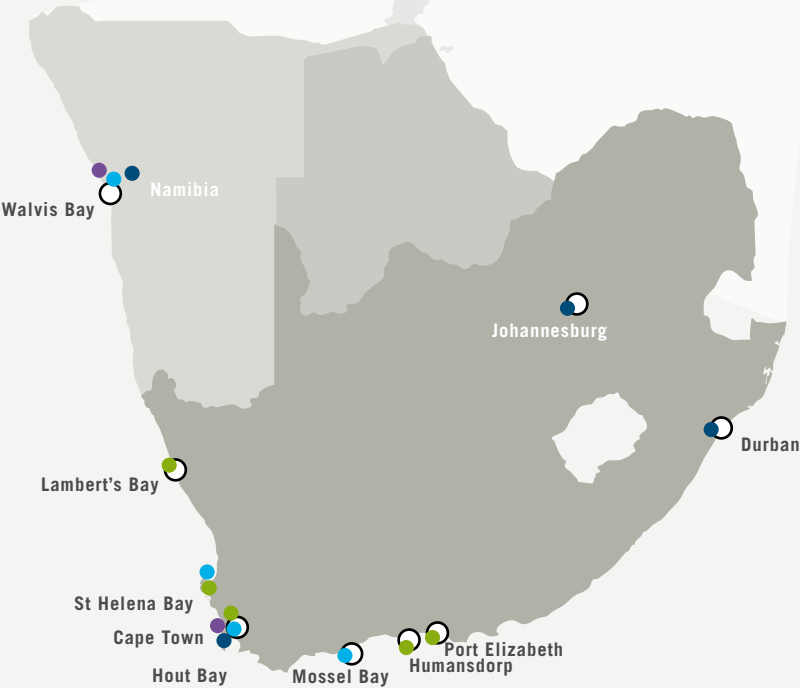
Cold storage and fruit handling facilities








- Eight stores in South Africa and Namibia
- Offers in excess of 110 000 pallets for cold storage
- Major products stored include fish, poultry, meat, vegetables and fruit
- Sterilised 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
- Infrastructure, location and capabilities provide a platform for increased value-add in the cold chain supply line

Markets



Operations



- Oceana Brands**
Canned fish, fishmeal and fish oil

- Oceana Lobster, Squid and French Fries**
Lobster, squid and French fries

- Blue Continent Products**
Horse mackerel and hake

- Blue Atlantic Trading**
Marine food products

- Commercial Cold Storage**
Cold storage and fruit handling facilities (common user)

- International**
Isle of Man

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.

Values

- Oceana's people and their performance are important to the group
- Oceana is an integral part of the communities in which it operates
- The planet is Oceana's home and the responsible management of the marine environment is critical to its future
- The group's reputation is an asset
- Oceana's customers and suppliers are its partners
- The group's performance rewards its shareholders' expectations

Key group objectives

To position the group 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 a B-BBEE transformation rating of level 2
- 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 fulfil the expectations of stakeholders.

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Group highlights

	2011 R'000	2010 R'000	% Change
Operating results			
Revenue	3 657 196	3 423 219	7
Operating profit before abnormal items	512 689	484 474	6
Headline earnings	333 210	313 908	6
Financial position			
Total assets	2 022 996	1 843 229	10
Net assets	1 358 428	1 212 130	12
Performance	Cents per share	Cents per share	
Headline earnings – basic	333,7	315,2	6
Headline earnings – diluted	312,7	299,2	5
Dividends	220	208	6
Net asset value	1 359,3	1 215,9	12

- Independently certified by accredited economic empowerment rating agency, Empowerdex, as a **black-owned level 2 B-BBEE contributor**
- **First distribution** paid out to employee beneficiaries of the Khula Trust in 2011
- **Ranked 17th** overall in the Financial Mail/Empowerdex Top Empowerment Companies survey, up from 32nd position in 2010, and 2nd in the food and beverages sector, up from 3rd position in 2010
- Included on the JSE Limited's SRI Index for the **7th consecutive year** in 2011
- **Received a gold award** for inclusion in the top 10 companies on the Carbon Disclosure Leadership Index in 2010
- **The 2011 Sunday Times/TNS Top Brands survey** voted the Lucky Star brand 2nd in the tinned food category, for the second consecutive year, and 5th in the overall favourite brand category, up from 8th position in 2010

Operating segments' report

Business segment	2011 R'000	2010 R'000	% Change	2011 R'000	2010 R'000	% Change
	Revenue [#]			Operating profit [*]		
Inshore fishing	2 268 296	2 280 069	(1)	185 160	211 060	(12)
Midwater and deep-sea fishing	1 170 907	909 034	29	273 795	196 993	39
Commercial cold storage	217 993	234 116	(7)	53 734	76 421	(30)
Total	3 657 196	3 423 219	7	512 689	484 474	6
	Total assets			Total liabilities		
Inshore fishing	926 776	1 020 241	(9)	310 232	313 428	(1)
Midwater and deep-sea fishing	319 370	268 830	19	212 653	146 132	46
Commercial cold storage	214 342	212 003	1	43 493	51 194	(15)
Financing	549 304	333 627	65	15 598	39 105	(60)
	2 009 792	1 834 701	10	581 976	549 859	6
Deferred taxation	13 204	8 528	55	41 669	46 900	(11)
Total	2 022 996	1 843 229	10	623 645	596 759	5
	Capital expenditure			Depreciation		
Inshore fishing	55 380	21 747	155	24 530	23 489	4
Midwater and deep-sea fishing	29 027	29 847	(3)	25 201	29 053	(13)
Commercial cold storage	41 581	40 258	3	27 478	24 333	13
Total	125 988	91 852	37	77 209	76 875	0
Revenue per region	2011 R'000	2010 R'000	% Change			
	Revenue ^{#Δ}					
South Africa and Namibia	2 453 295	2 246 349	9			
Other Africa	690 811	513 539	35			
Far East	260 282	373 042	(30)			
Europe	205 066	247 944	(17)			
Other	47 742	42 345	13			
Total	3 657 196	3 423 219	7			

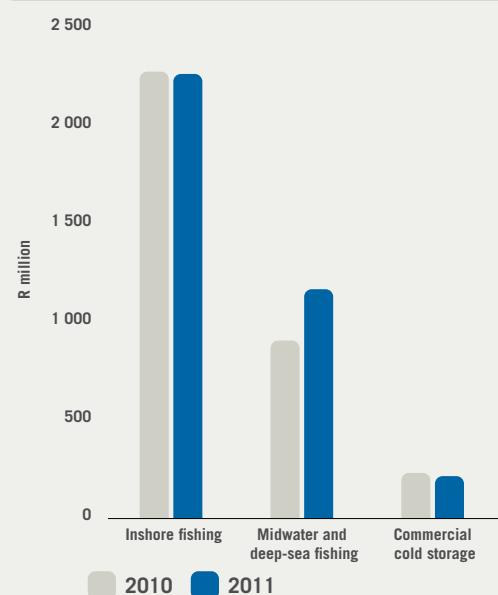
No geographical segment report is presented as operations are predominantly in South Africa and Namibia.

[#] Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation amounting to: Inshore fishing Rnil (2010: Rnil), Midwater and deep-sea fishing R41,9 million (2010: R56,7 million), Commercial cold storage R31,7 million (2010: R23,8 million).

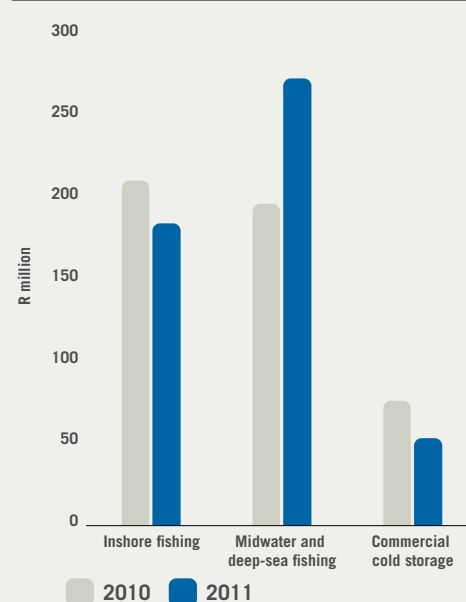
^{*} Operating profit is stated before abnormal items.

^Δ Revenue per region discloses the region in which product is sold.

Revenue per business segment



Operating profit per business segment



Oceana has continued in its commitment towards **integrating sustainability** throughout its **business operations**. The group acknowledges and accepts that the future of its businesses and the industry as a whole depends on embedding, **exploring**, implementing and measuring **new and innovative ways of working**. As a result, everything Oceana does takes into consideration the potential impact on its triple bottom line.

Investment case

Organisational sustainability

- Over 90 years' fishing experience
- Stable, experienced employee base with a committed management team
- The company has a strong board with extensive experience
- Good channels exist for communication with stakeholders
- 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

- Holds satisfactory levels of own fishing rights
- Additional raw fish and product supply arrangements in place
- Own fleet and crew providing requisite fishing capability
- Live, chilled, frozen, canned and dried product range
- Diversified markets, business sources and range of consumers
- Strong brand – Lucky Star
- Increasing demand for seafood across the globe

Environmental sustainability

- Commitment to and support of responsible fishing practices
- Fishing is directed at sustainable resources
- Strict compliance with commercial fishing regulatory requirements
- Member of the Responsible Fisheries Alliance
- Hake trawl fishery is certified by the Marine Stewardship Council
- Innovations in production and storage facilities to achieve environmental best practice and reduce carbon footprint
- CCS facilities comply with European Union import requirements

Social sustainability

- Engagement with government and other stakeholders on a regular basis
- Significant spend on corporate social investment programmes focused primarily on the areas of education and food security in the communities within which Oceana operates
- Committed to providing secure employment, particularly within the Western Cape's coastal communities

Directorate



1.



2.



3.



4.



5.



6.



7.



8.



9.



10.



11.

Chairperson

1. Mustaq Ahmed Brey† (57)

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 his community and has set up various community development structures.

Chief executive officer

2. Francois Paul Kuttel°° (43)

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 chief executive officer of I&J for three years prior to being appointed to the Oceana board as chief executive officer in 2009.

Financial director

3. Rodney Gerald Nicol°° (56)

BCompt (Hons) (Unisa), 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

4. Alethea Berenice Anne Conrad°° (47)

BA LLB (Rhodes)

Appointed to the board in 2007

Lea was admitted as an attorney in 1989 and practised as an attorney before joining Transnet as a legal adviser in 1993. 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. In April 2010, Lea left Blue Continent Products to assume the position of group strategic services director.

Non-executive directors

Lead independent director

5. Saamsoodein Pather*† (61)

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.

6. Zarina Bibi Mahomed Bassa*° (47)

BAcc (UDW), CA(SA)

Appointed to the board in 2011

Independent

Executive chairman of Songhai Capital (Pty) Ltd

Zarina sits on several boards including Kumba Iron Ore, Vodacom South Africa, Sun International, the Lewis Group, the National Business Initiative, the Financial Services Board and Woolworths Financial Services. Before joining Absa in 2002, she was a partner at Ernst & Young. She has also previously chaired the Public Accountants and Auditors Board and the Auditing Standards Board and has been a member of the Accounting Standards Board, the JSE's GAAP Monitoring Panel, the board of the SA Institute of Chartered Accountants and vice president of ABASA. Zarina was named Top Woman in Business at the Top Women in Business and Government awards in 2007 and Top Business Personality in Financial Services: Banking in 2008.

7. Peter Gerard de Beyer*† (56)

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 sits on a number of boards, including Real People Investment Holdings and certain Old Mutual group subsidiary companies. Peter is a Fellow of the Institute of Actuaries and the Actuarial Society of South Africa.

8. Peter Bambatha Matlare† (52)

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.

9. Phildon Martin Roux° (46)

BCom (Hons) (UPE), MBA (Henley – UK)

Appointed to the board in 2011

Executive committee member of Tiger Brands Limited

After two years with Coca Cola Sabco in the position of chief operating officer, Phil returned to Tiger Brands as business executive consumer brands, also being accountable for Langeberg and Ashton Foods. Phil first joined Tiger Brands in 2001 from I&J where he held senior managerial positions in various functions. In 2006, he was appointed to the executive committee and then to the Tiger Brands board of directors on 1 August 2008. He remained as non-executive director of Tiger Brands, until rejoining the company in an executive capacity.

10. Nomahlubi Victoria Simamane*† (52)

BSc (Hons) (UBS – UK)

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. She was the 2009 winner of the Top Businesswoman of the Year Award in the National Business Awards run by Topco Media and named the Businesswoman of the Year at the 2009 Black Business Awards run by BBQ.

11. Takula Jenkins Tapela° (43)

BCompt (Unisa)

Appointed to the board in 2009

Managing executive of Brimstone Investment Corporation Limited

TJ 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 within the African Harvest group and worked for Delta Corporation (SAB) and the JSE's Inspectorate division.

* Audit committee

° Risk committee

† Remuneration and nominations committee

° Executive director

• Transformation committee

Information as at 10 November 2011

Executive **committee**



1. Francois Paul Kuttel^{◊◊} (43)

BAA (USD – San Diego)

Chief executive officer

Oceana Group Limited

Number of years' service – 2

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 chief executive officer of I&J for three years prior to being appointed to the Oceana board as chief executive officer in 2009.

2. Neville Donovan Brink[◊] (51)

Managing director

Blue Continent Products

Number of years' service – 24

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 was appointed managing director of Oceana Lobster, Squid and French Fries in 2005 and assumed the position of managing director of Blue Continent Products from 1 February 2011.

3. Alethea Berenice Anne Conrad^{◊◊} (47)

BA LLB (Rhodes)

Group strategic services director

Oceana Group Limited

Number of years' service – 12

Lea was admitted as an attorney in 1989 and practiced as an attorney before joining Transnet as a legal advisor in 1993. 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. In April 2010, Lea left Blue Continent Products to assume the position of group strategic services director.

4. Simon Peter Cummings[◊] (43) – resigned

BCom (UNAM)

Managing director

Commercial Cold Storage

Number of years' service – 18

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. Simon was appointed managing director of Commercial Cold Storage in 2007 and resigned from this position at the end of October 2011.

5. Barrie James King[◊] (60)

BCom (Hons) (UCT), CA(SA)

Compliance executive

Oceana Group Limited

Number of years' service – 10

Barrie joined Oceana as financial director of the Erongo Group in Walvis Bay and, following restructuring in the 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 from February 2011.

6. Rodney Gerald Nicol[◊] (56)

BCompt (Hons) (Unisa), CA(SA)

Financial director

Oceana Group Limited

Number of years' service – 26

Rod joined Oceana in 1985. He 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.

7. Gavin Andrew Rhodes-Harrison[◊] (58)

BSc Bldg Mgmt (UND)

Managing director

Oceana Brands

Number of years' service – 12

On graduation, Gavin held various managerial and senior leadership positions in project management, specialised engineering and construction and general management. Gavin joined the Oceana Fishing Division in 1999 and was appointed managing director of Oceana Operations in 2002 and of Oceana Brands in 2005.

8. Suleiman Salie[◊] (44)

BSc Mech Eng (Cape Town)

Managing director

Oceana Lobster, Squid and French Fries

Number of years' service – 1

Suleiman graduated in 1989 and joined I&J 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.

9. Jane Louise Wilkinson[◊] (42)

BA (Hons) Public Adm (Hallam), CF-CIPD (UK)

Human resources manager

Oceana Group Limited

Number of years' service – 14

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, UK, and Pharmaceutical Benefit Management, SA, before joining Oceana in 1997. Jane was appointed group human resources manager in 2002.

◊ *Executive director*● *Transformation committee*◊ *Risk committee**Information as at 10 November 2011*

Report to **stakeholders**



Report to stakeholders

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Final dividend of 183 cents per share

Level 2 B-BBEE contributor

**17th on Financial Mail/
Empowerdex Top Empowerment
Companies survey**

**All Oceana's commercial
fishing rights fall within the
green category of the SASSI
consumer list**

Report to stakeholders

Scope, boundary and reporting cycle

Oceana Group Limited's Integrated Report pertains to the full business operations of the group, which consist of a number of operating subsidiaries in the fishing and commercial cold storage industries in South Africa and Namibia, over the financial year ended 30 September 2011.

The report covers all material and relevant information relating to the economic, social and environmental impact of the group, including its full financial statements. It reflects the manner in which sustainability has been integrated into the business in accordance with the recommendations of the King III Report on Corporate Governance.

This integrated report concentrates on the main operations and activities that contribute to Oceana's performance, mainly those of Blue Continent Products (Pty) Limited (BCP), Oceana Brands Limited (OB), Oceana Lobster Limited and Commercial Cold Storage Group Limited (CCS). Unless otherwise stated, non-financial data is for the 12-month period ended 30 September 2011.

The carbon footprint was assessed and verified for Oceana's South African and Namibian operations. This report excludes Etosha Fisheries' information.

Statistics relating to the disabling injury frequency rate (DIFR), which are included in the chapter on corporate responsibility, covers all South African and Namibian operations, including Blue Atlantic Trading and Etosha Fisheries.

The B-BBEE assessment, as well as the employment equity statistics contained in the human resources review, only includes

Oceana and its South African subsidiaries. Non-South African companies and Blue Atlantic Trading were excluded. All South African and Namibian companies were, however, included in the training expenditure figures contained in the Human Resources review.

Reporting principles

In preparing this report, Oceana took cognisance of, and applied, the principles contained in the King III Report on Corporate Governance, as well as the JSE Listings Requirements; International Financial Reporting Standards and the Companies Act, No 71 of 2008. As required, detailed commentary has been provided to explain the reasons for certain principles in King III not being complied with fully. Oceana's sustainability reporting has been aligned with the Socially Responsible Investment (SRI) Index.

External audit and assurance

An independent audit of the group's annual financial statements (AFS) was performed by Deloitte & Touche. The B-BBEE scorecard information was verified independently by Empowerdex and the carbon footprint data was compiled independently by Global Carbon Exchange and verified by Promethium Carbon. The remainder of this integrated report has not been subjected to independent audit or review.

Information reported, other than that mentioned above, is derived from the group's own internal records and from information available in the public domain.

Abbreviations and acronyms used in this report

AFS	Annual financial statements
B-BBEE	Broad-based black economic empowerment
BCP	Blue Continent Products (Pty) Limited
CCS	Commercial Cold Storage Group Limited
CSI	Corporate social investment
DAFF	Department of Agriculture, Forestry and Fisheries
DIFR	Disabling injury frequency rate
DoL	Department of Labour
ECS	Environmental control system
EU	European Union
FAWU	Food and Allied Workers Union
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HACCP	Hazard analysis critical control points
HR	Human resources
IFRS	International Financial Reporting Standards
JSE	Johannesburg Stock Exchange
MCM	Marine and Coastal Management

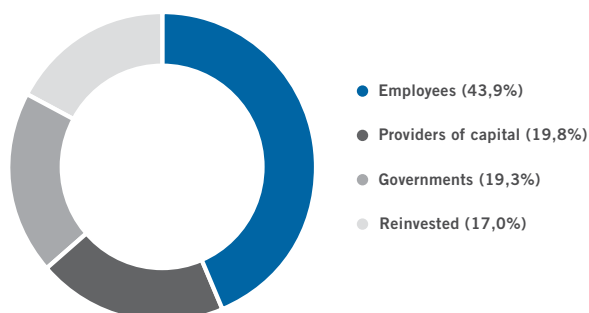
NRCS	National Regulator for Compulsory Specifications
NSX	Namibian Stock Exchange
OB	Oceana Brands Limited
Oceana/group	Oceana Group Limited and subsidiaries
OLSF	Oceana Lobster, Squid and French Fries
QSR	Quick service restaurant
RFA	Responsible Fisheries Alliance
SADC	Southern African Development Community
SAMSA	South African Maritime Safety Association
SANCCOB	Southern African Foundation for the Conservation of Coastal Birds
SASSI	Southern African Sustainable Seafood Initiative
SRI	Socially responsible investment
STC	Secondary tax on companies
TAC	Total allowable catch
UDF & CWU	United Democratic Food & Combined Workers Union

Value added statement

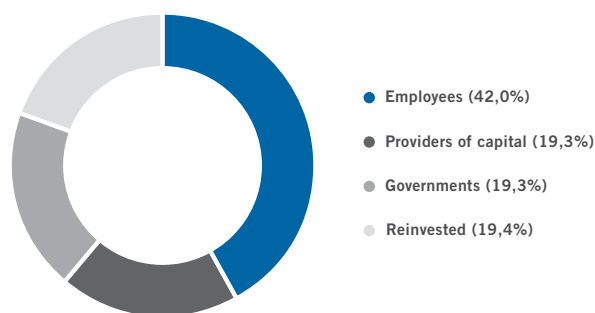
	2011 R'000		2010 R'000
Revenue	3 657 196		3 423 219
Paid to suppliers for materials and services	(2 555 553)		(2 409 187)
Value added	1 101 643		1 014 032
Income from investments	25 826		19 750
Total wealth created	1 127 469		1 033 782
Distributed as follows:	%		%
Employees			
Salaries, wages and other benefits	495 379	43,9	434 087
Providers of capital	222 865	19,8	199 337
Interest on borrowings	2 872	0,3	5 497
Dividends to non-controlling interests	7 103	0,6	8 819
Dividends to shareholders of Oceana Group Limited	212 890	18,9	185 021
Governments			
Central and local (Notes 1 and 2)	217 926	19,3	199 727
Reinvested in the group to maintain and develop operations	191 299	17,0	200 631
Depreciation and impairment loss	77 206	6,9	96 664
Retained surplus (Note 3)	126 225	11,2	109 675
Deferred taxation	(12 132)	(1,1)	(5 708)
Total wealth distributed	1 127 469	100,0	1 033 782
Notes			
1. Central and local governments:			
Company taxation	193 013		175 754
Skills development levy net of refunds	1 434		1 232
Rates and taxes paid to local authorities	4 903		3 909
Customs duties, import surcharges and excise taxes	10 031		13 492
Withholding taxes	8 545		5 340
	217 926		199 727
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	(120 501)		(120 290)
PAYE and SITE withheld from remuneration paid	70 072		55 739
UIF contributions withheld from employees' salaries	2 414		2 633
	(48 015)		(61 918)
3. Retained surplus comprises:			
Group profit after taxation	346 218		303 515
Less: Dividends paid to shareholders of Oceana Group Limited	(212 890)		(185 021)
Non-controlling interests	(7 103)		(8 819)
	126 225		109 675

Report to stakeholders

Value added 2011



Value added 2010



Chairperson's **statement**

The depth and range of **Oceana's** businesses and activity **enabled** the group to **achieve** an **improvement** in earnings. B-BBEE scores improved with the group's empowerment rating rising to that of a level 2 contributor.



Mustaq Brey Chairperson

Overview

Group earnings for the year improved on those of 2010. The canned fish, horse mackerel and hake businesses reported excellent increases in net revenue and in earnings. These were offset by underperformance in the Commercial Cold Storage division and a significant loss for the year in the fishmeal business. Efficient, well-run lobster, squid and French fries operations were impacted by industry variables resulting in their financial performance being lower than in the prior year. Reports and commentary on financial performance are included further on in this report.

A final dividend of 183 cents per share was declared which, with the interim dividend of 37 cents per share, makes a total distribution of 220 cents per share for the year (2010: 208 cents).

Good progress was made in the areas of employee development, relationships with stakeholders and the group's contribution to a safe and sustainable environment.

The number of employees in the group's permanent employment at 30 September was 1 711, compared with 1 434 in the prior year, mainly as a result of more than 160 seasonal positions becoming permanent. Oceana provides quality terms of service for employees with regard to security of tenure, consistent with economic reality. The B-BBEE score increased markedly to 93,96 points, compared with 83,31 last year. Oceana was rated as a level 2 B-BBEE contributor, an improvement on the level 3 rating last year. As at 31 March 2011, Oceana was verified by Empowerdex as a black-owned company in accordance with the DTI's Codes of Good Practice on B-BBEE. Oceana was placed 17th overall in the Financial Mail/Empowerdex Top Empowerment Companies survey, well up on being 32nd in 2010, and was second in the Food and Beverage sector (third in 2010). The group was selected as a finalist in the Metropolitan Oliver Empowerment Awards in 2011. These are indicators of its impressive transformation credentials which are not always recognised in as wide a context as one would wish. Oceana is committed to further improvement in its transformation programme.

The group maintained a positive and productive relationship with industry working groups in areas of resource management, marine safety and navigation, and in interaction with government departments concerning policy and administration.

The biological sustainability of marine resources and assured access to them, particularly in South Africa, is of cardinal importance to Oceana. Group policy and strategy is to protect and enhance sustainability of natural resources, while being as efficient and responsible as possible in using those that are both renewable and non-renewable. Achievements in this regard included an excellent compliance record with conditions attached to fishing permits, and all divisions achieving the environmental control system minimum overall target of 85%. Operationally, the group recorded a reduction of 15% in scope 1 and 2 and direct carbon dioxide emissions over the year, compared with 2010. Oceana received a gold award for inclusion in the top ten companies on the Carbon Disclosure Leadership Index in 2010.

Governance

During the year the board revisited and formally approved core group values. These include acknowledging the group's reliance on the natural environment and the resultant need for responsibility towards it. The importance of the group's human resources, and of customers and suppliers, is affirmed for all contribute to the ultimate success and economic performance of the organisation.

These values are entrenched in the group-wide Code of Business Conduct and Ethics, the board charter, and in policies governing a wide range of issues, including employment equity, training and development, recruitment and selection, fraud, product recall, corporate social investment and HIV/Aids.

To be effective, corporate adoption of such values requires that they be documented and disseminated to develop awareness of, commitment to, and compliance by all affected parties. Oceana has a management process to measure compliance and outcomes through, for example, online training and testing, and measuring the incidence of litigation and penalties, as mentioned later in this report on governance, risk and audit.

The group's commitment to the principles of good governance in an increasingly regulated business environment contributed to the appointment of the group compliance executive on 1 February 2011 in a role designed to enhance compliance with obligations in administration and meeting stakeholders' expectations. Fishing and production processes in the group have always had a culture and practice of strict compliance with safety, hygiene and quality of goods and services offered to customers.

During the year the company's shareholders passed two special resolutions to authorise the provision of financial assistance amongst inter-related parties in the group, and payment of fees to directors, occasioned by the prescriptive terms of the Companies Act, 2008.

Oceana established a social, ethics and transformation committee, effective from 10 November 2011.

Sustainability

Oceana has an integrated corporate structure, businesses, functional services and financial and intellectual capital to maintain sustainability of the enterprise and to grow stakeholder value.

The group's four operating divisions continue to be appropriate as a management and reporting structure for the resources, products and markets with which, and in which, Oceana is engaged, both locally and offshore. Business is conducted through a limited number of operating subsidiary companies, such as canned fish and fishmeal in Oceana Brands, and horse mackerel and hake in Blue Continent Products. Group-wide functional services are provided from a central source, including treasury, information systems, human resources and payroll. Various strategic functional services are provided from a central source, within a new corporate department, group strategic services. These include commercial, sustainability, corporate communication, transformation, property and procurement services. This department was established with the objective of consolidating services previously managed within each division. Financial and management accounting and administrative policies and controls are in place. The board gives full support to the development of human capital in terms of skills, gender, health, retention of staff and career development. It is essential, for sustainability, to have a capable and productive workforce, consistent with cost of employment, in an environment of strong competition from lower-cost producers of the same goods and services, as are delivered by Oceana.

As will be noted in the chapter on corporate responsibility, Oceana has done well this year in meeting both statutory and internal B-BBEE targets. Sustainable, high empowerment scores are important in the process of application for, and retention and renewal of, fishing rights in South Africa and Namibia. From an ownership perspective, Oceana can be proud of implementing its first significant transformation initiative in 1994, and a second empowerment transaction in 2006, resulting in Khula Trust acquiring its shareholding, currently 11,9% in the company.

Oceana's history has many examples of the group's ability to add value to fish resources and in markets served. These include the introduction of steel-hulled vessels in fishing for small pelagics, and driving the process of switching production from lobster tails to whole product exports to Asia, both frozen and live. More recent value-adding initiatives include expansion of the horse mackerel business, and setting up a sophisticated supply chain to meet the demand for Lucky Star branded canned fish.

Chairperson's statement continued

Oceana's long-term prospects and earnings are built upon managing all major aspects of the business, particularly in securing raw fish, making products, satisfying consumers, retaining support services and good governance in a sustainable manner. Maintaining and developing the group's sustainability is a continuous process requiring vision, planning, innovation, commitment and a thorough appreciation and response to the dynamic risk environment. The board has established an enterprise-wide risk management system. In my view, the more significant risk areas as far as long-term sustainability is concerned are:

- The volume of fish available to the group, which is impacted by a number of variables. Locally and internationally these include the strength of the biomass of species targeted by Oceana; seasonal availability of these species; and the regulatory regime for their management and allocation of access rights to catch them. As will be noted from information on fish species published on the corporate website and in later chapters of this report, Oceana manages the impacts of these variables by strategy and interventions which also provide opportunities to leverage growth and opportunities for additional diversification.
- Non-compliance with onerous laws and regulations governing business in general and resource-based industries in particular. In common with other public listed companies, Oceana is obliged to comply with rigorous operating and reporting regulations in order to meet the expectations of stakeholders. Examples include the new Companies and Consumer Protection Acts, 2008, and competition and employment legislation. With regard to resources, compliance with fisheries legislation is of paramount importance, for sustainability of fish stocks and to retain, increase and renew, in due course, all fishing rights held in South Africa and Namibia. These imperatives result in intense focus on the part of Oceana's directors and management on strategies, policies and operating procedures to ensure that fishing and production are ethical, transparent and responsible and that, as a holder of long-term fishing rights, Oceana is particularly eligible and worthy to hold rights on a continuing basis. The value added statement on page 13 illustrates this point.
- The third major risk area covers what I would term business risks, flowing from product quality, interruptions to operations and processing from vessel and factory breakdowns, disruption to energy and utility supplies, sustained market changes, and instability in foreign exchange rates. These risks are managed mainly by way of policies, systems, well-trained staff, operating procedures, and assurance testing by independent persons in critical areas. The forex risk is managed by a policy on forward cover and the natural hedge flowing from the group's imports and exports.

Oceana is well placed in terms of its management, business model, range of resources and financial position to achieve real growth in headline earnings per share and in returns on net assets and on net shareholders' equity through acquisition and organic growth. Ensuring a consistent approach to the measurement of transformation across all sectors remains a key challenge as the Department of Agriculture, Forestry and Fisheries (DAFF) continues to apply a narrow-based approach within the fishing industry and with particular reference to assessing transfers of commercial fishing rights. South Africa's fishing industry is subject to all the forces affecting most industries. Proposals to restructure the industry should always be preceded by a thorough process of careful analysis of the real factors, both internally and as presented by international competition, which drive its economic sustainability. The board and management constantly seek engagement with the minister and officials of the DAFF on various matters, including encouraging innovation, value adding, and investment in new technology and processes, to achieve an overall greater economic contribution from the fishing industry.

