OCEANA GROUP

Oceana Group Integrated Report 2012

ABOUT THIS REPORT

SCOPE, BOUNDARY AND REPORTING CYCLE

Oceana Group Limited's 2012 Integrated Report provides material information relating to the group's strategy, governance practices and performance for the financial year ended 30 September 2012. The report covers the full business operations of the group, which comprises subsidiaries in the fishing and commercial cold storage industries in South Africa and Namibia.

This is Oceana's second integrated report that has been produced in line with the expectations of the King III Report on Corporate Governance. The report provides a concise and balanced account of the group's performance and approach to addressing those financial, social, economic, environmental and governance issues that have an impact on the long-term success of the business. Although targeted primarily at the group's shareholders, analysts and investors, the report will be of interest to all stakeholders who wish to make an informed assessment of the group's ability to create value over the short, medium and long term.

The report focuses primarily on the main operations and activities that contribute to Oceana's performance, namely, canned fish and fishmeal; lobster, squid and French fries; horse mackerel and hake; and commercial cold storage.

OCEANA

Striving to be a leader in empowered fishing and commercial cold storage

Unless otherwise stated, all performance data is for the 12-month period ended 30 September 2012, and relates to all of the group's South African and Namibian operations, including Blue Atlantic Trading and Etosha Fisheries. The B-BBEE assessment, as well as the employment equity statistics, excludes non-South African companies and Blue Atlantic Trading. There has been no significant change to the group's organisational structure since 2011, nor were there any significant restatements of data during the year; any significant data restatement has been indicated.

REPORTING PRINCIPLES

In preparing this report, Oceana applied the principles contained in the King III Report on Corporate Governance, the JSE Listings Requirements, International Financial Reporting Standards and the Companies Act, No 71 of 2008. The report also draws on the guidance provided in the Discussion Paper, Towards Integrated Reporting, issued by the International Integrated Reporting Council. Detailed commentary has been provided to explain the reasons for certain principles in King III not being complied with fully.

EXTERNAL AUDIT AND ASSURANCE

An independent audit of the group's annual financial statements was performed by Deloitte & Touche. The broad-based black economic empowerment scorecard information was verified independently by Empowerdex. The carbon footprint data was compiled independently by Global Carbon Exchange and verified by Promethium Carbon. The rest 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.

Please address any queries or comments on this report to **jillianm@oceana.co.za**


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SEA FROZEN
SEA FROZEN


PILCHARDS
TOMATO SAUCE
PILCHARDS

Abbreviations and acronyms used in this report

AFS	Annual financial statements
Aids	Acquired immune deficiency syndrome
B-BBEE	Broad-based black economic empowerment
BCP	Blue Continent Products (Pty) Limited
BUSA	Business Unity South Africa
CCS	Commercial Cold Storage Group Limited
CDLI	Carbon Disclosure Leadership Index
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CSI	Corporate social investment
DAFF	Department of Agriculture, Forestry and Fisheries
DoL	Department of Labour
DTI	Department of Trade and Industry
EPS	Earnings per share
EU	European Union
FAWU	Food and Allied Workers Union
GHG	Greenhouse gas
grt	gross registered tons
HEPS	Headline earnings per share
HIV	Human immunodeficiency virus
HR	Human resources
IFFO	The International Fishmeal and Fish Oil Organisation
IFRS	International Financial Reporting Standards
IS	Information Systems
IQF	Individually quick frozen
JSE	Johannesburg Stock Exchange
JV	Joint venture
LBF	Lamberts Bay Foods Limited
LSM	Living Standards Measure
MSC	Marine Stewardship Council
Nedlac	The National Economic Development and Labour Council
NRCS	National Regulator for Compulsory Specifications
NSX	Namibian Stock Exchange
Oceana group	Oceana Group Limited and subsidiaries
QSR	Quick service restaurant
RFA	Responsible Fisheries Alliance
SAMSA	South African Maritime Safety Association
SASSI	Southern African Sustainable Seafood Initiative
SCA	Supreme Court of Appeal
SRI	Socially responsible investment
STC	Secondary tax on companies
TAC	Total allowable catch
USA	United States of America
USD	United States dollar
WWF	World Wide Fund for Nature
ZAR	South African rand

REVENUE

R4,65 billion ⇑27%

2011: R3,66 billion

OPERATING PROFIT BEFORE ABNORMAL ITEMS

R711,0 million ⇑39%

2011: R512,7 million

HEADLINE EARNINGS PER SHARE – BASIC

455,7 cents ⇑37%

2011: 333,7 cents

HEADLINE EARNINGS PER SHARE – DILUTED

419,8 cents ⇑34%

2011: 312,7 cents

DIVIDEND PER SHARE

301,0 cents ⇑37%

2011: 220,0 cents

CONTENTS

GROUP HIGHLIGHTS

	2012 R'000	2011 R'000	% Change
OPERATING RESULTS			
Revenue	**4 647 951**	3 657 196	27
Operating profit before abnormal items	**711 025**	512 689	39
Headline earnings	**456 158**	333 210	37
FINANCIAL POSITION			
Total assets	**2 568 728**	2 022 996	27
Net assets	**1 584 540**	1 358 428	17
PERFORMANCE	**Cents per share**	Cents per share	
Headline earnings – basic	**455,7**	333,7	37
Headline earnings – diluted	**419,8**	312,7	34
Dividends	**301,0**	220,0	37
Headline dividend cover (times)	**1,5**	1,5	
Net asset value	**1 581,1**	1 359,3	16

ECONOMIC

- Oceana was listed as the 18th Top Performing Company in South Africa in a *Financial Mail Special Edition*.
- Lucky Star was ranked 2nd in the Tinned Food category for a third consecutive year, and 8th in the Overall Favourite Brand category in the annual Sunday Times/TNS Top Brands Survey.
- Oceana's market capitalisation topped R6,4 billion (2011: R4,5 billion).

ORGANISATIONAL

- Oceana's broad-based black economic empowerment (B-BBEE) score improved marginally and the group maintained its status as a black owned and black controlled level 2 B-BBEE contributor, which was verified by independent accredited rating agency, Empowerdex.
- Oceana was listed as the 4th Most Empowered Company on the JSE Limited in a *Financial Mail Special Edition*.
- The group completed and implemented a corporate brand realignment strategy to improve overall brand positioning and stakeholder management.
- A group-wide roll-out of the Oceana corporate values was implemented and completed.

ENVIRONMENTAL

- Oceana was included in the JSE's Socially Responsible Investment (SRI) Index for eight consecutive years and published its Carbon Footprint Report.
- Oceana received a Gold award for its conclusion in the Carbon Disclosure Leadership Index (CDLI).
- Oceana became a signatory to the United Nations Global Compact in South Africa.
- Oceana became a signatory to a joint declaration on action for wild marine fisheries initiated by the Prince's Charities International Sustainability Unit and spearheaded by the heir to the British throne, His Royal Highness Prince Charles.
- Oceana's fishmeal and fish oil operations were certified as responsibly sourced and supplied by the International Fishmeal and Fish Oil Organisation (IFFO).

SOCIAL

- Oceana proudly launched the *Oceana Foundation* through which all future funding for corporate social investment (CSI) projects will be directed.
- Oceana invested a total of R5,2 million in projects focused on education and food security in the local communities in which it operates during 2012.
- Oceana increased the number of permanent employees from 1 711 in 2011 to 1 849 in 2012.
- Significant value was created through the Khula Trust for the 2 056 employee beneficiaries.

OPERATING SEGMENTS' REPORT

BUSINESS SEGMENT	2012 R'000	2011 R'000	% Change	2012 R'000	2011 R'000	% Change
	Revenue[1]			**Operating profit[2]**		
Canned fish and fishmeal	**2 582 636**	1 981 722	30	**318 941**	171 761	86
Lobster, squid and French fries	**350 443**	286 574	22	**29 538**	13 399	120
Horse mackerel and hake	**1 435 082**	1 170 907	23	**296 578**	273 795	8
Commercial cold storage	**279 790**	217 993	28	**65 968**	53 734	23
Total	**4 647 951**	3 657 196	27	**711 025**	512 689	39
	Total assets			**Total liabilities**		
Canned fish and fishmeal	**1 362 685**	789 994	72	**515 752**	250 063	106
Lobster, squid and French fries	**95 680**	136 782	(30)	**44 808**	60 169	(26)
Horse mackerel and hake	**427 057**	319 370	34	**220 055**	212 653	3
Commercial cold storage	**241 002**	214 342	12	**60 456**	43 493	39
Financing	**419 117**	549 304	(24)	**52 572**	15 598	237
	2 545 541	2 009 792	27	**893 643**	581 976	54
Deferred taxation	**23 187**	13 204	76	**41 843**	41 669	0
Total	**2 568 728**	2 022 996	27	**935 486**	623 645	50
	Capital expenditure			**Depreciation**		
Canned fish and fishmeal	**16 253**	47 726	(66)	**20 588**	20 160	2
Lobster, squid and French fries	**5 477**	7 654	(28)	**5 507**	4 370	26
Horse mackerel and hake	**16 963**	29 027	(42)	**27 940**	25 201	11
Commercial cold storage	**31 053**	41 581	(25)	**32 305**	27 478	18
Total	**69 746**	125 988	(45)	**86 339**	77 209	12

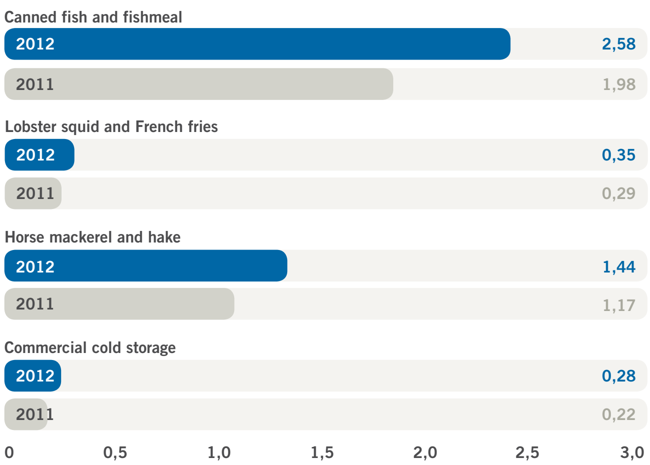
REVENUE PER REGION[3]	2012 R'000	2011 R'000	
	Revenue[1]		
South Africa and Namibia	**3 097 288**	2 453 295	26
Other Africa	**880 734**	690 811	27
Europe	**381 716**	205 066	86
Far East	**251 807**	260 282	(3)
Other	**36 406**	47 742	(24)
Total	**4 647 951**	3 657 196	27

1 *Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation amounting to: Canned fish and fishmeal R0,3 million (2011: Rnil), Horse mackerel and hake R27,3 million (2011: R41,9 million), Commercial cold storage R30,5 million (2011: R31,7 million).*

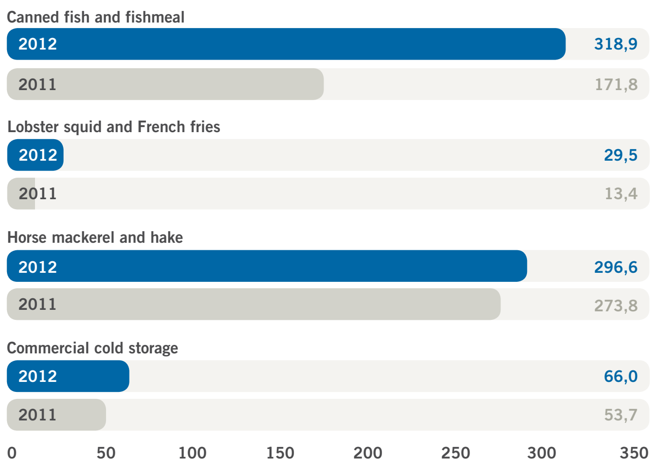
2 *Operating profit is stated before abnormal items.*

3 *Revenue per region discloses the region in which product is sold.*

REVENUE PER BUSINESS SEGMENT (R billion)



OPERATING PROFIT PER BUSINESS SEGMENT (R million)



GROUP PROFILE

INCORPORATED
1918

TOTAL NUMBER OF PERMANENT EMPLOYEES
1 849

LISTED ON
JSE & NSX

KHULA TRUST SHAREHOLDING
11,8%

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 Stock Exchange (NSX).

Oceana employs more than 3 000 people in both South Africa and Namibia.

Oceana is a majority black-owned company and a level 2 B-BBEE contributor.

The group's key divisions are: Lucky Star; Blue Continent Products; Oceana Lobster, Calamari Fishing, Lamberts Bay Foods; and CCS Logistics (Commercial Cold Storage in Namibia).

Its core fishing business is the catching, processing, marketing and distribution of canned fish, fishmeal, fish oil, lobster, horse mackerel, squid and hake. Oceana products are sold and consumed in many African countries, the Far East, European Union (EU), USA and Australia.

Oceana has interests in the Namibian horse mackerel midwater trawl industry, as well as in a pilchard cannery and cold storage facility in Walvis Bay.

The cold storage business provides public refrigerated warehouse facilities with operations in Cape Town, Durban, Johannesburg and Walvis Bay. Now in its 41st year, the company's storage capacity has grown to more than 110 000 pallet positions.

Oceana is committed to and supports responsible fishing practices. All of its commercial fishing rights fall within the Green category of the Southern African Sustainable Seafood Initiative (SASSI) consumer list.

Oceana is a member of the Responsible Fisheries Alliance (RFA), which is a partnership with WWF (World Wide Fund for Nature) and other large-scale commercial industry players, namely, Oceana, I&J, Sea Harvest and Viking Fisheries to enhance an ecosystems approach to fisheries management.

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 (MSC).

Oceana's fishmeal and fish oil plants are certified by the IFFO.

OWNERSHIP PROFILE

OCEANA SHAREHOLDER	NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL ISSUED SHARES
Tiger Brands	44 699 463	37,4
Brimstone	20 096 755	16,8
Khula Trust	14 099 383	11,8
Other	40 533 556	34,0
Total	**119 429 157**	**100,0**

SEE www.oceana.co.za FOR MORE DETAILS

MISSION, VALUES AND OBJECTIVES

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
- Oceana's reputation is an asset
- Oceana's customers and suppliers are its partners
- Oceana's performance rewards its shareholders' expectations

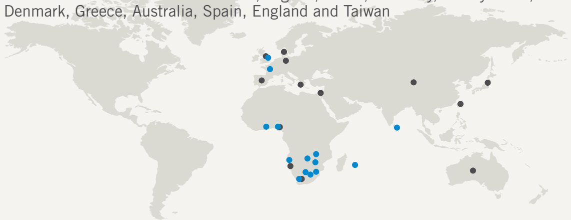
KEY GROUP OBJECTIVES

- Secure and expand the group's fishing rights by being an industry-leading steward of the marine resources allocated to it
- Maintain the performance of the group's management and staff
- Maintain an independently accredited B-BBEE level 2 rating
- Ensure the long-term sustainability of the group's operations in accordance with the expectations of its customers and investors
- Protect and enhance the reputation of the group and its brands
- Achieve growth in headline earnings per share (HEPS) and deliver superior returns to shareholders

GROUP AT A GLANCE

CANNED FISH AND FISHMEAL

- **CANNED FISH:** South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe, Zambia, Malawi, Angola, United Kingdom, France, Mauritius, Ghana and Sri Lanka
- **FISHMEAL AND FISH OIL:** South Africa, Nigeria, China, Germany, Turkey/Israel, Denmark, Greece, Australia, Spain, England and Taiwan



REVENUE	OPERATING PROFIT before abnormal items
R2,58 billion	**R318,9** million
2011: R1,98 billion	**2011:** R171,8 million

LUCKY STAR

PRODUCTS

- *Canned fish: Lucky Star and Lucky Pet products*
- *Fishmeal and fish oil*

CANNED FISH

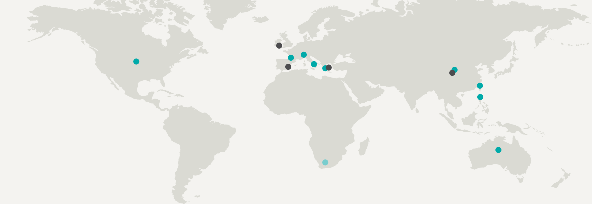
- Canned fish is a key protein choice of Southern African consumers, consumed in 2,6 million meals daily
- Canned pilchards are marketed and sold under the Lucky Star, Seafarer and Seafare brands in South African and other African markets
- Canned tuna, sardines, jack mackerel and mackerel are marketed 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 pilchards are marketed under the Glenryck brand in the UK
- Largest EU-accredited canner of pilchard in South Africa
- Own fleet consists of three steel refrigerated seawater vessels in South Africa (to be increased to four in 2013) and three in Namibia
- Holds supply contracts with local and offshore canners
- Healthy and affordable product endorsed by the Heart and Stroke Foundation and Diabetes SA
- The Lucky Star brand was ranked the 8th most favourite brand overall in South Africa and 2nd in the tinned foods category in the 2012 Sunday Times/TNS Top Brands survey

FISHMEAL AND FISH OIL

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

LOBSTER, SQUID AND FRENCH FRIES

- **LOBSTER:** Australia, China, France, Greece, Hong Kong, Italy, Japan, Switzerland, Taiwan, USA
- **SQUID:** Greece, Ireland, Italy, Japan, Spain
- **FRENCH FRIES:** South Africa



REVENUE	OPERATING PROFIT before abnormal items
R350,4 million	**R29,5** million
2011: R286,6 million	**2011:** R13,4 million

OCEANA LOBSTER; CALAMARI FISHING; LAMBERTS BAY FOODS

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
- Stable demand for lobster 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
- Contracts with independent rights holders

SQUID

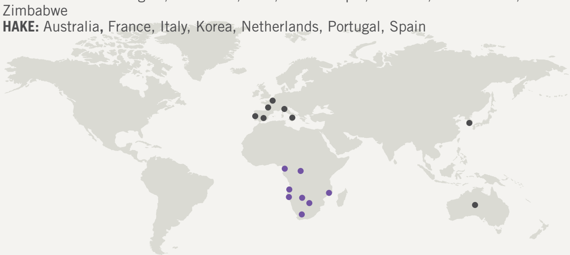
- Fleet of five freezer vessels, and contracts with independent vessel owners
- Packing and cold storage facilities in Port Elizabeth
- Operates individual quick-freeze packing facilities on board vessels
- Produces squid for export, mainly to Spain and Italy

FRENCH FRIES

- Factory situated in Lambert's Bay – one of only three French fries factories in South Africa
- Largest single employer on the west coast north of St Helena Bay
- Supplies growing segment of quick service restaurants (QSR)
- Marketed under various house brands, including Gold Seal and the QSR brands
- National sales and marketing infrastructure

HORSE MACKEREL AND HAKE

- **HORSE MACKEREL:** Angola, Cameroon, DRC, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
- **HAKE:** Australia, France, Italy, Korea, Netherlands, Portugal, Spain



REVENUE	OPERATING PROFIT before abnormal items
R1,44 billion	**R296,6** million
2011: R1,17 billion	**2011:** R273,8 million

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, Zambia and Zimbabwe
- Fleet of four horse mackerel trawlers – three in Namibia and one in South Africa
- Resource stocks in South Africa and Namibia are healthy

HAKE

- Four hake freezer trawlers; one hake longline vessel was sold during the year
- International markets include France, Spain, Portugal, the Netherlands, Australia, Korea and Italy
- Resource stocks are healthy, and accredited by the MSC

BLUE ATLANTIC TRADING

MARINE FOOD PRODUCTS

- *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

- **COLD STORAGE:** Namibia, South Africa

REVENUE	OPERATING PROFIT before abnormal items
R279,8 million	**R66,0** million
2011: R218,0 million	**2011:** R53,7 million

CCS LOGISTICS

SERVICES

- *Cold storage*
- *Fruit handling*
- *Blast freezing*
- *Transport*

COLD STORAGE AND FRUIT HANDLING FACILITIES

- Ten stores in South Africa and Namibia
- Offers in excess of 110 000 pallet positions for cold storage
- Major products stored and handled 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 refrigeration supply chain

VIEW MORE ABOUT THE OCEANA GROUP:
www.oceana.co.za

OPERATING CONTEXT AND BUSINESS MODEL

NUMBER OF KHULA BENEFICIARIES
2 056

CSI SPEND
R5,2 million

LEVEL
2 B-BBEE
CONTRIBUTOR

LUCKY STAR MEALS PER DAY
2,6 million

OCEANA'S BUSINESS CONTEXT

The group consists of various operating subsidiaries in the fishing and commercial cold storage industries, with the bulk of its revenue generated from its fishing business.

Its fishing activities relate to the catching, processing, marketing and distribution of canned fish, fishmeal, fish oil, lobster, horse mackerel, squid and hake, covering inshore, midwater and deep-sea fishing, as well as the purchase of frozen and canned stock from external suppliers. While the group's principal market is the lower-end consumer (canned fish and horse mackerel), it also sells product aimed at the middle-end to upper-end consumer (Lucky Star blue can range, lobster and hake). The majority of sales revenue (67%) comes from South Africa and Namibia, followed by markets in Southern and West Africa, Europe and the Far East. Oceana's fishing activities are conducted primarily through three operating divisions (pages 28 to 39).

CCS Logistics owns and manages commercial refrigerated warehouse facilities in major centres and harbours in South Africa. The stores are capable of storing and handling product at temperatures from ambient to as low as -60 °C.

The 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 is a member of Oceana's executive committee and reports to the group's chief executive officer (CEO). All members of the executive committee attend Oceana's board meetings to report on their division's performance and prospects and to receive guidance from the board.

The group has a good base from which to build its business. It has over 90 years of fishing experience, during which time it has consistently demonstrated its ability to create value for stakeholders. In the context of the recent financial uncertainty and sovereign debt crisis, it has continued to deliver value. The group has a strong board (page 60) and an experienced executive management team (page 62) that maintain a culture of good governance informed by effective risk management and compliance practices (page 64) and supported by a stable and experienced employee base.

DELIVERING VALUE

SUSTAINING CRITICAL RESOURCES AND RELATIONSHIPS

The group's ability to create value is dependent on maintaining and growing its access to renewable marine resources, and on developing and maintaining positive relationships with its critical stakeholders, most notably with government, employees, customers, investors and local communities.

MAINTAINING
ACCESS TO MARINE RESOURCES

As a commodity-based business, ensuring access to sustainable marine resources is fundamental to securing and growing the business over the short, medium and long term. Access to marine resources is impacted by several variables, including in particular:

- **The overall strength of biomass and the seasonal availability of marine resources:**
  - Recognising that sound scientific knowledge is essential for sustainable management of fishery resources, Oceana supports government research activities.
  - Oceana prides itself on the fact that all of its commercial fishing rights fall within the Green category of the updated list of the SASSI. South Africa's hake trawl fishery is certified by the MSC and Oceana's fishmeal business is certified by the IFFO Global Standard for Responsible Supply.
  - Extensive independent research reports are available on the corporate website with data and conclusions regarding the status of species that Oceana is involved in harvesting (www.oceana.co.za).
- **The nature of the regulatory regime for managing and allocating access rights:**
  - The group holds satisfactory levels of fishing rights across each of its existing business areas and has plans in place aimed at maintaining and, where possible, expanding these rights, both through organic growth and acquisitions.
  - Key to sustaining and growing its access to available fishing rights is the group's ability to maintain a positive relationship with government in both South Africa and Namibia. This requires effective delivery on government expectations regarding compliance, transformation and localisation, ensuring a continuing positive contribution to broader societal objectives, and assisting in independent efforts to enhance scientific and monitoring capacity.
- **The group's ability to land and source potentially available marine resources:**
  - Once permit allocations have been made, based on an assessment of available biomass, the business needs to ensure sufficient capacity to land its allocated fishing rights efficiently and, where necessary, to supplement this with additional product supply arrangements. Supported by a strong fleet and crew, effective fishing practices, and increasingly complex and lengthy supply chain processes, the group has demonstrated its ability to land allocated quota and to efficiently source additional raw, frozen and canned fish.

STAKEHOLDER
MANAGEMENT

Oceana acknowledges that engagement with its stakeholders is critical to improve the group's appreciation of its stakeholders' interests, to enhance the stakeholders' understanding of the group's commitment to sustainable business practices, and to further build the group's reputation. Its key stakeholders are diverse and include employees, consumers, customers, suppliers, standards generating bodies, media, business and joint venture (JV) partners, government and local community members.

Wide-reaching social changes and challenges that impact many of Oceana's stakeholders – such as the economic downturn, continuing high poverty levels in coastal communities and limited public service delivery – highlight the need to consider the impact of the group's operations in a broad societal context.

Maintaining positive relations with all of its neighbouring communities is crucial to creating and sustaining value, and is a particular priority for the group. During the year under review, the group strengthened its focus on stakeholder engagement, and ensured more effective co-ordination of its CSI initiatives with the aim of improving the socio-economic conditions within the coastal communities in which it operates. Significant effort was made to increase proactive direct communication and ensure visibility of the group within its operating areas. This included the production and erection of name boards reflecting support by the Oceana Foundation at local schools, as well as providing branded vehicles donated to the schools.

Oceana strives for meaningful stakeholder engagement with the aim of mitigating potential risks and identifying new opportunities, such as providing support for local business ventures and implementing focused social investment initiatives.

In addition, the group continues to engage with relevant authorities about its operations, including in particular the departments of Agriculture, Forestry and Fisheries; Labour; Public Works; and Trade and Industry, as well as organisations such as the National Regulator for Compulsory Specifications (NRCS), the MSC, and the South African Maritime Safety Association (SAMSA).

NAMIBIA

In Namibia, the group engages with the ministries of Fisheries and Marine Resources; Works, Transport and Communication; Home Affairs; and Labour and Social Services; as well as with the Namibia Training Authority; Namibia Maritime and Fisheries Institute; and Fisheries Observer Board.

IN 2012, OCEANA RETAINED ITS INDEPENDENT LEVEL 2 B-BBEE RATING WITH A SCORE OF 93,98 COMPARED TO 93,96 IN 2011.

B-BBEE SCORE RATING

93,98

GOVERNMENT

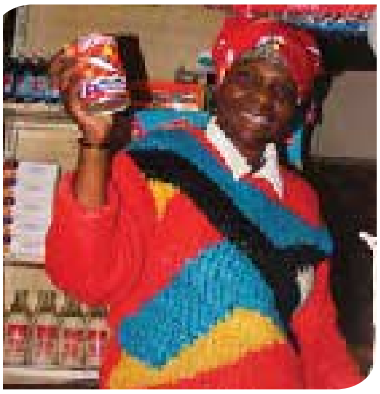
Government plays a critical role in the group's capacity to create value and carries ultimate responsibility for ensuring the sustainable management of marine resources, managing and allocating access rights, and providing the enabling framework for a well-functioning economy.

- The group's executive management, acting through industry associations and independently, has invested significant time and effort into fostering and maintaining a constructive relationship with officials at different levels within the Department of Agriculture, Forestry and Fisheries (DAFF) (in South Africa) and the Ministry of Fishing and Marine Resources (in Namibia). The group has maintained an excellent compliance record in terms of the conditions attached to its fishing permits, and has continued to support government research and monitoring activities.
- In South Africa, social and economic transformation has been a primary consideration for government and remains a critical business imperative. 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 significant stake in the group through the establishment of the Khula Trust. Since 2006, significant capital value has accrued to the 2 056 black employee beneficiaries, of whom 36,8% are women.
- In 2012, Oceana retained its independent level 2 B-BBEE rating with a score of 93,98 compared to 93,96 in 2011.
- In Namibia, we are continuing with efforts to ensure localisation of our operations through targeted employment and training of staff, and appropriate equity partnership arrangements. An amount of R1,9 million was invested in local communities through CSI initiatives during 2012.

EMPLOYEES

Motivated, healthy and skilled employees provide the basis for delivering the opportunities arising from our business model.

- The group strives to provide a stimulating, culturally diverse and healthy working environment that enables it to attract, retain and develop high-potential individuals. Oceana's human resource function plays a key role in delivering on this objective through its initiatives relating to human capital development, performance management, employee wellness, industrial relations and legislative compliance (page 44).
- Oceana's short-term and long-term incentive schemes ensure that its reward policy and pay mix remain competitive.



CUSTOMERS
AND CONSUMERS

The group's customers and consumers include individuals, retailers, wholesalers, importers, exporters, quick service restaurants, makers of food products, balanced-feed manufacturers, and pet owners. Meeting their expectations – in terms of competitive pricing, continuity in supply, product information, and the provision of healthy, quality product that has been responsibly sourced – drives our growth potential.

- Through its fishing businesses, Oceana delivers live, chilled, frozen, canned and dried products to a range of consumers in diversified markets and across most consumer LSM (Living Standards Measure) segments.
- The group's primary revenue stream is derived from the delivery of product to the lower-end consumer through the supply of canned fish and horse mackerel. The provision of a low-cost, low-footprint, healthy source of protein offers significant opportunities for sustained value creation. There is an increasing demand for seafood across the globe, with particular growth potential in the expanding lower-LSM consumer segment. The group maintains a strong brand presence in these markets, especially through its Lucky Star brand.
- To minimise the potential for earnings volatility resulting from concentration of earnings in a particular business unit, the group has been identifying opportunities to further diversify its product and consumer base. In expanding into upper LSM markets, for example by introducing the Lucky Star blue can range and growing the hake business, the group is conscious of meeting particular consumer expectations.
- With regard to cold storage, the security and service integrity of customers' products remain based on a platform of modern store design, optimum refrigeration technology, up-to-date information systems (IS) and accreditation in internationally recognised quality control systems.

