OCEANA GROUP

INTEGRATED REPORT 2017

FOR THE YEAR ENDED 30 SEPTEMBER

ON THE SURFACE A FISHING COMPANY,
DEEP DOWN, SO MUCH MORE

ABOUT THIS REPORT

SCOPE, BOUNDARY AND REPORTING CYCLE

Oceana Group Limited's 2017 Integrated Report provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the financial year ended 30 September 2017. This report is supplemented by a range of additional reports, all of which are available on our website: www.oceana.co.za.

This report focuses on the main operations and activities that 55 contribute to Oceana's performance (see page 55). Unless otherwise stated, all performance data is for the 12-month period ended 30 September 2017, and relates to all of the group's South African, Namibian, Angolan and US operations. We endeavour to illustrate a comprehensive view of the business by analysing our performance against the group's strategic objectives, highlighting successes and challenges experienced this year.

The B-BBEE assessment, as well as the employment equity statistics, exclude all non-South African companies and operations. There have been no significant restatements of data during the year.

REPORTING PRINCIPLES

Oceana has applied the principles contained in the International Financial Reporting Standards (IFRS), the King Code on Corporate Governance 2016 (King IV), the JSE Listings Requirements, and the Companies Act, 71 of 2008. The report has been developed in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC). The King IV disclosure report is available online at www.oceana.co.za.

TARGET AUDIENCE AND MATERIALITY

This report has been prepared primarily for current and prospective investors (to support their capital allocation assessments), South Africa, Namibia, Angola and the US (to inform their assessments of our performance). The report is also relevant for any other stakeholder who has an interest in our performance and prospects against our core purpose of efficiently converting global fishing resources into shared value.

This report focuses on those matters that we see as being most material to our capacity to create value, and to delivering on our core purpose. Our approach to managing these material matters is reflected in our strategic objectives (page 22). 22 These objectives have been identified based on an assessment of how we create value (page 17), 17 the impact of the external operating context on value creation (page 19), 19 the material interests of our stakeholders (page 45), 45 and the principal risks facing the group (page 21). 21 Additional information that is not seen to be material for these purposes, but that may be of interest to other stakeholders, is provided in the separate accompanying reports.

EXTERNAL AUDIT AND ASSURANCE

An independent audit of the group's annual financial statements was performed by Deloitte & Touche. The B-BBEE scorecard information was verified independently by Empowerdex and the greenhouse gas emissions by GCX Africa. 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.

We welcome your feedback on this report. Please address any queries or comments to our company secretary at companysecretary@oceana.co.za or call +27 21 410 1400.

STATEMENT OF THE BOARD OF DIRECTORS ON OCEANA GROUP LIMITED'S 2017 INTEGRATED REPORT

In the board's opinion, Oceana Group Limited's 2017 Integrated Report provides a fair and balanced account of the group's performance on those material matters that we have assessed as having a bearing on the group's capacity to create value. This report has been prepared in accordance with the IIRC's International <IR> Framework, and complies with the recommendations of the King IV Code, Principle 5. The report, including the annual financial statements of the group for the year ended 30 September 2017, was approved by the board of directors on 8 December 2017, and signed on its behalf by

Mustaq Brey
Chairman

6 December 2017

Francois Kuttel
Chief Executive Officer

6 December 2017

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to Oceana's financial condition, results, operations and businesses. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future. There are various factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements.

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- Leading stewardship of marine resources
- Building trusted relationships

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01 OUR BUSINESS

***99 years** of delivering shared value*

***Most empowered** fishing company on the JSE*

ABOUT OCEANA

OUR CORE PURPOSE

is to be an African company, efficiently converting global fishing resources into shared value

MISSION STATEMENT

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

- Responsibly harvesting and procuring a diverse range of marine resources;
- Promoting food security by efficiently producing and marketing relevant products for global markets;
- Actively developing the potential of all employees;
- Investing in communities where we operate;

thereby consistently providing superior returns to all stakeholders.

WHO WE ARE

Incorporated in 1918 and listed on the Johannesburg (JSE) and Namibian (NSX) stock exchanges, Oceana Group is the largest fishing company in Africa, and an important participant in the Namibian, Angolan and US fishing industries. We are ranked as one of the top 10 seafood companies in the world by market capitalisation, revenue growth, share price performance and EBITDA.

WHAT WE DO

Our core fishing business is the catching, procuring, processing, marketing and distribution of canned fish, fishmeal, fish oil, horse mackerel, hake, lobster and squid. The business includes midwater trawling (horse mackerel), deep-sea trawling (hake), and inshore fishing for pelagic fish (anchovy, the Gulf menhaden species, redeye herring and pilchard). In addition, we provide refrigerated warehouse facilities and logistical support services.

OUR STRATEGIC OBJECTIVES

1. GENERATING SUSTAINED FINANCIAL RETURNS

- Achieving growth in headline earnings
- Delivering superior returns to shareholders
- Identifying opportunities for acquisitive and organic growth of the group

2. DRIVING TRANSFORMATION AND LOCALISATION

- Being a leader in terms of our transformation and localisation credentials
- Achieving an independently verified B-BBEE level 2 rating in South Africa

3. OPTIMISING OUR OPERATIONS

- Driving effectiveness and efficiency in our fleet and shore-based assets
- Attracting, developing and retaining the best available talent throughout the group
- Actively evaluating and mitigating risk, and maintaining effective governance systems

4. LEADING STEWARDSHIP OF MARINE RESOURCES

- Harvesting our marine resource allocations responsibly
- Partnering with stakeholders to promote responsible fisheries management
- Monitoring, managing and mitigating the group's impact on the environment

5. BUILDING TRUSTED RELATIONSHIPS

- Encouraging proactive engagement with key stakeholders
- Adhering to strict food safety standards
- Delivering value for local communities

ABOUT OCEANA (continued)

REVENUE
R6.8bn

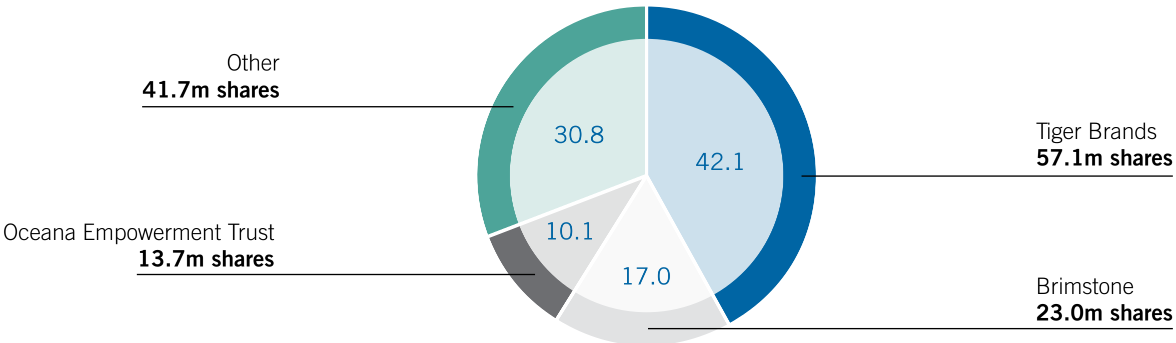
OPERATING PROFIT
R1.0bn

MARKET CAP
R11.1bn

CUSTOMERS IN **49** COUNTRIES WORLDWIDE

EMPLOYEES
5 565

OWNERSHIP (%)



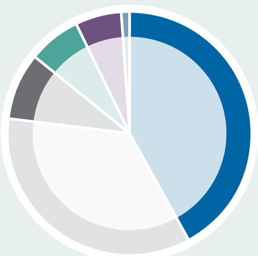
MAINTAINING CERTIFICATION STANDARDS FOR RESPONSIBLE FISHING

We are committed to and support responsible fishing practices. Oceana is a founder member of the Responsible Fisheries Alliance (RFA), and has partnered with WWF and other members in the RFA to advance an ecosystems approach to fisheries management. Our hake operation retained the MSC chain of custody certification, which is considered the world's most rigorous eco-labelling initiative for fishing. Our St Helena Bay, Laaiplek, Hout Bay and Empire fishmeal plants retained their certification to the IFFO-RS.

GROUP OVERVIEW 2017

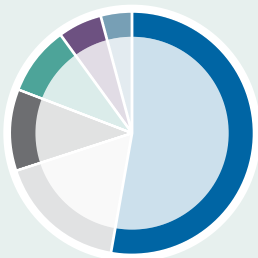
Revenue by sector (%)

Canned fish	42
Fishmeal and fish oil	35
Horse mackerel	9
Hake	7
CCS	6
Lobster and squid	1



Revenue by geography (%)

South Africa & Namibia	53
America	17
UK and Europe	11
Far East	9
Other Africa	6
Other	4



CANNED FISH AND FISHMEAL (AFRICA)

REVENUE
R3.8bn
(2016: R4.3bn)

OPERATING PROFIT*
R276.6m
(2016: R528.5m)

PRODUCTS

Canned pilchards: Marketed and sold mainly under the Lucky Star brand in South African and African markets, and under Glenryck brand in the UK and France

Canned tuna, sardines and mackerel: Marketed and sold under the Lucky Star brand in South Africa

Fishmeal and fish oil: Derived from anchovy, redeye herring and associated by-catch and cannery offcuts

- 9 steel refrigerated seawater vessels in South Africa
- 3 canneries
- 4 steel refrigerated seawater vessels in Namibia
- 5 fishmeal plants
- 8 vessels wholly-owned, co-owned or joint ventures

FISHMEAL AND FISH OIL (USA)

REVENUE
R1.4bn
(2016: R1.9bn)

OPERATING PROFIT*
R390.2m
(2016: R668.2m)

PRODUCTS

Fishmeal: Prime, pet food and FAQ grade fishmeal primarily for the aquaculture, baby pig and speciality pet food industries

Fish oil: Omega-3-rich crude fish oil used by the aquaculture feed industry, and also refined into products for the nutraceutical and functional food industry

All product is derived from the Gulf menhaden species

- 11 fishing vessels
- 12 spotter planes
- 1 fishmeal plant

HORSE MACKEREL AND HAKE

REVENUE
R1.1bn
(2016: R1.2bn)

OPERATING PROFIT*
R197.6m
(2016: R269.4m)

PRODUCTS

Horse mackerel: Sold in frozen whole form mainly in Southern, Central and West Africa

Hake: Sold headed and gutted as well as filleted to the European and South African food services market

- 1 horse mackerel trawler in South Africa
- 5 hake freezer trawlers
- 2 horse mackerel trawlers in Namibia
- 1 hake wet-fish trawler
- 2 production facilities

LOBSTER AND SQUID

REVENUE
R144.9m
(2016: R136.6m)

OPERATING PROFIT*
R37.8m
(2016: R21.1m)

PRODUCTS

Live and frozen West Coast rock lobster: Sold to Far Eastern and European markets

Live and tailed South Coast lobster: Sold to European and US markets

Squid: Sold to markets in Europe and Japan

- 9 West Coast lobster vessels wholly-owned, co-owned
- 5 squid freezer vessels
- 1 South Coast lobster vessel co-owned
- 4 lobster facilities

COMMERCIAL COLD STORAGE AND LOGISTICS

REVENUE
R401.6m
(2016: R434.8m)

OPERATING PROFIT*
R99.2m
(2016: R132.4m)

PRODUCTS

Cold storage

Blast freezing

Transport

Major products stored and handled include: fish, poultry, meat, vegetables and dairy

- 9 cold store facilities in South Africa
- 1 cold store facility in Namibia
- 2 cold store facilities in Angola

* *Before other operating items*

THE OCEANA GROUP AT A GLANCE

NORTH AMERICA

REVENUE

R1.1bn

(2016: R1.2bn)

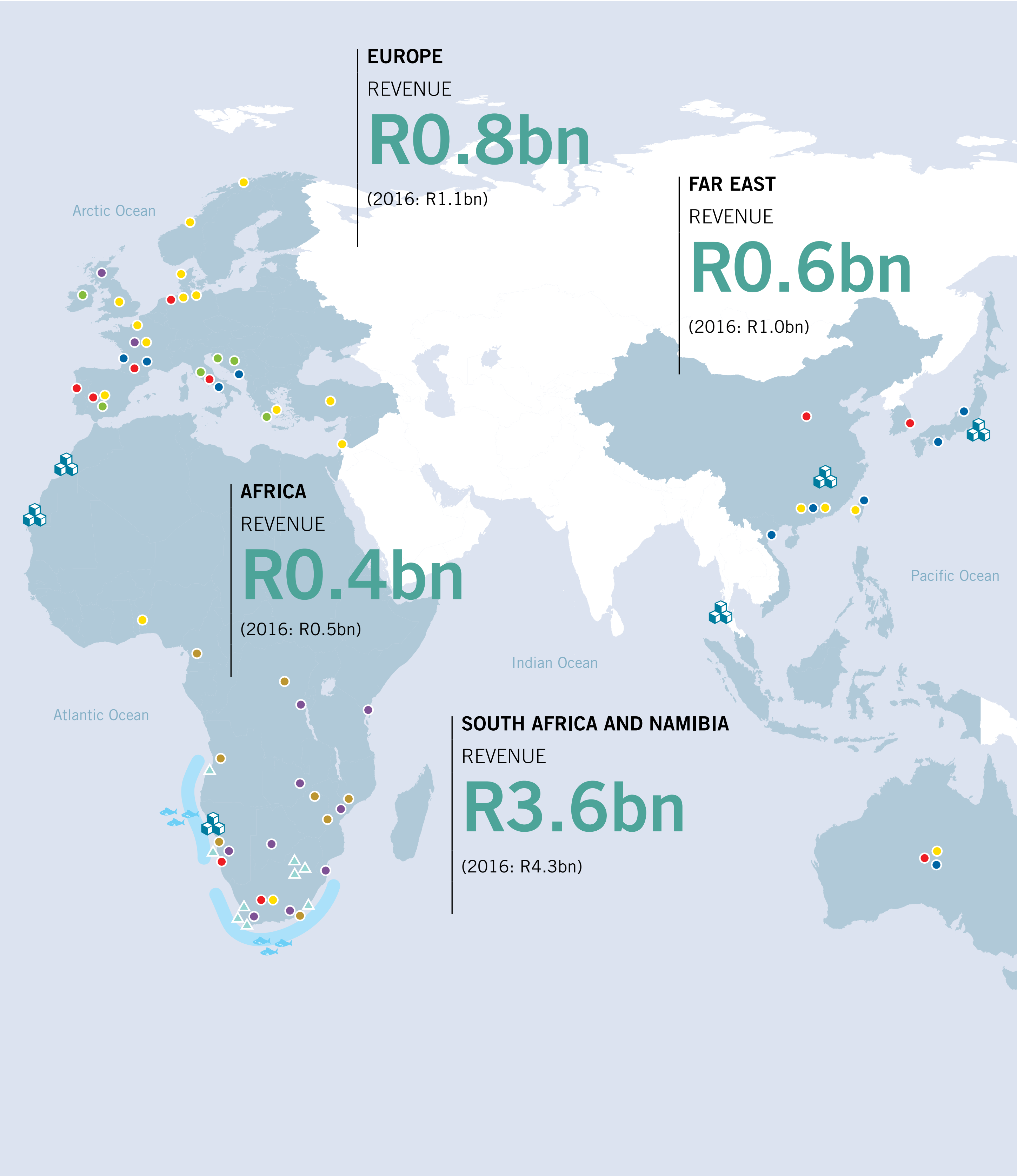
- Procurement
- Catch
- Canned pilchards, tuna, sardines and mackerel
- Fishmeal and fish oil
- Horse mackerel
- Hake
- Live and frozen West Coast rock lobster, Live and tailed South Coast lobster
- Squid
- Cold storage

OTHER REGIONS

REVENUE

R0.3bn

(2016: R0.1bn)


EUROPE
REVENUE
R0.8bn
(2016: R1.1bn)
FAR EAST
REVENUE
R0.6bn
(2016: R1.0bn)
AFRICA
REVENUE
R0.4bn
(2016: R0.5bn)
SOUTH AFRICA AND NAMIBIA
REVENUE
R3.6bn
(2016: R4.3bn)
Arctic Ocean
Atlantic Ocean
Indian Ocean
Pacific Ocean

CHAIRMAN'S INTRODUCTION

MUSTAQ BREY **Chairman**

While this has been a tough year, I believe that most of the underlying fundamentals remain intact and would suggest that this is reflected in the company's underlying financial performance over the year, which remains positive, even before discounting macro-economic factors beyond its control

It gives me pleasure this year to introduce Oceana's 2017 Integrated Report, an essential part of the company's communication with its stakeholders. Prepared primarily for our current and prospective investors, as well as for representatives from government and regulatory authorities in South Africa, Namibia, Angola and the US. The report is relevant for any stakeholder who has an interest in Oceana's activities and performance.

In accordance with King IV and the IIRC's International <IR> Framework, this report seeks to provide a concise and integrated account of how the group's strategy, governance, performance and prospects are delivering on Oceana's core purpose – being an African company that efficiently converts global fishing resources into shared value.

A key feature of this year's report is that we seek to provide a more integrated review of how our governance structure and systems contribute to value creation. The review of the group's leadership team, governance and risk management processes and remuneration policies, have all been fully integrated within the strategic narrative. In line with King IV, we have made the full detail of the corporate governance disclosures required in terms of the code separately available on the Oceana website, and focused our disclosure in this report to those material matters that we believe could substantively affect the group's ability to create value over time.

REVIEWING THE COMPANY'S 2017 PERFORMANCE

Operationally this has been a tough year for Oceana, which has felt the impact in particular of two issues beyond its control: the unexpectedly strong South African currency, and lower global fishmeal and fish oil prices. In addition to some of the anticipated challenges associated with declining TACs and quotas, the company has faced some avoidable challenges arising from its Lucky Star pricing strategy, certain inefficiencies in its hake fleet, and unexpected excess capacity in the Gauteng cold storage market. Oceana's leadership team has been quick in identifying these challenges, and in implementing appropriate response measures.

The board, in exercising its oversight function, has been occupied by various issues this year. In addition to our typical governance reviews relating to matters such as risk management, succession planning and remuneration, we have focused in particular on the company's performance in bedding down the Daybrook and other recent acquisitions, the quality of its efficiency drive in response to external market conditions, and its plans for securing quotas as part of the 2018 horse mackerel rights allocation in Namibia and the 2020 rights renewal process in South Africa.

Another key focus area of the board was the formation of a subcommittee to oversee the selection of a new US partner for the Westbank fishing operation. The current partner will depart during February 2018 and a robust selection process is currently underway.

While this has been a tough year, I believe that most of the underlying fundamentals remain intact, and would suggest that this is reflected in the company's underlying financial performance over the year, which remains positive even before discounting macro-economic factors beyond its control. Given the initial success of the company's strong efficiency drive and the nature of its strategic plans outlined in more detail in this report, I anticipate a much better year ahead.

LOOKING TO THE FUTURE

Strategically the company has rightly identified a number of key priorities for the year ahead, with a view to ensuring continued growth over the short-, medium- and long-term:

- Positioning itself most effectively in preparation for the 2018 and 2020 rights renewal processes in Namibia and South Africa respectively;
- Becoming a globally competitive South African and Namibian producer of canned fish, and driving volume growth in Lucky Star products;
- Finding an appropriate long-term solution to the SASSI red-listing of West Coast rock lobster (WCRL) that balances the need to protect the biomass with the desire to promote small-scale fishers;
- Successfully differentiating Daybrook's product offerings to improve margins and reduce exposure to price volatility; and
- Identifying effective growth opportunities for CCS Logistics.

One of the most significant challenges facing the company is to ensure that it is most effectively placed in terms of its transformation and localisation credentials to secure future quota in both South Africa and Namibia. The recent outcome of the fishing rights application process in South Africa (for inshore hake, horse mackerel and lobster) suggests that the assessment of transformation will consider a company's overall delivery on transformation including infrastructure investment and job creation as opposed to ownership alone. The delivery of transformation in South Africa and localisation in Namibia has long been a top strategic imperative for the group,

CHAIRMAN'S INTRODUCTION (continued)

and the company has a proud history in this regard. In South Africa, Oceana has been rated as the most empowered fishing company on the JSE, reflecting the genuine steps the company has taken in harnessing the strengths of its economies of scale to deliver broad-based value at scale in both South Africa and Namibia.

This commitment to broad-based empowerment is evidenced, for example, in the recent investments the company has made in its canneries in both countries as part of its strategic shift to becoming a globally competitive local producer of canned fish. Not only has this resulted in a valuable increase in hours worked and wages earned by our factory employees, despite the reduction in TAC, but it has also boosted local provision of one of the cheapest and healthiest proteins that has become a major source for school feeding schemes and charities in South Africa and Namibia.

In assessing the impact of any quota reallocations it is important to recognise that more than 2 400 of Oceana's staff, most of whom are black, are shareholders in the company; each of them has received significant shared value as a result of the company's growth, and has a strong financial interest in its continued success. If Oceana's quotas are substantially reduced, this would have an unfortunate impact not only on this broad economic base, but also across the company's value chain in both countries.

WORKING COLLABORATIVELY TO ADDRESS COMMON CHALLENGES

In finding solutions to the common challenges – on issues such as transformation and localisation, job creation, food and water security, and responsible marine stewardship – it is imperative that we strive to work towards a common vision, developed with the involvement of companies, regulators, trade unions, community representatives and non-governmental organisations. Multiple challenges at a country level require multiple stakeholders to tackle these issues together, ideally informed by mutual trust and respect. As one of the largest quota holders in South Africa, Oceana has an important leadership role to play in securing the future sustainability of marine resources and in supporting small-scale fishers, by working with them to develop and sustain a viable fishing industry.

We need to be prepared to set a moral compass, and do what is right for the country and what is morally correct. Sometimes these actions might not be the most beneficial response from a purely short-term commercial perspective, but investing in the resources and relationships that we depend on to create value, and doing the right things now that benefit all of us in the longer term, is fundamental to ensuring long-term value creation.

APPRECIATION

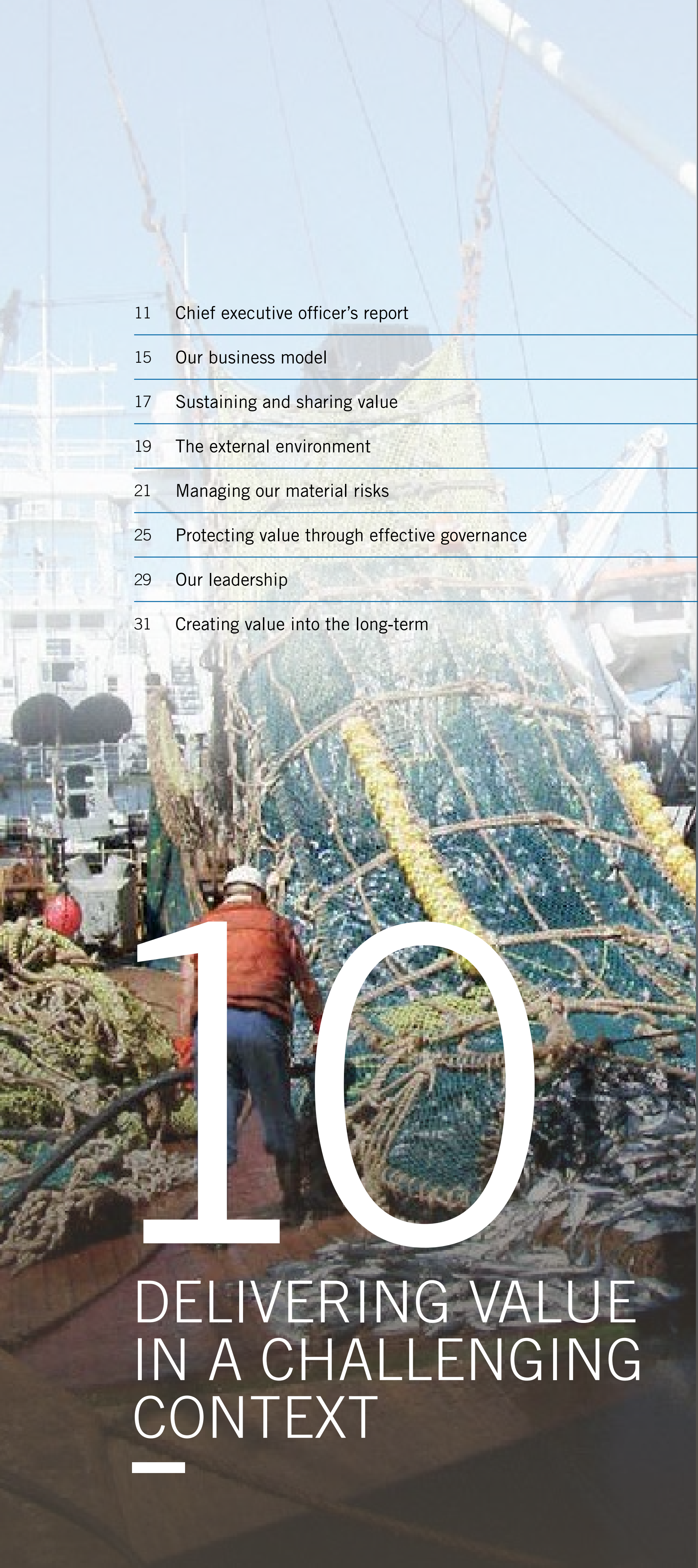
In closing I wish to thank my colleagues on the Oceana board for their commitment and expertise in delivering on their fiduciary responsibilities and ensuring good governance across the group. We are fortunate to have access to the guidance and advice of a very good team of independent directors with significant expertise and experience.

On the executive side, I would like to thank the management team under the leadership of Francois Kuttel and Imraan Soomra for their continued effective stewardship of the company during this difficult year. I look forward to working with them into the future, and to assisting Oceana to deliver effectively on its core purpose.

I invite you, our stakeholders, to review this report and to share your comments both on our performance and our levels of disclosure.

Mustaq Brey
Chairman

6 December 2017



10 DELIVERING VALUE IN A CHALLENGING CONTEXT

We land approximately ***444 000 tons*** *of fish annually*

We market and sell approximately ***270 000*** *tons of fish and fish products*

89% *of our targeted South African commercial fishing rights on the SASSI green list*

CHIEF EXECUTIVE OFFICER'S REPORT

FRANCOIS KUTTEL Chief Executive Officer

We have made some significant savings this year, particularly through our improved procurement practices. We will continue to leverage on our size to make Oceana a more efficient business, retaining a strong focus on achieving the optimum level of asset utilisation and reliability

Although this has been a challenging year for the group, I believe that the company's fundamentals remain strong and that we are well-positioned for growth in the future.