During the year management engaged proactively with key stakeholders, including labour, communities and government, on various policy matters and increased corporate social investment in coastal fishing communities.

Appreciation

I appreciate the support of my fellow directors during the year and the commitment of management and staff to the development of the group. The year was challenging in terms of the external environment in which business is conducted, and in seeking ways to maximise value and earnings in divisions experiencing reduced availability of some fish species. I am confident that the board and all at Oceana will continue to show skill and commitment to achieving real growth in earnings and promotion of the corporate values of this organisation.

Mr M Fleming resigned as a director on 31 December 2010, following his acceptance of employment with a new employer. Mr RA Williams, former vice chairman, retired as a director in February this year. Mr S Pather was appointed lead independent director following Mr Williams' retirement. Mr PM Roux was appointed as a director on 10 February 2011, and Ms ZBM Bassa on 1 April 2011. Both were welcomed to the board.

Conclusion

The depth of sustainability of Oceana's operations and the business's earning capability, coupled with its clear strategic direction, give me confidence that long-term performance will be satisfactory in real terms.



Mustaq Brey
Chairperson

10 November 2011

Chief executive officer's report

Strong earnings growth in the horse mackerel and canned fish sectors of the business was offset by the effect of lower landings of fish in others, and lower levels of product in the cold stores. Fleets and plants performed well. Employee relations, transformation initiatives and social and **environmental responsibility** were managed positively as an integral part of the business. **Strategic plans** include initiatives to increase volumes on a **sustainable basis**.



Francois Kuttel Chief executive officer

Introduction

The 2011 financial year opened and closed with the group in a solid financial condition, with its businesses well equipped in terms of capability to increase long-term earnings and add value to stakeholder interests in all areas of activity. Capital expenditure in recent years on horse mackerel vessels and their facilities has contributed significantly to this business's ability to produce high volumes of quality frozen product to meet the demand for it in diversified markets. This has resulted in appreciable increases in revenue and earnings. The performance of Oceana's hake business was much improved on that of the prior year.

Development of the canned fish supply platform has strengthened the capability of the canned fish business to meet demand for product sold under the Lucky Star brand, driving up revenue and earnings. The lobster business landed 99,8% of its 2010/2011 quotas (prior season 98,7%) and achieved an average increase of 12,7% in selling prices in foreign currency terms. The lower total allowable catches (TAC) meant a lower quota for the season, with a consequent reduction in tons landed. Although squid availability and catches were lower than in 2010, good operational performance and improved prices on export markets were encouraging.

French fries' performance was impacted by the effect on local demand of major local buyers importing high volumes into South Africa and by the relatively high average price of potatoes (raw material) grown in this country.

The Commercial Cold Storage division underperformed financially, as did the fishmeal business. Fishmeal reported a substantial loss for the year.

Group revenue increased by 7%, from R3 423 million to R3 657 million, operating profit before abnormal items by 6%, and headline earnings per share by 6%. The financial director's report provides commentary and analysis on the material non-operational aspects of the year's financial performance and the group's financial position.

Chief executive officer's report continued

Review of the year's operations

The operational review in this integrated report provides relevant and material information concerning the year's performance in fishing and cold storage. These highlight how, in fishing, the volume of raw fish landed and sourced to make products is a major factor in achieving budgeted profitability and hence features strongly in strategic planning and long-term objectives. Oceana's vessels and land-based facilities were maintained in good operating condition and generally performed well.

As outlined by the chairperson, and shown in the chapter on corporate responsibility, performance in transformation improved notably, particularly in areas such as ownership, management control, employment equity and skills development. The board monitors and directs HR policy, implemented by an efficient, competent and committed functional department. The objective is to meet group strategy and skills needs, while adhering to employment equity laws and a strong commitment to achieve targets and improve transformation on a sustainable basis.

Executive management, acting both through industry associations and independently, invested significant time and effort into developing improved relationships with officials at different levels within DAFF. The objective was to engage constructively on all issues that are material to the industry. During the year Oceana participated fully with industry and Business Unity South Africa (BUSA) at the National Economic Development and Labour Council (Nedlac) in a consultative process initiated by DAFF to develop a small-scale fishing policy. Oceana participates as a member of the Nedlac Fisheries Task Team and is involved in the current engagement on the provisions of the policy.

Oceana filed an application in the Western Cape High Court in December 2009, seeking judicial review of the policy on transfers of commercial fishing rights. The primary objection relates to the narrow-based measure of transformation applied by DAFF in assessing applications for transfer of fishing rights. Oceana challenged the legality of the policy as it does not apply the broad-based approach outlined in the B-BBEE Codes of Good Practice. DAFF continues to assess transformation on the basis of only ownership and management composition. Oceana sought an order that the policy was unlawful on this basis and that it should be set aside. The Court found against Oceana and refused the application. Oceana was granted leave to appeal against this decision. The matter will be heard by the Supreme Court of Appeal in Bloemfontein during 2012.

During the year Oceana centralised the location of most of its business administration and group functional services at Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town. The objective was to improve efficiencies and save costs on a long-term basis.

Corporate investment in the community was focused and meaningful, while integration of environmental responsibility, from a compliance and contribution viewpoint, was significant. Details are to be found in the chapters on operational review and corporate responsibility.

Implementation of governance objectives

The board is committed to compliance with the principles recommended by the King III Report on Corporate Governance.

The processes and controls in Oceana to promote good governance were effective during the year. Formal reporting and monitoring systems expose weaknesses (including not achieving budgeted financial and non-financial targets) and non-compliance (such as censure or penalties); weaknesses thus exposed are addressed without delay. The audit and risk committees contribute to the ambit and integrity of this process. During the year a large number of employees, particularly in management and supervisory positions, attended training by professional service providers on the importance and terms of competition law, the Companies Act, 2008, Consumer Protection Act, 2008, and the Marine Living Resources Act, 1998.

Independent third-party assurance providers have been appointed, where appropriate, to test equipment, products and processes against formal standards or best practices. Assurance providers and standards currently used include internal and external audit, reviews by the risk service provider (eg of fire, and safety at sea), online testing of staff on compliance issues, adoption of ISO standards, processes which are HACCP approved, certification by offshore regulators such as the Marine Stewardship Council, inspectors from Asia for steri fruit facilities, and EU approval of fishmeal factories and cold stores.

Oceana anticipates being included, for the seventh consecutive year, in the JSE's SRI Index when it is published in December this year.

Objectives – going forward

Considerable executive management focus has been directed at analysing the reasons for the reduced performance in fishmeal and in the cold stores to establish which are of an organic nature warranting improvement from within; and those presented by the natural and wider environment where corporate intervention and responses have limited effect.

Fishmeal is a commodity produced mainly by Peru and Chile, sold to balanced-feed manufacturers internationally, particularly in China and the Middle East, at prices which can vary considerably during the year. Fishmeal is manufactured mostly from landings of industrial fish (typically small pelagic species whose availability fluctuates markedly from year to year) into product of varying quality and attributes.

The table below shows Oceana's position in South African and global production in calendar 2010 and 2009:

Producer	2010		2009	
	Tons	% of global	Tons	% of global
Oceana	30 946	0,8	23 586	0,5
Total South Africa	88 211	2,2	61 029	1,3
Total global	4 019 900	100,0	4 775 200	100,0

Source: The International Fishmeal and Fish Oil Organisation (IFFO) for global; own estimate from published fish landings for South Africa; own records for Oceana tonnage.

To compete against large offshore producers to retain and develop market share, Oceana has followed a policy of manufacturing high-protein meals aimed at niche markets where prices are generally better than those offered for lower-quality product. Keeping a commodity-based business profitable requires high volumes of raw fish in a steady supply stream to the reduction plants at as low a cost as possible. Having reviewed Oceana's fishmeal performance in 2011 against this background, management is expediting experimental midwater trawling with own fleet capability and with third parties to increase landings of industrial fish, and implementation of sustainable cost reductions. It may be necessary to restructure fishing effort and production to accord more closely with varying fish availability and competition from other major producers.

The canned fish business's expanded supply chain allows OB to better support Lucky Star branded products – both traditional and newer variants – on the local market and also to supply export growth prospects. All aspects of maintenance and development of the range and supply of raw and finished product and the administrative and financial management of the complex logistical system receive close management attention. The Lucky Star brand will continue to be protected and developed.

The horse mackerel business appears to be well placed to maintain and improve on its steady operational and financial performance. Over the years success has been built on the cumulative effect of significant capital investment in capability, securing volumes of raw fish, producing a quality frozen product, and understanding and developing the market. Focus will be on further developing distribution arrangements in major markets, product differentiation, and expansion of market range and share.

A steady, positive contribution is expected from the hake business.

The likelihood of further reductions in the west coast lobster TAC in 2013 and the amount of it diverted away from holders of long-term rights is of concern to Oceana and the industry.

The group's lobster and squid businesses have strategies with the objective of increasing volumes of raw fish and product for marketing from third parties, to improve economies of scale and increase market strength.

The cold storage business has two challenges – to increase volumes and their dwell time in store and to review how public refrigerated warehouse facilities fit into the current perishable products supply chain. This may reveal additional opportunities to attract further volumes and improve margins through value-adding.

Conclusion and outlook

Maintaining and increasing volumes of fish landings from own quotas, as well as from third parties in South Africa and offshore, and of perishable products through the cold stores, will be major drivers in performance. The group's organic capability, product needs and market capacity are able to handle volumes well in excess of those available in recent years. While all the effects of the sovereign debt and financial market issues cannot be predicted, the group's progress in an environment of constant change has been solid.

Directors and management will continue to pursue increased engagement with policy makers and regulators to promote greater understanding of operational and business issues in the industry and for the reduction and removal of barriers to transfers of fishing rights and to acquisitions. The fishing industry, like all others, benefits from innovation, investment in advanced production and food technology, and development of skills.

Consistency in all government departments in measurement of transformation will assist in providing stability within the industry. DAFF's current narrow-based method seriously prejudices companies that have undertaken rigorous efforts to transform as set out in government's B-BBEE strategy, the B-BBEE Act and the Codes of Good Practice. As a level 2 contributor to B-BBEE this approach limits Oceana's ability to grow through acquisitions and transfers of fishing rights.

Oceana is a major organisation in the fishing industry and, if allowed access to greater volumes of fish, will make an even greater contribution to manufacturing in the food sector of South Africa's economy.



Francois Kuttel

Chief executive officer

10 November 2011

Group financial director's report

Oceana is in a strong financial position, with **no debt** and **good cash flow**. This status supports continuing business activities and the group's organic growth. It also assists in financing **opportunities** for growth through acquisitions.



Rod Nicol Group financial director

Introduction

The group financial function is based in Cape Town, under the control of the group financial director. Each operating division has its own financial director with responsibility for the businesses and subsidiaries in that division. Communication and interaction between financial directors, management and staff is good. The objective is to maintain an accounting and financial reporting system of high accuracy and integrity providing all information reasonably required for management and stakeholder purposes.

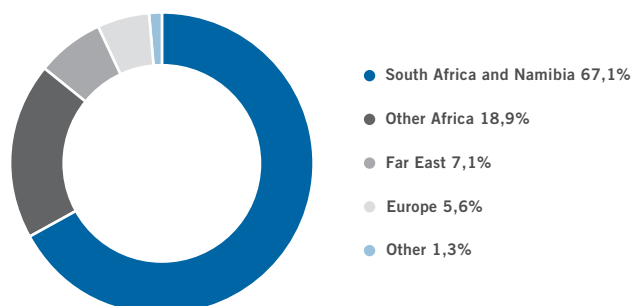
Financial performance

Income and growth

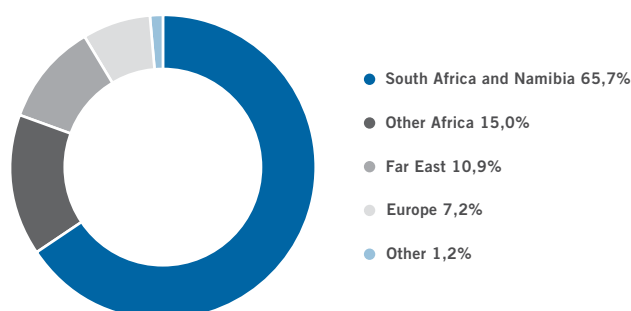
Group revenue increased by 7%, compared to the prior year, the growth being mainly in the canned fish and horse mackerel businesses. The fishmeal business reported significantly lower revenue, as a consequence of lower landings and prices. The restructuring of Glenryck Foods business model, in the highly competitive retail market in the UK, impacted its volumes and revenue negatively.

Group revenue is generated primarily in South Africa and Namibia (67%); the balance is mainly from export markets, including other African countries, Asia and Europe, as shown graphically on page 21.

Revenue per region – 2011



Revenue per region – 2010



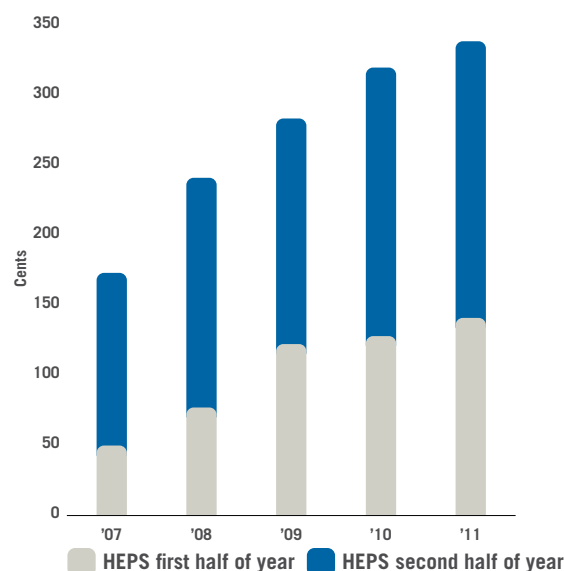
Group operating profit before abnormal items was R512,7 million, an increase of 6% on 2010. The overall operating margin of 14% was in line with the prior year.

Net investment income increased over the prior year as a consequence of higher cash balances resulting from lower working capital requirements. Improved management of the supply chain, particularly relating to imports of canned fish, significantly reduced the average inventory level from that experienced in the past two years. The net cash balance at 30 September 2011 was R384,5 million (2010: R145,1 million).

The group's effective tax rate is influenced by the mix of profits taxable at the South African rate of 28%, and the Namibian rate of 34%. STC at 10% comprises a major portion of the tax charge due to the company's low dividend cover. This charge will fall away from 31 March 2012 when shareholders will be subject to a 10% dividend withholding tax.

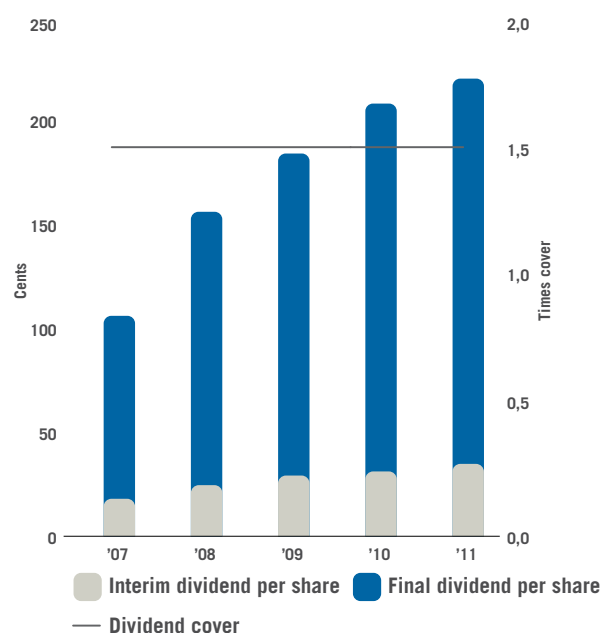
Headline earnings per share (HEPS) were 6% above those of 2010, as reflected in the graph below.

Headline earnings per share



Each declaration of a dividend by the board is preceded by consideration of anticipated operational and financial requirements and after applying the solvency and liquidity test. The company continues to be comfortable with a cover of 1,5 times on headline earnings, as illustrated in the following graph:

Dividends per share and cover



Group financial director's report continued

Financial position

Oceana's financial position is strong. The group has no long-term borrowings and is cash positive. Oceana's operations generate a strong cash flow which has been used to finance working capital and capital expenditure requirements, necessitated by organic growth, and to finance dividends. The group has short-term borrowing arrangements in place with major banks to cover seasonal periods of indebtedness. The board is comfortable that the company would have access to adequate long-term debt or equity capital if the need arises. Overall, the capital structure is suitable and sufficient for current and expected requirements.

The investment decision-making process includes the use of financial modelling using a weighted average cost of capital acceptable to the board. Post-investment reviews for all major investments, capital expenditure and refurbishments are prepared and analysed by management and presented to the board.

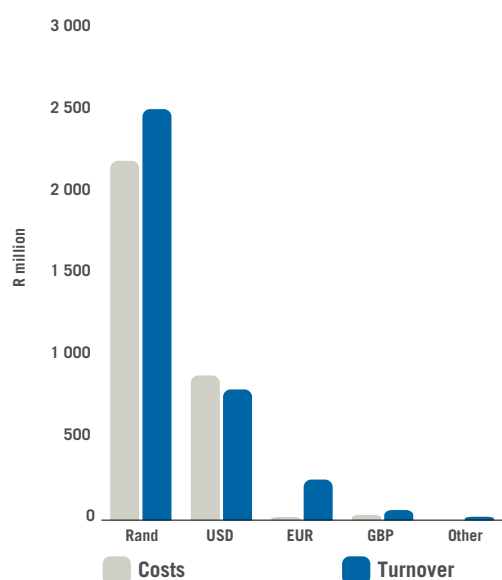
Key financial risks

Currency risk

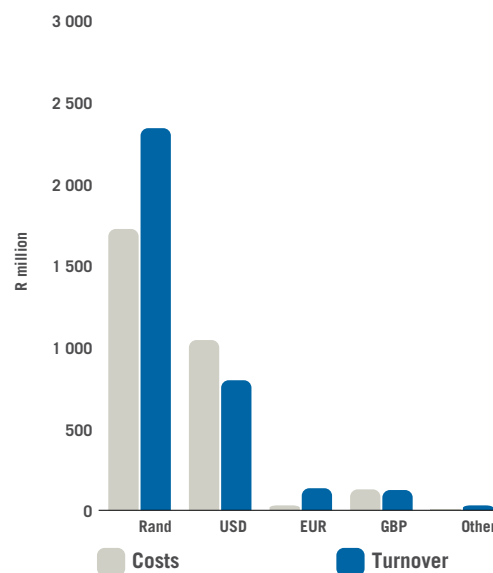
Oceana has significant volumes and values of imports and exports. Exchange rate risk is managed through awareness in the organisation of the currency risk related to foreign transactions. The group has a formal foreign exchange policy approved by the board which guides currency risk management carried out by the business units in conjunction with the central treasury department.

Currency risks are partially hedged by means of forward exchange contracts and the set-off effect of foreign currency assets and liabilities. The group does not enter into derivative contracts for speculative purposes.

Costs and turnover per currency – 2011



Costs and turnover per currency – 2010



Credit risk

Note 18 of the AFS provides information about the risks related to Oceana's overall trade receivables.

Trading in certain African countries involves a relatively higher degree of credit risk as the conventional means of risk management are not always available. A cautious approach is followed to limit exposure. Oceana's accounting policy requires revenue relating to sales to African markets on open account to be recognised only once the sales proceeds have been received in cash.

Acquisitions

During the year Oceana increased its holding in Compass Trawling from 42,05% to 60,53%. Accordingly, the financial results have been fully consolidated with effect from 26 June (previously proportionately consolidated). The consideration for the additional shareholding was at fair value. The transaction also included granting a loan of R14,7 million to a co-shareholder to finance the acquisition of fishing rights and shares from the seller. This loan is included in the investments and loans note 13 of the AFS.

Accounting standards

The group complies with IFRS. No new accounting standards, interpretations or circulars were adopted in the 2011 financial statements. In addition, no accounting standards or interpretations issued but not yet effective were identified which would have a material financial impact on the group's financial statements in the future.

Issues going forward

Preparing for the discontinuation of STC

Administrative arrangements to give effect to the discontinuation of STC from April 2012 and the introduction of a dividend withholding tax will be put in place.

Dilution effect of Khula Trust shares

It is appropriate to bring to the attention of shareholders the dilutive effect that Khula Trust's shareholding in the company has and will have on EPS in the next six years leading to the end of the lock-in period in 2017. Details of the calculation of the number of shares used in the calculation of diluted earnings per share are shown in note 8.1 of the AFS. The dilutive effect is expected to increase over the next six years. In 2017 the shares owned by Khula Trust will no longer be added back, thereby diluting EPS to the extent not already built into the diluted EPS calculation.



Rod Nicol

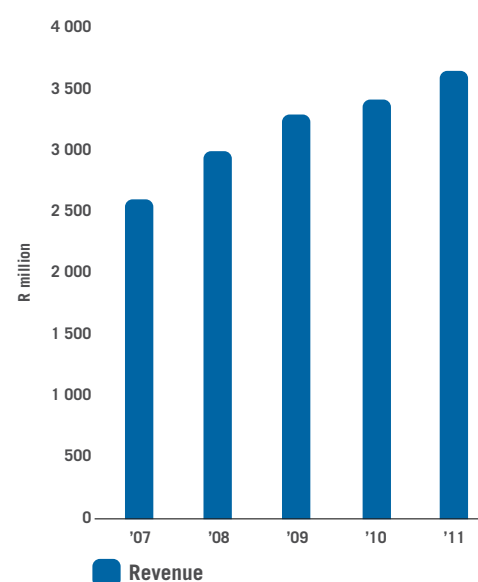
Financial director

10 November 2011

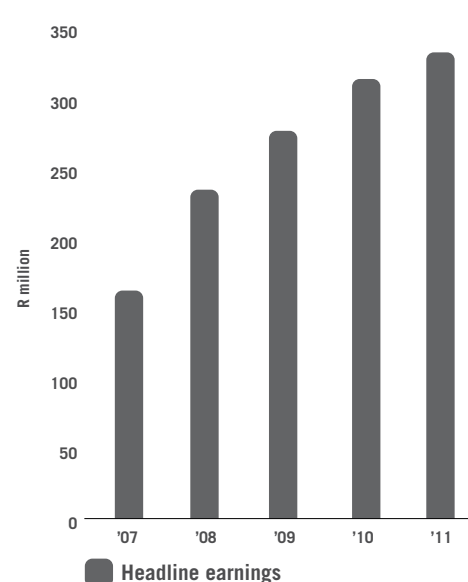
Statistical and financial data

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Consolidated income statements					
Revenue	3 657 196	3 423 219	3 301 288	3 002 476	2 608 894
Operating profit before abnormal items	512 689	484 474	410 866	317 284	236 723
Abnormal items		(19 697)	19 329	11 725	2 549
Operating profit	512 689	464 777	430 195	329 009	239 272
Dividend income	13 141	13 532	18 731	19 103	15 922
Interest received	12 685	6 218	12 830	16 775	19 856
Interest paid	(2 872)	(5 497)	(5 600)	(6 464)	(8 675)
Profit before taxation	535 643	479 030	456 156	358 423	266 375
Taxation	189 426	175 515	148 223	104 153	85 869
Profit after taxation	346 217	303 515	307 933	254 270	180 506
Attributable to non-controlling interests	13 047	9 091	15 734	8 197	11 701
Net profit attributable to shareholders of Oceana Group Limited	333 170	294 424	292 199	246 073	168 805
Headline earnings	333 210	313 908	276 764	234 636	163 836
Consolidated statements of financial position					
Property, plant and equipment	415 623	364 538	352 170	334 147	273 413
Intangible assets	18 101	16 183	36 117	45 293	55 512
Deferred taxation	13 204	8 528	5 878	5 386	10 438
Investments	153 445	151 897	140 111	131 258	121 361
Current assets	1 422 623	1 302 083	1 188 010	1 039 398	1 041 655
Total assets	2 022 996	1 843 229	1 722 286	1 555 482	1 502 379
Interest of shareholders of Oceana Group Limited	1 358 428	1 212 130	1 091 702	969 926	871 503
Interest of non-controlling interests in subsidiaries	40 923	34 340	33 994	29 632	34 019
Interest of all shareholders	1 399 351	1 246 470	1 125 696	999 558	905 522
Deferred taxation	41 669	46 900	49 829	44 733	32 585
Other liabilities	581 976	549 859	546 761	511 191	564 272
Total equity and liabilities	2 022 996	1 843 229	1 722 286	1 555 482	1 502 379
Consolidated statements of cash flows					
Cash generated from operations	729 211	416 596	293 650	320 833	270 671
Interest received	12 685	6 218	12 830	16 775	19 856
Dividend income	1 635	421	3 679	4 223	4 616
Interest paid	(2 872)	(5 497)	(5 600)	(6 464)	(8 675)
Taxation paid	(169 132)	(166 234)	(138 822)	(84 623)	(74 378)
Dividends paid	(219 993)	(193 840)	(170 984)	(123 640)	(83 128)
Net cash inflow/(outflow) from operating activities	351 534	57 664	(5 247)	127 104	128 962
Cash outflow from investing activities	(115 827)	(87 937)	(62 429)	(87 526)	(700)
Cash inflow/(outflow) from financing activities	4 902	6 753	15 670	(41 583)	(33 286)
Net increase/(decrease) in cash and cash equivalents	240 609	(23 520)	(52 006)	(2 005)	94 976

Revenue



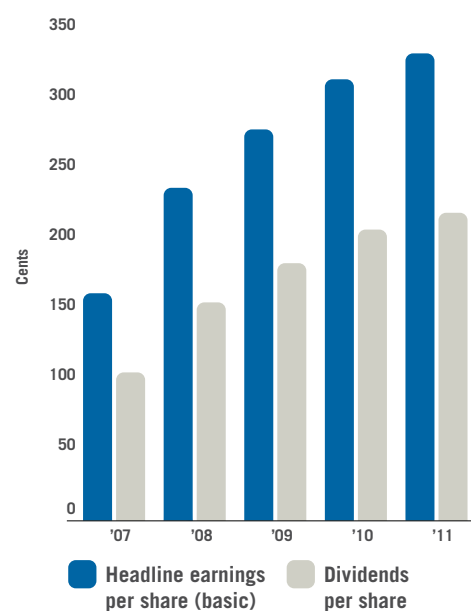
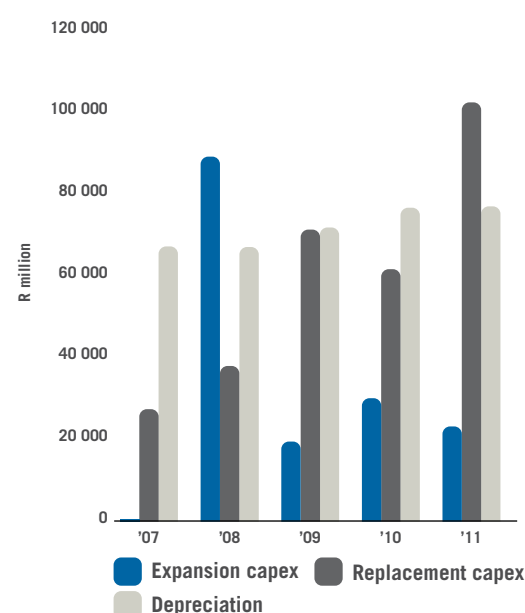
Headline earnings



	Notes	2011	2010	2009	2008	2007
Share performance						
Number of shares upon which earnings per share is based ('000)		99 868	99 580	99 041	98 721	100 866
Headline earnings per share – basic (cents)		333,7	315,2	279,4	237,7	162,4
Headline earnings per share – diluted (cents)		312,7	299,2	271,5	234,3	162,2
Earnings per share – basic (cents)		333,6	295,7	295,0	249,3	167,4
Earnings per share – diluted (cents)		312,7	280,6	286,6	245,7	167,1
Dividends per share (cents)	1	220,0	208,0	184,0	156,0	106,0
Headline dividend cover (times)		1,5	1,5	1,5	1,5	1,5
Net asset value per share (cents)	2	1 359,3	1 215,9	1 099,7	986,0	869,1
Profitability						
Operating margin	3	%	%	%	%	%
Return on average shareholders' funds	4	14,0	14,2	12,4	10,6	9,1
Return on average net assets	5 and 6	26	27	27	25	20
Return on average total assets	5 and 7	38	39	37	35	28
		30	31	26	25	19
Finance						
Total borrowings as a percentage of total shareholders' funds	8	1	3	2	5	11
Total liabilities as a percentage of total shareholders' funds	9	42	44	49	51	62
Current ratio (:1)		2,7	2,6	2,3	2,1	1,9
Number of permanent employees at year-end		1 711	1 434	1 351	1 359	1 274
Revenue per employee (R'000)	10	2 138	2 387	2 444	2 209	2 048
Assets per employee (R'000)	7	1 175	1 279	1 270	1 141	1 171

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. Total liabilities exclude deferred taxation.
10. Revenue divided by the number of permanent employees at year-end.

Headline earnings and dividends per share**Capital expenditure and depreciation**

Operational review



Operational review

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Lucky Star voted 5th most favourite brand in South Africa

1 999 employee beneficiaries in the Khula Trust

Reduced DIFR:

11 033 724 hours worked with 68 disabling injuries and no fatalities

R495,4m paid to employees in form of salaries, wages and other benefits

Operational review

Oceana's operating structure is designed to create value through economies of scale and **efficiencies** in terms of raw material and **product volumes**, efficient use of vessels and production resources, market focus, risk management, and **growth opportunities**.

This operational review describes the main trends and factors underlying the performance of the group during the year ended 30 September 2011.

Most of Oceana's operations in inshore, midwater and deep-sea fishing are conducted through four operating divisions. Strategic business units (SBUs) within these operating divisions specialise in certain businesses, such as canned fish, and fishmeal and fish oil, in the OB division, and horse mackerel and hake in the BCP division. This operating structure is designed to create value through economies of scale and efficiencies in terms of raw material and product volumes, use of vessels and production resources, market focus, risk management, and growth opportunities.

Each division's managing director (MD) is a member of Oceana's executive committee (exco) and reports to the group's chief executive officer. Divisional MDs attend all Oceana's board meetings to report on their division's performance and prospects and to receive guidance from the board.

Inshore fishing

Oceana Brands

This division is engaged in the canned fish and fishmeal and fish oil businesses.

Canned fish

Earnings increased significantly over those of the prior year as a result of increased sales volumes and operating efficiencies.

