



Reviewed group results and dividend declaration

for the year ended 30 September 2006

The results of the group for the year ended 30 September 2006 are set out herein. This report has been prepared in compliance with International Accounting Standard IAS 34 Interim Financial Reporting. The previous year's figures, which were prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP), have been restated in accordance with IFRS. The financial information has been reviewed by our auditors, Deloitte & Touche, whose unmodified review opinion is available for inspection at the registered office of the company.

CONDENSED GROUP INCOME STATEMENT

Note	2006 Reviewed R'000	2005 Restated R'000	Change %
Revenue	2 544 558	2 576 513	(1)
Operating profit before abnormal items	183 325	180 672	1
Abnormal items	(5 882)	(27 830)	
Operating profit	177 443	152 842	16
Dividends received	6 151	1	
Net interest received	23 340	26 607	
Profit before taxation	206 934	179 450	15
Taxation	70 088	64 541	9
Profit after taxation	136 846	114 909	19
<i>Attributable to:</i>			
Shareholders of Oceana Group Limited	129 791	107 491	21
Outside shareholders in subsidiaries	7 055	7 418	(5)
	136 846	114 909	19
Weighted average number of shares on which earnings per share are based (000's)	113 099	111 525	
Adjusted weighted average number of shares on which diluted earnings per share are based (000's)	113 426	112 246	
Earnings per share (cents)			
Basic	114,8	96,4	19
Diluted	114,4	95,8	19
Dividends per share (cents)	74,0	74,0	–

CONDENSED GROUP CASH FLOW STATEMENT

	2006 Reviewed R'000	2005 Restated R'000
Cash flows from operating activities		
Operating profit before abnormal items	183 325	180 672
Adjustment for non-cash items	60 777	63 898
Cash operating profit before working capital changes	244 102	244 570
Working capital changes	50 606	33 989
Cash generated from operations	294 708	278 559
Interest and dividends received	34 650	29 048
Interest paid	(5 159)	(2 440)
Taxation paid	(46 960)	(62 366)
Dividends paid	(86 034)	(83 587)
Net cash inflow from operating activities	191 205	159 214
Cash outflow from investing activities	(167 811)	(16 119)
Capital expenditure	(94 276)	(46 072)
Proceeds on disposal of property, plant and equipment	1 639	6 413
Net movement on loans and advances	12 789	8 975
Investment in preference shares	(88 000)	–
Disposal of business	–	16 745
Other	37	(2 180)
Net cash flows (applied to) from financing activities	(174 894)	17 822
Proceeds from issue of share capital	9 377	14 420
Proceeds on sale of treasury shares	264	238
Acquisition of treasury shares by share trust	(177 822)	(336)
Short-term borrowings (repaid) raised	(6 713)	3 500
Net (decrease) increase in cash and cash equivalents	(151 500)	160 917
Cash and cash equivalents at the beginning of the year	283 195	117 455
Effect of exchange rate changes	(4 974)	4 823
Cash and cash equivalents at the end of the year	126 721	283 195

GROUP SEGMENTAL REPORT

	2006 Reviewed R'000	2005 Restated R'000
Revenue		
Inshore fishing	1 318 949	1 470 587
Midwater and deep-sea fishing	1 071 362	939 091
Commercial cold storage and logistics	154 247	166 835
Total	2 544 558	2 576 513
Operating profit before abnormal items		
Inshore fishing	77 939	102 518
Midwater and deep-sea fishing	46 705	16 867
Commercial cold storage and logistics	58 681	61 287
Total	183 325	180 672
Total assets		
Inshore fishing	563 887	640 913
Midwater and deep-sea fishing	264 306	270 852
Commercial cold storage and logistics	177 944	126 535
Financing	318 645	423 506
	1 324 782	1 461 806
Deferred taxation	12 850	15 256
Total	1 337 632	1 477 062
Total liabilities		
Inshore fishing	278 909	335 015
Midwater and deep-sea fishing	90 756	60 655
Commercial cold storage and logistics	41 693	27 848
Financing	77 570	111 698
	488 928	535 216
Deferred taxation	29 874	25 502
Total	518 802	560 718

CONDENSED GROUP BALANCE SHEET

	2006 Reviewed R'000	2005 Restated R'000
Asset		
Non-current assets	511 305	396 072
Property, plant and equipment	316 457	285 052
Goodwill	21 911	18 302
Fishing rights and trademarks	40 109	34 537
Deferred taxation	12 850	15 256
Investments and loans	119 978	42 925
Current assets	826 327	1 080 990
Inventories	219 224	242 413
Accounts receivable	403 486	457 996
Non-current assets held for sale	4 950	–
Cash and cash equivalents	198 667	380 581
Total assets	1 337 632	1 477 062
Equity and liabilities		
Capital and reserves		
Share capital and premium	101	55 480
Foreign currency translation reserve	23 018	3 878
Share based payment reserve	11 232	8 619
Capital redemption reserve	90	90
Distributable reserves	760 569	827 318
Interest of own shareholders	795 010	895 385
Interest of outside shareholders	23 820	20 959
Total equity	818 830	916 344
Non-current liabilities	30 961	25 502
Liability for share based payments	1 087	–
Deferred taxation	29 874	25 502
Current liabilities	487 841	535 216
Accounts payable and provisions	415 895	437 830
Bank overdraft	71 946	97 386
Total equity and liabilities	1 337 632	1 477 062
Number of shares in issue net of treasury shares (000's)	101 493	112 104
Net asset value per ordinary share (cents)	783	799
Total liabilities excluding deferred taxation: Total equity (%)	60	58
Total borrowings: Interest of own shareholders (%)	9	11