In addition to the generally difficult consumer environment, we faced the double challenge this year of a stronger rand and lower global fishmeal prices. As an exporter of dollar-denominated commodities, we are more predisposed to a weaker currency, and the strengthening of the rand in 2017 has thus played against us. With our higher exposure to fishmeal markets on a relative basis – following the recent acquisition of Daybrook and the start of our Angolan operation – we have felt the impact of the drop in both fishmeal and fish oil prices, which will continue to have an impact over the short-term.

We also faced unexpected challenges from some of our operations. In the first half of the year we saw a drop in demand for our Lucky Star canned fish as a result of an inappropriate pricing strategy, which we have since remedied with pleasing results. We also experienced unscheduled breakdowns in our hake fleet, as well as a material drop in occupancy levels in our CCS Logistics Midrand operations. While we are seeing signs of a possible recovery in South African horse mackerel after several lean years, catch rates remain significantly lower than their full potential. There have also been reductions in the TAC for pilchards in South Africa and Namibia.

Given the nature of the external headwinds, and following our acquisitions in the past two years, our focus this year has been on consolidating these acquisitions and driving improved efficiencies across our business

processes, fleet and land-based operations. We have made some significant savings this year, particularly through our improved procurement practices. We will continue to leverage on our size to make Oceana a more efficient business, retaining a strong focus on achieving the optimum level of asset utilisation and reliability.

Looking to the immediate future, a key strategic focus area relates to the 2020 rights allocation process in South Africa, which will have an impact on some of our most important fishing rights in the country. Making sure that we have the right empowerment credentials is critical to our ability to create and share value in this country, and we are keeping abreast of continuing legislative and policy developments in this area.

Over the mid to long-term, the Oceana Group will look for further opportunities to expand through targeted acquisition. Given the continuing volatility in areas such as exchange rates, commodity prices, quota allocations and catch rates we see merit in our drive to be a diversified fishing company. As a group, we prefer to operate in areas of scale, not niche, with our predominant focus on delivering affordable protein. While our current focus is on growing the bottom line through enhanced efficiencies, we are certainly positioning ourselves to make further acquisitions in the future.

CANNED FISH AND FISHMEAL (AFRICA)

The reduction in South African TAC for pilchards, and the difficult catching environment in the second half of the year, saw the Lucky Star division increasingly rely on frozen raw fish imports to meet canning production demand. Given the scarcity of local resources experienced this year, we made the strategic decision to further increase our processing and canning of frozen fish. This enables us to deliver efficiently on Lucky Star's customer promise of consistent supply, optimum quality and affordable price. While margins in imported fish are more challenging, we made good progress this year in driving efficiencies in our supply chain and production processes. This has had a positive impact on overhead recoveries at our canneries, and also increased the hours worked and wages earned by our factory employees. This year, we sold 7.9 million cartons of canned product, down 16% from 2016, reflecting both the nature of the trading environment and the impact of our pricing strategy early in the year. Since reviewing our pricing strategy, canned volumes in the second half have been pleasing on a relative basis.

While pilchards remain under pressure, South Africa's anchovy resource had its highest recruitment level for 30 years, with the 2017 anchovy TAC increased to its maximum 450 000 tons. The pleasing improvements across our operations were offset by the reduction in dollar prices of fishmeal and fish oil, and the stronger rand/dollar exchange rate. Landings of industrial fish have increased by 21.7% year-on-year, attributable to good landings in South Africa and the inclusion of the Angolan operations for the full 12 months under review.

FISHMEAL AND FISH OIL (USA)

Daybrook's performance for the second half of the year came under pressure as a result of lower fishmeal and fish oil prices and reduced oil yields experienced during the 2017 fishing season. These challenges on performance is expected to continue into the first half of 2018 due to Daybrook's practice of entering into forward sales contracts, and together with lower-yield carry-over fish oil stock. There was a particular emphasis on improving the operational efficiencies through improved vessel scheduling and greater plant throughput, all supported by a strong management team. Upgrades to the production process resulted in a significant increase in the throughput volume of meal. We made good inroads this year into the pet food market, increasing production and sales in this sector as part of our strategic drive to differentiate our offerings.
We have begun to see a recovery in both fishmeal and fish oil, with global demand being stimulated by lower prices and improved pork and aquaculture feed production in Asia.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

HORSE MACKEREL AND HAKE

The South African horse mackerel business continued to be challenged in the early months of the year but improved landings has since been recorded in the second half. During the year, DAFF granted a temporary experimental licence allowing the *Desert Diamond* to fish west of the traditional 20 degrees east latitude line, enabling us to access additional areas where the resource may have migrated. We would like to see the *Desert Diamond* operating in an even wider area, and have been working closely with regulators and the scientific community to enable this. In Namibia, despite the additional cost of purchased quota, it is pleasing that our reduced fleet of two vessels has continued to perform well in terms of landings, efficiency, product quality and cost management. Dollar pricing reflected the difficult trading conditions in certain markets, such as the Democratic Republic of Congo and Mozambique.

Hake experienced lower vessel utilisation caused by unanticipated breakdowns experienced in the first half of the year. We worked hard to identify and address the root causes, and are confident that we will see benefits next year following the restructure of our technical team and improvements in our scheduled maintenance processes. The benefit of vessel upgrades and improved catch rates, in the latter part of the year, resulted in full-year landings returning to levels experienced in 2016.

LOBSTER AND SQUID

This year we increased total volumes of lobster catch by 15% year-on-year with improved catching performance and vessel scheduling enabling us to offset the 3.2% decline in commercial TAC for offshore WCRL. Although demand for live lobster remained steady, the dollar price declined following heightened competitive pressure. In October 2017, the final outcome of the fishing rights application process was announced, resulting in a 30% reduction in the offshore commercial allocation for existing WCRL rights holders. A material challenge for the industry is that the species remains red-listed on the WWF SASSI list. We are engaging extensively with representatives from government, WWF and relevant sector associations in the hope of securing commitment to an effective and enforceable fisheries conservation project that will strengthen the resource availability. We see success in this regard as critical for the future of this fishery.

The squid business reported a third consecutive year of strong results, reflecting improved biomass availability and catches, as well as enhanced operational efficiencies. The outlook remains positive, with a stable fishing resource and favourable expectations in terms of volume and pricing.

COMMERCIAL COLD STORAGE AND LOGISTICS

Following last year's 100% occupancy levels, this was inevitably going to be a more muted year for CCS Logistics. We felt the effects this year of a general downturn in the economy, a material decline in chicken volumes as a result of new brining regulations, and a more competitive environment in Gauteng due to excess capacity. The Western Cape region saw a reduction in the storage of Lucky Star frozen fish following improved inventory management by the Lucky Star division. Without this, we would have retained similar volumes to the previous year. Our Durban facilities saw good profit growth, Walvis Bay maintained high occupancy levels, and our new facility in Luanda had pleasing results. We have invested in strengthening our understanding of customer expectations and driving improved customer satisfaction through our expanded service offerings.

The division's strategic focus is to further expand these offerings, consolidate its Gauteng position and maintain its focus on driving operational efficiency.

CONCLUSION AND OUTLOOK

Looking back at the year, and to our recently approved plans for the years ahead, we anticipate better performance in 2018. A review of the business indicates that the fundamentals are intact, and given our recent successes in driving efficiencies I believe we are positioned for good growth in the years ahead, both in our African and international operations. Across our divisions and products, market demand remains solid and our main fisheries are robust. The reduced pilchard TACs in South Africa and Namibia indicates well-functioning fishery management systems, which are critical to ensuring longer-term sustainability and value creation. The strong volume performance at Daybrook this year, offset by lower prices and oil yields, reinforces our view regarding the potential of this resource.

While the industry continues to face some uncertainties regarding the 2018 and 2020 rights renewal processes in Namibia and South Africa respectively, we are working hard to ensure that we satisfy government expectations and regulatory requirements for quota renewal and are buoyed by the positive outcomes of the 2017 FRAP process. Our core purpose is to be Africa's most efficient converter of global fishing resources into shared value. To realise this ambition, we continue to invest significantly in our people, our communities and the fishery resources that we rely on, harnessing the benefits of the scale and diversity of our business to return value for all of our various stakeholders.

I would like to thank all our stakeholders with whom we have worked over the past year. To our employees across the group, and to my colleagues on the executive team and board, thank you all for your continued support and hard work.

Francois Kuttel
Chief Executive Officer

6 December 2017

OUR BUSINESS MODEL

CONVERTING FISHING RESOURCES INTO VALUE

RESOURCES AND RELATIONSHIPS

NATURAL CAPITAL

- Marine biomass: pilchards, Gulf menhaden, horse mackerel, hake, anchovy, redeye herring, squid and lobster
- Energy, fuel and water

HUMAN CAPITAL

- Skilled, motivated employees
- Strong leadership team
- Service providers

SOCIAL AND RELATIONSHIP CAPITAL

- Positive employee relations
- Constructive engagement with government and regulators
- Investor confidence
- Sophisticated supply chain
- Customer relationships
- Community trust
- Collaborative partnerships

MANUFACTURED CAPITAL

- Fishing fleet (56 vessels)
- Three canneries
- Six fishmeal plants
- Two land-based hake factories
- 12 spotter planes
- Four lobster plants
- 12 cold storage facilities
- Head office and supporting facilities

INTELLECTUAL CAPITAL

- Company culture and skills
- Brand and reputation

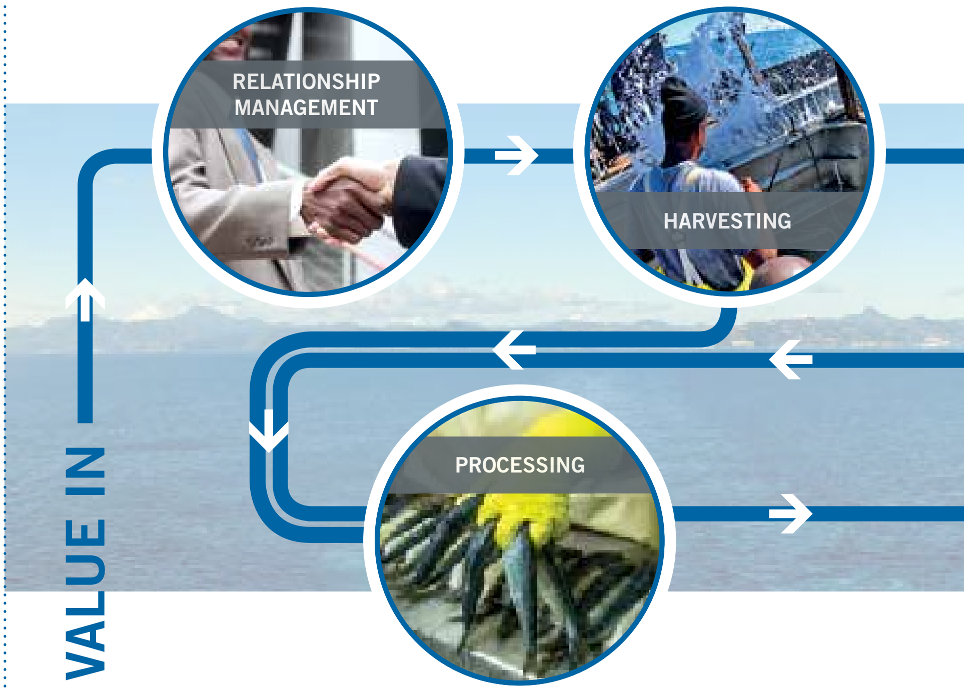
FINANCIAL CAPITAL

- Debt and equity financing
- Reinvestment

BUSINESS CONTEXT

EXTERNAL VARIABLES IMPACTING VALUE 19

- Fishmeal pricing and demand/supply dynamics
- Exchange rate
- Temperature shifts, weather patterns and climate change
- Food security in Africa



OUR PROFIT FORMULA

REVENUES

- Canned fish
- Fish and fish products
- Cold storage and distribution
- Multiple currencies, predominantly rand and US dollar

COSTS

- Employees
- Capital expenditure and maintenance
- Supplier and supplier services
- Cost of financial capital
- Regulatory and compliance
- US dollar and rand costs

OUR MATERIAL RISKS

21

1. Resource availability and ability to harvest
2. Reallocation of fishing rights
3. Portfolio imbalance
4. Market volatility
5. Food safety
6. Scarcity of critical skills/succession planning
7. Legislative non-compliance
8. Water shortage
9. Inability to acquire additional fishing rights in SA impacting local growth strategy
10. Cash flow management

VALUE PROPOSITIONS

CUSTOMER
Reliable and affordable provision of responsibly harvested and processed products to individuals, retailers, wholesalers, restaurants, food producers, and feed manufacturers in diversified global markets across consumer segments

SHAREHOLDER
Consistently superior returns from well-managed operations and strategic partnerships, with acquisitive and organic growth in response to market opportunities

EMPLOYEE
Learn and earn, innovate and grow, as responsible stewards of fishing resources

SOCIETY
Efficiently converting global fishing resources into inclusive, affordable and sustainable value for our key stakeholders

IMPACTS (OUTCOMES)

NATURAL CAPITAL
- Extracting fisheries resources, water and energy consumption
- Producing waste and atmospheric pollutants with potential consequences for key relationships
- Mitigating negative impacts of our environmental activities

HUMAN CAPITAL
- Generating value from the skills, well-being and motivation of employees, contractors and service providers
- Providing a safe working environment
- Encouraging local employment
- Investing in training
- Ensuring fair labour practices

SOCIAL AND RELATIONSHIP CAPITAL
- Maintaining positive relations with employees, regulators and other stakeholders
- Demonstrating performance on transformation
- Creating value for communities through investments in job security, education and food security

MANUFACTURED CAPITAL
- Generating longer-term returns through significant financial investment in the purchase, development and maintenance of property, vessels, plants, storage facilities and equipment
- Maintaining business viability through changes in the application and use of key assets

INTELLECTUAL CAPITAL
- Ensuring the right people, in the right roles, informed by effective management systems and company culture
- Investing in skills, systems and innovative ways of working

FINANCIAL CAPITAL
- Accessing financial capital through consistent delivery of investor returns and sustained market confidence
- Consolidating the balance sheet and debt

SUSTAINING AND SHARING VALUE

MANAGING TRADE-OFFS IN THE CAPITALS

The board appreciates that Oceana's core values, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Through our people, technology and know-how, our fleet and equipment, our financial resources, and our positive relationships with critical stakeholders, we deliver significant value from a renewable natural resource. By reinvesting this value in the capitals upon which our business depends, we maintain our capacity to create value into the future.

OUR GOVERNANCE APPROACH TO CREATING VALUE

NATURAL CAPITAL	OUTCOME
We recognise that the long-term sustainability of the marine resources that we harvest is critical to our existence. We actively support responsible fishing practices, robust resource management and strict regulatory compliance. We increasingly make efforts to predict, measure and manage our impact on the environment in an effort to reduce this to a minimum.	• 444 000 tons of fish landed, all within government assigned quotas and limits • 89% of our targeted South African commercial fishing rights on the SASSI green list (2016: 85%) • Hake operations retained MSC chain of custody certification • IFFO-RS accreditation retained for Hout Bay, Laaiplek, St Helena Bay and Daybrook fishmeal plants

HUMAN CAPITAL	OUTCOME
We strive to instill a performance-driven culture and believe the correct reward, motivation and development of each employee is critical in enabling them to reach their full potential. We maintain a safe and productive work environment, free from discrimination or harassment that engages the passion and commitment of its employees.	• R1bn paid in salaries and R103m in employee benefits • 2 million working hours brought back to southern Africa due to frozen fish strategy • 2 483 employee beneficiaries received R402m through the Oceana Empowerment Trust since inception • R22.2m invested in employee skills development (92.6% on black employees)

SOCIAL AND RELATIONSHIP CAPITAL	OUTCOME
We strive to enhance the positive impact our business has in the communities in which they operate. We accept our responsibility to support local initiatives which benefit the broader community.	• 140 new jobs created in Angola through fishmeal plant operation • R197.4m paid in taxes in South Africa and Namibia • 57.1% black representation at top management level • R8.6m corporate social investment in fishing communities in South Africa and Namibia

MANUFACTURED CAPITAL	OUTCOME
We believe that the satisfaction of expectations including product quality, service delivery and ethical treatment is fundamental to successful relationships with suppliers and customers.	• R193.3m capital investment • R235.8m depreciation, amortisation and impairment loss • 1 fishing vessel sold

INTELLECTUAL CAPITAL	OUTCOME
We accept that as an industry leader our business practices are held to the highest ethical standards and regulatory compliance. We believe that sound corporate governance is vital to protecting our reputation, investor confidence and customer loyalty. We are committed to business dealings based upon fairness and integrity and expect the same in return.	• Investment in technical studies: R4.6m • Larger contingent of fishing, fishmeal and fish oil knowledge that is shared between divisions since the acquisition of Daybrook • Continuous enhancement of the frozen fish strategy and management processes at the plants in South Africa and Namibia

FINANCIAL CAPITAL	OUTCOME
We understand that we are the stewards of our shareholders' investments. We are committed to increasing shareholder value by delivering superior financial results and will not sacrifice the long-term growth of the company in the pursuit of unsustainable short-term profitability.	• R6.8bn revenue • Basic earnings per share: 401.29c • R573.2m paid in dividends • R154.5m reinvested in the group

THE EXTERNAL ENVIRONMENT

ISSUES IMPACTING OUR BUSINESS MODEL

EXCHANGE RATE

Following strong fluctuations in the rand/dollar exchange rate in 2016, the South African currency stabilised and strengthened throughout the 2017 financial year.

THE IMPACT

While a stronger rand/dollar exchange rate has positive implications for those operations with high levels of imported raw materials (most notably frozen fish for canning) and finished products, it negatively affects our exports and translation of earnings from foreign operations. Exports to markets in dollar-priced products such as fishmeal, fish oil, horse mackerel, lobster and squid are particularly affected. Forward cover positions for the procurement of globally sourced pilchard raw material and canned finished products enable us to mitigate fluctuations in exchange rates, which we saw as a major theme in 2016. Unfortunately, this year we had covered a fixed exchange rate that turned out to be higher than the average spot price. While we protected the margin, we lost on the potential upside that would arise from a stronger rand.

STRENGTHENING RAND (R/USD)

OUR RESPONSE

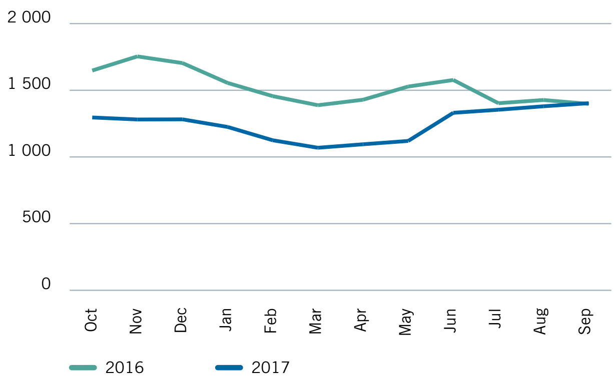
As a result of the increase in export markets, coupled with growth in imports through Lucky Star's international procurement of raw and canned fish, the group now has the benefit of being naturally hedged against foreign currency exposures. The diversification of our business through our international investment in Daybrook also reduces vulnerabilities associated with exchange rate fluctuations.

For the year ahead we will introduce a revised forward cover policy that enables us to benefit from our net foreign currency exposure position. Given the volatility of the rand, we have reduced the term of the cover to a maximum of three months on both committed imports and exports.

FISHMEAL PRICING AND SUPPLY/ DEMAND DYNAMICS

The combination of Peruvian fisheries recovering from the El Niño cycle last year, and producers acting as motivated sellers to recover from high levels of debt, added significantly more supply of fishmeal and fish oil to the global market. The northern Europeans also had a good year and were able to produce what they needed for their geography, with most of the Peruvian fishmeal going into China, which had a depressing effect on prices. The lower volumes and higher prices experienced in preceding years had already accelerated the feed market to explore alternatives to marine ingredients. Aquaculture farmers need stability of supply rather than massive fluctuations in volume and prices, and we have seen a reduction in inclusion rates over the years.

GLOBAL FISHMEAL PRICING



Data obtained from www.indexmundi.com

THE IMPACT

The price of fishmeal dropped to US$1 483 per ton (2016: US$1 538) and fish oil to US$1 590 per ton (2016: US$1 826), having a material negative impact on our bottom line across the board. For Daybrook, fish oil was our best performing product from a margin point of view (over prime and pet food); this was because of contracts secured at higher oil prices for the first six months (the average price for the year was higher than the market was taking).

OUR RESPONSE

The majority of prime product goes into the Far East (China), which requires dealing with volatile markets that are generally more vulnerable to fluctuations in price. We are also investing significantly in R&D, working closely with customers to ensure the quality of the product delivers the right level of Omega-3 fatty acids. The majority of our fish oil goes to Europe for the salmon industry, as it performs well in their diet.

TEMPERATURE SHIFTS, WEATHER PATTERNS AND CLIMATE CHANGE

Changes in sea surface temperatures are a natural phenomenon. In recent decades, we have seen a cooling in the inshore West and South Coast regions of South Africa, and a warming in the East Coast and Agulhas Current, as well as regional changes in wind and water chemistry. Together, these changing regional drivers have resulted in distributional shifts in living marine resources, including small pelagic fish[1]. In the US this year, various weather-related events, including a late spring and delayed rains, resulted in reduced nutrients for the Gulf menhaden fisheries. Unfavourable, higher-than-normal winds also prevented Daybrook from fishing on the west side of the Mississippi Delta, where the fish are usually larger and more oil-rich. Drought conditions in the Western Cape threatens the supply of water to our factories which could result in a disruption to production.

THE IMPACT

Small pelagic fish populations are temperature sensitive, with anchovy preferring cold systems and pilchard preferring warmer systems. Anchovy and pilchard populations in South Africa and globally are known to fluctuate widely over long time scales. Even in the absence of fishing, populations have plummeted; there is evidence of this from analysing sediment deposits that have accumulated over thousands of years. In 2004, South Africa had a very healthy pilchard population (4 million tons). For unknown reasons it has since dropped below 1 million tons, reaching less than 300 000 tons in November 2016. As these species are close to the base of the food web (plankton), they tend to very quickly accumulate biomass and grow into very large populations. We are currently awaiting the outcome of the most recent recruitment survey. On the positive side, recruitment levels for South African anchovy have been at record high levels, most likely because the environment was favourable for anchovy recruitment. There has been a shift in the pelagic stocks away from the West Coast in recent years, which is a concern to the industry, given the location of most of our canning factories. In the US, we achieved lower oil yields from the Gulf menhaden fisheries due to the weather-related events preventing fishing of larger oil rich fish and a lower-than average fat content in the fish.

OUR RESPONSE

As a sector, we are getting better at predicting the dynamics in pilchard populations. Our industry operations management procedures enable us to reduce the amount we catch very quickly, to avoid accelerating any rapid depletions in resource stocks. The TAC has been set to just over 45 560 tons, with a biomass in the order of 258 000 tons. We work closely with the scientific community to predict long-term potential distribution shifts, and to ensure that the fishery is managed according to best science. Our frozen fish strategy was in direct response to the lowered pilchard TACs in South Africa, and we imported substantially more pilchards this year. Daybrook made good progress on projects to improve on oil yield, including equipment replacement. To secure operations against water risks in the Western Cape, we are implementing efficient water usage and augmentation measures that include desalination technology.

1 Presentation by DAFF and UCT, 2014

FOOD SECURITY IN AFRICA

Fish protein is a significant contributor to food security in Africa. In areas where resources have been diminished, coastal communities that have historically relied on fish protein in their diets are importing significant amounts of fish. Smaller pelagic species, such as pilchards and horse mackerel, are consumed in Africa to a large extent. Yet the catch is finite and in the case of Africa in particular, affordable protein solutions are needed.

THE IMPACT

The management of local fish stocks in Africa has to improve to avoid undue reliance on imports that create situations of food insecurity. With the growing population in Africa, wild-capture volumes are at best going to remain the same, with little room to increase to meet growing demand. If we are to meet the demands of a growing population in Africa, additional marine protein will have to come from aquaculture. Despite trends towards lower inclusion rates of fishmeal and fish oil in fish feed, research shows that increasing plant-based ingredients within fish feeds can change the fatty acid content in farmed fish, negatively impacting human nutrition[2]. There will thus always be a demand for fishmeal and fish oil globally. Certain fisheries that are targeted for this will likely be used for human consumption at a future point, once it has been discovered how to make the fish more palatable at an affordable price.

OUR RESPONSE

We ensure that we operate in fisheries with robust management systems in place, and we work closely with government, scientists and the NGO community to make improvements where needed. We feed 3.5 million people a day on our canned fish products, one of the most affordable and healthy proteins in the world. We are committed to maintain this, while sourcing from sustainable fisheries. All our fishmeal and fish oil is certified by the IFFO-RS standard to demonstrate responsibly sourced raw materials, which is now a requirement by the Aquaculture Stewardship Council certification.
The species that makes up the majority of our fishmeal and fish oil products, Gulf menhaden, has no potential for direct human consumption.

2 IFFO, 2016, Edition 279

MANAGING OUR MATERIAL RISKS

RISK MANAGEMENT

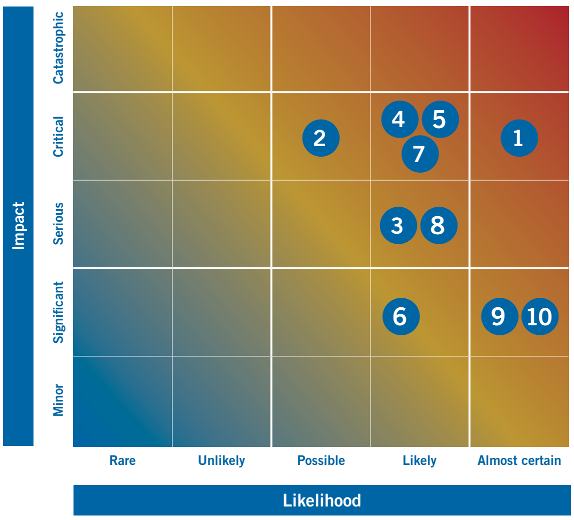
Oceana has adopted an enterprise-wide approach to risk management, with every identified material risk included in a structured and systematic process of risk management. These risks are managed within a unitary framework that is aligned with our corporate governance responsibilities. During the 2017 financial year, aside for the impact on our performance from risks relating to market volatility, there were no specific risk incidents resulting in significant financial loss to the group or that negatively affected our stakeholders or the economic life of the communities in which we operate. The principal risks that have a material impact on Oceana's ability to create value are outlined in the heat maps below.