ALL OF OCEANA'S COMMERCIAL FISHING RIGHTS FALL WITHIN THE GREEN CATEGORY OF THE UPDATED LIST OF THE SASSI, AND ITS HAKE TRAWL FISHERY IS CERTIFIED BY THE MSC.

LOCAL COMMUNITIES

Being responsive to the interests of local communities – particularly those in the towns of Walvis Bay, Lambert's Bay, St Helena Bay and Hout Bay – is critical in maintaining the group's reputation and to ensuring positive relationships with its broader stakeholder groups.

- Through its established communication and engagement channels, Oceana seeks to understand and be responsive to those interests and concerns of its neighbouring communities that have a bearing on the group's activities. This includes, for example, maintaining engagement with communities regarding employment creation opportunities and emissions from processing plants.
- To ensure a more strategic focus and to maximise the value contribution to neighbouring communities, Oceana has consolidated the management of its corporate social expenditure at a group level, ensuring a clear focus on the areas of education and food security in the communities within which it operates.
- The group has demonstrated its commitment to the development of communities through its Lambert's Bay French fries operation. North of St Helena Bay this is the largest single employer on the west coast and it is currently the only facility in South Africa producing its entire basket of products locally. An independent socio-economic study revealed that this operation contributes to the creation of approximately 2 250 jobs on a national scale.

INVESTORS

Current and prospective shareholders provide the financial capital needed to grow and sustain the business. They seek security of investment, optimal earnings and distributions, and evidence of the potential for long-term real growth in performance, based on responsible good governance practices.

- The group maintains positive relations with its investors through its consistent delivery of good dividends and returns, its good corporate governance practices and clear strategy.
- The group is committed to ensuring transparency in its activities through its reporting activities. In terms of investor-led voluntary initiatives, this is reflected, for example, through its participation and recognition in the Carbon Disclosure Project (CDP). During 2012, Oceana received a gold award for its inclusion in the CDLI.

SEE www.oceana.co.za FOR MORE DETAILS

CHAIRMAN'S STATEMENT

OCEANA HAS DELIVERED A SOLID PERFORMANCE DURING THE YEAR UNDER REVIEW AND IS WELL POSITIONED TO CONTINUE ON A POSITIVE PATH, PARTICULARLY AS A RESULT OF THE ANTICIPATED BENEFITS FROM RECENT SUCCESSES IN ORGANIC AND ACQUISITIVE GROWTH PLANS. WITH ITS CURRENT BUSINESS MODEL, STRATEGY, VALUES AND PEOPLE, THE GROUP IS WELL POSITIONED TO ACHIEVE BOTH ITS LONG-TERM AND SHORT-TERM STRATEGIC OBJECTIVES.

MUSTAQ BREY CHAIRMAN

OVERVIEW

Oceana delivered record earnings and superior returns to its shareholders in 2012, despite the continued global recession. A significant portion of Oceana's product offering provides an affordable, and often the only, source of protein for consumers at the lower end of the Living Standards Measure in South Africa and other parts of Africa and consequently is not as vulnerable to global recessionary conditions. Each of the four operating segments consistently improved their performance throughout the year, resulting in excellent increases in net revenue and earnings. This was despite numerous challenges faced by the business. Further detail about the respective operating segments has been included on pages 28 to 43 of this report.

A final dividend of 256 cents per share was declared which, with the interim dividend of 45 cents per share, makes a total distribution of 301 cents per share for the year (2011: 220 cents).

Oceana's 2012 integrated report seeks to meet stakeholder expectations in terms of reporting best practice. We have endeavoured to communicate the group's strategy in managing the key risks and opportunities confronting the business, while providing assurance about the application of good governance principles. There has also been a slight departure from past practice in that we will post a separate full set of the group's annual financial statements (AFS) with the 2012 integrated report to shareholders. However, from 2013, a full set of AFS will not be posted to shareholders but will be made available to shareholders through Oceana's website or on request from our group company secretary. As has been done for 2012 a condensed financial report will be included in future integrated reports providing stakeholders with a snapshot of the group's financial performance.

The clear commitment to continuously striving to achieve greater efficiencies and take advantage of synergies across divisions allowed the group to make significant strides towards achieving its strategic objectives, which have been encapsulated in Oceana's corporate values.

LUCKY STAR VOTED 2ND IN THE TINNED FOOD CATEGORY OF THE ANNUAL SUNDAY TIMES/TNS TOP BRAND SURVEY FOR A THIRD CONSECUTIVE YEAR.

ACCESS TO AND PROTECTION OF MARINE RESOURCES

A reduced volume of marine resources available to the group is the principal risk facing the business. The group's empowerment credentials and stakeholders' perception thereof are critical in managing Oceana's ability to protect its current fishing rights while securing the opportunity to acquire additional rights, in South Africa and in Namibia.

While the South African Supreme Court of Appeal's decision to rule against Oceana in its transfer of long-term fishing rights challenge was disappointing, the group has continued to forge new partnerships to ensure the sustainability of the business in a changing regulatory environment. Oceana will continue its focus on aligning its empowerment strategies with government's requirements to ensure it is best placed during the long-term rights renewal processes which are planned.

The South African fishing rights renewal process will start in 2013, starting with allocations in the squid sector; west coast lobster and horse mackerel renewals follow in 2015. The hake, south coast lobster and pelagic renewals will take place in 2020. The group therefore awaits the issuing of draft general sector policies and draft sector-specific policies in respect of the renewal of these rights, and it will participate proactively to the extent possible in the development of the final policies.

During the year under review, Oceana increased the intensity of its approach to ensuring the sustainability of marine resources and the protection of the marine environment. Ensuring good science through promoting marine research directly and with government remains a key focus; hence considerable effort was invested in ensuring that the government marine research trips continued. The independent scientific reports which are commissioned annually will be published online for review.
As has been the practice in previous years, training programmes will be arranged for all staff, both land-based and sea-based, as required to ensure a sound knowledge of responsible fisheries practices and what is required to ensure compliance with regulations and permit conditions.

PERFORMANCE MANAGEMENT

The group remains committed to the provision of not only sustainable jobs, but providing the necessary training and development to continuously upskill and empower its employees to advance their career aspirations. During the recent acquisition of the Lusitania hake, horse mackerel and cold storage businesses all existing employees were retained, resulting in a growth in its workforce during the past year. The group currently has 1 849 permanent employees. Various performance management systems are in place, including formal and informal interventions, as well as mentoring and coaching, to identify strong performers, while assisting those with development areas to achieve their full potential. The human resource department has, meanwhile, taken cognisance of new and pending legislative changes that have or may have an impact on employment conditions.

MAINTAINING AN INDEPENDENT EMPOWERMENT RATING

Oceana has steadily improved its empowerment credentials with the group being independently verified as not only a black-owned but black-controlled company with a level 2 B-BBEE contributor status with 93,98 points out of 100. The group's effort was recognised in a special survey conducted and published by the *Financial Mail*, which rated it as the 4th Most Empowered Company listed on the JSE. Oceana was one of only six companies listed on the JSE with a score above 90 points. During the year, Oceana's black employee share scheme, the Khula Trust, which will be renamed the Oceana Empowerment Trust, continued to increase its value and generate significant potential wealth creation for the more than 2 000 black employee beneficiaries, including those who are no longer in the group's employ. Further detail regarding the group's empowerment achievements may be found on page 48 of this report (or online).

PROTECTING AND ENHANCING REPUTATION

The group will continue to operate responsibly and ethically in strict accordance with the law and the King III principles of good corporate governance. Training and education initiatives are ongoing to ensure that employees understand the legal parameters within which they need to execute their duties. The establishment of the social, ethics and transformation committee in 2011 created an ideal opportunity for improved reporting and monitoring of group activities in the areas of transformation, sustainability, health and public safety, CSI and human resources (HR). A report from the committee chairman can be found on page 72 of this report. Following the settlement agreement being concluded with the Competition Commission during May this year, Oceana reflected a willingness to proactively engage with its stakeholders on the issue, which has assisted to some extent in limiting reputational harm. Management has focused its efforts on ensuring that levels of knowledge regarding compliance matters are raised considerably.

During 2012, the group launched the Oceana Foundation to harness the positive impact of its funding in support of various community-related projects. This will improve the group's ability to demonstrate its commitment to CSI initiatives. Oceana recognises that there are high poverty levels, a low skills base and limited economic opportunities in communities; hence its focus will be to identify and support sustainable projects aimed at alleviating local social needs.

PERFORMANCE

The group's year-end figures testify to the fact that it is delivering against stakeholder expectations.

DURING 2012, THE GROUP LAUNCHED THE OCEANA FOUNDATION TO HARNESS AND MEASURE THE POSITIVE IMPACT OF ITS FUNDING IN SUPPORT OF VARIOUS COMMUNITY-RELATED PROJECTS, WHICH WILL IMPROVE THE GROUP'S ABILITY TO DEMONSTRATE ITS COMMITMENT TO CSI.

OCEANA FOUNDATION
AN OCEANA GROUP INITIATIVE

APPRECIATION

I thank my fellow directors, management, staff, our suppliers and customers for their support during the year and look forward to another successful year.

CONCLUSION

Oceana's board of directors, both collectively and individually, performed their fiduciary responsibilities during the year in a professional manner and demonstrated the necessary commitment, skill and expertise required of them. Looking ahead, Oceana, with its current business model, strategy, values and people, is well positioned to meet both its long-term and short-term strategic objectives. The group will continue to pursue growth in those markets in which it currently operates and to explore opportunities for expansion into new markets, while striving to acquire and retain fishing rights.

MUSTAQ BREY
CHAIRMAN

8 NOVEMBER 2012

CHIEF EXECUTIVE OFFICER'S REPORT

OCEANA PERFORMED WELL ON ALL FRONTS IN 2012 AND, WITH ONE OR TWO EXCEPTIONS, THERE IS MUCH TO CELEBRATE.

FRANCOIS KUTTEL CHIEF EXECUTIVE OFFICER

All group operations have delivered a strong performance within a challenging economic climate. The operational review which is included from pages 28 to 59, provides insight into each division's key performance areas, performance and strategic priorities. For the first time this year each executive has presented an operational report relating to their particular portfolio. To provide greater insight into the manner in which the group responds to key risks and is able to deliver positive performance, this report provides detail relating to the group's overall strategic objectives and the key business risks facing the business.

RESPONDING STRATEGICALLY TO CORE RISKS

In the context of the challenging business environment it is pleasing to report that Oceana delivered a very strong performance throughout the year. The group ended the reporting period with a 37% annual increase in basic HEPS, and with a 27% rise in turnover. All of our business units experienced good results, collectively contributing to a 39% increase in the group's operating profit before abnormal items.

Underpinning this positive performance has been the group's focus on delivering on its six strategic objectives. These objectives, outlined on page 22, have been developed following a considered assessment by the executive team of those business risks that have a material impact on the group's ability to create value. These risks, our response measures and the associated strategic objectives are outlined at a group level on pages 24 to 27, and are described at an operational level in our operational reviews. In addition – and in line with new governance expectations relating to integrated reporting – this year's report includes a more detailed review of Oceana's business context, as well as greater insight into the resources and relationships that impact the group's ability to deliver value for its stakeholders. During the reporting period the group made significant progress in addressing these various value drivers.

DELIVERING POSITIVE PERFORMANCE THROUGHOUT THE OPERATIONS

Notwithstanding the tough market conditions each of the group's four main operating segments saw ongoing improvement in their performance, with each of them making important contributions to the increase in net revenue and earnings of the group.

CANNED FISH AND FISHMEAL

The canned fish business yielded excellent results through record sales, despite supply chain challenges that limited the availability of Lucky Star product and resulted in the brand not being in full supply throughout the year. Canned fish has an important role to play in addressing food security concerns as it is a staple protein of choice of Southern African consumers, and is eaten in more than 2,6 million meals per day. A major driver of its improved results has been the increased sales volumes achieved through improved management of the complex supply chain in the procurement of fish. Continued innovation in its supply chain and marketing of its iconic Lucky Star brand positioned the division to enjoy a very positive growth year on year. The division also managed to successfully steer its fishmeal and fish oil business out of particularly poor conditions to produce a much improved performance for the year. Returning the business to a more acceptable level of profitability required great attention to detail in all facets of the operation. This, combined with the highest landings of anchovy in the past decade compared with poor catches in 2011, contributed to the positive result.

HORSE MACKEREL

The horse mackerel business continued to be a significant contributor to group profit, despite the difficult fishing conditions in South Africa and the significant challenges associated with the allocation of 121 000 tons of horse mackerel quota to new entrants in Namibia. The rights reallocation was a major disappointment for the business, particularly as the group has worked hard at adding value through reinvesting into our assets, our Namibian employees and the surrounding communities. The reallocation had significant cost implications arising from the need to contract quota from new rights holders as well as the increased competition from international vessel operators. Looking to the future, the group's Namibian business will be focusing on maintaining its proactive engagement with the Namibian government, as well as ensuring appropriate localisation of its operations through targeted employment and training of staff.

HAKE

The hake business performed well, particularly at a vessel operational level. Good returns were achieved within key European markets despite continuing economic challenges across the EU. Sound contractual arrangements with key customers in Spain and Portugal provided stability within a flat consumer market. The uncertainty around government's awarding of its marine research tender as well as the fact that the government's research vessel could not complete the small pelagic survey, and might not be ready for the hake survey in January 2013, remains a cause for concern. Failure to complete the surveys could have a negative impact on the setting of total allowable catches (TACs) and on the MSC's assessment of the DAFF's ability to manage the South African fisheries sustainably. The MSC certification is directly linked to continued product acceptability and differentiation in international markets.

Despite these challenges, the hake and horse mackerel division still succeeded in producing a commendable performance as a result of good landings, supply relationships and improved prices.

LOBSTER

The group's lobster business yielded a good return following increased volumes of raw material procured and sold, and a good exchange rate. The management team worked hard to secure additional volumes from small-scale fishing enterprises and communities that had been allocated rights through the interim relief allocation process. A concern which remains is the limited governance structures to ensure compliance of small-scale fishers. Engagement with both community organisations and organised labour continued in a quest to secure direct participation with government in developing a workable implementation plan for the small-scale fishing policy.

SQUID

The squid business has not yet turned the tide and it has had a trying year with low catches. It was the poorest fishing season in a decade and regrettably some downscaling was unavoidable given the continuing negative operating conditions. This is a highly cyclical fishery; hence we remain hopeful that the resource will rebound. Efforts are being made to ensure that the business continues to deliver value into the future, while recognising that key European markets could be challenging in the future.

A NEW CORPORATE BRAND STRATEGY INITIATED IN 2011 WAS FINALISED AND APPROVED DURING NOVEMBER. THE DISPARATE USE OF THE GROUP'S BRANDS MADE IT NECESSARY TO REVIEW THE WAY IN WHICH THE DIVISIONS COULD BENEFIT FROM A MORE UNIFIED APPROACH AND A REALIGNMENT OF THE CORPORATE BRANDS.

FRENCH FRIES
The group's French fries operation returned to profitability this year due to improvements in operational efficiencies with resulting increased volumes, good sales of value-added products and lower production costs. A strong focus on product quality and customer service further supported the upturn. Continuing imports of French fries resulted in diminished margins.

COMMERCIAL COLD STORAGE
During the year a new managing director assumed the helm of the cold storage business and immediately set to work in developing a new growth strategy, specifically in light of the trend towards full-service logistics within the industry. A key focus for this division will be on service expansion, innovation and cost management. There was a valuable improvement in volumes handled and occupancies in 2012, and it is most exciting to see the new direction that is being taken. However, the fruit business has not returned to required levels of profitability and will continue to receive increased attention during the coming year.

LUSITANIA ACQUISITION

During the year the group was involved in a complicated and lengthy process to acquire a large portion of the Lusitania group. The key challenge was to meet the conditions for regulatory approval by the DAFF and the Competition Commission. These approvals were granted for the acquisition of the hake, horse mackerel and cold storage operations and integration of these businesses into Oceana is under way. In total, 139 Lusitania personnel have become employees within the group's hake and cold storage businesses. A key operational benefit is that Oceana now has its own berthing space in the Cape Town harbour from which the hake fleet can operate.

ENSURING CO-ORDINATION AT A GROUP LEVEL

The consistent delivery of positive returns by group operations was to a large degree made possible by the co-ordination and strategic support provided at a group level, as well as its important role in addressing some of the social, economic and environmental issues that impact the group's ability to grow.

The decision to relocate the head offices of the group's different business units in one building in 2011 has contributed to tighter synergy between employees within those business units and the group's 60-head office staff, resulting in greater efficiencies and improved productivity.

The year delivered a number of firsts for the group:

- The group launched the Oceana Foundation, ensuring a more effective and mutually beneficial investment in communities in which it operates.
- The group published its carbon footprint report for the first time (a first for the industry) and it became a signatory to the United Nations Global Compact and to a joint declaration on global action for wild marine fisheries.
- The group participated for the third year in the CDP and received a Gold award for its inclusion in the CDLI.
- The group was rated as the 4th most empowered company listed on the JSE and in the top 20 on the *Financial Mail's* list of top performing companies in South Africa.

While some important challenges remain, collectively these achievements signal the group's strength in terms of its ability to deliver value for all of its stakeholders, now and into the future.

A new corporate brand strategy initiated in 2011 was finalised and approved during 2012. The disparate use of the group's brands made it necessary to review the way in which the divisions could benefit from a more unified approach and a realignment of the corporate brands. A key strength of the group is its diversity of operations, shareholding and employees. During consultations with the leadership team, there was agreement that there are fundamentally two valuable brands within the group, namely, Lucky Star and Oceana. This was a key factor in deciding the final strategy. The end result, which is visible in this report and on the new group corporate websites, will create a stronger brand presence and identity for the group and its respective subsidiaries.

STAKEHOLDERS
Maintaining positive relations with all of our neighbouring communities is key to creating and sustaining value and is a particular priority for the group. The group has strengthened its focus on stakeholder engagement and ensured more effective co-ordination of its CSI initiatives, with the aim of improving the socio-economic conditions within the coastal communities in which it operates. One of the challenges for the business is the need to respond to stakeholder expectations and perceptions in respect of odour emissions from the fishmeal plants in Hout Bay and St Helena Bay. Over the past ten years, approximately R72 million has been invested in plant infrastructure and equipment to ensure that the latest technology is being utilised

to address these concerns. In addition, the group continues to engage with the relevant authorities, community and other stakeholders on its operations. Notwithstanding a 44% increase in production volumes in St Helena Bay during the year, the number of complaints received reduced by 57%.The group is progressing well in striving to establish itself as a leader in sustainable business practices. Oceana continues to promote sound stewardship of marine resources, both individually and through organisations such as the RFA. This year the CEO was re-elected as chairman of the RFA. This was the eighth consecutive year that Oceana has participated in the SRI Index and the third consecutive year of voluntary participation in the CDP.

ENGAGING WITH GOVERNMENT ON COMPLIANCE ISSUES

Operating in a highly regulated industry where access to marine resources is governed through a competitive application process, it is essential that the group ensures full compliance with government expectations. A continuing focal point for the group remains the assessment of transformation and whether a broad-based approach in line with the B-BBEE Codes or a narrow approach focused only on black ownership should be applied in the fishing sector.

Unfortunately, during the reporting period Oceana lost its Supreme Court of Appeal (SCA) challenge against the Policy for the Transfer of Commercial Fishing Rights (the transfer policy). The group challenged the transfer policy's requirement on a narrow assessment of transformation focused only on ownership and management control. Oceana believes that the decision by Cabinet to approve the B-BBEE Amendment Bill and revised Codes of Good Practice vindicates the group's stance on the application of broad-based empowerment across all spheres of business. The effect of the changes is eagerly awaited given the group's continued commitment towards a broad approach to transformation. During 2012, Oceana achieved a score of 93,98 out of 100 points in terms of the Department of Trade and Industry's B-BBEE scorecard.

The group will continue to pursue direct and indirect engagement with senior government officials, via channels such as Business Unity South Africa (BUSA), in order to find common ground on this issue. Oceana's direct participation at BUSA has allowed it to participate directly in the Nedlac Small-scale Fisheries Task Team, convened through the Trade and Industry Chamber, as well as the Merchant Shipping Act task team.

During the review period, Oceana agreed to pay an administrative penalty amounting to R34,75 million for certain contraventions of the Competition Act. This followed a protracted investigation into the small pelagic fishery by the Competition Commission. Oceana co-operated fully with the Commission during its investigation and accepted responsibility for infringements of the Competition Act that were detected during a group-initiated compliance audit. The group has implemented compulsory competition law training for all junior, middle and senior managers, and a group compliance policy is being developed for implementation during the next year. During the year 252 employees received compliance training. Regular and appropriate monitoring and reporting mechanisms are in place, managed by the group compliance executive. It should be emphasised that Oceana remains committed to the highest standards of ethical and responsible behaviour.

CONCLUSION AND OUTLOOK

Even with the tough business environment Oceana's share price has continued to grow during the financial year, providing significant capital appreciation for shareholders. The group revisited its strategic objectives in response to a considered assessment of its material risks, and a rebranding strategy was approved to leverage value off the existing strong brands.

The group's ability to deliver on its vision of consistently providing superior returns to all its stakeholders is influenced by numerous factors, many of which are beyond the group's control. Addressing those issues that are within our control is ultimately dependent on the responsiveness and ability of management and our employees. I believe that the group's positive performance in recent years reflects the strong quality of our people, and underscores our ability to continue to do well.

Looking ahead, I am confident that we have a strategy and growth plan that is responsive to the material risks and opportunities facing the group over the short, medium and long term. I believe that People, Partnerships and Performance will be the cornerstones of our capacity to create value into the future.

I wish to extend sincere thanks to all Oceana's stakeholders – our shareholders, employees, customers, suppliers, government officials and community members – who are integral to the achievement of our vision, and who continue to work in partnership with us in delivering on this vision.

FRANCOIS KUTTEL
CHIEF EXECUTIVE OFFICER

8 NOVEMBER 2012

STRATEGIC OBJECTIVES

Oceana's vision is to consistently provide superior returns to all stakeholders by being the leading empowered fishing and commercial cold storage company in Africa.

Delivery on this vision is underpinned by six strategic objectives. These strategic objectives are responsive to the principal risks facing the group and are set out below.

STRATEGIC OBJECTIVE	
Secure and expand the group's fishing rights by being an industry-leading steward of the marine resources allocated to it	We will harvest marine resource allocations: • Responsibly, efficiently and completely • In full compliance with applicable legislation • Employing production techniques that maximise value and thereby the level of employment that can be sustainably supported by the group's operations
Maintain the performance of the company's management and staff	We will achieve this by: • Attracting, developing and retaining the best available talent at all levels within the group • Targeting a safe and accident-free work environment • Maintaining a zero tolerance policy to any form of harassment or discrimination • Ensuring that long-term human capital capacity planning meets the anticipated requirements of the group
Maintain an independently accredited B-BBEE level 2 rating	We will achieve this through: • A focused approach to all scorecard elements throughout the group • Achieving as a minimum the group's long-term employment equity targets • Promoting and protecting the ongoing transformation of the group's equity profile
Ensure the long-term sustainability of the group's operations in accordance with the expectations of its customers and investors	We will achieve this by: • Employing responsible marine harvesting practices • Advocating for robust resource management protocols and policy • Identifying and measuring the group's impact on the environment, while seeking to manage and minimise any negative effects
Protect and enhance the reputation of the group and its brands	We will achieve this by: • Adhering to strict food safety standards while exceeding the product quality expectations of our customers • Maintaining robust governance structures in accordance with the principles of King III • Formalising and implementing a comprehensive compliance strategy • Actively evaluating and mitigating risk on an ongoing basis • Employing a strategy of proactive engagement with all stakeholders
Achieve growth in HEPS and deliver superior returns to shareholders	We will achieve this through both acquisitive and organic growth through: • The ongoing efficient operation of the group's current business activities • Continued growth and expansion of the Lucky Star product range and volumes domestically and into Africa, underpinned by a more robust, better resourced supply chain • Decreasing the capital employed in the CCS fruit business, while increasing the capital employed in its primary cold storage activities • Requisite capital expenditure for expansion and targeted acquisition spend • The successful integration of acquisitions into the Oceana group structure.

BUSINESS RISKS

The principal risks that have a material impact on Oceana's ability to create value are described below. These risks have been identified as part of the enterprise-wide risk identification and management system, described in the Governance section of this report on pages 69 to 70.