Oceana Brands' main product is Lucky Star branded canned fish, particularly pilchard variants. Other labelled products are canned tuna and jack mackerel sourced from offshore facilities, and Lucky Pet pet food.

The growth and success of this business is founded on volume of product, its safety and quality, and consistently strong consumer demand for it.

The volume of pilchard required to support sales of Lucky Star products exceeds that from landings of fish in South Africa from the company's own quotas. This necessitates securing additional raw fish and canned product from other sources. These include rights holders and factories in South Africa, and suppliers from Namibia, Morocco, the Americas, and Asia. The supply side of the business has grown in recent years into a sophisticated logistical operation requiring significant working capital and specialist knowledge and skills.

Oceana Brands has been catching and canning pilchards in South Africa since 1946, operating its own cannery at St Helena Bay, capable of processing 180 tons of raw fish per day. What is processed depends on landings by its own pilchard fleet of three vessels and those from its joint-venture partners, and independent operators. Landings are a function of resource status and availability, weather conditions and applied fishing effort. Oceana's fishing effort is managed intensively, using every opportunity to land its annual quota. The 2011 pilchard TAC, set by the Minister and managed by MCM in the Department of Agriculture, Forestry and Fisheries, the regulator, was unchanged on that

of the prior year, at 90 000 tons. Oceana was permitted to catch 12 913 tons in terms of its 14,3% share of the TAC. Landing of this allocation was almost completed by 30 September, with the balance to be caught by close of season on 31 December. The fleet performed well. The pilchard biomass (resource) in South Africa is reported to be stable. Availability, size and mix of fish during the financial year were all good.

The cannery performed well in terms of yields and product mix. It processed 16 914 tons of raw fish (2010: 21 240 tons). The cannery works according to a one-shift system, in an arrangement established to comply with legislation and the reality of variable fish landings.

Etosha's quota of 4 994 tons of the 25 000 tons Namibian TAC was landed, with the bulk of the fish being caught close to Walvis Bay and processed at its cannery there. Availability, fish size and mix were good. The resource appears to be in a stable condition, having been conservatively managed within a relatively low TAC for a number of years. No imported frozen pilchard was processed during the year due to the landed cost thereof being uneconomic. Cannery performance and yields were excellent.

Strategies are in place to protect and extend supplies of raw fish and canned product, both locally and from offshore. These include widening of sources geographically, from reputable enterprises, as well as increasing volumes from current suppliers through initiatives to develop their catching effort and operating procedures.

Managing product quality commences with checking and approving raw fish landed or delivered, whether in South Africa or offshore, followed by correct storage, handling, processing, labelling and distribution to the consumer. Formal, strict policies and processes are in place in Oceana Brands to manage all these stages. They are designed to ensure, as far as reasonably possible, that the final product complies with health and safety requirements, and is pleasing and delicious to the discerning consumer. Technical specifications for cans, quality and hygiene of fish and ingredients, and how the product is cooked and sealed in cans, are subject to rigorous monitoring, testing and independent assurance processes, including approval by South Africa's NRCS. A precautionary public recall of a limited product variant during the year was accomplished efficiently, without any damage to health, in an exercise designed to prevent any possibility of harm to consumers.

Maintaining a sustained fully supplied stock position is necessary to support demand. Sales volumes of canned tuna and pet food recorded good growth. In total, 7,3 million cartons of canned product were sold compared with 5,9 million in 2010. For the second consecutive year the Lucky Star brand was voted into second place in the tinned food category in the Sunday Times/TNS Top Brands survey, and fifth in the overall favourite brand category, an improvement from eighth position in 2010. The Lucky Star brand is protected through vigilance and immediate legal action for violation. Customer service includes a helpline and personal service to respond to and follow up on all product enquiries, concerns or complaints.

Initiatives to expand and protect the canned fish food category, and to do likewise for the Lucky Star brand within this category, are in place. Extending brand presence into offshore markets is receiving increased attention.

UK subsidiary Glenryck Foods Limited's restructured business model was put in place, selling through a specialist distributor. The product range has been rationalised to focus on core variants. Sales volumes in 2011 were significantly lower than in the prior year in the highly competitive retail conditions prevailing in the United Kingdom market. The company will seek to increase market share in the EU, including the UK, where canned pilchards are seen as a health food.

Fishmeal and fish oil

This business recorded a substantial operating loss. Poor availability and quality of fish and lower landings resulted in reduced production of fishmeal. This was compounded by market volatility, and the impact on realisations of generally lower prices and a strong local currency for most of the year.

Oceana Brands' two fishmeal (reduction) plants are located at St Helena Bay and at Hout Bay from where its fleet of vessels operates, targeting industrial fish, particularly anchovy. Fishmeal produced is sold locally and abroad. Profitability is dependent on the volume of fish landed and fishmeal produced and sold.

The calendar year (seasons) anchovy TAC is divided into what is termed an A season and a B season allocation. The overall mass of the TAC is based on marine management's view on the success of the recruitment to the fishery. The B season TAC is determined and allocated late in the calendar year, depending on industry success in completing the A season

Operational review continued

allocation, and on marine management's view on the then status of the resource. Anchovy, a relatively small sized fish, tends to associate and shoal at times with similar sized juvenile pilchard and horse mackerel (maasbanker). For this reason by-catch allowances for both juvenile sardine and horse mackerel are set at predetermined limits and the fishery is managed strictly within these limits by closing areas where the incidence of by-catch is high. During years of high recruitment of these species, industry has difficulty in catching its allocated anchovy.

The anchovy biomass is considered to be stable. The 2011 A season TAC was 270 291 tons (2010: 453 183 tons), of which Oceana's quota of 16,8% of the TAC was 45 289 tons (2010: 75 934 tons). The A season TAC was not landed in full by the industry when it closed on 31 August. From 1 September the industry was authorised to commence fishing against the B season TAC of 120 000 tons (2010: 120 000 tons). Oceana's landings of anchovy in the twelve months to 30 September were poor, at 21 449 tons (2010: 38 291 tons). Disruptions to fishing due to by-catch limitations, unusual shoaling behaviour, uneven availability of fish and the impact of adverse weather in the main part of the season were the main reasons for this result.

The redeye herring resource was reported to be satisfactory. Catching by the industry is regulated by a precautionary upper catch limit (PUCL), and not by a TAC and quotas. The PUCL was 100 000 tons, the same as in 2010. Availability and own fleet landings (13 781 tons) were lower than in 2010.

Operationally, Oceana's fleet of eight purse-seining vessels, in many of which joint-venture (JV) partners have shares, generally performed well in a challenging season where landings per trip were invariably well below the economic optimum. Initiatives to augment volumes at a lower raw fish cost include continuing experiments in midwater trawling. The fleet landed a total of 66 879 (2010: 100 117) tons of industrial fish to the two reduction plants, for processing into fishmeal and oil.

The plants processed 95 851 tons of fish (2010: 132 081 tons), sourced from own landings, purchases, and trimmings from the cannery. The low total throughput volume, relatively low individual trip landings, and poorer quality fish had a negative impact on fishmeal performance in terms of efficiencies, yields, energy, variable costs and carbon emissions per unit of product produced. Fish oil production of 1 530 tons was lower than output the prior year (2010: 2 841 tons) due to the reduced volume of fish processed. The plants themselves are in a sound technical and operating condition, well placed to handle substantial volumes, as occurred in prior years. In addition, imported new odour-control technology was installed during the year, to supplement existing control equipment and operating procedures. Upgrades to energy reduction technology were made at the St Helena Bay facility. An energy audit was conducted at the Hout Bay facility. In excess of 50% of fishmeal is manufactured to premium protein standards.

This is sought by balanced feed manufacturers to service the growing offshore aquaculture industry. Both plants are certified by the regulatory agencies of China, the EU, Australia and Middle Eastern countries to enable fishmeal produced to enter the markets of those countries. Production and packaging have for some years been directed at developing quality reputation and reliability in major and expanding markets. Oceana Brands is a member of the International Fishmeal and Fish Oil Organisation (IFFO) whose vision is to enhance human and livestock health and welfare via superior nutrition to the benefit of consumers worldwide.

The division sold 29 122 tons of fishmeal and fish oil during the year under review, compared with 42 078 tons in 2010. Principal markets supplied were China and Asia, Turkey and the Middle East, Australia, South Africa, and other African countries. The international market was characterised by volatility in supplies offered for sale, prices and stock positions adopted by major buyers of the product. Fish oil, a by-product in the manufacture of fishmeal, enjoyed strong demand on the market, with all products sold at good prices.

Fishmeal stock on hand at year-end was 8 371 tons (2010: 5 366 tons).

In January 2011, 98 seagoing contract workers accepted an offer of permanent employment. A few months later, more than 160 seasonal workers in the fishmeal plants and related activities in St Helena Bay and Hout Bay accepted permanent employment following consultation between the company, FAWU and the Department of Labour. The appointments affirm Oceana's confidence in the long-term future of the fishmeal and fish oil business, and represent a very material contribution to job creation and security in the country.

The fishmeal business unit has invested significantly in technology and operating systems to give it flexibility in manufacturing products for use in a range of feed applications. These include growth-orientated sectors such as aquaculture, where higher prices are paid. The critical factors driving profitability are vessel performance, raw fish cost, yields and operating costs, the logistics chain in the whole business and marketing and sales expertise. Each factor is receiving strong management focus to improve future performance.

Oceana Lobster, Squid and French Fries

This division has three SBUs, which share a number of similar attributes in processing and marketing, and where synergies in administration make management more effective and the businesses more profitable. The division employs 639 people (2010: 614 people), including temporary/contract workers. Good progress was made during the year in advancing black staff through leadership and learnership courses. A black graduate who joined in 2008 was promoted to technical foreman. Three black employee crewmen are well advanced in the training and qualification process towards becoming skippers.

Lobster

Operationally, 2011 was a successful year. Financial performance was offset by the effect of reduced landings, and thus of revenue and earnings, as a consequence of the lower TAC.

Oceana has been an active participant in the west coast lobster fishery since 1913, when the now deregistered subsidiary North Bay Canning Company commenced canning lobster tails, sold mainly in France. Production changed to frozen tails in the late 1930s, destined for the US market, and then in the 1980s to mainly frozen whole lobster products for Japan, and latterly to live lobster exports, particularly to the Chinese market.

Investment, commitment and product innovation for almost a century has enabled Oceana's lobster business to survive and prosper notwithstanding cycles in nature, socio-political

while monitoring and policing is insufficiently assiduous and hampered by a lack of resources.

The TAC for west coast lobster was 2 286 tons (2010: 2 393 tons). Of this amount, 200 tons (2010: 53 tons) were allocated to artisanal fishermen. Oceana's share of the portion of the TAC allocated to organised industry holding long-term fishing rights was 325 tons (2010: 348 tons), ie 6,6% lower than last year. For south coast lobster, Oceana's 3,1% share of the TAC amounted to 10,3 tons (2010: 10,9 tons).

By close of season, Oceana landed 324 152 kg of the total 324 801 kg of its 2011 quota. The west coast fleet of ten vessels performed well. Fish quality and size mix were good. Landings of west coast lobster were directed mainly into live product, for export. South coast lobster was processed into live product as well as sea-frozen tails. Oceana's land-based

Investment, commitment and product innovation for almost a century has enabled **Oceana's lobster** business to survive and **prosper** notwithstanding cycles in nature, socio-political upheavals and economic downturns.

upheavals and economic downturns. This sector has undergone significant transformation since 1992 through the introduction of new entrants and internal transformation of many existing rights holders. During the process of restructuring of the sector, Oceana's share of the overall TAC was reduced from 36% to 15%. Fair and objectively determined volumes of lobster in catching rights and permits are necessary to maintain employment, secure market share and penetration, manage costs and justify long-term investment in new plant and technology.

Strategic objectives in recent years have therefore focused on:

- procuring additional volumes of raw material by way of acquisitions, and packing and marketing landings of other rights holders;
- maintaining good operational and compliance performance; and
- improving operating margins through fishing strategy, production efficiencies, and strategic market selection.

The regulatory process for determining the TAC and allocation of long-term access rights operates satisfactorily,

facilities at Hout Bay (live lobster) and St Helena Bay (frozen products) have the capacity and capability to produce live, whole lobster and tail products in the ratio best suited to maximise earnings.

Oceana's main markets are China (live exports), Japan (whole frozen) and France, Italy and Switzerland (live and frozen). Demand for product in China, and prices, were strong, and were steady in Japan and the European countries. Marketing success is built on continuity and reliability of supply in terms of volumes appropriate for the market concerned. Oceana set in place logistical arrangements for entry of product into additional ports in mainland China.

With scientific advice favouring conservative approaches to strengthen the biomass, it is expected that the TAC will be reduced as from 2013. Oceana will continue to seek additional volumes through acquisitions and arrangements with other rights holders. Its own catching, processing and distribution infrastructure is in good order. Major markets are expected to remain firm.

Operational review continued

Squid

Poor availability of squid and consequently lower landings resulted in a disappointing performance in this business.

Oceana conducts its squid operations through its subsidiary, Calamari Fishing (Pty) Limited (Calamari Fishing), based in Port Elizabeth. Fishing is regulated on an effort basis, rather than a TAC system. Oceana currently operates five vessels and holds 104 of the 2 423 catching permits issued in this sector of the fishing industry. This is the same number of permits as in 2010.

Availability of squid this season was considered to be poor which, despite consistent and efficient fishing by the company's fleet, yielded landings of 488,3 tons (2010: 567,5 tons). Squid availability tends to be cyclical, for reasons attributed to weather and physical conditions in the water. As in other sectors of the fishing industry, the volume of landings and production are the drivers of profitability, for reasons of cost recovery, efficiencies and realisations.

Four of Calamari Fishing's vessels have converted their on-board sea freezing process to IQF (individual quick frozen) for squid. Shortly after being caught, individual squid are placed on a tray to be blast frozen to minus 30 degrees. On arrival at the port the landings are graded, glazed and boxed at the company's facility at Humansdorp, ready for distribution to market. Instead of the alternative practice of freezing landings into blocks of conjoined fish, the IQF process results in a high-quality product which lends itself to managed use by retailers and consumers. This enhancement in the production process has been well received on the market, aided by the growing reputation of the BCP seahorse brand emblem.

Major markets are in the EU and Japan. Prices were well ahead of last year, due to a worldwide shortage of squid products. Demand for squid products was steady.

Industrial relations were stable.

Performance in 2012 will depend to a large extent on volumes landed and on supplies of squid on the world market which affect prices. Calamari Fishing's fleet and infrastructure are in good order to perform well. Initiatives to attract additional fish from third parties, to process and market, will continue.

French fries

Although the volume produced exceeded that of last year, earnings were affected by the price, availability and quality of raw material and pressure on margins from imports.

Oceana's subsidiary Lamberts Bay Foods Limited (LBF) produces French fries and value-added potato products at its factory in Lambert's Bay. Established in 1995 as a social responsibility project to offset job losses in the region due

to the decline in fishing employment opportunities in the area, the business has developed into a viable operation. The company employs 283 people (2010: 241 people) in Lambert's Bay.

An independent socio-economic study conducted revealed that approximately 2 250 jobs are created on a national scale through the Lambert's Bay French fries operation. North of St Helena Bay it is the largest single employer on the west coast.

Potatoes used in the plant are sourced mainly from Mpumalanga, Free State and the Sandveld region of the Western Cape. Development of long-term relationships with growers closer to Lambert's Bay is one of the business's continuing strategic objectives. Procurement on the spot market and delivery by contracted suppliers focus on raw material which meets optimum specifications as to size and quality. A steady supply of quality potatoes of the right mass and dimensions is a major contributor to profitable performance.

The plant operates according to best practice standards and is regarded by customers as having the lowest product defect level in the industry. Capital expenditure on a value added line amounting to R5,7 million during the year resulted in a significant increase in output of a popular product line. This increased the consumption of electricity and negatively impacted the emissions per product produced. The factory's hygiene, quality, and safety practices are audited annually by independent assessors appointed by key customers.

Operational performance continued to be at a consistently high level. As was the case last year, yields were affected by potato sizes of less than the optimum, due to frost damage to growing plants during winter months. This, and competition brought about by imports of fries, impacted sales volumes and margins. The cost of raw potatoes to LBF in South Africa is usually twice that paid by European producers who export to this country.

Solid waste is dumped in sites approved and controlled by the local authority; it is expected that from 2012 most will be utilised by a producer of balanced feed. Waste water is discharged into the sea, in a state which complies with the regulator's specifications.

LBF's customers are largely franchised QSRs, to whom the company aims to supply products and service of a range and quality demanded by this exacting and competitive sector of the food industry. LBF's fries, wedges and hash browns are enjoyed at restaurants across the country. Product variants, for both local and export markets, are included in longer-term investigation and planning.

The business is well placed in terms of capacity and marketing capability within the Oceana to expand output and market share for all its products.

Midwater and deep-sea fishing

Blue Continent Products

Horse mackerel

Good catches, combined with consistent product quality, market diversification and firm prices, resulted in an excellent year for horse mackerel.

Oceana's horse mackerel business is conducted through subsidiaries Blue Continent Products in South Africa, Erongo Marine Enterprises (Erongo) in Namibia and Oceana International on the Isle of Man.

Oceana operates three horse mackerel vessels in Namibia and one in South Africa, which fish all year round. Subsidiary Oceana International is a trading company sourcing fish, including horse mackerel, from a variety of sources. Horse mackerel is widely consumed in Southern, Central and West Africa from South Africa to Ghana and Nigeria. Oceana, through its subsidiaries, is active in all these markets.

All vessels in the fleet performed well, in terms of landings, efficiencies, and cost management. Vessel performance has benefited from capital expenditure in recent years on flow ice and freezing capacity which enhances and preserves the quality of product. Fish availability, quality and size were good. Landings are processed at sea into frozen packs in the format required by targeted markets. The on-board freezing process, designed to produce products of consistently high quality, operated very efficiently.

Oceana's South African vessel, the *Desert Diamond*, has scientific observers on board for every trip. They collect data for research purposes, as well as carrying out compliance duties. In Namibia, the vessels carry two fisheries inspectors who act as compliance observers.

Oceana's product quality controllers are on board every fishing trip in South Africa and Namibia. Training of local marine engineers and technical staff continues, supported by graduate recruitment programmes.

Good **horse mackerel** catches, combined with consistent **product quality**, market diversification and **firm prices**, resulted in an excellent year for horse mackerel.

Empirical evidence and research data available indicate that the resource in South Africa is stable. It has for many years been managed through a precautionary maximum catch limit (PMCL), currently 31 500 tons per annum for the dedicated midwater trawl effort.

In Namibia, where the 2011 TAC is 310 000 tons (2010: 247 803 tons), Erongo continued to catch and process its own and others' allocations amounting to 116 740 tons (2010: 96 717 tons). Erongo's full quota is expected to be caught before the end of the quota year (31 December).

The horse mackerel resource in Namibia is reported to be strong as a consequence of measures implemented by the Ministry of Fisheries and Marine Resources involving reductions in the TAC for several years and limitation of fishing to areas deeper than 200 metres. As at 10 November 2011, 13 496 tons of horse mackerel TAC for 2011 still had to be allocated.

The division's total horse mackerel sales by volume increased by 11%, compared with the prior year, with strong demand from all markets and improved prices. South African horse mackerel is sold exclusively into the Angolan and Cameroon markets, which prefer slightly larger sized fish with a higher fat content. Demand for horse mackerel and other frozen fish was good on both markets. The Namibian species is generally a slightly smaller sized fish, sold predominantly into eight SADC markets, where the benefit of the division's improved distribution arrangements is now manifest. The Democratic Republic of the Congo is a major market. Sales of the Namibian species improved satisfactorily over last year, in both volume and value terms.

Operational **review** continued

Strategic focus is on both the supply and market sides of the business. Opportunities to increase volumes, including those landed in South Africa and Namibia, will continue to be pursued. Possible increases in infrastructural support in major markets would confer greater control in distribution and meeting the product's market needs, as well as presenting opportunities for entry of other Oceana group products. Collection and interpretation of data from the diversified markets will assist the division in meeting consumer preferences and expectations.

Strategy includes pursuing opportunities to acquire additional trawl quota.

BCP holds 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's product **quality controllers** are on board every fishing trip in South Africa and Namibia. **Training** of local marine engineers and technical staff continues, **supported** by graduate recruitment programmes.

Hake

An excellent year, with good catches, higher prices, and impressive cost containment.

South Africa's hake resource is reported to be in a stable condition and continues to be managed on a conservative basis.

Oceana's hake catch is made up of its own quota allocation, as well as that of its JV partners. This is caught using two deep-sea trawlers and a longline vessel. In 2011, Oceana's total quota available for trawl, including that of its JV partners, was 3 741 tons (2010: 3 215 tons), while the total for longline was 319 tons (2010: 290 tons). These quotas are allocated for the calendar year and are expected to be landed by year-end. Due to its current small quota of 1,1% of this country's hake trawl TAC (110 137 tons), Oceana is a party to a joint venture with a number of other smaller quota holders, in the vessel *Compass Challenger*. During the year, Oceana increased its share in the JV from 42% to 61% following withdrawal of a partner.

Vessels performed well during the year. Catches were good, as were fish quality, size and mix. All trawl hake and by-catch are boxed and frozen at sea, while longline catches are usually sold fresh on ice. Oceana's hake products are sold on the local and export markets, particularly in Spain and Portugal. Prices achieved locally and abroad in 2011 were considerably better than in 2010.

Blue Atlantic Trading

This business recorded an excellent improvement in terms of volumes and earnings compared with 2010.

Oceana has a 50% share in the capital of Blue Atlantic Trading (Pty) Limited, which is based in Cape Town and carries on business supplying local and imported seafoods to wholesalers and retailers in South Africa. Revenue and earnings were well ahead of those for 2010, due to higher sales volumes and improved prices in major product categories. Sales strategy is to increase volumes further, along with additions to staff to support this projected growth.

Commercial cold storage

Commercial Cold Storage

Handling and storage of frozen products were appreciably lower, resulting in divisional earnings being below those of the prior year.

CCS owns and manages public refrigerated warehouse facilities in major centres and harbours of South Africa and Namibia. It offers a service in the supply chain of perishable products from producer to consumer. The location, capability and integration of cold stores into this chain, along with volumes stored and handled, are fundamental to profitability. The cold storage business is subject to the effect of regular change and innovation in plant and food technology, product movement demands, stock positions taken by customers and competition for margin amongst all parties in the supply chain.

CCS operates eight cold stores located in Cape Town (3), Durban (3), City Deep (Johannesburg) and Walvis Bay, which collectively offer over 110 000 pallet spaces. The expansion of City Deep to a total of 26 300 pallet spaces was completed in the first half of the year. These stores are capable of storing product at temperatures from ambient to as low as minus 60 degrees at Duncan Dock, Cape Town. The cold storage service is thus suitable for poultry, fish, meat, vegetables, dairy and fruit. Fruit activity is in “commercial” (unsterilised fruit) and sterilised fruit, which is processed through a specialised low-temperature sterilising system offered only at Maydon Wharf Fruit Terminal in Durban. Management, security and integrity of goods in store are efficient and reliable. Service is based on a platform of modern store design and layout, plant, technology, information systems, and overall management control.

Occupancy levels in respect of frozen product and inbound pallet volumes are the key performance drivers in this business. Volume, dwell time and activity in frozen imports of meat and poultry fell below 2010 levels, as local producers of poultry, dairy and vegetable products reduced their storage requirements, and less foreign fishing fleet services were used in Cape Town. A number of major customers made greater use of their own expanded facilities.

The net effect was a 21% fall in total frozen product occupancy compared with last year.

Despite a strong marketing drive to promote fruit handling in Durban, with a pleasing increase in the volume of commercial fruit handled, there was not a corresponding improvement in sterilised volumes, resulting in lower than expected returns.

Overheads were higher than last year, due mainly to increases in electricity tariffs and staff costs, partly offset by lower volumes, activity and the effect of improved efficiencies.

There were no significant health or safety incidents at any of the stores during the year. Independent service providers and regulatory agencies conduct regular reviews of operating processes and safety measures. A labour strike during the year concerning a union demand for centralised wage negotiation was called off after a number of weeks.

Strategic planning includes extension and development of current services to include, where appropriate, capacity increases and space conversion, a 24-hour full service at selected terminals, guaranteed space contracts and niche order-picking capability. Longer-term growth initiatives address service centres and logistical innovation.

Corporate **responsibility**



Performance against targets

Element	Achieved	Target
B-BBEE	Level 2	Maintaining level 3
DIFR	1,2	Maximum 2
ECS	90%	Minimum 85%
Reduction in carbon emission intensity		
OB	(19,3%)	2,5%
BCP	21,7%	2,5%
OLSF	(9,3%)	2,5%
CCS	20,1%	2,5%

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Corporate responsibility

Stakeholder engagement

Overview

The sustainability of Oceana's business depends on the integrity and soundness of the biomass of fish species that it harvests. The availability of sound scientific knowledge is essential to ensure proper management of the fishery resources. In addition to supporting the efforts by the MCM branch of the DAFF, Oceana commissioned scientific reports to provide updated assessments of the current status of the marine resources. Its commitment to sustainable resource management led to Oceana becoming a founder member of the Responsible Fisheries Alliance in 2009. The Alliance acknowledges the importance of the long-term benefit of responsible fishing; the ecosystem approach to fishery management; the transparency of operations; and the traceability of products.

Furthermore, the group recognises the importance of engaging with various stakeholders to understand and respond to their particular interests and concerns, whilst ensuring continued value creation for its shareholders. Oceana understands that its business cannot prosper in a failing society and has therefore also embarked upon deliberate efforts to improve the socio-economic conditions within the coastal communities in which it operates.

To date, Oceana has introduced various policies and management reporting practices to enable the group to comply with the JSE's SRI Index. Regarded as a credible measurement tool, the Index's criteria are in keeping with the framework promoted by the United Nations Principles for Responsible Investment. Its constituents include companies which have integrated the principles of the triple bottom line and good governance into their activities. Oceana has been included on the SRI Index for seven consecutive years. The Index has enabled Oceana to be in a position to report to its stakeholders in an effective manner. A key medium-term objective is to align Oceana's internal reporting process to the GRI.

The 2011 reporting period saw a heightened focus on sustainability efforts with the restructure of Oceana's environmental committee into a sustainability forum, which forms part of the group's internal governance structure. The forum's key deliverable was the development of a strategic framework for sustainability during 2011.

Having developed this solid foundation, Oceana will continue to increase its focus on sustainability in the short and medium term, thereby ensuring that its activities comply with the expectations of all stakeholders. It remains Oceana's intention to position the group as a leader in sustainability within the fishing industry. Its belief is that this will only be achieved through collective, committed and consistent effort.

Key challenges

- Continued tenure and security of Oceana's commercial fishing rights
- Regulatory authority's limited capacity to ensure compliance and deliver on stakeholder expectations
- Consistent application of government policy in line with other commercial and industrial sectors regarding transformation
- Continued government funding towards scientific research
- 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. As such, a decision was taken to develop and implement a communications strategy aimed at enhancing the group's reputation through effective stakeholder engagement. As part of this process, the list of stakeholders with whom Oceana engages has been reviewed to ensure that it includes all individuals and organisations directly or indirectly affected by its activities, as per the table on pages 39 to 41, which outlines its relationship with different groups of stakeholders, their perceived expectations and how the interaction is managed.

No requests for disclosure of information in terms of the Promotion of Access to Information Act, 2000 were received during the year.

Table of key stakeholders

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Shareholders, current (analysed on pages 119 and 120) and prospective	Owners and providers of capital	<p>Security of investment</p> <p>Optimal earnings and distributions</p> <p>Ethical operations on a sustainable basis, with long-term real growth in performance</p>	<p>Strong board and executive leadership</p> <p>Good corporate governance practices</p> <p>Succinct reporting via SENS, website, hard copy and presentations</p>
Employees	Employment and service agreements	<p>Safe, healthy and congenial working conditions</p> <p>Market-related terms of employment and remuneration</p> <p>Job security, satisfaction and recognition</p> <p>Opportunities for skills acquisition, career development and empowerment</p> <p>Staff benefits, superannuation funds, health awareness, life skills</p>	<p>Oceana Group Code of Business Conduct and Ethics, and board-approved Employment Equity Policy and B-BBEE targets</p> <p>Organisational culture surveys</p> <p>Compliance with employment legislation and B-BBEE codes</p> <p>Skills training and development</p> <p>HIV/AIDS awareness and well-being initiatives</p> <p>Quarterly reporting to board on progress in achieving B-BBEE targets</p> <p>Disciplinary procedures for, inter alia, contravening terms of Code and group policies</p> <p>Reporting through staff associations and <i>Oceana Tidings</i> (printed publication)</p>
Customers and consumers, including individuals, retailers, wholesalers, importers, exporters, restaurants, makers of food products, balanced-feed manufacturers, pet owners	<p>Human consumers of finished food products (including Lucky Star canned fish), horse mackerel, hake, lobster, squid; buyers of fishmeal and fish oil for balanced animal feeds</p> <p>Owners of pets fed on Lucky Pet products</p> <p>Cold storage and stevedoring customers</p>	<p>Provision of ethical products and services in terms of safety, quality, origin of ingredients, grading, consistency, reliability</p> <p>Competitive prices, continuity in supply, product information</p>	<p>Business operations conducted with integrity</p> <p>Policies and procedures regarding fishing, manufacturing, distribution and sales implemented</p> <p>Compliance with laws, regulatory protocols (MCM, Inspectorate Division of Ministry of Fisheries and Marine Resources (Namibia), NRCS, MSC, ISO, SAMSA)</p> <p>Enterprise-wide risk identification and management system</p> <p>Independent audit and checking of processes and quality; market and customer surveys; group and divisional websites with product information, contact details and helpline numbers</p> <p>Prompt attention to and follow-up of enquiries and complaints</p> <p>Regular direct contact with major customers, locally and abroad</p>

Corporate responsibility continued

Table of key stakeholders continued

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Business partners and 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	Business partner/purchaser of goods and services	<p>Integrity in business relationship</p> <p>Continuity of positive business relationship</p> <p>Commitment to and progress in furthering B-BBEE procurement</p>	<p>Group-wide Code of Business Conduct and Ethics, with supplementary policies</p> <p>Qualified and experienced management with appropriate skills to negotiate, conclude and manage contracts and relationships</p> <p>Monitoring B-BBEE procurement levels of suppliers and partners</p> <p>Regular direct communication with major suppliers</p> <p>Formal procedures in place for handling of queries and complaints</p> <p>Preference for expeditious and practical dispute resolution</p>
Local communities, particularly in west coast towns, eg Walvis Bay, Lambert's Bay, St Helena Bay, Hout Bay	<p>Significant dependence on presence and performance of Oceana activities</p> <p>Impact on local environment and resources of Oceana activities</p>	<p>Operations will be conducted in a safe and lawful manner</p> <p>Management will be attentive in identifying and responding to issues of legitimate local concern</p> <p>Consultation with local community</p>	<p>Consultation and communication with local communities, schools and local government through formal and informal processes</p> <p>Responding to media interest and enquiries, to facilitate wider communication</p> <p>Prompt attention to dispute resolution</p> <p>Updated corporate website</p>
<p>Standards generating bodies/regulators, including MCM, JSE, NSX, NRCS, SAMSA, SARB, DAFF, Directorate of Maritime Affairs, Ministry of Fisheries and Marine Resources</p> <p>Accreditation: ISO 9001:2008, EU, HACCP, JPQ, FDA, MSC, Beth Din, Halaal, Heart and Stroke Foundation, Diabetes SA</p>	Obligation or election to comply with laws and rules	Full compliance with laws/regulation/accreditation	<p>Clear designation and appointment of executive and management responsibility for ensuring compliance</p> <p>Continuing training and education of those tasked with ensuring compliance</p> <p>Implementation of internal formal compliance and reporting procedures, to board level where appropriate</p> <p>Immediate response to and resolution of queries or instances of non-compliance</p> <p>Meeting with representatives of regulators, submitting prescribed returns, participation in industry technical working groups</p>
Media	Reporting on group activities and performance, as well as products/consumer issues	<p>Receipt of quality information of interest to stakeholders and general public</p> <p>Integrity and promptness in responding to queries and controversy</p>	<p>Terms of the Oceana Group Code of Business Conduct and Ethics</p> <p>Compliance with JSE and NSX reporting rules</p> <p>Informative, updated websites, including JSE SENS announcements</p> <p>Invitation to media to attend events, press releases</p> <p>Responding to media queries in a timely and appropriate manner</p> <p>Development of positive relationships with media representatives</p> <p>Updated corporate website</p>

Table of key stakeholders continued

Stakeholder	Relationship to Oceana	Expectations of stakeholder	How managed by Oceana
Government – national, Provincial, local authorities	Lawmakers Monitors of compliance with 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 Good contribution towards B-BBEE Codes Responsible use of natural resources	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 Regular direct engagement with authorities Disciplinary action for non-compliance Reporting at senior management and board level on non-compliance and/or penalties Updated corporate website and <i>Oceana Tidings</i>
Trade unions South Africa: FAWU, TALFU, NCFAWU, UDF and CWU Namibia: NAFAU and NATAWU	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
Other industry players in South Africa and Namibia	Counterparts in commercial fishing, French fries and cold storage industries	Full compliance with laws and regulations governing the industry	New fishing industry body, FishSA, created to collectively address and respond to issues of mutual concern Participation in and membership of relevant industry bodies and associations, for example, Responsible Fishing Alliance; West Coast Rock Lobster Association; Global Chain Alliance Updated corporate website
Civil society and society at large	Business activity as it affects the economy, society and natural environment	Expects the company to operate as a responsible corporate citizen	Adherence to relevant laws and commitment to responsible and sustainable business practices Terms of Code of Business Conduct and Ethics Formal policies and operating procedures, with audits, to facilitate compliance Active participation and investment in communities Updated corporate website

Corporate responsibility continued

Environment

Environmental responsibility

Companies globally are challenged to balance competing demands, such as increasing shareholder value, with sustainable business practices. As such, Oceana recognises that practices introduced today have a long-term impact for future generations and that its operations impact the environment significantly.