Role of the board and Risk Committee

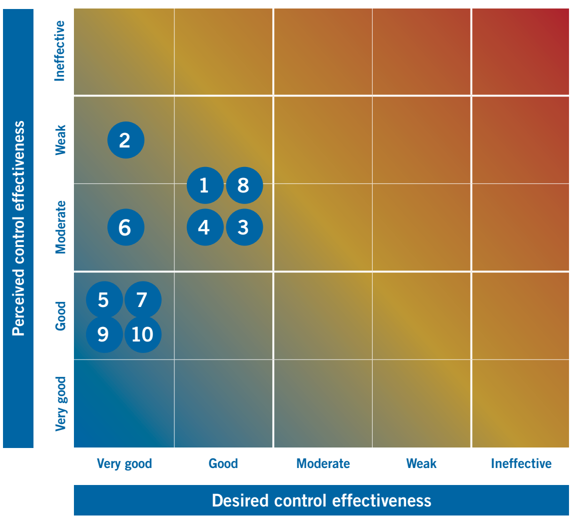
The Oceana board is responsible for overseeing the development and implementation of a risk management plan aimed at evaluating and improving risk management within Oceana. The board formally evaluates the effectiveness of Oceana's risk management process at year-end for disclosure purposes and to provide a basis for updating the risk management plan. The Oceana Group Risk Management Policy and Framework seeks to provide stakeholders with the assurance that all material risks across the group have been properly identified, assessed, mitigated, tolerated and monitored. The board has appointed and is assisted by the Risk Committee in discharging its responsibilities.

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 approved in May 2016. In August 2017, we reviewed and approved the amended financial criteria with respect to the potential impact of evaluating a risk in terms of risk tolerance and appetite; we tabled and noted the Risk Committee's effectiveness self-assessment scores; and we reviewed and approved the amended Risk Management Policy and Framework.

INHERENT RISK EXPOSURE



RESIDUAL RISK EXPOSURE



OUR 2017 MATERIAL RISKS

Oceana are in the process of reviewing the manner in which material risks are reported. We intend introducing a more enhanced platform or dashboard to reflect the material risks. The principal risks that we have prioritised this year as having a material impact on Oceana's ability to create value are described below.

2017	2016	MATERIAL RISK
1	1	Resource availability and ability to harvest
2	2	Reallocation of fishing rights
3	3	Portfolio imbalance
4	5	Market volatility
5	6	Food safety
6	7	Scarcity of critical skills/succession planning
7	8	Legislative non-compliance
8		Water shortage
9	4	Inability to acquire fishing rights in SA impacting growth strategy
10	9	Cash flow management

1 Resource availability and ability to harvest

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Reduction in horse mackerel resource (SA) and pilchards (SA and Namibia) beyond normal cyclical fish movements • Decrease in TAC of certain species where resource appears under pressure • Changes in ecosystem from various environmental factors • Impact of ocean-based mining	• Reduced revenue and increased marginal costs reducing profitability • Closure of operations with resulting socio-economic impacts • Loss of market share	• Participate in and exert a positive influence on resource management initiatives with industry, government and scientific working groups • Compliance with regulations and responsible fishing practices • Utilise own resources to support research where appropriate and provide input to government

2 Reallocation of fishing rights

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Horse mackerel (Namibia) rights expire in 2018. Draft policy gives preference to allocating rights to Namibian nationals • Reduced WCRL allocation to accommodate small-scale fisheries sector • Continuing uncertainty on SA fishing rights allocation policies and process • High number of new entrants in horse mackerel	• Higher costs of contracted quota • Increased dependency on JV and third party supplier arrangements • Reduced throughput at factories leading to job losses	• Monitor policy and legislative changes, and engage actively with relevant authorities on policy and legislative framework • Comply with all relevant legislation and retain credible empowerment credentials • Engage with government and communities to partner with community co-operatives

3 Portfolio imbalance

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Concentration of earnings in a particular unit exposes the group to greater earnings volatility	• Increased volatility of earnings	• Focus on growth to diversify the portfolio, building on recent acquisitions • Acquisition of Daybrook and investment in Angola

4 Market volatility

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• International market movements • Over-leveraged balance sheet	• Inability to maintain margins • Cost increases and revenue decline • Trading loss from forex volatility	• Implement hedging policy • Natural business hedge • Interest rate swaps and interest rate cap • Strict repayment of debt and covenants

5 Food safety

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Potential deviation from quality or safety standards with own and third party production • Possible negative publicity including through social media • Mismanagement of non-conforming products by traders • Increase in counterfeit products	• Illness of consumer • Damage to brand • Loss of market share • Product recall and liability claims • Negative impact on insurance renewal terms, rates and policy limits	• Internal technical department and third party auditors to ensure compliance with standards • Product recall processes and insurance cover in place • Best practices hygiene and quality practices, with HACCP accreditation • Media engagement strategy

MANAGING OUR MATERIAL RISKS (continued)

6 Scarcity of critical skills/succession planning

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Inadequate pipeline of skills to lead new business opportunities, support current business operation, or replace retiring personnel • Challenges in attracting, developing and retaining best talent	• Inability to sustain current business model • Impact on employment equity targets • Inability to fill key positions	• Policies and guidelines in place for talent and recruitment management, remuneration, skills development and succession planning

7 Legislative non-compliance

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Need to maintain systems and skills to track, interpret and ensure effective compliance with often-changing legislative requirements in a highly regulated industry	• Damage to the brand • Fines and penalties • Administrative cost of implementation • Loss of current and future fishing rights	• Comprehensive legislative compliance, monitoring, training and auditing systems in place • Engagement with regulators directly and through industry associations

8 Water shortage (new)

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Reduction or potential no fresh water supply to factories as a result of continuous supply constraints following drought in the Western Cape	• Inability to operate plants at full capacity • Reduced profit	• Water monitoring and conservation strategy in place to reduce fresh water use, realise opportunities for alternative (eg sea water) and promote recycling. The board has approved the installation of two desalination plants on the West Coast.

9 Inability to acquire fishing rights in SA impacting growth strategy

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Uncertain policies on reallocation/extension of rights • Transfer of fishing rights policy requirements not aligned with B-BBEE Act and Codes of Good Practice • Perception by regulators and interested parties of Oceana's market dominance • Incorrect perception that Oceana may divest from South Africa • Possible negative impact of implementation of new Codes	• Lack of growth within SA fishing industry • Stagnation of business • Reduced ability to generate and share value	• Maintain active engagement with authorities to ensure appropriate policy alignment on transformation issues • Maintain and develop new JV and supply partnerships • Implement proactive strategy demonstrating transformation and localisation efforts, responsible fishing, percentage rights holdings per sector and conversion into shared value • Geographical diversification of operations (USA and Angola)

10 Cash flow management

RISK CONTEXT	IMPACT ON VALUE	RISK MITIGATION ACTIONS
• Ineffective projection and management of cash resources • Off-take below sales targets resulting in increased stock levels, and negatively impacting cash	• Liquidity strain • Financial loss • Inability to meet financial debt covenants or repay interest and capital on term loans • Delayed creditor payments	• Formalisation of cash flow process and insight into future requirements • Rigorous review of capital and major maintenance expenditures • Timely enforcement of terms with regard to collection of debtors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PROTECTING VALUE THROUGH EFFECTIVE GOVERNANCE

BOARD GOVERNANCE

GOOD CORPORATE GOVERNANCE

Oceana's board remains committed to good corporate governance, ethical corporate practice and responsible decision- making. The directors and employees are required to perform their duties with honesty and integrity. The board sets and oversees the governance framework for the group and is satisfied that the group has substantially adopted the principles of King IV.
The full King IV disclosure report is available on our website at www.oceana.co.za. The board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. Oceana is proud to be holding its 100th annual general meeting.

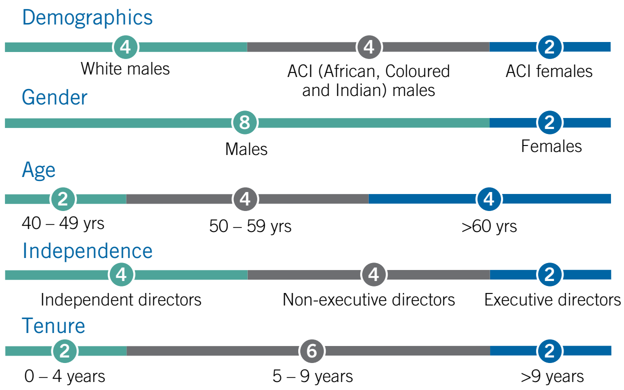
ETHICAL LEADERSHIP

The board is responsible for providing leadership, either directly or through its committees, to Oceana and its subsidiaries in order to deliver long-term value to shareholders and other stakeholders. A formal Oceana Business Code of Conduct and Ethics is approved annually that requires directors and employees to observe the highest ethical standards when conducting the group's business. Conflict of interest declarations are required to be submitted as and when such conflicts arise. While every committee has a role to play in ensuring the Oceana Business Code of Conduct and Ethics is observed and that an ethical culture is embedded throughout the organisation the Social, Ethics and Transformation Committee has an amplified role in terms of its charter and under statute.

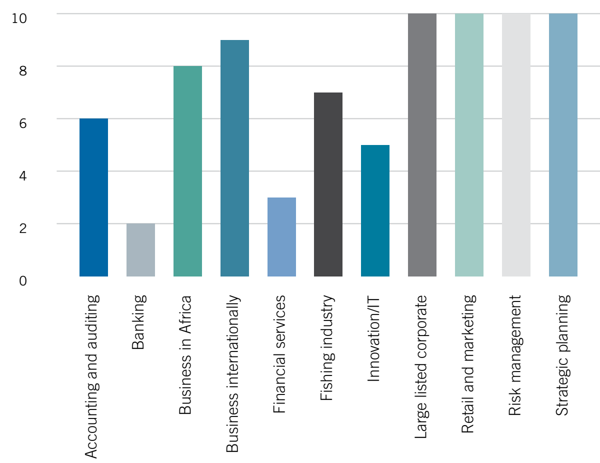
An independent external board evaluation was conducted in 2016 resulting in the format of the board agendas and presentations being adjusted. In-house board evaluations were undertaken in 2017. The board is satisfied that the evaluation process has added to improvement of its performance and effectiveness. There were no significant concerns raised regarding either the activities or ethical conduct of the board.

The board and management are accountable for the execution of their duties and have reported to Oceana's various stakeholders during the year through multiple platforms. It sets and oversees the strategic direction of the company taking into account the company's strengths, weaknesses, risks and opportunities. Strategic plans for the business at a group and divisional level are reviewed and approved on an annual basis. The board and management are stewards of Oceana and as such are sensitive to Oceana's impact on the environments in which it operates (please refer to www.oceana.co.za for further information).
It ensures that an effective internal control environment is in place, and oversees the management who are responsible for day-to-day operations. A disciplined reporting structure is in place which ensures that the board remains fully apprised of the activities of its subsidiaries as well as the risks and opportunities within its operating environment. It reviews and approves the Oceana Group Authorities Framework annually, which provides a clear and transparent delegation of authority across the group.
The board continues to provide oversight over Oceana's risk appetite, framework, policies and processes. While it delegates these matters to the Risk Committee it remains ultimately responsible in this regard. The company remains committed to ensuring compliance with all laws and regulations.
The compliance portfolio is managed by the group company secretary. The board receives a quarterly compliance report, which includes briefings on changes in policy, legislation, whistle-blower report and any significant compliance matters.
The company remains fully compliant with the JSE and NSX listing requirements.

The full powers and responsibility of the board are set out in the Oceana group charter for the board of directors (Board Charter) available on Oceana's website www.oceana.co.za. The board committees assist the board in focusing on specific matters, fulfil their roles and responsibilities delegated by the board, report to the board on decisions and actions taken, monitor the divisional management's performance, and make any necessary recommendations. For information on the committee roles and responsibilities please see the committee charters available on our website at www.oceana.co.za. The board recognises that delegating its functions and authorities to its committees and management does not absolve its overall responsibility for the sound governance of the group. The chairman is not an independent non-executive director, however, a strong lead independent director ensures that the necessary independence is maintained in the functioning of the board. The roles and responsibilities of the chairman and lead independent director can be found in the board charter available on our website, www.oceana.co.za. The board is comfortable that its lead independent director, its independent non-executive directors and its company secretary remained independent as required by King IV. After due assessment, the board concluded that it is satisfied that the group company secretary has the necessary qualifications, competence and expertise. The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. This is depicted in the graphs below:



BOARD SKILLS AND EXPERTISE



GOVERNANCE STRUCTURE

SHAREHOLDERS AND REGULATORS

BOARD OF DIRECTORS

	AUDIT	REMCOM[1]	RISK	SETCOM[2]
		48	27	27
FOCUS AREAS	**Technology and information governance** **Integrated reporting** **Financial reporting** **Internal audit matters** **External audit matters**	**Remuneration strategy and policy** **Local and international industry trends** **Succession planning** **Nomination matters** **Board evaluations**	**Integration of risk management into the business** **Establish a risk universe** **Oversight of risk management** **Monitor group risk management and assurance**	**Sustainability** **Transformation** **Ethical conduct** **Good corporate citizenship** **Social and economic development** **Stakeholder relationships**
ATTENDANCE SUMMARY	**100%**	**100%**	**93%**	**100%**
MEETING SCHEDULE	The committee met twice this financial year. This took place prior to board approval of the interim results, AFS and the integrated report.	The committee met four times during this financial year.	The committee met three times this financial year.	The committee met twice this financial year.
COMPOSITION	Saamsoodein Pather (chairperson); Zarina Bibi Mahomed Bassa; Peter Gerard De Beyer	Peter Gerard De Beyer (chairperson for remuneration); Saamsoodein Pather; (chairperson for nominations) Mustaq Ahmed Brey; Nomahlubi Victoria Simamane; Lawrence Charles Mac Dougall	Zarina Bibi Mahomed Bassa (chairperson); Noel Patrick Doyle (attended 2/3 meetings); Geoffrey George Fortuin; Francois Paul Kuttel; Imraan Soomra	Nomahlubi Victoria Simamane (chairperson); Geoffrey George Fortuin; Francois Paul Kuttel
INVITEES	CEO; CFO; Mushtaq Ahmed Brey; Noel Patrick Doyle; Geoffrey George Fortuin; External Auditors; Internal Auditors; Group Corporate Reporting and Business Development Manager	CEO; Group HR Executive; Group Rewards and Benefits Manager	Managing Executive Africa Ops; Divisional Managing Directors; Group Risk Manager	Managing Executive Africa Ops; Group HR Executive; Group Transformation Manager; Group Sustainability and Environmental Manager

EXECUTIVE COMMITTEE

OPERATIONAL MANAGEMENT

- FINANCIAL
- CORPORATE AND SOCIAL INVESTMENT
- INSURANCE
- HUMAN RESOURCES
- SUSTAIN-ABILITY
- TRANS-FORMATION
- RISK
- INFORMATION SYSTEMS

[1] *REMCOM refers to the Remuneration and Nominations Committee*

[2] *SETCOM refers to the Social Ethics and Transformation Committee*

PROTECTING VALUE THROUGH EFFECTIVE GOVERNANCE (continued)

BOARD GOVERNANCE

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

SETCOM's charter was reviewed and approved by the board during the year. The committee and the board are satisfied that the committee has fully performed in accordance with its charter, and has fulfilled its statutory responsibilities. The committee's responsibilities are detailed in its charter, which can be viewed on our website at www.oceana.co.za.

The committee focused on and received reports from management on the following matters during the year:

- Sustainability – refer to the sustainability report available at www.oceana.co.za
- Transformation – refer to the driving transformation and localisation section on page 39 of this report 39
- Ethical conduct
- Good corporate citizenship – refer to the building trusted relationships section on page 45 of this report 45
- Social and economic development – refer to the transformation and localisation, leading stewardship of marine resources and building trusted relationships sections on pages 39, 43 and 45 respectively of this report 39, 43, 45
- Stakeholder relationships – refer to building trusted relationships section on page 45 of this report) 45
- Governance matters, *inter alia* review of Oceana code of business conduct and ethics, anti-corruption and bribery policy, human rights policy, compliance policy, supplier code of conduct, UNCG Assessment, defalcation report and Anti-Corruption Ethics and Compliance Report.

RISK MANAGEMENT

While the board is responsible for the overall governance of risk, it has appointed and is assisted by the Risk Committee in discharging this responsibility. The committee operates in terms of a formal charter, which documents its responsibility for the risk management process. Its duties and activities include considering the risk management policy and plan, reviewing the effectiveness of the risk management activities, identifying the key risks facing the group, and ensuring appropriate responses to address these key risks.

The group's internal auditors are also invited to the meetings, together with the group risk manager and the rest of the Executive Committee. Nothing came to the attention of the internal auditors that would indicate that the internal control environment within the company was not operating satisfactorily. Minutes of the proceedings of committee meetings are included in board meeting packs.

Execution of the risk management plan

Risk Committee and meeting agendas include a review of the group's top 10 risks for the holding company and operating divisions, as well as incident reports, compliance matrices and a status update on the implementation of the risk management plan. The matrix determines and confirms the relative magnitude of inherent risks, as well as relevant controls to derive residual risks. These risks are ranked into the top 10 risks by division, and are recorded in divisional and functional risk registers. These registers are reviewed and interrogated by the committee on a bi-annual basis. The group's top 10 risks are taken into consideration at the directors' annual strategic planning meeting and quarterly board meetings. Risk management issues are included in the incentive criteria, where appropriate.

The principal risks that have a material impact on Oceana's ability to create value are outlined in detail on pages 21 to 23. 21 Risk heat maps set out the group's top 10 risks, movements in the top 10 risks between 2016 and 2017, and key mitigating strategies. During the 2017 financial year, there were no specific risk incidents resulting in significant financial loss to the group or that negatively affected our stakeholders or the economic life of the communities in which we operate.

Risk management disclosures

The board's reporting responsibilities include reporting on:

- 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; and
- Material incidents and associated losses, together with analysis of their root causes.

INFORMATION AND TECHNOLOGY GOVERNANCE

Oceana is committed to the highest level of information and technology governance, as managed by the group chief information officer (CIO). Oceana's governance framework is central to our strategic and business processes, and supports the achievement of our strategic objectives.

Our corporate governance structures and processes are regularly reviewed and improved as appropriate. The board is of the opinion that Oceana currently complies with the significant governance principles in King IV, and has identified the following areas for future focus:

- Information and cyber security
- Protection of Personal Information (PoPI) Act

COMPLIANCE

The compliance function is managed by the group company secretary together with a compliance officer. Compliance is monitored through anonymous whistleblower reports, internal controls, internal audits, the external audit and through the compliance function.

The compliance focus areas were as follows:

- Documenting the Oceana compliance universe and structure taking into account the new operating geographies in the USA and Angola;
- Compliance training;
- Amended B-BBEE codes;
- Employment Equity legislative compliance;
- JSE Listings Requirements amendments;
- Environmental compliance for new sustainability projects;
- King IV;
- PoPI;
- Namibian by-law amendments; and
- Whistleblowers and other compliance investigations.

The following significant non-compliances were addressed during the reporting period:

There was one oil discharge (USD150 000), two minor oil spills (N$78 774 and R100 000) and a fine imposed for a 2011 and 2014 historical environmental impact assessment non-conformance (R1.3m fine).

The board is satisfied that management has taken the appropriate disciplinary action and has provided the necessary additional training to address the reported non-compliances.

The board has considered it appropriate to separate the roles of group company secretary and compliance officer and as such has approved a risk and compliance executive portfolio. The focus going forward will be to drive a co-ordinated approach across the various group compliance roles and mechanisms thereby strengthening risk and compliance oversight.

OUR LEADERSHIP

DIRECTORATE

From left to right

SAAMSOODEIN PATHER (67)
Lead independent director
BBusSc, BCom (Hons), MBA (UCT),
Appointed to the board in 1996
21 44

Board meetings attended 5/5

NOEL PATRICK DOYLE (52)
Non-executive director
FCS, CA(SA) 1988
Appointed to the board in 2013
5 29

Board meetings attended 5/5

IMRAAN SOOMRA (42)
Chief financial officer, executive director
BCompt (Hons) (Wits), CA(SA), PLD (Harvard Business School)
Appointed to the board in 2013
5 16

Board meetings attended 5/5

FRANCOIS PAUL KUTTEL (49)
Chief executive officer, executive director
BAA (University of San Diego)
Appointed to the board in 2009
8 19

Board meetings attended 5/5

ZARINA BIBI MAHOMED BASSA (53)
Independent non-executive director
BAcc and Dip Acc (UDW), CA(SA)
Appointed to the board in 2011
6 29

Board meetings attended 5/5

MUSTAQ AHMED BREY (63)
Chairman, non-executive director
CA(SA) qualified as a Chartered Accountant in 1978
Appointed to the board in 1995
22 40

Board meetings attended 5/5

PETER GERARD DE BEYER (62)
Independent non-executive director
BBusSc (UCT), FASSA
Appointed to the board in 2008
9 40

Board meetings attended 4/5

NOMAHLUBI VICTORIA SIMAMANE (58)
Independent non-executive director
BSc (Hons): UBS – Botswana
Appointed to the board in 2009
8 30

Board meetings attended 5/5

LAWRENCE CHARLES MAC DOUGALL (60)
Non-executive director
Appointed to the board in 2016
1 35

Board meetings attended 5/5

GEOFFREY GEORGE FORTUIN (50)
Non-executive director
BCom (Acc) Cum Laude, BCom (Acc) (Hons) (UWC), CA(SA)
Appointed to the board in 2016
1 20

Board meetings attended 5/5

** Peter Matlare resigned as a director of the board on 16 February 2017 due to other professional commitments*

● Number of years' service
● Years of experience

For information on our directorate please refer to our website **www.oceana.co.za**

EXECUTIVE COMMITTEE

From left to right

JAYESH JAGA (47)
Managing director of Oceana Lobster and Squid
BA (Law) LLB (UWC)
15

SULEIMAN SALIE (50)
Managing director of Lucky Star Operations
BSc Mech Eng (UCT)
7

NAUDÉ RADEMAN (39)
Managing director of CCS Logistics
BCom (Stellenbosch University)
3

NEVILLE DONOVAN BRINK (57)
Managing director of Blue Continent Products
21

NOMAXABISO NORMA TEYISE (38)
Group human resources executive
BA (Hons) (NMMU); Advanced Programme in OD (Unisa); IEDP (Wits)
2

GAVIN ANDREW RHODES-HARRISON (64)
President of Daybrook Fisheries
BSc Bldg Mgmt (UND)
18

FRANCOIS PAUL KUTTEL (49)
Chief executive officer
BAA (University of San Diego)
8

DERRICK BONGA MAVUME (43)
Managing executive of Africa operations
BSc (Hons) University of Fort Hare; MBA (Stellenbosch University)
1

IMRAAN SOOMRA (42)
Chief financial officer
BCompt (Hons) (Wits), CA(SA), PLD (Harvard Business School)
5

LOURENS DE WAAL (51)
Managing director of Lucky Star Marketing and Sales
HND in Cost & Management Accounting (CapeTech)
5

For information on our EXCO team please refer to our website **www.oceana.co.za**

CREATING VALUE INTO THE LONG-TERM

INSIGHTS FROM OCEANA'S CEO

Q. Next year Oceana will be celebrating its centenary. Since its establishment, the group has delivered significant value to its stakeholders. What are your views of the company's potential to continue creating value over the longer-term?

Over its 99-year history Oceana has delivered and shared substantial value in South Africa and Namibia through the efficient and responsible use of its access to fishing rights. By monetising this important renewable resource, we have provided jobs, infrastructure, taxes, dividends and community investment, and have made an important contribution to food security through the provision of affordable protein. The attributes that have enabled us to do so are the same attributes that provide a strong foundation for sustained future growth.

We have benefited from the diversity in our raw material stocks, product lines, supply chains and markets, which has ensured greater resilience in the context of cyclical fishing patterns and market volatility. Most importantly, we have continued to provide leadership in transformation and localisation. We recognise that fishing companies that are not delivering broader societal value – through investment in jobs, infrastructure, food security, employment equity and appropriate levels of empowerment – can expect to lose their quotas. I believe that Oceana has consistently delivered on the transformation mandate, and that by continuing to do what we can to comply with policy expectations in this area we remain well-placed to deliver value into the future.

Q. The recent red-listing of West Coast rock lobster on the SASSI list raises some interesting challenges, both about species protection and the promotion of economic opportunities amongst small-scale fishers. How does Oceana plan to navigate this complicated area?

We support government's desire to foster economic opportunities amongst small-scale fishers. We have offered our assistance to government to work with relevant communities, and to provide training, assets and access to markets and expertise to enable these communities to monetise appropriate fisheries in a responsible manner. While we support the government's drive in this area, we believe that not all species lend themselves to a community-based approach. Certain species, such as horse mackerel, require significant capital investment and scale to realise value. It is not appropriate in such instances to promote a more fragmented approach, and simply creating paper quota holders undermines the potential for broad-based value creation. For those species that are more suited to small-scale fishing, we are committed to exploring partnership opportunities with communities, or to facilitating an orderly transfer of ownership of relevant assets and expertise, in a manner that does not negatively impact jobs or the fishery resource.

As recent experience with WCRL has shown, resources that have a very low barrier to entry remain a challenge.
It is critically important that effective controls are in place to manage illegal fishing. Given our commitment to supporting WWF's South African Sustainable Seafood Initiative, the recent red-listing presents a challenge for all of us.
While it is acknowledged that we can contribute to the longer-term viability of the biomass, this will require the active participation and agreement of all affected stakeholders. We continue to engage with representatives from government, WWF-SA and relevant sector associations in the hope of securing commitment to an effective fisheries improvement project aimed at rebuilding the stock and addressing the causes of its decline. Ensuring strict enforcement of scientific-based quotas is critical to ensuring the longer-term viability of this resource.