ADDRESSING THE GROUP'S MATERIAL RISKS

Our principal risk	Possible impact on value creation	Our risk context	Our response measures	Our associated strategic objective (see page 22)
Reduced volume of marine resources available to the group	Reduced growth potential, reduced revenue, increased costs, and loss of market share	The group's capacity to create value is dependent on the ability to access marine resources. This is impacted by three key risk variables: • The availability of marine biomass, which is affected by: ◦ The cyclical nature of marine resource availability ◦ Changing distribution and availability of biomass due to long-term environmental factors ◦ Ineffective regulatory management and policing of resources ◦ Changes in weather conditions and weather patterns, which impact the group's ability to harvest marine resources • Nature of the allocation of fishing rights – influenced by: ◦ The assessed level of resource availability and the defined TAC ◦ The group's relative performance on B-BBEE targets and its black ownership level ◦ The group's performance in ensuring regulatory compliance ◦ The influence of stakeholder pressure groups • The effectiveness of the group's global sourcing and stock management practices, which is influenced by: ◦ The performance of marine resources in the group's sourcing geographies ◦ The group's ability to maintain effective and efficient stock management	• Establish and participate in industry sector bodies aimed at promoting the sustainability of marine resources • Contribute to independent scientific research and assist the retention of marine science skills within government • Partner with WWF and other large-scale commercial fishing industry players through the RFA to enhance an ecosystems approach to fisheries management • Maintain direct engagement with the regulator through industry associations and directly by members of the executive committee • Monitor and implement the group's transformation strategy aimed at maintaining a B-BBEE level 2 rating across all scorecard elements throughout the group, with a particular focus on employment equity and ownership levels • Engage proactively with stakeholders to maintain positive reputation • Refine management information tracking systems to monitor actual versus anticipated volumes • Engage actively with authorities and suppliers regarding the performance of resources in the group's sourcing geographies • Monitor competitor activity through structured market research	Secure and expand the group's fishing rights by being an industry-leading steward of the marine resources allocated to it Maintain the performance of the company's management and staff Maintain an independently accredited B-BBEE level 2 rating

Our principal risk	Possible impact on value creation	Our risk context	Our response measures	Our associated strategic objective (see page 22)
Inability to execute our growth strategy through acquisition	Lower growth rate, and reduced volumes and margins	The potential for growth through acquisition is impacted by: • Regulatory requirements relating to competition • The group's perceived and/or actual performance in terms of relative market size and level of transformation (SA) and localisation (Namibia) • The impact on the market landscape of competitor entry, competitor growth and changes in competitor business models • The ability of the group's shared services function to support the business objectives effectively and efficiently	• Continue to identify viable new opportunities for acquisition within existing and potential new sectors • Monitor competitor activity through structured market research	Secure and expand the group's fishing rights by being an industry-leading steward of the marine resources allocated to it Protect and enhance the reputation of the group and its brands Maintain our independently accredited B-BBEE level 2 rating
Reputational risk	Impacts on brand and reduced market share	The group faces potential reputational risk associated with perceptions (valid or otherwise) relating to market size, level of transformation and localisation, and impacts on neighbouring communities and on the sustainability of marine resources. Continuing need to maintain current very strong brand recognition and loyalty in Lucky Star and related brands	• Implement prioritised stakeholder communication and engagement strategy, confirming Oceana as a black-owned, black-controlled company with sound values, a solid track record of compliance, and demonstrated commitment to social and environmental responsibility • Ensure effective communication and engagement on activities relating to sustainable fishing, and contribution of fish in addressing food security as a low-cost, low-footprint, healthy source of protein • Maintain strategic social investment programme aimed at delivering benefits to neighbouring communities, with focus on education and food security • Maintain engagement with communities in response to impacts associated with odour from processing plants • Maintain positive relations with investors through consistent good dividends and returns, a smooth earnings profile, and clear strategy • Implement an active monitoring programme to ensure maintenance of strong brand value and customer loyalty • Implement a corporate brand alignment strategy	Ensure the long-term sustainability of the group's operations in accordance with the expectations of its customers and investors Protect and enhance the reputation of the group and its brands Achieve growth in HEPS and deliver superior returns to shareholders

BUSINESS RISKS CONTINUED

Our principal risk	Possible impact on value creation	Our risk context	Our response measures	Our associated strategic objective (see page 22)
Business continuity risk operations	Increased costs and impaired ability to manage operations	Specific risks include the potential loss of vessels, impaired performance in the group's factories and cold stores, the loss of head office operations and IS infrastructure, and potential volatility in the cost and access of utility supplies, particularly energy and water	• Contingency plans in place to manage potential loss of factory or cold store • Maintain IS disaster recovery plan • Maintain appropriate insurance cover	Maintain the performance of the company's management and staff
Food safety	Damage to brand and reputation, and potential increased costs of product recall and liability claims	Maintaining food safety, by ensuring adherence to quality and safety standards locally and in the sourcing geographies, is a critical value driver	• Internal systems in place to ensure maintenance of quality and safety standards • Employ third-party auditors to ensure imported products comply with relevant standards • Product recall processes and appropriate insurance cover in place • Implement proactive media engagement strategy	Protect and enhance the reputation of the group and its brands
Concentration of earnings	Increased volatility in earnings	Concentration of earnings in a particular business unit exposes the group to increased earnings volatility. The group's recent greater dependence on canned fish and horse mackerel earnings has increased potential risk exposure in this area	• Business strategy is focused on acquisitive and organic growth aimed at diversifying the portfolio, building on recent acquisitions that have bolstered the smaller business units, and maintaining efficient operation of existing business activities • Continued growth and expansion of Lucky Star product range and volumes domestically and into Africa, underpinned by more robust, better resourced supply chain management • Decreasing the capital employed in the CCS fruit business while increasing the capital employed in its primary cold storage activities	Achieve growth in HEPS and deliver superior returns to shareholders

Our principal risk	Possible impact on value creation	Our risk context	Our response measures	Our associated strategic objective (see page 22)
Legislative non-compliance	Damage to brand, administrative cost of implementation, fines, potential loss of fishing rights	As a highly regulated industry that is facing frequent changes in policy and legislation, the group needs to develop and maintain appropriate systems and internal skills to track, interpret and ensure compliance with legislative requirements. Non-compliance could affect the quota allocations held by the group Current regulatory focus areas include new requirements relating to corporate law and consumer protection issues, potential revisions to labour law and the Merchant Shipping Act, and requirements aimed at ensuring the sustainability of marine resources and reduced environmental impacts	• Maintain direct engagement with the regulator through industry associations and directly by members of the executive committee • Comprehensive legislative compliance management systems in place • Monitoring and responding to recent developments relating to legislative changes • Centralisation of commercial function to provide a shared service across all divisions	Maintain the performance of the company's management and staff Maintain an independently accredited B-BBEE level 2 rating Secure and expand the group's fishing rights by being an industry-leading steward of the marine resources allocated to it
Exposure to market and exchange rate volatility	Negative impact on margins, costs and revenue	As with all businesses the group is impacted by significant movements in the global market. Any significant volatility in rand and US dollar exchange rates would create volatility in group earnings	• Manage foreign exchange risks with a policy on forward cover, and the natural hedge flowing from the group's imports and exports • Maintain relatively limited exposure to economic downturn through our focus on supply of low-cost protein	Maintain the performance of the company's management and staff
Inadequate quality and quantity of talent and skills	Reduced productivity; increased training costs; reduced ability to meet equity targets	The group's capacity to ensure continued growth is impacted by the availability of skills in the market, and its ability to attract, develop and retain required talent	• Policies and guidelines are in place for talent management, recruitment selection, remuneration, training and skills development, and employment equity • Succession planning process in place • Zero tolerance policy in place on any form of harassment or discrimination	Maintain the performance of the company's management and staff
Risks to the health and safety of staff	Reputational damage; liability claims; erosion of relationship with employees and unions; reduced productivity	The fishing sector faces inherent safety risks associated with the activities on board fishing vessels and in factories, highlighting the need for effective safety monitoring, training and enforcement programmes, and the availability of appropriate equipment	• External risk consultants conduct audits on all sites and vessels • We undertake training on statutory requirements, conduct internal audits, and manage operational health and safety processes	Maintain the performance of the company's management and staff

GAVIN RHODES-HARRISON

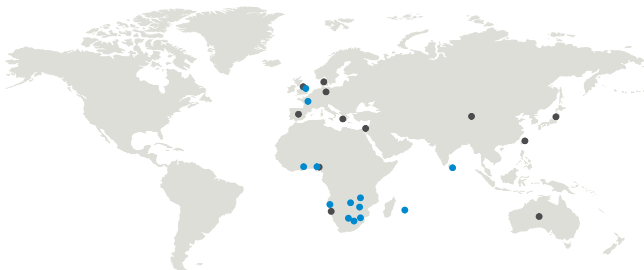
KEY PERFORMANCE INDICATORS

Total number of employees	1 342	
Turnover	R2,58 billion	
Operating profit	R318,9 million	
	South Africa Pilchard (tons)	**Namibia Pilchard (tons)**
TAC	100 595	31 000
Own quota	14 447	6 032
Contracted quota	15 731	10 863
	A season TAC (tons)	**B season TAC (tons)**
Anchovy	352 718	120 000
Own quota	59 100	20 107
Contracted quota	59 624	20 766
	Tons	
Input into fishmeal plants		
Anchovy	99 048	
Non-quota, by catch and cannery offal	38 987	
	Canned fish (000s cartons)	**Fishmeal and fish oil (tons)**
Production volume		
South Africa	1 363	33 084
Namibia	1 315	3 283
Additional product sourced	8 278	5 270
Sales volume	8 693	41 968

Note: TACs and quotas are for calendar year 2012.

VIEW MORE ABOUT LUCKY STAR:
www.luckystar.co.za

- **CANNED FISH:** South Africa, Namibia, Botswana, Lesotho, Swaziland, Zimbabwe, Zambia, Malawi, Angola, United Kingdom, France, Mauritius, Ghana and Sri Lanka
- **FISHMEAL AND FISH OIL:** South Africa, Nigeria, China, Germany, Turkey/Israel, Denmark, Greece, Australia, Spain, England and Taiwan



LUCKY STAR

This business unit is engaged in the canned fish, fishmeal and fish oil businesses

CANNED FISH

Earnings improved significantly compared to the previous year, as a result of increased sales volumes of canned fish and increased landings of industrial fish.

Lucky Star's main marketed product is Lucky Star branded canned fish, particularly pilchard variants, but including tuna, sardine and mackerel variants. Lucky Star is the clear market leader in the canned fish category across South Africa and several other African markets. Canned fish is a key staple protein choice of Southern African consumers and is eaten in over 2,6 million meals every day. Lucky Star products are endorsed by the SA Heart and Stroke Foundation, as well as Diabetes SA. Lucky Pet competes in the wet (canned) and dry cat food category. Other brands in the stable include Seafare in South Africa, Glenryck in the UK and Seafarer in Africa.

MATERIAL RISKS

- Maintaining stable supply of quality raw and canned fish to ensure ability to meet demand
- Reallocation of fishing rights in Namibia and South Africa
- Fluctuations in fish landed, impacted by physical availability of stock and weather disruption
- Foreign exchange rate fluctuations
- Competitor behaviour regarding product supply and pricing
- Maintaining business continuity – management of plant and supply chain
- Managing environmental and odour issues
- Potential liability claims from contaminated canned fish

STRATEGIC FOCUS AREAS

Ensuring security of supply of canned fish through:

- Enhanced global stock and supply chain management practices, to cater for seasonality and variability of supply of raw fish
  - Maintaining supply of fresh fish locally by retaining current percentage of TAC and securing additional quota rights
  - Pursuing opportunities to procure quality cost-effective frozen fish internationally
  - Continuing to diversify supplier and sourcing base of canned fish
  - Exploring opportunities to secure supply through investment in vessels and processing plants
- Growing the core product range, leveraging off the Lucky Star brand growing and innovating the blue can range and evaluating potential opportunities to enter new business sectors and markets
- Enhancing efficiencies of operations and fleet
- Improving the operating margin in fishmeal and oil, by increasing markets and reducing costs

OPERATIONAL REVIEW **CANNED FISH AND FISHMEAL** CONTINUED

LUCKY STAR HAS BEEN CATCHING AND CANNING PILCHARD IN SOUTH AFRICA SINCE 1946, OPERATING ITS OWN CANNERY AT ST HELENA BAY. IN 2012 A TOTAL OF 8,7 MILLION CARTONS OF CANNED PRODUCT WERE SOLD.

The growth and success of this business is founded on the strength and equity of the brand, the available volume of product, consistent quality, and strong consumer demand.

The volume of pilchard required to support sales of Lucky Star products well exceeds that available from landings of fish in South Africa with 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. More than 50% of our requirements are sourced from over 14 canneries around the world in order to meet consumer demands. The supply side of the business has grown in recent years into a complex logistical operation requiring significant working capital and specialist knowledge and skills.

Lucky Star has been catching and canning pilchard in South Africa since 1946, operating its own cannery at St Helena Bay. Production volumes are dependent on the annual approved TAC and landings by its own pilchard fleet of three vessels and those from its JV partners and independent operators. Landings are a function of resource status and availability, weather conditions and applied fishing effort. The 2012 pilchard TAC, set by the Minister of Agriculture, Forestry and Fisheries and managed by DAFF, was increased to 100 595 tons (2011: 90 000 tons). Oceana was permitted to catch 14 447 tons in terms of its 14,3% share of the TAC. Landing of this allocation was partially 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 have increased substantially from the previous year. 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 19 549 tons of raw fish which included imported frozen fish (2011: 16 914 tons). The cannery works according to a two-shift system in an arrangement established to comply with legislation and the reality of variable fish landings. In September 2011 the company undertook to provide its seasonal staff in the cannery in St Helena Bay with work for at least two days per week during the 2012 fishing season, following consultation between the company and FAWU. This initiative provides greater income security to these seasonal workers.

The quota of the Namibian operation, Etosha Fisheries (Etosha), in which Oceana has a share, was 6 032 tons of the total 31 000 tons allocated in terms of the Namibian TAC. The full quota was landed, with the bulk of the fish being caught in the north and canned at Etosha under the Lucky Star brand. Availability, fish size and mix were good. The resource has been conservatively managed within a relatively low TAC for a number of years. Cannery performance and yields were excellent. Additional volumes of 10 863 tons of pilchard were also secured and processed through the Etosha cannery during this season.

Strategies are in place to protect and extend supplies of raw fish and canned product, both locally and from offshore. These include expanding the 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 the business to manage all these stages. They are designed to ensure that the final product complies with health and safety requirements and is of a consistent quality and standard in line with consumer expectations. 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 for all production (including imports).

Due to the seasonality of the various resources, maintaining a sustained fully supplied stock position is necessary to support demand. In total, 8,7 million cartons of canned product were sold (2011: 7,3 million). The strong growth in sales was despite a challenging supply environment. For the third 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 eighth in the overall favourite brand category, improving our brand score and maintaining a position in the top ten overall brands. Brand advertising increased and included an integrated campaign reaching consumers via television, radio, outdoor, in-store and online and the product range was expanded. This has resulted in the brand increasing its share in the overall protein market.

The Lucky Star brand is protected through vigilance and immediate legal action for infringements. 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.

Our Glenryck UK brand has returned to growth following its restructure due to increased distribution, despite highly competitive retail conditions prevailing in the UK market.

FISHMEAL AND FISH OIL

Very good availability of fish and improved landings along with a favourable exchange rate resulted in a significant turnaround of the business from the previous year's substantial operating loss. This positive impact was partially offset by generally lower prices during the first half of the year.

Lucky Star's two fishmeal (reduction) plants are located at St Helena Bay and Hout Bay from where its fleet of vessels operates, targeting industrial fish, particularly anchovy. Fishmeal produced is sold locally and abroad. Profitability is mainly dependent on the volume of fish landed, fishmeal produced and sold, international selling prices and the rand/US dollar exchange rate. Higher than inflation increases in energy costs over the past few years have also impacted profits negatively.

The calendar year's 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 DAFF'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 allocation, and on DAFF'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. In 2012 the incidence of by-catch was very favourable from a fishing point of view.

The anchovy biomass is considered to be stable and recent surveys indicate a substantial increase from the previous year. The 2012 A season TAC was 352 718 tons (2011: 270 291 tons), of which Oceana's quota of 16,8% was 59 100 tons (2011: 45 289 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 (2011: 120 000 tons). Oceana's landings of anchovy at 47 927 tons in the 12 months to 30 September were good (2011: 21 449 tons). This was mainly due to good fish availability early in the season as a result of good weather. The benefit was offset by longer periods of poor weather later in the year.

The redeye herring resource was reported to have increased significantly from the prior year. 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 2011. Availability and own fleet landings (20 537 tons) were higher than in 2011 (13 781 tons).

Operationally, Oceana's fleet of ten purse-seining vessels, many of which include JV partners, generally performed well in a season where landings per trip were good. The midwater trawl experiment was put on hold for the current year. The fleet delivered a total of 101 350 tons (2011: 66 879 tons) of industrial fish to the two reduction plants for processing into fishmeal and oil.

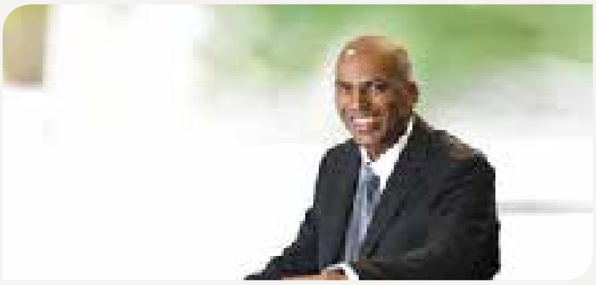
The fishmeal plants processed 138 035 tons of fish (2011: 95 851 tons) sourced from own landings, purchases and trimmings from the cannery. The higher throughput volume resulted in improved efficiencies, energy usage, variable costs and carbon emissions per unit of product produced. Fish oil production of 2 272 tons was higher than the prior year (2011: 1 530 tons) due to the increased volume of fish processed. The plants themselves are in a sound technical and operating condition, well placed to handle substantial volumes. Onerous licence requirements are monitored continuously and equipment installed over the past few years has resulted in meaningful improvements in the measurable emissions.

In excess of 50% of fishmeal is manufactured to premium protein standards. This is sought by balanced feed manufacturers to service the growing offshore mariculture and aquaculture industries. 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. Lucky Star is a member of the IFFO and the plants have been certified as IFFO Responsible Supply (RS) plants. IFFO's vision is to enhance human and livestock health and welfare via superior nutrition to the benefit of consumers worldwide.

The division sold 41 968 tons of fishmeal and fish oil during the year under review (2011: 29 122 tons). Principal markets supplied were China, 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 product sold at good prices.

Fishmeal stock on hand at year-end was 4 625 tons (2011: 8 371 tons).

OPERATIONAL REVIEW **LOBSTER, SQUID AND FRENCH FRIES**



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KEY PERFORMANCE INDICATORS

Total number of employees	634		
Turnover	R350,4 million		
Operating profit	R29,5 million		
West coast lobster	TAC (tons) 2 425	Own quota (tons) 327	Landed full quota
South coast lobster	TAC (tons) 323	Own quota (tons) 10	Landed full quota
Squid	TAE (permits) 2 423	Allocated (permits) 104	Landed (tons) 310
French fries	Produced (tons) 18 467		
Sales volume	Lobster (tons) 396[1]	Squid (tons) 423[1]	French fries (tons) 18 457

Note:

[1.] Sales volume includes procurement from third parties.

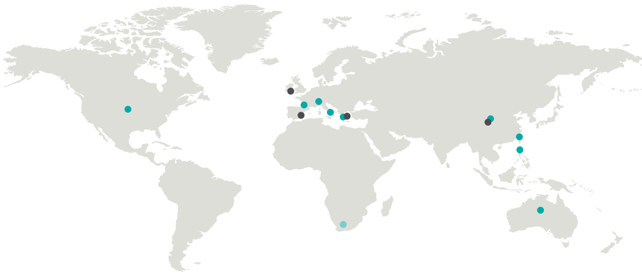
TAE (total applied effort)

MATERIAL RISKS

- Fluctuations in the seasonal availability of lobster and squid
- Uncertainty in the allocation of quota, with the small-scale fisheries policy impacting the allocation of lobster rights and potentially also impacting the sustainable management of the resource
- Limited product range and dependency on a few major markets
- Ensuring compliance with regulatory requirements
- Regular cost-effective supply of raw material (French fries business)

VIEW MORE ABOUT OCEANA LOBSTER, CALAMARI FISHING AND LAMBERTS BAY FOODS: www.oceana.co.za

- **LOBSTER:** Australia, China, France, Greece, Hong Kong, Italy, Japan, Switzerland, Taiwan, USA
- **SQUID:** Greece, Ireland, Italy, Japan, Spain
- **FRENCH FRIES:** South Africa



OCEANA LOBSTER, CALAMARI FISHING AND LAMBERTS BAY FOODS

This division has three strategic business units, 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 634 people (2011: 639 people), including temporary/contract workers.

LOBSTER

Operationally, 2012 was a successful year. Revenue and earnings improved due to the effect of additional lobster volumes procured and sold.

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 more recently to live lobster exports, particularly to the Chinese market.

STRATEGIC FOCUS AREAS

- Secure retention of fishing rights for west coast lobster (due for renewal in 2015) and squid (due for renewal in 2013)
- Improve margins by increasing live lobster storage periods
- Increase procurement of lobster through engagement with small-scale fishers
- Continue proactive engagement with government, labour and small-scale fishers
- Assess feasibility of entry into new markets

AN INDEPENDENT SOCIO-ECONOMIC STUDY REVEALED THAT APPROXIMATELY 2 250 JOBS ARE CREATED ON A NATIONAL SCALE THROUGH THE LAMBERT'S BAY FRENCH FRIES OPERATION.

Investment, commitment and product innovation for almost a century have enabled Oceana's lobster business to survive and prosper notwithstanding cycles in nature, socio-political 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 13,5%. 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 engaging with artisanal fishermen and communities, acquisitions, and packing and marketing landings of other commercial 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 is satisfactory but there is still a need to improve monitoring and policing, which is hampered by a lack of resources.

The TAC for west coast lobster was 2 425 tons during the year under review (2011: 2 286 tons). Of this amount, 250 tons (2011: 200 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 327 tons (2011: 326 tons), ie 0,3% higher than 2011. For south coast lobster, Oceana's 3,1% share of the TAC amounted to 10,2 tons (2011: 10,3 tons).

By close of season, Oceana landed its full quota allocation of 327,4 tons, as well as 50,7 tons on behalf of other rights holders. The west coast fleet of nine vessels performed well despite catch rates being lower than the previous year. 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 facilities at Hout Bay (live lobster) and St Helena Bay (frozen products) have the capacity and capability to produce live, whole frozen lobster and frozen 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 remained strong but prices were lower than last year due to the effect of higher import duties into China. The weaker rand, however, more than offset the effect of lower prices. Prices remained 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.

With scientific advice favouring conservative approaches to strengthen the biomass, it was expected that the commercial TAC would be reduced as from 2013. However, it has been announced that it will remain the same as for 2012. 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 with worldwide demand for lobster exceeding supply.

SQUID

Poor squid availability continued in 2012 and consequently lower landings resulted in another 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 2011.

Following a poor 2011 season, squid availability in the current season was the lowest recorded in the last decade. Despite consistent and efficient fishing by the company's fleet, poor landings of 310,1 tons were delivered in 2012 (2011: 501,0 tons). Squid availability tends to be cyclical, for reasons attributed to weather and physical conditions in the water, such as water temperature. 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 selling prices. As a consequence of the poor landings and in an effort to control fixed costs, production in the facility at Humansdorp ceased and the administration function in Port Elizabeth was restructured and consolidated with the administration function based in Cape Town.

Four of Calamari Fishing's vessels have converted their on-board sea freezing process to an individually quick frozen (IQF) method. Shortly after being caught, individual squid are placed on a tray to be blast frozen to -30 ºC. On arrival at the port the landings are graded, glazed and boxed at the company's facility in Port Elizabeth, 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 by the market, where Oceana's brand enjoys a growing reputation.

Major markets are in the EU and Japan. Despite depressed economic conditions continuing in Europe, prices increased well above last year, due to the shortage of supply following consecutive poor catch seasons in South Africa. Demand for squid products was steady. Industrial relations were stable.

Performance in 2013 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. Squid fishing rights are due for renewal at the end of 2013 and successful renewal of these rights will be a key objective next year.

FRENCH FRIES

The business returned to profitability in 2012. Revenue increased, due to a growth in sales volumes, and margins were higher due to an improvement in capacity utilisation, a focus on operational efficiencies and stable raw material prices and quality.

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 273 people (2011: 283 people) in Lambert's Bay.

An independent socio-economic study 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, and the plant is currently the only facility in South Africa producing its entire basket of products locally.

Potatoes used in the plant are sourced mainly from Mpumalanga, Free State and the Sandveld/Ceres regions of the Western Cape. Development of long-term relationships with growers closer to Lambert's Bay is one of the business' continuing strategic objectives. A steady supply of quality potatoes from contracted suppliers of raw material that meets optimum specifications as to size and quality is a major contributor to profitable performance.

During 2012, the plant passed all annual hygiene, quality, and safety audits conducted by independent assessors of key customers.

Operational performance continued to be at a consistently high level. Production yields improved significantly over last year due to an increased supply of better size and quality potatoes from Western Cape cultivars and improved utilisation of secondary raw material in the production of value added products, which increased significantly in volume during 2012.

Solid waste is dumped at sites approved and controlled by the local authority. Drying of solid waste to produce a balanced animal feed and conversion of waste into organic fertilizer are two waste utilisation projects currently being developed by the business. Waste water is discharged into the sea, in a state which complies with the regulator's specifications.

LBF's customers are largely franchised QSRs and retail customers, to whom the company aims to supply products and services 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 and purchased at retail franchises across the country. Product variants, for both local and export markets, are included in longer-term investigation and planning.

Sales margins in 2012 continued to be impacted by competition resulting from imported product. The cost of raw potatoes in South Africa is usually twice that paid by European producers who export to this country. However, the business remains well placed to maximise utilisation of its production capacity and to optimise market share through its diverse product range.

OPERATIONAL REVIEW **HORSE MACKEREL AND HAKE**

NEVILLE BRINK

KEY PERFORMANCE INDICATORS

Total number of employees	516		
Turnover	R1,44 billion		
Operating profit:	R296,6 million		
	Namibia Horse mackerel (tons)	**South Africa Horse mackerel (tons)**	**Hake trawl (tons)**
TAC/PMCL	320 000	31 500	129 810
Own or co-owned quota	43 205	10 942	4 314
Contracted quota	45 764	15 317	2 778
Caught	99 544	14 999	4 092
Sales volume (frozen fish)	101 954	12 642	3 800

Note: TACs and quotas are for calendar year 2012.

MATERIAL RISKS

- Re-allocation of horse mackerel fishing rights in Namibia
- Nature and level of precautionary maximum catch limit (PMCL) for horse mackerel in South Africa
- Matching and managing vessel catch capacity to available quota
- Maintaining business continuity through effective management of fleet
- Ensuring compliance with legal requirements

VIEW MORE ABOUT BLUE CONTINENT PRODUCTS:
www.oceana.co.za

- **HORSE MACKEREL:** Angola, Cameroon, DRC, Mozambique, Namibia, South Africa, Zambia, Zimbabwe
- **HAKE:** Australia, France, Italy, Korea, Netherlands, Portugal, Spain

BLUE CONTINENT PRODUCTS

HORSE MACKEREL

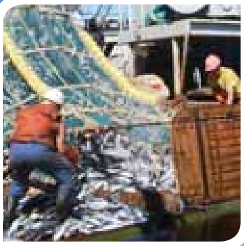
The horse mackerel business continued to produce good growth in spite of challenging fishing conditions in South Africa and changes in the allocation of fishing rights in Namibia.

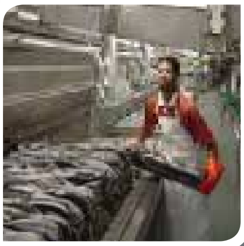
Oceana's horse mackerel business is conducted through subsidiaries Blue Continent Products (Pty) Limited (BCP) in South Africa, Erongo Marine Enterprises (Erongo) in Namibia and Oceana International on the Isle of Man.

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 in high demand in Southern, Central and West Africa, as an important source of affordable protein. Oceana, through its subsidiaries, is active in all these markets.

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. 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.

The *Desert Diamond* caught a total of 14 999 tons of own and contracted quota in the 2012 financial year (2011: 26 428 tons). Catches in the 2012 financial year were well below 2011 levels due to a combination of poor fishing conditions in 2012 and a portion of the 2010 quota caught at the beginning of the 2011 financial year. By the end of September, 12 639 tons of the 2012 quota had been landed. The 2012 quota is unlikely to be caught in full due to lower catch rates caused in part by high water temperatures on the east coast for much of the year.





STRATEGIC FOCUS AREAS

- Proactive engagement with the South African and Namibian governments
- Ensuring appropriate localisation of Namibian operations through targeted employment and training of staff
- Securing retention of current fishing rights, which are due for renewal in 2013/14 (Namibian horse mackerel), 2015 (South African horse mackerel) and 2020 (South African hake)
- Building long-term relationships with other rights holders through JVs
- Seeking to increase allocation of TAC over the longer term
- Promoting market differentiation of Oceana's horse mackerel product
- Realisation of opportunities arising from the acquisition of Lusitania's hake business and exploration of further acquisition opportunities

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.

The horse mackerel resource in Namibia is reported to be strong and remains well managed through measures implemented by the Ministry of Fisheries and Marine Resources including an annual review of the TAC and limitation of fishing to areas deeper than 200 metres. The vessels carry two fisheries inspectors who act as compliance observers.

The 2012 TAC for Namibia is 320 000 tons (2011: 310 000 tons). Higher allocations in the 2011 quota year created an opportunity for the Desert Diamond to fish in Namibia for two months at the end of 2011 to supplement the catch capacity of the Namibian fleet. In January 2012 the Minister of Fisheries and Marine Resources announced the preliminary allocation of 100 000 tons of horse mackerel quota to new rights holders. This was followed by a further allocation of 21 000 tons in August, effectively reducing the amount of quota available to "old" rights holders. This has meant that Erongo has had to contract quota from the new rights holders in order to keep its fleet at full catch capacity. The effect of this, together with competition from international vessel operators, has resulted in an increase in costs to secure quota. Erongo caught and processed a total of 107 761 tons of own and contracted quota in the 2012 financial year (2011: 100 655 tons) and 67 229 tons of the 2012 quota by the end of September (2011: 77 058 tons). Erongo's full quota is expected to be caught before the end of the quota year (31 December 2012).

All vessels in the fleet performed well in terms of landings, efficiencies, product quality and cost management. Vessel performance has benefited from a strict maintenance regime, as well as further increases in freezing capacity. Landings are processed at sea into frozen packs in the format required by targeted markets. In Namibia, fish availability, quality and size were good. In South Africa, poor fishing conditions due largely to high water temperatures resulted in lower catch rates for part of the year.

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.

The division's total horse mackerel sales by volume, from both South Africa and Namibia, increased by 8%, compared with the prior year. Prices were quite variable, driven mainly by supply dynamics which changed dramatically during the year.

South African horse mackerel is sold principally into the Angolan and Cameroon markets, which prefer larger sized fish with a higher fat content. Limited supply, together with strong demand, resulted in increased prices.

The Namibian species is generally a slightly smaller sized fish, sold predominantly into the Democratic Republic of the Congo, South Africa, Mozambique, southern Angola, Namibia, Zambia and Zimbabwe. The introduction of new operators in the Namibian horse mackerel industry resulted in an extremely competitive environment. Large catches over a short period of time resulted in volumes being concentrated over a few months of the year and led to a reduction in selling prices of smaller sizes.

HAKE

The hake business experienced an excellent year with good catches, higher prices and 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. It is caught using two deep-sea trawlers, *Compass Challenger* and *Realeka*. In 2012, Oceana's total quota available for trawl, including that of its JV partners but excluding the Lusitania acquisition, was 4 107 tons (2011: 3 741 tons). These quotas are allocated for the calendar year and are expected to be landed by year-end (31 December 2012).

Both hake trawlers performed well during the year. Catches were good, as were fish quality and mix, which included a higher proportion of larger sized fish. These factors, together with a favourable rand/euro exchange rate, made Oceana's product more attractive in export markets, resulting in exports increasing to 86% of sales revenue (2011: 75%). All trawl hake and by-catches are boxed and frozen at sea. Oceana's hake products are sold on local and export markets, particularly in Spain, Portugal, Netherlands, Australia and Korea. Prices achieved in 2012 were well above those of 2011.

Two additional trawlers were acquired from the Lusitania group in September 2012 along with 2 398 tons of deep-sea trawl, and 588 tons of inshore trawl, quota. The acquisition was concluded too late in the year to affect the 2012 results but will add, significantly, to the scale of the business in future. Oceana sold its small interest in the hake long-line sector in 2012, as the business was not generating acceptable returns.

BCP holds an 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.