Policy and strategy

The group's Environmental Policy, approved by the board and reviewed annually, is published on the corporate website. Strategy, to give effect to the policy, is reviewed and updated regularly at executive and senior management level. The chief executive officer (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
Contribute to research and knowledge on resource usage and effects of fishing; broaden environmental knowledge	<ul style="list-style-type: none"> • Participate 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 <i>Oceana Tidings</i> magazine
Utilise resources in a sustainable, efficient and environmentally responsible manner	<ul style="list-style-type: none"> • Develop knowledge of, and training in, new technology, recycling, global warming effects, and best practices • Progressive, affordable upgrading of vessels and plants, equipment and operating systems • Implement improvement targets on usage and key performance indicators (KPIs); monitoring and reporting on progress/achievement
Achieve compliance with laws, best practices and standards in business operations	<ul style="list-style-type: none"> • Institute 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
Reflect national and international policies, regulations and targets	<ul style="list-style-type: none"> • Set short-term GHG emission reduction targets for all operations • Set long-term targets in line with international guidelines for all operations
Assist upgrading of and improvement to operating environment	<ul style="list-style-type: none"> • 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 • Participate in community interventions for cleaning coastal areas, tree planting, water conservation
Comply with procedures to prevent significant pollution or degradation	<ul style="list-style-type: none"> • 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

Oceana's 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* magazine; maintaining environmental risk registers and quarterly reporting, environmental committees at larger operational sites; and the inclusion of environmental training in annual induction training programmes.

Sustainable fisheries

The continued availability of the marine species harvested by Oceana is fundamental to the sustainability of the business, as well as satisfying the expectations of stakeholders.

Membership of the responsible fisheries alliance

Now in its third year of existence, the RFA seeks to ensure that all stakeholders understand and support the implementation of an ecosystem approach to fisheries management in South Africa's fisheries. The RFA comprises the WWF for nature in South Africa, and four major fishing industry players, namely Oceana, I&J, Sea Harvest Corporation and Viking Fishing.

Oceana prides itself on the fact that all its commercial fishing rights fall within the green category of the updated SASSI list, which guides consumers about sustainable seafood 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 indicates reasons for concern and red represents unsustainable fish populations or are illegal to buy and sell.

Status of the South African fisheries relevant to Oceana

Oceana's leadership continues to take 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 the management of marine resources, in particular the methodology adopted in determination of TAC and the 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 government departments, academia and industrial technical working groups enables 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.

Extensive independent research reports are available in the sustainability section of the corporate website, which provides data and conclusions regarding the status of species that Oceana is involved in harvesting.

Sustainability forum

As part of the governance structure within the group, a sustainability forum was established with formal terms of reference. It comprises senior operational managers who engage with divisional operational management to facilitate implementation and management of policy.

The terms of reference of the forum are as follows:

- Promote understanding of environmental issues requiring attention
- Identify disciplines where initiatives would make the most impact
- Make recommendations on strategies, targets, projects and efforts

At its five meetings this year, the forum paid attention to employee wellness; training and development; the health and safety of employees; CSI; stakeholder engagement; reviewing divisional environmental risk registers; assessing the internal ECS; permits and licences; climate change; GHG emissions; efficient use of non-renewable resources; water conservation initiatives; reduction of energy usage; recycling and waste minimisation.

Corporate responsibility continued

Environmental management system

Oceana's ECS 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.

The first ECS external audits were conducted in 2010 at six operational sites. Following this audit, environmental targets were set for 2011, which required an overall average score of

85%, as well as a minimum score of 65% for each element in the audit. During 2011, Alexander Forbes Risk Engineering Services conducted independent environmental audits at all Oceana land-based sites. The table below indicates the audit scores achieved during 2011 vs 2010, as well as the target per element of the audit for each division. All divisions showed an improvement on the overall scores and also met the minimum target for the overall and individual elements. In summary, the targets set were met across the group.

Environmental risk audit results 2011

Division	Admini- stration and records %		Water quality management %		Waste management %		Hazardous materials management %		Air quality management %		Land quality management %		Site management %		Average %		Target %
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Oceana Brands	96	93	91	81	94	90	95	90	91	90	100	98	95	95	95	91	85
Lobster, Squid and French Fries	88	58	90	88	87	83	94	89	97	89	100	100	95	95	90	73	85
Commercial Cold Storage	81	46	78	80	87	88	95	94	100	100	98	90	95	95	86	68	85
Average	88	66	86	83	89	87	95	91	96	93	99	96	95	95	90	77	85

The average site score is calculated from the sum of the total points obtained, divided by the maximum possible points.

All vessels from BCP, OLSF and OB were excluded from the 2011 environmental audit, pending the implementation of a vessel ECS.

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, or potentially caused by, each division's activities, products and services. The consequence rating is chosen on the basis of the most likely impact(s) of the plausible worst-case scenario of the various risks on the company and its stakeholders and takes into consideration possible financial, health and safety, environment, reputation, legal and compliance, and management impacts.

The risk registers detail action and assurance plans regarding the group's ability to respond to, and manage, the risks identified and its possible 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.

Factors that impact the environment which are beyond Oceana's control

Whilst Oceana takes care to minimise its impact on the environment, certain risk factors are beyond its direct control, which can affect performance. These are described in the table below:

Risk issue*	Impact / Consequence
Biomass of fish species	Variations due to natural causes, impacting on TAC and quotas
Weather patterns/el Niño/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, quality and safety of raw material used by suppliers; disregard for welfare of marine animals and birds
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

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

Risk issue*	Activity
Fishing	Catches reduce the total population (biomass) of a particular species
	By-catches of other, non-targeted species, thereby reducing their numbers
	Pollution of ocean and coastal zone, from vessel fuels and lubricants, and waste material
	Impacts on culture-rich or natural heritage sites, or on threatened or endemic species
	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 resources
	Pollution of land, sea and air from waste disposal, leakages, emissions, including 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)

* Detailed action and assurance plans are in place to ensure that the identified risks are managed effectively.

Corporate responsibility continued

Licences, policies and procedures

All operations are required to maintain up-to-date permits and licences, which are reviewed regularly by management. Assurance is obtained through periodic site and permit reviews or audits by professional consultants.

Skippers on all Oceana's fleets are bound to formal policies that regulate issues such as targeting particular fish 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 for work to be done by trained and responsible staff, such as adequate supervision, reporting of failures and omissions and further investigation thereof, are adhered to in all major areas of business, including cold storage. 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 Oceana 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 Oceana has a liability or might incur loss.

Other compliance methods

All commercial fishing rights held by Oceana fall within the green category of the SASSI consumer list. The hake trawl fishery is certified by the Marine Stewardship Council.

Independent verification of compliance, with criteria as to usage of resources and methods of operations, is provided by the DAFF; Water Affairs; Environmental Affairs; and other local authorities. This verification includes checking landings; inspectors on board fishing vessels; monitoring adherence to fishing zones; monitoring of by-catch; as well as monitoring atmospheric emissions and water effluent discharge.

The SAMSA checks vessel registration, safety and navigation compliance. A survey of International Air Pollution certification of vessels is conducted annually on horse mackerel vessels.

Documentation pertaining to the use, management and control of resources is maintained. This includes fishing rights and permits, permits regulating activity in processing plants, product clearances, storage and use of flammable liquids and major hazardous installations.

Non-compliance

Structures are in place to address non-compliance with policies and ensure that preventative and corrective action is implemented. These include reporting and follow-up procedures in the Environmental Policy; control systems outlined in the risk registers; and the relevant disciplinary action for any breaches prescribed in the Discipline and Grievance Code and Guidelines.

During the year there were neither major instances of non-compliance with environmental regulations nor prosecutions. A minor incident occurred at BCP when 0,5 tons of bunker fuel was spilled in the port of Cape Town by the *Desert Diamond*. The spillage was contained and cleaned immediately with no significant impact on the environment. The port control and SAMSA were notified and an administrative penalty of R50 000 was paid.

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.

Climate change

Oceana commissioned a study on the fishing industry's role in adapting to climate change. Oceana has set short-term GHG emission reduction targets and will set longer-term GHG emission reduction targets in line with national and international regulations in the medium term. In addition, Oceana is committed to increasing awareness amongst its stakeholders regarding climate change issues.

Carbon disclosure project

This past financial year marked the second year in which Oceana participated in the Carbon Disclosure Project (CDP), which encourages companies to measure and disclose their GHG emissions. Oceana continues to seek innovative ways of managing GHG emissions and improving its water usage and conservation efforts in all its operations. Oceana was included in the Carbon Disclosure Leadership Index during 2010 and received a gold award in being placed within the Top 10 companies on the Index.

Carbon footprint

A full report is available on Oceana's website. An independent analysis was conducted by Global Carbon Exchange on the carbon footprint for all Oceana's South African and Namibian operations. The footprint was verified by Promethium Carbon.

Use of resources

Usage trend

Type and measure		2011		2010		2009	
		Usage	CO ₂ emission (tons)	Usage	CO ₂ emission (tons)	Usage	CO ₂ emission (tons)
Ammonia	(kg)	25 159		12 542		12 884	
Coal	(tons)	12 156	28 969	15 184	35 486	12 583	30 315
Petrol – company vehicles	(litres)	301 435	696	242 287	546	268 938	627
Diesel – marine gas oil	(litres)	8 960 211	23 902	8 876 873	23 695	7 835 733	20 917
Electricity	(kWh)	56 211 004	56 814	61 942 429	62 758	64 703 747	68 575
Freon	(kg)	15 891	28 763	24 801	44 890	16 745	30 308
Liquid petroleum gas	(kg)	28 654	85	31 264	93	43 883	66
Intermediate fuel oil	(litres)	22 135 998	65 235	24 341 013	72 780	22 743 775	68 004
Heavy fuel oil	(litres)	2 268 456	7 298	2 752 293	8 858	3 444 350	11 086
Potable water ¹	(kilolitres)	648 578	600	756 969	583	627 874	480
Lubricants ²	(litres)	312 300	660	364 606	1 074		
Packaging ⁴	(tons)	6 194	7 273				
Waste ⁴	(tons)	3 556	3 430				
Paper	(number of reams)	11 411	24	10 100	22	4 742	10
Other ³			1 402		2 610		414
Total			225 151		253 395		230 802

1. 2009 water consumption has been restated; electricity and coal emissions corrected.

2. Lubrication is partially burnt, therefore the 2011 emissions are based on 80% of BCP lubrication burnt. No lubrication data available for 2009.

3. 2010 travel emission, diesel-marine gas oil and intermediate fuel oil emissions corrected.

4. Waste and packaging were not included in the 2009 and 2010 carbon footprint analysis.

Energy usage and limitations of emissions

Use of energy varies annually from division to division depending on, for example, the TAC, the location of fish, 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 plants through revised operating procedures and technological enhancements, recycling and reusing renewable and non-renewable resources (waste heat, water, packing materials), and enhanced control of emissions – all of which reduce the group's carbon footprint and save costs.

The sustainability forum reviews the energy reduction initiatives on a bimonthly basis. Visit the Oceana website, for a list of energy reduction initiatives that have been implemented or have commenced since 2009.

CO₂ emissions per unit of activity for Scope 1 and 2 and direct emissions

	2011			2010			2009		
	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	CO ₂ emission (tons)	Product volume (tons)	CO ₂ emission per 1 000 tons of product
Oceana Brands	51 102	31 455	1 625	63 719	46 791	1 362	59 454	38 461	1 546
Blue Continent Products	104 378	114 505	912	126 587	108 706	1 164	102 594	88 554	1 159
Oceana Lobster, Squid and French Fries	23 561	16 092	1 464	19 998	14 930	1 339	23 059	19 545	1 180
	2011			2010			2009		
	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	CO ₂ emission (tons)	Pallets handled	CO ₂ emission per 1 000 pallets
Commercial Cold Storage	33 381	551 444	61	39 876	526 228	76	44 790	541 470	83
Total	212 422			250 180			229 897		

* Oceana Lobster, Squid and French Fries 2010 product volume has been restated.

Oceana corporate office was excluded from the carbon footprint measurement as it is not treated as part of the operations.

2010 diesel-marine gas oil and intermediate fuel oil emissions corrected.

Corporate responsibility continued

The group monitors the CO₂ emissions in absolute terms as well as per unit of activity (intensity). In the case of Oceana's three fishing divisions relative CO₂ emissions has been expressed per 1 000 tons of finished product and for the Commercial Cold Storage division per 1 000 pallets of product handled into the stores.

An intensity reduction target for each division of 2,5% was set during the year under review.

In absolute terms, the group as a whole reduced its overall CO₂ emissions by 15%. This included a reduction of absolute emissions by OB, BCP and CCS. In intensity terms, BCP and CCS achieved a significant reduction in their CO₂ emissions of 20% and 22% respectively. The reduction at CCS was mainly due to increased focus on managing and optimising electricity usage levels. The reduction at BCP could mainly be attributed to reduced consumption of freon and the efficiencies resulting from increased product volumes.

The 19% increase in relative emission at OB is mainly due to an increase in the consumption rates of marine gas oil (diesel), electricity and heavy fuel oil (HFO). The presence of excessive by-catch levels, which prohibited effective industrial fishing during the second and third quarter of the year, and the scarcity of fish during the third and fourth quarter, resulted in smaller landings and thus lower total industrial volumes. The smaller batches had a detrimental effect on the diesel consumption of the vessels. Smaller production batches and lower landings at the Hout Bay fishmeal plant resulted in a substantial increase in the consumption rates of electricity (53%) and HFO (30%) per product produced. The impact of smaller industrial landing batches at the St Helena Bay plant was offset by the

availability of offal volumes that increased the size of processing batches. The consumption rate of electricity increased by 23%, while the consumption rate of coal only increased marginally by 3%. Although the freon consumption rate increased by 15% two freon installations were taken out of production during the year under review.

OLSF saw a 9,3% increase in relative CO₂ emissions mainly due to increased electricity and coal consumption. The electricity consumption increased due to a full 12-month operation at the Lobster Hout Bay factory, increased operation and increased stock holding at the lobster St Helena Bay factory, the increase in production at the French fries factory and the new value-added plant commissioned in the first half of the year at the French fries factory.

The data and calculations used to determine the 2011 carbon footprint for Oceana's South African and Namibian operations have been verified by an independent party in accordance with ISO 14064, Part 3.

Water

The group's 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 in factories and on vessels directly under the company's control and is reported at monthly management meetings, as well as the bimonthly sustainability forum meeting.

The 2011 consumption and product information below was verified within the carbon footprint verification process.

Water consumption per unit of activity

	Usage (kilolitres)	2011 Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	2010 Product volume (tons)	Usage per unit of activity	Usage (kilolitres)	2009 Product volume (tons)	Usage per unit of activity
Oceana Brands	312 048	31 455	9,92	404 956	46 791	8,65	327 913	38 461	8,53
Blue Continent Products*		114 505			108 706			88 554	
Oceana Lobster, Squid and French Fries	235 219	16 092	14,62	215 531	14 930	14,44	176 897	19 545	9,05
	Pallets handled			Pallets handled			Pallets handled		
Commercial Cold Storage	101 311	551 444	0,18	136 212	526 228	0,26	123 063	541 470	0,23
Total	648 578			756 969			627 874		

* All hake and horse mackerel vessels have their own water desalination plants and therefore water is generated on board.

Waste and effluent minimisation, recycling and disposal

Over the past year, increased focus was placed on introducing new waste minimisation initiatives, as well as developing and implementing the waste procedures within the environmental control system.

Total waste generated – all units measured in tons

	Total	OB	CCS	OLSF
Carton	1	1		
Plastic shrinkwrap	35	35		
Paper	2	2	*	
Plastic	9		9	
Coal/ash	1 124			1 124
Fishmeal bags/organic waste	2 073			2 073
General waste	178	160	1	17
Hazardous waste	143	143		
Total	3 565	341	11	3 214

* Less than 1

BCP recycles sludge and waste oils as well as scrap metal on horse mackerel and hake vessels. Paper recycling was initiated in the BCP offices. International recycle and trash can logos are featured on wrapping for frozen horse mackerel products. All horse mackerel fish caught on fishing vessels not suitable for frozen markets is processed on board into fishmeal.

CCS conducts in-house sorting of their solid waste. CCS has entered into an agreement with an external waste management company to sort, recycle and sort their waste at three of their seven South African cold stores. The roll-out of this initiative to the other cold stores is being investigated. Drain water from cooling pods are used to wash the floors, returned back to condenser sumps and urinal flushing units at three of the cold stores. The City Deep cold store is collecting rainwater from the cold store roofs and drainwater to top up condenser sumps. The Walvis Bay cold store is collecting

condenser overflow water and use it in urinal and toilet flushing units. Most of the cold stores are recycling scrap metal, carton rolls, paper and used lubrication oil.

OLSF recycles paper, cardboard, plastic bags, used lubrication oil and coal ash. Different waste decomposition projects have been investigated, including a project by the National Cleaner production centre. The minimisation of solid waste generated by the French fries facility in Lambert's Bay continues to be a key focus.

During the implementation of the waste procedure at OB, bins were allocated per department for waste separation. An onsite baler is used at the cannery and fishmeal plant facility in St Helena Bay to bale the separated waste streams after which specialist contractors remove and recycle waste oils, plastics, paper cartons and coal ash as per respective agreements.

With regard to recycling or reclamation of fish waste material, offal from the cannery (fish heads, tails and guts) is processed into fishmeal. Offloading of fish for the cannery and fishmeal plant uses recycled water (freshwater and seawater). Fish and waste in the cannery are moved dry, instead of in water. Water for cooling in retorts is filtered and reused. Condemned canned fish is destroyed under controlled conditions. Stick water in the fishmeal plant is reprocessed to extract all proteins and solids. In fishmeal plants, condensate and steam for heating and drying are returned to the boiler for reuse, and also in a waste vapour heat recovering system. The waste vapour is condensed in seawater scrubbers. Waste water is returned to the sea at ambient temperatures in terms of authorised conditions of use.

Hazardous waste is disposed of at approved landfill sites.

The sustainability forum reviews waste generation, recycling and disposal of waste in all divisions at bimonthly meetings.

Total waste generated per unit of activity

	2011 Tons waste	Product volume (tons)	Kg of waste per unit of activity
Oceana Brands	341	31 455	10,83
Blue Continent Products		114 505	
Oceana Lobster, Squid and Fries	3 214	16 092	199,73
		Pallets handled	
Commercial Cold Storage	11	551 444	0,02
Total	3 565		

BCP has not yet implemented waste data measurement.

2011 is the first year that waste data was included in the footprint analysis; hence no data is available for previous years.

Corporate responsibility continued

Monitoring and management of impacts of commercial fishing

Compliance with rules and regulations

The impact of commercial 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 in consultation with major stakeholders.

Oceana is directly and indirectly involved in interacting with MCM concerning management and sustainable use of fish and the marine habitat through various industry organisations.

The industrial or commercial part of the allowable catch is allocated amongst long-term fishing rights holders, who obtained such rights on the basis of 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, and includes conditions with respect to species, size, by-catch, controlled areas, etc.

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 the laws and controls implemented by regulatory authorities, Oceana has introduced its own formal operating procedures to promote compliance with disciplinary actions outlined for transgressions.

Transformation

Overview

Transformation remains a business imperative within the fishing industry and has been a primary consideration for government for many years, particularly within the context of the allocation of commercial fishing rights. The legislative framework for the measurement and implementation of transformation is provided in the B-BBEE Act promulgated in 2004 and the Codes of Good Practice on B-BBEE (the Codes).

Oceana's commitment to transformation has been evident since 1994 when its first empowerment transaction was concluded. During 2006, Oceana concluded a second empowerment transaction, which was a significant milestone in Oceana's history when its black employees acquired a credible stake in the group through establishment of the Khula Trust. The group proactively developed and implemented a broad-based strategy regarding transformation in 2004, in line with government strategy and the B-BBEE Act and has ensured full compliance with the Codes. Oceana recognised that it was vital that an integrated broad-based approach to transformation be adopted to ensure the sustainability of its business and the industry.

Since the allocation of long-term fishing rights in 2005, Oceana adopted an approach of accelerating transformation initiatives within the group and has integrated the implementation thereof into its business operations as is evidenced through extensive internal reporting and regular discussions at various internal management meetings.

Over the past 12 months, Oceana's transformation credentials improved significantly, with the group achieving an independent level 2 B-BBEE rating, with an increased score of 93,96 compared to 83,31 in 2010.

Developments during 2011

The improvement in Oceana's transformation credentials resulted in the group achieving 17th place on the Financial Mail/Empowerdex annual survey during 2011, improving its position from 32nd in 2010. Oceana was nominated as a finalist in the Metropolitan Oliver Empowerment Awards during 2011.

During the year under review specific strategies were adopted to ensure that the level 3 rating achieved in 2010 would be retained as a minimum, which included the following measures:

- Ensuring alignment and compliance with the Codes
- Integrating the transformation strategy with business and functional strategy
- Improving management information systems to underpin scorecard measures
- Facilitating the development of implementation plans for all divisions

In the implementation of these strategies specific actions were taken, which included:

- The completion of a gap analysis, across all divisions and at the group level, to identify key focus areas
- The standardisation of internal record-keeping and reporting practices
- The development, monitoring and review of quarterly divisional scorecards
- Internal training to improve knowledge of employees regarding B-BBEE
- Internal training provided to divisions in order to improve understanding of the Code of Good Practice

B-BBEE rating

An intensive B-BBEE audit by Empowerdex, an independent economic empowerment rating agency accredited by the South African National Accreditation System (SANAS), was completed for the period under review. Oceana is pleased to report that the group has been assessed as a level 2 contributor in terms of the B-BBEE codes, with noteworthy improvements to the elements of ownership, management control, employment equity and skills development. This equates to a 125% recognition level.

The company intends to continue its focus on the elements of employment equity and preferential procurement, as these targets increase with effect from 2013.

Going forward, Oceana's strategy of maintaining a sustainable level 2 rating for the group and its fishing business, will remain a key focus.

Governance

From a governance point of view, there is a transformation committee that reports to the board on progress made by management in implementing the group's transformation strategies. The committee is appointed by the board of directors, is chaired by a non-executive director and includes four members of executive management and a second non-executive director. During the year the committee met twice to review progress with full attendance by all members.

An additional governance structure, the transformation forum, comprising senior managers from the group and each division, was established during the year under review. The forum's purpose is, inter alia, to:

- ensure a thorough understanding of the Codes of Good Practice and all related legislation
- develop and agree on the implementation of appropriate policies and procedures
- ensure that internal systems meet the requirements of verification agencies
- monitor quarterly internal scorecards

During the year the forum held three meetings and focused its attention on reviewing the group and divisional gap analyses conducted to ensure retention of the B-BBEE rating, internal procedures and reporting reviews, review of divisional and group quarterly scorecards and ensuring readiness for the annual B-BBEE audit by Empowerdex.

Corporate responsibility continued

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 company. It is an independent opinion on Oceana's B-BBEE status and shows its performance against the Department of Trade and Industry's Codes of Good Practice, for the period of 1 October 2010 to 30 September 2011.

Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
Ownership Ownership of companies by black people Code 100 Total points: 20	Voting rights	Exercisable voting rights in the enterprise in the hands of black people	3,00	3,00	50,51%	25% + 1 vote	25% + 1 vote
		Exercisable voting rights in the enterprise in the hands of black women	2,00	2,00	11,00%	10%	10%
	Economic interest	Economic interest of black people in the enterprise	4,00	4,00	50,51%	25%	25%
		Economic interest of black women in the enterprise	2,00	2,00	10,83%	10%	10%
		Economic interest of the following black natural people in the enterprise: • black designated groups • black participants in employee ownership schemes • black beneficiaries of broad-based ownership schemes; or • black participants in co-operatives	1,00	1,00	26,00%	2,5%	2,5%
	Realisation points	Ownership fulfilment	1,00	0,00	Not fulfilled	No restrictions	
		Net value	7,00	7,00	43,03%	25%	25%
	Bonus points	Involvement in the ownership of the enterprise of black new entrants	2,00	2,00	18,74%	10%	10%
		Involvement in the ownership of the enterprise of black participants: • in employee ownership schemes; • of broad-based ownership schemes; or • in co-operatives	1,00	1,00	26,00%	10%	10%
	Score		20,00	22,00			
Management control Measures effective control by black people Code 200 Total points: 10	Board participation	Exercisable voting rights of board members who are black adjusted, using the adjusted recognition for gender	3,00	3,00	52,27%	50%	50%
		Black executive directors adjusted, using the adjusted recognition for gender	2,00	1,67	41,67%	50%	50%
	Top management	Black senior top management adjusted, using the adjusted recognition for gender	3,00	2,75	36,67%	40%	40%
		Black other top management adjusted, using the adjusted recognition for gender	2,00	0,42	8,33%	40%	40%
	Bonus points	Black independent non-executive board members	1,00	1,00	75,00%	40%	40%
	Score		10,00	8,84			

Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
Employment equity	Disabled	Black disabled employees as a percentage of all employees, using the adjusted recognition for gender	2,00	2,00	2,27%	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	2,49	21,43%	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	2,34	37,50%	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	3,49	59,39%	68%	80%
	Bonus points	For meeting or exceeding the EAP targets in each category above	3,00	0,00	0,00%		
	Score		15,00	10,33			
Skills development	Skills expenditure	Skills development expenditure on learning programmes for black employees as a percentage of leviabale amount, using adjusted recognition for gender	6,00	6,00	3,39%	3%	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 leviabale amount, using adjusted recognition for gender	3,00	1,46	0,15%	0,30%	0,30%
Code 400	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	6,00	10,69%	5%	5%
Total points: 15	Score		15,00	13,46			
Preferential procurement		B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	12,00	12,00	70,64%	50%	70%
Measures the extent to which companies buy goods and services from BEE entities and black-owned entities		B-BBEE procurement spend from QSE ² or EME ³ based on applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	3,00	3,00	34,23%	10%	15%
Code 500		B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend					
Total points: 20		<ul style="list-style-type: none"> Suppliers that are more than 50% black owned; or Suppliers that are more than 30% black women owned 	3,00 2,00	3,00 1,33	11,09% 3,98%	9% 6%	20%
	Score		20,00	19,33			

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

Corporate responsibility continued

Element	Category	Indicator	Target score	Verified score	Verified level	Compliance targets	
						Years 0 – 5	Years 6 – 10
Enterprise development							
Measures the extent to which companies carry out incentives 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	15,71%	3% of NPAT	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 SED ⁴ contributions made by the measured entity as a percentage of the target	5,00	5,00	1,65%	1% of NPAT	1% of NPAT
Code 700							
Total points: 5							
	Score		5,00	5,00			
Overall score				93,96			

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

Ownership

Oceana's black ownership credentials have improved significantly in the 2011 financial period due to an improvement in the black ownership credentials of its key shareholders, namely Brimstone and Tiger Brands.

An independently verified ownership analysis was conducted by Empowerdex in March 2011, which confirmed Oceana's black ownership to be at 50,48%, giving the group the empowerment credentials of being a black-owned company. This status was maintained as at the end of the financial year at 50,51%.

The three key shareholders that contributed to the achievement of the group's status as a black-owned company

are Tiger Brands Limited, Brimstone Investment Corporation Limited and the Khula Trust (Oceana's black employee share scheme) collectively comprising a shareholding of 59,11% of the group's share capital. Tiger Brands' black shareholding in terms of the Department of Trade and Industry's Codes has been determined to be 27,7% with Brimstone and the Khula Trust at 100% black ownership.