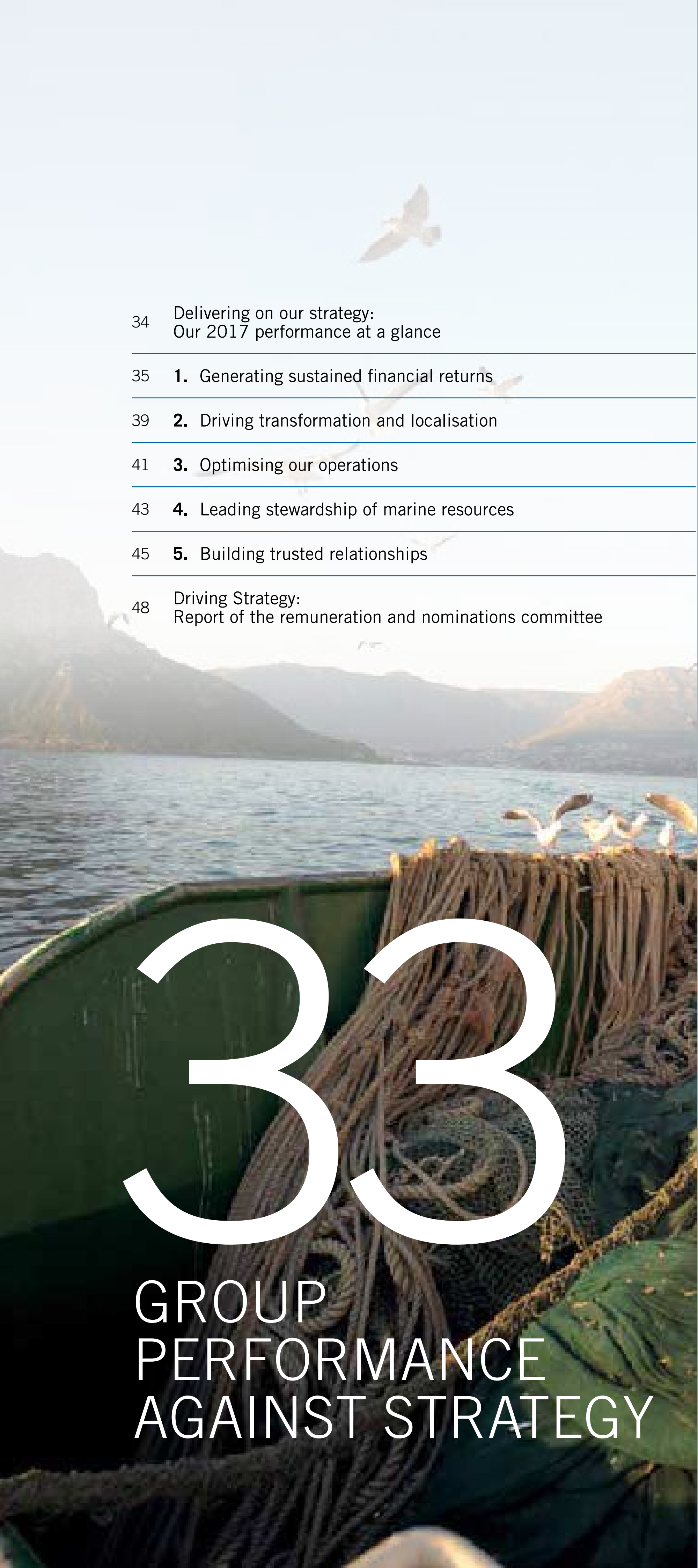
Q. Following the recent decline in global fishmeal and fish oil prices, do you still believe that Daybrook was a good investment?

The recent decline in prices is part of usual cyclical patterns that are typical in global commodities. This particular price decline is mainly a result of the increase in global supply following the recovery of the Peruvian fisheries from the El Niño cycle last year, as well as a good year in northern Europe. Despite these recent developments, I maintain of the view that fishmeal remains an attractive sector, as an affordable protein source in the context of a growing global population and an increasing aquaculture industry. Daybrook has access to one of the most sustainable, reliable and well-managed pelagic fish resources globally. Our well-managed operation is very well-located for accessing and processing this healthy fish stock, and has significant potential to deliver value into the longer-term.

Q. Given the concerns of many observers regarding the state of the world's oceans and its fisheries, do you believe that Oceana's performance can be sustained to 2030 and beyond?

While there are understandable concerns about the economic and ecological risks associated with the potential depletion of certain fisheries, it's important to recognise the positive impact of the action being taken by scientists, policy makers, enforcement agencies and fishing operators to ensure the sustainability of global fishery resources. The combination of good science, strong enforcement and compliant fishing operators is contributing to the positive long-term prospects of most fish stocks. As noted earlier, the principal challenge relates to those fisheries where there are very low barriers to entry making enforcement more difficult. When managed in an environmentally sensitive manner, marine-harvested protein is some of the most sustainable proteins available.

Looking to the longer-term, by 2050 it is anticipated that the population of Africa will double, and by 2100 is projected to double again. Coupled with the continued rise in affluence in emerging markets such as China and India, this is contributing to significant growth in the demand for protein. Finding ways to satisfy this rapidly growing demand for protein is an important global challenge. We believe that aquaculture will continue to play an increasingly significant role in complementing sustainable marine-harvested protein.
While South Africa is not geographically the most conducive from an aquaculture perspective, Africa more broadly provides potential. This is an opportunity that we will be exploring as part of our commitment to continued diversification and growth.



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GROUP PERFORMANCE AGAINST STRATEGY

DELIVERING ON OUR STRATEGY: OUR 2017 PERFORMANCE AT A GLANCE

IMRAAN SOOMRA Chief Financial Officer

Group performance was materially impaired by macro-factors outside our control. In response we have focused our attention on extracting further efficiencies throughout all our divisions in addition to group-led procurement initiatives, enhanced shared services offerings and strong working capital management.

Achievement of our strategic objectives is dependent on financial and non-financial performance. The salient features driving our performance in relation to the strategic objectives have been summarised below.

STRATEGIC OBJECTIVE	SUCCESSES	CHALLENGES
1 Generating sustained financial returns by anticipating market trends	Working capital generation ↑ **R561m** Cash on hand **R1.2bn**	Revenue ↓ **R6.8bn** Forex loss ↓ **R61m**
2 Driving transformation and localisation	Black ownership **63%** ↓ **LEVEL 2** B-BBEE rating	Training spend on black employees ↓ **R20.3m**
3 Optimising our operations	↑ **R65m +** in procurement savings ERP roll-out	Skills development spend ↓ **R22.2m**
4 Leading stewardship of marine resources	**89%** of our fishing rights SASSI green listed International certification: Hake – MSC; Fishmeal – IFFO-RS	SASSI red-listing of West Coast rock lobster SASSI orange-listing of horse mackerel and pilchard
5 Building trusted relationships	Active participant in industry associations Food safety certification through ISO and NRCS	Odour management in Hout Bay

1. GENERATING SUSTAINED FINANCIAL RETURNS

CHIEF FINANCIAL OFFICER'S REPORT

Our strategic focus areas

- **Achieving growth in headline earnings.**
- **Delivering superior returns to shareholders.**
- **Identifying opportunities for acquisitive and organic growth of the group.**

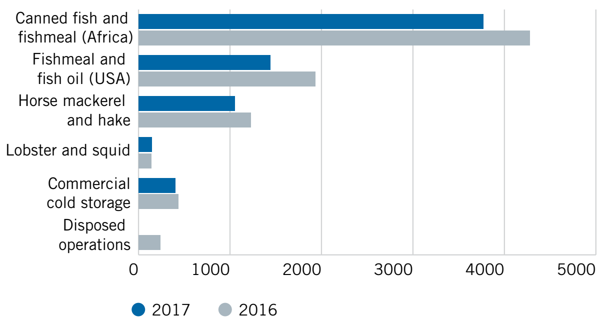
OUR 2017 PERFORMANCE

Our financial performance in 2017 has been materially impacted by macro factors outside of our control.
The unexpected rapid improvement in rand strength from an average rate of R14.77/USD in 2016 to R13.39/USD and the aggressive softening of global fishmeal and oil prices have contributed to a significant decline in earnings over the period. While this decline is disappointing in the context of superior returns in 2016, it has enabled further focus on extracting efficiencies from all our divisions, along with continued focus on shared services and group-led procurement initiatives. Despite challenging operating cash flows, our strong focus on working capital management and our greater diligence in the allocation of capital, has continued to reap rewards this year.

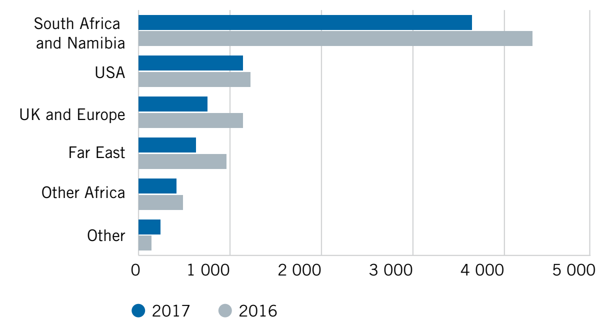
FINANCIAL RETURNS

Group revenue, from continuing operations, decreased by 15% to R6.8bn (2016: R8.0bn). Revenue gains from strong pricing in most sectors has been materially offset by the negative effect of a stronger rand on export and foreign revenues, and lower global fishmeal and oil prices. This decline was partially offset by good volume growth in fishmeal and fish oil (Africa), horse mackerel, lobster and squid.

REVENUE BY SPECIES (Rm)



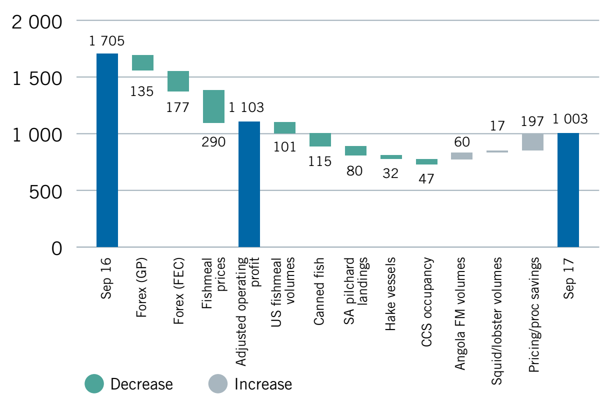
REVENUE BY GEOGRAPHY (Rm)



Our African operations have had a challenging year resulting in a 41% decrease in operating profit after other operating items. In addition to the macro factors that resulted in revenue dilution, operating profit decline has been exacerbated by the adverse movement in net foreign exchange, from a gain of R73m in 2016 to a loss of R61m in this reporting period. These movements were primarily due to the effects of forward exchange contracts to cover the cost of imported frozen fish for our canned fish business. In addition, material improvements in our cost base due to group-wide procurement efficiencies have been offset by reduced pilchard landings, and lower CCS Logistics occupancies in Gauteng.

Our US operations in Daybrook have continued to deliver strong landings and efficiency improvements, recording the second highest landings in history for this season. However, fishmeal and fish oil pricing has come under pressure in the period following higher global production, particularly from Peru. Softer pricing, in addition to reduced oil volumes, has contributed to overall revenue decline of 18% to USD107.2m (2016: USD130.3m). Despite a strong focus on costs, revenue challenges have contributed to Daybrook's operating profit decline to USD29.1m (2016: USD45.4m). The effect of the stronger rand has also contributed adversely when consolidating earnings into the group's results with an operating profit contribution from Daybrook of R390m (2016: R668m). The graph below indicates key contributors to the operating profit movement over the period.

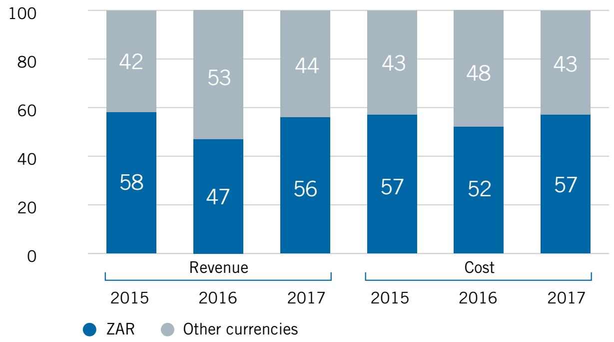
OPERATING PROFIT MOVEMENT (Rm)



The IFRS2 charge for share-based payments has declined materially on the prior year, due to significant movements in the 30-day VWAP at year-end compared with the prior year. Our tax rate of 28% represents the impact of mix changes between earnings in our Africa and US operations.

Our earnings for the year includes the effect of exchange rate movements on revenue and cost of sales. Our revenue and cost currency mix is illustrated below:

REVENUE/COST CURRENCY MIX (%)



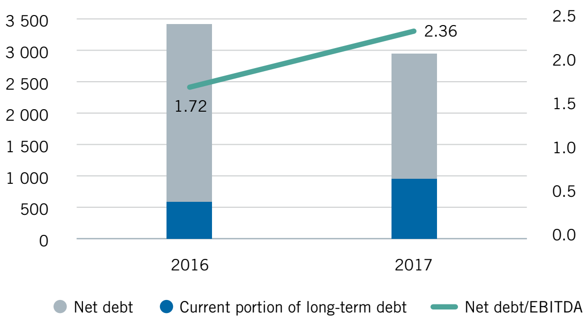
Net interest charge has decreased over the prior year to R343m (2016: R363m) due to a reduction in debt levels and better working capital management. The average interest rate for 2017 was 7.3% (2016: 7.1%).

In the context of this year's performance relative to the level of gearing in the group we considered it prudent to conserve cash and forego the payment of a final dividend. This will provide the group with balance sheet agility particularly in the first half of 2018, during which additional working capital will be required to satisfy additional frozen fish procurement.

FINANCIAL DISCIPLINE IN BALANCE SHEET AND CASH FLOW

Our primary area of balance sheet focus has continued to be debt management and adherence to covenants. Our closing Net Debt to EBITDA has increased to 2.4 times (2016: 1.7 times), despite a reduction in debt levels. Our net movement in working capital has improved materially over the period, through continued focus on credit terms and diligent collection of receivables. Improved working capital management generated R561m in 2017 compared to R95m utilised in 2016.

LEVERAGE POSITION (Rm)



Cash balances on hand at year-end are healthy at R1.2bn (2016: 1.3bn).

KEY FOCUS AREAS

In the context of a challenging macro-environment our focus this year has been:

- Improved cash flow management
- Consistency in foreign currency hedging
- Continued rollout of efficiency initiatives – finance shared services and group procurement
- Commencement of implementation of a group-wide ERP solution

We believe that these strategic focus areas have been well managed and will deliver continued value into 2018.

Our finance shared services centre has delivered a sound platform to managing outgoing working capital. Our treasury team now holds monthly working capital meetings and these have delivered improvements in debtors days over the period.

Our group procurement team has delivered savings in excess of the R65m target set for the 2017 year.

ISSUES GOING FORWARD

The group procurement division will look to build on the savings achieved in 2017 and we have set ourselves an additional savings target of R60m for 2018.

Our group-wide ERP implementation remains on track and is expected to go live in the first quarter of the 2018 calendar year.

We continue to monitor and manage our net foreign currency, interest and debt exposures in South Africa and the USA. Our policy on forward cover will take advantage of our natural hedges and we intend to reduce cover periods from six months down to three to minimise exposure to currency volatility.

It is anticipated that we will review our debt term and tenure, particularly in South Africa, and will evaluate the benefits, if any, of restructuring.

LONG-TERM FINANCIAL STRATEGY

Our intent is to continue to deliver sustainable returns by organic and expansionary growth, supported by solid cost control and efficient practices across the group. 2018 will focus on restoring profitability with strong focus on improving efficiencies in our factories and vessel utilisation.

We remain acquisitive in nature and will continue to seek opportunities to increase diversification of species, geography and currency. We will manage our balance sheet, in particular our debt and equity levels, with this strategy in mind and seek to build financial capacity over the medium term to support our growth strategy.

1. GENERATING SUSTAINED FINANCIAL RETURNS (continued)

STATISTICAL AND FINANCIAL DATA

	Notes	2017 R'000	2016 R'000	RESTATED 2015 R'000	2014 R'000	RESTATED 2013 R'000
Statements of comprehensive income						
Revenue by segment		**6 807 927**	8 243 988	6 168 777	5 039 134	4 701 224
Revenue						
Canned fish and fishmeal (Africa)		**3 768 707**	4 275 576	3 408 988	3 086 476	2 631 686
Fishmeal and fish oil (USA)		**1 438 605**	1 930 923	574 328		
Horse mackerel and hake		**1 054 153**	1 227 310	1 314 747	1 203 470	1 373 824
Lobster and squid		**144 907**	136 622	158 147	137 179	144 754
CCS Logistics		**401 555**	434 780	392 124	294 164	281 706
Disposed operations	1		238 777	320 444	317 846	269 254
Operating profit before other operating items		**1 001 428**	1 629 491	1 007 255	879 566	743 559
Operating profit before other operating items by segment						
Canned fish and fishmeal (Africa)		**276 622**	528 464	452 504	380 931	214 914
Fishmeal and fish oil (USA)		**390 230**	668 152	179 612		
Horse mackerel and hake		**197 559**	269 384	211 020	347 251	422 504
Lobster and squid		**37 827**	21 145	40 876	28 799	28 208
CCS Logistics		**99 190**	132 430	106 066	101 820	82 354
Disposed operations	1		9 916	17 177	20 765	(4 421)
Other operating items		**8 701**	100 187	18 346		
Operating profit		**1 010 129**	1 729 678	1 025 601	879 566	743 559
Investment income		**29 248**	22 089	61 558	13 273	16 451
Interest paid		**(372 405)**	(385 202)	(158 442)	(17 102)	(7 485)
Profit before taxation		**666 972**	1 366 565	928 717	875 737	752 525
Taxation		**187 622**	408 276	286 515	266 818	228 135
Profit after taxation		**479 350**	958 289	642 202	608 919	524 390
Attributable to non-controlling interests		**11 040**	41 843	30 978	34 988	33 374
Net profit attributable to shareholders of Oceana Group Limited		**468 310**	916 446	611 224	573 931	491 016
Headline earnings		**457 309**	820 308	611 778	567 238	489 325
Key performance indicators						
Operating margin	2	**14.7%**	19.8%	16.3%	17.5%	15.8%
Canned fish and fishmeal (Africa)		**7.3%**	12.4%	13.3%	12.3%	8.2%
Fishmeal and fish oil (USA)		**27.1%**	34.6%	31.3%		
Horse mackerel and hake		**18.7%**	21.9%	16.1%	28.9%	30.8%
Lobster and squid		**26.1%**	15.5%	25.8%	21.0%	19.5%
CCS Logistics		**24.7%**	30.5%	27.0%	34.6%	29.2%
EBITDA		**1 245 967**	1 990 063	1 202 772	993 189	845 927
Africa operations		**760 550**	1 217 701	1 012 930	993 189	845 927
US operations		**485 417**	772 362	189 842		
Tax rate		**28.1%**	29.9%	30.9%	30.5	30.3
Headline earnings per share – basic (cents)	3	**391.9**	703.4	588.2	549.2	487.9
Headline earnings per share – diluted (cents)	3	**357.9**	640.5	532.2	498.1	443.2
Earnings per share – basic (cents)	4	**401.3**	785.8	587.7	555.7	489.5
Earnings per share – diluted (cents)	4	**366.5**	715.5	531.7	503.9	444.8
Dividends per share (cents)	5	**90.0**	469.0	365.0	377.0	322.0
Headline dividend cover (times)		**4.4**	1.5	1.5	1.5	1.5

Notes:

1 *Disposed operations includes segmental information pertaining to the French fries operation (Lamberts Bay Foods Limited) and the CCS fruit operation disposed of in 2016.*
2 *Operating profit before other operating income/(expenses) items expressed as a percentage of revenue.*
3 *Headline earnings per share for 2014 has been restated due to the rights offer in that year, as required by IAS 33: Earnings per share.*
4 *Earnings per share for the 2014 has been restated due to the rights offer in that year, as required by IAS 33: Earnings per share.*
5 *Dividend declared after reporting date included, except for 2017, as no dividend was declared.*

	Notes	2017 R'000	2016 R'000	RESTATED 2015 R'000	2014 R'000	RESTATED 2013 R'000
Statements of financial position key items						
Property, plant and equipment	6	**1 604 099**	1 669 373	1 678 406	512 342	458 200
Intangible assets	7	**4 434 878**	4 605 275	4 609 802	97 625	102 802
Net current assets	8 and 9	**(34 760)**	1 080 854	859 962	982 666	1 301 468
Net cash and cash equivalents		**1 222 040**	1 312 942	1 181 273	344 003	(145 797)
Cash and cash equivalents		**1 222 040**	1 312 942	1 181 273	344 003	111 203
Bank overdraft						257 000
Long term debt		**3 209 875**	4 145 142	4 374 483	300 000	
Statements of cash flows key items						
Cash generated from operations		**1 707 248**	1 631 094	1 095 114	1 238 377	393 473
Working capital changes		**560 579**	(95 483)	(92 760)	325 800	(468 732)
Investment income received		**37 966**	86 470	59 264	24 476	9 886
Interest paid		**(344 895)**	(337 497)	(158 442)	(17 102)	(7 485)
Taxation paid		**(148 456)**	(707 658)	(221 986)	(264 090)	(317 873)
Dividends paid		**(573 243)**	(476 827)	(427 395)	(365 880)	(380 932)
Distribution to Oceana Empowerment Trust beneficiaries			(15 469)		(291 524)	
Net cash inflow/(outflow) from operating activities		**678 620**	180 113	346 555	346 555	(302 931)
Cash outflow from investing activities		**(191 097)**	(56 352)	(4 747 216)	(147 383)	(128 265)
Cash (outflow)/inflow from financing activities		**(553 613)**	1 954	5 146 173	310 471	10 908
Net (decrease)/increase in cash and cash equivalents		**(66 090)**	125 715	745 512	487 345	(420 288)
Key performance indicators						
Leverage Ratio						
Return on average net assets	10 and 11	**13%**	20%	29%	46%	41%
Current ratio (:1)		**1.5**	2.2	2.1	2.7	2.3
Return on average shareholders' funds	12	**12**	22	32	44	30
Net Debt to EBITDA		**2.36**	1.72	2.89	(0.04)	
Net Debt to Equity		**0.78**	0.85	0.97	(0.03)	
Share performance						
Market price per share (cents)						
Year-end		**8 233**	11 402	9640	7 400	8 424
Highest		**12 639**	13 474	11 902	9 200	9 876
Lowest		**7 800**	9 325	6 851	7 050	5 250
Price earnings ratio	13	**21.0**	16.2	16.0	13.1	17.3
Number of transactions	14	**38 720**	45 101	85 801	33 403	22 620
Number of shares traded ('000)	14	**15 696**	17 703	27 321	16 423	23 169
Value of shares traded (R'000)	14	**1 537 053**	1 986 700	2 678 132	1 360 682	1 727 682
Volume of shares traded as a percentage of total issued shares	14	**11.58**	13.1	20.2	13.7	19.4
Market capitalisation (R'000)	15	**11 157 868**	15 452 692	13 064 721	8 844 936	10 060 712
JSE food producers and processors index	16	**127.54**	136.10	123.15	114.17	100.00
JSE industrial index	16	**110.47**	108.52	100.76	106.09	100.00
Oceana Group share price index	16	**97.73**	135.35	114.43	87.84	100.00

Notes:

6 Property, plant and equipment for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.
7 Intangibles for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.
8 Accounts receivable for 2015 have been restated due to finalisation of the Daybrook purchase price allocation.
9 Net current assets comprises current assets less cash and cash equivalents and current liabilities.
10 Profit before taxation and other operating items (but excluding interest paid) expressed as a percentage of average net assets or average total assets.
11 Net assets comprise total assets less non-interest-bearing liabilities.
12 Headline earnings as a percentage of average shareholders' funds.
13 Market price per share at year-end divided by HEPS.
14 Figures based on JSE transactions only.
15 Value of ordinary shares in issue at year-end price including treasury shares held by share trusts and subsidiary company.
16 Adjusted base 2013 = 100.
17 2013 numbers has been restated due to adoption of IFRS 11 in 2014.

2. DRIVING TRANSFORMATION AND LOCALISATION

Our strategic focus areas

- **Being a sector leader in terms of our transformation and localisation credentials.**
- **Achieving an independently verified B-BBEE level 2 rating in South Africa in 2017.**

BEING A SECTOR LEADER IN TERMS OF OUR TRANSFORMATION AND LOCALISATION CREDENTIALS

Oceana remains strongly committed to demonstrating its continued leadership in promoting transformation and broad-based black economic empowerment (B-BBEE) in South Africa, and localisation in Namibia. Not only does this form a fundamental part of our core purpose – efficiently converting global fishing resources into shared value – but delivering demonstrable leadership in these areas forms a crucial part of our ability to secure long-term fishing rights. This has taken on added significance with most of our current rights allocations in South Africa up for renewal in 2020, and the horse mackerel rights allocation up for renewal in Namibia in 2018.

Promoting transformation in South Africa

Oceana's commitment to demonstrating leadership in transformation has been consistently recognised in recent years, with the group rated as amongst the top most empowered JSE-listed companies in the country every year since 2013.

This year, we were independently rated as South Africa's third most empowered listed company under the generic codes as well the most empowered fishing company on the JSE. The group's commitment to transformation has resulted in a level 2 rating, with a score of 96.8 points out of 109. We also achieved a recognition level of 125% for procurement in terms of the DTI's B-BBEE Scorecard. By delivering shared value through our empowerment initiatives, we are making a meaningful contribution to many of our stakeholders, while ensuring the long-term stability and profitability of our business.

We have been closely monitoring relevant legislative and policy developments, as well as the outcome of the recent Viking court case that considered DAFF's methodology for assessing a company's empowerment credentials and granting fishing rights. Informed by these developments, we are adapting our transformation strategy as needed to ensure that we continue to contribute meaningfully to the empowerment of designated groups in the country, and that we are appropriately positioned for the purposes of government assessments as part of the 2020 rights renewal process.

OCEANA: CONSISTENTLY RATED ONE THE MOST EMPOWERED JSE-LISTED COMPANIES*

2017	Sixth most empowered listed company
2016	Second most empowered listed company
2015	Most empowered listed company
2014	Most empowered listed company

** As assessed in terms of Empowerdex's Most Empowered Companies rating*

Engaging with the Namibian government on localisation

The Namibian Equitable Economic Empowerment Framework (NEEEF) was made available for public comment in 2016 and remains in draft format. To ensure maximum preparation, we are compiling internal gap analyses against the existing framework for our Namibian entities. During the year we participated in three scheduled workshops of the national consultative process for the new quota allocation scoring mechanism for horse mackerel, hake and other sectors developed by the Ministry of Fisheries and Marine Resources (MFMR). The rights-holder evaluation process is based on eight delineated criteria that a prospective quota holder has to meet, covering matters such as citizenship, company shareholding, beneficial control, value addition, corporate social investment and the terms of employment amongst criteria. The due date for submission of the completed right holder evaluation for fishing quota applications was the end of September 2017.