OPERATIONAL REVIEW **COMMERCIAL COLD STORAGE**

LOURENS DE WAAL

KEY PERFORMANCE INDICATORS

Total number of employees	307
Turnover	R279,8 million
Operating profit	R66,0 million
Cold storage capacity	Over 110 000 refrigerated pallet spaces in ten warehouses
Cold storage occupancy level	81%
Frozen pallets handled	496 000 pallets
Fruit pallets handled	143 000 pallets

MATERIAL RISKS

- Insufficient occupancy levels in cold store facilities
- Failing to ensure sufficient market differentiation through nature of service offering
- Exchange rate fluctuation and nature of South African import/export balance
- Managing costs and ensuring reliable availability of energy and water
- Managing business continuity, eg fire damage; safety incidents
- Loss of product through theft and fraud
- Access to required skills for new growth opportunities

VIEW MORE ABOUT COMMERCIAL COLD STORAGE:
www.ccslogistics.co.za

● **COLD STORAGE:** Namibia, South Africa

COMMERCIAL COLD STORAGE

Handling and storage of frozen products, especially poultry, were appreciably higher for the last three quarters of the financial year, resulting in divisional earnings being well above those of the prior year.

CCS Logistics now operates ten refrigerated warehouse facilities in the major centres and harbours of South Africa and Namibia. These cold stores are located in Cape Town, Durban, Johannesburg and Walvis Bay. Collectively, they offer customers over 110 000 refrigerated pallet positions. These stores are capable of storing and handling product at temperatures from ambient to well below zero, with the Duncan Dock store in Cape Town reaching as low as -60 °C. It is thus suitable for poultry, fish, meat, vegetables, dairy, margarine and fruit.
Fruit activity is in commercial (unsterilised fruit) and sterilised fruit. Sterilised fruit is processed through a specialised low-temperature sterilising system offered at the purpose-built Maydon Wharf Fruit Terminal in Durban.

STRATEGIC FOCUS AREAS

Protecting the current business by ensuring business sustainability (2012 – 2013) by:

- Expanding the existing menu of services
- Entering into long-term customer agreements based on space reservation
- Enhancing customer management services
- Increasing competitiveness by addressing the cost base
- Leveraging the IS investment for customer and cost benefit

Growing the business through a step-change (2013 – 2017) by:

- Increasing capacity at some existing CCS facilities
- Expanding the geographical footprint in SA and Namibia
- Identifying and realising growth opportunities in new markets in Africa
- Expanding market share in the chilled category

OPERATIONAL REVIEW **COMMERCIAL COLD STORAGE** CONTINUED

OCCUPANCY LEVELS IN RESPECT OF FROZEN PRODUCT AND INBOUND PALLET VOLUMES WILL REMAIN THE KEY REVENUE DRIVERS IN THE CCS BUSINESS. IN 2012 THE VOLUME AND DWELL TIME IN FROZEN IMPORTS OF MEAT AND POULTRY EXCEEDED 2011 LEVELS.

CCS has a long-standing and sound reputation in the primary storage and handling of perishable products on behalf of major manufacturers and importers. The location of cold stores, the range of services offered and the ability to integrate these services cost-effectively into the full outbound supply chain are key to achieving sustained support and occupancies in the cold storage industry. The industry in South Africa has experienced a significant growth in additional cold storage and handling capacity over the past two years. This has put pressure on margins and given renewed impetus to CCS's efforts to continue on the road of service expansion, innovation and cost management. The security and service integrity of customers products remain based on a platform of modern store design, optimum refrigeration technology, up-to-date IS and accreditation in internationally recognised quality control systems.

Occupancy levels in respect of frozen product and inbound pallet volumes will remain the key revenue drivers in the CCS business. In 2012 the volume and dwell time in frozen imports of meat and poultry exceeded 2011 levels. Local producers, of especially poultry and vegetable products, came under increased price pressure from importers and inventories increased to the benefit of the cold storage industry. CCS was the major beneficiary of the higher storage demand by actively securing the majority of the additional market requirements. In Namibia the increased horse mackerel catch allocation in the first quarter, coupled with an increase in the number of quota holders, drove up the demand for frozen storage to the benefit of the strategically positioned CCS facility in Walvis Bay. Although remaining depressed, 2012 saw an improvement in the foreign fishing fleet usage of the Cape Town port and the CCS quayside facility at Duncan Dock. The net overall effect of market activity was a significant growth in storage and handling revenue for frozen product compared to 2011. Despite a continued marketing drive to promote fruit handling of the more profitable sterilised fruit through one of the Durban facilities, this was not achieved and the overall performance of the two fruit facilities remained largely static as a result. It was pleasing to see that the commercial fruit continued its upward volume trend over the two preceding years; however, the margins in this fruit category remain under pressure. Total overheads grew in line with increased activity and the significant increases in mainly electricity tariffs were partly offset by the increased focus on efficiencies.

There were no significant health or safety incidents at any of the stores during the year. Independent service providers and regulatory agencies continue to conduct regular reviews of operating processes and safety measures. Benchmarks for risk audits were exceeded at all facilities.

Longer-term strategic planning caters for a further expansion in the menu of services, more service flexibility, better leveraging of IS, guaranteed space contracts for customers and footprint expansion in South Africa and into Africa. The required supply chain skills are being developed and tools sourced to deliver against the strategic plan.

JANE WILKINSON

KEY PERFORMANCE INDICATORS

- No production days lost to strike action or labour unrest
- Labour turnover 7%, below national average of 12,8% (Deloitte Human Capital Corporation)
- Skills development interventions in literacy, learnerships and leadership continue
- Individual performance agreements in place with 82% of non-bargaining unit employees (2011: 80%)
- HIV actuarial study indicates future prevalence of 10,9%, reducing to 10,5% by 2022 showing stabilisation
- Employee assistance programme launched. Focus on substance abuse and awareness training
- Achieved a 66% score using the AidsRating® analysis tool, which measures the success of a strategy aimed at managing the impact of Aids. A target of 60% was set for 2012.

VIEW MORE ABOUT HUMAN RESOURCES:
www.oceana.co.za

HUMAN RESOURCES

Oceana's goal is to create and maintain a stimulating, culturally diverse and healthy working environment. As such, the human resource function plays 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, as well as to attract, retain and develop high-potential individuals.

COMMUNICATION OF CORPORATE VALUES

The corporate values, approved by the board in the prior reporting period, were launched to the management team followed by a communications programme being rolled out across the group in order to integrate the values into all aspects of the business.

LEGISLATIVE COMPLIANCE

The anticipated changes following the government's review of the Labour Relations Act and Basic Conditions of Employment Act have been considered and the required changes to terms and conditions of employment will be made. This includes reviewing the usage of fixed-term contracts across the group.

An internal HR audit was completed during the period under review. This included a focus on the group's compliance with employment legislation and the working practices and procedures related to the legislation. No significant findings were made.

INDUSTRIAL RELATIONS

Wage negotiations were concluded successfully in all divisions with the relevant trade unions. No production days were lost to strike action or industrial unrest of any form. This is as a result of the good relations in place. Currently the Department of Labour (DoL) is concluding a formal investigation into the fishing sector in order to determine if a sectoral determination is required to regulate the terms and conditions of sea-going employees who are not covered by existing bargaining or statutory councils. In the case of Oceana this will affect both the pelagic and lobster divisions. The requirement to become self-regulated through the formation of an employer's association in order to participate in a bargaining or statutory council arrangement is actively being supported via the appropriate fishing associations by divisional representatives. If self-regulation is not achieved the group does not expect to be affected by the prescription of rates of pay or specific benefits that may be contained within the sectoral determination, as these are already in place. However, the impact of unreasonable working hours or shift restrictions may have an impact on the business.

The new employers organisation has been formed and an application for registration will be made to the DoL by the end of 2012.

STRATEGIC FOCUS AREAS

- Meet employment equity targets
- Promote skills development
- Drive performance management
- Meet changing regulatory requirements, especially revisions to Merchant Shipping Act and new employment legislation requirements
- Implement effective incentive schemes

OPERATIONAL REVIEW **GROUP HUMAN RESOURCES** CONTINUED

THE CORPORATE VALUES, APPROVED BY THE BOARD IN THE PRIOR REPORTING PERIOD, WERE LAUNCHED TO THE MANAGEMENT TEAM FOLLOWED BY A COMMUNICATIONS PROGRAMME THAT WAS ROLLED OUT ACROSS THE GROUP IN ORDER TO INTEGRATE THE VALUES INTO ALL ASPECTS OF THE BUSINESS.

In addition, the Merchant Shipping Act has also been reviewed and is currently being debated at Nedlac. There is a proposed eight-hour working day for sea-going employees which would not be applicable in the fishing sector if there are bargaining or statutory council structures in place. Therefore, the impetus to become self-regulated is increased as the impact on all players in the industry is significant.

PERFORMANCE MANAGEMENT

In line with our corporate value on people where we state that we strive to instill a performance-driven culture, our focus in this area continued and an analysis of the performance management procedures was undertaken during the year. The outcome of the review has indicated that more training and education for the management teams are required in order to develop a more holistic and integrated approach to performance and this will be included in next year's programme of activities.

REWARD AND BENEFITS

As detailed in the remuneration report on pages 71 to 72, the short-term incentive scheme has been reviewed in order to ensure that the reward policy and pay mix remain competitive and able to assist the group in attracting and retaining talent and critical skills. In addition, a review of two of the group's retirement funds (Oceana Group Pension Fund and Oceana Group Provident Fund) has been undertaken and they will be moved to an umbrella retirement fund mechanism during the course of the next year. This will result in cost savings from reduced administration fees, which will benefit the members, as well as a more effective structure in relation to the increasing regulatory obligations.

HUMAN CAPITAL DEVELOPMENT

Activity in the adult education and training area (literacy) increased this year. A total of 85 employees attended a programme (2011: 55) and expenditure increased to R1,1 million (2011: R0,4 million).

Forty-nine employees completed their learnerships in generic management, business administration or wholesale and retail distribution and a graduation ceremony took place.

The leadership academy continues to focus on developing the current and future requirements of the leaders in the business. An Emerging Managers Development programme was completed with junior managers across the business.

In addition, the Oceana "Leader as Coach" programme was extended to include middle managers in the group. This programme continues to assist in developing the skills required to further grow talent from within the organisation and the roll-out will continue during the next year.

A Leadership 360° review was completed at executive and senior management levels. The results were incorporated into development plans following discussions with the participants.

HIV/AIDS AND WELLNESS INITIATIVES

During the period under review an actuarial HIV prevalence study was completed. Demographic information of the group's current employee profile was provided together with information relating to the benefits on the various retirements funds, medical aid, sick leave entitlements and current sick leave balances. This information, together with the results of the two wellness interventions, was used to inform the outcome. The Actuarial Society of South Africa 2008 model was used to calculate the projections. The results of the impact study indicate an estimated 10,9% prevalence rate currently and that this will reduce to 10,5% by 2022 at group level. The stabilised rate and slight reduction are as a result of the epidemic having reached a plateau in the Western Cape. This information will be used to inform decisions relating to future wellness interventions.

The Employee Wellness programme managed by Kaelo, an independent service provider, was adapted in 2012 and an Employee Assistance programme was launched that provides telephonic and face-to-face counselling for employees and their families in the event of emotional, mental or other types of trauma. This programme, together with awareness and education sessions for employees on substance abuse, as well as training for leaders at all levels in the business on how to manage substance abuse at work, will form the focus of the wellness initiative until early 2013.


PORT

ALETHEA CONRAD

KEY PERFORMANCE INDICATORS

- Achieved an improved score of 93,98 and an overall independent B-BBEE level 2 rating
- Protected current fishing rights
- Maintained increased focus on influencing government to adopt a consistent approach to measuring transformation
- Retained JSE's SRI Index listing
- Oceana received a Gold award for its inclusion in the CDLI
- Participated in the CDP since 2010
- Achieved CSI spend of 1,2% of net profit after tax
- Achieved average environmental control system audit score of 93%
- Achieved an emissions intensity reduction of 9,51%

VIEW MORE ABOUT GROUP STRATEGIC SERVICES:
www.oceana.co.za

Group Strategic Services (GSS) is a corporate service division offering shared strategic services to the operating divisions for the following portfolios: sustainability, transformation, corporate communication, CSI, commercial, property and group procurement contracts. GSS was established in 2010 after completion of an organisational effectiveness assessment. A key finding of this assessment was that greater efficiency and effectiveness within operational divisions could be achieved through reducing duplication and offering key strategic services centrally at the corporate head office. The role of GSS is to provide high-quality strategic services that place Oceana in the best position to grow, with particular focus on social, economic and environmental sustainability. The key focus areas during 2012 has been the retention of Oceana's empowerment credentials, protection of its fishing rights, proactively working at improving the group's reputation through greater stakeholder engagement, promoting marine resource sustainability and reducing the group's carbon footprint.

Overall, considering our operational performance, 2012 has been a productive and successful year.

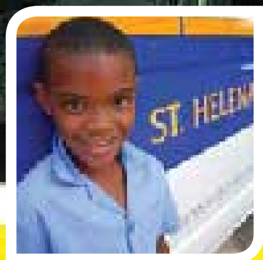
B-BBEE CREDENTIALS

At the end of 2011, the Department of Trade and Industry (DTI) released the B-BBEE Amendment Bill, which aims to refine the B-BBEE Act 53 of 2003 and close loopholes that may exist in current legislation. The Bill was approved by Cabinet during August 2012. The DTI decided that the 6-to-10-year measurement targets included in the Codes would apply to all companies with a year-end after 9 February 2012. This increased the employment equity and preferential procurement targets for 2012. Oceana had anticipated that the new targets would only become effective during its 2013 financial year. Nonetheless, it is pleasing to report that Oceana has achieved an improved score of 93,98 points, it has maintained its level 2 B-BBEE status, and has a recognition rating of 125% for procurement in terms of the DTI B-BBEE Scorecard. This can be attributed to increased internal focus and analysis including the following:

- An in-depth review of the group's transformation status, which is conducted annually in January. A detailed gap analysis per element of the scorecard for each division is compiled and presented to the CEO and each divisional managing director.
- Detailed plans to address the gaps are developed in consultation with each division. The plans are agreed, signed off and implementation monitored at a group level on a quarterly basis.
- Regular divisional review and reporting, as well as quarterly reporting to the internal Transformation Forum. Biannual reporting on developments take place at the social, ethics and transformation committee; and

STRATEGIC FOCUS AREAS

- Ensure sustainability of B-BBEE credentials, by continuing to explore mechanisms to increase Oceana's black ownership level and by retaining level 2 B-BBEE rating
- Protect current fishing rights by ensuring effective delivery against government expectations
- Manage stakeholder perceptions effectively to develop and maintain positive reputation across stakeholder groups
- Increase our focus on environmental sustainability, thereby ensuring our activities comply with the expectations of customers and investors through –
  - Promoting the sustainability of marine resources by encouraging effective research and monitoring, promoting responsible fisheries practices, and ensuring compliance
  - Reducing the environmental footprint of our activities



THE OCEANA FOUNDATION WAS ESTABLISHED DURING 2012 TO CONSOLIDATE THE OVERALL MANAGEMENT OF CORPORATE SOCIAL INVESTMENT EXPENDITURE BY THE GROUP AND ITS SUBSIDIARY COMPANIES TO ACHIEVE GREATER IMPACT.

- A high level of focus and commitment by the executive team ensures retention of Oceana's B-BBEE rating.

Oceana's detailed B-BBEE scorecard is available online.

Ensuring the sustainability of the group's B-BBEE credentials will remain a key focus area, particularly within the context of planned amendments to both the B-BBEE Act and Codes of Good Practice (Codes).

PROTECTION OF OUR FISHING RIGHTS AND INFLUENCING THE MEASURE OF TRANSFORMATION

Within an industry that is highly regulated and where access to marine resources is governed through a competitive application process, it is critical to ensure that the group's operations comply with government expectations, whether they relate to compliance with regulation or policy criteria.

A continuing focal point in securing fishing rights for the group remains the assessment of transformation and whether a broad-based approach in line with the B-BBEE codes or a narrow approach focused only on black ownership should be applied in the fishing sector. Oceana believes that the B-BBEE Act and Codes were promulgated to provide certainty to the country and the economy regarding the measure to be applied for broad-based transformation. Oceana has implemented a broad-based approach to implementing transformation within the group and has done so since 2004. This approach has led to Oceana being rated independently as a black-owned and black-controlled company with commendable empowerment credentials.

As mentioned in the CEO's report, Oceana had brought an application for the legal review of government's policy on the transfer of commercial fishing rights (the transfer policy) during 2009 in the Western Cape High Court, which was unsuccessful. The appeal was heard in the SCA during March this year and dismissed. Oceana's primary legal challenge was that the transfer policy was inconsistent with the B-BBEE Act and Codes in that it required a narrow assessment focused only on ownership and management control, and that the Minister of Agriculture, Forestry and Fisheries and the department were legally obliged to apply the Codes when determining qualification criteria for the transfer of commercial fishing rights. Regrettably, the SCA dismissed Oceana's challenge. The SCA adopted a very narrow interpretation of the Codes and found that no relevant Codes have been issued as yet that apply to the granting of licences, concessions or other statutory authorisations.

During the year Oceana engaged frequently with officials within DAFF and DTI at senior levels regarding the applicability of the B-BBEE codes within the fishing industry, as DAFF's current narrow-based approach measuring only levels of black ownership remains a hurdle to Oceana being able to grow through acquisitions within the South African fishing industry. This issue has also been tabled with government via BUSA's transformation policy desk. It is anticipated that the proposed amendments to the B-BBEE Act will remedy this and ensure consistency in the measure of transformation across all sectors.

STAKEHOLDER ENGAGEMENT

Oceana has recognised the value of increasing its engagement with key stakeholders and reflecting a willingness to listen, discuss and respond to issues of interest. During the year Oceana continued its engagement with community and labour representatives regarding both the content of the small-scale policy and its implementation. Through Oceana's membership of the board of trustees at BUSA, it has participated directly in the Nedlac Small-scale Fisheries Task Team, convened through the Trade and Industry Chamber. It has also participated in the Merchant Shipping Act Task Team and engaged with the Transformation Policy Unit. Senior managers represent Oceana at all sector-specific resource management working groups, scientific working groups as well as at recognised sector industrial bodies. A member of the Oceana executive is currently the chairman of Fish SA, an overarching industrial body, which represents eight commercial fishing sectors.

Given wide-reaching social challenges such as the economic decline, continuing high poverty levels, limited service delivery in communities and the need for access to quality education, Oceana believes it is important to engage with key stakeholders within communities in which it operates to ensure that its operations minimise negative, and maximise positive, environmental and social impacts. A concerted effort has been made to proactively improve engagement with government officials at national, provincial and local level within the education and social development departments, as well as with non-governmental organisations, community representatives and schools. In response to these stakeholders' expectations, the strategic focus of the group's CSI initiatives was redirected towards improving the socio-economic conditions in respect of education and food security in the coastal communities in which Oceana operates.

CORPORATE SOCIAL INVESTMENT (CSI)

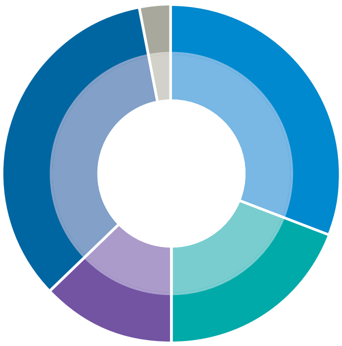
The Oceana Foundation was established during 2012 to consolidate the overall management of CSI expenditure by the group and its subsidiary companies to achieve greater impact. A launch event was held in St Helena Bay with a key note address delivered by the former Deputy Director-General of DAFF. The Oceana Foundation is also geared towards fostering long-term partnerships that will transform and empower the communities in which it operates.

During the year various projects were undertaken in South Africa by the Oceana Foundation which included:

- the refurbishment and upgrading of schools infrastructure in Hout Bay, St Helena Bay and Lambert's Bay;
- donation of mini-buses to assist these schools with transporting pupils and teachers, given their often remote locations;
- partnering with Stop Hunger Now South Africa, an organisation focused on alleviating hunger within needy communities, in both meal packaging events and distribution of food parcels.

The pie chart below reflects the geographic split in expenditure for the Foundation for the year.

FOUNDATION'S GEOGRAPHIC AREAS OF FOCUS

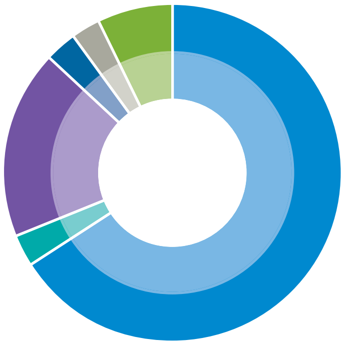


- **St Helena Bay (31%)**
- **Hout Bay (19%)**
- **Lambert's Bay (13%)**
- **Cape Town (34%)**
- **Other (3%)**

In Namibia, CSI expenditure was directed towards support for various educational initiatives in the Erongo region, including the Arandis Primary School and Kindergarten and Okongo Secondary School in northern Namibia. The project being supported at a cost of N$1,1 million is the construction of classrooms, a hostel and ablution block together with the Ministry of Education.

Overall, the CSI expenditure for both South Africa and Namibia amounted to R5,2 million, which stated as a percentage of net profit after tax is 1,2% (2011: 1,6%). The following chart reflects the split in expenditure by category.

CSI CATEGORY SPLIT FOR THE YEAR ENDED 30 SEPTEMBER 2012



- **Education (66%)**
- **Community and rural development (3%)**
- **Food security (18%)**
- **Welfare (3%)**
- **Environmental conservation (3%)**
- **Other (7%)**

ENVIRONMENTAL SUSTAINABILITY

During 2012 Oceana developed a revised strategy to manage its impact on the environment. The key thrusts of the strategy are to promote the sustainable management of marine resources; ensure sound management of the group's impact on climate change; and develop a long-term focus towards achieving a carbon neutral environment.

Oceana's long-term sustainability depends largely on the health of the marine resources. To ensure the integrity and soundness of the biomass of fish species that the group harvests, sound scientific knowledge is essential and facilitates proper management of the fishery resources. In addition to supporting research by DAFF, Oceana annually commissions independent scientific studies aimed at improving the reliability of the scientific data in providing an accurate reflection of the current status of the marine resources. The results of the studies commissioned this year are available on the Oceana corporate website.

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 MSC. Oceana's commitment to sustainable resource management led to it becoming a founder member of the RFA in 2009. During the reporting year, Oceana became a signatory to a joint declaration on action for wild

OCEANA IS COMMITTED TO DIRECTING ITS FOCUS IN THE LONG TERM TOWARDS ACHIEVING CARBON NEUTRAL STATUS. THIS YEAR MARKED THE THIRD YEAR IN WHICH THE GROUP PARTICIPATED IN THE CDP, WHICH ENCOURAGES COMPANIES TO MEASURE AND DISCLOSE THEIR GHG EMISSIONS.

marine fisheries initiated by The Prince's Charities International Sustainability Unit, as well as the United Nations Global Compact (UNGC). Oceana is committed to integrating the ten principles of the UNGC into the strategy, culture and day-to-day operations of the business, as well as engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Millennium Development Goals.

EXTERNAL ACCREDITATIONS

Oceana has been listed on the JSE's SRI Index for the last eight years consecutively. Listing is dependent on compliance with the increasingly stringent criteria on triple bottom-line performance and commitment in the areas of corporate governance, environment, economy and society. The Index also offers investors a useful comparable tool to use in assessing a company's sustainability practices.

CLIMATE CHANGE

Oceana updated the study on the fishing industry's role in adapting to climate change in 2012 and has commissioned a risk and vulnerability study. Oceana has set short-term, medium-term and long-term greenhouse gas (GHG) emission reduction targets. In addition, Oceana is committed to increasing awareness amongst its stakeholders regarding climate change issues.

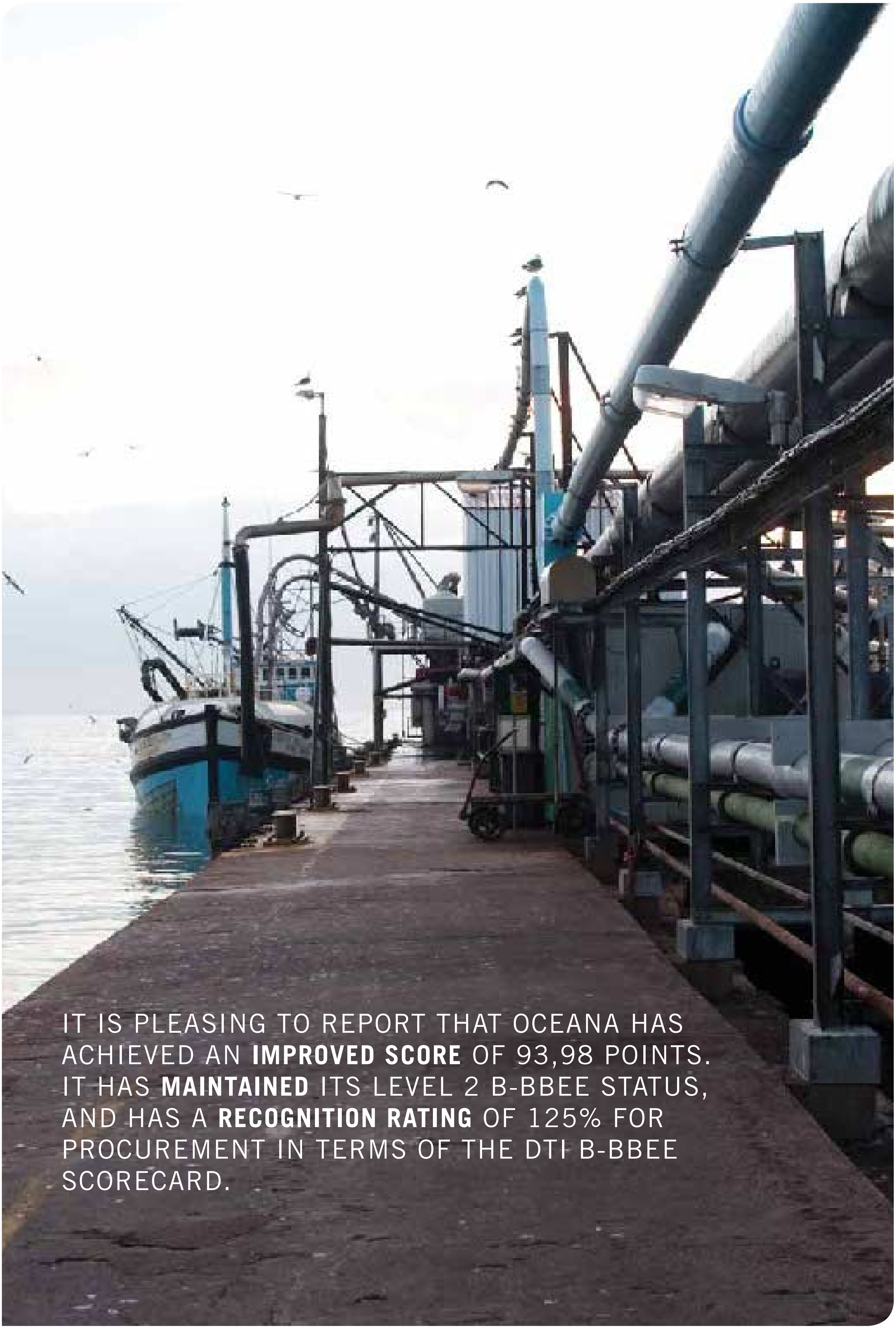
This marked the third year in which the group participated in the CDP, which encourages companies to measure and disclose their GHG emissions. Oceana continues to seek innovative ways of managing GHG emissions in all our operations. Oceana was included in the CDLI during 2010 and received a gold award being placed in the Top 10 companies on the Index. To be included in the CDLI, companies must be part of the JSE Top 100 sample, provide a publicly available response using the Online Reporting System, and achieve a disclosure score within the top 10% of the reporting population. During 2011, while Oceana was not included in the JSE Top 100 sample for inclusion on the CDLI, Oceana achieved a score equivalent to sixth place.

During 2012 Oceana received a gold award for its inclusion in the CDLI. The 2012 score increased to 95% and reflects the consistent increase in focus on climate change management.

ENERGY USAGE AND LIMITATIONS OF EMISSIONS

Oceana is committed to directing its focus in the long term towards achieving carbon neutral status. During 2012 the group continued its drive to achieve reduced energy consumption (diesel and electricity) in vessels and plants through revised operating procedures, technological enhancements, recycling and reusing renewable and non-renewable resources (waste heat, water and packing materials), and it also enhanced control of emissions to reduce the group's carbon footprint and save costs. There has been an increased focus on ensuring the accurate measurement and reporting of emissions and energy usage.

A full Corporate Responsibility Report that includes Oceana's business practices and performance in terms of how the group manages its impact on the environment and society, as well as its commitment to CSI, is available online at www.oceana.co.za. This report provides extensive quantitative and qualitative data.



IT IS PLEASING TO REPORT THAT OCEANA HAS ACHIEVED AN **IMPROVED SCORE** OF 93,98 POINTS. IT HAS **MAINTAINED** ITS LEVEL 2 B-BBEE STATUS, AND HAS A **RECOGNITION RATING** OF 125% FOR PROCUREMENT IN TERMS OF THE DTI B-BBEE SCORECARD.