Oceana improved its score to 22 points on this element (2010: 20 points), which included additional bonus points due to the recognition of the beneficiaries of the Khula Trust as black new entrants.

Black ownership through the Khula Trust

The Khula Trust was established during 2006 to facilitate direct and beneficial participation in the ownership of Oceana by its black employees. The total number of shares held by the Khula Trust is 14 156 799. This represents 11,88% of the company's share capital as at 30 September 2011.

In-depth training workshops were held for all the beneficiaries to ensure a greater understanding regarding their rights and the benefits of being recognised as a beneficiary of the Khula Trust at a cost of R663 269. The training encompassed 57 training days, with two training sessions held each day, and was planned based on the number of Khula Trust beneficiaries and the location of the operating sites. The training commenced on 14 March 2011 at Lamberts Bay Foods and the last session was held at the end of June at CCS in City Deep, Johannesburg.

An exercise was conducted during the year to obtain supporting evidence to allow the company to categorise the Khula Trust's beneficiary base as black new entrants, which resulted in an additional two points being achieved on the ownership scorecard.

Since the establishment of the Khula Trust, it has received R106 881 410 in dividends. During the year employee beneficiaries received the first direct financial benefit from the Khula Trust since it was established in 2006, through payment of a distribution. The total number of beneficiaries in the Khula Trust is 1 999. The Khula Trust, which has three company-appointed trustees and three employee-elected trustees (including an independent trustee) met three times during the year.

Management control

The focus on improving the representivity of the board and senior executives continued which resulted in an improved score of 8,84 points (2010: 6,55 points).

Employment equity (EE)

Oceana embarked on an awareness campaign amongst employees across the group aimed at educating staff about the various categories of disability. The workshops were conducted by an independent company at all sites. Employees who fell within the category of disabled were requested to obtain a medical certificate from a medical practitioner to confirm their disability.

This awareness process resulted in many employees declaring their disabilities without fear of reprisal. It also enabled the group to recognise these employees in the various subcategories of the B-BBEE scorecard recognising black disabled representation. Black representivity improved in all management categories. Points achieved for EE have increased to 10,33 (2010: 8,06 points).

Skills development

During the year considerable focus was directed towards the training of staff, with particular emphasis on black females and black disabled employees. Given the increased focus on identifying disabled employees, it improved Oceana's ability to differentiate the expenditure on training of disabled employees. It is pleasing to report an increase in the points achieved to 13,46 from 10,14. Over the last two years the improved focus on this element of the scorecard has yielded an increase of 11,50 points (2009: 1,96 points).

The overall training expenditure, as per the definition of 'training expenditure' in the B-BBEE Codes of Good Practice, increased significantly from R6,7 million in 2010 to approximately R13,2 million. This increase shows Oceana's continuing commitment to the training of its black employees.

Corporate responsibility continued

Preferential procurement

Preferential procurement is an element that has been fully integrated into the daily business activities across the group. The group's accounting system is used to track procurement expenditure accurately. Steps were taken to improve the assessment of suppliers and a central database was developed to monitor and maintain the B-BBEE assessment of suppliers.

The group's overall preferential procurement strategy for 2011 was aimed at:

- increasing spend on suppliers who are at least 50% black owned or 30% black women owned
- ensuring that the spend with all suppliers with a B-BBEE recognition level increases in order to achieve an increased target in 2013
- improving the knowledge of all involved in the procurement process in order to make informed decisions that are fair and equitable

During the period under review, procurement with B-BBEE enterprises, stated as a percentage of the group's total procurement spend, was 70,6% compared with 70,2% in 2010. The measurement of its procurement spend will remain a challenging area as it requires regular monitoring of its suppliers' B-BBEE status.

Enterprise development

During the year under review, Oceana's operating subsidiaries were partners in many JVs and supply agreements in the fishing industry. Many of these JV relationships began as long ago as 1999, way ahead of the development of any industry charters requiring investment in enterprise development.

The group currently has 33 JVs and vessel co-ownership arrangements and 124 processing, marketing and supply arrangements in the pelagic, west coast rock lobster, horse mackerel, south coast rock lobster, hake and squid sectors.

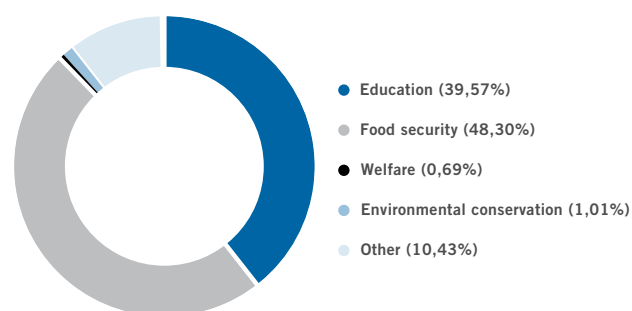
The target as per the Codes of Good Practice is 3% of the net profit after tax. Oceana's commitment is reflected through its achievement of 15,71%, which has been distributed to qualifying enterprise development beneficiaries. These enterprise development initiatives include loans, advances, discounts, free rental, fleet and administration support to black-owned entities.

Socio-economic development

In terms of the Codes, Oceana is required to spend at least 1% of its net profit after tax with beneficiaries that have a black base of at least 75%. During the current year, 1,65% was distributed to qualifying beneficiaries.

The table and pie chart below provides a percentage spend breakdown of the company's socio-economic development programmes for the financial period of 2011:

Socio-economic development (South African operations)



Corporate social investment

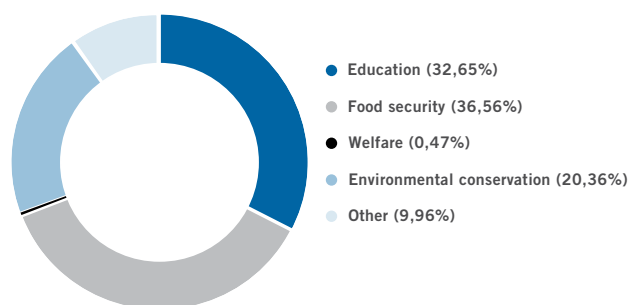
Following an extensive review of Oceana's corporate social CSI expenditure during the financial year, the company concluded that the fragmented manner of its contributions toward projects had reduced the impact of creating meaningful change. As a result, a decision was taken to consolidate the overall management of the CSI expenditure at group level to ensure greater focus and reduce duplication of effort.

A new CSI forum was established comprising the executive and senior managers from all divisions. In addition, a new CSI policy was approved and implemented to guide the implementation of the new strategy, which aims to increase Oceana's focus on sustainable projects within the west coast fishing communities in which it operates. Its expenditure will be directed towards initiatives and programmes in education and food security. The criteria set for evaluating projects are as follows:

- It should result in a tangible and sustainable impact on the social upliftment of the relevant community
- It should foster partnerships with community organisations to maximise funding benefits and build organisational capacity

The pie chart below gives a percentage spend breakdown for Oceana's CSI programmes for the current financial year. The total group spend in 2011 was R5,67 million which, stated as a percentage of net profit after tax, is 1,6% (2010: 1,6%).

Corporate social investment



Projects supported

Below is a brief description of the programmes supported.

Support to education projects

Oceana remains committed to improving education and increasing the skills base in South Africa. Apart from its major contribution to the Tertiary School in Business Administration, the group also supports bursary schemes, study assistance programmes and transport for learners to and from school.

Oceana is a large employer in Walvis Bay, Namibia, and invests significantly in projects within various communities in this area. Both the Unity Community Trust and Arechanab Community Trust, are aimed at advancing the cultural, social and educational needs of various communities.

Support to health care and nutrition projects

Given that Oceana primarily operates within the fishing industry, and since fish are an excellent source of protein, the company donates canned pilchards as a contribution to the nutritional needs of South Africa's poor.

Oceana provides extensive support to The Starfish Greathearts Foundation (Starfish). It also supplies many shelters for the homeless and feeding schemes in Johannesburg, KwaZulu-Natal, Cape Town and Port Elizabeth with its canned fish products.

Support to environmental projects

Oceana recognises and acknowledges that protecting the environment is not only integral to the sustainability of its business but also to the planet. Oceana supports various voluntary associations such as the National Sea Rescue Institute (NSRI), the Southern African Foundation for the Conservation of Coastal Birds (SANCCOB) and the Wildlife and Environment Society of South Africa.

Corporate responsibility continued

Human resources

The human resource function continues to play a key role in driving the values and business philosophy of Oceana. The group aims 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. Oceana's 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 1 711 permanent employees and 512 seasonal employees.

The wage bill for the reporting period was R447,4 million (2010: R388,7 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 within 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.

Oceana's employees receive training on the above legislation. The group does not permit child labour or forced or compulsory labour. It experienced no litigation pertaining to discrimination, anti-union practices or alleged human rights violations during the year.

Industrial relations and union membership

Fifty per cent (2010: 52%) 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. There was a four-week strike across the CCS division following an unresolved dispute relating to the Food and Allied Workers Union's (FAWU) demand for centralised bargaining. There was no cost to the business as a result of lower wage costs due to the "no work no pay" rule applied during the strike and no loss of business. However, the company was concerned about the potential impact that the strike could have on its service levels and relationships with its customers.

In addition, there was a two-day strike at the Oceana Brands and lobster factories as a result of FAWU's demand for a

relief fund that would pay 40% of the employee's earnings into the fund during the periods when there was no fish. The inshore industry applied for, and was granted, an interdict and the strike ended after three days. The anticipated cost of the strike within Oceana Brands was R3,7 million but this excludes the further impact on the loss of earnings to the fishermen and Oceana's JV partners. The lobster business was unaffected as, at the time of the strike, there was no live production in progress.

Various unions have recognition agreements with different companies within the group.

In South Africa, Oceana's employees are members of FAWU; the Trawler and Line Fishermen's Union (TALFU); the National Certificated Fishing and Allied Workers Union (NCFAWU); and the United Democratic Food & Combined Workers Union (UDF&CWU). The Namibian unions are the Namibia Food and Allied Workers Union (NAFAU) and the Namibia Transport and Allied Workers Union (NATAWU).

Wages and conditions are negotiated via industry bodies. In pelagic and lobster, negotiations are conducted through the SA Pelagic Fish Processors Association, and in white fish and midwater trawl through the Fishing Industry Bargaining Council, which consists of Deep-sea, Midwater and Inshore Trawling chambers. 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.

All employees in the bargaining unit are paid in line with the agreement, which includes minimum rates of pay.

Employee forums are in place at both unionised and non-unionised sites to facilitate consultation and communication. The participants in the forum are representative of occupational levels, gender, race and employees with disabilities at the specific site and in line with the requirements of the Employment Equity Act.

In the event of any operational changes required in the business, the minimum notice periods given are as prescribed in the Labour Relations Act. This relates to the impact of the changes and the numbers of employees affected. During the reporting period there were no significant operational changes of this nature.

Number of employees

Division	2011			2010		
	Permanent	Seasonal	Total	Permanent	Seasonal	Total
Blue Continent Products	406		406	349		349
Commercial Cold Storage	262		262	274		274
Oceana Brands	635	413	1 048	376	804	1 180
Oceana Lobster, Squid and French Fries	348	99	447	386	78	464
Oceana corporate office	52		52	41		41
Blue Atlantic Trading ¹	8		8	8		8
Total	1 711	512	2 223	1 434	882	2 316

¹ Blue Atlantic Trading represents 50% of the division's employees due to Oceana's 50% ownership.

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 when they join the company and ongoing education and training programmes take place at various employee levels 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.

During the reporting period, eight employees were dismissed for incidents involving corruption (theft) and a further three employees were disciplined.

Culture survey

Following the completion of a culture survey in the previous reporting year, ongoing work was conducted within each division to facilitate the implementation of initiatives identified as a result of the survey. A follow-up survey is planned for 2013.

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. A number of managers at various levels have successfully completed the public leadership development programmes at the appropriate level during the year. In addition, the Oceana "Leader as Coach" programme has been launched and attended by the senior managers across the group. This programme will assist in developing the skills required to further grow talent from within the organisation and will be rolled out further during the next year.

Learnerships

The company has broadened the scope of learnerships across the various learning areas as follows:

Learning area	Learnership title	Number of learners
Leadership	NQF 3: Generic Management	13
Operations	NQF 2: Wholesale and Retail Distribution	21
Office administration	NQF 2: Business Administration	21
Maritime	NC: Maritime Operations	1
IT	NQF 4: IT Support NQF 2: Contact Centre Support	1 1
Payroll	NQF 4: Payroll administration	1

The learnerships were implemented to address the development of skills in specific areas, as well as providing meaningful and portable qualifications.

Adult education and training (AET)

Adult education and training remains a key focus within Oceana to ensure that employees can progress into formal training programmes once their literacy levels have improved. The number of participants in AET literacy and numeracy training programmes are:

Site	Number of learners
Oceana Lobster, St Helena Bay	21
Oceana Lobster, Hout Bay	10
Lamberts Bay Foods	18
Oceana Brands, St Helena Bay	35
Oceana Brands, Hout Bay	31
Blue Continent Products	14

Personal development plans

A personal development plan was completed by 69% (2010: 55%) of non-bargaining unit employees during the year under review. This process allows employees to identify their development needs and agree on action plans with their managers.

Workplace skills plans and reporting

In line with the Skills Development Act, Oceana submits workplace skills plans and implementation reports to the relevant Sectoral Education and Training Authority (SETA) each year. 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 implementation is planned and budgeted for during the year.

Training expenditure

Expenditure on all employees and black employees

	2011 Rm	2010 Rm
All employees	10,0	7,8
Black employees	8,6	6,4

An average of 2,4% (2010: 2,5%) 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 R4 138 per employee (2010: R3 368). The target for 2011 was to achieve spend of R5 125 per employee.

Corporate responsibility continued

Total spend of training across race and gender

	2011			2010		
	Male Rm	Female Rm	Total Rm	Male Rm	Female Rm	Total Rm
Black	5,6	3,0	8,6	4,7	1,8	6,5
White	0,9	0,5	1,4	1,0	0,3	1,3
Total	6,5	3,5	10,0	5,7	2,1	7,8

A further R2,2 million was spent on administrative costs incurred by the group in facilitating and managing the training function (2010: R1,2 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 AET, supervisory, leadership and other training

	2011 Rm	2010 Rm
Adult education and training (AET)	0,4	0,2
Leadership and supervisory training	2,0	0,9
Maritime	0,7	1,9
Health and safety	1,2	1,0
Technical	3,6	1,5
Diversity/Equity	0,1	
Other	2,0	2,3
Total	10,0	7,8

Performance and talent management

The performance management guidelines require that all non-bargaining unit employees have an individual performance agreement (IPA) in place. In 2011, 80% (2010: 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.

Four engineering graduates (2010: three) and three graduates in non-technical disciplines (2010: three) joined the group during the year under review.

In 2011, a campaign targeting industrial engineers, finance, human resources and marketing was repeated with an intake of four graduates to commence in January 2012.

Employment Equity Act and affirmative action

All operations in South Africa comply with the Employment Equity Act and Employment Equity Regulations of 1996. Oceana submits 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.

Statistics included in the tables in this section relate to the group's South African divisions only

	Target 2016			2011			2010			2001		
	Female	Black ¹ female	Black	Female	Black female	Black	Female	Black female	Black	Female	Black female	Black
Executive	25%	13%	25%	22%	11%	22%	25%	13%	13%			17%
Senior management	27%	15%	36%	23%	10%	23%	19%	6%	26%	Not		16%
Middle management	23%	17%	65%	20%	11%	52%	19%	10%	50%	reported		35%
Supervisory	23%	20%	81%	24%	19%	82%	24%	18%	82%	separately		66%
Clerical and other staff	41%	40%	98%	42%	41%	98%	40%	39%	99%			98%
Disabled		3%			3%			0,5%		Not reported		
% Overall	36%	34%	91%	37%	35%	91%	36%	34%	91%			98%

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

Employment opportunities

Of the 164 positions graded A – C¹, 82% was filled with candidates from the designated groups² (2010: 80 positions, 86% designated candidates). Of the 34 positions graded D – F¹, 68% was filled with candidates from the designated groups² (2010: 14 positions, 64% 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 2011 is as follows:

Workforce – occupational levels

Total number of employees by occupational levels

Occupational levels	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	0	6	0	1	0	0	0	1	9
Senior management	0	2	2	19	0	3	0	3	0	1	30
Professionally qualified and experienced specialists and mid-management	1	49	5	53	1	11	3	12	1	1	137
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	26	139	17	37	9	38	6	11	0	2	285
Semi-skilled and discretionary decision-making	356	289	41	18	56	158	9	11	2	0	940
Unskilled and defined decision-making	267	139	0	0	192	209	4	0	1	0	812
Total permanent	650	619	65	133	258	420	22	37	4	5	2 213
Temporary employees	153	167	3	30	31	41	0	10	8	0	443
Total	803	786	68	163	289	461	22	47	12	5	2 656

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	1	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	2	1	1	0	4	0	0	0	0	8
Semi-skilled and discretionary decision-making	5	8	0	0	1	5	0	0	0	0	19
Unskilled and defined decision-making	2	2	0	0	5	12	0	0	0	0	21
Total permanent	7	13	1	2	6	21	0	0	0	0	50
Temporary employees	1	1	0	0	3	0	0	0	0	0	5
Total	8	14	1	2	9	21	0	0	0	0	55

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

Corporate responsibility continued

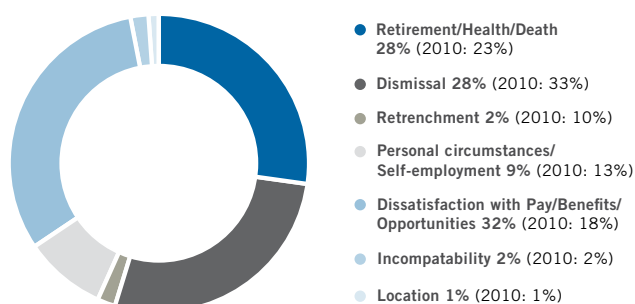
In May 2010, the group was placed under the Director-General's review in terms of section 43 of the Employment Equity Act. An audit was completed and recommendations were received. The recommendations require the group to revise its employment equity plan and targets and to resubmit these to the Department of Labour. This was completed and revised targets were submitted on 1 August 2011. Feedback was still being awaited from the Department at the time that this report was being produced.

All female employees are entitled to maternity leave. All employees who had taken maternity leave in the prior reporting period were still in employment.

Labour turnover

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

Labour turnover



None of the new employees who joined the group in the reporting period have left in the same period.

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. Health and safety committees are in place in line with the requirements of the Act. Recognition agreements with unions in the OB and BCP divisions cover health and safety issues.

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.

The Department of Labour (DoL) conducted inspections at Oceana Brands operational sites. Oceana Brands Hout Bay received six notices of which all were signed off by DoL as completed. The St Helena Bay site received eight notices of which seven were signed off by the DoL as completed. Oceana Brands spent R1 million to decrease the heat stress in the cannery to be compliant with the last outstanding improvement notice which will be reviewed by DoL in January 2012.

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, and refrigeration. Recommendations from the reports are implemented to promote a safe working environment.

Fire fighting has been a key focus during the year under review, with several employees attending the relevant training. A number of teams entered the Mutual Risk Group fire team competition for the Cape region with one team from CCS in Epping proceeding to the national finals for a second consecutive year.

Injury frequency rate

The group's disabling injury frequency rate (DIFR) for 2011 was 1,2 (2010: 1,4). The decrease in the DIFR is as a result of management's ongoing focus in this area. A detailed analysis of injury incidents has been undertaken resulting in the re-emphasis of preventative controls and operating processes.

DIFR by division

Division	2011	2010
Blue Continent Products	0,1	0,3
Commercial Cold Storage	1,4	1,8
Oceana Brands	2,8	2,0
Etosha	1,1	2,2
Oceana Lobster, Squid and French Fries	2,9	2,4
Oceana corporate office	0	0
Blue Atlantic Trading	0	0
Oceana Group	1,2	1,4

Absenteeism as a result of both normal sick leave and injuries on duty was 1,9% (2010: 1,2%).

Absenteeism by division

Division	2011	2010
Blue Continent Products	2,8%	0,2%
Commercial Cold Storage	2,2%	2,2%
Oceana Brands	1,7%	2,6%
Etosha	2,0%	1,2%
Oceana Lobster, Squid and French Fries	2,0%	1,7%
Oceana corporate office	1,7%	1,6%
Blue Atlantic Trading	1,6%	1,4%
Oceana Group	1,9%	1,2%

No fatalities occurred during the reporting period under review.

HIV/AIDS and wellness policies

During the period under review two new policies were issued. The Employee Wellness Programme Policy provides details of the current programme available to employees, which includes an annual screening process and patient management follow-up service. The Life-threatening Diseases Policy indicates the support offered by the company should employees be diagnosed with a chronic and/or life-threatening disease.

Voluntary testing and counselling

An Employee Wellness programme managed by Kaelo, an independent service provider, was continued in 2011 and included some training and education sessions with employees, covering general health risks. A second round of wellness screening was completed. This included 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.

At the time of publishing, 85% of the group's current employees had completed screening tests of which 71% completed an HIV voluntary counselling and test (2010: 79% and a target of 75%). The two-year cumulative results indicate an HIV/AIDS prevalence of 11% for the group (2010: 11%).

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 employees to change their lifestyle where appropriate.

Personal protection programmes

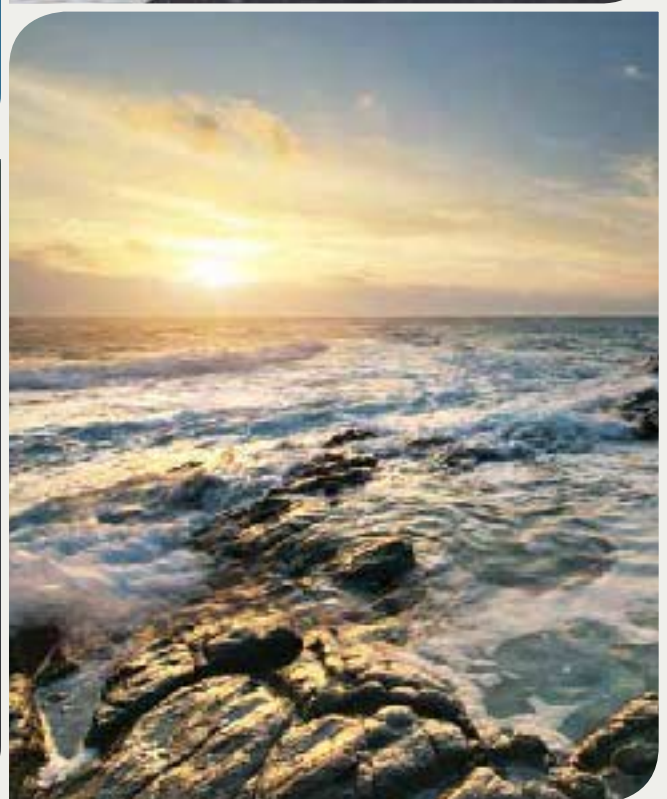
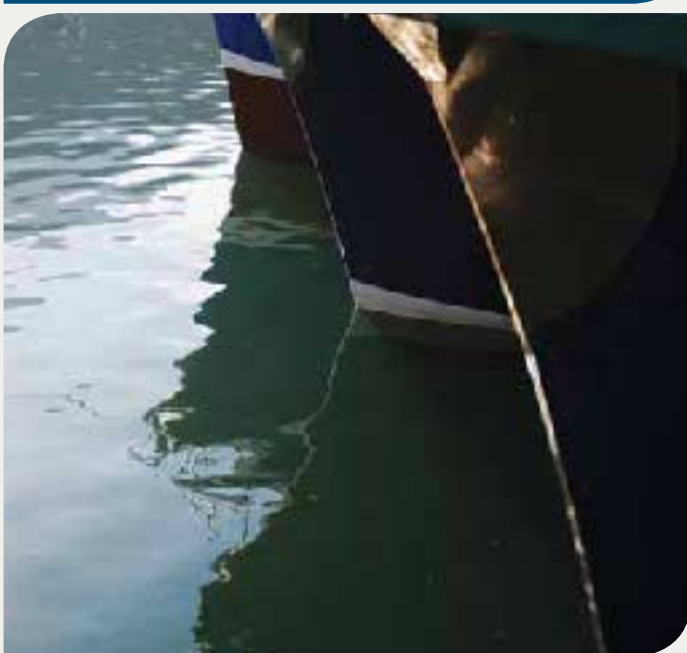
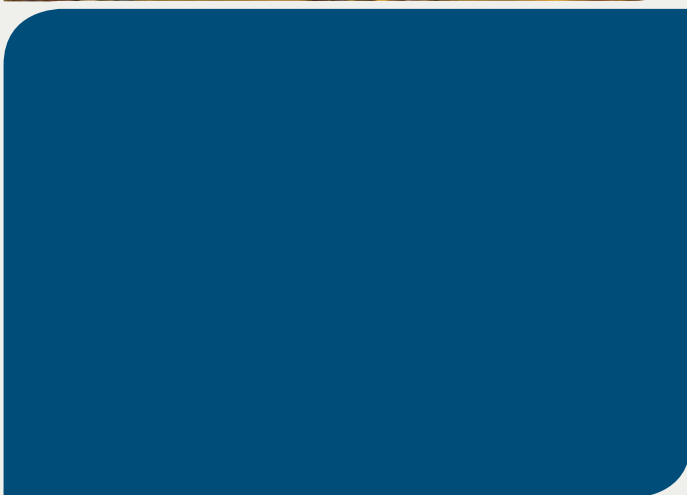
The personal protection programme and trauma cover remains in place. This service provides access to anti-retrovirals (ARV) in the event of trauma resulting in exposure to body fluids that may be infected with HIV/AIDS (for example, a vehicle accident, assault or rape) for employees and their families. 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

Oceana has adopted the AidsRating® analysis tool to manage its 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. The group is targeting a score of 60% by 2012 and scored 53% as at August 2011 (2010: 32%).

Corporate **governance**



- **Corporate policy is aimed at managing the group's business in an ethical, transparent and responsible manner**
- **Charters, policies and operating procedures are designed to give effect to good corporate governance**
- **Regular monitoring and reporting on progress and compliance**
- **Oceana was included in the JSE's SRI Index for the seventh consecutive year**

Corporate governance

- Overview 66
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- Remuneration 71

Corporate **governance**

Oceana is **committed** to good corporate citizenship and governance. Corporate policy is aimed at managing the group's **business operations** in an **ethical, transparent** and **responsible** manner, after considering prudently determined risk parameters.

Overview

Compliance with King III report

In recognition of the need to conduct the affairs of the group according to the highest standards of corporate governance and in the interests of investor protection, the group's commitment to good governance is formalised in charters, policies and operating procedures. These are intended to cover all aspects of the organisation's activities wherever situated, and in reporting internally and to stakeholders. The board is committed to achieving high standards of business integrity and ethics across all its activities.

The principles of, and structures for, good corporate governance are in place throughout the group and operating well. The directors are satisfied that the group complies substantially with the principles and spirit of the King III code. In instances where the group has elected not to apply certain recommendations contained in King III the rationale has been explained under the relevant sections in this report.

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 charter is reviewed annually.

A disciplined reporting structure ensures the Oceana board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are required to subscribe to the relevant principles of King III. Business and governance structures have clear approval frameworks. The process to address the principles of King III has been a top-down and bottom-up approach.

Independence of chairperson

Oceana has a unitary board structure. The offices of chairperson and CEO are separate with segregated duties. The chairperson is non-executive but not independent in terms of the King III definition. After due consideration of Mr Brey's qualifications, experience, attributes, interaction and frankness with the board, his fellow directors are of the view that it is in all circumstances, satisfactory and appropriate for him to chair the board. This is 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, Mr S Pather was appointed as lead independent director, following the retirement of former vice-chairman, Mr RA Williams, in February 2011.

Composition of board

The board currently has 11 members, of whom three are executive directors. Of the eight non-executives, four are independent. The board is comfortable with the conclusion of the remuneration and nominations committee that with eight out of eleven directors being non-executive, and having a lead independent director, is presently sufficient to meet the recommendation that the majority of non-executives be 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.

Code of business conduct and ethics

Directors and employees are required to observe the highest ethical standards in conducting the group's business. In this regard, the group has a formal Code of Business Conduct and Ethics.

Board meetings

The board meets quarterly with one further meeting during the year to review and approve the strategic plans. Additional meetings are convened as and when necessary. The board met five times during the year, with full attendance at all meetings save for Ms ZBM Bassa and Ms NV Simamane being unable to attend one meeting each.

Continuing professional development (CPD) of individual directors is encouraged. The company does not provide specific in-house programmes for this. Directors are expected to attend to this requirement according to their profession's prescriptions, attendance at seminars, presentations and workshops, and by following business reporting in the media. The effect of their attention to CPD is addressed in annual board assessment questionnaires.

Details of the directors of the board appear on page 7 of the integrated report.

Board 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, published on www.oceana.co.za. They 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 PM Roux.

The board is of the opinion that Mr Roux'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 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 at year-end are contained in the table below:

Audit committee	S Pather (chairperson); ZBM Bassa; PG de Beyer
Remuneration and nominations committee	PG de Beyer (chairperson); MA Brey; PB Matlare; S Pather; NV Simamane
Risk committee	PM Roux (chairperson); ND Brink; ABA Conrad; SP Cummings; BJ King; FP Kuttel; RG Nicol; GA Rhodes-Harrison; S Salie
Transformation committee	NV Simamane (chairperson); ABA Conrad; FP Kuttel; GA Rhodes-Harrison; TJ Tapela; JL Wilkinson

On 10 November 2011 the Transformation committee was incorporated into the newly formed Social, Ethics and Transformation committee. The members of the new committee are NV Simamane (chairperson), ABA Conrad, FP Kuttel, TJ Tapela and JL Wilkinson.

In addition, ZBM Bassa and JL Wilkinson were appointed to the Risk committee and SP Cumming's resignation from the Risk committee was noted.

Corporate **governance** continued

King III 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; from reports made to the board the directors believe that the contents of the King III are being met.

During the year under review, no Oceana group company was prosecuted or fined for any offence. Operating companies paid R301 226 in regulatory penalties mainly for late payment of levies and taxes. Remedial action was taken to prevent recurrence.

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 reminded of the requirement 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 and group.

Induction of directors

Oceana recognises that an induction programme enables a new director to swiftly make maximum contribution to the board. Its induction programme is designed to better familiarise incoming directors with the group's operations, business environment and sustainability issues relevant to its business. It includes guidance regarding the responsibilities, powers and potential liabilities of a director, as well as operational aspects specific to the group. The company secretary assists in this process where appropriate.

During the year Ms ZBM Bassa and Mr PM Roux engaged in the formal induction programme.