We continued regular, formal and informal engagements with the MFMR in Namibia on issues of strategic importance for both the business and Namibian government.

ACHIEVING AN INDEPENDENTLY VERIFIED B-BBEE LEVEL 2 RATING IN SOUTH AFRICA

This year we achieved a level 2 rating. A summary review of our performance against the full scorecard is provided below; a more detailed review of our performance is provided in our online sustainability report.

Ownership

We maintained our black-owned and black-controlled shareholding with three main shareholders who continue to contribute to this status: Tiger Brands Limited, Brimstone Investment Corporation Limited and the Oceana Empowerment Trust, with a combined black ownership holding of 63.2%. We were recognised as one of the top six companies in South Africa in this element of the scorecard.

Management and control

We achieved the maximum points at both black board member and black executive director levels. Black people now represent 57.1% of board and executive management. The proposed Employment Equity plans for the next three years have been approved by the Department of Labour. The plans are aligned to the B-BBEE code requirements to ensure continuous alignment with our transformation objectives. We continue to make progress in transforming our senior, middle and junior managerial ranks. Our performance in this element of the scorecard was recognised in the top three companies in South Africa.

Skills development

We have continued to invest in developing our employees against the backdrop of the scarcity of skills in our sector. Recognised training expenditure on all black employees decreased from R29.2m in 2016 to R20.3m in 2017 due to the downturn in performance of the group. The employment equity scorecard, and skills development targets are based on racial demographics of the economically active population. We also support youth development through our learnerships for unemployed youth. In 2017 we put 116 unemployed learners between the ages of 18 to 35 on our unemployed learnerships, apprenticeships and internship programmes.

Enterprise and supplier development

Supplier development initiatives included loans and advances, preferential payment terms, fleet and administrative support. Our main contribution to enterprise development continues to be through joint ventures with other smaller fishing companies and supply arrangements. A requirement of the revised codes is that the beneficiary be either an exempt micro-enterprise (EME) or a qualifying small enterprise (QSE) that is 51% or more black-owned. Qualifying expenditure of R1.3bn was spent on suppliers with B-BBEE credentials with 18.8% of NPAT spent on supplier development and 3.9% of NPAT spent on enterprise development.

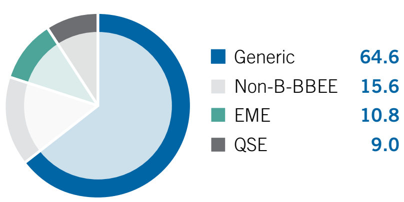
Socio-economic development

Our socio-economic development expenditure continues to be directed towards initiatives that meet the needs of the communities in which we operate, with the focus remaining on food security and education. Recognising the impact of the drought and that Oceana is the largest fishing company in South Africa, we increased our effort to enhancing food security though the provision of affordable protein within these communities. This year, 1.3% of the group's NPAT in South Africa was distributed, through socio-economic development activities, to beneficiaries that have a black base of at least 75%. Further information on our investment in socio-economic development initiatives is provided on page 47 and in our online sustainability report. 47

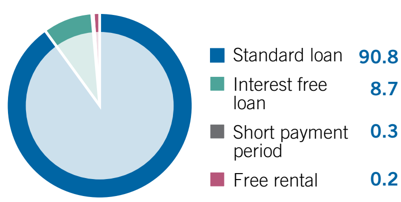
Oceana Empowerment Trust

The Trust is an important mechanism for our employees to grow with the company and at year-end it had 2 483 black beneficiaries holding 13.7m shares in Oceana, representing 10.1% of Oceana's total issued shares. This allows real broad-based empowerment, not only directly to our employees, but also to the communities in which they live.

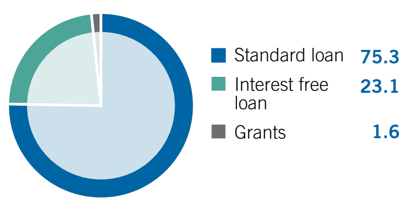
PREFERENTIAL PROCUREMENT (%)



SUPPLIER DEVELOPMENT INITIATIVES (%)



ENTERPRISE DEVELOPMENT INITIATIVES (%)



3. OPTIMISING OUR OPERATIONS

Our strategic focus areas

- **Driving effectiveness and efficiency in our fleet and shore-based assets.**
- **Attracting, developing and retaining the best available talent throughout the group.**
- **Actively evaluating and mitigating risk, and maintaining effective governance systems.**

DRIVING EFFECTIVENESS AND EFFICIENCY IN OUR FLEET AND SHORE-BASED ASSETS

Given the various headwinds we have faced, several of which are beyond our control, we have placed a strong emphasis this year on driving improved efficiencies and further bedding down our recent acquisitions. We have realised valuable savings across the group this year, driving significant efficiencies in our procurement practices, introducing cost-saving innovations across our fleet and land-based operations, and making good progress in the roll-out of our new group-wide enterprise resource planning solution.

Delivering efficiencies through our streamlined procurement practices

In the previous financial year we established a new group procurement function to ensure a more streamlined and centralised approach for the purchase of goods and services; these range from freight services; gear, fuels, chemicals, other goods and services required to support fishing operations, vessel repairs and maintenance, security services, travel as well as office and administrative services. Through our enhanced procurement practices, we have extracted costs in excess of the R65m target set for the 2017 financial year with an additional R60m targeted for next year.

Introducing innovations across our operations

We undertook a structural operational review this year to identify efficiency improvements across our fleet and land-based facilities, with the aim of ensuring the optimal utilisation of our vessels and our processing and canning operations. We are making particularly good progress in reducing the cost base in our Lucky Star business, following the recent significant increase in importing frozen pilchards for processing and canning in our own operations. Further details on these and other initiatives are provided in the divisional performance reviews (pages 55 – 63).

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Rolling out the new group-wide system

An important initiative this year has been our internal change management drive and training programmes aimed at ensuring the successful roll-out of our new group-wide enterprise resource planning (ERP) solution within the 2018 financial year. The single, integrated ERP system is intended to simplify and optimise our business processes and empower management by providing ready access to integrated information, driving efficiency and firmly positioning the business for further growth. We have made good progress this year, and anticipate that the system will be ready to go live by early 2018, delivering further efficiencies in our business processes.

ATTRACTING, DEVELOPING AND RETAINING THE BEST AVAILABLE TALENT THROUGHOUT THE GROUP

Investing in talent management and skills development

Ensuring and retaining access to the best available skills remains a critical challenge and strategic focus area for the business, particularly as we have grown to be a global player in the sector. Our talent management strategy is focused on developing the competencies required to ensure sustainable business growth. For each of our divisions we have identified the core capabilities needed to deliver the division's strategic goals, listed the critical management roles to deliver the strategy, and undertaken a gap analysis of the competencies to be developed and the additional talent required for succession planning purposes. Our talent management strategy is consistently applied across each division to maximise the acquisition, engagement, development and retention of talent. On succession planning, having focused in 2016 primarily at the group executive level, this year we placed particular emphasis on ensuring that appropriate plans are in place for our divisional executives with the aim of maintaining access to the best skills and also ensuring appropriate levels of race and gender diversity.

This year, we invested R22.2m in employee skills development in South Africa and Namibia, building critical skills in the areas of marine science, vessel crewing, artisans, engineering, supply chain, food safety, food quality and processing, IT and finance. Earlier this year we launched the first phase of our Maritime Academy, aimed at developing skills and building a talent pipeline of local sea-going employees. The academy will be developing maritime skills at all levels, from factory and deck hands, through to junior and senior officers, and skippers. We started this year with the introduction of 10 unemployed fishing operations learnerships to aid in creating a pool of factory hand employees; each of these learners completed four months of theory prior to going onto the vessel for their practical training.

Through our various leadership development initiatives we seek to build foundational management skills in the areas of performance management, people development and talent management. This year, 57 employees participated in external supervisory and management development programmes.

TRAINING SPEND	2017	2016
Total amount invested in skills development	**R22.2m**	R33.9m
Total spent as a % of leviable payroll on black employees	**2.2%**	3.7%
Total spent on black employees as a % of total amount invested in skills development	**92.1%**	87.3%
Total spent on disabled employees as a % of total amount invested in skills development	**11.1%**	7.9%
Total spent as a % of leviable payroll on black disabled employees	**0.3%**	0.3%

Leadership in employee working conditions and labour practices

In our South African and Namibian operations, we continue to place a strong drive on being a leading employer in our industry, and on providing jobs in an environment where job security remains under threat. This year particular focus was placed on integrating and aligning Daybrook's human resource policies and practices as well as reward and benefit structures to that of the group. With the adoption of our frozen fish import strategy, we remain one of the very few companies in the industry that provides minimum guaranteed hours to our seasonal employees.

Our relatively low employee turnover rate of 6.6%, and the fact that we have lost no days to industrial action over the past six years, reflects the strong relationships between management, employees and labour unions. Oceana continues to be seen as a leader in the sector in terms of its working conditions and benefits, as well as the leadership role that we play in the development of our host communities.

As part of our recent shift towards greater importing of frozen fish, we have managed to provide enhanced work-days and a more stable income to our seasonal employees. We have continued to reduce our use of labour brokers. Only CCS Logistics continues to use labour brokers, and we ensure that every agency used by that division has signed our supplier code of conduct, requiring compliance with all labour and human rights legislation.

Ensuring employee safety, health and well-being

Investing in the safety, health and well-being of our employees forms an important part of our core objective of delivering value for all our stakeholders. To manage the inherent health and safety risks associated with our land- and sea-based activities, we undertake periodic external and internal safety audits on all sites and vessels, implement effective safety monitoring, training and enforcement programmes, provide appropriate personal protective equipment, and ensuring effective incident tracking and investigation. The managing directors of all operating divisions are responsible for ensuring full compliance with relevant occupational health and safety legislation, and that the required structures are in place. Independent consultants undertake health and safety audits across all operations on an annual basis. This year, the group's DIFR[1] was 1.38, although the ratio increased from 0.8 in 2016, we have achieved our target of less than 2.0. It is pleasing to report that there were no fatalities this year. Further details on our activities and performance in this area are provided in our separate online Sustainability Report.

1 DIFR: The calculation is the sum of all injuries for the 12-month period x 200 000, divided by sum of man hours.

ACTIVELY EVALUATING AND MITIGATING RISK, AND MAINTAINING EFFECTIVE GOVERNANCE SYSTEMS

Strong governance systems are fundamental to ensuring sustained value creation, playing a critical role in ensuring that we have the right policies and procedures in place to identify and address our material risks and opportunities. Effective governance mechanisms provide an independent perspective on our strategic plans, in ensuring that we have the right leadership team, and holding our leadership to account in delivering on their fiduciary responsibilities.

An overview of our board and executive team is provided on page 29, a review of our key governance structures and systems is provided on page 26, while our approach to evaluating and mitigating risk is provided on page 21. Additional details are available in our Annual Financial Statements, and the online review of our application of King IV principles is available at www.oceana.co.za.

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4. LEADING STEWARDSHIP OF MARINE RESOURCES

Our strategic focus areas

- **Harvesting our marine resource allocations responsibly.**
- **Partnering with stakeholders to promote responsible fisheries management.**
- **Monitoring, managing and mitigating the group's impact on the environment.**

HARVESTING OUR MARINE RESOURCE ALLOCATIONS RESPONSIBLY

Our ability to deliver on our core purpose depends ultimately on the long-term viability of the fish biomass that we access. Promoting an ecosystem approach to fishing, and ensuring full legal compliance within our highly regulated operating environment, are key business imperatives. We have a zero tolerance approach to IUU fishing, which undermines efforts to conserve and manage fish stocks, generally leads to the loss of social and economic opportunities, and has a negative effect on food security.

Compliance with the Marine Living Resources Act, 18 of 1998 (MLRA), and the associated regulations and permit conditions, are entrenched across the various business units. We ensure that all our crew members receive training on permit conditions, with specific focus on catching and processing. All incidents of non-compliance are reported and if required, disciplinary action is taken. To date we have trained 390 seafaring employees (accounting for 54% of all applicable crew) on the importance of sustainable fisheries. Two of our lobster vessels, the *MFV Silver Fish* and *MFV James Archer,* continues to be used by DAFF to support their lobster research survey efforts.
Our horse mackerel midwater trawler, *MFV Desert Diamond*, includes two scientific observers on board every trip to collect data for research and compliance purposes. This year we have been testing an innovative by-catch extruder and trialling a specially designed camera that monitors the behaviour of the fish to assess the effectiveness of this new design.

We commission fisheries audit reports on each species that we catch across our main regions of operation, and are committed to sourcing only from fisheries that are considered well managed.

South Africa

The majority (89%) of our harvested commercial fishing rights are on the SASSI green list (see table). These species have been assessed as the most sustainable choices, coming from the healthiest and most well-managed fish populations.
In 2016, horse mackerel was amended to the orange category, and this year pilchard was also added to the orange list, due to uncertainties regarding the status of both stocks.

Following recent re-assessments of the status of WCRL, the species has unfortunately been added to the red list, owing to concerns about the decline in the health of the population and the impact of poaching and ecosystem decline. Through a joint partnership, WWF-SA and DAFF have committed to developing a fisheries conservation project with key stakeholders to rebuild the stock and address the causes of its decline, including through programmes to address poaching, training and multi-stakeholder engagement. As a key commercial quota holder and member of the sector association, we recognise the influential role we can play in this recovery plan and as a result we remain in the fishery in order to provide support to WWF and the fishery conservation process.

Our hake operation once again retained its Marine Stewardship Council (MSC) chain of custody certification, considered the world's most rigorous eco-labelling initiative for fishing.
Five fishmeal operations also retained their certification in terms of the International Fishmeal and Fish Oil Organisation Global Standard for Responsible Supply (IFFO-RS).

SOUTH AFRICAN COMMERCIAL FISHING RIGHTS	%	SASSI CATEGORY
Anchovy (SA)	84.3	
Pilchard (SA)	7.5	
Deep-sea hake (SA)	4.1	
Horse mackerel (SA)	3.7	
West Coast rock lobster	0.3	
Squid	0.1	
South Coast rock lobster	0	
Total	100	

Namibia

The Namibian horse mackerel stock is managed primarily through a TAC. Most of this is allocated to the midwater trawl fishery, with a small proportion made available for value-added products, mainly through canning, in factories owned by purse seine operators. Currently, the stock is assessed using an age-structured production model (ASPM), which incorporates the age distribution and biomass estimates from research surveys together with commercial data. The 2016 assessment indicated that the stock was above the maximum sustainable yield (MSY) level and that recruitment for 2016 was estimated to be above the long-term MSY.

United States

The fish resources utilised at our Daybrook fishmeal facility are managed according to a state- and industry-endorsed Fisheries Management Plan (FMP). The goal of the Gulf menhaden FMP is to provide a management strategy that allows annual maximum harvest, while ensuring the protection of the stock from overfishing. While the species contributes greatly to Daybrook's success, it is also an important fish for local fishers. According to the Gulf Menhaden Stock Assessment, completed for the Gulf States Marine Fisheries Commission in October 2016, the existing fisheries management plan is meeting its objectives as the Gulf menhaden stock is "not experiencing overfishing and is not overfished". This status assessment was as per the stock status derived from the previous assessment undertaken in 2013 with the next assessment scheduled to take place in 2018.

Angola

In Angola, the offshore Sardinella fishery is a major fish resource and an important source of food, as well as a major employment avenue for the coastal population. The resource is largely managed on the basis of biomass estimates of the adult stock, obtained by standard hydroacoustic methods. To promote the sustainability of the fishery through our Oceana Boa Pesca joint venture, we have embarked on an IFFO-RS certification process for our fishmeal plant, and will be using the certification process as a catalyst to enhance the sustainability of the resource.

Further details regarding our activities in promoting an ecosystem approach, and our compliance framework, are provided in our Sustainability Report and various scientific reports, all of which are available on our website.

PARTNERING WITH STAKEHOLDERS TO PROMOTE RESPONSIBLE FISHERIES MANAGEMENT

We engage regularly with regulators and government departments, and are active participants in the scientific working groups and industry associations related to every species that we harvest. Key partnerships include the following:

- **RFA and WWF:** Our partnership with the RFA and WWF provides a platform for collaborative research and mitigation efforts. Recent highlights include: alerting government to the dangers of bulk sediment mining; undertaking a socio-economic assessment of the fishing industry; and implementing initiatives to prevent accidental seabird mortalities on hake vessels.
- **South African Deep Sea Trawling Industry Association (SADSTIA):** This partnership has been responsible for the improved management of 12 non-target fish species that are caught alongside hake in the deep-sea trawl fishery.
- **South African Midwater Trawling Association**: This industry association reflects the interests of midwater trawlers, and is of particular relevance to our activities pertaining to horse mackerel.
- **Gulf States Marine Fisheries Commission:** Daybrook is an active member of the Menhaden Advisory Committee to the Gulf States Marine Fisheries Commission, an initiative that drives the conservation, development, and full utilisation of the fishery resources of the Gulf of Mexico.

MONITORING, MANAGING AND MITIGATING THE GROUP'S IMPACT ON THE ENVIRONMENT

We monitor and manage the material environmental impacts of our operations through our ISO 14001-aligned environmental control system (ECS). This year we undertook 14 external compliance audits to ensure compliance with relevant legislation and permit requirements, as well as compliance with our own system requirements. Major environmental initiatives undertaken this year include:

- **Responsible use and disposal of water**: Responding to the drought conditions in the Western Cape, we have developed and are implementing action plans to reduce the use of potable water; through these initiatives we have achieved a 17% reduction on potable water use. This year we received our coastal water discharge licences from the DEA for all our lobster factories; unfortunately the licences for our Lucky Star operations are still outstanding. We also participated in the CDP Water programme for the first time.
- **Managing odour and stack emissions**: We installed a new scrubber at our Hout Bay fish plant, and continue to hold bi-annual air quality management meetings with the communities within which our fishmeal plants are located.
- **Driving energy efficiency**: We have ongoing initiatives to improve energy efficiency at our land-based facilities and on our vessels, achieving savings this year of 5.3% absolute energy reduction for comparable businesses.
- **Minimising waste generation and responsible disposal of waste**: Our target is to ensure that no food that is fit for human or animal consumption is sent to landfills, but instead is directed to our fishmeal processing facilities.

Further details are provided in our online Sustainability Report.

5. BUILDING TRUSTED RELATIONSHIPS

Our strategic focus areas

- **Encouraging proactive engagement with key stakeholders.**
- **Adhering to strict food safety standards.**
- **Delivering value for local communities.**

We have adopted a stakeholder inclusive approach by understanding and being responsive to the interests of our various stakeholders which is critical to delivering on our core purpose. This is particularly important for us, given that oceans and their rich resources are an increasingly contested space, with strong interests from multiple sectors and stakeholders.

ENCOURAGING PROACTIVE ENGAGEMENT WITH STAKEHOLDERS

Managing stakeholder risk is an integral part of the group's risk-wide management approach with formal mechanisms in place for engagement and communication with stakeholders. We are committed to building and maintaining trusted relationships with our key stakeholders, and to ensuring that we understand and respond to their specific interests through effective dialogue and engagement. Across our operations, the focus of our engagement has been with those stakeholders who have the most significant impact on our business and its ability to create value. Recognising the important symbiotic relationship we have with our stakeholders, our aim is to identify opportunities for mutual benefit, informed by trust.

The following table provides a brief review of our key stakeholder groups, their contribution to our value creation process, the most material interests of that group, and how we engage with them to address their material interests as effectively as possible. We recognise that there is significant diversity within each group, with individual stakeholders often having very different interests and concerns. The priority interests listed in the table are intended to be a broadly indicative reflection of each stakeholder group's priorities as assessed by the management team on the basis of our engagements.

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE		
Employees and trade unions	Our employees provide the skills, experience, diversity and productivity needed to operate our facilities efficiently and safely. They are the foundation that enables us to deliver on our core purpose.	We foster positive employee relations through proactive engagement with employees and union representatives. In addition to internal newsletters, management meetings and personal interactions, we have defined structures such as consultative forums that meet regularly. Our employees are members of various representative bodies (South Africa: FAWU, TALFU, NCFAWU, UDF & CWU; Namibia: NAFAU and NATAW). We have enjoyed a good relationship with the unions, and will shortly be commencing the next two-year round of wage negotiations.		
PRIORITY INTERESTS	Job security	Career and personal development	Market-related employee benefits	
OUR STRATEGIC RESPONSE	3. Optimising our operations			41

Government and regulatory authorities	Government and regulators provide us with fishing permits, as well as with the regulatory and policy framework that is critical to value creation. They inform what we can do, how we do it, and where we can operate.	We seek to build and maintain positive relationships with government officials in each of our regions: in South Africa we engage with DAFF, DPW, DTI and DEA, particularly on issues relating to the 2020 rights allocation, transformation, small-scale fishing, and Operation Phakisa; in Namibia we engage on issues relating to permitting and localisation; and in the US we engage with agencies that encompass federal, state and local jurisdictions, including especially the Gulf States Marine Fisheries, which monitors fish resources.		
PRIORITY INTERESTS	Transformation/localisation	Job creation	Compliance	Responsible fishing
OUR STRATEGIC RESPONSE	2. Driving transformation and localisation 4. Leading stewardship of marine resources 5. Building trusted relationships			39 43 45

OUR STAKEHOLDERS	CONTRIBUTION TO VALUE CREATION	HOW WE ENGAGE	
Shareholders and investors	We have around 1 797 shareholders who provide the financial capital needed to invest in and sustain growth. An overview of the shareholding ownership structure is provided on page 77.	We communicate through our periodic investor briefings, annual reports, press releases and websites regarding our integrated performance and strategy. Certain members of the executive team also meet personally with institutional investors.	
PRIORITY INTERESTS	Growth in shareholder value	Effective leadership	Responsible governance
OUR STRATEGIC RESPONSE	1. Generating sustained financial returns		35
Customers and consumers	Delivering an effective customer value proposition is the basis for all other value generated and shared. We have a significant diversity of customers, from wholesale and retail operations to individual consumers across a range of income groups in 49 countries.	The nature of the engagement varies depending on the type of customer. We strive to engage regularly and be responsive to customer interests across our value chain, seeking feedback through individual engagements, as well as broader customer surveys and research. Reliably providing an affordable, quality product is the basis of our continued growth.	
PRIORITY INTERESTS	Quality product at good price	Continuity of supply	Product information
OUR STRATEGIC RESPONSE	5. Building trusted relationships		45
Local communities, small-scale fishers, NGOs and media	These stakeholders provide us with our reputation and societal legitimacy, are often important partners in highlighting challenges to be addressed and finding solutions.	Being responsive to community interests is key to our objective of converting fishing resources into shared value. We engage with community representatives through our corporate social investment activities in the main regions in which we operate. In Hout Bay we continue to engage on issues relating to odour from the fishmeal plant, and with longer-term job security at the operation. Our partnership with NGOs, such as WWF, provides an important platform for collaborative research and mitigation efforts.	
PRIORITY INTERESTS	Transparency and accountability	Societal responsibility	Responsible fishing
OUR STRATEGIC RESPONSE	3. Leading stewardship of marine resources 5. Building trusted relationships		43 45
Suppliers and service providers	Ensuring positive supplier relationship, based on mutual respect, enables us to deliver our customer value proposition efficiently and effectively.	We engage regularly with our major suppliers to ensure a mutually beneficial relationship. We conduct regular audits of key suppliers to ensure adherence with our food safety standards and other company requirements.	
PRIORITY INTERESTS	Joint growth opportunities	Favourable terms	Timely payment
OUR STRATEGIC RESPONSE	5. Building trusted relationships		45
Industry organisations, research bodies and business partners	Engaging with these organisations is key to driving business best practice, identifying new opportunities, and creating a conducive long-term business environment.	We are active participants in numerous scientific working groups and industry associations, including (but not limited to): RFA; SADSTIA; South African Midwater Trawling Association; Menhaden Advisory Committee to the Gulf States Marine Fisheries Commission; and the National Business Initiative (NBI).	
PRIORITY INTERESTS	Provision of leadership	Collaboration	Societal responsibility
OUR STRATEGIC RESPONSE	3. Leading stewardship of marine resources 5. Building trusted relationships		43 45

BUILDING TRUSTED RELATIONSHIPS (continued)

ADHERING TO STRICT FOOD SAFETY STANDARDS

Our food safety systems, which extend along the full supply chain from "ocean to plate", are founded on internationally recognised technical regulations and standards aimed at protecting public health. We meet the requirements of these technical regulations administered in South Africa, as well as standards and principles of Codex Alimentarius and the International Organization for Standardization (ISO). This approach is designed to address allergens, as well as biological, chemical, physical and regulatory hazards that can occur if not controlled. We conduct regular audits, inspections, surveillance and examinations of product designs, products, services, processes and processing plants, to determine their conformity with specific or general requirements. We have an annual documented audit and inspection activity programme, devised on a risk- and science-based approach.

All canned fish and fishery products sold under the Lucky Star label are inspected and approved by the National Regulator for Compulsory Specifications to assess compliance with technical regulations prior to release for sale on the local market. Lucky Star customer service includes a helpline and personal assistance to respond to and follow up on all product enquiries, concerns or complaints. All customer enquiries and complaints in 2017 were investigated and addressed. In relation to fishmeal and fish oil products, we use the World Organisation for Animal Health principles as the basis for animal health systems.

Further details on our food safety and quality systems are provided in our online Sustainability Report.

DELIVERING VALUE FOR LOCAL COMMUNITIES

An important aspect of our commitment to converting global fishing resources into shared value is our investment in improving the socio-economic conditions of the coastal communities in which we operate. While our most significant contribution to economic well-being of neighbouring communities is through our core business activities, we provided additional focused support through our corporate social investment (CSI) initiatives co-ordinated mainly through the Oceana Foundation in our South African operations. This year, we continued to focus our social investments on education and food security across our main areas of operation.