GROUP FINANCIAL DIRECTOR'S REPORT

OCEANA'S FINANCIAL POSITION IS STRONG. THE GROUP HAS NO LONG-TERM BORROWINGS. WORKING CAPITAL REQUIREMENTS INCREASED SUBSTANTIALLY TOWARDS THE END OF THE YEAR AS THE SUPPLY CHAIN FOR CANNED FISH IMPROVED.

ROD NICOL

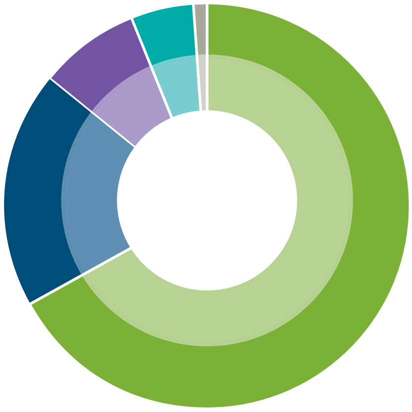
FINANCIAL PERFORMANCE

INCOME AND GROWTH

Group revenue increased by 27% compared to the prior year. The improved turnover came from each of the four operating segments. A summary of the performance of each of the divisions can be seen in the operating segments' report on page 3.

Group revenue is generated primarily in South Africa and Namibia (67%); export markets are mainly other African countries, Europe and the Far East, as shown graphically below.

REVENUE PER REGION – 2012



- South Africa and Namibia (67%)
- Other Africa (19%)
- Europe (8%)
- Far East (5%)
- Other (1%)

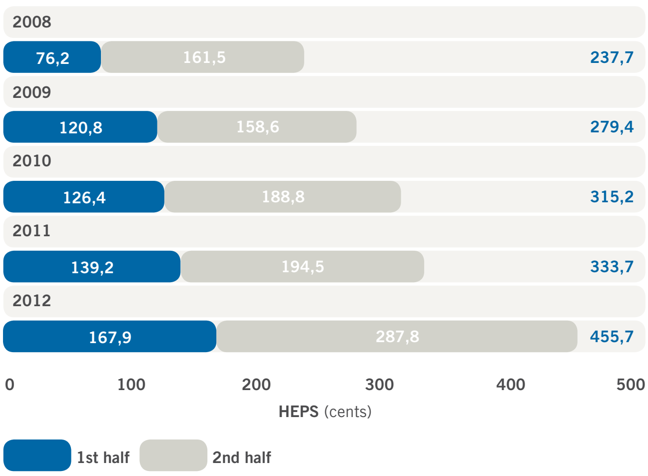
Group operating profit before abnormal items was R711,0 million, an increase of 39% on 2011. The overall operating margin of 15% was higher than the prior year.

Net investment income includes accrued preference share dividends and net interest received. The preference share dividends, which were in line with the prior year, were earned through Oceana's investment in Oceana SPV Proprietary Limited. The details of this investment can be found in note 13 of the AFS. Net interest increased over the prior year as a consequence of higher average cash balances throughout the year. The net cash balance at 30 September 2012 reduced to R231,6 million (2011: R384,5 million) following outflows in September in respect of the acquisition of businesses from Lusitania and payment of the Competition Commission administrative penalty.

The group's effective tax rate, excluding the effect of the abnormal item and STC, was in line with the prior year. The effective tax rate is influenced by the mix of profits taxable at the South African rate of 28%, and the Namibian rate of 34%. A reconciliation of the group's effective rate to the South African company income tax rate can be found in note 7 of the AFS.

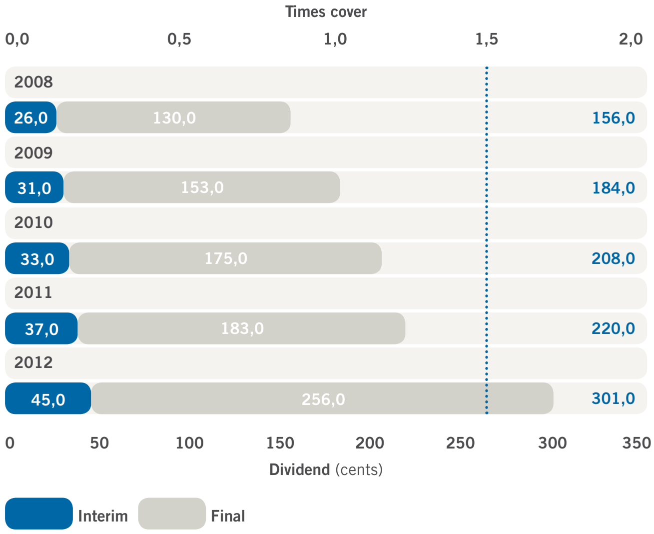
Basic HEPS were 37% above those of 2011, as reflected in the graph below.

HEADLINE EARNINGS PER SHARE



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

DIVIDEND PER SHARE AND COVER



FINANCIAL POSITION

Oceana's financial position is strong. The group has no long-term borrowings. Working capital requirements increased substantially towards the end of the year as the supply chain for canned fish improved. Inventory days are planned to increase further in 2013. The higher level of working capital was funded out of cash reserves as was the payment in respect of the acquisition from Lusitania.

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.

KEY FINANCIAL RISKS

CURRENCY RISK

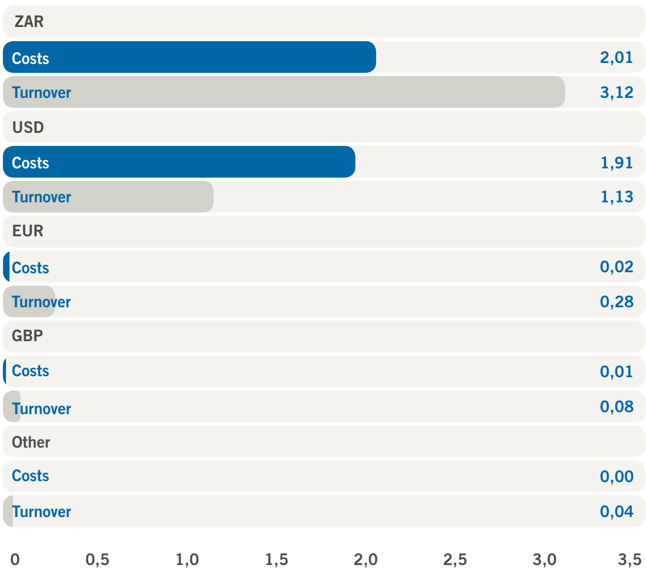
Oceana has significant volumes of imports and exports. Exchange rate risk is managed through awareness in the organisation of the currency risk related to foreign transactions. The group has a formal foreign exchange policy approved by the board which guides currency risk management carried out by the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

GROUP FINANCIAL DIRECTOR'S REPORT CONTINUED

THE INVENTORY LEVEL OF CANNED FISH IS PLANNED TO INCREASE IN EXCESS OF TURNOVER GROWTH DURING THE FORTHCOMING YEAR TO ENSURE OUR ABILITY TO SATISFY ANTICIPATED DOMESTIC MARKET DEMAND.

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. The graph below illustrates the set-off effect of foreign currencies within the group.

COSTS AND TURNOVER PER CURRENCY – 2012 (R billion)



Note 28 of the AFS provides information on the group's foreign currency balances and exposures at the end of the financial year.

CREDIT RISK

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.

Note 18 of the AFS provides information on the concentration of the group's trade receivables at the year-end.

ACQUISITIONS

Transfer of the hake, horse mackerel and cold storage businesses acquired from the Lusitania group and associated companies took place on 18 September 2012. Allocation of the purchase consideration can be found in the notes to the statement of cash flows in the AFS.

As a result of the acquisition, Oceana's percentage ownership in the South African deep-sea and inshore trawl hake TAC increased from 1,0% to 3,3% and in South African horse mackerel by 4,0%. The fishing assets acquired consisted primarily of two vessels, *MFV Sandile* (1 345 grt) and *MFV Toralla* (684 grt) plus their respective crews.

Acquisition of the V&A cold store facility and business increased the group's cold storage capacity by 4,1% and also provides quay space for the hake vessel operations.

A decision by DAFF for transfer of the south coast rock lobster fishing rights held by the Lusitania group and associated companies to Oceana was not obtained and accordingly this element of the transaction has not been given effect.

Transfer of horse mackerel fishing rights from two other parties were approved by DAFF during the year which, together with the Lusitania rights, resulted in Oceana holding a 34,7% share in the South African horse mackerel industry at year-end.

ACCOUNTING STANDARDS

The group complies with International Financial Reporting Standards (IFRS). No new accounting standards, interpretations or circulars were adopted in the 2012 AFS. 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

WORKING CAPITAL REQUIREMENTS

The inventory level of canned fish is planned to increase in excess of turnover growth during the forthcoming year to ensure our ability to satisfy anticipated domestic market demand.

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 earnings per share (EPS) in the next five 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 EPS are shown in note 8.1 of the 2012 AFS. The dilutive effect is expected to increase over the next five years. In 2017 the shares owned by the Khula Trust will no longer be added back, thereby diluting EPS to the extent not already built into the diluted EPS calculation.

STATISTICAL AND FINANCIAL DATA

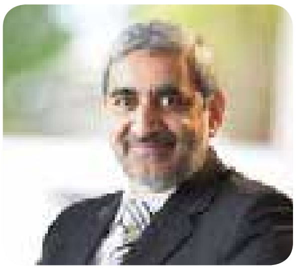
	Notes	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Consolidated statements of comprehensive income						
Revenue		**4 647 951**	3 657 196	3 423 219	3 301 288	3 002 476
Operating profit before abnormal items		**711 025**	512 689	484 474	410 866	317 284
Abnormal items		**(47 955)**		(19 697)	19 329	11 725
Operating profit		**663 070**	512 689	464 777	430 195	329 009
Investment income		**36 279**	25 826	19 750	31 561	35 878
Interest paid		**(3 108)**	(2 872)	(5 497)	(5 600)	(6 464)
Profit before taxation		**696 241**	535 643	479 030	456 156	358 423
Taxation		**232 315**	189 426	175 515	148 223	104 153
Profit after taxation		**463 926**	346 217	303 515	307 933	254 270
Attributable to non-controlling interests		**20 136**	13 047	9 091	15 734	8 197
Net profit attributable to shareholders of Oceana Group		**443 790**	333 170	294 424	292 199	246 073
Headline earnings		**456 158**	333 210	313 908	276 764	234 636
Consolidated statements of financial position						
Property, plant and equipment		**435 850**	415 623	364 538	352 170	334 147
Intangible assets		**88 638**	18 101	16 183	36 117	45 293
Deferred taxation		**23 187**	13 204	8 528	5 878	5 386
Investments and loans		**142 940**	153 445	151 897	140 111	131 258
Current assets		**1 878 113**	1 422 623	1 302 083	1 188 010	1 039 398
Total assets		**2 568 728**	2 022 996	1 843 229	1 722 286	1 555 482
Interest of shareholders of Oceana Group		**1 584 540**	1 358 428	1 212 130	1 091 702	969 926
Interest of non-controlling interests in subsidiaries		**48 702**	40 923	34 340	33 994	29 632
Interest of all shareholders		**1 633 242**	1 399 351	1 246 470	1 125 696	999 558
Deferred taxation		**41 843**	41 669	46 900	49 829	44 733
Other liabilities		**893 643**	581 976	549 859	546 761	511 191
Total equity and liabilities		**2 568 728**	2 022 996	1 843 229	1 722 286	1 555 482
Consolidated statements of cash flows						
Cash generated from operations		**456 562**	729 211	416 596	293 650	320 833
Investment income received		**25 312**	14 320	6 639	16 509	20 998
Interest paid		**(3 108)**	(2 872)	(5 497)	(5 600)	(6 464)
Taxation paid		**(242 588)**	(169 132)	(166 234)	(138 822)	(84 623)
Dividends paid		**(242 222)**	(219 993)	(193 840)	(170 984)	(123 640)
Net cash (outflow)/inflow from operating activities		**(6 044)**	351 534	57 664	(5 247)	127 104
Cash outflow from investing activities		**(153 331)**	(115 827)	(87 937)	(62 429)	(87 526)
Cash inflow/(outflow) from financing activities		**7 987**	4 902	6 753	15 670	(41 583)
Net (decrease)/increase in cash and cash equivalents		**(151 388)**	240 609	(23 520)	(52 006)	(2 005)
Performance per share						
Number of shares upon which earnings per share is based ('000)		**100 100**	99 868	99 580	99 041	98 721
Headline earnings per share – basic (cents)		**455,7**	333,7	315,2	279,4	237,7
Headline earnings per share – diluted (cents)		**419,8**	312,7	299,2	271,5	234,3
Earnings per share – basic (cents)		**443,3**	333,6	295,7	295,0	249,3
Earnings per share – diluted (cents)		**408,4**	312,7	280,6	286,6	245,7
Dividends per share (cents)	1	**301,0**	220,0	208,0	184,0	156,0
Headline dividend cover (times)		**1,5**	1,5	1,5	1,5	1,5
Net asset value per share (cents)	2	**1 581,1**	1 359,3	1 215,9	1 099,7	986,0

	Notes	2012	2011	2010	2009	2008
Profitability		%	%	%	%	%
Operating margin	3	15,3	14,0	14,2	12,4	10,6
Return on average shareholders' funds	4	31	26	27	27	25
Return on average net assets	5 and 6	45	38	39	37	35
Return on average total assets	5 and 7	35	30	31	26	25
Finance						
Total borrowings as a percentage of total shareholders' funds	8	3	1	3	2	5
Total liabilities as a percentage of total shareholders' funds	9	55	42	44	49	51
Current ratio (:1)		2,4	2,7	2,6	2,3	2,1
Number of permanent employees at year-end		1 849	1 711	1 434	1 351	1 359
Revenue per employee (R'000)	10	2 514	2 138	2 387	2 444	2 209
Assets per employee (R'000)	7	1 377	1 175	1 279	1 270	1 141
Share performance						
Market price per share (cents)						
Year-end		5 400	3 745	3 200	2 625	2 105
Highest		5 999	4 050	3 425	2 800	2 619
Lowest		3 700	3 100	2 600	1 950	1 601
Price earnings ratio	11	11,8	11,2	10,2	9,4	8,9
Number of transactions	12	3 080	2 756	3 746	2 170	1 896
Number of shares traded ('000)	12	14 785	7 653	31 797	22 236	18 078
Value of shares traded (R'000)	12	673 300	280 453	923 954	520 990	372 452
Volume of shares traded as a percentage of total issued shares	12	12,4	6,4	26,7	18,8	15,4
Market capitalisation (R'000)	13	6 449 174	4 464 271	3 808 037	3 112 965	2 479 049
JSE food producers and processors index	14	197,66	149,24	137,77	116,61	100,00
JSE industrial index	14	162,65	124,10	131,65	112,38	100,00
Oceana Group share price index	14	256,53	177,91	152,02	124,70	100,00

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.*
11. *Market price per share at year-end divided by HEPS.*
12. *Figures based on JSE transactions only.*
13. *Value of ordinary shares in issue at year-end price including treasury shares held by share trusts and subsidiary company.*
14. *Adjusted base 2008 = 100.*

DIRECTORATE



CHAIRMAN

Mustaq Ahmed Brey[†] (58)
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

Francois Paul Kuttel[°◊•] (44)
BAA (University of 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

Rodney Gerald Nicol[°◊] (57)
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

Alethea Berenice Anne Conrad[°◊•] (48)
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.

NON-EXECUTIVE DIRECTORS

LEAD INDEPENDENT DIRECTOR

Saamsoodein Pather[*†] (62)
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.

Zarina Bibi Mahomed Bassa[*◊] (48)
BAcc and Dip Acc (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, Senwes, the Financial Services Board and Woolworths Holdings. Zarina was executive director responsible for private banking at Absa and was a partner at Ernst & Young prior to that. 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.

Peter Gerard de Beyer*† (57)
BBusSc (Cape Town), 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 Actuarial Society of South Africa.

Peter Bambatha Matlare† (53)
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.

Phildon Martin Roux◊ (47)
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.

Nomahlubi Victoria Simamane•† (53)
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.

Takula Jenkins Tapela• (44)
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*
• *Social, ethics and transformation committee*

Information as at 8 November 2012

EXECUTIVE COMMITTEE

Francois Paul Kuttel°◊• (44)

BAA (University of San Diego)

Chief executive officer

Oceana Group

Number of years' service – 3

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.

Neville Donovan Brink◊ (52)

Managing director

Blue Continent Products

Number of years' service – 25

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, Calamari Fishing and Lamberts Bay Foods in 2005 and assumed the position of managing director of Blue Continent Products from 1 February 2011.

Alethea Berenice Anne Conrad°◊• (48)

BA LLB (Rhodes)

Group strategic services director

Oceana Group

Number of years' service – 13

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.

Lourens de Waal◊ (46)

HND in Cost & Management Accounting (CapeTech)

Managing director

CCS Logistics

Number of years' service – 1

Lourens worked for I&J from 1994 to 2000 as the administration manager and then national & export distribution manager. He joined Vector in 2000, holding the position of general manager for sales and distribution while it was part of the I&J business and was then appointed as customer and supply chain director at Vector Logistics in 2007. Lourens attended the Executive Development Programme of UCT & Michigan University and is a member of several international industry bodies. He joined Oceana on 1 December 2011.

Barrie James King◊ (61)

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

Compliance executive

Oceana Group

Number of years' service – 11

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.

Rodney Gerald Nicol°◊ (57)

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

Financial director

Oceana Group

Number of years' service – 27

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.

Gavin Andrew Rhodes-Harrison◊ (59)

BSc Bldg Mgmt (UND)

Managing director

Lucky Star

Number of years' service – 13

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 Lucky Star in 2005.

Suleiman Salie◊ (45)

BSc Mech Eng (Cape Town)

Managing director

Oceana Lobster, Calamari Fishing and Lamberts Bay Foods

Number of years' service – 2

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 represents Oceana on a number of fishing industry associations.

Jane Louise Wilkinson◊ (43)

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

Human resources manager

Oceana Group

Number of years' service – 15

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 HR manager in 2002.

- ∘ *Executive director*
- • *Social, ethics and transformation committee*
- ◊ *Risk committee*

Information as at 8 November 2012

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 AND RESPONSIBLE MANNER, AFTER CONSIDERING PRUDENTLY DETERMINED RISK PARAMETERS.

COMPLIANCE WITH KING III CODE

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 corporate governance, business integrity and ethics across all its activities.

The principles 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. The group has elected not to apply the following recommendations contained in King III:

- The chairman of the board, while being a non-executive director, is not independent. A full explanation is provided under the heading "Independence of chairman".
- While both the chairman of the board and the lead independent director are members of the remuneration and nominations committee, neither chair the committee. A full explanation is provided under the heading "Board committees".
- While the social, ethics and transformation committee is now comprised of only board members and is chaired by an independent non-executive director, it does not have a majority of non-executive directors. A full explanation is provided under the heading "Board committees".
- Non-executive director fees are not based on an attendance fee per meeting. Attendance at meetings has generally been very good and where directors are unable to attend a meeting, they have nevertheless contributed to matters to be considered at the relevant meeting.
- The risk committee is not chaired by an independent non-executive director. A full explanation is provided under the heading "Board committees".

COMPLIANCE WITH THE LISTINGS REQUIREMENTS

The company is fully compliant with the Listings Requirements, as amended.

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.

INDEPENDENCE OF THE CHAIRMAN

Oceana has a unitary board structure. The offices of chairman and CEO are separate with segregated duties. The chairman 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. Accordingly, in line with international corporate governance best practice and the JSE Listings Requirements, the board has appointed a lead independent director and Mr S Pather has fulfilled this role.

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, it 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 or as required by the Companies Act and/or the memorandum of incorporation. Candidates for directorship are interviewed by the remuneration and nominations committee and are required to submit details of other commitments and an indication of the time involved in carrying out those commitments. The remuneration and nominations committee then considers whether the candidate has the requisite skills and expertise to add value to the board and whether there are any actual or potential conflicts. The remuneration and nominations committee then recommends

candidates to the board which approves the appointment. Shareholders are informed of the names of the candidates submitted for re-election as directors. In order to enable shareholders to make an informed decision regarding election, the candidate's biographical data, the term of office currently served and any other particulars required by law are made available to shareholders. Reappointment of directors is not automatic.

There were no changes to the board during the year.

Details of the directors of the board appear on pages 60 to 61 of the integrated report.

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. Three of the board meetings were fully attended by all directors. Mr PB Matlare was unable to attend two of the five board meetings and Ms ZBM Bassa and Mr PM Roux were each unable to attend one meeting.

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 company secretary will in future engage with directors to understand their training needs and assist with identifying appropriate training.

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 social, ethics 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 PM Roux's background and qualifications are appropriate for him to chair this committee, notwithstanding that he is not independent.

The board is satisfied that it has an effective and independent audit committee. One of the tasks assigned by the board to the audit committee was that of ensuring that the company has an appropriate information technology governance framework in place. The board, however, remains responsible for and has satisfied itself based on reports received from the audit committee that an appropriate information technology governance framework exists and is functioning effectively. The board reviewed and approved the audit committee charter which was updated during the year. The governance activities undertaken by the audit committee, in terms of the Companies Act, King III and on request of the board, are detailed in the audit committee report on page 5 of the AFS. Meetings held in the year were fully attended.

The board, while having assigned the oversight of the company's risk management function to the risk committee, has dealt with the governance of risk comprehensively during the year under review. It had done so through consideration of bi-annual reports from the risk committee and audit committee chairmen and review of the self-assessment results of both these committees. The board reviewed and approved the risk committee charter which was updated during the year. Meetings held in the year were fully attended.

The composition of the remuneration and nominations committee comprises five non-executive directors, three of whom are independent. Both the chairman of the board and the lead independent director are members of the remuneration and nominations committee but do not chair the committee. The remuneration and nominations committee is chaired by Mr PG de Beyer who is an independent non-executive director. The board is of the view that Mr PG de Beyer's background and qualifications are appropriate for him to chair this committee. The committee has assisted the board with ensuring that the company remunerates its directors and executives fairly and responsibly and also with ensuring that appropriate succession planning is in place at a board, executive and senior management level. The board is satisfied that the committee has fully performed in accordance with its charter. The board reviewed and approved the remuneration and nomination committee charter which was updated during the year. Of the four committee meetings held in the year there was full attendance at two. Mr PB Matlare was unable to attend two of the meetings.

The social, ethics and transformation committee comprises two non-executive directors and two executive directors. The committee is chaired by an independent non-executive director. The group compliance executive and group HR manager attend committee meetings as subject matter experts. The board is satisfied that the current members of the committee, who had served as members of the previous transformation committee, have sufficient expertise and knowledge on matters to be considered by the committee in performance of its duties under the Companies Act.

Members of committees as at 8 November 2012 are contained in the table below:

Audit committee	S Pather (chairman); ZBM Bassa; PG de Beyer
Remuneration and nominations committee	PG de Beyer (chairman); MA Brey; PB Matlare; S Pather; NV Simamane
Risk committee	PM Roux (chairman); ZBM Bassa; ND Brink; ABA Conrad; LJ de Waal; BJ King; FP Kuttel; RG Nicol; GA Rhodes-Harrison; S Salie; JL Wilkinson
Social, ethics and transformation committee	NV Simamane (chairman); ABA Conrad; FP Kuttel; TJ Tapela

Mr LJ de Waal was appointed to the risk committee on 2 May 2012.

On 8 November 2012 Mr BJ King and Ms JL Wilkinson resigned as members of the social, ethics and transformation committee, but still attend meetings as attendees.

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. No new directors were appointed during the year.

BOARD EVALUATION

Formal evaluations of the performance of the board, its committees and individual directors were carried out during the year. The evaluation process included an appraisal of the chairman of the board. The performance of the CEO was also formally evaluated. The directors are aware of the need to convey to the chairman of the board any concerns that they may have in respect of the performance or 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.

COMPANY SECRETARY EVALUATION

The group company secretary guides and advises the individual directors and the board collectively on discharging their responsibilities and duties and on matters of good governance.

The board concluded after due assessment, following a review by the remuneration and nomination committee of the company secretary's qualifications, experience and performance, and due enquiry of and amongst themselves, that the company secretary has the necessary qualification, competence and expertise and that she has maintained an arm's length relationship with the board and its directors.

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 group company secretary and, in appropriate circumstances, may seek independent professional advice concerning the affairs of the company and group.

POLICY ON TRADING IN COMPANY SECURITIES

The board approved a Policy on Trading in Company Securities. Directors and employees are prohibited from trading in company securities during closed periods.

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, which was reviewed and updated during the year.

WHISTLEBLOWERS

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. An awareness campaign was conducted this year to remind employees that this facility continues to be available to them. The facility was also extended to Namibia during the year.

GROUP AND SUBSIDIARY GOVERNANCE FRAMEWORK

A disciplined reporting structure ensures the Oceana board is fully appraised 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 both a top-down and bottom-up approach.

The board appreciates that strategy, risk, performance and sustainability are inseparable.

Briefings on changes in risk, laws and the environment are made to the board both directly 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. The board approves the long-term and short-term strategies for the business of the company and monitors the implementation thereof by management. 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 board is satisfied that an effective risk-based internal audit was carried out during the year and that the company's system of internal controls is effective. The board reviews and approves on an annual basis an authorities framework which provides a clear and transparent delegation of authority.

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.

COMPLIANCE WITH LAWS AND REGULATIONS

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.

Operating companies paid R60 000 in regulatory penalties to SAMSA for two minor incidents. One was an oil spillage into a harbour and the second was not reporting an incident during lifeboat testing. Remedial action was taken to prevent a recurrence.

Following an investigation into the small pelagic fishery by the Competition Commission which had been ongoing since July 2008, Oceana accepted responsibility for certain contraventions of the Competition Act No. 89 of 1998, as amended. Accordingly, Oceana agreed to pay an administrative penalty amounting to R34,75 million representing 5% of its affected turnover derived from its pelagic fishing operations in South Africa in the 2010 financial year. The full and final settlement was confirmed by the Competition Tribunal in June 2012. The bulk of the penalty relates to open negotiations which were in place for the purposes of compensating skippers, crew and some private boat owners in the small pelagic fishery for over four decades. While it was technically a contravention of the Competition Act, we believed this activity was covered by the exemption relating to collective bargaining. The remaining infringements were technical in nature and in certain cases, never implemented. Most importantly, no harm was done in any way to consumers through any of these infringements. The others were identified during our compliance audit as contraventions and the conduct in question was immediately discontinued.

As a result of the infringements, Oceana implemented a comprehensive ongoing competition law compliance programme, consisting of training and education, compliance audits, the introduction of relevant corporate policies and procedures as well as the establishment of appropriate monitoring and reporting mechanisms.

The Consumer Protection Act came into effect on 1 April 2011. In response to the new legislation and in accordance with the company's commitment to comply fully with the laws of the countries in which we operate, training on the requirements and implications of the new act was provided to relevant employees in the business.

RISK MANAGEMENT

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 realisation of Oceana's business strategy depends on its management being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. In doing so, it has to anticipate and respond to changes in the business environment, as well as take informed decisions under conditions of uncertainty in order to mitigate risk exposure and to optimise opportunities that may arise.

As such, Oceana has established a culture of managing existing, emerging or unpredictable risks. A number of embedded processes, resources and structures are in place to address risk management needs. These range from internal audits, systems, insurance, IS security, compliance processes, quality management and a range of other line management interventions. Compliance with relevant legislation is effected to fulfil the expectations of the group's employees, communities, shareholders and other stakeholders in terms of due care and corporate governance.

An enterprise-wide approach to risk management has been adopted by Oceana, which means that every identified material risk is included in a structured and systematic process of risk management. These are managed within a unitary framework that is aligned to the company's corporate governance responsibilities.

ROLE OF THE BOARD

The Oceana board is responsible for the governance of risk. The board charter outlines the directors' responsibilities for ensuring that an appropriate system and process of risk management is implemented and maintained. Each member of the Oceana board understands his/her accountability for risk management. Although the board may choose to nominate one director as the co-ordinator of risk management reporting requirements, it is clear that all directors have accountability for risk management in Oceana.

The board provides stakeholders with the assurance that material risks are properly identified, assessed, mitigated and monitored.

The board maintains a formal risk policy and framework for Oceana. It is appreciated that stakeholders need to understand the board's standpoint on risk and it is formally reflected in the Oceana Group Risk Management Policy and Framework.

The board is responsible to oversee the development and implementation of a risk management implementation plan aimed at the evaluation and improvement of risk management within Oceana.

The board formally evaluates the effectiveness of Oceana's risk management process at year-end for disclosure purposes and to provide a basis for updating the risk management plan.

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 eleven members, as indicated on page 67. Members include the CEO and the group's executive committee. 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 the two meetings held during the year.

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 comprises divisional managing directors, divisional risk managers, group strategic services director, group HR manager, the group financial director, and the group's chief risk officer as the chairman.

RISK MANAGEMENT PLAN

Risk forum/committee meeting agendas include a review of the group's top 10 risks (those of the holding company and the operating divisions), incident reports, and a status update on the implementation of the risk management plan.