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 results of this year's assessments were reviewed by the board and considered to be satisfactory. Performance evaluations are taken into account prior to directors being nominated for re-election.

The board concluded after due assessment, following enquiry of and amongst themselves, and after discussion, that Oceana's four independent non-executive directors should be considered to be independent.

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

Reporting mechanisms

Briefings on changes in risk, laws and the environment are made to the board both directly, such as the effect and response to the provisions of the Companies Act, 2008, and indirectly in operational reports to the board, eg developments in and the changing impact of laws regulating competition, employment equity, fishing rights, planning and environmental management.

Annual strategic plans are compiled and formally approved at both group and business level and progress is reviewed regularly. Comprehensive management reporting disciplines are in place. 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 AFS and other information contained in the integrated report in a manner that fairly presents the state of affairs and results of operations of the group. The AFS have been prepared in accordance with IFRS. They include the report of the audit committee on pages 82 and 83.

Risk management

Oceana has an enterprise-wide risk identification and management system in place. It is designed to protect the integrity and prospects of existing businesses, assist in investment and acquisition decision making, and reveal opportunities for improved growth and earnings.

Role of the board

The board of directors is ultimately responsible for the group's risk management process and system of internal control. The board's responsibility is articulated in its charter. This includes establishing appropriate risk control policies and communicating them throughout the group. The process of risk identification and management is embedded in each operating division, as well as at corporate level.

Role of the risk committee

While the board is responsible for the overall governance of risk, it appointed and is assisted by the risk committee in discharging this responsibility. The committee operates in terms of a formal charter, which expresses its responsibility for the risk management process. Its duties and activities include consideration of the risk management policy and plan, review of the effectiveness of the risk management activities, the key risks facing the group, and responses to address these key risks.

The committee has nine members, see page 67. Members include the CEO and the group's exco. It is chaired by a non-executive director. The committee meets at least twice per annum in terms of its charter. Each member of the risk committee attended its two meetings held during the year.

A **professionally** developed risk matrix is used in the process of **determining risk** appetite and tolerance using data and information assembled in an **objective** manner according to **group-wide** impact rating tables and likelihood criteria.

The importance of compliance with an ever increasing range of statutes and regulations, which often impose significant penalties for infraction, led to the appointment of the group compliance executive, who is a member of the executive committee (exco), in February this year. His mandate includes improving awareness on a group-wide basis and installing improved processes for better compliance with all laws and regulations. This embraces training and instruction for executive, management and supervisory staff, using professional and in-house services.

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. A professionally developed risk matrix is used in the process of determining risk appetite and tolerance using data and information assembled in an objective manner according to impact rating tables and likelihood criteria. The matrix determines and confirms the relative magnitude of residual risk. This is recorded in divisional and functional risk registers, reviewed and interrogated by the risk committee.

The group's internal auditors also attend the meetings. Minutes of the proceedings of committee meetings are included in board meeting packs.

The risk committee is assisted in its duties by the risk forum, which is appointed by the CEO. The forum has its own terms of reference and is comprised of divisional risk managers, the group financial director, and the group compliance executive as the chairman.

Corporate **governance** continued

Risk management plan

Risk committee meeting agendas include a review of the group's top ten risks (those of the holding company and the operating divisions), incident reports, and a status update on the implementation of the risk management plan. Divisional registers are reviewed and updated at quarterly management meetings and functional registers twice a year. Oceana also maintains group functional risk registers, covering, inter alia, environmental, financial, information systems, human resources and technical risks. Registers are developed by senior management with responsibility in functional areas.

The register of the top ten risks was included in the pack for the directors' annual strategic planning meeting.

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

- ensure the integrity and reliability of the risk identification, reporting and monitoring process
- put in place controls and mitigation interventions;
- obtain independent assurance as to adequacy of responses
- 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.

Reporting mechanisms

During the year under review, it was resolved that the committee would report directly to the board, and not to the audit committee. The board focuses particular attention on risks that impact the long-term sustainability of the company, such as fishing rights, legal compliance and supplies of fish. The board 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. This framework and methodology increases the probability of anticipating unpredictable risks. 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 managing directors are members of the risk committee.

Internal audit provided a written assessment to the audit committee on the effectiveness of the group's system of risk management; its conclusions and recommendations are being evaluated.

Issues addressed by the committee during the year included the following:

- Compliance (eg Companies Act, 2008, and environmental laws)
- Protection of fishing rights
- Resource management by regulators
- Possible disturbance to marine ecosystems from climate change
- Assurance processes as to quality of tin plate used in canning
- Continuing upgrades to fire precaution and protection at sites
- Wellness and lifestyle diseases, including HIV awareness and avoidance

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 operated 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 committee's performance in terms of its composition, mandate and effectiveness was satisfactory, and that the group's risk management processes are effective. The committee's charter was reviewed and updated in May 2011.

Remuneration

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 which operates in terms of a charter formally approved by the board. This charter is reviewed annually by the board. 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.

Composition

The committee currently comprises five non-executive directors, three of whom are independent, and is chaired by an 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. Four meetings were held during the year and were attended by all committee members.

Remuneration philosophy and policy

In addition to attending to regular matters, the committee reviewed the formal remuneration policy. This policy supports the company's human resources and business strategies with the objective of aligning its reward practices 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 2012 and subsequent years, subject to 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 and talent management systems. 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 be a member of one of the group's retirement funds. Contributions in respect of, and by, members in the funds are used primarily for retirement

funding, and the balance for risk benefits (ie death, disability and funeral cover). Investment choice options are provided to members of The Oceana Group Pension Fund and Oceana Group Executive Provident Fund. The retirement funding contributions to the Oceana Group Provident Fund are invested 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 funding, 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. These are measured through the group's performance management system.

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 2011 was capped at a maximum of 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 15% increase in headline earnings per share.

Corporate **governance** continued

Phantom Share Option Scheme

The committee gives consideration to, and approves, the granting of 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 to an employee is determined by using a multiple of the annual package. This is then further adjusted in line with individual performance. The individual multiples applied range from 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 volume weighted average price of an Oceana share on the JSE for the 30 trading days immediately prior to the grant date. The cash settlement amount of an option is the difference between the volume weighted average price of an Oceana share on the JSE for the 30 trading days immediately prior to the exercise date 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 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 25 to the AFS. 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 that 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. Further details can be found on page 60 of this integrated report.

Remuneration disclosure

Remuneration of executive directors is set out in Table 1. 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 2011 financial year.

The aggregated remuneration of the three highest paid employees, who are not directors, is set out in Table 2.

Non-executive directors' remuneration

Non-executive directors' fees are paid in respect of membership of the Oceana 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 (none paid in 2011) and 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 5.

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

Table 1(a): Executive directors' remuneration for the year ended 30 September 2011

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	1 136	140	274	279		1 445	3 274
FP Kuttel	3 122	152	478	677			4 429
RG Nicol	2 064	104	414	466		603	3 651
Total	6 322	396	1 166	1 422		2 048	11 354

* 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 for the year ended 30 September 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	729	168	2 763
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	729	1 937	12 028

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

Table 2(a): Aggregated details of remuneration paid to the top three earners who are not executive directors for the year ended 30 September 2011

	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
Total	4 153	686	942	1 114	1 187	4 179	12 261

* The disclosure above is the aggregated total of the three most highly paid employees in the group, who are not executive directors. This disclosure is given in aggregate and is deemed sufficient to provide insight into remuneration levels for senior management.

Table 2(b): Aggregated details of remuneration paid to the top three earners who are not executive directors for the year ended 30 September 2010

	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
Total	3 660	771	833	2 143	872	1 350	9 629

* The disclosure above is the aggregated total of the three most highly paid employees in the group, who are not executive directors. This disclosure is given in aggregate and is deemed sufficient to provide insight into remuneration levels for senior management.

Remuneration continued

Table 3(a): Executive directors' phantom share option details for the year ended 30 September 2011

Name	Options at 30 Sept 2010	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	Options as at 30 Sept 2011	Expiry date
ABA Conrad	20 000	1 539		20 000	3 700		08.02.2012
	20 000	1 539		20 000	3 832		08.02.2012
	26 666	1 691		13 333	3 700	13 333	10.11.2012
	45 000	1 926		15 000	3 832	30 000	07.02.2014
	92 000	2 265				92 000	05.02.2015
	38 000	2 959				38 000	11.02.2016
		3 752	33 000			33 000	10.02.2017
	241 666		33 000	68 333		206 333	
FP Kuttel	500 000	2 506				500 000	01.07.2015
	136 000	2 959				136 000	11.02.2016
		3 752	119 000			119 000	10.02.2017
	636 000		119 000			755 000	
RG Nicol	38 333	1 539				38 333	08.02.2012
	60 000	1 691		30 000	3 700	30 000	10.11.2012
	100 000	1 926				100 000	07.02.2014
	188 000	2 265				188 000	05.02.2015
	78 000	2 959				78 000	11.02.2016
		3 752	68 000			68 000	10.02.2017
	464 333		68 000	30 000		502 333	

Table 3(b): Executive directors' phantom share option details for the year ended 30 September 2010

Name	Options at 30 Sept 2009	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	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 4(a): Executive directors' share option details for the year ended 30 September 2011

Name	Balance as at 30 Sept 2010 Number	Share options deemed to be exercised during the year** Number	Gains on options exercised R'000	Exercise prices R	Deemed exercise dates	Lapsed options Number	Balance as at 30 Sept 2011 Number	Share trust loan as at 30 Sept 2011 R'000
RG Nicol	187 000						187 000	

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

Table 4(b): Executive directors' share option details for the year ended 30 September 2010

Name	Balance as at 30 Sept 2009 Number	Share options deemed to be exercised during the year** 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) (30 000) (10 000) (2 072) (3 928)	134 390 128 27 50	15,60 16,00 16,24 16,24 16,24	02.12.2009 02.12.2009 02.12.2009 02.12.2009 02.12.2009			
RG Nicol	187 000						187 000	

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

Table 5: Non-executive directors' remuneration for the years ended 30 September 2011 and 2010

Name	Board fees R'000	2011 Committee fees R'000	Total R'000	Board fees R'000	2010 Committee fees R'000	Total R'000
ZBM Bassa	75	30	105			
MA Brey	425	49	474	350	45	395
PG de Beyer	150	128	278	140	100	240
M Fleming*	37	19	56	140	60	200
PB Matlare*	150	49	199	140	45	185
S Pather	182	145	327	140	95	235
PM Roux*	96	48	144			
NV Simamane	150	106	256	140	60	200
TJ Tapela	150	45	195	140	35	175
RA Williams	73	51	124	140	130	270
Total	1 488	670	2 158	1 330	570	1 900

* Paid to Tiger Brands Limited

Annual **financial statements**



6% ↑
in operating profit before
abnormal items

7% ↑
in group revenue

Total dividend of 220 cents
per share

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Approval of **annual financial statements**

The annual financial statements and group annual financial statements for the year ended 30 September 2011, which appear on pages 81 to 119 and include the operating segments' report on page 3, were approved by the board of directors on 10 November 2011 and signed on its behalf by:



MA Brey
Chairperson



FP Kuttel
Chief executive officer

Preparation of **annual financial statements**

The annual financial statements and group annual financial statements were prepared under the supervision of the group financial director, RG Nicol CA(SA).

Report of the **company secretary**

In terms of section 88(2)(e) of the Companies Act, I certify that the company has lodged with the Commissioner all such returns as are required by the Companies Act, and that all such returns are true, correct and up to date.

A handwritten signature in black ink, appearing to read 'J Marais', with a stylized flourish at the end.

JC Marais
Company secretary

10 November 2011

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 2011, and the consolidated and separate statements of comprehensive income, changes in equity, and 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 81 to 119 and the operating segments' report on page 3.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2011, 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 requirements of the Companies Act of South Africa.



Deloitte & Touche Registered auditors

Per RJ Hofmeyr
Partner

10 November 2011

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 (Risk Advisory & Legal Services); NB Kader (Tax);
L Geeringh (Consulting); L Bam (Corporate Finance); JK Mazzocco (Human Resources);
CR Beukman (Finance); TJ Brown (Chairman of the Board);
MJ 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 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

Report of the directors

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2011.

Nature of business and operations

The principal activities of the company and its subsidiaries are detailed in the first chapter of the integrated report to which the AFS are attached. 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 205 000 shares (2010: 412 000 shares) were allotted in terms of the company's share option scheme, increasing the issued share capital by R205 (2010: R412). Premiums totalling R2,5 million (2010: R6,4 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 AFS.

Financial results

The results for the year under review are reflected in the statements of comprehensive income on page 90.

Dividends

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

Property, plant and equipment

Capital expenditure during the year amounted to R23,2 million on expansion (2010: R30,2 million) and R102,7 million on replacement assets (2010: R61,6 million). During the year there was 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 AFS.

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 remains uncertain and therefore the financial effect cannot be determined.

Directors and officers

The names of the present directors appear on page 7. The name, business and postal address of the company secretary appear on the inside back cover of the integrated report.

Directors' interests in shares

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

	Number of shares		
	Direct beneficial	Indirect beneficial	Aggregate
2011			
MA Brey		772 267	772 267
ABA Conrad	500	123 500	124 000
PG de Beyer	3 000		3 000
RG Nicol	147 000	2 000	149 000
TJ Tapela		250	250

2010

MA Brey		911 010	911 010
ABA Conrad	500	123 500	124 000
PG de Beyer	3 000		3 000
M Fleming		3 549	3 549
RG Nicol	147 000	2 000	149 000
TJ Tapela		392	392

MA Brey had an indirect non-beneficial holding of 2 412 shares (2010: 12 862 shares) as at the year-end. There have been no changes in the above interest since the year-end. No director holds 1% or more of the issued share capital of the company. Details of directors individual interests in options held in terms of the Oceana Group (1985) Share Option and Share Purchase Schemes are set out in the remuneration section.

Subsidiaries and joint ventures

Details of subsidiaries and joint ventures are given in separate schedules on pages 117 and 118.

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:

	2011 R'000	2010 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	317 984	310 353
Total losses after taxation attributable to shareholders of Oceana Group Limited	6 248	6 080

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 2011.

Report of the **audit committee**

Composition of the committee

The audit committee appointed by the board to hold office until the conclusion of the annual general meeting (AGM) on 17 February 2012, comprises three independent non-executive directors of the company. The members possess the necessary expertise to direct the committee constructively in the execution of its duties. Member Mr RA Williams retired from the board and the committee on 10 February 2011 and Ms ZBM Bassa was appointed a member of it on 1 April 2011. The chairperson is Mr S Pather, elected by the board. He attended the company's AGM in February 2011. The company secretary is secretary of this committee. No member has served on the committee for more than nine years.

Work plan and meetings

The committee adopted a formal work plan designed to structure execution of responsibilities over the year. The audit committee acts as such for Oceana's South African subsidiaries and met twice during the year under review, with full attendance by all members, save for Ms Bassa who was unable to attend the May meeting. Attendance at meetings by directors and management is by way of invitation.

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 Oceana's rating framework, the group's system of internal control is assessed to be good.

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

Oceana's information systems (IS) are governed by a collection of documented policies and procedures. The IS charter, approved by the board, sets the overall purpose of the function, its management and security. Strategic planning for IS has a three-year time horizon. The IS department presents an annual governance report to the audit committee, covering, inter alia, policy, strategy, disaster recovery plans, security management, and technical architecture.

Charter

The audit committee has a charter, approved by the board, dealing, inter alia, with membership, relationships with other parties, and responsibilities. The charter is reviewed annually and was updated during the year under review.

The committee's responsibilities include review of 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. Significant accounting estimates, policies and provisions are subject to the committee's review. The committee's charter allows it to consult with specialists to assist it with the performance of its functions, subject to a board-approved process.

The committee is satisfied that it complied with its responsibilities in terms of its charter during the year.

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 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 and management maintained a positive, objective and professional relationship with the partner responsible for the supervision and direction of the audit. The committee 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 independent internal and 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. The committee approves the fees and scope of internal and external audit services and obtains an opinion from the internal auditors on internal control and reviews the opinion on internal financial controls.

In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports.

Internal controls

Oceana maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of accounting records and 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.

Internal audit

The internal audit function is conducted by a professional firm of registered accountants and auditors, KPMG. They 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.

In addition, the internal auditors also followed up on all previously reported significant findings and reviewed the effectiveness of the Oceana risk management process.

Each year the committee reviews, updates and approves 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. A combined assurance plan (CAP) is used in developing the three year audit plan. The CAP is a matrix of risk areas indicating coverage by external assurance providers. The plan approved for 2011 included 28 reviews, covering, in various entities, product recall procedures, creditor management, reconciliations and journals, remuneration, contract management, and quality assurance.

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 not 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.

Risk committee

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. For reasons of corporate governance the board resolved in May that the risk committee would henceforth report directly to the board, and no longer to the audit committee.

Compliance and ethics

A compliance and ethics report was presented at the mid year meeting, dealing with principles and issues of a compliance and ethical nature in the group's business. The report outlined initiatives and processes in place to enhance compliance with the group's Code of Business Conduct and Ethics, how the group seeks to meet perceived ethical expectations of its stakeholders, penalties for infringement of regulations, and follow-up action by management to incidents or events with ethical connotations.

The provisions of the King III Code, as they pertain to audit committees, were implemented. The committee has considered the expertise and experience of the group 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. The committee is satisfied that the expertise, resources and experience of the company's finance function is satisfactory.

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 2011 Oceana Group Limited integrated report and recommended it to the board for approval. The committee believes that it complied with its legal, regulatory and other responsibilities for the year.

The agenda for the company's AGM on 17 February 2012 includes resolutions to be proposed to shareholders for the election of three of its independent non-executive directors to comprise the audit committee from that date.

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.

1. BASIS OF PREPARATION

The group and company AFS 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 AFS have been prepared in compliance with IFRS.

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the AFS 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 period 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, STC 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
Buildings – 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 AFS, 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

Accounting Standards, Interpretations and Circulars issued but not yet effective

At the date of approval of these financial statements, the following relevant new or revised standards were in issue, but not yet effective:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 31 Interests in Joint Ventures
- IAS 34 Interim Financial Reporting

The group is in the process of evaluating the effects of these standards, and whilst they are not expected to have a significant impact on the group's results, additional disclosures may be required. The group has decided not to early adopt any of these new or revised standards.

Statements of comprehensive income

for the year ended 30 September 2011

	Notes	GROUP		COMPANY	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
Revenue	1	3 657 196	3 423 219	76 233	63 787
Cost of sales		2 299 778	2 160 639		
Gross profit		1 357 418	1 262 580	76 233	63 787
Sales and distribution expenditure		338 927	298 073		
Marketing expenditure		44 389	39 658		
Overhead expenditure		461 413	440 375	72 742	59 932
Operating profit before abnormal items	2	512 689	484 474	3 491	3 855
Abnormal items	4		(19 697)	(444)	(21 341)
Operating profit/(loss)		512 689	464 777	3 047	(17 486)
Dividend income	5	13 141	13 532	275 231	219 340
Interest received	6	12 685	6 218	11 451	3 794
Interest paid	6	(2 872)	(5 497)	(2 500)	(2 748)
Profit before taxation		535 643	479 030	287 229	202 900
Taxation	7	189 426	175 515	3 705	6 941
Profit after taxation		346 217	303 515	283 524	195 959
Other comprehensive income					
Movement on foreign currency translation reserve		3 512	(3 541)		
Movement on cash flow hedging reserve		9 853	(75)		
Other comprehensive income, net of taxation		13 365	(3 616)		
Total comprehensive income for the year		359 582	299 899	283 524	195 959
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		333 170	294 424		
Non-controlling interests		13 047	9 091		
		346 217	303 515		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		346 535	290 808		
Non-controlling interests		13 047	9 091		
		359 582	299 899		
Earnings per share (cents)	8				
– Basic		333,6	295,7		
– Diluted		312,7	280,6		
Dividends per share (cents)	9				
– Interim paid		37,0	33,0		
– Final declared after reporting date		183,0	175,0		

Statements of financial position

at 30 September 2011

		GROUP		COMPANY	
	Notes	2011 R'000	2010 R'000	2011 R'000	2010 R'000
ASSETS					
Non-current assets		600 373	541 146	196 838	239 040
Property, plant and equipment	10	415 623	364 538	4 809	6 190
Trademark	11	18 101	16 183		
Deferred taxation	12	13 204	8 528	5 447	3 635
Investments and loans	13	153 445	151 897	131 706	143 029
Oceana Group Share Trust	14			6 009	7 698
Khula Trust	15			3 572	4 028
Interest in subsidiaries and joint ventures	16			45 295	74 460
Current assets		1 422 623	1 302 083	554 886	459 080
Inventories	17	489 850	574 838		
Accounts receivable	18	536 913	545 515	8 292	2 201
Amounts owing by subsidiaries and joint ventures	16			241 289	365 151
Cash and cash equivalents		395 860	181 730	305 305	91 728
Total assets		2 022 996	1 843 229	751 724	698 120
EQUITY AND LIABILITIES					
Capital and reserves		1 399 351	1 246 470	685 830	652 179
Share capital and premium	19	26 293	23 129	151 153	148 629
Foreign currency translation reserve		(2 547)	(6 059)		
Capital redemption reserve		130	130		
Cash flow hedging reserve	20	1 922	(7 931)		
Share-based payment reserve		49 599	40 058	6 395	6 217
Distributable reserve		1 283 031	1 162 803	528 282	497 333
Interest of own shareholders		1 358 428	1 212 130	685 830	652 179
Non-controlling interests		40 923	34 340		
Non-current liabilities		95 363	89 841	17 898	11 933
Liability for share-based payments	25	53 694	42 941	17 898	11 933
Deferred taxation	12	41 669	46 900		
Current liabilities		528 282	506 918	47 996	34 008
Accounts payable	21	413 944	403 041	14 377	11 872
Amounts owing to subsidiaries and joint ventures	16			33 619	22 136
Provisions	22	11 918	9 606		
Taxation		91 104	57 657		
Bank overdrafts		11 316	36 614		
Total equity and liabilities		2 022 996	1 843 229	751 724	698 120

Statements of changes in equity

for the year ended 30 September 2011

	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	Distributable reserve R'000	Interest of own share-holders R'000	Non-controlling interests R'000	Total R'000
GROUP										
Balance at 1 October 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)
Movement on cash flow hedging reserve	20				(75)			(75)		(75)
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	25					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
Total comprehensive income for the year			3 512		9 853		333 170	346 535	13 047	359 582
Movement on foreign currency translation reserve			3 512					3 512		3 512
Movement on cash flow hedging reserve	20				9 853			9 853		9 853
Profit after taxation							333 170	333 170	13 047	346 217
Share options exercised		2 524						2 524		2 524
Decrease in treasury shares held by share trusts		640						640		640
Recognition of share-based payments	25					9 541		9 541	87	9 628
Loss on sale of treasury shares							(52)	(52)		(52)
Additional non-controlling interest arising on acquisition									552	552
Khula Trust dividend distribution							(1 238)	(1 238)		(1 238)
Dividends	9						(211 652)	(211 652)	(7 103)	(218 755)
Balance at 30 September 2011		26 293	(2 547)	130	1 922	49 599	1 283 031	1 358 428	40 923	1 399 351
COMPANY										
Balance at 1 October 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	25					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
Total comprehensive income for the year							283 524	283 524		283 524
Share options exercised		2 524						2 524		2 524
Recognition of share-based payments	25					178		178		178
Dividends	9						(252 575)	(252 575)		(252 575)
Balance at 30 September 2011		151 153				6 395	528 282	685 830		685 830

Statements of cash flows

for the year ended 30 September 2011

	Notes	GROUP		COMPANY	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
Cash flow from operating activities					
Operating profit before abnormal items		512 689	484 474	3 491	3 855
Adjustment for non-cash and other items		97 647	101 092	10 390	9 931
Depreciation and non-abnormal impairment		77 209	76 953	5 269	4 669
Share-based payment expense		44 647	36 470	10 755	8 968
Cash-settled share-based payment		(24 266)	(11 848)	(5 634)	(3 706)
Net loss/(surplus) on disposal of property, plant and equipment		57	(483)		
Cash operating profit before working capital changes		610 336	585 566	13 881	13 786
Working capital changes	A	118 875	(168 970)	(2 431)	(354)
Cash generated from operations		729 211	416 596	11 450	13 432
Interest received		12 685	6 218	11 451	3 794
Dividend income		1 635	421	292 890	206 229
Interest paid		(2 872)	(5 497)	(2 500)	(2 748)
Taxation paid	B	(169 132)	(166 234)	(5 650)	(7 307)
Dividends paid	C	(219 993)	(193 840)	(252 575)	(220 954)
Net cash inflow/(outflow) from operating activities		351 534	57 664	55 066	(7 554)
Cash (outflow)/inflow from investing activities		(115 827)	(87 937)	144 504	23 606
Replacement capital expenditure		(102 667)	(61 619)	(3 888)	(3 893)
Expansion capital expenditure		(23 321)	(30 233)		
Proceeds on disposal of property, plant and equipment		460	2 590		
Net movement on loans and advances		(12 870)	1 534	1 701	(474)
Acquisition of business	D	(258)			
Repayment received on preference share investment		22 829		22 829	
Acquisition of investment			(209)		(209)
Movement on amounts owing by subsidiaries and joint ventures				123 862	28 182
Cash inflow from financing activities		4 902	6 753	14 007	220
Proceeds from issue of share capital		3 112	6 598	2 524	6 429
Short-term borrowings raised		1 790	155		
Movement on amounts owing to subsidiaries and joint ventures				11 483	(6 209)
Net increase/(decrease) in cash and cash equivalents		240 609	(23 520)	213 577	16 272
Net cash and cash equivalents at the beginning of the year		145 116	168 970	91 728	75 456
Effect of exchange rate changes		(1 181)	(334)		
Net cash and cash equivalents at the end of the year	E	384 544	145 116	305 305	91 728

Notes to the statements of cash flows

for the year ended 30 September 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
A. WORKING CAPITAL CHANGES				
Inventories	87 783	12 585		
Accounts receivable	14 003	(144 892)	(5 663)	(700)
Accounts payable and provisions	7 236	(36 588)	2 474	346
Effect of non-cash items	9 853	(75)	758	
Total working capital changes	118 875	(168 970)	(2 431)	(354)
B. TAXATION PAID				
Net amount (unpaid)/overpaid at the beginning of the year	(54 271)	(39 351)	148	1 243
Charged to profit and loss	(201 558)	(181 094)	(5 222)	(8 402)
Adjustment in respect of business acquired	(1 200)			
Exchange rate difference	25	(60)		
Net amount unpaid/(overpaid) at the end of the year	87 872	54 271	(576)	(148)
Cash amounts paid	(169 132)	(166 234)	(5 650)	(7 307)
C. DIVIDENDS PAID				
Khula Trust dividend distribution	(1 238)			
Dividends	(211 652)	(185 021)	(252 575)	(220 954)
Dividends paid to non-controlling interests	(7 103)	(8 819)		
Cash amounts paid	(219 993)	(193 840)	(252 575)	(220 954)
D. ACQUISITION OF BUSINESS¹				
Property, plant and equipment	(2 817)			
Inventories	(2 187)			
Accounts receivable	(2 232)			
Accounts payable and provisions	3 001			
Taxation	1 200			
Deferred tax	2 225			
Non-controlling interests	552			
Cash movement in acquisition of business	(258)			
E. NET CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	395 860	181 730	305 305	91 728
Bank overdrafts	(11 316)	(36 614)		
	384 544	145 116	305 305	91 728

Note:

¹ Additional shares were acquired on 26 June 2011 which resulted in the company gaining control of Compass Trawling (Pty) Limited and the full consolidation of its financial results from that date.

Notes to the annual financial statements

for the year ended 30 September 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
1. REVENUE				
The main categories of revenue are set out below:				
Sale of goods				
Inshore fishing	2 268 296	2 280 069		
Midwater and deep-sea fishing	1 170 907	909 034		
Rendering of services				
Commercial cold storage	217 993	234 116		
Management fees from subsidiaries and joint ventures			76 233	63 787
	3 657 196	3 423 219	76 233	63 787
2. OPERATING PROFIT BEFORE ABNORMAL ITEMS IS ARRIVED AT AFTER TAKING INTO ACCOUNT THE FOLLOWING ITEMS				
Income				
Directors' fees from a joint venture			27	33
Net surplus on disposal of property, plant and equipment	57	483		
Foreign exchange profit	74		1 667	
Expenditure				
Auditor's remuneration				
fees for audit – current year	4 896	4 651	703	649
fees for audit – prior year under/(over)provision	74	115	(14)	
expenses	8	82	6	21
other services	2 130	405	276	90
	7 108	5 253	971	760
Depreciation of property, plant and equipment				
buildings	5 969	8 919		
plant, equipment and motor vehicles	42 781	35 441	5 269	4 669
fishing vessels and nets	28 459	32 515		
	77 209	76 875	5 269	4 669
Administrative, technical and secretarial fees	20 787	21 806	3 355	3 227
Operating lease expenses				
properties	22 587	23 725	1 488	1 033
equipment and vehicles	6 176	4 966		
Foreign exchange loss		13 595		
Employment costs	447 404	388 741	32 000	23 990
Retirement costs	27 253	22 984	3 198	2 645
Share-based payments – cash-settled compensation scheme	35 062	28 384	10 577	8 817
Share-based payments – Khula Trust	9 628	8 117	179	151

Notes to the **annual financial statements** continued
for the year ended 30 September 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
3. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION				
Executive directors				
Managerial and other services			11 354	11 299
Gains on exercise of share options				729
			11 354	12 028
Non-executive directors				
Services as directors			2 158	1 900
Detailed information appears in the remuneration section on pages 71 to 75.				
4. ABNORMAL ITEMS				
Impairment of investment in subsidiary			(29 165)	(21 341)
Dividend received from subsidiary			29 165	
Impairment of investment in Khula Trust			(444)	
Goodwill impairment		(19 279)		
Impairment charge on vessels and equipment		(432)		
Net surplus on disposal of property		14		
		(19 697)	(444)	(21 341)
5. DIVIDEND INCOME				
Subsidiaries			262 090	205 808
Unlisted investments	1 635	421	1 635	421
Dividends received	1 635	421	263 725	206 229
Preference dividend	11 506	13 111	11 506	13 111
	13 141	13 532	275 231	219 340
6. INTEREST				
Received				
Subsidiaries			960	1 326
Bank and short-term deposits	10 768	3 022	10 139	1 933
Unlisted investments	1 101	1 777		
Other	816	1 419	352	535
	12 685	6 218	11 451	3 794
Paid				
Subsidiaries			(2 464)	(2 649)
Bank	(1 959)	(4 818)	(36)	(99)
Other	(913)	(679)		
	(2 872)	(5 497)	(2 500)	(2 748)

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
7. TAXATION				
7.1 South African				
Current year	87 537	97 642	5 170	3 218
Adjustments in respect of previous years	1 001	(2 589)	7	(454)
Secondary taxation on companies	21 897	22 193		5 548
	110 435	117 246	5 177	8 312
7.2 Foreign				
Current year	82 642	58 765		
Adjustments in respect of previous years	(64)	(257)		
Withholding tax	8 545	5 340	45	90
	201 558	181 094	5 222	8 402
7.3 South African deferred taxation				
Current year	(8 784)	(8 921)	(1 370)	(1 452)
Adjustments in respect of previous years	(1 724)	(529)	(147)	(9)
7.4 Foreign deferred taxation				
Current year	(1 455)	4 515		
Adjustments in respect of previous years	(169)	(38)		
Adjustment in respect of change in tax rate		(606)		
Taxation charge	189 426	175 515	3 705	6 941
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	35,4	36,6	1,3	3,4
Adjustment to rate due to:				
Dividend income	0,7	0,8	26,8	30,3
Net effect of tax losses	0,1	(0,3)		
Adjustment in respect of previous years	0,2	0,7		0,2
Adjustment in respect of change in tax rate		0,1		
Foreign taxation differentials and withholding taxes	(3,6)	(3,3)		
Secondary taxation on companies	(4,1)	(4,6)		(2,7)
Abnormal items		(1,2)		(2,9)
Expenses not allowable for taxation and other	(0,7)	(0,8)	(0,1)	(0,3)
South African company income tax rate	28,0	28,0	28,0	28,0
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:				
	R'000	R'000		
South African	7 877	2 135		
Foreign	39 387	28 407		
Total	47 264	30 542		
Tax savings effect:				
before deferred taxation	15 420	10 147		
after deferred taxation	2 335	3 251		

Notes to the annual financial statements continued

for the year ended 30 September 2011

	GROUP	
	2011 Number of shares	2010 Number of shares
8. EARNINGS PER SHARE		
8.1 Calculation of weighted average number of ordinary shares		
Weighted average number of ordinary shares	119 157 508	118 894 880
Less:		
Treasury shares held by Khula Trust	(14 178 539)	(14 204 722)
Treasury shares held by Oceana Brands Limited	(5 094 350)	(5 094 350)
Treasury shares held by Oceana Group Share Trust	(16 500)	(16 086)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	99 868 119	99 579 722
Shares deemed to be issued for no consideration in respect of unexercised share options	6 676 262	5 342 960
Khula Trust ¹	6 533 907	5 125 708
Equity-settled compensation scheme ²	142 355	217 252
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	106 544 381	104 922 682

Notes:

¹ Represents the number of options available, 14 156 799 (2009:14 198 799), times the average share price for the year of 3 575 cents (2010: 3 013 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 25.1 for additional information.