In **South Africa** key social initiatives this year included:

- *Education:* supporting literacy development at primary school level through the refurbishment of a school library; donating interactive smart-board systems and stationery supplies to schools; and investing in various infrastructure improvement and learner transport initiatives.
- *Food security:* providing sponsorship for three school food-gardens, including one full year's mentorship and maintenance; sponsoring the refurbishment of a school kitchen in Hout Bay; sponsoring various school feeding schemes for a full year; donating Lucky Star products to DAFF and the Western Cape Department of Agriculture in support of their various World Food Day initiatives; and providing product donations towards disaster relief efforts after the devastating fire in the Imizamo Yethu informal settlement in Hout Bay.
- *Memberships and donations:* The Foundation has also continued its support for the National Business Initiative (NBI), the National Sea Rescue Institute (NSRI), Imam Abdullah Haron Education Trust, and MAD Leadership Foundation.

In **Namibia**, Oceana's Erongo Marine Enterprises (EME) remains an important employer. Under the leadership of EME, Arechanab Fishing and Development Trust (ACT) invests significantly in various CSI projects in Namibia.

In 2016 the CSI flagship Fish-4-Business initiative, aimed at empowering small business entrepreneurs in rural Namibia, launched six fish shops. This programme has demonstrated incredible success this year, with most of the shop owners expanding their businesses to other communities, and opening additional shops in new locations. EME continues to support these shop owners to ensure the long-term success of the programme.

In **Angola**, Oceana Boa Pesca has strengthened its reputation in the local communities through its support of various community infrastructure development initiatives.

In **the US**, Daybrook Fisheries Inc. is an active supporter of local businesses and community organisations, as well as local conservation and disaster initiatives. The support is achieved through sponsorship of events, donations and internships. An example of this initiative is Daybrook teaming with the local high school to provide job training for graduating seniors in our quality lab during the summer months of the fishing season. The young students acquire insight in the workplace and develop skills for the next chapter of their lives.

Looking forward, we believe that our corporate social investment makes the greatest impact in ensuring food security and supporting through educational resources. Therefore, we will continue to invest in initiatives that focus on these two areas, with beneficiaries mainly being schools in the communities where we operate.

A detailed list of our CSI projects can be found in our online Sustainability Report.

DRIVING STRATEGY

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEE

This report provides an overview of the group's remuneration policy, framework and philosophy with a particular emphasis on executive directors, non-executive directors and management and of the group's approach to nomination matters. The report has three parts, namely background statement and governance, forward-looking remuneration policy and implementation report.

PART 1: BACKGROUND STATEMENT AND GOVERNANCE

Oceana remains committed to responsible corporate governance practices, creating sustainable growth in shareholder value through consistent improvement in earnings, clear growth and expansion of capital, and engaging with its shareholders and other stakeholders.

Governance

The board has appointed a sub-committee, the Remuneration and Nomination Committee ("committee"), and has delegated its authority, in accordance with the committee's charter. The charter is available at www.oceana.co.za and is reviewed annually by the board.

In line with best practice, the majority of the committee members are independent, non-executive directors (NEDs). The composition and attendance record is set out in the corporate governance report on page 26.

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PricewaterhouseCoopers ("PwC") conducted a review of our remuneration policy and made recommendations to align with King IV. We also consulted with Deloitte regarding benchmarking for executive remuneration and non-executive director fees. Oceana uses PwC's Remchannel survey to benchmark the salaries of other employees. The committee is satisfied that both PwC and Deloitte acted independently and objectively. Adopting King IV and the amended JSE Listings Requirements is an ongoing process and we will continue to align ourselves with best practice standards.

To assist the committee with the execution of its mandate, the chief executive officer (CEO), company secretary, group HR executive and group rewards manager attended the meetings in the 2017 financial year. Invitees attend committee meetings, but are not present when their remuneration is discussed and hold no voting powers. Similarly committee members do not decide on their own remuneration.

At the annual general meeting ("AGM") held on 16 February 2017, the remuneration policy received support of 90.1% of shareholders.

The main concerns raised by our shareholders and our responses thereto are detailed below:

SHAREHOLDER FEEDBACK	RESPONSE FROM THE COMMITTEE
Restricted shares subject to continued employment only and no further performance conditions.	The restricted shares are used as a retention mechanism. In order to determine the award, the STI bonus achieved is used as a base which has performance conditions attached. Therefore these shares have a performance underpin i.e. performance is measured "on the way in", as the level of STI granted is based on set performance criteria.
Targets under the performance share element of the LTI are not considered to be sufficiently testing – vesting begins for performance only slightly above peer companies.	The performance targets for the performance shares will be reviewed by the committee. The peer group is the JSE Industrial Index.
Performance conditions applicable to share appreciation rights have not been disclosed.	The performance conditions for the share appreciation rights have been disclosed in part 2 of this report – they are based on growth in HEPS over the vesting period.

In line with King IV and the JSE Listings Requirements, the remuneration policy together with the implementation report (part 3) will be tabled for two separate non-binding advisory votes by shareholders. In the event that 25% or more of the shareholders vote against either or both the remuneration policy and implementation report, the committee will:

1. Extend an invitation to dissenting shareholders in the Stock Exchange News Service announcement with the results of the AGM, for them to engage with the committee regarding their reasons for voting against the relevant resolution; and
2. The invitation will reveal the manner and timing of engagement, which may include (but is not limited to) communication via email, telephone calls, meetings and roadshows.

After consideration of the results of shareholder engagement, the committee reserves the right to amend elements of the remuneration policy to further align it to market practice and shareholder value creation.

Policy and philosophy

The group's remuneration policy framework is based on the principles of fair and responsible remuneration and is formulated to attract, retain, motivate and reward high calibre employees. We aim to encourage high levels of performance that are sustainable and aligned with the strategic direction and specific value drivers of the business. The way we remunerate employees reflects the dynamics of the market, as well as the social, economic and environmental context in which Oceana operates.

DRIVING STRATEGY (continued)

The committee aims to reward superior performance and the achievement of the group's strategy, and ensures that there are consequences for underperformance. Managers play a vital role in ensuring that the performance management process, in terms of the performance management policy and guidelines, provides the right information required to inform remuneration decisions made by the committee.

Employment and remuneration arrangements of employees who are part of a bargaining unit or are independent contractors employed on fixed-term contracts are not covered by the remuneration policy framework. These employees are governed by separate agreements and are negotiated on an operational level, subject to oversight from the committee. The scope of the policy will be further aligned with the King IV recommended practices.

The comprehensive remuneration policy is available on Oceana's website, accessible at www.oceana.co.za.

In satisfying its mandate, the main activities undertaken by the committee during the year included:

- Review and approval of the performance metrics and rules for the 2017 financial year STI;
- Approval of STI payments for those divisions that met the performance criteria;
- Consideration and approval of the allocation and award of options and shares in terms of the group's 2013 LTI plan rules (share appreciation rights, equity settled restricted and performance shares) to eligible participants;
- Approval and consideration of 2018 financial year increases in guaranteed pay for executives and employees in management positions;
- Testing the extent to which the performance conditions for the tranche of long-term incentive ("LTI") awards under the Oceana Group 2013 Share Plan were met (for the awards whose performance and vesting period ended in 2017);
- Review of the remuneration report to align to King IV and the JSE Listings Requirements;
- Review and updating committee's charter to align it to King IV;
- Review of the remuneration policy framework taking into consideration the King IV disclosure framework;
- Review of the composition and performance of the board and board committees;
- Consideration of nomination matters;
- Succession planning for the board, chairman, CEO, executive committee;
- Considered the CEO's outside professional commitments;
- Review independence of directors;
- Consideration of the board's diversity policy

Future areas of focus

The committee will continue to review the performance conditions for the STI and LTI annually or as required. The relative matrices will be introduced in order to assess and monitor fair and responsible executive remuneration practices in the context of overall employee remuneration and further align executive remuneration disclosures to be more specific, in line with King IV requirements.

PART 2: FORWARD-LOOKING REMUNERATION POLICY

This section of the report specifically deals with the remuneration for NEDs, the executive committee, management and other grades of employees. Remuneration comprises of guaranteed and variable pay. The remuneration mix reflects the relative proportions of each component in the package, which is linked to a job type and the nature of expected outcomes.

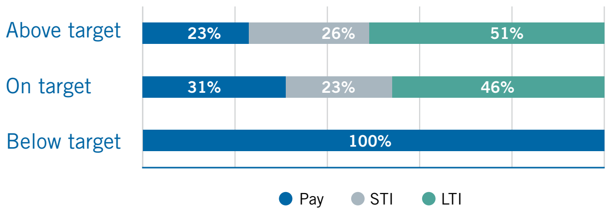
Remuneration mix

The target remuneration mix varies at each grade. As a guideline, more senior employees should have a higher proportion of variable pay in their remuneration mix, as they have the ability to influence the financial performance and strategic outcomes of the company and/or its various business units. The committee has designed the remuneration mix for executives in a way that avoids over-dependence on the variable pay components, which in turn discourages any excessive risk-taking behaviour. At lower levels, the remuneration mix is weighted in favour of guaranteed pay.

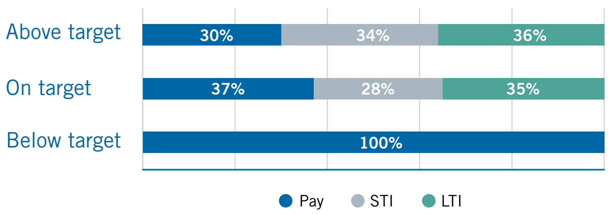
The total reward mix for the CEO and CFO is geared towards variable pay. The graph below illustrates the potential composition of the CEO and CFO at below, on target and above target.

- Below target: performance conditions of STI and LTI are not met.
- On target: 100% vesting of LTI and STI performance conditions met.
- Above target: 100% vesting of SARs and RS and 300% vesting of PS, STI target performance conditions met.

CEO pay mix



CFO pay mix



Executive director service contracts

Oceana concludes permanent employment contracts with its executive directors (including the CEO) which can be terminated by either party subject to a three-month notice period. In the event of termination of employment, the committee may elect to pay a departing executive director a cash lump sum *in lieu* of the notice period. The executive directors are not subject to any restraint of trade agreements. The retirement age for an executive director is 63 years.

In the event that an executive director's service contract is terminated due to operational reasons, Oceana's obligation to make a severance payment will be governed by the provisions of the Labour Relations Act.

Outside of Oceana, the CEO holds professional commitments as a director of Southern Ropes (Pty) Ltd and trustee of the Make A Difference Foundation.

Non-executive director fees

NED fees are paid on an annual retainer basis to account for the responsibilities borne by them throughout the year. They are not paid an attendance fee per meeting. The fee structure is evaluated on a regular basis based on NED fee surveys and the results of benchmarking exercises conducted by Deloitte.

Fees are reviewed annually and proposed adjustments are tabled by the CEO for review by the committee, who will consider the proposed adjustments, taking into account increases across the company. In the event of extraordinary work performed, they will be remunerated on an hourly rate basis, and *ad hoc* expenses will be reimbursed as and when required.

NEDs do not qualify for share options nor do they participate in any variable pay incentive schemes, in order to preserve their independence.

Components of remuneration include the following:

	GUARANTEED PAY		VARIABLE PAY	
	BASIC SALARY	BENEFITS	SHORT-TERM INCENTIVES	LONG-TERM INCENTIVES
Purpose and link to strategy	Attract and retain talent	Improve employees' financial planning and security on retirement	Encourage a high-performance culture to promote the achievement of specific objectives: • Drive increase in share price • Meet liquidity profile and future cash requirements • Meet all non-financial KPIs	Retain and incentivise key staff by linking performance to shareholder expectations. This promotes the achievement of long-term objectives with the desired outcome of an appreciating share price
Eligibility	All staff employed by Oceana	All permanent staff. Benefit dependant on grade.	Permanent staff from junior management upwards	All executives and senior management
Remuneration methodology	Reviewed annually against market benchmarks. Targeted pay within a range of between 80% and 120% of market median	Market-related benefits: • Pension/provident fund • Motor vehicle allowances • Medical aid	Performance bonuses are dependent on financial performance and achievement of agreed strategic and individual KPIs. Executives have a higher weighting, 80%, towards financial performance while 20% would be based on individual KPIs including: • Exploring new and development opportunities • Improving operational efficiencies • Building organisational capability • Retention of fishing rights CEO and CFO • On target: 75% of package; stretch target 112.5% of package • Based on a sliding scale of weightings between financial and non-financial indicators	Allocations on annual basis subject to committee discretion. • CEO – share appreciation rights (SARs) (100% of GP), Performance shares (PS) (35% of GP) and RS (17% of previous year STI) • Executives (excluding CEO) – SARs (65% of GP), PS (18% of GP) and RS (17% of previous year STI) • Daybrook employees benefit from a deferred compensation plan. Nominated employees are eligible to receive an allocation equal to 25% of their guaranteed package. The allocation vests after three years
Performance conditions	Performance, i.e. meeting requirements of the job	n/a	• HEPS growth • On target: range from 5% to 15.01% • Stretch target: range from 16% to 25% • Group RONA • Divisional operating profit • Divisional RONA • Individual performance	Refer to next table for performance conditions and characteristics of each share element

DRIVING STRATEGY (continued)

LTI ALLOCATION METHODOLOGY

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
Share appreciation rights*	Executives, senior managers and nominated middle managers	• The SAR element is in essence similar to the previous Phantom Share Option Scheme, and is similarly cash-settled. • Allocations are based on a reduced multiple of package to accommodate the offer of the other LTI elements. • The full allocation is subject to performance criteria which stipulate the number of rights that vest in relation to the achievement of financial performance targets. • The value delivered to an individual on exercise is the growth of the underlying share price above its strike price. • Vesting occurs on the third, fourth and fifth anniversary of the date of allocation, to the extent that the performance condition has been met. Exercise may be delayed until the seventh anniversary of the date of the allocation. • The performance condition is shown below: Sliding scale for the application of performance vesting conditions based on a targeted increase of 3% per annum real growth in HEPS over three-, four- and five-year periods
Performance shares* (conditional)	Executives and senior managers	• The performance share element rewards future company and share performance. • Performance shares are conditionally awarded to those individuals who can influence long-term strategic performance. • They vest on the third anniversary of their award, the number vesting being tied to the extent to which the company has met pre-set performance criteria over the three-year period. • Currently, vesting is governed by Oceana's comparative Total Shareholder Return (TSR) performance in relation to the members of the JSE Industrial Index. • If the TSR over the three-year period places it in 45th position (approximately median), then the targeted number (one third of the maximum number) of performance shares awarded will vest. • If the TSR over the three-year period places it in 15th position (approximately upper quartile) or better, then the maximum number (three times the targeted number) awarded will vest. • If the TSR over the three-year period places it in 75th position (approximately lower quartile) or worse, then all performance shares awarded will be forfeited. • TSR performance between any of the above points results in pro-rated vesting. No retesting will be allowed, and any shares not vesting will lapse.
Restricted shares*	Executives and senior managers	• The restricted share (matching) element provides share-based reward for individual performance. • Restricted shares are granted on an annual basis, the number of which is calculated with reference to the prior-year short-term incentive, thus ensuring a strong link to individual performance on an annual basis. • A standard matching ratio based on an "on target" bonus is defined as part of a reward strategy – pay mix policy; however, this ratio is applied to the actual bonus earned, resulting in higher performers receiving larger grants. • Restricted shares vest at the end of the three-year period, subject to continued employment. Although the primary link to performance of this element is the short-term incentive (and the performance criteria therein), all restricted share grants are still subject to claw back should any unacceptable performance be subsequently identified.

REAL HEPS GROWTH	VESTING PERCENTAGE
>=0%	5%
>=0.5%	10%
>=1.0%	16%
>=1.5%	27%
>=2.0%	44%
>=2.5%	75%
>=3.0%	100%

LONG-TERM INCENTIVE	ELIGIBILITY	PLAN ELEMENTS AND PERFORMANCE CONDITIONS
Restricted shares* (elective deferral component)	Executive Committee Members	• Members of the executive committee are offered on an annual basis the opportunity to defer a portion (25%, 33% or 50%) of short-term incentive pay into restricted shares. • The restricted share (elective deferral) component effectively re-orientates top executive performance variable pay away from STI pay for operational performance, and more towards reward for long-term (share-based) performance. • The election is made well prior to the end of the bonus performance period, but the number of restricted shares to be granted and matched, is only determined at the end of this period. • The bonus calculation undertaken at the end of the performance period recognises and incorporates any elective deferral, and the cash bonus payment paid in the normal course of events is commensurately lower than it might have been if an election had not been made. However a commensurately higher number (depending on the level of deferral chosen) of restricted shares is granted in terms of the Plan Rules, matched one-for-one with additional restricted shares. • To encourage a greater participation in the elective deferral scheme amongst senior executives, the restricted shares resulting from the elective deferral by the executive is treated differently should the executive resign prior to the standard vesting period. The portion deferred by the executive will vest in full, as it is effectively a voluntary investment by the executive in support of shareholder alignment, while the matched portion will be forfeited.
Phantom Shares Option Scheme	Executives, senior management and nominated middle managers	• The options in the Phantom Share Option Scheme are "cash-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 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 strike price. • 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 the three-year performance period. • The target was set with regard to the cumulative HEPS over the performance period. All grants have met their performance condition and are now subject to time-based vesting.

* ***Share dilution limits:*** *A maximum of 1.7% of the issued shares are approved to be allocated to participants in terms of all share plans. The individual limit is a maximum of 20% of the shares in issue under the scheme.*

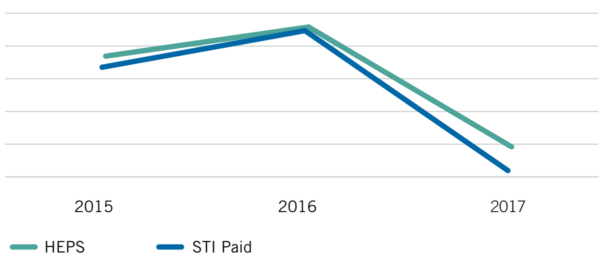
PART 3: IMPLEMENTATION REPORT

The committee has reflected on the group's application of the remuneration policy during the financial year and considers its adherence satisfactory. The implementation report discloses the detailed information and figures pertaining to the application of the remuneration policy in relation to the relevant executives.

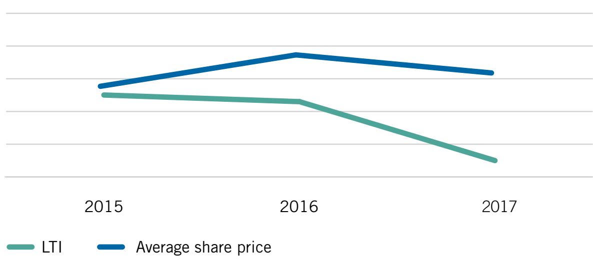
Company performance versus average growth in executive remuneration

The graph below compares the group's STI and LTI to its growth in HEPS and average share price. The committee is satisfied that variable pay is linked to short-term performance whilst the LTI rewards long-term value creation. Oceana's financial performance for the 2017 financial year is contextualised in the CEO's report. The committee is satisfied that remuneration is linked to long-term performance and value creation.

STI vs HEPS

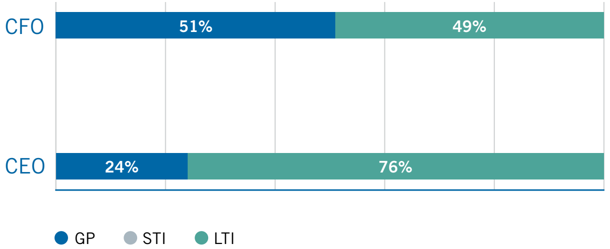


LTI vs SHARE PRICE



DRIVING STRATEGY (continued)

The following graph has been prepared on the same basis as the chart in part 2 referring to pay mix which represents GP, STI and LTI which compares the actual mix achieved for the year ended 30 September 2017.



Guaranteed pay

In line with the principle of fair and responsible remuneration, Oceana may continuously investigate the internal wage gap and disparities in remuneration in the company. The average increase in executive remuneration is determined after consideration of the average increase in remuneration for management and general staff. For FY2017, the average executive increases were lower than that of other employees.

Short-term incentive

In line with the STI performance conditions, the targeted RONA and HEPS growth were not achieved at the group level. Therefore no bonuses were paid to executive directors during the financial year under review. However, divisions that exceeded its operating profit and RONA target, have been paid bonuses.

Long-term incentives

The following LTI allocations, which were allocated in February 2014, vested during the financial year:

Share appreciation rights

The performance condition for SARs is HEPS growth of CPI plus 3% over the three-year performance period. Over the three-year period, the cumulative HEPS exceeded the target. The February 2014 allocation has therefore vested.

Restricted shares

The restricted shares component of the LTI is a retention mechanism which requires employees to remain in Oceana's employ for three years after the date of award. These shares vested for those individuals who were still employed at Oceana in February 2017.

Performance shares

The performance condition for PS is TSR performance of the company to the TSR Industrial Index of the peer group at the lower, medium and upper quartiles. Oceana's TSR placed in the 25th position of the JSE industrial index. The performance shares vested on a pro-rated basis. The level at which it vested can be seen in the remuneration disclosure note in the full AFS.

2018 LTI vesting

The performance conditions for SARs due to vest in February 2018 were not met and consequently this allocation has been forfeited.

Share dilution limits

As at 30 September 2017, the number of equity-settled shares that have been offered to participants under the 2013 Share Plan is 473 267 which is below the threshold. As at 30 September, no participants' holding exceeded 400 000 shares.

Executive remuneration for year ended 30 September 2017

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. Therefore, the gain is not related to the performance of the company in the 2017 financial year.

Approval

The remuneration report was approved by the remuneration and nomination committee of Oceana Group Limited.

DIVISIONAL PERFORMANCE REVIEWS

730 million fish *landed by Daybrook – 2nd best season on record*

African Industrial fish landings ***↑ 22%*** *to 180 723 tons*

Hake vessel utilisation ***↓ 1%*** *to* ***67%***

CANNED FISH AND FISHMEAL (AFRICA)

LUCKY STAR
AN OCEANA GROUP COMPANY

DELIVERING ON OUR 2016 COMMITMENTS

	STRATEGIC FOCUS AREA	STATUS
CANNED FISH	Achieve global competitiveness in frozen fish processing to fuel canned fish growth in existing and new markets	●+
FISHMEAL AND FISH OIL	Maximise utilisation and value of available industrial fish resources both in Angola and South Africa	●+

OUR 2017 PERFORMANCE

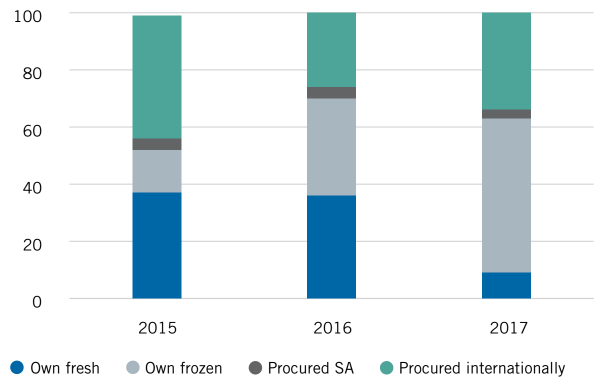
REVENUE	R3.8bn (2016: R4.3bn)	OPERATING PROFIT	R276.6m (2016: R528.5m)
CANNED FISH VOLUMES	7.9m cartons ↓ 16% (2016: 9.4m cartons)	INDUSTRIAL FISH LANDINGS	180 723 tons ↑ 22% (2016: 148 523 tons)

DELIVERING EFFICIENCIES AS A GLOBALLY COMPETITIVE CANNED FISH PRODUCER

This year the TAC for pilchards in South Africa was reduced to 45 560 tons (2016: 64 928 tons), of which 19 442 tons (comprising own, JV and contracted quota) allocated to Lucky Star (2016: 28 538 tons). While pilchard landings were good in the first quarter of the 2017 season, landings have been disappointing since then due to challenging weather conditions and a reduced biomass. In Namibia, the quota of our Namibian operation, Etosha Fisheries, remained at 2 912 tons of the total Namibian TAC of 14 000 tons. This year South African pilchards was SASSI orange-listed, reflecting concerns with the current status of the resource. We are working closely with the scientific community to ensure that the fishery is managed according to best science, and that it recovers to its previous strong levels.

As a result of the 50% reduction in the pilchard TAC over the past four years, we have increased the volume of imported frozen pilchards for processing in our canning facilities in South Africa and Namibia. Local canned production has increased from 2.5m cartons in 2015, to 4.3m cartons in 2017, with the volume of imported frozen pilchards growing fivefold over that period. With 70% of our canned fish now from frozen, we have become primarily a processor of frozen fish, enabling us to deliver efficiently on the Lucky Star's customer promise of consistent unlimited supply at an affordable price in the context of a decreasing TAC and volatile exchange rate. To remain globally competitive, we are seeking to drive significant processing efficiencies and cost reductions, building on the valuable supply chain efficiencies already realised through our revised procurement plan. Our strategy has had a positive impact on overhead recoveries at our canneries, and resulted in a valuable increase in hours worked and wages earned by our factory employees.

IMPORT VS LOCAL PRODUCTION (%)



A CHALLENGING TRADING ENVIRONMENT

This has been a tough trading environment for canned fish sales, with consumers continuing to be under pressure.
This year, we sold 7.9 million cartons of canned product, down 16% from 9.4 million cartons in 2016. There was a significant drop in demand in the South African market during the first half of the year, reflecting both a misstep in our pricing strategy, as well as the timing of the price increase. After reviewing our pricing, we saw good traction in sales during the second half of the year. While the consumer environment in South Africa remains tough, our brand is well respected and affordable protein remains a highly relevant product category with significant consumption potential. In other African markets, although trading conditions were challenging, we managed to sustain our volumes, with good growth in Mozambique and Zambia. We are continuing to explore new growth opportunities, particularly in West Africa.

●+ Achieved and ongoing

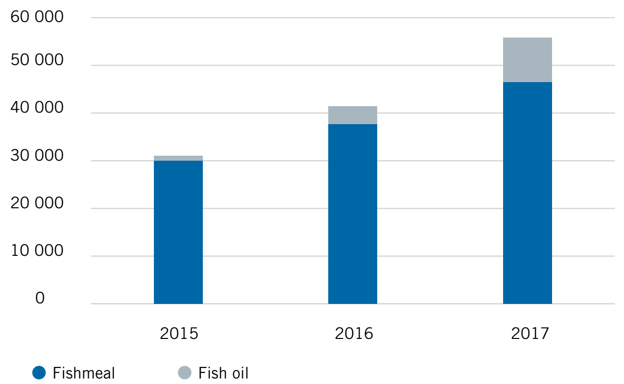
During the year we introduced some product innovations and maintained a strong marketing drive on pilchards being the preferred protein of choice. In the key protein food category, Lucky Star pilchards maintained its market share in excess of 80%. We believe that we have further opportunity to grow pilchard consumption more broadly as the preferred protein over chicken and processed meats.