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 inherent risk, as well as relevant controls to derive residual risks, which are ranked by division into top 10, and ultimately resulting in Oceana's overall top 10 risks. These are recorded in divisional and functional risk registers, and are reviewed and interrogated quarterly by the risk forum, and bi-annually by the risk committee.

The group's top 10 risks are taken into consideration at the directors' annual strategic planning meeting.

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

REPORTING MECHANISMS

The board's reporting responsibilities include:

- The results of the independent risk management effectiveness review, conducted by the group's internal auditors
- Progress against the risk management plan, including recommended amendments
- The material risks facing Oceana, which include the strategic risks, the material risks per division and function, as well as potentially material emerging issues
- Remedial actions taken and their effectiveness
- Material incidents and associated losses, together with analyses of their causes

The principal risks that have a material impact on Oceana's ability to create value have been identified as part of the enterprise-wide risk identification and management system. These are outlined in detail on pages 24 to 27.

There were no specific risk incidents resulting in significant financial loss to the group or which negatively affected its stakeholders and the economic life of the communities in which the group operated during the year under review.

As regards insured risks, the group has comprehensive risk and control procedures in place that 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 November 2012.

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 (the committee) which operates in terms of a charter formally approved by the board. This charter is reviewed annually by the board. The committee recommends the remuneration of non-executive directors to the board. The committee also considers the composition and performance of the board, as well as succession planning for the organisation, particularly in respect of the CEO, executive committee and chairman for the board.

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, three of which were attended by all committee members. An apology was received from Mr PB Matlare for two meetings.

REMUNERATION PHILOSOPHY AND POLICY

In addition to attending to regular matters, the committee reviewed the formal remuneration policy. This included a review of the pay mix strategy of guaranteed and variable pay. The remuneration policy supports the company's HR and business strategies with the objective of aligning its reward practices to creating sustainable shareholder value. Oceana's remuneration policy is formulated to attract, retain, motivate and reward high-calibre employees. The aim is to encourage high levels of team and individual performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. It is envisaged that this policy will continue to apply for 2013 and subsequent years, subject to ongoing review as required. While the aim is to reward superior performance and the achievement of the organisation's strategic goals there are also consequences for non-delivery. Remuneration is not a standalone management process but is fully integrated into other human resource processes such as the performance management and talent management systems.

Total reward 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.

The conduct of managers involved in the competition commission matter was considered by the committee following receipt of a comprehensive report prepared by the company's lawyers. All aspects of the case were taken into consideration during the completion of remuneration processes (salary review and incentive bonus calculations).

It is compulsory for all employees to be a member of one of the group's retirement funds. Contributions to 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. The group will be converting the Oceana Group Pension Fund and Oceana Group Provident Fund to an umbrella fund agreement during the course of 2013, which will reduce administration costs for members with the benefits remaining, on the whole, the same as they were on the in-house funds.

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 committee's intention to target the guaranteed pay at above median levels as reflected by the relevant survey in order to attract and retain talent.

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. As part of the pay mix and benchmarking review, the short-term scheme has been completed while the long-term scheme is still under review.

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.

The incentive scheme for 2012 was designed with 80% of the bonus payable determined by financial performance and the remaining 20% based on non-financial targets.

Eighty percent of the bonus amount is determined with reference to a scale from 5% to 15% increase in HEPS with a stretch target set at 25% increase in HEPS. At 15% increase in HEPS the maximum bonus at Executive level is 75% of total cost to company which increases to 112,5% at the stretch target of 25% increase in HEPS. Financial targets at group level are based on growth in HEPS and return on net assets, while at divisional level they are based on operating profit and return on net assets. Bonuses are paid in cash in November following the financial year-end.

For 2013, the incentive scheme structure is the same as the 2012 scheme.

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 and 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 annual package, while individual performance is also considered. The individual multiples applied range between 0,5 and 1,2 of the 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 Group 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 Group share on the JSE for the 30 trading days immediately prior to the exercise date and the grant price.

All options from Grants 1A and 1B have either been exercised, or forfeited. Options from Grant 2 have only time-based vesting, however, performance conditions have been attached to the options granted from Grant 3 onwards. The performance condition (hurdle rate) attached to 50% of these grants is that the company's HEPS 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 HEPS over the performance period.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

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

In the event of an executive director's services being terminated for operational reasons, creating an obligation on the company to pay a severance package, there is no contractually agreed severance package and the relevant provisions of the Labour Relations Act and 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 chairman 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.

REMUNERATION DISCLOSURE

Remuneration of executive directors is set out in the full AFS. 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 2012 financial year.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors' fees are paid in respect of membership of the Oceana Group 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 2012) and ad hoc expenses are reimbursed as required. These fees are reviewed annually and proposed adjustments are 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 the full AFS. Non-executive directors do not qualify for share options nor do they participate in the incentive bonus scheme.

SOCIAL, ETHICS AND TRANSFORMATION

REPORT TO SHAREHOLDERS

The board approved the formation of a social, ethics and transformation committee (the committee) in November 2011 to address issues relating to social and economic development; good corporate citizenship; the environment, health and safety; and labour and employment. The committee took over the responsibilities of the transformation committee. The committee held its inaugural meeting in May 2012 and met again in August and November 2012. These meetings were attended by all the committee members. The committee will in future meet on a biannual basis.

COMPOSITION OF THE COMMITTEE

The committee is chaired by Ms NV Simamane, who is an independent non-executive director. The committee members are as follows:

COMMITTEE MEMBERS

NV Simamane (chairman)	Independent non-executive director
ABA Conrad	Executive director (Group strategic services)
F Kuttel	Chief executive officer
TJ Tapela	Non-executive director

The group company secretary is appointed as the secretary of the committee.

THE COMMITTEE CHARTER AND WORK PLAN

The board approved the committee charter and work plan, which details the role, responsibilities and mandate of the committee.

COMMITTEE SELF-ASSESSMENT

The committee will assess its effectiveness annually and report the results of this self-assessment to the board for its consideration. In August 2012 the committee assessed its progress since its establishment and was satisfied with the results. The committee chairman updated the board in May, August and November 2012 on the work done by the committee since its establishment and on its objectives and work plan going forward.

THE BOARD APPROVED THE FORMATION OF A SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE IN NOVEMBER 2011 TO ADDRESS ISSUES RELATING TO SOCIAL AND ECONOMIC DEVELOPMENT; GOOD CORPORATE CITIZENSHIP; THE ENVIRONMENT, HEALTH AND SAFETY; AND LABOUR AND EMPLOYMENT.

OCEANA GROUP

THE COMMITTEE'S ROLE AND RESPONSIBILITIES

ROLE
The committee has an independent role with accountability to the board. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The overall role of the committee is to assist the board with the oversight of social and ethical matters relating to the company.

RESPONSIBILITIES
The committee performs all the necessary functions to fulfil its role as stated afore, including the following statutory duties:

a) Monitoring the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- social and economic development, including the company's standing in terms of the goals and purposes of:
  - the 10 principles set out in the United Nations Global Compact Principles;
  - the Organisation for Economic Co-operation and Development recommendations regarding corruption;
  - the Employment Equity Act; and
  - the B-BBEE Act;
- good corporate citizenship, including the company's:
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
  - record of sponsorship, donations and charitable giving;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and
- labour and employment, including:
  - the company's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and
  - the company's employment relationships, and its contribution toward the educational development of its employees;

b) Drawing matters within its mandate to the attention of the board as occasion requires; and

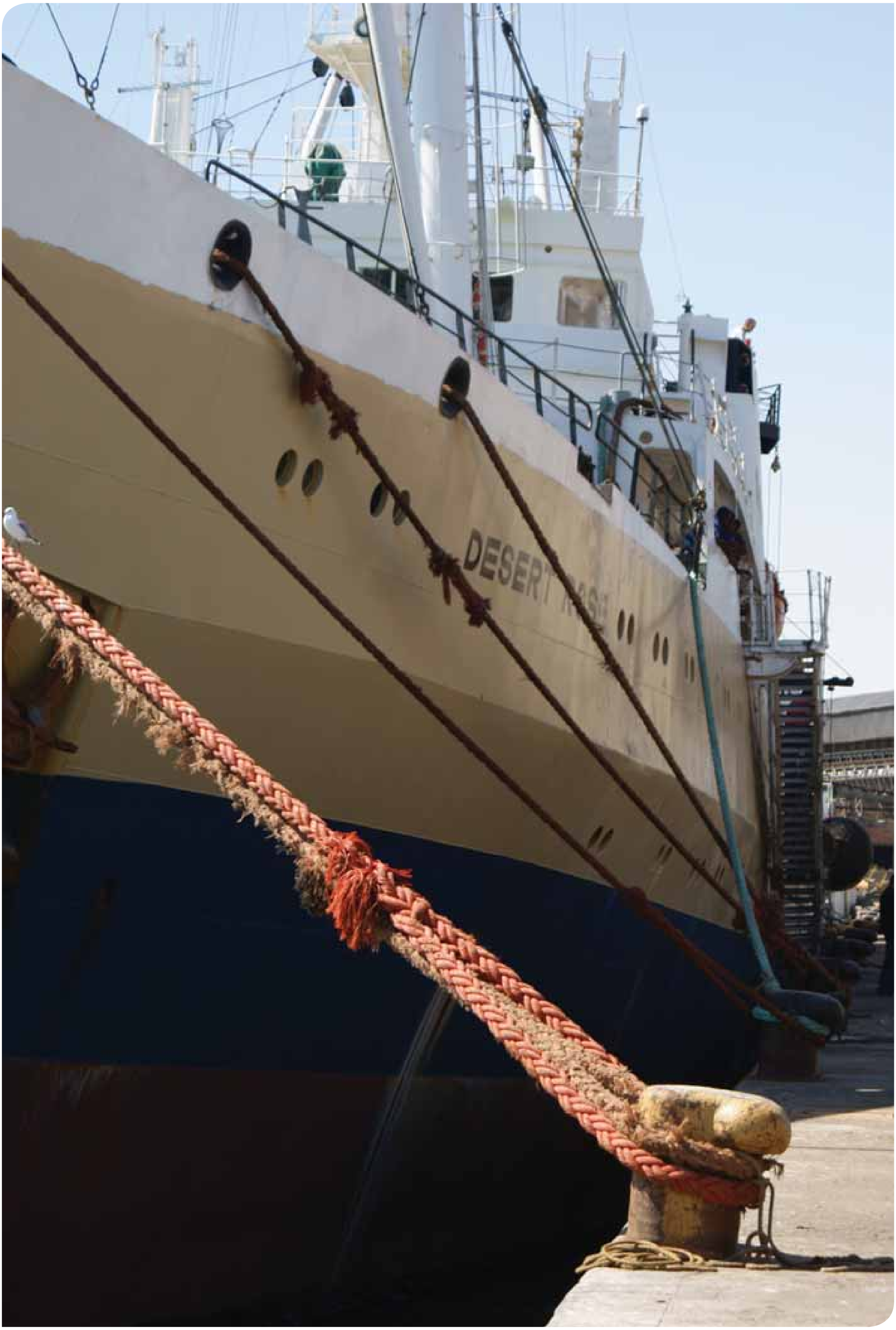
c) Reporting, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

In addition, the committee performs the following duties, delegated by the board:

- The group's integrated report contains a large amount of information reviewed and considered during the course of the committee's activities. The committee reviews the content in the integrated report that is relevant to the committee.

REPORT TO SHAREHOLDERS
The committee has reviewed and is satisfied with the content in the integrated report that is relevant to the activities and responsibilities of the committee.

The agenda for the company's AGM to be held on 14 February 2013 includes a report by the committee chairman to shareholders.


DESERT

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000	Change %
Revenue		**4 647 951**	3 657 196	27
Cost of sales		**2 875 765**	2 299 778	25
Gross profit		**1 772 186**	1 357 418	31
Sales and distribution expenditure		**428 870**	338 927	27
Marketing expenditure		**51 323**	44 389	16
Overhead expenditure		**599 363**	461 487	30
Net foreign exchange gain		**(18 395)**	(74)	
Operating profit before abnormal items		**711 025**	512 689	39
Abnormal items	3	**(47 955)**		
Operating profit		**663 070**	512 689	29
Investment income		**36 279**	25 826	40
Interest paid		**(3 108)**	(2 872)	8
Profit before taxation		**696 241**	535 643	30
Taxation		**232 315**	189 426	23
Profit after taxation		**463 926**	346 217	34
Other comprehensive income				
Movement on foreign currency translation reserve		**1 826**	3 512	
Movement on cash flow hedging reserve		**(1 522)**	9 853	
Other comprehensive income, net of taxation		**304**	13 365	
Total comprehensive income for the year		**464 230**	359 582	29
Profit after taxation attributable to:				
Shareholders of Oceana Group Limited		**443 790**	333 170	33
Non-controlling interests		**20 136**	13 047	54
		463 926	346 217	34
Total comprehensive income attributable to:				
Shareholders of Oceana Group Limited		**444 094**	346 535	28
Non-controlling interests		**20 136**	13 047	54
		464 230	359 582	29
Weighted average number of shares on which earnings per share is based ('000)	7	**100 100**	99 868	
Adjusted weighted average number of shares on which diluted earnings per share is based ('000)		**108 659**	106 544	
Earnings per share (cents)				
– Basic		**443,3**	333,6	33
– Diluted		**408,4**	312,7	31
Dividends per share (cents)		**301,0**	220,0	37
Headline earnings per share (cents)				
– Basic		**455,7**	333,7	37
– Diluted		**419,8**	312,7	34

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Audited 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000
ASSETS		
Non-current assets	**690 615**	600 373
Property, plant and equipment	**435 850**	415 623
Goodwill	**10 000**	
Trademark	**6 229**	18 101
Fishing rights	**72 409**	
Deferred taxation	**23 187**	13 204
Investments and loans	**142 940**	153 445
Current assets	**1 878 113**	1 422 623
Inventories	**777 979**	489 850
Accounts receivable	**823 956**	536 913
Cash and cash equivalents	**276 178**	395 860
Total assets	**2 568 728**	2 022 996
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	**30 692**	26 293
Foreign currency translation reserve	**(721)**	(2 547)
Capital redemption reserve	**130**	130
Cash flow hedging reserve	**400**	1 922
Share-based payment reserve	**57 144**	49 599
Distributable reserves	**1 496 895**	1 283 031
Interest of own shareholders	**1 584 540**	1 358 428
Non-controlling interests	**48 702**	40 923
Total capital and reserves	**1 633 242**	1 399 351
Non-current liabilities	**139 270**	95 363
Liability for share-based payments	**97 427**	53 694
Deferred taxation	**41 843**	41 669
Current liabilities	**796 216**	528 282
Accounts payable and provisions	**751 642**	516 966
Bank overdrafts	**44 574**	11 316
Total equity and liabilities	**2 568 728**	2 022 996
Number of shares in issue net of treasury shares ('000)	**100 219**	99 939
Net asset value per ordinary share (cents)	**1 581**	1 359
Total liabilities excluding deferred taxation: Total equity (%)	**55**	42
Total borrowings: Total equity (%)	**3**	1

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000
Balance at the beginning of the year	**1 399 351**	1 246 470
Total comprehensive income for the year	**464 230**	359 582
Profit after taxation	**463 926**	346 217
Movement on foreign currency translation reserve	**1 826**	3 512
Movement on cash flow hedging reserve	**(1 522)**	9 853
Shares issued	**3 524**	2 524
Movement in treasury shares held by share trusts	**875**	640
Recognition of share-based payments	**7 614**	9 628
Loss on sale of treasury shares	**(130)**	(52)
Additional non-controlling interest arising on acquisition		552
Dividends declared	**(242 222)**	(219 993)
Balance at the end of the year	**1 633 242**	1 399 351
Comprising:		
Share capital and premium	**30 692**	26 293
Foreign currency translation reserve	**(721)**	(2 547)
Capital redemption reserve	**130**	130
Cash flow hedging reserve	**400**	1 922
Share-based payment reserve	**57 144**	49 599
Distributable reserves	**1 496 895**	1 283 031
Non-controlling interests	**48 702**	40 923
Balance at the end of the year	**1 633 242**	1 399 351

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Note	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000
Cash flows from operating activities			
Operating profit before abnormal items		711 025	512 689
Adjustment for non-cash and other items		102 864	97 647
Cash operating profit before working capital changes		813 857	610 336
Working capital changes		(357 295)	118 875
Cash generated from operations		456 562	729 211
Investment income received		25 312	14 320
Interest paid		(3 108)	(2 872)
Taxation paid		(242 588)	(169 132)
Dividends paid		(242 222)	(219 993)
Cash (outflow)/inflow from operating activities		(6 044)	351 534
Cash outflow from investing activities		(153 331)	(115 827)
Capital expenditure		(69 746)	(125 988)
Proceeds on disposal of property, plant and equipment		1 536	460
Acquisition of businesses	8	(105 296)	(258)
Acquisition of fishing rights		(1 296)	
Repayment received on preference shares		11 949	22 829
Net movement on loans and advances		9 718	(12 870)
Acquisition of investment		(196)	
Cash inflow from financing activities		7 987	4 902
Proceeds from issue of share capital		4 270	3 112
Short-term borrowings raised		3 717	1 790
Net (decrease)/increase in cash and cash equivalents		(151 388)	240 609
Cash and cash equivalents at the beginning of the year		384 544	145 116
Effect of exchange rate changes		(1 552)	(1 181)
Cash and cash equivalents at the end of the year		231 604	384 544

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS of the International Accounting Standards Board, the AC 500 standards as issued by the Accounting Practices Board, the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2011. The condensed financial information was prepared under the supervision of the group financial director, RG Nicol CA(SA) and have been audited in compliance with the Companies Act.

The auditors, Deloitte & Touche, have issued their opinion on the group financial statements for the year ended 30 September 2012. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These condensed financial statements have been derived from the group financial statements and are consistent, in all material respects, with the group financial statements. A copy of their audit report is available for inspection at the company's registered office. The audit report does not necessarily cover all the information contained in this report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the company. Any reference to future financial performance included in this report, has not been reviewed or reported on by the company's auditors.

2. SEGMENTAL RESULTS

	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000
Revenue		
Canned fish and fishmeal	**2 582 636**	1 981 722
Lobster, squid and French fries	**350 443**	286 574
Horse mackerel and hake	**1 435 082**	1 170 907
Commercial cold storage	**279 790**	217 993
Total	**4 647 951**	3 657 196
Operating profit before abnormal items		
Canned fish and fishmeal	**318 941**	171 761
Lobster, squid and French fries	**29 538**	13 399
Horse mackerel and hake	**296 578**	273 795
Commercial cold storage	**65 968**	53 734
Total	**711 025**	512 689
Total assets		
Canned fish and fishmeal	**1 362 685**	789 994
Lobster, squid and French fries	**95 680**	136 782
Horse mackerel and hake	**427 057**	319 370
Commercial cold storage	**241 002**	214 342
Financing	**419 117**	549 304
	2 545 541	2 009 792
Deferred taxation	**23 187**	13 204
Total	**2 568 728**	2 022 996
Total liabilities		
Canned fish and fishmeal	**515 752**	250 063
Lobster, squid and French fries	**44 808**	60 169
Horse mackerel and hake	**220 055**	212 653
Commercial cold storage	**60 456**	43 493
Financing	**52 572**	15 598
	893 643	581 976
Deferred taxation	**41 843**	41 669
Total	**935 486**	623 645

	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000
3. ABNORMAL ITEMS		
Competition Commission administrative penalty	**(34 750)**	
Trademark impairment	**(13 205)**	
Abnormal expense before taxation	**(47 955)**	
Taxation		
Abnormal expense after taxation	**(47 955)**	
4. DETERMINATION OF HEADLINE EARNINGS		
Profit after taxation attributable to own shareholders	**443 790**	333 170
Adjusted for:		
Trademark impairment	**13 205**	
Net (surplus)/loss on disposal of property, plant and equipment	**(1 193)**	57
Total tax effect of adjustments	**356**	(17)
Headline earnings for the year	**456 158**	333 210
5. DIVIDENDS		
Estimated dividend declared after reporting date	**256 560**	182 906
Dividend on shares issued prior to last day to trade		213
Actual dividend declared after reporting date		183 119
6. SUPPLEMENTARY INFORMATION		
Amortisation	**853**	
Depreciation	**86 339**	77 209
Operating lease charges	**39 615**	28 763
Capital expenditure	**69 746**	125 988
Expansion	**2 085**	23 321
Replacement	**67 661**	102 667
Budgeted capital commitments	**181 159**	141 545
Contracted	**21 879**	23 981
Not contracted	**159 280**	117 564

	Number of shares '000	Number of shares '000
7. ELIMINATION OF TREASURY SHARES		
Weighted average number of shares in issue	**119 332**	119 157
Less: Treasury shares held by share trusts	**(14 138)**	(14 195)
Less: Treasury shares held by subsidiary company	**(5 094)**	(5 094)
Weighted average number of shares on which earnings per share and headline earnings per share are based	**100 100**	99 868

	Audited Year ended 30 Sept 2012 R'000	Audited Year ended 30 Sept 2011 R'000
8. ACQUISITION OF BUSINESSES		
Property, plant and equipment	**(37 400)**	(2 817)
Goodwill	**(10 000)**	
Fishing rights	**(68 860)**	
Inventories		(2 187)
Accounts receivable		(2 232)
Accounts payable and provisions	**514**	3 001
Contingent purchase consideration	**10 450**	
Taxation		1 200
Deferred taxation		2 225
Non-controlling interest		552
Cash movement on acquisition of businesses	**(105 296)**	(258)

Transfer of the hake, horse mackerel and cold storage businesses acquired from the Lusitania group and associated companies took place on 18 September 2012. As a result of the acquisition Oceana's percentage ownership in the deep-sea and inshore trawl hake TAC increased from 1,0% to 3,3% and in the horse mackerel TAC from 30,7% to 34,7%. Approval for transfer of an additional hake quota representing 0,8% of the TAC is still outstanding. Included in the acquisition were two trawlers and quayside premises with a 4 400 pallet cold store. A decision by DAFF for transfer of the south coast rock lobster fishing rights was not obtained and accordingly this element of the transaction has not been given effect.

The fair value of the acquired fishing rights and assets is provisional and may be adjusted upon transfer of an additional fishing right and catch agreements, which is represented by the contingent purchase consideration. Goodwill arose on the acquisition of the V&A Cold Store. As the business combination was primarily effected through the acquisition of assets, it is not practicable to determine and disclose pro forma revenue and profit or loss information for the combined entity as if the acquisitions occurred at the beginning of the year.

9. 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 2012.

The company entered into an agreement regarding a call option for a potential specific repurchase of its shares, the details of which were announced on 7 November 2012.

SHAREHOLDER ANALYSIS
at 30 September 2012

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	786	51,5	423 986	0,4
1 001 – 10 000 shares	506	33,2	1 853 161	1,5
10 001 – 100 000 shares	168	11,0	6 667 100	5,6
100 001 – 1 000 000 shares	55	3,6	16 039 089	13,4
1 000 001 shares and over	10	0,7	94 445 821	79,1
	1 525	100,0	119 429 157	100,0
DISTRIBUTION OF SHAREHOLDERS				
Banks	24	1,6	2 709 036	2,3
Brokers	10	0,7	739 876	0,6
Close corporations	25	1,6	87 219	0,1
Empowerment	1	0,1	20 096 755	16,8
Individuals	1 115	73,1	3 431 069	2,9
Insurance companies	9	0,6	960 322	0,8
Investment companies	13	0,8	587 163	0,5
Medical aid schemes	1	0,1	79 545	0,1
Mutual funds	69	4,5	13 666 224	11,4
Nominees and trusts	126	8,3	799 110	0,7
Other corporate bodies	14	0,9	498 521	0,4
Pension funds	74	4,8	11 321 045	9,5
Private companies	36	2,4	364 394	0,3
Public companies	5	0,3	44 878 645	37,5
Treasury shares held by share trusts	2	0,1	14 115 883	11,8
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 525	100,0	119 429 157	100,0
SHAREHOLDER TYPE				
Non-public shareholders	110	7,3	84 680 951	70,9
Directors and employees	105	6,9	674 500	0,6
Treasury shares held by share trusts	2	0,1	14 115 883	11,8
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
Empowerment	1	0,1	20 096 755	16,8
Holdings greater than 10%	1	0,1	44 699 463	37,4
Public shareholders	1 415	92,7	34 748 206	29,1
	1 525	100,0	119 429 157	100,0
SHAREHOLDERS HOLDING IN EXCESS OF 5%				
Tiger Brands Limited			44 699 463	37,4
Brimstone Investment Corporation Limited			20 096 755	16,8
Khula Trust			14 099 383	11,8

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 (40)
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	30 September
Annual general meeting	February
Reports and profit statements	
Interim report	Published May
Announcement of annual results	Published November
Integrated report	Published December
Dividends	– Interim declared May, paid July
	– Final declared November, paid January

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OCEANA GROUP

Oceana Group Limited Annual Financial Statements 2012

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and the company annual financial statements for the year ended 30 September 2012, which appear on pages 3 to 44, were approved by the board of directors on 8 November 2012 and signed on its behalf by:

MA Brey
Chairman

FP Kuttel
Chief executive officer

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and the company annual financial statements were prepared under the supervision of the group financial director, RG Nicol CA(SA). These annual financial statements have been audited in compliance with the Companies Act, 71 of 2008, as amended ("the Companies Act").

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.

JC Marais
Company secretary

8 November 2012

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

We have audited the consolidated and separate annual financial statements of Oceana Group Limited set out on pages 6 to 43, which comprise the statements of financial position as at 30 September 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 presentation of the financial statements.

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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Oceana Group Limited as at 30 September 2012, 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2012, we have read the report of the directors, the report of the audit committee and the report of the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered auditors

Per GG Fortuin
Partner

8 November 2012

REPORT OF THE DIRECTORS

The directors submit their report which forms part of the annual financial statements for the year ended 30 September 2012.

Nature of business and operations

The group consists of a number of operating subsidiaries and joint ventures in the fishing and commercial cold storage industries. The group engages in the catching, processing and procurement of various marine species, including pilchard, anchovy, redeye herring, tuna, lobster, squid, horse mackerel and hake. 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 223 000 shares (2011: 205 000 shares) were allotted in terms of the company's share option scheme, increasing the issued share capital by R223 (2011: R205). Premiums totalling R3,5 million (2011: R2,5 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.

The company's shares are listed on the JSE Limited (JSE share code: OCE) and the Namibian Stock Exchange (NSX share code: OCG).

Financial results

The results for the year under review are reflected in the statements of comprehensive income on page 12.

Special resolutions

During the year the company's shareholders passed three special resolutions: to approve and authorise the provision of financial assistance by the company as contemplated in section 45 of the Companies Act; to approve the non-executive directors' remuneration in their capacity as directors only; and to grant general approval and authorisation to repurchase the issued shares by the company or its subsidiaries.

Dividends

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

Acquisition

The effective date for the purchase of the hake and horse mackerel fishing rights and related assets from the Lusitania group and associated companies, as well as its cold storage business, was 18 September 2012. The total purchase consideration was R116,3 million, of which R105,3 million was paid by year-end. The fishing rights, related assets and the cold storage business were acquired to expand the group's core activities.

Property, plant and equipment

Capital expenditure during the year amounted to R2,1 million on expansion (2011: R23,3 million) and R67,7 million on replacement assets (2011: R102,7 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.

Trademark impairment

The Glenryck trademark, in the United Kingdom, was impaired by R13,2 million during the financial year. Further details are disclosed in note 11.

Competition Commission administrative penalty

A Consent Agreement was concluded with the Competition Commission in relation to their investigation into the small pelagic fishing industry in terms of which the group has paid an administrative penalty amounting to R34,75 million. This matter was disclosed in the previous year's annual financial statements as a contingent liability.

Directors and officers

The names of the present directors can be found in the 2012 Integrated Report, along with the name, business and postal address of the company secretary.

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		
2012	Direct beneficial	Indirect beneficial	Aggregate
ABA Conrad	**500**	**123 500**	**124 000**
PG de Beyer	**3 000**		**3 000**
RG Nicol	**147 000**	**2 000**	**149 000**
2011			
ABA Conrad	500	123 500	124 000
PG de Beyer	3 000		3 000
RG Nicol	147 000	2 000	149 000

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 note 30.

Subsidiaries and joint ventures

Details of subsidiaries and joint ventures are given in separate schedules on pages 42 and 43.

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:

	2012 R'000	2011 R'000
Total profit after taxation attributable to shareholders of Oceana Group Limited	**433 553**	317 984
Total losses after taxation attributable to shareholders of Oceana Group Limited	**6 562**	6 248

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 and company's reported financial position at 30 September 2012.

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE COMMITTEE

The audit committee appointed by the shareholders on 17 February 2012 to hold office until the conclusion of the next annual general meeting (AGM) scheduled for 14 February 2013, comprises three independent non-executive directors of the company, being Mr S Pather (Chairman) [BBusSc BCom (Hons); MBA (Cape Town)], Ms ZBM Bassa [BAcc (UDW); CA(SA)] and Mr PG de Beyer [BBusSc (Cape Town); FASSA].
The members possess the necessary expertise to perform the functions of an audit committee.

The agenda for the company's forthcoming AGM 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.