	GROUP			
	Gross of tax 2011 R'000	Net of tax 2011 R'000	Gross of tax 2010 R'000	Net of tax 2010 R'000
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited		333 170		294 424
Adjusted for:				
Net loss/(surplus) on disposal of property, plant and equipment	57	40	(497)	(359)
Goodwill impairment			19 279	19 279
Impairment charge on vessels and equipment			432	564
Headline earnings for the year		333 210		313 908
Headline earnings per share (cents)				
– Basic		333,7		315,2
– Diluted		312,7		299,2

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
9. DIVIDENDS				
Final of 175 cents per share declared on 11 November 2010, paid 17 January 2011 (2010: 153 cents)	174 677	152 123	208 469	181 684
Interim of 37 cents per share declared on 11 May 2011, paid 4 July 2011 (2010: 33 cents)	36 975	32 898	44 106	39 270
Dividends paid during the year	211 652	185 021	252 575	220 954
Final of 183 cents (2010: 175 cents) per share declared on 10 November 2011, payable on 16 January 2012 based on number of shares in issue on 10 November 2011				
Dividend declared after reporting date ¹	182 906	174 574	218 166	208 366

Note:

¹ The income tax consequence of the dividend declared after the reporting date for the group and company amounted to R2,7 million (2010: R4,2 million).

	GROUP			
	Freehold land and buildings R'000	Leasehold land and buildings R'000	Plant, equipment and vehicles R'000	Fishing vessels and nets R'000
				Total R'000
10. PROPERTY, PLANT AND EQUIPMENT				
Cost				
At 1 October 2009	41 999	97 463	469 361	335 239
Additions	1 758	1 460	58 045	30 589
Disposals	(26)	(66)	(9 916)	(16 201)
Exchange differences			(48)	(48)
At 30 September 2010	43 731	98 857	517 442	349 627
At 1 October 2010	43 731	98 857	517 442	349 627
Additions	18 964	185	71 614	35 225
Business acquisition				22 824
Disposals	(525)		(17 012)	(13 397)
Exchange differences			26	26
At 30 September 2011	62 170	99 042	572 070	394 279
Depreciation and impairment				
At 1 October 2009	12 700	62 875	330 158	186 159
Depreciation for the year	1 290	7 629	35 441	32 515
Disposals		(66)	(9 716)	(14 334)
Impairment charge			78	432
Exchange differences			(42)	(42)
At 30 September 2010	13 990	70 438	355 919	204 772
At 1 October 2010	13 990	70 438	355 919	204 772
Depreciation for the year	1 513	4 456	42 781	28 459
Business acquisition				20 007
Disposals	(563)		(16 569)	(13 285)
Exchange differences			20	20
At 30 September 2011	14 940	74 894	382 151	239 953

Notes to the annual financial statements continued

for the year ended 30 September 2011

			GROUP		
	Freehold land and buildings R'000	Leasehold land and buildings R'000	Plant, equipment and vehicles R'000	Fishing vessels and nets R'000	Total R'000
10. PROPERTY, PLANT AND EQUIPMENT continued					
Carrying value					
At 1 October 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
At 30 September 2011	47 230	24 148	189 919	154 326	415 623

The insured value of the group's property, plant and equipment at 30 September 2011 amounted to R2,9 billion (2010: R2,7 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
Plant, equipment and motor vehicles	
Cost	
At 1 October 2009	13 030
Additions	3 893
Disposals	(15)
At 30 September 2010	16 908
At 1 October 2010	16 908
Additions	3 888
Disposals	(32)
At 30 September 2011	20 764
Accumulated depreciation	
At 1 October 2009	6 064
Depreciation for the year	4 669
Disposals	(15)
At 30 September 2010	10 718
At 1 October 2010	10 718
Depreciation for the year	5 269
Disposals	(32)
At 30 September 2011	15 955
Carrying value	
At 1 October 2009	6 966
At 30 September 2010	6 190
At 30 September 2011	4 809

	GROUP		
	Goodwill R'000	Trademark R'000	Total R'000
11. GOODWILL AND TRADEMARK			
Cost			
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
At 1 October 2010	17 630	16 183	33 813
Exchange difference		1 918	1 918
At 30 September 2011	17 630	18 101	35 731
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
At 1 October 2010 and 30 September 2011	17 630		17 630
Carrying value			
At 1 October 2009	18 774	17 343	36 117
At 30 September 2010		16 183	16 183
At 30 September 2011		18 101	18 101

Goodwill

During the prior financial year the recoverable amount of goodwill that arose on the acquisition of Glenryck Foods Limited, in the United Kingdom (UK) was assessed. The assessment resulted in the full impairment of the carrying value of goodwill.

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 were discontinued and core products are now being supplied by Oceana Brands for distribution in the UK by a third party distributor under the Glenryck brand.

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 of royalty income to be derived from the Glenryck brand. 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, and a royalty fee. The discount rate used reflected the operating characteristics of the business.

Notes to the annual financial statements continued

for the year ended 30 September 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
12. DEFERRED TAXATION				
Deferred tax assets	13 204	8 528	5 447	3 635
Deferred tax liabilities	(41 669)	(46 900)		
Net deferred taxation (liability)/asset	(28 465)	(38 372)	5 447	3 635
Net (liability)/asset at the beginning of the year	(38 372)	(43 951)	3 635	2 174
Transferred from subsidiary			295	
Adjustment in respect of change in tax rate		606		
Exchange rate adjustment		1		
On acquisition of business	(2 225)			
Credited to income	12 132	4 972	1 517	1 461
Net (liability)/asset at the end of the year	(28 465)	(38 372)	5 447	3 635
Comprising:				
Property, plant and equipment	(58 885)	(52 329)		
Taxation loss relief	13 085	6 896		
Provisions and other credit balances	33 290	22 635	5 447	3 635
Section 14(1)(c) allowances, prepayments and other	(15 955)	(15 574)		
	(28 465)	(38 372)	5 447	3 635
Aggregate amount of unused taxation losses for which no deferred taxation asset is recognised in the statement of financial position	7 388	9 882		
13. INVESTMENTS AND LOANS				
Gross loans	22 200	12 485	273	273
Less: Provisions for irrecoverable loans	(211)	(3 367)		
Loans	21 989	9 118	273	273
Preference shares	131 026	142 349	131 026	142 349
Other shares	430	430	407	407
	153 445	151 897	131 706	143 029

Group loans are secured by cession of shares and fishing rights and 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 R463 886 (2010: R524 206) 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% (2010: 4,4%) equity share. No impairment provision is required in respect of this loan.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
13. INVESTMENTS AND LOANS continued				
Movement on loans				
Balance at beginning of the year	9 118	10 652	273	219
Advances	18 278	8 039		54
Interest charged	702	778		
Loans repaid	(9 265)	(14 642)		
Movement on provisions for irrecoverable loans	3 156	4 291		
Balance at end of the year	21 989	9 118	273	273
Movement on provisions for irrecoverable loans				
Balance at beginning of the year	3 367	7 658		
Irrecoverable amounts written off against the provision		(32)		
Recovery of amounts previously written off		(51)		
Impairment losses reversed	(3 156)	(4 208)		
Balance at end of the year	211	3 367		

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 less repayment received. Redemption of the preference shares and payment of the preference dividends rank behind the "A" preference shares held by The Standard Bank of South Africa Limited in Oceana SPV (Pty) Limited.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Movement on preference shares				
Balance at beginning of year	142 349	129 238	142 349	129 238
Accrued preference dividend	11 506	13 111	11 506	13 111
Repayment received	(22 829)		(22 829)	
Balance at end of the year	131 026	142 349	131 026	142 349

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 7% per annum (2010: 8%)

Interest-free

5 939	7 553
70	145
6 009	7 698

15. KHULA TRUST

Capital contribution

3 572	4 028
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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.

Notes to the annual financial statements continued

for the year ended 30 September 2011

	COMPANY	
	2011 R'000	2010 R'000
16. INTEREST IN SUBSIDIARIES AND JOINT VENTURES		
Shares at cost, less amounts written off	45 295	74 460
Amounts owing by	241 289	365 151
	286 584	439 611
Amounts owing to	(33 619)	(22 136)
	252 965	417 475

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 117 and 118 of this report.

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
17. INVENTORIES				
Raw materials	20 842	25 080		
Finished goods	422 956	515 410		
Consumable stores and work in progress	46 052	34 348		
	489 850	574 838		
Finished goods include inventory held at net realisable value of R51 500 061 (2010: R4 182 233).				
18. ACCOUNTS RECEIVABLE				
Trade receivables	420 804	428 437		
Gross trade receivables	431 392	437 035		
Less: Allowance for credit notes	(8 006)	(6 614)		
Less: Provisions for irrecoverable trade receivables	(2 582)	(1 984)		
Short-term loans and advances	5 066	3 666		
Gross short-term loans and advances	11 503	9 403		
Less: Provisions for irrecoverable loans and advances	(6 437)	(5 737)		
Prepayments	21 543	30 016	951	320
VAT and company taxation	30 820	58 335	1 015	148
Accrued income and other	58 680	25 061	6 326	1 733
	536 913	545 515	8 292	2 201

	GROUP	
	Trade receivables 2011 R'000	Trade receivables 2010 R'000
18. ACCOUNTS RECEIVABLE continued		
The analysis of group trade receivables is as follows:		
Not past due	377 356	385 311
Ageing of trade and other receivables which are past due and not impaired		
30 days	34 943	31 461
60 days	3 697	7 578
90 days	3 223	3 269
120 days	53	531
150 days and over	1 532	287
	420 804	428 437

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	
	2011 R'000	2010 R'000
Movement in provisions for irrecoverable trade receivables		
Balance at beginning of the year	1 984	6 055
Irrecoverable amounts written off against the provision	(40)	(6)
Impairment losses recognised/(reversed)	638	(4 064)
Exchange rate adjustment		(1)
Balance at end of the year	2 582	1 984
Concentration of credit risk in trade receivables		
<i>By geographical region</i>		
South Africa and Namibia	325 238	301 496
Other Africa	26 964	19 029
Europe	31 181	57 723
Far East and other	37 421	50 189
Trade receivables	420 804	428 437

Notes to the annual financial statements continued

for the year ended 30 September 2011

	GROUP	
	2011 R'000	2010 R'000
18. ACCOUNTS RECEIVABLE continued		
<i>By customer sector</i>		
Domestic FMCG, wholesale, retail (blue-chip or insured)	295 038	271 059
Cold storage (secured by lien)	37 321	50 406
Exports on letter of credit/cash with documents	61 351	85 901
Open account	27 094	21 071
Trade receivables	420 804	428 437
There was one customer (2010: 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	5 737	6 115
Impairment losses recognised/(reversed)	700	(378)
Balance at end of the year	6 437	5 737

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
19. SHARE CAPITAL AND PREMIUM				
19.1 Ordinary shares of 0,1 cent each				
Authorised share capital:				
200 000 000 (2010: 200 000 000) shares	200	200	200	200
Issued share capital:				
119 206 157 (2010: 119 001 157) shares	119	119	119	119
Share premium	151 034	148 510	151 034	148 510
	151 153	148 629	151 153	148 629
Less: Treasury shares				
19 267 649 (2010: 19 309 649) shares	(124 860)	(125 500)		
	26 293	23 129	151 153	148 629

	Number of shares	
Treasury shares comprise shares held by:		
Khula Trust	14 156 799	14 198 799
Oceana Brands Limited	5 094 350	5 094 350
Oceana Group Share Trust	16 500	16 500
	19 267 649	19 309 649

	GROUP		COMPANY	
	2011 Number of shares	2010 Number of shares	2011 Number of shares	2010 Number of shares
19. SHARE CAPITAL AND PREMIUM continued				
19.2 Unissued shares				
Authorised			200 000 000	200 000 000
Issued			119 206 157	119 001 157
Unissued			80 793 843	80 998 843
Under option in terms of company's share scheme			320 000	525 000
Balance of unissued shares			80 473 843	80 473 843
	R'000	R'000	R'000	R'000
20. CASH FLOW HEDGING RESERVE				
Balance at the beginning of the year	(7 931)	(7 856)		
Movement on the cash flow hedge reserve	9 853	(75)		
Gain/(loss) recognised on cash flow hedges	5 274	(1 442)		
Transferred to profit or loss	2 340	1 665		
Transferred to initial carrying amount of hedged item	2 239	(298)		
Balance at the end of the year	1 922	(7 931)		
Gains/(losses) arising on changes in fair value of forward exchange contracts, which have been designated as cash flow hedges, are transferred from equity into profit or loss. These gains/(losses) are included in cost of sales in the statement of comprehensive income.				
21. ACCOUNTS PAYABLE				
Trade payables	190 524	153 440	684	137
Payroll-related accruals	33 485	39 939	3 219	4 864
Leave pay accrual	16 152	15 092	1 557	1 060
Short-term loans and advances	4 281	2 491		
VAT payable	4 816	3 398		596
Accruals and other payables	164 686	188 681	8 917	5 215
	413 944	403 041	14 377	11 872
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.				
22. PROVISIONS				
Supplier claims				
Balance at the beginning of the year	2 994	5 166		
Net charge to operating profit	2 694	1 499		
Utilised during the year	(147)	(3 463)		
Exchange adjustment		(209)		
Balance at the end of the year	5 541	2 994		
Ex gratia retirement provision				
Balance at the beginning of the year	3 970	4 311		
Net charge to operating profit	306	307		
Utilised during the year	(282)	(648)		
Balance at the end of the year	3 994	3 970		

Notes to the annual financial statements continued

for the year ended 30 September 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
22. PROVISIONS continued				
Other	2 642	2 002		
Net charge to operating profit	1 855	1 988		
Arising on acquisition of business	154			
Utilised during the year	(2 316)	(1 328)		
Exchange adjustment	48	(19)		
Balance at the end of the year	2 383	2 643		
Total				
Balance at the beginning of the year	9 606	11 479		
Net charge to operating profit	4 855	3 794		
Arising on acquisition of business	154			
Utilised during the year	(2 745)	(5 439)		
Exchange adjustment	48	(228)		
Balance at the end of the year	11 918	9 606		
23. COMMITMENTS				
23.1 Capital commitments				
Budgeted capital expenditure is as follows:				
Contracted	23 981	44 904	2 412	
Not contracted	117 564	124 636	6 414	3 937
	141 545	169 540	8 826	3 937
Capital expenditure will be financed from the group's cash resources.				
23.2 Operating lease commitments				
The future minimum lease payments under operating leases are as follows:				
Not later than one year	24 600	17 494	1 694	381
Later than one year but not later than five years	112 461	70 743	7 821	
Later than five years	205 094	192 684	9 941	
	342 155	280 921	19 456	381
24. NUMBER OF EMPLOYEES				
Permanent employees at year-end	1 711	1 434	52	41

25. SHARE-BASED PAYMENT PLANS

25.1 Equity-settled compensation scheme

The group operates the Oceana Group (1985) Share Option Scheme (the scheme), which is an equity-settled compensation scheme. The provisions of the scheme provide that the aggregate number of unissued shares that may be reserved for the scheme may not exceed 20% of the company's current issued share capital. Share options were granted to executive directors and senior managers by the board on the recommendation of the remuneration and nominations committee. The last grant of options in terms of the scheme was on 25 November 2004 and it is not intended to grant any further options. The exercise price of the options is equal to the 30-day average closing market price of the shares prior to the date of grant. Provided the employee remains in service, the options vest in three tranches, one-third after a period of three years from the date of grant, a further third after four years and the final third after five years. The contractual life of each option granted is ten years, after which the option lapses. There are no cash alternatives. Options that have not been exercised in accordance with the rules of the scheme are forfeited upon termination of employment, other than on death or retirement.

25. SHARE-BASED PAYMENT PLANS continued

25.1 Equity-settled compensation scheme continued

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

	GROUP			
	2011		2010	
	Number of share options	WAEP rand	Number of share options	WAEP rand
Outstanding at the beginning of the year	525 000 ¹	14,49	987 000 ¹	15,03
Forfeited during the year			50 000	16,00
Exercised during the year	205 000 ²	12,31	412 000 ³	15,61
Outstanding at the end of the year	320 000 ¹	15,89	525 000 ¹	14,49
Exercisable at the end of the year	320 000		525 000	

Notes:

¹ Included in the end of the year balance are options over 11 000 (2010: 117 000) 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 R35,99.

³ The weighted average share price at the date of exercise for the options exercised was R29,01.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2011 is 1,3 years (2010: 2,6 years).

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

	GROUP	
	2011	2010
	Number of share options	Number of share options
R6,90 per share exercisable until 10 October 2010		60 000
R11,05 per share exercisable until 23 October 2011	11 000	57 000
R15,60 per share exercisable until 13 November 2012	52 000	52 000
R16,24 per share exercisable until 11 November 2013	162 000	236 000
R16,00 per share exercisable until 24 November 2014	95 000	120 000
	320 000	525 000

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.

25.2 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.

The first allocation of 8 482 500 options was made on 15 January 2007, the a second allocation of 7 881 750 options was made on 1 May 2010, both at an 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.

Notes to the annual financial statements continued

for the year ended 30 September 2011

25. SHARE-BASED PAYMENT PLANS continued

25.2 Black economic empowerment scheme – Khula Trust continued

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

During the year 42 000 options (2010: 11 666) 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.

25.3 Cash-settled (phantom) compensation scheme

Phantom share options are granted to executive directors and senior managers by the board on the recommendation of the remuneration and nominations committee in terms of the phantom share scheme which was implemented in 2006. The exercise price and vesting rights of the phantom share options are the same as for the share scheme described in note 25.1, but the contractual life of the options is six years and gains on options are settled in cash. Phantom share options granted in 2008 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.

	GROUP			
	2011		2010	
	Number of share options	WAEP rand	Number of share options	WAEP rand
Outstanding at the beginning of the year	6 911 716	22,29	6 373 228	19,65
Granted during the year	1 301 000	37,52	1 434 000	29,59
Forfeited during the year	211 332	24,76	88 000	17,33
Exercised during the year	1 226 997 ¹	17,11	807 512 ²	16,07
Outstanding at the end of the year	6 774 387	26,08	6 911 716	22,29
Exercisable at the end of the year	273 572		170 735	

Notes:

¹ The weighted average share price at the date of exercise for the options exercised was R37,11.

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

The weighted average remaining contractual life for the share options outstanding as at 30 September 2011 is 3,6 years (2010: 3,9 years).

25. SHARE-BASED PAYMENT PLANS continued

25.3 Cash-settled (phantom) compensation scheme continued

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

		2011	2010
	Grant number	Number of share options	
R15,39 per share exercisable until 9 February 2012	1A	121 732	618 393
R15,20 per share exercisable until 10 May 2012	1B		12 333
R16,91 per share exercisable until 10 November 2012	2	418 658	801 990
R19,26 per share exercisable until 7 February 2014	3	948 997	1 315 000
R22,65 per share exercisable until 4 February 2015	4A	2 146 000	2 230 000
R25,06 per share exercisable until 30 June 2015	4B	500 000	500 000
R29,59 per share exercisable until 11 February 2016	5	1 353 000	1 434 000
R37,52 per share exercisable until 15 February 2017	6	1 286 000	
		6 774 387	6 911 716

The significant inputs into the valuation model are the spot share price of R37,51 (2010: R31,00), an expected option life of six years and expected dividend yield of 5,6% (2010: 5,4%). The risk-free rate ranged from 5,6% to 7,3% (2010: 5,8% to 7,4%) during the year. Expected volatility of 29% (2010: 34%) is based on historical share price volatility.

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

26. RETIREMENT BENEFITS

The group provides a total of six retirement plans that cover all employees. The plans consist of 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 2010, the fund was confirmed to be in a financially sound condition.

In order to comply with the disclosure requirements of IAS 19, a valuation has been performed by independent actuaries, using the Projected Unit Credit Method. A roll-forward projection from the prior actuarial valuation was used, taking account of actual subsequent experience.

	GROUP				
	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Balance at the end of the year					
Present value of defined-benefit obligations and surplus apportionment to former members	(10 790)	(10 176)	(9 495)	(1 941)	(1 858)
Fair value of plan assets in respect of defined-benefit obligations and surplus apportionment to former members	16 185	17 573	13 702	15 983	18 059
Funded status of defined-benefit plan	5 395	7 397	4 207	14 042	16 201
Unrecognised actuarial gains/(losses)	2 127	(722)	(3 056)	924	(3 220)
Asset not recognised at the reporting date	(7 522)	(6 675)	(1 151)	(14 966)	(12 981)
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.

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26. RETIREMENT BENEFITS continued

	GROUP				
	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Movement in the liability recognised in the statement of financial position					
Opening balance					
Asset not recognised at the beginning of the year	6 675	1 151	14 966	12 981	11 801
Contributions paid	24 675	22 670	20 400	18 411	18 910
Other expenses included in staff costs	(31 350)	(23 821)	(35 366)	(31 392)	(30 711)
Current service cost	(24 669)	(22 667)	(20 389)	(17 410)	(18 911)
Interest (cost)/income	(910)	(756)	160	(144)	(148)
Expected return on plan assets	1 751	1 455	1 227	1 626	1 329
Surplus allocation – former members and related reserves		4 409	(15 213)		
Net actuarial gains recognised during the year		413		(498)	
Asset not recognised at the reporting date	(7 522)	(6 675)	(1 151)	(14 966)	(12 981)
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	8,50%	9,00%	8,50%	9,00%	8,50%
Inflation rate	6,00%	6,00%	6,00%	6,50%	5,50%
Expected return on plan assets	9,50%	10,00%	9,50%	10,00%	9,00%
Future salary increases	6,75%	6,75%	6,75%	7,25%	6,25%
Future pension increases	6,00%	6,00%	6,00%	6,50%	5,50%

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 2011.

The amount included in the statement of financial position arising from the group's obligation in respect of its defined-benefit plan is as follows.

	2011 R'000	2010 R'000
Present value of obligations	7 684	7 280
Less: Fair value of plan assets	(6 880)	(7 921)
Liability/(asset) at the reporting date	804	(641)
The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:		
Discount rate	8,25%	8,75%
Medical inflation	7,50%	7,50%

27. 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 remains 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.

28. FINANCIAL RISK MANAGEMENT

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

Capital risk

Capital is managed to ensure that operations continue as a going concern and that expansion opportunities can be funded when they arise. The group's and company's capital management strategy has remained consistent with the prior year. Capital comprises equity, as disclosed in the statement of changes in equity, and overdrafts supplemented when required by 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 '000	Euro '000	Sterling '000	Australian dollar '000
2011				
Trade receivables	7 723	2 299	872	298
Other accounts receivable	1 112			
Cash and cash equivalents	1 671		5	
Accounts payable	(5 139)	(263)		
Bank overdrafts		(997)		
	5 367	1 039	877	298
Year-end exchange rate	7,93	10,75	12,36	7,73
2010				
Trade receivables	12 693	2 688		390
Other accounts receivable	201			
Cash and cash equivalents	5 279			
Accounts payable	(3 946)	(343)		
Bank overdrafts		(272)		
	14 227	2 073		390
Year-end exchange rate	6,98	9,48		0,08

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28. FINANCIAL RISK MANAGEMENT continued

Foreign currency balances and exposure continued

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 2012 financial year.

	GROUP			
	US dollar '000	Euro '000	Sterling '000	Yen '000
2011				
Foreign currency bought	13 259	134		
Foreign currency sold	1 123	426	2 621	36 830
Average exchange rate	7,55	9,91	12,29	0,10
2010				
Foreign currency bought	17 344	161		
Foreign currency sold	703	135		
Average exchange rate	7,55	10,02		

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	
	2011 R'000	2010 R'000
Increase in profit before taxation		
US dollar	4 256	9 930
Euro	1 117	1 965
Sterling	1 084	
Yen		168
Australian dollar	230	260
 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.		
Increase in FCTR		
US dollar	1 029	355
Sterling	664	3 620

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

28. FINANCIAL RISK MANAGEMENT continued

Interest rate risk and liquidity risk

Financial assets and liabilities affected by interest rate fluctuations include cash and short-term deposits, 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 memorandum of incorporation, 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 R31,9 million (2010: R20,9 million). A 100 basis points change in the interest rate would result in an increase or decrease of R5,4 million (2010: R3,0 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 R26,9 million (2010: R18,0 million). A 100 basis points change in the interest rate would result in an increase or decrease of R4,4 million (2010: R2,3 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 2011, 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.

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29. RELATED-PARTY DISCLOSURES

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

The company provides financing to subsidiary companies and joint ventures and invests surplus cash on their behalf. Loan accounts between wholly owned group companies in South Africa are interest-free. Other loan accounts bear interest at rates similar to rates levied by banks. Details of loan balances with, and interests in, subsidiary and joint venture companies are disclosed on pages 117 and 118. 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	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Transactions				
Transactions with joint ventures				
Administration fees received	2 397	2 491	1 210	580
Net interest received	246	470	352	521
Transactions with subsidiaries				
Administration fees received			75 023	63 207
Dividends received			262 090	205 808
Net interest paid			(1 504)	(1 323)
Transactions with shareholders				
Dividends receivable from Oceana SPV (Pty) Limited	11 506	13 111	11 506	13 111
Goods and services sold to Tiger Brands Limited subsidiaries	5 444	11 532		
Net amount owed by Tiger Brands Limited subsidiaries	269	939		
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	25 362	23 251	14 053	12 933
Post-employment benefits	2 834	2 420	1 623	1 292
Share-based payments – cash settled compensation scheme	5 796	6 864	4 854	3 676
Share-based payments – Khula Trust	84	70	84	70
Non-executive directors' emoluments	2 158	1 900	2 158	1 900
Total compensation of key management	36 234	34 505	22 772	19 871

Interest of directors in contracts

The directors of Oceana make declarations of interest in terms of section 75 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 26.

30. 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 2011.

Interest in principal subsidiaries and joint ventures

at 30 September 2011

Name of company	Note	Nature of business	Issued capital	Effective holding		Interest of holding company		Indebtedness	
			2011	2011	2010	Cost of shares			
			R	%	%	2011	2010	2011	2010
			R'000			R'000	R'000	R'000	R'000
Blue Atlantic Trading (Pty) Limited	1	Fish trading	100	50	50			5 030	5 034
Blue Continent Products (Pty) Limited		Horse mackerel, hake	1 000	100	100	1 932	1 932	12 816	8 714
Calamari Fishing (Pty) Limited		Squid	4 000	100	100			8 958	13 085
Commercial Cold Storage (Pty) Limited		Cold storage	100	100	100			8 932	25 575
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		Hake	1 000	60,53	42,05				
Desert Diamond Fishing (Pty) Limited		Horse mackerel	120	90	90			(853)	6 801
Erongo Marine Enterprises (Pty) Limited – Namibia		Horse mackerel	100	100	100			(17 930)	(21 480)
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	1	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	22 648	51 813		
Lamberts Bay Foods Limited		French fries	52 700	100	100	22	22	11 424	7 719
MFV Romano Paulo Vessel Company (Pty) Limited	1	Rock lobster	3 000	35	35				
Oceana Brands Limited		Canned fish, fishmeal/oil	600 000	100	100	1 706	1 706	187 635	294 660
Oceana International Limited – Isle of Man		Horse mackerel	23	100	100	23	23		
Oceana Lobster Limited		Rock lobster	965 500	100	100	966	966	(7 943)	3 563
Stephan Rock Lobster Packers Limited		Rock lobster	200 000	51	51	25	25	(399)	(656)
						45 295	74 460	207 670	343 015

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.

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

Note:

¹ Joint venture.