Given the declining South African TAC and reduced own quota for pilchards, we have increased our international sourcing of frozen pilchards for processing and canning in our own operations, thereby securing consistent controlled supply. By reducing reliance on external producers of canned fish, we are enhancing our capacity to deliver optimum quality product and manage costs. While the margins are more challenging – with more expensive fish and greater working capital requirements – we aim to reduce the difference through a strong efficiency drive. We have made good progress in reducing our cost base, realising valuable procurement efficiencies in our freight, logistics and packaging. Lucky Star and CCS Logistics divisions are now closely aligned to ensure efficient import and storage of this raw material for local production.

GOOD LANDINGS IN INDUSTRIAL FISH OFFSET BY LOWER FISHMEAL AND FISH OIL PRICES

This year sales volume for fishmeal increased by 23% driven mainly by additional volumes produced in Angola. Good oil yields from the South African and Angolan operations further contributed to the strengthening sales volumes. Following a recruitment survey, which indicated that the South African anchovy biomass was at its highest recruitment level for 30 years, the 2017 anchovy TAC was increased to its maximum 450 000 tons (2016: 354 326 tons). Landings of anchovy and redeye herring remained strong in South Africa, with an additional 37 307 tons landed and processed in Angola. We have developed an improved logistics and shipping regime out of Angola, and will be looking to expand our export markets to the EU and China from there, and to increase annual volumes up to 60 000 tons.

FISHMEAL AND OIL PRODUCTION (TONS)



While we have seen pleasing operational improvements and enhanced efficiencies in our South African and Angolan operations, with volumes in line with expectation, this has been offset by the reduction in global prices. In dollar terms fish oil prices declined by 25% on average for the year, while fishmeal prices declined by 9%. These price declines were further compounded by a stronger rand/dollar exchange rate. (See further the review on operating context, on page 19). 19

OUTLOOK

Our goal is to become the most efficient, globally competitive domestic canned fish processor. We will seek to achieve this by delivering cost reductions and driving efficiency throughout the value chain, increasing process yield and reducing waste, standardising our processes and eliminating excess expenses. We will be identifying and realising cost cutting opportunities in the purchase of raw fish, packaging, ingredients and overhead costs, while also optimising labour productivity.

In the trading environment our main strategic focus is to drive strong volume growth in South Africa, underpinned by an unconstrained and affordable supply chain. We will be consolidating our market dominance through product innovation and strong retail relationships, delivering affordability and price consistency, and seeking to grow pilchard consumption by driving a clear message of pilchards as the protein of choice.

In view of the demand we are seeing in the EU and Chinese export markets, we anticipate a recovery of fishmeal and fish oil prices in the latter part of 2018. The fundamentals of the operations remain intact especially given the healthy state of the biomass and recent successes achieved in driving efficiencies.

DELIVERING VALUE INTO THE FUTURE: OUR STRATEGIC OBJECTIVES

We will become the most efficient, globally competitive domestic canned fish processor by:

- Delivering cost reduction throughout the value chain;
- Increasing process yield and reducing waste; and
- Standardising processes and eliminating excess expenses

We will achieve volume growth by:

- Delivering affordability and price consistency; and
- Driving the meal/protein of choice message

We will achieve efficiencies in our production of fishmeal and oil by:

- Reducing waste in the production cycle, standardising our processes and eliminating excess expenses.

FISHMEAL AND FISH OIL (USA)

DELIVERING ON OUR 2016 COMMITMENTS

	STRATEGIC FOCUS AREA	STATUS
FISHMEAL AND FISH OIL (USA)	Enhance plant equipment and operations by improving technology and consequently yield output for higher quality meal/oil products	Achieved and ongoing
	Augment logistics operations to improve efficient dispensing of product	Achieved and ongoing
	Convert Daybrook from a commodity-based supplier to a strategic protein ingredient supplier	Ongoing

OUR 2017 PERFORMANCE

REVENUE R1.4bn (2016: R1.9bn)

OPERATING PROFIT R390.2m (2016: R668.2m)

AVERAGE REALISED FISHMEAL PRICE ↓ 3.6%

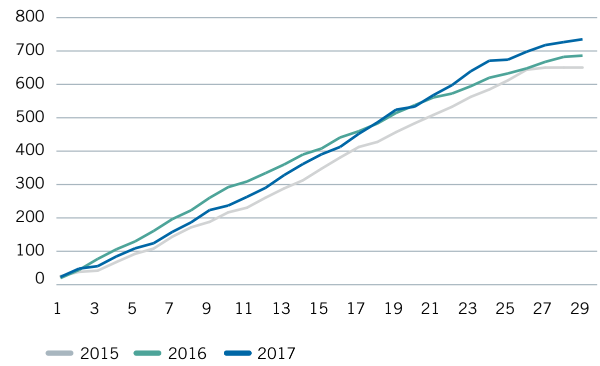
DAYBROOK LANDINGS ↑ 730 million fish (2016: 686 million fish)

STRONG FISH LANDINGS AND IMPROVED OPERATIONAL EFFICIENCIES

Over the course of the 2017 financial year we landed 222 912 tons (2016: 210 778 tons), an improvement of 5.8% over the prior period. Fishmeal production for the financial year was 55 408 tons (compared to 51 515 tons in 2016), while fish oil production decreased 36% to 17 737 tons. Due to lower fish oil yields which were down to 8% from 13.1% in 2016. These lower yields are mainly a result of weather-related issues, with delayed rains reducing nutrient inflows, and unseasonably strong winds impeding our ability to harvest fish from the more oil-rich western Mississippi Delta.

We had a strong drive this year on reducing our cost base and increasing operational and process efficiencies. We invested in new dewatering equipment, evaporator systems and oil separation processes, and our partial upgrades to the distribution system have resulted in a significant increase in the throughput volume of meal. We have reduced operating labour costs by limiting our overtime spend, transitioning away from third party contract labourers to permanent positions, and introduced new HR systems that are driving improved productivity and employee benefits. We are continuing to explore both technical and operational innovations to drive improved yields.

LANDINGS BY SEASON (MILLION FISH)



Achieved and ongoing · Ongoing

FISHMEAL AND FISH OIL: SUBDUED GLOBAL PRICING

We sold 51 244 tons of fishmeal and 18 301 tons of fish oil in 2017, a decrease of 5% and 25% respectively on last year. Market demand has been relatively stable, although somewhat subdued given the elevated levels of available finished product for fishmeal (sold primarily in the United States, China, Canada and Germany) and for fish oil (predominately exported to Denmark, Norway and Canada). We made good inroads into the pet food market, increasing production and sales in this sector as part of our strategic drive to differentiate our offerings, improve margins and reduce exposure to price volatility.

We were impacted negatively by the lower global fish oil price, which dropped by US$236 per ton in relation to the prior year, primarily as a result of increased production from Peru following the end of an extended El Nino cycle (see page 20).

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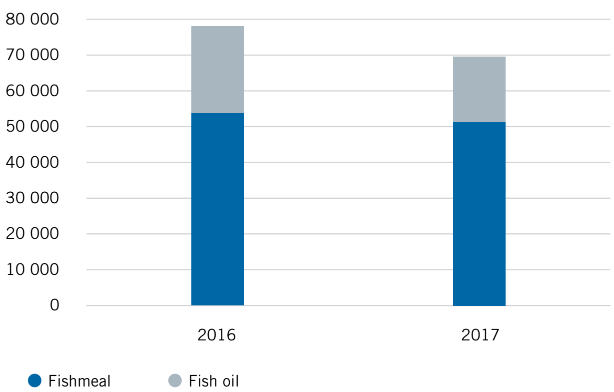
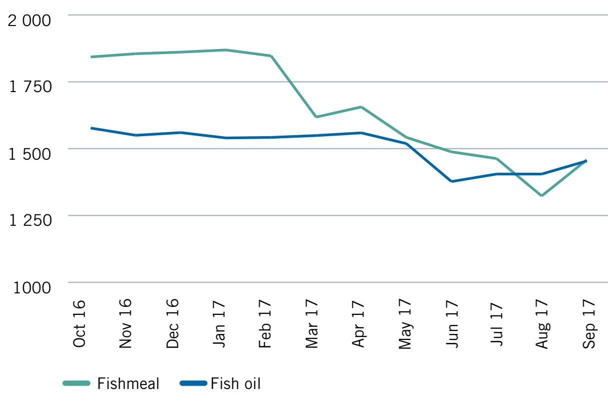
DAYBROOK SALES (TONS)



FISHMEAL AND FISH OIL PRICES (USD/TON)



OUTLOOK

Our view remains that fishmeal continues to be an important growth area, as an affordable protein source in the context of a growing global population and an increased need to supply a growing aquaculture industry, partially offset by a reduction in inclusion rates.

Daybrook is seen to have a positive long-term outlook: we have access to one of the most sustainable, reliable and well-managed pelagic fish resources globally, and our operation is very well-located for accessing and processing this healthy fish stock. We have implemented valuable improvements in plant, equipment and operations that are delivering material benefits in terms of yield, and we are continuing with further efficiency improvements. We are increasing our efforts to move away from being a commodity-based price-taker by differentiating and positioning ourselves as a responsibly sourced protein supplier. We are confident that this positioning will be an important source of sustained growth, further aided by anticipated improvements in fishmeal and fish oil prices.

DELIVERING VALUE INTO THE FUTURE: OUR STRATEGIC OBJECTIVES

- We will increase our competitive differentiation as a strategic protein ingredient supplier and ensuring our fish are sourced from sustainable fisheries.
- We will improve plant efficiency and the cost effectiveness of processing, while retaining quality standards.
- We will build and maintain a strong partnership with the new Westbank owners.

HORSE MACKEREL AND HAKE

BLUE CONTINENT PRODUCTS
AN OCEANA GROUP COMPANY

DELIVERING ON OUR 2016 COMMITMENTS

	STRATEGIC FOCUS AREA	STATUS
HORSE MACKEREL	Secure long-term rights in South Africa	●
	Secure Namibian quota to match vessel capacity at an acceptable margin	●+
	Protecting Oceana's presence in Namibia	●+
HAKE	Vessel upgrade programme	●+
	Further extraction of Amawandle Hake synergies	●

OUR 2017 PERFORMANCE

REVENUE	R1.1bn (2016: R1.2bn)	OPERATING PROFIT	R197.6m (2016: R269.4m)
HAKE SALES VOLUMES	↓ 6.4%	SA HORSE MACKEREL SALES VOLUMES	↑ 92%

SOUTH AFRICAN HORSE MACKEREL: POSITIVE IMPROVEMENT

After two years of poor horse mackerel fishing in South Africa, 2017 saw a positive 92% increase in the total catch for the financial year resulting in this operation making a profit following two years of poor results.

Despite definite signs of improvement in the biomass, catch rates remain sporadic but improving on average with fish returning to traditional catching areas. During the year, DAFF granted a temporary experimental licence allowing the Desert Diamond to fish west of the traditional 20 degrees east latitude line, enabling us to access a greater fishing area to understand possible migratory patterns. In an effort to secure longer-term permission to fish over a wider area, we have done extensive work in designing and testing an innovative by-catch extruder that enables large, unwanted, species to escape unharmed while maintaining the catch rate of targeted species. We have been trialling a specially designed camera that monitors the behaviour of the fish to assess the effectiveness of this new design. We continue to work with scientists at DAFF to improve our understanding of the causes for the recent sporadic catches, and to get a clearer view on the timing and location of the anticipated recovery.

There continues to be a strong demand for larger sizes of horse mackerel (unique to South Africa) in our traditional markets, resulting in good pricing.

NAMIBIAN HORSE MACKEREL: CHALLENGES WHICH ARE BEING ADDRESSED

The 2017 Namibian horse mackerel total allowable catch (TAC) increased from 340 000 tons to 355 000 tons. In recent years, the reduction in our own quota and the cost of purchased quota has put significant pressure on operating margins. In this context, it is pleasing that our reduced fleet of two vessels has continued to perform well in terms of landings, efficiency, product quality and cost management. Going forward, there appears to be a moderation in quota usage fee expectations as a result of the market being under pressure as well as uncertainty with regards to government levies.

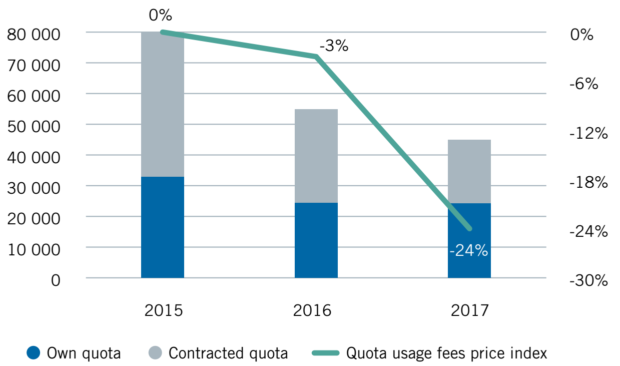
Volumes were further impacted by poor vessel utilisation as a result of an extended statutory dry-dock for both of the vessels in the fleet and a reduction in catch rates. Pricing remained under pressure due to tough trading conditions in markets such as the Democratic Republic of Congo and Mozambique, as well as an oversupply of fish.

With the stronger rand reducing our revenues from the dollar priced product, and with the weighted average price negatively impacted by the change in size mix, we have faced the double impact this year on revenue. As part of our continued localisation drive, a new Namibian managing director was appointed this year. Under the leadership of the new managing director the Erongo Marine Harambee Workers Trust, which is now a shareholder in a horse mackerel rights holding company was created and has approximately 160 beneficiaries.

● Achieved ●+ Achieved and ongoing

Beneficiaries consist of only Namibian nationals, employed by EME who are not in management positions and as a result, the majority of the beneficiaries, consist of the Namibian fleet's crew.

NAMIBIAN HORSE MACKEREL QUOTA (TONS)



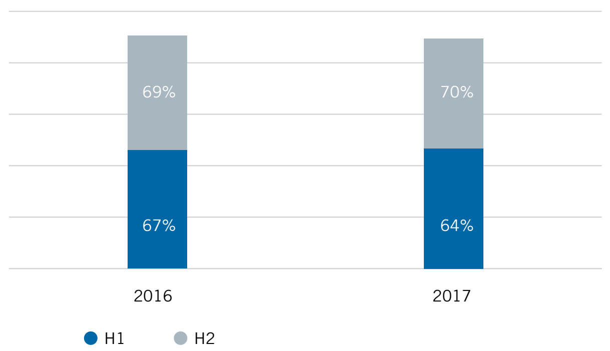
HAKE: A YEAR OF TWO HALVES

Our strategy of growing our sea-frozen headed and gutted (H&G) volume, following our Foodcorp acquisition, is delivering good results through our quality offering. Most hake and by-catch is frozen at sea, improving freshness and quality and increasing the added value. Market demand in Europe remains solid, and South Africa's conservatively managed hake resource is seen to be in a stable condition. Our hake operations continue to hold certificates in compliance with the Marine Stewardship Council (MSC) chain of custody requirements.

The 2017 hake deep sea TAC was reduced this year to 117 194 tons, down from 123 020 tons last year. Our total quota for the year (comprising own, JV and contracted quota) was 14 626 tons.

Profitability of the hake division was below the prior year as a result of the stronger rand and poor vessel utilisation, due to planned refits and unexpected breakdowns. Following the unexpected breakdowns, we have restructured our technical team and improved our scheduled maintenance processes.

VESSEL UTILISATION (%)



Upgrades to the *Beatrice Marine* paid off during the latter part of the year resulting in full year landings returning to levels experienced in 2016 following a poor first half of the year.

OUTLOOK

An important strategic priority is to secure future fishing rights for Namibian horse mackerel as part of the 2018 rights renewal process. We are working closely with the Namibian government in an effort to align our activities with their developmental objectives. We are reviewing opportunities to promote localised job creation, employee participation and infrastructure development in line with the Harambee Prosperity Plan and Namibian Equitable Economic Empowerment Framework. If we are able to secure a long-term commitment in terms of quota allocation, the viability of investing in a job-creating land-based processing factory will be significantly enhanced.

In our South African hake fishery, the principal uncertainty relates to the outcome of DAFF's long-term rights renewal process in 2020. With three years left on our current rights, we are working to maximise the potential of ensuring a renewal of our current rights. In an effort to deliver most effectively on government's transformation requirements, we continue to engage actively with government to get further clarity on expectations in this dynamic landscape. We have been closely monitoring the outcome of the recent Viking court case to assess the implications for delivering on our commitment to promoting broad-based black economic empowerment.

In 2018 we will be focusing on improving vessel utilisation of the hake fleet, driving efficiencies and extracting value from our land-based factory. As part of our efficiency drive, we will be critically assessing the vessels in the hake fleet and ensuring improved preventative maintenance and engineering practices aimed at keeping our vessels at sea.

DELIVERING VALUE INTO THE FUTURE: OUR STRATEGIC OBJECTIVES

- Securing our future fishing rights in Namibia in the 2018 rights renewal process.
- Understanding the long-term sustainability of the horse mackerel resource in South Africa.
- Improve vessel utilisation and efficiencies in hake and secure our long-term fishing rights in 2020.

LOBSTER AND SQUID

CALAMARI FISHING
AN OCEANA GROUP COMPANY

OCEANA LOBSTER
AN OCEANA GROUP COMPANY

DELIVERING ON OUR 2016 COMMITMENTS

STRATEGIC FOCUS AREA	STATUS
Renew WCRL's long-term rights (secured 15-year rights in terms of the final allocation decision)	Achieved and ongoing
Securing additional contracted quota through joint venture investment within the new small-scale fishing sector-planned implementation from the 2016/2017 fishing season (delayed implementation)	Ongoing

OUR 2017 PERFORMANCE

REVENUE	R144.9m (2016: R136.6m*)	OPERATING PROFIT	R37.8m (2016: R21.1m*)
LOBSTER SALES VOLUMES	↑ 5%	SQUID SALES VOLUME	↑ 31%

LOBSTER: A CHALLENGING ENVIRONMENT

For the 2016/2017 season, the commercial offshore allocation for WCRL was reduced by 3.2% from 1 243 tons to 1 204 tons with the 39 tons reallocated to small-scale fishers. This year we landed our full allocation of own and contracted quota.
In the current year the TAC for South Coast rock lobster reduced by 3% resulting in a decrease in volumes year-on-year. Although demand for live WCRL remained steady, the dollar price declined following heightened competitive pressure from other regions, particularly Asia and Australia. We continued to deliver cost-savings through our strong efficiency drive at our factories and on our vessels.

In October 2017, the final outcome of the fishing rights application process (FRAP) was announced. We secured a 15-year right in terms of the final allocation decision.
It has proposed a 30% reduction in the commercial offshore allocation for existing WCRL rights holders, with 20% to be redistributed to small-scale fishers and 10% to new entrants in the commercial offshore sector.

The most significant challenge that Oceana faced this year was confirmation of the SASSI red-listing of WCRL. We are engaging extensively with representatives from government, WWF and relevant sector associations in the hope of agreeing and securing commitment to an effective fisheries improvement project (FIP) that will strengthen the stock availability and qualify the red listing to 'resource under improvement', and in time back to an orange and eventually a green listing.

SQUID: ANOTHER GOOD YEAR

The squid business reported a third consecutive year of strong results, reflecting improved biomass availability and catches, as well as enhanced operational efficiencies.
The increase in european market prices helped to offset the stronger rand. The reduced fixed-cost structure that has been achieved over the past few years has provided a strong base for further growth.

The outlook remains positive, with a stable fishing resource and favourable expectations in terms of volume and pricing.

OUTLOOK

The recent red listing of WCRL, and the final reduced WCRL rights allocation for existing commercial offshore rights holders, pose important challenges for the division. Failing to secure a clear commitment to an effective and enforceable fisheries improvement project will raise questions about the nature of our longer-term involvement in the sector. While we believe we can play an important role in contributing to the longer-term viability of the biomass, this will require the active participation and agreement of all affected stakeholders. The anticipated reduction in Oceana's own and contracted quota, will require rationalisation of our financial, human and physical capital assets to maintain our viability in the sector.
We will be looking to redeploy some of these assets into the small-scale sector, as part of the government's promotion of small-scale fisheries.

In terms of squid, the principal uncertainties relates to the outcome of DAFF's long-term rights renewal in 2020. We have two years left on our current rights, and are working to maximise the potential to ensure a renewal of our current rights.

DELIVERING VALUE INTO THE FUTURE: OUR STRATEGIC OBJECTIVES

We will sustain and grow the business by:

- Securing WCRL long-term fishing rights.
- Right-sizing of the operations.
- Optimising vessel utilisation in squid and seeking to secure rights in the 2020 rights renewal process.

** Excludes Lamberts Bay Foods which was sold in 2016*

Achieved and ongoing   Ongoing



COMMERCIAL COLD STORAGE AND LOGISTICS

CCS LOGISTICS
AN OCEANA GROUP COMPANY

DELIVERING ON OUR 2016 COMMITMENTS

STRATEGIC FOCUS AREA	STATUS
Explore viable expansion opportunities in South Africa and the rest of the African continent	Achieved and ongoing
Focus on cost efficiency whilst maintaining high occupancy levels	Achieved and ongoing

OUR 2017 PERFORMANCE

REVENUE	R401.6m (2016: R434.8m)	OPERATING PROFIT	R99.2m (2016: R132.4m)
OCCUPANCY	↓ 24%	REVENUE/FROZEN PALLET	↑ 8.1%

A DOWNTURN IN OCCUPANCY LEVELS IN CERTAIN REGIONS

This has been a challenging year for the division, off the back of the previous 'outlier' year that saw almost full occupancy across all our regions. We felt the impact of a general downturn in the economy, with lower volumes at varying levels across most of our stored product categories. We were particularly affected by the significant decline in chicken volumes, following new brining regulations on locally produced chicken, as well as the impact of the previous year's drought on maize prices and the recent incidents of bird flu. At the same time, we are seeing a much more competitive environment particularly in Gauteng following the significant level of capital that had been invested into competitive infrastructure. The resulting excess capacity in the market has placed substantial pressure on pricing.

Occupancy levels decreased on average from the record 100% in 2016 to 76% this year. Our Gauteng operations, particularly the two recently opened Midrand facilities, have seen low occupancy levels (40% on average over the year) as well as sustained price pressure. Our five facilities in Cape Town remained stable, though it saw a reduction in the storage of Lucky Star frozen fish as a result of improved inventory management by the Lucky Star division. Our Durban facilities achieved good profit growth as a result of improved import volumes and material cost efficiencies from better overhead management. The Walvis Bay facility continued to experience high occupancy levels and good cost management.
Our recently opened facility in Luanda, Angola, produced strong profits after last year's initial losses. Occupancy levels increased 54% as a result of increased capacity under our control and a growing customer base.

DRIVING EFFICIENCIES AND GROWING NEW REVENUE STREAMS

We continue to drive operational efficiencies through a strong focus on improved staff productivity and more effective repair and maintenance practices. No significant health, safety or product quality incidents were experienced during the year, and we exceeded benchmarks for risk audits at all facilities.

Our expanded customer service offering, with the new revenue streams introduced during the 2015 financial year, continued to perform well with transport revenue accounting for approximately 9% of the total revenue, albeit at lower margins than our more established storage and handling services. We have been bedding down the expanded service offering, and continue to explore opportunities for further growth and innovation.

OUTLOOK

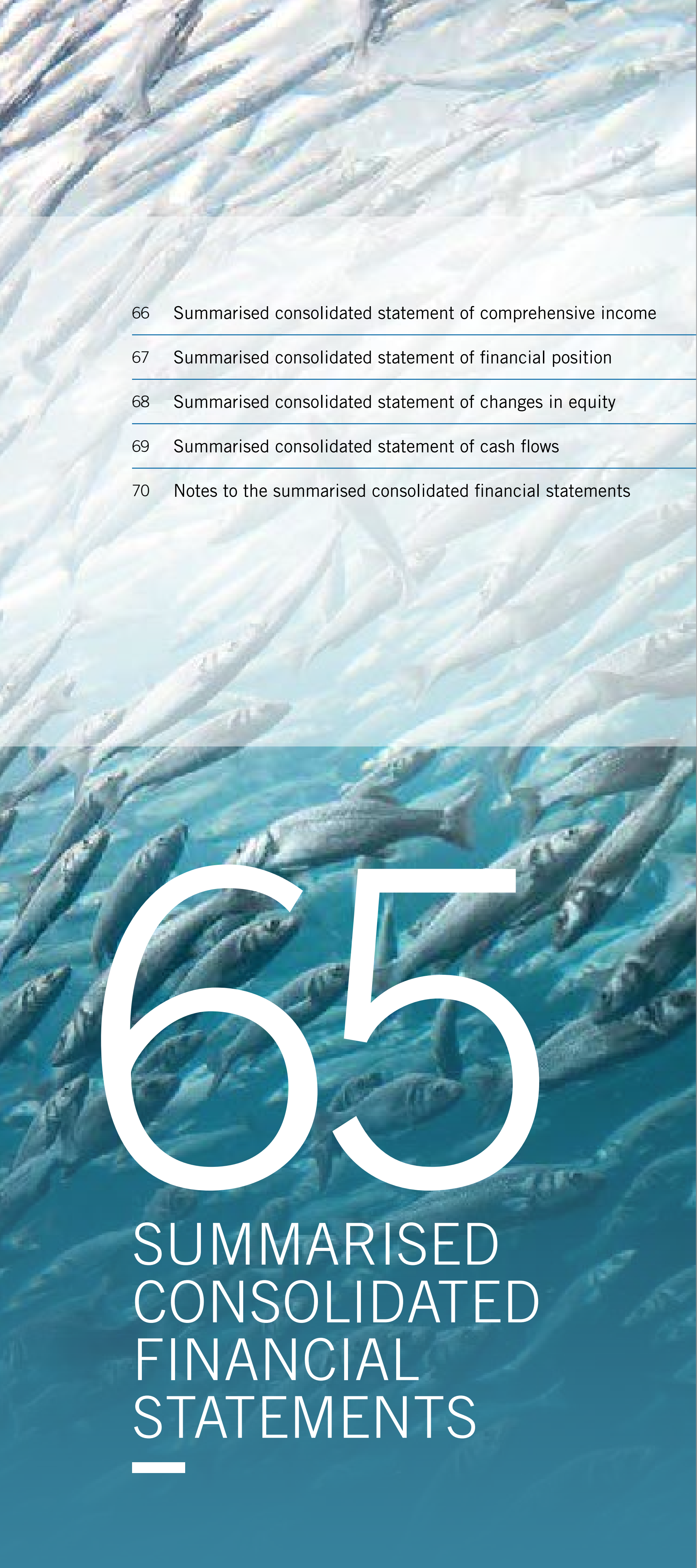
Our strategic focus to 2020 is to further expand our service offering, realise opportunities to scale our capacity expansion in South Africa and elsewhere in Africa, and to maintain a strong focus on driving operational efficiency. Despite the challenges this year, we believe that there are good opportunities for revenue growth, leveraging of our key assets, namely: our strong customer base, our existing infrastructure and market share, and our recognised expertise and experience in logistics management.