CHARTER

The audit committee has a charter, approved by the board. The charter is reviewed annually and was updated during the year under review.

The committee's responsibilities are detailed in the charter which can be viewed on the company's website. The committee's charter allows it to consult with specialists to assist it in the performance of its functions, subject to a board-approved process.

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

The committee provides a forum through which the external and internal auditors report to the board. The external and internal auditors attend committee meetings and have unrestricted access to the committee and its chairman at all times, ensuring that their independence is not impaired. Both the external and internal auditors have the opportunity of addressing the committee and its chairman at each of the meetings without management being present.

The committee reviews detailed reports from both the external and internal auditors and the chairman of the committee reports on the findings of the external and internal auditors at board meetings.

APPOINTMENT OF EXTERNAL AND INTERNAL AUDITORS

In terms of section 94 of the Companies Act the committee is required to nominate for appointment by the shareholders at the company's annual general meeting an independent registered external auditor. The committee has nominated Deloitte &Touche for such appointment as the company's external auditor at the annual general meeting of the company scheduled for 14 February 2013.

Additionally in terms of its charter it is responsible for the appointment of the company's internal auditors. KPMG performed this function for the past year and were reappointed as internal auditors for the 2013 financial year.

The committee approves the fees and scope of external and internal audit services.

It is responsible for the maintenance of a professional relationship with both the external and internal auditors and oversees co-operation between these parties.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee has formal rules regulating the services and conditions of use of non-audit services provided by the external auditors, governing, inter alia, compliance issues, taxation, company structure, information systems, organisational structure, remuneration structure, risk management services, audit certificates in relation to fishing rights, due diligence investigations and such other services as the committee may approve. 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 pre-approved and reviewed by the committee to ensure compliance with the company's policy. The committee is satisfied that the external auditors are 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.

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 by management to address identified internal control deficiencies.

In addition, the internal auditors followed up on all previously reported findings, and where progress against previously agreed management action is deemed insufficient, such findings are escalated to the audit committee in accordance with the reporting framework.

COMPLAINTS AND/OR CONCERNS

No complaints or concerns were received by the committee on any matters relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company or on any other related matter during the year under review.

GOING CONCERN

The committee reviewed the going concern assumptions as well as the solvency and liquidity tests required to be performed before payments of dividends and provision of financial assistance to related or inter-related parties as required by the Companies Act.

ASSURANCE

Each year the committee reviews, updates and approves an internal audit plan. The plan is compiled using a risk-based approach and through extensive consultation between the internal auditors and Oceana management, taking into consideration the entire risk universe affecting Oceana. A basic Combined Assurance Plan (CAP) is used in developing the internal audit plan. The CAP is a matrix of audit areas indicating coverage by external assurance providers. The internal audit plan approved for 2012 included reviews covering, in various entities, contract management, supplier selection and evaluation, credit management processes, fixed assets, procurement and payables, electronic funds transfer, reconciliations and journals, revenue and receivables, inventory and production, IS governance and review of the risk management process.

IS GOVERNANCE

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.

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 reviews the effectiveness of the procedures, policies and system of internal control adopted by group companies with reference to the findings of the external and internal auditors. In particular, the committee receives an opinion from the internal auditors on the design, implementation and effectiveness of the company system of internal financial controls. 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 effective.

RISK MANAGEMENT

The committee has oversight of fraud and information technology risks. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

COMPLIANCE AND ETHICS

Ethics reports were presented to the committee at each meeting. These deal with principles and issues of a compliance and ethical nature in the group's business. The Code of Business Conduct and Ethics was updated and a new Policy on Trading in Company Securities was approved by the board.

The provisions of the King III code, as they pertain to audit committees, were adhered to. 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 external or internal 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.

REVIEW OF INTEGRATED REPORT AND ANNUAL FINANCIAL STATEMENTS

The committee considers the significant estimates, accounting policies and practices used in the preparation of the financial statements to be appropriate. It reviewed the integrated report and annual financial statements for the year ended 30 September 2012 and recommended them to the board for approval.

STATUTORY DUTIES

The committee has complied with its statutory obligations and discharged its duties in accordance with its mandate and charter.

The committee has performed the following specific statutory duties:

- considered and nominated the external auditors for appointment at the annual general meeting;
- determined the fees to be paid to the auditors and the auditors' terms of engagement;
- determined the nature and extent of non-audit services;
- pre-approved any proposed agreement with the auditors for the provision of non-audit services;
- prepared this report, which is included in the annual financial statements;
- received and dealt appropriately with concerns and complaints as required;
- made submissions to the board on matters concerning the company's accounting policies, financial controls, records and reporting; and
- performed oversight functions as determined by the board.

CONCLUSION

In signing this report on behalf of the audit committee, I would like to thank my fellow committee members, the external and internal auditors and management for their contributions to the committee during the year.

S Pather
Audit committee chairman

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these group and company annual financial statements (AFS) 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 bases except where stated otherwise. The presentation and functional currency of the group and company financial statements is the South African rand and all amounts are rounded to the nearest thousand, except when otherwise indicated.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF CONSOLIDATION

The group AFS 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 group AFS 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.

The group applies the acquisition method to account for business combinations. The consideration transferred in a business combination is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in profit or loss. Acquisition-related costs are generally expensed as incurred.

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 group AFS.

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 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.

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 to 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 in 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 the 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 and when directors' fees are receivable.

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 are 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, less repayments received. 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 7 Financial Instruments: Disclosure
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 31 Interests in Joint Ventures

The group is in the process of evaluating the effects of these standards, and while they are not expected to have a significant impact on the group's results, additional disclosures may be required. These standards will be effective for the year ending September 2014. 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 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	1	**4 647 951**	3 657 196	**117 797**	76 233
Cost of sales		**2 875 765**	2 299 778		
Gross profit		**1 772 186**	1 357 418	**117 797**	76 233
Sales and distribution expenditure		**428 870**	338 927		
Marketing expenditure		**51 323**	44 389		
Overhead expenditure		**580 968**	461 413	**111 003**	72 742
Operating profit before abnormal items	2	**711 025**	512 689	**6 794**	3 491
Abnormal items	4	**(47 955)**		**(10 230)**	(444)
Operating profit/(loss)		**663 070**	512 689	**(3 436)**	3 047
Investment income	5	**36 279**	25 826	**319 461**	286 682
Interest paid	6	**(3 108)**	(2 872)	**(5 560)**	(2 500)
Profit before taxation		**696 241**	535 643	**310 465**	287 229
Taxation	7	**232 315**	189 426	**8 152**	3 705
Profit after taxation		**463 926**	346 217	**302 313**	283 524
Other comprehensive income					
Movement on foreign currency translation reserve		**1 826**	3 512		
Movement on cash flow hedging reserve		**(1 522)**	9 853		
Other comprehensive income, net of taxation		**304**	13 365		
Total comprehensive income for the year		**464 230**	359 582	**302 313**	283 524
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		**443 790**	333 170		
Non-controlling interests		**20 136**	13 047		
		463 926	346 217		
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		**444 094**	346 535		
Non-controlling interests		**20 136**	13 047		
		464 230	359 582		
Earnings per share (cents)	8				
– Basic		**443,3**	333,6		
– Diluted		**408,4**	312,7		
Dividends per share (cents)	9	**301,0**	220,0		
– Interim paid		**45,0**	37,0		
– Final declared after reporting date		**256,0**	183,0		

STATEMENTS OF FINANCIAL POSITION
at 30 September 2012

	Notes	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
ASSETS					
Non-current assets		**690 615**	600 373	192 528	196 838
Property, plant and equipment	10	**435 850**	415 623	6 156	4 809
Goodwill	11	**10 000**			
Trademark	11	**6 229**	18 101		
Fishing rights	11	**72 409**			
Deferred taxation	12	**23 187**	13 204	11 511	5 447
Investments and loans	13	**142 940**	153 445	130 975	131 706
Oceana Group Share Trust	14			5 264	6 009
Khula Trust	15			3 261	3 572
Interest in subsidiaries and joint ventures	16			35 361	45 295
Current assets		**1 878 113**	1 422 623	626 195	548 392
Inventories	17	**777 979**	489 850		
Accounts receivable	18	**823 956**	536 913	7 990	8 292
Amounts owing by subsidiaries and joint ventures	16			438 396	234 795
Cash and cash equivalents		**276 178**	395 860	179 809	305 305
Total assets		**2 568 728**	2 022 996	818 723	745 230
EQUITY AND LIABILITIES					
Capital and reserves		**1 633 242**	1 399 351	719 753	685 830
Share capital and premium	19	**30 692**	26 293	154 677	151 153
Foreign currency translation reserve		**(721)**	(2 547)		
Capital redemption reserve		**130**	130		
Cash flow hedging reserve	20	**400**	1 922		
Share-based payment reserve		**57 144**	49 599	6 536	6 395
Distributable reserve		**1 496 895**	1 283 031	558 540	528 282
Interest of own shareholders		**1 584 540**	1 358 428	719 753	685 830
Non-controlling interests		**48 702**	40 923		
Non-current liabilities		**139 270**	95 363	37 623	17 898
Liability for share-based payments	25	**97 427**	53 694	37 623	17 898
Deferred taxation	12	**41 843**	41 669		
Current liabilities		**796 216**	528 282	61 347	41 502
Accounts payable	21	**648 675**	413 944	33 116	14 377
Amounts owing to subsidiaries and joint ventures	16			27 864	27 125
Provisions	22	**10 767**	11 918		
Taxation		**92 200**	91 104	367	
Bank overdrafts		**44 574**	11 316		
Total equity and liabilities		**2 568 728**	2 022 996	818 723	745 230

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2012

	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 shareholders R'000	Non-controlling interests R'000	Total R'000
GROUP										
Balance at 1 October 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
Total comprehensive income for the year			**1 826**		**(1 522)**		**443 790**	**444 094**	**20 136**	**464 230**
Movement on foreign currency translation reserve			**1 826**					**1 826**		**1 826**
Movement on cash flow hedging reserve	20				**(1 522)**			**(1 522)**		**(1 522)**
Profit after taxation							**443 790**	**443 790**	**20 136**	**463 926**
Share options exercised		**3 524**						**3 524**		**3 524**
Decrease in treasury shares held by share trusts		**875**						**875**		**875**
Recognition of share-based payments	25					**7 545**		**7 545**	**69**	**7 614**
Loss on sale of treasury shares							**(130)**	**(130)**		**(130)**
Khula Trust dividend distribution							**(1 608)**	**(1 608)**		**(1 608)**
Dividends	9						**(228 188)**	**(228 188)**	**(12 426)**	**(240 614)**
Balance at 30 September 2012		**30 692**	**(721)**	**130**	**400**	**57 144**	**1 496 895**	**1 584 540**	**48 702**	**1 633 242**
COMPANY										
Balance at 1 October 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
Total comprehensive income for the year							302 313	302 313		302 313
Share options exercised		3 524						3 524		3 524
Recognition of share-based payments	25					141		141		141
Dividends	9						(272 055)	(272 055)		(272 055)
Balance at 30 September 2012		154 677				6 536	558 540	719 753		719 753

STATEMENTS OF CASH FLOWS
for the year ended 30 September 2012

	Notes	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Cash flow from operating activities					
Operating profit before abnormal items		**711 025**	512 689	6 794	3 491
Adjustment for non-cash and other items		**102 832**	97 647	23 171	10 390
Depreciation, amortisation and impairment		**87 428**	77 209	3 323	5 269
Share-based payment expense		**83 197**	44 647	29 071	10 755
Cash-settled share-based payment		**(31 850)**	(24 266)	(9 205)	(5 634)
Net (surplus)/loss on disposal of property, plant and equipment		**(1 193)**	57	(18)	
Abnormal cash item		**(34 750)**			
Cash operating profit before working capital changes		**813 857**	610 336	29 965	13 881
Working capital changes	A	**(357 295)**	118 875	18 465	(2 431)
Cash generated from operations		**456 562**	729 211	48 430	11 450
Investment income received		**25 312**	14 320	308 494	304 341
Interest paid		**(3 108)**	(2 872)	(5 560)	(2 500)
Taxation paid	B	**(242 588)**	(169 132)	(13 273)	(5 650)
Dividends paid	C	**(242 222)**	(219 993)	(272 055)	(252 575)
Net cash (outflow)/inflow from operating activities		**(6 044)**	351 534	66 036	55 066
Cash (outflow)/inflow from investing activities		**(153 331)**	(115 827)	(195 795)	150 998
Replacement capital expenditure		**(67 661)**	(102 667)	(4 686)	(3 888)
Expansion capital expenditure		**(2 085)**	(23 321)		
Proceeds on disposal of property, plant and equipment		**1 536**	460	35	
Acquisition of businesses	D	**(105 296)**	(258)		
Acquisition of fishing rights		**(1 296)**			
Repayment received on preference shares		**11 949**	22 829	11 949	22 829
Net movement on loans and advances		**9 718**	(12 870)	704	1701
Acquisition of investment		**(196)**		(196)	
Movement on amounts owing by subsidiaries and joint ventures				(203 601)	130 356
Cash inflow from financing activities		**7 987**	4 902	4 263	7 513
Proceeds from issue of share capital		**4 270**	3 112	3 524	2 524
Short-term borrowings raised		**3 717**	1 790		
Movements on amounts owing to subsidiaries and joint ventures				739	4 989
Net (decrease)/increase in cash and cash equivalents		**(151 388)**	240 609	(125 496)	213 577
Net cash and cash equivalents at the beginning of the year		**384 544**	145 116	305 305	91 728
Effect of exchange rate changes		**(1 552)**	(1 181)		
Net cash and cash equivalents at the end of the year	E	**231 604**	384 544	179 809	305 305

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 30 September 2012

		GROUP		COMPANY	
		2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
A.	**WORKING CAPITAL CHANGES**				
	Inventories	**(287 755)**	87 783		
	Accounts receivable	**(283 493)**	14 003	**(274)**	(5 663)
	Accounts payable and provisions	**215 475**	7 236	**18 739**	2 474
	Effect of non-cash items	**(1 522)**	9 853		758
	Total working capital changes	**(357 295)**	118 875	**18 465**	(2 431)
B.	**TAXATION PAID**				
	Net amount (unpaid)/overpaid at the beginning of the year	**(87 872)**	(54 271)	**576**	148
	Charged to profit and loss (note 7)	**(242 124)**	(201 558)	**(14 216)**	(5 222)
	Adjustment in respect of business acquired		(1 200)		
	Exchange rate difference		25		
	Net amount unpaid/(overpaid) at the end of the year	**87 408**	87 872	**367**	(576)
	Cash amounts paid	**(242 588)**	(169 132)	**(13 273)**	(5 650)
C.	**DIVIDENDS PAID**				
	Khula Trust dividend distribution	**(1 608)**	(1 238)		
	Dividends	**(228 188)**	(211 652)	**(272 055)**	(252 575)
	Dividends paid to non-controlling interests	**(12 426)**	(7 103)		
	Cash amounts paid	**(242 222)**	(219 993)	**(272 055)**	(252 575)
D.	**ACQUISITION OF BUSINESSES**				
	Property, plant and equipment	**(37 400)**	(2 817)		
	Goodwill	**(10 000)**			
	Fishing rights	**(68 860)**			
	Inventories		(2 187)		
	Accounts receivable		(2 232)		
	Accounts payable and provisions	**514**	3 001		
	Contingent purchase consideration	**10 450**			
	Taxation		1 200		
	Deferred tax		2 225		
	Non-controlling interest		552		
	Cash movement on acquisition of businesses	**(105 296)**	(258)		
E.	**NET CASH AND CASH EQUIVALENTS**				
	Cash and cash equivalents	**276 178**	395 860	**179 809**	305 305
	Bank overdrafts	**(44 574)**	(11 316)		
		231 604	384 544	**179 809**	305 305

Explanatory notes to D. Acquisition of businesses

On 18 September 2012, the group acquired certain hake and horse mackerel fishing rights and related assets, as well as the cold storage business from the Lusitania group and associated companies. The fair value of the acquired fishing rights and assets is provisional and may be adjusted upon transfer of an additional fishing right and catch agreements, which is represented by the contingent purchase consideration. The provisional fair value of the identifiable assets and liabilities are shown in note D above.

Acquisition-related costs amounting to R4,8 million (2011: R0,7 million) have been recognised as an expense within overhead expenditure in the group's statement of comprehensive income.

As the business combination was primarily effected through the acquisition of assets, it is not practicable to determine and disclose pro forma revenue and profit or loss information for the combined entity as if the acquisitions occurred at the beginning of the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 September 2012

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
1. REVENUE				
The main categories of revenue are set out below:				
Sale of goods				
Canned fish and fishmeal	**2 582 636**	1 981 722		
Lobster, squid and French fries	**350 443**	286 574		
Horse mackerel and hake	**1 435 082**	1 170 907		
Rendering of services				
Commercial cold storage	**279 790**	217 993		
Management fees from subsidiaries and joint ventures			**117 797**	76 233
	4 647 951	3 657 196	**117 797**	76 233
2. OPERATING PROFIT BEFORE ABNORMAL ITEMS IS ARRIVED AT AFTER TAKING INTO ACCOUNT THE FOLLOWING ITEMS				
Income				
Directors' fees from a joint venture			**44**	27
Foreign exchange gain	**18 395**	74	**8**	2
Net surplus on disposal of property, plant and equipment	**1 193**		**18**	
Expenditure				
Auditor's remuneration				
Fees for audit – current year	**4 732**	4 896	**839**	703
Fees for audit – prior year under/(over)provision	**54**	74	**8**	(14)
Expenses	**18**	8		6
Other services	**2 097**	2 130	**585**	276
	6 901	7 108	**1 432**	971
Amortisation of fishing rights	**853**			
Depreciation of property, plant and equipment				
Buildings	**6 100**	5 969		
Plant, equipment and motor vehicles	**47 710**	42 781	**3 323**	5 269
Fishing vessels and nets	**32 529**	28 459		
	86 339	77 209	**3 323**	5 269
Administrative, technical and secretarial fees	**15 765**	20 787	**3 478**	3 355
Net loss on disposal of property, plant and equipment		57		
Operating lease expenses				
Properties	**33 335**	22 587	**2 426**	1 488
Equipment and vehicles	**6 280**	6 176		
Employment costs	**547 373**	447 404	**48 106**	28 801
Retirement costs	**31 711**	27 253	**3 709**	3 198
Share-based payments – cash-settled compensation scheme	**75 583**	35 019	**28 930**	10 577
Share-based payments – Khula Trust	**7 614**	9 628	**141**	179

		GROUP	
		2012 R'000	2011 R'000
3.	**SEGMENTAL RESULTS**		
	Revenue		
	Canned fish and fishmeal	2 582 636	1 981 722
	Lobster, squid and French fries	350 443	286 574
	Horse mackerel and hake	1 435 082	1 170 907
	Commercial cold storage	279 790	217 993
		4 647 951	3 657 196
	Operating profit before abnormal items		
	Canned fish and fishmeal	318 941	171 761
	Lobster, squid and French fries	29 538	13 399
	Horse mackerel and hake	296 578	273 795
	Commercial cold storage	65 968	53 734
		711 025	512 689
	Total assets		
	Canned fish and fishmeal	1 362 685	789 994
	Lobster, squid and French fries	95 680	136 782
	Horse mackerel and hake	427 057	319 370
	Commercial cold storage	241 002	214 342
	Financing	419 117	549 304
		2 545 541	2 009 792
	Deferred taxation	23 187	13 204
		2 568 728	2 022 996
	Total liabilities		
	Canned fish and fishmeal	515 752	250 063
	Lobster, squid and French fries	44 808	60 169
	Horse mackerel and hake	220 055	212 653
	Commercial cold storage	60 456	43 493
	Financing	52 572	15 598
		893 643	581 976
	Deferred taxation	41 843	41 669
		935 486	623 645
	Revenue per region[1]		
	South Africa and Namibia	3 097 288	2 453 295
	Other Africa	880 734	690 811
	Europe	381 716	205 066
	Far East	251 807	260 282
	Other	36 406	47 742
		4 647 951	3 657 196

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: Canned fish and fishmeal R0,3 million (2011: Rnil), horse mackerel and hake R27,3 million (2011: R41,9 million) and commercial cold storage R30,5 million (2011: R31,7 million).

The group has revised the reporting of its operating segments to better describe its business units. As a result "Inshore fishing" has been split into "Canned fish and fishmeal" and "Lobster, squid and French fries", while "Midwater and deep-sea fishing" has been renamed to "Horse mackerel and hake".

Note:

[1] *Revenue per region discloses the region in which product is sold.*

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
4. ABNORMAL ITEMS				
Competition Commission administrative penalty	**(34 750)**			
Trademark impairment	**(13 205)**			
Impairment of investment in subsidiary			**(9 933)**	(29 165)
Dividend received from subsidiary				29 165
Impairment of investment in Khula Trust			**(297)**	(444)
	(47 955)		**(10 230)**	(444)
5. INVESTMENT INCOME				
Dividend income				
Subsidiaries			**285 514**	262 090
Interest received				
Subsidiaries			**401**	960
Bank and short-term deposits	**22 910**	10 768	**21 952**	10 139
Preference share dividends	**10 967**	13 141	**10 967**	13 141
Unlisted investments	**1 095**	1 101		
Other	**1 307**	816	**627**	352
	36 279	25 826	**319 461**	286 682
6. INTEREST PAID				
Subsidiaries			**(5 549)**	(2 464)
Bank	**(2 898)**	(1 959)	**(11)**	(36)
Other	**(210)**	(913)		
	(3 108)	(2 872)	**(5 560)**	(2 500)
7. TAXATION				
7.1 South African				
Current year	**139 300**	87 537	**13 199**	5 170
Adjustments in respect of previous years	**(50)**	1 001	**33**	7
Secondary taxation on companies	**2 401**	21 897	**928**	
	141 651	110 435	**14 160**	5 177
7.2 Foreign				
Current year	**93 152**	82 642		
Adjustments in respect of previous years	**(245)**	(64)		
Withholding tax	**7 566**	8 545	**56**	45
	242 124	201 558	**14 216**	5 222
7.3 South African deferred taxation				
Current year	**(9 323)**	(8 784)	**(6 064)**	(1 370)
Adjustments in respect of previous years	**(656)**	(1 724)		(147)
7.4 Foreign deferred taxation				
Current year	**201**	(1 455)		
Adjustments in respect of previous years	**(33)**	(169)		
Adjustment in respect of change in tax rate	**2**			
Taxation charge	**232 315**	189 426	**8 152**	3 705

	GROUP 2012 %	GROUP 2011 %	COMPANY 2012 %	COMPANY 2011 %
7. TAXATION continued				
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	**33,4**	35,4	**2,6**	1,3
Adjustment to rate due to:				
Dividend income	**1,1**	0,7	**26,7**	26,8
Net effect of tax losses	**0,1**	0,1		
Adjustment in respect of previous years	**0,1**	0,2		
Foreign taxation rate differentials and withholding taxes	**(3,8)**	(3,6)		
Secondary taxation on companies	**(0,3)**	(4,1)	**(0,3)**	
Abnormal items	**(1,9)**		**(0,9)**	
Expenses not allowable for taxation and other	**(0,7)**	(0,7)	**(0,1)**	(0,1)
South African company income tax rate	**28,0**	28,0	**28,0**	28,0

	R'000	R'000
7.6 The group's share of tax losses in subsidiaries and joint venture companies available as a deduction from their future taxable incomes amounted to:		
South African	**9 257**	7 877
Foreign	**39 013**	39 387
Total	**48 270**	47 264
Tax savings effect:		
Before deferred taxation	**15 537**	15 420
After deferred taxation	**1 395**	2 335

	Number of shares	Number of shares
8. EARNINGS PER SHARE		
8.1 Calculation of weighted average number of ordinary shares		
Weighted average number of ordinary shares	**119 331 836**	119 157 508
Less:		
Treasury shares held by Khula Trust	**(14 121 277)**	(14 178 539)
Treasury shares held by Oceana Brands Limited	**(5 094 350)**	(5 094 350)
Treasury shares held by Oceana Group Share Trust	**(16 500)**	(16 500)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**100 099 709**	99 868 119
Shares deemed to be issued for no consideration in respect of unexercised share options	**8 559 497**	6 676 262
Khula Trust[1]	**8 502 659**	6 533 907
Equity-settled compensation scheme[2]	**56 838**	142 355
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**108 659 206**	106 544 381

Notes:

[1] *Represents the number of options available, 14 099 383 (2011: 14 156 799), times the average share price for the year of 4 850 cents (2011: 3 575 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.*

	Gross of tax 2012 R'000	Net of tax 2012 R'000	Gross of tax 2011 R'000	Net of tax 2011 R'000
	GROUP			
8. EARNINGS PER SHARE continued				
8.2 Determination of headline earnings				
Profit after taxation attributable to shareholders of Oceana Group Limited		**443 790**		333 170
Adjusted for:				
Trademark impairment	**13 205**	**13 205**		
Net (surplus)/loss on disposal of property, plant and equipment	**(1 193)**	**(837)**	57	40
Headline earnings for the year		**456 158**		333 210
Headline earnings per share (cents)				
– Basic		**455,7**		333,7
– Diluted		**419,8**		312,7

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
9. DIVIDENDS				
Final of 183 cents per share declared on 10 November 2011, paid 16 January 2012 (2011: 175 cents)	**183 119**	174 677	**218 341**	208 469
Interim of 45 cents per share declared on 11 May 2012, paid 2 July 2012 (2011: 37 cents)	**45 069**	36 975	**53 714**	44 106
Dividends paid during the year	**228 188**	211 652	**272 055**	252 575
Final of 256 cents (2011: 183 cents) per share declared on 8 November 2012, payable on 14 January 2013 based on number of shares in issue on 8 November 2012				
Dividend declared after reporting date	**256 560**	182 906	**305 739**	218 166

The income tax consequence of the dividend declared after the reporting date for the group and company amounted to Rnil (2011: R2,7 million).

	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
			GROUP		
10. PROPERTY, PLANT AND EQUIPMENT					
Cost					
At 1 October 2010	43 731	98 857	517 442	349 627	1 009 657
Additions	18 964	15	70 524	36 485	125 988
Business acquisition				22 824	22 824
Disposals	(525)		(17 012)	(13 397)	(30 934)
Exchange differences			26		26
At 30 September 2011	62 170	98 872	570 980	395 539	1 127 561
At 1 October 2011	**62 170**	**98 872**	**570 980**	**395 539**	**1 127 561**
Additions	**4 480**	**1 502**	**41 986**	**21 778**	**69 746**
Business acquisition		**3 075**	**9 325**	**25 000**	**37 400**
Disposals	**(15)**	**(408)**	**(9 165)**	**(9 176)**	**(18 764)**
Exchange differences			**(6)**		**(6)**
At 30 September 2012	**66 635**	**103 041**	**613 120**	**433 141**	**1 215 937**

	Freehold land and buildings R'000	Leasehold land and buildings R'000	GROUP Plant, equipment and vehicles R'000	Fishing vessels and nets R'000	Total R'000
10. PROPERTY, PLANT AND EQUIPMENT continued					
Accumulated depreciation and impairment					
At 1 October 2010	13 990	70 438	355 919	204 772	645 119
Depreciation for the year	1 443	4 343	42 964	28 459	77 209
Business acquisition				20 007	20 007
Disposals	(563)		(16 569)	(13 285)	(30 417)
Exchange differences			20		20
At 30 September 2011	14 870	74 781	382 334	239 953	711 938
At 1 October 2011	**14 870**	**74 781**	**382 334**	**239 953**	**711 938**
Depreciation for the year	**1 937**	**4 163**	**47 710**	**32 529**	**86 339**
Impairment charge			**237**		**237**
Disposals	**(15)**	**(408)**	**(9 048)**	**(8 950)**	**(18 421)**
Exchange differences			**(6)**		**(6)**
At 30 September 2012	**16 792**	**78 536**	**421 227**	**263 532**	**780 087**
Carrying value					
At 1 October 2010	29 741	28 419	161 523	144 855	364 538
At 30 September 2011	47 300	24 091	188 646	155 586	415 623
At 30 September 2012	**49 843**	**24 505**	**191 893**	**169 609**	**435 850**

The insured value of the group's property, plant and equipment at 30 September 2012 amounted to R3,3 billion (2011: R2,9 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 2010	16 908
Additions	3 888
Disposals	(32)
At 30 September 2011	20 764
At 1 October 2011	20 764
Additions	4 686
Intercompany transfer	(51)
Disposals	(1 052)
At 30 September 2012	24 347
Accumulated depreciation	
At 1 October 2010	10 718
Depreciation for the year	5 269
Disposals	(32)
At 30 September 2011	15 955
At 1 October 2011	15 955
Depreciation for the year	3 323
Intercompany transfer	(51)
Disposals	(1 036)
At 30 September 2012	18 191
Carrying value	
At 1 October 2010	6 190
At 30 September 2011	4 809
At 30 September 2012	6 156

	GROUP			
	Goodwill R'000	Trademark R'000	Fishing rights R'000	Total R'000
11. GOODWILL, TRADEMARK AND FISHING RIGHTS				
Cost				
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
At 1 October 2011	**17 630**	**18 101**		**35 731**
Additions			**4 402**	**4 402**
Business acquisition	**10 000**		**68 860**	**78 860**
Exchange difference		**1 333**		**1 333**
At 30 September 2012	**27 630**	**19 434**	**73 262**	**120 326**
Accumulated amortisation and impairment				
At 1 October 2010 and 30 September 2011	17 630			17 630
At 1 October 2011	**17 630**			**17 630**
Amortisation for the year			**853**	**853**
Impairment charge		**13 205**		**13 205**
At 30 September 2012	**17 630**	**13 205**	**853**	**31 688**
Carrying value				
At 1 October 2010		16 183		16 183
At 30 September 2011		18 101		18 101
At 30 September 2012	**10 000**	**6 229**	**72 409**	**88 638**

Goodwill

Goodwill arose during the financial year on the acquisition of the V&A Cold Store from the Lusitania group. In the 2010 financial year, goodwill relating to the acquisition of Glenryck Foods Limited, in the United Kingdom (UK), was impaired in full as a result of the reorganisation of the group's canned fish operations in the UK pursuant to reduced trading returns in that region.