Interest in joint ventures

at 30 September 2011

EFFECTIVE HOLDING	2011 %	2010 %
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 ¹		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	165 536	139 779
Expenses	(145 429)	(115 401)
Operating profit before abnormal items	20 107	24 378
Abnormal items		(902)
Net interest	(969)	(2 137)
Profit before taxation	19 138	21 339
Taxation	3 512	1 314
Profit after taxation	15 626	20 025
STATEMENT OF FINANCIAL POSITION		
Property, plant and equipment	12 250	16 016
Investments	22	22
Current assets	92 760	119 444
Current liabilities		
– Interest-bearing	(658)	(34 550)
– Interest-free	(32 735)	(30 073)
Deferred taxation	(356)	(2 419)
STATEMENT OF CASH FLOWS		
Operating profit	20 107	24 378
Adjustments for non-cash items	2 400	3 293
Working capital changes	23 200	(29 679)
Cash flows from operations	45 707	(2 008)
Net interest	(969)	(2 137)
Taxation paid	(2 527)	(1 458)
Net cash flows from operating activities	42 211	(5 603)
Cash flows from investing activities	(679)	(1 971)
Net increase/(decrease) in cash and cash equivalents	41 532	(7 574)

Note:

¹ Additional shares were acquired on 26 June 2011 which resulted in the company gaining control of Compass Trawling (Pty) Ltd and the full consolidation of its financial results from that date.

Share analysis

at 30 September 2011

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	677	50,4	377 679	0,3
1 001 – 10 000 shares	442	32,9	1 666 225	1,4
10 001 – 100 000 shares	142	10,6	5 506 234	4,6
100 001 – 1 000 000 shares	68	5,1	18 604 393	15,6
1 000 001 shares and over	13	1,0	93 051 626	78,1
	1 342	100,0	119 206 157	100,0

DISTRIBUTION OF SHAREHOLDERS

Banks	8	0,6	1 306 198	1,1
Brokers	10	0,7	162 979	0,1
Close corporations	24	1,8	83 525	0,1
Empowerment	1	0,1	11 596 755	9,7
Individuals	980	73,0	3 327 634	2,8
Insurance companies	8	0,6	878 158	0,7
Investment companies	12	0,9	527 851	0,4
Medical aid schemes	3	0,2	91 545	0,1
Mutual funds	74	5,5	19 864 001	16,7
Nominees and trusts	99	7,4	876 522	0,7
Other corporate bodies	13	1,0	1 552 300	1,3
Pension funds	66	4,9	14 174 730	11,9
Private companies	36	2,7	371 718	0,3
Public companies	5	0,4	45 124 592	37,9
Treasury shares held by share trusts	2	0,1	14 173 299	11,9
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 342	100,0	119 206 157	100,0

SHAREHOLDER TYPE

Non-public shareholders	137	10,2	76 196 987	63,9
Directors and employees	132	9,8	633 120	0,5
Treasury shares held by share trusts	2	0,1	14 173 299	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	37,5
Public shareholders	1205	89,8	43 009 170	36,1
	1 342	100,0	119 206 157	100,0

SHAREHOLDERS HOLDING IN EXCESS OF 5%

Tiger Brands Limited	44 699 463	37,5
Khula Trust	14 156 799	11,9
Brimstone Investment Corporation Limited	11 596 755	9,7
Investec Asset Management (Pty) Limited	7 956 328	6,7

Share performance

at 30 September 2011

	Notes	2011	2010	2009	2008	2007
SHARE PERFORMANCE						
Market price per share (cents)						
Year-end		3 745	3 200	2 625	2 105	2 260
Highest		4 050	3 425	2 800	2 619	2 300
Lowest		3 100	2 600	1 950	1 601	1 560
Price earnings ratio	1	11,2	10,2	9,4	8,9	13,9
Number of transactions	2	2 756	3 746	2 170	1 896	1 240
Number of shares traded ('000)	2	7 653	31 797	22 236	18 078	9 090
Value of shares traded (R'000)	2	280 453	923 954	520 990	372 452	180 056
Volume of shares traded as a percentage of total issued shares	2	6,4	26,7	18,8	15,4	7,8
Market capitalisation (R'000)	3	4 464 271	3 808 037	3 112 965	2 479 049	2 647 490
JSE food producers and processors index	4	135,77	125,33	106,08	90,97	100,00
JSE industrial index	4	145,55	154,39	131,80	117,28	100,00
Oceana Group Limited share price index	4	165,71	141,59	116,15	93,14	100,00

Notes:

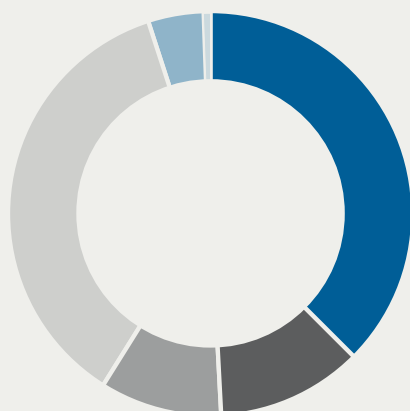
¹ Market price per share at year-end divided by headline earnings per share.

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 2007 = 100.

Shareholders



- Tiger Brands Limited (37,5%)
- Treasury shares held by share trusts (11,9%)
- Brimstone Investment Corporation Limited (9,7%)
- Public shareholders (36,1%)
- Treasury shares held by subsidiary (4,3%)
- Directors and employees (0,5%)

Notice of 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

("the company")

Notice is hereby given that the 94th annual general meeting of the shareholders of the company for the year ended 30 September 2011 will be held at 7th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001, on Friday, 17 February 2012 at 14:00 to consider the matters and proposed resolutions (with or without modification), set out below. Registration will start at 13:15.

Electronic participation in the annual general meeting

The company intends to make provision for shareholders of the company, or their proxies, to participate in the annual general meeting by way of electronic communication. In this regard, the company intends making telephonic facilities available at the office of Commercial Cold Storage (Pty) Ltd, 10 Merino Avenue, City Deep, Extension 1, Johannesburg, which will be linked by telephonic access to the venue of the annual general meeting in Cape Town at the above address.

Should you wish to participate in the annual general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at the address specified above in Cape Town or at the above-mentioned location arranged by the company in Johannesburg at the time and on the date of the annual general meeting. The Johannesburg location will be linked to the venue in Cape Town by telephonic access on the date of, and from the time of commencement of, the annual general meeting. Telephonic access will enable all persons who are present at either of these venues to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting.

The cost of the telephone facilities described will be for the account of the company.

Section 63(1) of the Companies Act requires that a person wishing to participate in the annual general meeting (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may attend or participate at such annual general meeting.

Memorandum of Incorporation

With effect from the general effective date of the Companies Act, No. 71 of 2008 as amended ("Companies Act"), being 1 May 2011, the memorandum of association and articles of association of the company automatically converted into the company's memorandum of incorporation ("MOI"). Accordingly, for purposes of consistency, any reference in this notice of annual general meeting to the term "MOI" refers to the company's memorandum of incorporation, which previously comprised the company's memorandum of association and its articles of association.

The board of directors of the company has determined that the record date for the purpose of determining which shareholders of the company are entitled to receive notice of the annual general meeting was Thursday, 15 December 2011 and the record date for purposes of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 10 February 2012. Accordingly, only shareholders who are registered in the register of members of the company on Friday, 10 February 2012 will be entitled to participate in and vote at the annual general meeting.

The purpose of the annual general meeting is for the following business to be transacted and to consider and, if deemed fit, to pass the following resolutions:

1. To present, consider and adopt the audited consolidated annual financial statements (AFS), the directors' report and the audit committee report of the company and the group for the year ended 30 September 2011.

Ordinary resolution number 1: Adoption of audited financial statements

"Resolved that the audited consolidated annual financial statements of the company and its subsidiaries, together with the audit committee report and the directors' report for the year ended 30 September 2011, be and are hereby received and adopted."

Reason for and effect of ordinary resolution number 1

The purpose of this ordinary resolution is to approve the audited financial statements of the company and its subsidiaries, which audited financial statements are set out on pages 81 to 119 of the document of which this notice

Notice of annual general meeting continued

of annual general meeting forms part (the integrated report). You may also view the complete AFS on the company's website at www.oceana.co.za, alternatively, a shareholder who wishes to receive a printed copy of the AFS should contact the company's transfer secretaries. A copy of the complete annual financial statements will be presented at the annual general meeting.

In terms of section 61(8)(a) of the Companies Act, the company must present the audit committee report and the directors' report at the annual general meeting of the company. The directors' report is set out on page 81, and the audit committee report is set out on pages 82 to 83, of the integrated report to which this notice of annual general meeting is attached.

2. In terms of the articles 12 and 13 of the company's memorandum of incorporation the following directors retire by rotation but, being eligible, offer themselves for re-election: ZBM Bassa, PB Matlare, RG Nicol, PM Roux, TJ Tapela and FP Kuttel. A brief curriculum vitae of each of the aforesaid directors appears on page 7 of the integrated report.

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors named above by way of passing the separate ordinary resolutions set out below:

2.1 Ordinary resolution number 2.1: Election of Zarina Bibi Mahomed Bassa as director

"Resolved that ZBM Bassa who retires in terms of article 12.3 of the company's memorandum of incorporation, and, being eligible, be and is hereby elected as a director of the company."

2.2 Ordinary resolution number 2.2: Election of Philidon Martin Roux as director

"Resolved that PM Roux who retires in terms of article 12.3 of the company's memorandum of incorporation, and, being eligible, be and is hereby elected as a director of the company."

2.3 Ordinary resolution number 2.3: Election of Francois Paul Kuttel as director

"Resolved that FP Kuttel who retires by rotation in terms of article 13.1 of the company's memorandum of incorporation, and, being eligible, be and is hereby elected as a director of the company."

2.4 Ordinary resolution number 2.4: Election of Peter Bambatha Matlare as director

"Resolved that PB Matlare who retires by rotation in terms of article 13.1 of the company's memorandum

of incorporation, and, being eligible, be and is hereby elected as a director of the company."

2.5 Ordinary resolution number 2.5: Election of Rodney Gerald Nicol as director

"Resolved that RG Nicol who retires by rotation in terms of article 13.1 of the company's memorandum of incorporation, and, being eligible, be and is hereby elected as a director of the company."

2.6 Ordinary resolution number 2.6: Election of Takula Jenkins Tapela as director

"Resolved that TJ Tapela who retires by rotation in terms of article 13.1 of the company's memorandum of incorporation, and, being eligible, be and is hereby elected as a director of the company."

Reason for and effect of ordinary resolutions numbers 2.1 to 2.6

The election of each director who was appointed in the preceding year or who retires by rotation, is required at the company's annual general meeting in terms of section 62 of the Companies Act, read with articles 12 and 13 of the company's MOI. The election will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act. Brief résumés of the candidates for election as directors are presented on page 7 of the integrated report. The effect of passing the above ordinary resolutions will be to elect the persons concerned to the board of the company with effect from the date of the annual general meeting.

3. To reappoint Deloitte & Touche as the independent auditor of the company for the ensuing financial year.

Ordinary resolution number 3: To reappoint Deloitte & Touche as auditor

"Resolved that Deloitte & Touche is hereby reappointed as the auditor of the company for the ensuing financial year until the date of the next annual general meeting, with Mr Geoffrey Fortuin, a registered auditor and member of the firm as the partner responsible for the supervision and direction of the audit."

Reason for and effect of Ordinary resolution number 3

In compliance with section 90(1) of the Companies Act, a public company must each year, at its annual general meeting, appoint an auditor. The audit committee has recommended the reappointment of Deloitte & Touche as auditor of the company. Section 94(9) of the Companies Act entitles a company to appoint an auditor at its annual general meeting, other than one nominated by the audit

committee, but if such an auditor is appointed, the appointment is valid only if the audit committee is satisfied that the proposed auditor is independent of the company.

The effect of passing of this resolution will be to appoint Deloitte & Touche as the company's auditor until the date of the next annual general meeting.

4. To elect an audit committee to conduct the duties and responsibilities as outlined in section 94(7) of the Companies Act.

4.1 Ordinary resolution number 4.1: Election of Zarina Bibi Mahomed Bassa as a member of the audit committee

"Resolved that ZBM Bassa be and is hereby elected as a member of the audit committee of the company, subject to her being elected as a director of the company."

4.2 Ordinary resolution number 4.2: Election of Peter Gerard de Beyer as a member of the audit committee

"Resolved that PG de Beyer be and is hereby elected as a member of the audit committee of the company."

4.3 Ordinary resolution number 4.3: Election of Saamsodein Pather as a member of the audit committee

"Resolved that S Pather be and is hereby elected as a member of the audit committee of the company."

Reason for and effect of ordinary resolution numbers 4.1 to 4.3

In terms of the Companies Act, the audit committee is no longer a committee of the board but a committee elected by the shareholders at each annual general meeting.

Section 94(2) of the Companies Act requires a public company, at each annual general meeting, to elect an audit committee comprising at least three members unless (i) the company is a subsidiary of another company that has an audit committee and (ii) the audit committee of that other company will perform the functions required under section 94 on behalf of the subsidiary company.

Section 94(4)(a) of the Companies Act requires, among other things, that each member of the audit committee must be a director of the company. Brief résumés of the candidates for election to the audit committee are presented on page 7 of the integrated report.

The effect of passing this resolution will be to elect the above persons as members of the company's audit committee.

5. To place the 320 000 (three hundred and twenty thousand) unissued authorised ordinary shares in the capital of the company, required to meet the company's existing obligations in terms of options that have been granted in terms of the Oceana Group (1985) Share Option Scheme ("Scheme"), under the control of the directors and to specifically authorise the directors to issue such shares, if required in accordance with the Scheme, until the next annual general meeting, subject to the provisions of the Companies Act, the MOI and the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

Ordinary resolution number 5: Placing of shares under control of directors

"Resolved that, subject to the provisions of section 41 of the Companies Act and the JSE Listings Requirements, the directors be authorised to allot and issue from the authorised but unissued ordinary share capital of the company, up to 320 000 shares in the authorised share capital of the company from time to time, in terms of the rules of the Oceana Group (1985) Share Option Scheme ("Scheme") for the benefit of participants in the Scheme, such authority to endure until the forthcoming annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months after the date of this meeting)."

Reason for and effect of Ordinary resolution number 5

The Scheme has been in place since it was initially approved by shareholders. This resolution confirms the authority of the directors to issue shares in terms of the Scheme, but subject to the terms of the Scheme.

The directors have decided to seek a renewal of the annual authority to issue shares in terms of the Scheme as a matter of good corporate governance.

6. Non-binding advisory vote on the remuneration policy of the company:

Non-binding advisory vote: Approval of remuneration policy

"Resolved that the remuneration policy of the company, as set out on page 71 of the integrated report of which this notice of annual general meeting forms part, be and is hereby endorsed through a non-binding advisory vote as recommended in terms of the King Code on Governance for South Africa 2009.

Reason for and effect of non-binding advisory vote

In terms of principle 2.27 of the King Code on Governance for South Africa 2009, the company's remuneration policy should be tabled to the shareholders of the company for a

Notice of annual general meeting continued

non-binding advisory vote at the annual general meeting. Accordingly, the shareholders are requested to endorse the company's remuneration policy by way of a non-binding advisory vote in the same manner as an ordinary resolution.

7. Financial assistance to related or inter-related companies and others

Special resolution number 1: Financial assistance to group companies

"In terms of and subject to the provisions of section 45 of the Companies Act, the shareholders of the company hereby approve, as a general approval, the provision by the company (subject to the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements from time to time), at any time and from time to time, during the period of 2 (two) years commencing on the date of this special resolution, of any direct or indirect financial assistance contemplated in the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the company on such terms and conditions as the board of directors of the company, or any one or more persons authorised by the board of directors of the company from time to time for such purpose, deems fit and to the extent to which the Companies Act requires any other approval by the shareholders of the company pursuant to the provision of financial assistance, such approval is hereby granted."

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to obtain approval from the shareholders so as to enable the company to provide financial assistance, when the need arises, in accordance with the provisions of section 45 of the Companies Act. The effect of special resolution number 1 is that the company will have the necessary authority to provide such financial assistance to any 1 (one) or more related or inter-related companies or corporations of the company as contemplated in special resolution number 1 as and when required to do so. The board of the company undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in Section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in Section 45(3)(b)(ii) of the Companies Act.

8. Non-executive directors' remuneration

Special resolution number 2: Remuneration of non-executive directors

"Resolved that the annual remuneration of the non-executive directors of the company in their capacity as directors for the period 1 October 2011 to 30 September 2012, be and is hereby approved.

	R
As chairman of the board	455 000
As lead independent director	215 000
As a member of the board	160 000
As chairman of the audit committee	103 000
As a member of the audit committee	63 000
As chairman of the remuneration and nominations committee	86 000
As a member of the remuneration and nominations committee	52 000
As chairman of the risk committee	80 000
As a member of the risk committee	48 000
As chairman of the social, ethics and transformation committee	80 000
As a member of the social, ethics and transformation committee	48 000

and in addition that non-executive directors be paid an amount of R2 000 (two thousand rand) 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 company's remuneration and nominations committee and the chief executive officer."

Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to approve the annual remuneration of the non-executive directors of the company to be paid for their services in their capacity as directors only and their rate of remuneration for ad hoc services in extraordinary circumstances, in accordance with section 66(9) of the Companies Act, for the year ending 30 September 2012.

9. General authority to repurchase shares

Special resolution number 3: General authority to repurchase shares

"Resolved that the company hereby approves, as a general approval contemplated in section 48 of the Companies Act, the acquisition by the company or any of its subsidiaries from time to time, of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the company's MOI, the provisions of the

Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided that the company and 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 JSE Listings Requirements (as they may be amended from time to time) are met:

1. any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
2. any such repurchase of ordinary shares is authorised by the company's MOI;
3. at any point in time, the company may only appoint one agent to effect any repurchase(s) on its behalf;
4. 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;
5. a paid press announcement containing full details of the acquisitions will be published not later than 08:30 on the business day following the date on which the company and/or its subsidiaries have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares of that class in issue at the time of granting of this general authority, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter;
6. acquisitions by the company and its subsidiaries of shares in the share capital of the company may not, in the aggregate, exceed in any one financial year 20% (twenty percent) (or 10% (ten percent) where such acquisitions relate to the acquisition by a subsidiary) of the company's issued share capital;
7. in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general authority, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the company or its subsidiaries;
8. the company and/or its subsidiaries are not acquiring shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
9. the company will not make any repurchase until such time as the company's sponsor has 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);
10. in the case of a derivative (as contemplated in the JSE Listings Requirements) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the JSE Listings Requirements; and
11. any acquisitions are subject to exchange control approval at that point in time."

Reason for and effect of special resolution number 3

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

The directors are of the opinion that it would be in the best interests of the company to extend the current authority for the repurchase of shares by the company or its subsidiaries, allowing the company or any of its subsidiaries to be in a position to repurchase or purchase, as the case may be, the shares issued by the company through the order book of the JSE, should the market conditions and price, as well as the financial position of the company, justify such action, as determined by the directors.

Notice of annual general meeting continued

Repurchases or purchases, as the case may be, will only be made after careful consideration, where the directors consider that such repurchase or purchase, as the case may be, will be in the best interests of the company and its shareholders.

Statement by the board of directors of the company regarding special resolution number 3

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the company hereby states that:

- (a) the intention of the directors of the company is to utilise the general authority to acquire shares in the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company;
- (b) in determining the method by which the company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the company will only make the acquisition if at the time of the acquisition they are of the opinion that:
 - the company and the group will be able to pay their debts as they become due in the ordinary course of business for the next twelve months after the date of the general repurchase;
 - the assets of the company and the group, fairly valued in accordance with the accounting policies used in the latest audited financial statements, will be in excess of the liabilities of the company and the group for the next twelve months after the date of the general repurchase;
 - the issued share capital and reserves of the company and the group will be adequate for ordinary business purposes of the company or any acquiring subsidiary for the next twelve months after the date of the general repurchase;
 - the working capital available to the company and the group will be sufficient for ordinary business purposes for the next twelve months after the date of the general repurchase; and
 - a working capital statement will be obtained from the company's Sponsor as and when any acquisition of its shares is contemplated.

For purposes of considering special resolution number 3 and in compliance with paragraph 11.26(b) of the JSE Listings Requirements, the integrated report to which this notice of annual general meeting is attached provides details of:

- the directors and secretary of the company on pages 6, 7 and inside back cover respectively;
- the major shareholders of the company on page 119;
- the directors' interests in shares in the company on page 75; and
- the share capital of the company in note 19 on pages 106 and 107, and an analysis of the shareholders (including beneficial shareholders – who hold 5% or more of the issued share capital of the company – and of which the company is aware, but who are not registered shareholders) on page 119.

Material changes (paragraph 11.26 (b)(iii) of the JSE Listings Requirements):

There have been no material changes to the company and the group's financial or trading position (other than as disclosed in the accompanying integrated report).

Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, since the date of signature of the integrated report, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had, a material effect on the financial position of the group between the date of last integrated report's publication and the date of publication hereof.

Directors' responsibility statement

The directors, whose names are given on page 7 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given 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 integrated report and this notice contains all information required by law and the JSE Listings Requirements.

10. To authorise the directors to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions contained in this notice of annual general meeting:

Ordinary resolution number 6: Authorisation of directors

“Resolved that a director of the company or the company secretary be and is hereby authorised to sign all such documentation and to do all such things as may be necessary for or incidental to the implementation of ordinary resolutions 1 to 5 and special resolutions 1 to 3 which are passed by the shareholders of the company”.

11. To transact such other business as may be transacted at an annual general meeting.

The percentage of voting rights of the votes, present, in person, represented or by proxy at the annual general meeting, required for the passing of each special resolution proposed above is 75% (seventy five per cent) of the voting rights cast on such resolutions and for the passing of each ordinary resolution proposed above is more than 50% (fifty per cent) of the voting rights cast on such resolution.

General instructions and information

All shareholders are encouraged to attend, speak and vote at the annual general meeting and are entitled to appoint a proxy to attend, participate in and vote at the annual general meeting in the place of the shareholder, or to appoint two or more proxies concurrently. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the company. On a show of hands, every shareholder of the company present in person or represented shall have one vote only. On a poll, every shareholder present in person, by proxy or represented shall have one vote for every share held.

If you hold certificated shares (i.e. have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant (“CSDP”) to hold your shares in your own name on the company’s subregister), then:

- you may attend and vote at the annual general meeting; alternatively
- you may appoint a proxy (who need not also be a shareholder of the company) to represent you at the annual general meeting by completing the attached form of proxy and, for administrative reasons, returning it to the office of the company’s transfer secretaries in South Africa not less than 24 hours before the time appointed for the holding of the

annual general meeting (excluding Saturdays, Sundays and public holidays) or to the company at the venue of the annual general meeting, provided that, should you return such form of proxy to the Transfer Secretaries in South Africa at the above addresses (see “Corporate Information”) less than 24 hours before the annual general meeting, you will also be required to furnish a copy of such form of proxy to the chairman of the annual general meeting or his nominee before the appointed proxy exercises any of your shareholder rights at the annual general meeting (or any postponement or adjournment of the annual general meeting). Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Companies Act.

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE’s electronic settlement system, Strate Limited (“Strate”), held through a CSDP or broker and are not registered as an “own name” dematerialised shareholder you are not a registered shareholder of the company, but appear on the subregister of the company held by your CSDP. Accordingly, in these circumstances subject to the mandate between yourself and your CSDP or broker, as the case may be:

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

CSDPs, brokers or their nominees, as the case may be, 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 owner on behalf of whom they hold dematerialised shares in the company, may 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, for administrative reasons, returning it to the company’s transfer secretaries in South Africa

Notice of **annual general meeting** continued

not less than 24 hours before the time appointed for the holding of the annual general meeting (excluding Saturdays, Sundays and public holidays) or to the company at the venue of the annual general meeting, provided that, should you return such form of proxy to the company's transfer secretaries in South Africa at the above addresses (see "Corporate information") less than 24 hours before the annual general meeting, you will also be required to furnish a copy of such form of proxy to the chairman of the annual general meeting or his nominee before the appointed proxy exercises any of your shareholder rights at the annual general meeting (or any postponement or adjournment of the annual general meeting).

Note that voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them.

Shareholders of the company which are companies and wish to participate in the annual general meeting, may authorise any person to act as their representative at the annual general meeting.

By order of the board



OCEANA GROUP LIMITED

per: JC Marais

Company secretary

10 November 2011



Form of proxy

Annual general meeting Friday, 17 February 2012

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
("the company")

For use at the annual general meeting of shareholders of the company to be held at 7th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001 on Friday, 17 February 2012 at 14:00.

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, as the case may be, unless they are recorded on the subregister as "own name" dematerialised shareholders ("own name dematerialised shareholders"). Generally, a shareholder will not be an own name dematerialised shareholder unless the shareholder has specifically requested the CSDP to record the shareholder as the holder of the shares in the shareholder's 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 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 shareholder at the annual general meeting and any adjournment or postponement thereof.

Please note the following:

- the appointment of a proxy will be suspended at any time and to the extent that a shareholder chooses to act directly and in person in the exercise of the shareholder's rights as a shareholder at the annual general meeting;
- the appointment of the proxy is revocable; and
- a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company which is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the Companies Act, No. 71 of 2008, as amended ('Companies Act') requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Note that voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them.

My/our proxy may delegate to another person his/her authority to act on my behalf at the annual general meeting, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the annual general meeting to a director of the company;
- must provide written notification to the transfer secretaries of the company in South Africa, namely Computershare Investor Services Proprietary Limited, of the delegation by my/our proxy of his/her authority to act on my behalf at the annual general meeting by no later than 14:00 on Thursday, 16 February 2012, being 24 hours before the annual general meeting to be held at 14:00 on Friday, 17 February 2012; and
- must provide to his/her delegate a copy of his/her authority to delegate his/her authority to act on my behalf at the annual general meeting.

Refer to notes that follow the resolutions.

To be returned to the transfer secretaries of Oceana Group Limited, namely

Computershare Investor Services Proprietary Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107

as soon as possible to be received, for administrative reasons, not later than 24 hours before the meeting.

Form of proxy continued

I/we (full names) _____

of (address) _____

Telephone: Work _____ Cell _____ Home _____

being a shareholder(s) of the company, holding _____ shares in the company

hereby appoint (refer note 1): _____ or failing him/her

_____ or failing him/her

or failing him/her the chairperson of the annual general meeting as my/our proxy to act for me/us on my/our behalf at the aforementioned annual general meeting of shareholders of the company and at any adjournment or postponement thereof in accordance with the following instructions:

Insert an 'X' in the relevant spaces according to how you wish your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of shares in respect of which you desire to vote (see note 2). Unless otherwise instructed my/our proxy can vote as he/she deems fit.		Votes		
Resolutions		For	Against	Abstain
1. Ordinary resolution number 1: Adoption of AFS, audit committee report and directors' report				
2.1 Ordinary resolution number 2.1: Election of ZBM Bassa as director				
2.2 Ordinary resolution number 2.2: Election of PM Roux as director				
2.3 Ordinary resolution number 2.3: Election of FP Kuttel as director				
2.4 Ordinary resolution number 2.4: Election of PB Matlare as director				
2.5 Ordinary resolution number 2.5: Election of RG Nicol as director				
2.6 Ordinary resolution number 2.6: Election of TJ Tapela as director				
3. Ordinary resolution number 3: Appointment of Deloitte & Touche as auditor				
4.1 Ordinary resolution number 4.1: Election of ZBM Bassa as audit committee member				
4.2 Ordinary resolution number 4.2: Election of PG de Beyer as audit committee member				
4.3 Ordinary resolution number 4.3: Election of S Pather as audit committee member				
5. Ordinary resolution number 5: Specific authority to issue and allot shares in terms of Oceana Group (1985) Share Option Scheme				
6. Non-binding advisory vote: Approve the company's remuneration policy				
7. Special resolution number 1: Approve and authorise the provision of financial assistance by the company as contemplated in section 45 of the Companies Act				
8. Special resolution number 2: Approve the non-executive directors' remuneration in their capacity as directors only				
9. Special resolution number 3: General approval and authorisation to repurchase the issued shares by the company or its subsidiaries				
10. Ordinary resolution number 6: Authorisation for the directors to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions contemplated herein				

Signed at _____ on this _____ day of _____ 2012

Signature _____

assisted by (where applicable) signature _____

Name of signatory _____ Name of assistant _____

Capacity _____ Capacity _____

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

Summary of shareholders's rights in respect of proxy appointments as contained in section 58 of the Companies Act.

Please note that in terms of section 58 of the Companies Act:

- this proxy form must be dated and signed by the shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at the annual general meeting on your behalf and may appoint more than one proxy to exercise voting rights attached to shares held by you;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- this proxy form must be delivered to the company (at the venue of the annual general meeting), or (by the time specified in this proxy form) to the transfer secretaries of the company in South Africa, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the annual general meeting;
- the appointment of your proxy or proxies will be suspended at any time and to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting;
- the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;
- if this proxy form has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to you will be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this proxy form; and
- the appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of one year, whichever is shortest, unless it is revoked by you before then on the basis set out above.

Please also read the notes overleaf.

Form of proxy continued

Notes relating to form of proxy

1. A certificated or own name dematerialised shareholder or nominee of a CSDP or broker registered as a shareholder 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 chairperson of the annual general meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as 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.
2. A shareholder's instructions to the proxy must be indicated in the appropriate space provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised 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, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.
3. Proxy forms should be lodged with the company's transfer secretaries in South Africa, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, or posted to Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy should, for administrative reasons, be received by or lodged with the company's transfer secretaries by no later than 24 hours (excluding Saturdays, Sundays and public holidays) before the annual general meeting (i.e. by 14:00 on Thursday, 16 February 2012) but may be furnished to the chairman of the meeting or his nominee at the time and venue of the meeting (or any postponement or adjournment thereof) before your proxy exercises any of your shareholder rights at such meeting.
4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. 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 shareholders, will be accepted.
6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting. CSDPs or brokers registered as shareholders 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's transfer secretaries together with this form of proxy.
7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
9. Certificated shareholders which are a company or body corporate may by resolution of their directors, or other properly authorised body, in terms of section 57 of the Companies Act, authorise any person to act as their representative.
10. The chairperson of the annual general meeting may, in his/her discretion, accept or reject any form of proxy which is completed other than in accordance with these notes.
11. If required, additional forms of proxy are available from the company's transfer secretaries or the registered office of the company.
12. If you are the owner of dematerialised shares held through a CSDP or broker (or its nominee) and are not an own name dematerialised shareholder, then you are not a shareholder of the company, but appear as the holder of a beneficial interest on the relevant subregister of the company held by your CSDP. Accordingly, in these circumstances, do NOT complete this proxy form subject to the mandate between yourself and your CSDP or broker:
 - if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; 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, as the case may be, and furnish them with your voting instructions in respect of the annual general meeting and/or request them to appoint a proxy. You must not complete the attached form of proxy. Your instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, 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 by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the company's transfer secretaries to be received, for administrative reasons, not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

Administration

Registered office and business address

9th Floor, Oceana House
25 Jan Smuts Street
Foreshore, 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

JC Marais (39)
BA LLB
Appointed in 2011

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

Annual general meeting

30 September

February

Reports and profit statements

Interim report
Announcement of annual results
Integrated report
Dividends

Published May
Published November
Published December
– Interim declared May, paid July
– Final declared November, paid January