DELIVERING VALUE INTO THE FUTURE: OUR STRATEGIC OBJECTIVES

We will realise growth opportunities by:

- Expanding our service offering;
- Scaling our capacity in South Africa and elsewhere in Africa; and
- Continuing to focus on operational efficiency.

Achieved   Achieved and ongoing



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SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2017

	Notes	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000	Change %
Revenue		**6 807 927**	8 243 988	(17)
Cost of sales		**4 360 013**	5 051 014	(14)
Gross profit		**2 447 914**	3 192 974	(23)
Sales and distribution expenditure		**548 078**	599 036	(9)
Marketing expenditure		**48 299**	62 702	(23)
Overhead expenditure		**795 533**	1 022 029	(22)
Net foreign exchange loss/(gain)		**60 940**	(72 723)	(184)
Operating profit before associate and joint venture income		**995 064**	1 581 930	(37)
Associate and joint venture income		**6 364**	47 561	(87)
Operating profit before other operating items		**1 001 428**	1 629 491	(39)
Other operating income/(expense) items	3	**8 701**	100 187	(91)
Operating profit		**1 010 129**	1 729 678	(42)
Investment income		**29 248**	22 089	32
Interest paid		**(372 405)**	(385 202)	(3)
Profit before taxation		**666 972**	1 366 565	(51)
Taxation		**187 622**	408 276	(54)
Profit after taxation		**479 350**	958 289	(50)
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Movement on foreign currency translation reserve		**(145 763)**	716	
Movement on foreign currency translation reserve from associate and joint ventures		**(8 234)**	(24 847)	
Movement on cash flow hedging reserve		**9 438**	(49 517)	
Movement on fuel hedging reserve			1 757	
Income tax related to loss recognised in equity		**70**	2 508	
Other comprehensive loss, net of taxation		**(144 489)**	(69 383)	
Total comprehensive income for the year		**334 861**	888 906	(62)
Profit after taxation attributable to:				
Shareholders of Oceana Group Limited		**468 310**	916 446	(49)
Non-controlling interests		**11 040**	41 843	(74)
		479 350	958 289	(50)
Total comprehensive income attributable to:				
Shareholders of Oceana Group Limited		**323 821**	847 063	(62)
Non-controlling interests		**11 040**	41 843	(74)
		334 861	888 906	(62)
Earnings per share (cents)				
– Basic		**401.3**	785.8	(49)
– Diluted		**366.5**	715.5	(49)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2017

	Notes	30 Sep 2017 R'000	30 Sep 2016 R'000
ASSETS			
Non-current assets		**6 493 594**	6 735 686
Property, plant and equipment		**1 604 099**	1 669 373
Intangible assets		**4 434 878**	4 605 275
Derivative assets	4	**1 837**	7 636
Deferred taxation		**27 616**	27 714
Investments and loans		**425 164**	425 688
Current assets		**3 549 631**	4 371 115
Inventories		**1 201 049**	1 393 337
Accounts receivable		**1 071 444**	1 551 170
Taxation		**55 098**	113 666
Cash and cash equivalents		**1 222 040**	1 312 942
Total assets		**10 043 225**	11 106 801
EQUITY AND LIABILITIES			
Capital and reserves		**3 756 629**	4 007 699
Stated capital		**1 184 194**	1 188 680
Foreign currency translation reserve		**265 912**	419 909
Capital redemption reserve			130
Cash flow hedging reserve		**(12 148)**	(21 656)
Share-based payment reserve		**92 586**	102 083
Distributable reserves		**2 134 148**	2 215 919
Interest of own shareholders		**3 664 692**	3 905 065
Non-controlling interests		**91 937**	102 634
Non-current liabilities		**3 924 245**	5 121 783
Liability for share-based payments		**17 019**	100 126
Long-term loan		**3 209 875**	4 145 142
Derivative liabilities	5	**6 283**	176 301
Deferred taxation		**691 068**	700 214
Current liabilities		**2 362 351**	1 977 319
Accounts payable and provisions		**1 221 941**	1 341 938
Current portion – long-term loan		**954 026**	584 652
Current portion – derivative liability	5	**164 181**	
Taxation		**22 203**	50 729
Total equity and liabilities		**10 043 225**	11 106 801

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
Balance at the beginning of the year	**4 007 699**	3 564 286
Total comprehensive income for the year	**334 861**	888 906
Profit after taxation	**479 350**	958 289
Movement on foreign currency translation reserve	**(145 763)**	716
Movement on foreign currency translation reserve from associate and joint ventures	**(8 234)**	(24 847)
Movement on cash flow hedging reserve	**9 438**	(49 517)
Movement on fuel hedging reserve		1 757
Income tax related to loss recognised in equity	**70**	2 508
Decrease in treasury shares held by share trusts	**1 235**	1 281
Share-based payment expense	**9 664**	28 973
Share-based payment exercised	**(24 740)**	
Profit on sale of treasury shares	**1 153**	1 136
Non-controlling interest on disposal of business		(56)
Oceana Empowerment Trust dividend distribution	**(29 734)**	(24 632)
Dividends	**(543 509)**	(452 195)
Balance at the end of the year	**3 756 629**	4 007 699
Comprising:		
Stated capital	**1 184 194**	1 188 680
Foreign currency translation reserve	**265 912**	419 909
Capital redemption reserve		130
Cash flow hedging reserve	**(12 148)**	(21 656)
Share-based payment reserve	**92 586**	102 083
Distributable reserve	**2 134 148**	2 215 919
Non-controlling interests	**91 937**	102 634
Balance at the end of the year	**3 756 629**	4 007 699

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2017

	Notes	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
Cash flow from operating activities			
Operating profit before associate and joint venture income		**995 064**	1 581 930
Adjustment for non-cash and other items		**151 605**	144 647
Cash operating profit before working capital changes		**1 146 669**	1 726 577
Working capital changes		**560 579**	(95 483)
Cash generated from operations		**1 707 248**	1 631 094
Investment income received		**37 966**	86 470
Interest paid		**(344 895)**	(337 497)
Taxation paid		**(148 456)**	(707 658)
Special distribution of profits to Oceana Empowerment Trust Beneficiaries			(15 469)
Dividends paid		**(573 243)**	(476 827)
Net cash inflow from operating activities		**678 620**	180 113
Cash outflow from investing activities		**(191 097)**	(56 352)
Replacement capital expenditure		**(139 746)**	(196 424)
Expansion capital expenditure		**(14 730)**	(13 883)
Replacement of intangible assets		**(38 772)**	(31 281)
Proceeds on disposal of property, plant and equipment		**15 900**	1 382
(Payment)/proceeds on disposal of non-current assets held for sale	6	**(2 900)**	114 314
Proceeds on disposal of businesses			73 371
Movement on loans and advances		**(11 167)**	6 564
Increased contribution to joint venture			(10 078)
Decrease/(increase) of investment		**318**	(317)
Cash (outflow)/inflow from financing activities		**(553 613)**	1 954
Proceeds from issue of share capital		**2 387**	2 417
Short-term borrowings repaid		**(831 260)**	(281 438)
Long-term loan raised		**300 000**	300 000
Equity-settled share-based payment		**(24 740)**	
Cost associated with debt raising			(19 025)
Net (decrease)/increase in cash and cash equivalents		**(66 090)**	125 715
Net cash and cash equivalents at the beginning of the year		**1 312 942**	1 181 273
Effect of exchange rate changes		**(24 812)**	5 954
Net cash and cash equivalents at the end of the year		**1 222 040**	1 312 942

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2017

1. BASIS OF PREPARATION

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summarised financial information was prepared under the supervision of the chief financial officer, I Soomra CA(SA).

The auditors, Deloitte & Touche, have issued their unmodified audit opinion on the consolidated financial statements for the year ended 30 September 2017. The audit was conducted in accordance with International Standards on Auditing. These preliminary summarised financial statements have been derived from the consolidated financial statements, with which they are consistent in all material respects. Copies of the audit reports and the full consolidated financial statements are available for inspection at the company's registered office. The audit report does not necessarily cover all the information contained in this announcement. 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 company's website or from the registered office of the company.

2. SEGMENTAL RESULTS

2017 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Deferred taxation R'000	Financing[3] R'000	Total R'000
Operating results								
Revenue	3 768 707	1 438 605	1 054 153	144 907	401 555			6 807 927
Operating profit before other operating items	276 622	390 230	197 559	37 827	99 190			1 001 428
Other operating items	11 601				(2 900)			8 701
Operating profit	288 223	390 230	197 559	37 827	96 290			1 010 129
Investment income	19 792	7	7 907	54	1 488			29 248
Interest paid	(277 276)	(88 843)	(6 027)	(37)	(222)			(372 405)
Profit before taxation	30 739	301 394	199 439	37 844	97 556			666 972
Taxation	(11 142)	94 333	59 886	10 540	34 005			187 622
Profit after tax for the year	41 881	207 061	139 553	27 304	63 551			479 350
The above profit for the year include the following:								
Depreciation and amortisation	61 170	95 187	55 834	2 741	20 906			235 838

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2017

2017 Segment	**Canned fish and fishmeal (Africa) R'000**	**Fishmeal and fish oil (USA) R'000**	**Horse mackerel and hake R'000**	**Lobster and squid R'000**	**Commercial cold storage and logistics R'000**	**Deferred taxation R'000**	**Financing[3] R'000**	**Total R'000**
Statement of financial position								
Total assets	**1 888 696**	**5 964 460**	**545 056**	**39 322**	**241 036**	**27 616**	**1 337 039**	**10 043 225**
Total liabilities	**647 896**	**435 671**	**232 444**	**29 944**	**68 313**	**691 068**	**4 181 260**	**6 286 596**
The above amounts of assets and liabilities include the following:								
Interest in associate and joint ventures	**127 530**	**182 209**		**1**				**309 740**

2017 Region	**South Africa and Namibia R'000**	**Other Africa R'000**	**North America R'000**	**Europe R'000**	**Far East R'000**	**Other R'000**	**Total R'000**
Revenue[1]	**3 641 248**	**412 486**	**1 137 749**	**753 315**	**623 775**	**239 354**	**6 807 927**
Non-current assets[2]	**888 863**		**5 150 114**				**6 038 977**

2016 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Disposed operations^4	Deferred taxation R'000	Financing3 R'000	Total R'000
Operating results									
Revenue	4 275 576	1 930 923	1 227 310	136 622	434 780	238 777			8 243 988
Operating profit before other operating items	528 464	668 152	269 384	21 145	132 430	9 916			1 629 491
Other operating items	28 707		14 863	180	56 437				100 187
Operating profit	557 171	668 152	284 247	21 325	188 867	9 916			1 729 678
Investment income	18 413	68	2 919	312	377				22 089
Interest paid	(285 649)	(95 695)	(3 597)	(14)	(239)	(8)			(385 202)
Profit before taxation	289 935	572 525	283 569	21 623	189 005	9 908			1 366 565
Taxation	85 081	186 756	74 843	6 991	52 112	2 493			408 276
Profit after tax for the year	204 854	385 769	208 726	14 632	136 893	7 415			958 289
The above profit for the year include the following:									
Depreciation and amortisation	62 771	104 210	62 857	2 904	26 203	1 440			260 385
Statement of financial position									
Total assets	2 500 368	6 301 086	550 458	40 958	268 871		27 714	1 417 346	11 106 801
Total liabilities	829 927	413 793	289 200	25 455	90 170		700 214	4 750 343	7 099 102
The above amounts of assets and liabilities include the following:									
Interest in associate and joint ventures	138 415	181 420	828	1					320 664

2016 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue[1]	4 305 056	480 669	1 218 840	1 139 988	959 091	140 344	8 243 988
Non-current assets[2]	873 666		5 400 982				6 274 648

The segments have been identified based on both the geographic region of primary group operations and the different products sold and services rendered by the group.

Revenue excludes the following inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation:

Canned fish and fishmeal R1.3 billion (2016: R1.2 billion), horse mackerel and hake R23.1 million (2016: R16.8 million) and commercial cold storage and logistics R68.3 million (2016: R108.0 million).

Notes:

[1] Revenue per region discloses the region in which product is sold and services rendered.

[2] Non-current asset per region discloses where the subsidiary is located, includes property, plant and equipment and intangible assets.

[3] Financing includes cash and cash equivalents and loans receivable and payable.

[4] Disposed operations includes segmental information pertaining to the French fries operation (Lamberts Bay Foods Limited) and the CCS fruit operation disposed of in the prior year.

	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
3. OTHER OPERATING INCOME/(EXPENSE) ITEMS		
Transaction costs arising from business combination		(2 040)
Profit on the disposal of immovable property	**11 601**	
Loss on disposal of fishing vessel		(3 536)
(Loss)/profit on disposal of non-current assets held for sale[1]	**(2 900)**	74 836
Profit on disposal of business interests		31 521
Impairment of equipment		(594)
	8 701	100 187

Note:

[1] The R2.9 million relates to a claim settled in the current year in relation to the prior year sale of the CCS fruit business

Transactions outside the ordinary course of business that are substantially capital or non-recurring in nature and are identified by management as warranting separate disclosure are disclosed under other operating items in the statement of comprehensive income. These comprise profits or losses on disposal and scrapping of property, plant and equipment, intangibles assets and non-current assets held for sale, impairments or reversal of impairments, profits or losses on disposal of investments, operations or subsidiaries and business combination related costs or gains.

4. DERIVATIVE ASSETS

	2017 R'000	2016 R'000
Non-current		
Interest rate caps held as hedging instruments		
Opening balance	**7 636**	
Additions		18 569
Fair value adjustments recognised in profit or loss (ineffective portion)	**(243)**	(2 732)
Fair value adjustments recognised in other comprehensive income (effective portion)	**(5 556)**	(8 201)
Closing balance	**1 837**	7 636

Interest rate caps and swaps recorded in the cash flow hedging reserve, derivative assets and derivative liabilities (note 7) are regarded as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of interest rate caps and swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Interest rate caps were executed in the prior year, with a maturity date of 20 July 2018 and 20 July 2020. Interest rate caps were designated as cash flow hedges and executed to hedge the interest that is payable under various debt facilities with principal values of R1 810 million. The amount of the principal value designated as a hedged item is R980 million. Gains or losses on interest rate caps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified to profit or loss in the same period that the hedge cash flows affect profit or loss.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2017

	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
5. DERIVATIVE LIABILITIES		
Opening balance	**176 301**	209 963
Loss recognised in other comprehensive income	**246**	6 513
Gain recognised in profit or loss		(42 623)
Transferred to current liabilities	**(164 181)**	
Foreign currency translation adjustment	**(6 083)**	2 448
Closing balance	**6 283**	176 301
Put option		170 053
Interest rate swap	**6 283**	6 248
Closing balance	**6 283**	176 301

The put option recorded in derivative liabilities is regarded as a level 3 financial instrument for fair value measurement purposes. Level 3 financial instruments are those derived from inputs that are not based on observable market data (unobservable inputs). The fair value of the put option is determined using discounted cash flow analysis.

In terms of the Westbank operating agreement the remaining shareholders of Westbank Fishing Limited Liability Company ("Westbank") could put their 75% equity stake in Westbank to Daybrook Fisheries Incorporated ("Daybrook") or its nominee for a fixed price of USD31.5 million ("put option strike price"). Effective 1 November 2016, the Westbank Fishing Limited Liability Company exercised the put option in terms of the Westbank operating agreement. The exercise of the put option triggers the payment of the put option strike price plus the put option premium as well as any unpaid distributions on the put closing date, being 15 November 2017. The put option derivative liability amounting to R164.2 million has been classified as a current liability at 30 September 2017 due to the expected settlement thereof within 12 months from the end of the reporting date.

The put option liability was remeasured to fair value at 30 September 2017 by measuring the put option strike price plus the put premium to the fair value of Westbank Fishing Limited Liability Company. Westbank Fishing Limited Liability Company was valued using a discounted cash flow model and unobservable inputs including forecast annual revenue growth rates of 2.0% (2016: 1.8% to 2.0%), forecast EBITDA margin of 18.0% and 22.2% (2016: 22.6% to 25.6%) and a risk-adjusted discount rate of 7.8% (2016: 8.2%). A change in the discount rate by 1% would increase or decrease the fair value by R74.0 million (2016: R70.0 million). No fair value adjustment (2016: R42.6 million gain) was recognised in operating profit.

The notional principal amount of the interest rate swaps at 30 September 2017 amounts to R938 million (2016: R1 136 million). This comprises hedges on the term debt of R1 564 million (2016: R1 894 million). The swap is to hedge the interest that is payable under the debt facility. During the period a fair value loss of R0.2 million (2016: R6.5 million gain) was recognised in other comprehensive income.

	2017 R'000	2016 R'000
6. DISPOSAL OF NON-CURRENT ASSETS HELD FOR SALE		
6.1 Seasonal fruit business (CCS)		
The group disposed of the commercial cold storage fruit business in the prior year.		
Non-current assets held for sale		13 163
Consideration (paid)/received	**(2 900)**	69 609
Net (loss)/profit on disposal	**(2 900)**	56 446
6.2 Vessel – Desert Rose		
The group disposed of the Mfv Desert Rose fishing vessel in the prior year.		
Non-current assets held for sale		26 315
Consideration received		44 705
Net profit on disposal		18 390
Net cash (outflow)/inflow from non-current assets held for sale	**(2 900)**	114 314

	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
7. DETERMINATION OF HEADLINE EARNINGS		
Profit after taxation attributable to shareholders of Oceana Group Limited	468 310	916 446
Adjusted for:		
Profit on the disposal of immovable property	(11 601)	
Insurance proceeds	(998)	(1 330)
Profit on disposal of non-current assets held for sale		(74 836)
Headline earnings adjustments – joint venture	(1 144)	(16 030)
Profit on disposal of business interests		(31 521)
Profit on change of interest in investment	(122)	
Impairment of equipment		594
Net loss on disposal of property, plant and equipment and intangible assets	1 200	7 030
Total non-controlling interest on above	195	4 362
Total tax effect of adjustments	1 469	15 593
Headline earnings for the year	457 309	820 308
Headline earnings per share (cents)		
– Basic	391.9	703.4
– Diluted	357.9	640.5

	Year ended 30 Sep 2017 R'000	Year ended 30 Sep 2016 R'000
8. DIVIDENDS		
Estimated dividends declared after reporting date		416 519
Dividends per share (cents)	90.0	469.0
Number of shares in issue net of treasury shares	116 753	116 672
9. SUPPLEMENTARY INFORMATION		
Amortisation	57 568	57 051
Depreciation	178 270	203 334
Operating lease charges	129 059	112 039
Share-based expenses	2 187	87 512
Cash-settled compensation scheme	(7 475)	58 539
Equity-settled compensation scheme	8 999	26 600
Oceana Empowerment Trust	663	2 373
Capital expenditure	193 248	241 588
Expansion	14 730	13 883
Replacement	178 518	227 705
Budgeted capital commitments	161 047	226 708
Contracted	14 445	25 386
Not contracted	146 602	201 322

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 30 September 2017

	Number of shares '000	Number of shares '000
10. ELIMINATION OF TREASURY SHARES		
Weighted average number of shares in issue	**135 526**	135 526
Less: Weighted average treasury shares held by share trusts	**(13 732)**	(13 806)
Less: Weighted average treasury shares held by subsidiary company	**(5 094)**	(5 094)
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	**116 700**	116 626
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	**127 769**	128 076

11. RELATED-PARTY TRANSACTIONS

The group entered into various transactions with related parties in the ordinary course of business, on arm's-length basis. The nature of related-party transactions is consistent with those reported previously.

12. CONTINGENT LIABILITIES AND GUARANTEES

The group has given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the company.

13. EVENTS AFTER THE REPORTING DATE

In terms of an addendum to the Wesbank Fishing Limited Liability Company operating agreement entered into on 31 October 2017, the put closing date was extended to 15 February 2018 on which date the put option strike price (USD31.5 million) as well as any unpaid distributions will be due for payment. In addition it was agreed that the put option premium (USD15.0 million) will be paid no later than 15 January 2018. No other events occurred after the reporting date that may have and impact on the groups' reported financial position at 30 September 2017 or require separate disclosure in these financial statements.

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SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS

at 30 September 2017

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 099	58.7	377 852	0.3
1 001 – 10 000 shares	542	29.0	1 743 425	1.3
10 001 – 100 000 shares	174	9.3	5 751 013	4.2
100 001 – 1 000 000 shares	45	2.4	13 462 967	9.9
1 000 001 shares and over	12	0.6	114 190 897	84.3
	1 872	100.0	135 526 154	100.0
DISTRIBUTION OF SHAREHOLDERS				
Banks	42	2.2	9 074 083	6.7
Brokers	16	0.9	288 610	0.2
Close corporations	20	1.1	31 726	0.0
Empowerment	1	0.1	23 007 113	17.0
Individuals	1 336	71.2	2 381 245	1.8
Insurance companies	16	0.9	645 335	0.5
Investment companies	4	0.2	95 259	0.0
Mutual funds	140	7.5	14 393 075	10.6
Nominees and trusts	153	8.2	471 101	0.3
Other corporate bodies	25	1.3	274 986	0.2
Pension funds	62	3.3	8 645 849	6.4
Private companies	53	2.8	340 209	0.3
Public companies	1	0.1	57 104 774	42.1
Treasury shares held by share trusts	2	0.1	13 678 439	10.1
Treasury shares held by subsidiary	1	0.1	5 094 350	3.8
	1 872	100.0	135 526 154	100
SHAREHOLDER TYPE				
Non-public shareholders	38	2.2	99 184 176	73.2
Directors and employees	33	1.8	299 500	0.2
Treasury shares held by share trusts	2	0.1	13 678 439	10.1
Treasury shares held by subsidiary	1	0.1	5 094 350	3.8
Empowerment	1	0.1	23 007 113	17.0
Other holdings greater than 10%	1	0.1	57 104 774	42.1
Public shareholders	1 834	97.8	36 341 978	26.8
	1 872	100.0	135 526 154	100.0
SHAREHOLDERS HOLDING IN EXCESS OF 5%				
Tiger Brands Limited			57 104 774	42.1
Brimstone Investment Corporation Limited			23 007 113	17.0
Oceana Empowerment Trust			13 661 939	10.1

CORPORATE INFORMATION AND ADVISORS

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
Email: companysecretary@oceana.co.za
Website: www.oceana.co.za

Company registration number
1939/001730/06

JSE share code
OCE

NSX share code
OCG

Company ISIN
ZAE000025284

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, 2196
PO Box 61051, Marshalltown, 2107
Telephone: 011 370 5000
Facsimile: 011 688 5216

Secretary
JC Marais (45)
BA LLB
Appointed in 2011

Bankers
The Standard Bank of South Africa Limited
Investec Bank Limited
BMO Harris Bank N.A.

Auditors
Deloitte & Touche

JSE sponsor
The Standard Bank of South Africa Limited

NSX sponsor
Old Mutual Investment Services (Namibia) Proprietary Limited

SPONSOR

Standard Bank

TRANSFER SECRETARIES

Computershare

SPONSOR IN NAMIBIA

OLDMUTUAL
Old Mutual Investment Services (Namibia) (Pty) Ltd
Sponsor, Member of the Namibian Stock Exchange

CORPORATE LAW ADVISOR

ens AFRICA

RECEIVING OFFICE IN NAMIBIA

Transfer Secretaries Proprietary Limited

GLOSSARY

AFS	Annual financial statements
B-BBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BCP	Blue Continent Products Proprietary Limited
CCS	Commercial Cold Storage Group Limited
CDP	Formerly known as the Carbon Disclosure Project
CEO	Chief executive officer
CFO	Chief financial officer
CSI	Corporate social investment
DAFF	Department of Agriculture, Forestry and Fisheries (South Africa)
DEA	Department of Environmental Affairs (DEA)
DIFR	Disabling Injury Frequency Rate
Dti	Department of Trade and Industry (South Africa)
DPW	Department of Public Works (South Africa)
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECS	Environmental control system
ERP	Enterprise resource planning
EU	European Union
FAQ	Fairly average quality
FAWU	Food and Allied Workers Union
FCP	Fisheries Conservation Project
FRAP	Fishing Rights Allocation Process
GHG	Greenhouse gas
GP	Guaranteed pay
GSMFC	Gulf States Marine Fisheries
HEPS	Headline earnings per share
HR	Human resources
IFFO-RS	The International Fishmeal and Fish Oil Organisation Responsible Supply
IFRS	International Financial Reporting Standards
IQF	Individually quick frozen
IR	Integrated reporting
ISO	International Organization for Standardization
IUU	Illegal, unreported and unregulated
JSE	Johannesburg Stock Exchange
LTI	Long-term incentive
MPA	Marine protected area
MSC	Marine Stewardship Council
NAFAU	Namibia Food & Allied Workers Union
NATAW	Namibia Transport & Allied Workers Union
NCFAWU	National Certificated Fishing And Allied Workers Union
NGO	Non-governmental organisation
NPAT	Net profit after tax
NRCS	National Regulator for Compulsory Specifications
NSX	Namibian Stock Exchange
PMCL	Precautionary maximum catch limit
R&D	Research and development
RFA	Responsible Fisheries Alliance
RONA	Return on net assets
SASSI	Southern African Sustainable Seafood Initiative
SENS	Stock Exchange News Service
SME	Small- and medium-sized enterprise
STI	Short-term incentive
TAC	Total allowable catch
TALFU	Trawler and Line Fishermen's Union
UDF & CWU	United Democratic Food and Combined Workers Union
UNGC	United Nations Global Compact
VWAP	Volume weighted average price
WWF	World Wide Fund for Nature