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. During the year, as a result of difficult trading conditions and the poor economic circumstances prevailing in the UK, an impairment was recognised. 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. A discount rate of 20% (2011: 12%) was used which reflected the operating characteristics of the business and the environment in which it operates.

Fishing rights

During the financial year, hake and horse mackerel fishing rights were purchased from the Lusitania group and associated companies. Additionally, horse mackerel rights were acquired during the year from two other rights holders. Fishing rights are amortised over the remaining period of the respective rights. Horse mackerel rights are due for renewal in December 2015 and hake in December 2020.

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
12. DEFERRED TAXATION				
Deferred tax assets	**23 187**	13 204	**11 511**	5 447
Deferred tax liabilities	**(41 843)**	(41 669)		
Net deferred tax (liability)/asset	**(18 656)**	(28 465)	**11 511**	5 447
Net (liability)/asset at the beginning of the year	**(28 465)**	(38 372)	**5 447**	3 635
Transferred from subsidiary				295
Tax rate adjustment	**(2)**			
On acquisition of business		(2 225)		
Credited to income	**9 811**	12 132	**6 064**	1 517
Net (liability)/asset at the end of the year	**(18 656)**	(28 465)	**11 511**	5 447
Comprising:				
Property, plant and equipment	**(44 900)**	(58 885)		
Taxation loss relief	**14 142**	13 085		
Provisions and other credit balances	**26 426**	33 290	**11 511**	5 447
Section 14(1)(c) allowances, prepayments and other	**(14 324)**	(15 955)		
	(18 656)	(28 465)	**11 511**	5 447
Aggregate amount of unused tax losses for which no deferred tax asset is recognised in the statement of financial position	**5 410**	7 388		
13. INVESTMENTS AND LOANS				
Gross loans	**19 782**	22 200	**328**	273
Less: Provisions for irrecoverable loans	**(7 511)**	(211)		
Loans	**12 271**	21 989	**328**	273
Preference shares	**130 044**	131 026	**130 044**	131 026
Other shares	**625**	430	**603**	407
	142 940	153 445	**130 975**	131 706

Group loans are secured by cession of shares and fishing rights and bonds over assets 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 R73 187 (2011: R463 886) 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 5,3% (2011: 4,4%) equity share. No impairment provision is required in respect of this loan.

	GROUP		COMPANY	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
13. INVESTMENTS AND LOANS continued				
Movement on loans				
Balance at the beginning of the year	**21 989**	9 118	273	273
Advances	**4 246**	18 278	55	
Interest charged	**995**	702		
Loans repaid	**(7 659)**	(9 265)		
Movement on provisions for irrecoverable loans	**(7 300)**	3 156		
Balance at the end of the year	**12 271**	21 989	328	273
Movement on provisions for irrecoverable loans				
Balance at the beginning of the year	**211**	3 367		
Impairment losses recognised/(reversed)	**7 300**	(3 156)		
Balance at the end of the year	**7 511**	211		

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	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Movement on preference shares				
Balance at the beginning of the year	**131 026**	142 349	131 026	142 349
Accrued preference dividend	**10 967**	11 506	10 967	11 506
Repayment received	**(11 949)**	(22 829)	(11 949)	(22 829)
Balance at the end of the year	**130 044**	131 026	130 044	131 026

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.

	COMPANY 2012 R'000	COMPANY 2011 R'000
Interest-bearing at 6,5% per annum (2011: 7,0%)	5 264	5 939
Interest-free		70
	5 264	6 009

15. KHULA TRUST

	COMPANY 2012 R'000	COMPANY 2011 R'000
Capital contribution	3 261	3 572

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.

	COMPANY 2012 R'000	COMPANY 2011 R'000
16. INTEREST IN SUBSIDIARIES AND JOINT VENTURES		
Shares at cost, less amounts written off	35 361	45 295
Amounts owing by	438 396	234 795
	473 757	280 090
Amounts owing to	(27 864)	(27 125)
	445 893	252 965

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 42 and 43 of this report.

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
17. INVENTORIES				
Raw materials	**43 250**	20 842		
Finished goods	**689 267**	422 956		
Consumable stores and work in progress	**45 462**	46 052		
	777 979	489 850		

Finished goods include inventory held at net realisable value of R1 910 000 (2011: R51 500 061).

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
18. ACCOUNTS RECEIVABLE				
Trade receivables	**584 103**	420 804		
Gross trade receivables	**593 476**	431 392		
Less: Allowance for credit notes	**(6 949)**	(8 006)		
Less: Provisions for irrecoverable trade receivables	**(2 424)**	(2 582)		
Short-term loans and advances	**4 149**	5 066		
Gross short-term loans and advances	**9 676**	11 503		
Less: Provisions for irrecoverable loans and advances	**(5 527)**	(6 437)		
Amount owing by foreign suppliers	**130 195**	5 012		
VAT and company taxation	**45 143**	21 543		951
Prepayments	**33 014**	30 820	1 430	1 015
Accrued income and other	**27 352**	53 668	6 560	6 326
	823 956	536 913	7 990	8 292

	GROUP	
	Trade receivables 2012 R'000	Trade receivables 2011 R'000
18. ACCOUNTS RECEIVABLE continued		
The analysis of group trade receivables is as follows:		
Not past due	**554 875**	377 356
Ageing of trade and other receivables which are past due and not impaired		
30 days	**25 622**	34 943
60 days	**2 237**	3 697
90 days	**1 152**	3 223
120 days	**107**	53
150 days and over	**110**	1 532
	584 103	420 804

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.

Amounts owing by foreign suppliers arise from the sale of raw materials, sourced by the group, to foreign suppliers for processing into fishing goods. Individual customer/supplier default risks as well as country risks are closely monitored.

In determining the recoverability of trade receivables and amounts owing by foreign suppliers, 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	
	2012 R'000	2011 R'000
Movement in provisions for irrecoverable trade receivables		
Balance at the beginning of the year	**2 582**	1 984
Irrecoverable amounts written off against the provision	**(274)**	(40)
Impairment losses recognised	**116**	638
Balance at the end of the year	**2 424**	2 582
Concentration of credit risk in trade receivables		
By geographical region		
South Africa and Namibia	**451 140**	325 238
Other Africa	**87 362**	26 964
Europe	**26 376**	31 181
Far East and other	**19 225**	37 421
Trade receivables	**584 103**	420 804

	GROUP 2012 R'000	GROUP 2011 R'000
18. ACCOUNTS RECEIVABLE continued		
By customer sector		
Domestic FMCG, wholesale, retail (blue-chip or insured)	**455 157**	295 038
Exports on letter of credit/cash with documents	**66 266**	61 351
Cold storage (secured by lien)	**43 398**	37 321
Open account	**19 282**	27 094
Trade receivables	**584 103**	420 804
Movement in provisions for irrecoverable loans and advances		
Balance at the beginning of the year	**6 437**	5 737
Impairment losses (reversed)/recognised	**(910)**	700
Balance at the end of the year	**5 527**	6 437

There was one customer (2011: one customer) with a balance in excess of 10% of the total trade receivables.

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

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

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
19. SHARE CAPITAL AND PREMIUM				
19.1 Ordinary shares of 0,1 cent each				
Authorised share capital:				
200 000 000 (2011: 200 000 000) shares	**200**	200	**200**	200
Issued share capital:				
119 429 157 (2011: 119 206 157) shares	**119**	119	**119**	119
Share premium	**154 558**	151 034	**154 558**	151 034
	154 677	151 153	**154 677**	151 153
Less: Treasury shares				
19 210 233 (2011: 19 267 649) shares	**(123 985)**	(124 860)		
	30 692	26 293	**154 677**	151 153

	Number of shares 2012	Number of shares 2011
Treasury shares comprise shares held by:		
Khula Trust	**14 099 383**	14 156 799
Oceana Brands Limited	**5 094 350**	5 094 350
Oceana Group Share Trust	**16 500**	16 500
	19 210 233	19 267 649

	GROUP		COMPANY	
	2012	2011	2012	2011
			Number of shares	

19. SHARE CAPITAL AND PREMIUM continued

19.2 Unissued shares

Authorised	200 000 000	200 000 000
Issued	119 429 157	119 206 157
Unissued	80 570 843	80 793 843
Under option in terms of the company's share scheme	97 000	320 000
Balance of unissued shares	80 473 843	80 473 843

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000

20. CASH FLOW HEDGING RESERVE

	2012 R'000	2011 R'000
Balance at the beginning of the year	**1 922**	(7 931)
Movement on the cash flow hedge reserve	**(1 522)**	9 853
(Loss)/gain recognised on cash flow hedges	**(2 584)**	5 274
Transferred to profit or loss	**(54)**	2 340
Transferred to initial carrying amount of hedged item	**1 116**	2 239
Balance at the end of the year	**400**	1 922

(Losses)/gains 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 (losses)/gains are included in cost of sales in the statement of comprehensive income.

21. ACCOUNTS PAYABLE

	GROUP **2012** R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Trade payables	**309 767**	190 524	3 587	684
Payroll-related accruals	**83 639**	33 485	17 398	3 219
Leave pay accrual	**17 889**	16 152	1 803	1 557
Contingent purchase consideration	**10 450**			
Short-term loans and advances	**7 998**	4 281		
VAT payable	**6 651**	4 816	1 845	
Accruals and other payables	**212 281**	164 686	8 483	8 917
	648 675	413 944	33 116	14 377

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

	2012 R'000	2011 R'000
Supplier claims		
Balance at the beginning of the year	**5 541**	2 994
Net charge to operating profit	**4 415**	2 694
Utilised during the year	**(7 364)**	(147)
Balance at the end of the year	**2 592**	5 541
Ex gratia retirement provision		
Balance at the beginning of the year	**3 994**	3 970
Net charge to operating profit	**262**	306
Utilised during the year	**(168)**	(282)
Balance at the end of the year	**4 088**	3 994

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
22. PROVISIONS continued				
Other				
Balance at the beginning of the year	**2 383**	2 642		
Net charge to operating profit	**4 097**	1 855		
Arising on acquisition of business		154		
Utilised during the year	**(2 393)**	(2 316)		
Exchange adjustment		48		
Balance at the end of the year	**4 087**	2 383		
Total				
Balance at the beginning of the year	**11 918**	9 606		
Net charge to operating profit	**8 774**	4 855		
Arising on acquisition of business		154		
Utilised during the year	**(9 925)**	(2 745)		
Exchange adjustment		48		
Balance at the end of the year	**10 767**	11 918		

23. COMMITMENTS

23.1 Capital commitments

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Budgeted capital expenditure is as follows:				
Contracted	**21 879**	23 981		2 412
Not contracted	**159 280**	117 564	**6 654**	6 414
	181 159	141 545	**6 654**	8 826

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

23.2 Operating lease commitments

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
The future minimum lease payments under operating leases are as follows:				
Not later than one year	**29 652**	24 600	**1 729**	1 694
Later than one year but not later than five years	**140 511**	112 461	**8 467**	7 821
Later than five years	**418 259**	205 094	**7 566**	9 941
	588 422	342 155	**17 762**	19 456

	GROUP 2012 Number	GROUP 2011 Number	COMPANY 2012 Number	COMPANY 2011 Number
24. NUMBER OF EMPLOYEES				
Permanent employees at year-end	**1 849**	1 711	**55**	52

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 volume weighted average prices (VWAP) and movements in share options during the year.

	GROUP			
	2012		2011	
	Number of share options	**VWAP rand**	Number of share options	VWAP rand
Outstanding at the beginning of the year	**320 000**[1]	**15,89**	525 000[1]	14,49
Exercised during the year	**223 000**[2]	**15,80**	205 000[3]	12,31
Outstanding at the end of the year	**97 000**[1]	**16,08**	320 000[1]	15,89
Exercisable at the end of the year	**97 000**		320 000	

Notes:

[1] There are no options (2011: 11 000) over shares in the end of the year balance that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002.

[2] The weighted average share price at the date of exercise for the options exercised was R45,48.

[3] The weighted average share price at the date of exercise for the options exercised was R35,99.

The weighted average remaining contractual life for the share options outstanding as at 30 September 2012 is 1,8 years (2011: 2,1 years).

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

	GROUP	
	2012	2011
	Number of share options	Number of share options
R11,05 per share exercisable until 23 October 2011		11 000
R15,60 per share exercisable until 13 November 2012		52 000
R16,24 per share exercisable until 11 November 2013	**32 000**	162 000
R16,00 per share exercisable until 24 November 2014	**65 000**	95 000
	97 000	320 000

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.

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 8 500 000 options was made on 15 January 2007, a second allocation of 7 715 250 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.

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 57 416 options (2011: 42 000) 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 volume weighted average prices (VWAP) and movements in share options during the year.

	GROUP			
	2012		2011	
	Number of share options	VWAP rand	Number of share options	VWAP rand
Outstanding at the beginning of the year	6 774 387	26,08	6 911 716	22,29
Granted during the year	1 063 000	44,77	1 301 000	37,52
Forfeited during the year	347 665	27,16	211 332	24,76
Exercised during the year	1 249 958[1]	19,28	1 226 997[2]	17,11
Outstanding at the end of the year	6 239 764	30,56	6 774 387	26,08
Exercisable at the end of the year	649 777		273 572	

Notes:

[1] *The weighted average share price at the date of exercise for the options exercised was R44,74.*

[2] *The weighted average share price at the date of exercise for the options exercised was R37,11.*

The weighted average remaining contractual life for the share options outstanding as at 30 September 2012 is 3,4 years (2011: 3,6 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:

	Grant number	2012	2011
		Number of share options	
R15,39 per share exercisable until 9 February 2012	1A		121 732
R16,91 per share exercisable until 10 November 2012	2		418 658
R19,26 per share exercisable until 7 February 2014	3	**615 699**	948 997
R22,65 per share exercisable until 2 February 2015	4A	**1 576 066**	2 146 000
R25,06 per share exercisable until 30 June 2015	4B	**500 000**	500 000
R29,59 per share exercisable until 11 February 2016	5	**1 277 000**	1 353 000
R37,52 per share exercisable until 10 February 2017	6	**1 220 000**	1 286 000
R44,77 per share exercisable until 17 February 2018	7	**1 051 000**	
		6 239 765	6 774 387

The significant inputs into the model used to value the liability for share-based payments were a 30-day volume weighted average share price of R53,02 (2011: R37,51), an expected option life of six years and expected dividend yield of 5,8% (2011: 5,6%). The risk-free rate ranged from 5,1% to 6,0% (2011: 5,6% to 7,3%) during the year. Expected volatility of 31,5% (2011: 28,7%) was 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, 24 of 1956, 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 2011, 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				
	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Balance at the end of the year					
Present value of defined-benefit obligations and surplus apportionment to former members	**(1 497)**	(10 790)	(10 176)	(9 495)	(1 941)
Fair value of plan assets in respect of defined-benefit obligations and surplus apportionment to former members	**8 682**	16 185	17 573	13 702	15 983
Funded status of defined-benefit plan	**7 185**	5 395	7 397	4 207	14 042
Unrecognised actuarial gains/(losses)	**638**	2 127	(722)	(3 056)	924
Asset not recognised at the reporting date	**(7 823)**	(7 522)	(6 675)	(1 151)	(14 966)
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.

26. RETIREMENT BENEFITS continued

	GROUP				
	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Movement in the liability recognised in the statement of financial position					
Opening balance					
Asset not recognised at the beginning of the year	**7 522**	6 675	1 151	14 966	12 981
Contributions paid	**30 087**	24 675	22 670	20 400	18 411
Other expenses included in staff costs	**(37 609)**	(31 350)	(23 821)	(35 366)	(31 392)
Current service cost	**(30 115)**	(24 669)	(22 667)	(20 389)	(17 410)
Interest (cost)/income	**(534)**	(910)	(756)	160	(144)
Expected return on plan assets	**1 108**	1 751	1 455	1 227	1 626
Surplus allocation – former members and related reserves			4 409	(15 213)	
Net actuarial (losses)/gains unrecognised during the year	**(245)**		413		(498)
Asset not recognised at the reporting date	**(7 823)**	(7 522)	(6 675)	(1 151)	(14 966)
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	**8,65%**	8,50%	9,00%	8,50%	9,00%
Inflation rate	**6,25%**	6,00%	6,00%	6,00%	6,50%
Expected return on plan assets	**9,65%**	9,50%	10,00%	9,50%	10,00%
Future salary increases	**7,25%**	6,75%	6,75%	6,75%	7,25%
Future pension increases	**6,25%**	6,00%	6,00%	6,00%	6,50%

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 2012.

	2012 R'000	2011 R'000
Present value of obligations	**8 145**	7 684
Less: Fair value of plan assets	**(8 145)**	(6 880)
Liability at the reporting date		804

The principal actuarial assumptions used for accounting purposes relating to post-employment medical obligations:

Discount rate	**7,25%**	8,25%
Medical inflation	**7,10%**	7,50%

27. CONTINGENT LIABILITIES

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 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
2012				
Trade receivables	**11 790**	**968**	**1 155**	**189**
Other accounts receivable	**16 613**			
Cash and cash equivalents	**5 324**		**4**	
Accounts payable	**(16 392)**	**(217)**	**(95)**	
	17 335	**751**	**1 064**	**189**
Year-end exchange rate	**8,28**	**10,64**	**13,36**	**8,60**
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

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 through 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 2013 financial year.

28. FINANCIAL RISK MANAGEMENT continued

Foreign currency balances and exposure continued

	GROUP			
	US dollar '000	Euro '000	Sterling '000	Yen '000
2012				
Foreign currency bought	**14 484**	**106**	**12**	
Foreign currency sold	**1 594**	**65**	**1 339**	
Average exchange rate	**8,26**	**10,61**	**13,24**	
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

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	
	2012 R'000	2011 R'000
Increase in profit before taxation		
US dollar	**14 348**	4 256
Euro	**799**	1 117
Sterling	**1 421**	1 084
Australian dollar	**163**	230

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	**1 031**	1 029
Sterling	**832**	664

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

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.

28. FINANCIAL RISK MANAGEMENT continued

Interest rate sensitivity analysis

For the group, based on the interest-bearing net assets and interest rates ruling at the reporting date, net interest earned would amount to R20,3 million (2011: R31,9 million). A 100 basis points change in the interest rate would result in an increase or decrease of R3,6 million (2011: R5,4 million).

For the company, based on the interest-bearing net assets and interest rates ruling at the reporting date, net interest earned would amount to R18,9 million (2011: R26,9 million). A 100 basis points change in the interest rate would result in an increase or decrease of R3,1 million (2011: R4,4 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 cession of shares and fishing rights and bonds over assets 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 2012, 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.

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 42 and 43. 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.

29. RELATED-PARTY DISCLOSURES continued

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

	GROUP		COMPANY	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Transactions				
Transactions with joint ventures				
Administration fees received	**2 146**	2 397	**1 253**	1 210
Net interest received	**404**	246	**495**	352
Transactions with subsidiaries				
Administration fees received			**116 544**	75 023
Dividends received			**285 514**	262 090
Net interest paid			**(5 148)**	(1 504)
Transactions with shareholders				
Dividends receivable from Oceana SPV (Pty) Limited	**10 967**	11 506	**10 967**	11 506
Goods and services sold to Tiger Brands Limited subsidiaries	**5 886**	5 444		
Net amount owed by Tiger Brands Limited subsidiaries		269		

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.

	GROUP 2012 R'000	GROUP 2011 R'000	COMPANY 2012 R'000	COMPANY 2011 R'000
Short-term employee benefits	**47 557**	25 362	**29 661**	14 053
Post-employment benefits	**3 045**	2 834	**1 863**	1 623
Share-based payments – cash-settled compensation scheme	**32 135**	5 796	**23 378**	4 854
Share-based payments – Khula Trust	**66**	84	**66**	84
Non-executive directors' emoluments	**2 404**	2 158	**2 404**	2 158
Total compensation of key management	**85 207**	36 234	**57 372**	22 772

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. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION

Executive directors' remuneration

2012 Name	Salary R'000	Allowances R'000	COMPANY Retire-ment fund contri-butions R'000	Incentive bonuses[1] R'000	Gain on exercise of phantom share options R'000	Total emoluments R'000
ABA Conrad	1 265	144	302	1 874	1 397	4 982
FP Kuttel	3 349	174	512	4 414		8 449
RG Nicol	2 215	100	443	3 044	2 006	7 808
Total	6 829	418	1 257	9 332	3 403	21 239
2011						
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

Note:

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

Executive directors' phantom share option details

2012 Name	Options as at 30 Sept 2011	Option price (cents)	Options granted during the year	Options exercised during the year	Exercise price (cents)	Options as at 30 Sept 2012	Expiry date
ABA Conrad	13 333	1 691		13 333	4 235		10.11.2012
	30 000	1 926		15 000	4 470	15 000	07.02.2014
	92 000	2 265		30 667	4 470	61 333	05.02.2015
	38 000	2 959				38 000	11.02.2016
	33 000	3 752				33 000	10.02.2017
		4 477	30 000			30 000	17.02.2018
	206 333		30 000	59 000		177 333	
FP Kuttel	500 000	2 506				500 000	01.07.2015
	136 000	2 959				136 000	11.02.2016
	119 000	3 752				119 000	10.02.2017
		4 477	107 000			107 000	17.02.2018
	755 000		107 000			862 000	
RG Nicol	38 333	1 539		38 333	4 250		08.02.2012
	30 000	1 691		30 000	4 914		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
	68 000	3 752				68 000	10.02.2017
		4 477	61 000			61 000	17.02.2018
	502 333		61 000	68 333		495 000	

30. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION continued

Executive directors' phantom share option details continued

COMPANY

2011 Name	Options as 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	

Executive directors' share option details

2012 Name	Balance as at 30 Sept 2011 Number	Share options deemed to be exercised during the year[1] Number	Gains on options exercised R'000	Exercise price (cents)	Deemed exercise dates	Lapsed options Number	Balance as at 30 Sept 2012 Number
RG Nicol	187 000						187 000

2011 Name	Balance as at 30 Sept 2010 Number	Balance as at 30 Sept 2011 Number
RG Nicol	187 000	187 000

Note:

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

30. DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION continued

Non-executive directors' remuneration

	COMPANY					
	2012			2011		
	Board fees R'000	Committee fees R'000	Total R'000	Board fees R'000	Committee fees R'000	Total R'000
ZBM Bassa	160	106	266	75	30	105
MA Brey	455	52	507	425	49	474
PG de Beyer	160	149	309	150	128	278
M Fleming[1]				37	19	56
PB Matlare[1]	160	52	212	150	49	199
S Pather	215	155	370	182	145	327
PM Roux[1]	160	80	240	96	48	144
NV Simamane	160	132	292	150	106	256
TJ Tapela	160	48	208	150	45	195
RA Williams				73	51	124
Total	1 630	774	2 404	1 488	670	2 158

Note:

[1] *Paid to Tiger Brands Limited*

31. 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 2012.

The company entered into an agreement regarding a call option for a potential specific repurchase of its shares, the details of which were announced on 7 November 2012.

INTEREST IN PRINCIPAL SUBSIDIARIES AND JOINT VENTURES
at 30 September 2012

			Issued capital	Effective holding		Interest of holding company			
						Cost of shares		Indebtedness	
			2012	**2012**	2011	**2012**	2011	**2012**	2011
Name of company	Note	Nature of business	**R**	**%**	%	**R'000**	R'000	**R'000**	R'000
Blue Atlantic Trading (Pty) Limited	1	Fish trading	**100**	**50**	50			**11 362**	5 030
Blue Continent Products (Pty) Limited		Horse mackerel, hake	**1 000**	**100**	100	**1 932**	1 932	**95 272**	12 816
Calamari Fishing (Pty) Limited		Squid	**4 000**	**100**	100			**15 918**	8 958
Commercial Cold Storage (Pty) Limited		Cold storage	**100**	**100**	100			**11 490**	8 932
Commercial Cold Storage Group Limited		Holding company	**1 000 000**	**100**	100	**6 986**	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			**(18 234)**	
Compass Trawling (Pty) Limited		Hake	**1 000**	**60,53**	60,53				
Desert Diamond Fishing (Pty) Limited		Horse mackerel	**120**	**90**	90			**(2 507)**	(853)
Erongo Marine Enterprises (Pty) Limited – Namibia		Horse mackerel	**100**	**100**	100			**(6 890)**	(17 930)
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	**12 713**	22 648		
Lamberts Bay Foods Limited		French fries	**52 700**	**100**	100	**22**	22	**12 667**	11 424
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	**277 881**	187 635
Oceana International Limited – Isle of Man		Horse mackerel	**23**	**100**	100	**23**	23		
Oceana Lobster Limited		Rock lobster	**965 500**	**100**	100	**966**	966	**13 806**	(7 943)
Stephan Rock Lobster Packers Limited		Rock lobster	**200 000**	**51**	51	**25**	25	**(233)**	(399)
						35 361	45 295	**410 532**	207 670

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 2012

EFFECTIVE HOLDING	2012 %	2011 %
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
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	**175 006**	165 536
Expenses	**(156 288)**	(145 429)
Operating profit before abnormal items	**18 718**	20 107
Net interest	**(1 414)**	(969)
Profit before taxation	**17 304**	19 138
Taxation	**(228)**	3 512
Profit after taxation	**17 532**	15 626
STATEMENT OF FINANCIAL POSITION		
Property, plant and equipment	**13 744**	12 250
Investments	**22**	22
Current assets	**121 193**	92 760
Current liabilities		
– Interest-bearing	**(44 574)**	(658)
– Interest-free	**(30 145)**	(32 735)
Deferred taxation	**(128)**	(356)
STATEMENT OF CASH FLOWS		
Operating profit	**18 718**	20 107
Adjustments for non-cash items	**972**	2 400
Working capital changes	**(30 775)**	23 200
Cash flows from operations	**(11 085)**	45 707
Net interest	**(1 414)**	(969)
Taxation paid	**(297)**	(2 527)
Net cash flows from operating activities	**(12 796)**	42 211
Cash flows from investing activities	**(2 467)**	(679)
Net (decrease)/increase in cash and cash equivalents	**(15 263)**	41 532

SHAREHOLDER ANALYSIS
at 30 September 2012

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	786	51,5	423 986	0,4
1 001 – 10 000 shares	506	33,2	1 853 161	1,5
10 001 – 100 000 shares	168	11,0	6 667 100	5,6
100 001 – 1 000 000 shares	55	3,6	16 039 089	13,4
1 000 001 shares and over	10	0,7	94 445 821	79,1
	1 525	100,0	119 429 157	100,0
DISTRIBUTION OF SHAREHOLDERS				
Banks	24	1,6	2 709 036	2,3
Brokers	10	0,7	739 876	0,6
Close corporations	25	1,6	87 219	0,1
Empowerment	1	0,1	20 096 755	16,8
Individuals	1 115	73,1	3 431 069	2,9
Insurance companies	9	0,6	960 322	0,8
Investment companies	13	0,8	587 163	0,5
Medical aid schemes	1	0,1	79 545	0,1
Mutual funds	69	4,5	13 666 224	11,4
Nominees and trusts	126	8,3	799 110	0,7
Other corporate bodies	14	0,9	498 521	0,4
Pension funds	74	4,8	11 321 045	9,5
Private companies	36	2,4	364 394	0,3
Public companies	5	0,3	44 878 645	37,5
Treasury shares held by share trusts	2	0,1	14 115 883	11,8
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
	1 525	100,0	119 429 157	100,0
SHAREHOLDER TYPE				
Non-public shareholders	110	7,3	84 680 951	70,9
Directors and employees	105	6,9	674 500	0,6
Treasury shares held by share trusts	2	0,1	14 115 883	11,8
Treasury shares held by subsidiary	1	0,1	5 094 350	4,3
Empowerment	1	0,1	20 096 755	16,8
Holdings greater than 10%	1	0,1	44 699 463	37,4
Public shareholders	1 415	92,7	34 748 206	29,1
	1 525	100,0	119 429 157	100,0
SHAREHOLDERS HOLDING IN EXCESS OF 5%				
Tiger Brands Limited			44 699 463	37,4
Brimstone Investment Corporation Limited			20 096 755	16,8
Khula Trust			14 099 383	11,8