RECONCILIATION OF SA GAAP TO IFRS (note 1)

	1 October 2004 R'000	30 September 2005 R'000
Equity		
Ordinary shareholders' interest as previously reported	848 613	890 894
<i>IFRS adjustment:</i>		
Recalculation of depreciation of property, plant and equipment, net of deferred taxation	4 828	4 491
Ordinary shareholders' interest restated	853 441	895 385
Outside shareholders' interest as previously reported	14 577	21 192
<i>IFRS adjustment:</i>		
Recalculation of depreciation of property, plant and equipment, net of deferred taxation	(196)	(233)
Outside shareholders' interest restated	14 381	20 959
Liabilities		
Deferred taxation as previously reported	24 287	22 453
<i>IFRS adjustment:</i>		
Taxation effect of temporary differences on recalculation of depreciation of property, plant and equipment	1 214	3 049
Deferred taxation restated	25 501	25 502
Assets		
Property, plant and equipment as previously reported	310 389	279 413
<i>IFRS adjustment:</i>		
Recalculation of depreciation	6 330	5 639
Property, plant and equipment restated	316 719	285 052
Deferred taxation as previously reported	20 990	13 588
<i>IFRS adjustment:</i>		
Taxation effect of temporary differences on recalculation of depreciation of property, plant and equipment	(484)	1 668
Deferred taxation restated	20 506	15 256
Profit attributable to own shareholders		
As previously reported		111 538
<i>IFRS adjustments:</i>		
Recalculation of depreciation of property, plant and equipment, net of deferred taxation		(338)
Cost of share based payments		(3 709)
Restated		107 491

DIVIDEND DECLARATION

Notice is hereby given that a final dividend No. 126 of 59.0 cents per share, in respect of the year ended 30 September 2006, was declared on Friday 10 November 2006. Relevant dates are as follows:

Last day to trade cum dividend	Friday 5 January 2007
Commence trading ex dividend	Monday 8 January 2007
Record date	Friday 12 January 2007
Dividend payable	Monday 15 January 2007

Share certificates may not be dematerialised or re-materialised between Monday 8 January 2007 and Friday 12 January 2007, both dates inclusive.

By order of the board

JD Cole 10 November 2006
Secretary Cape Town

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	2006 Reviewed R'000	2005 Restated R'000
Balance at the beginning of the year as previously reported		863 190
IFRS adjustments (note 1)		4 632
Balance at the beginning of the year in accordance with IFRS	916 344	867 822
Shares issued	9 377	14 420
Increase in treasury shares held by share trust	(177 763)	(336)
Movement on foreign currency translation reserve	19 140	(905)
Movement on share based payment reserve	2 613	3 709
Net profit for the year	136 846	114 909
Profit on sale of treasury shares	205	238
Dividends declared	(87 932)	(83 415)
Disposal of subsidiary – interest of outside shareholders	–	(98)
Balance at the end of the year	818 830	916 344
<i>Comprising:</i>		
Share capital and premium	101	55 480
Foreign currency translation reserve	23 018	3 878
Share based payment reserve	11 232	8 619
Capital redemption reserve	90	90
Distributable reserves	760 569	827 318
Outside shareholders' interest	23 820	20 959
Total	818 830	916 344

NOTES

1. Accounting policies

The prior year annual financial statements were prepared in accordance with SA GAAP. In accordance with the Listings Requirements of the JSE Limited, Oceana Group Limited has adopted International Financial Reporting Standards (IFRS) with effect from 1 October 2005, the first transition date being 1 October 2004. Comparative information for the year ended 30 September 2005 has been restated using the same accounting policies and methods as have been applied in these condensed financial statements.

The disclosures required by IFRS 1 (First-time Adoption of International Financial Reporting Standards) showing the effects of the changes in accounting policies from SA GAAP to IFRS are presented under the heading "Reconciliation of SA GAAP to IFRS".

The group's transitional elections in terms of IFRS 1 were as follows:

- Property, plant and equipment were measured at original cost. Revised estimates of useful lives and residual values have been applied to recalculate accumulated depreciation in accordance with IAS 16.
- Share based payments. The provisions of IFRS 2 have been applied only to share options granted on or after 7 November 2002. Costs of equity settled share based payments are recognised as an expense in the income statement, with a corresponding credit to a share based payment reserve included in equity.
- Certain non-distributable reserves have been transferred to distributable reserves in accordance with IFRS 3.

	2006 Reviewed R'000	2005 Restated R'000
2. Abnormal items		
Surplus on disposal of property, plant and equipment	450	2 364
Surplus on disposal of fishing rights	227	–
Profit on change of interest in subsidiaries / joint ventures	283	7 288
Provision for improper use of pension fund surplus	(6 842)	–
Provision for loans, staff retrenchment and other closure costs in Namibian whitefish business	–	(28 764)
Impairment loss on property, plant and equipment in Namibian whitefish business	–	(5 580)
Impairment loss on other assets	–	(3 138)
Abnormal loss before taxation	(5 882)	(27 830)
Taxation thereon	1 954	162
Abnormal loss after taxation	(3 928)	(27 668)
3. Determination of headline earnings		
Profit after taxation attributable to own shareholders	129 791	107 491
<i>Adjusted for:</i>		
Net surplus on disposal of fixed property and fishing rights	(647)	(2 364)
Net surplus on disposal of plant and equipment	(176)	(2 176)
Profit on change of interest in subsidiaries / joint ventures	(283)	(7 103)
Insurance proceeds for damaged vessel	(1 104)	–
Provision for loans, staff retrenchment and other closure costs in Namibian whitefish business	–	14 201
Impairment loss on property, plant and equipment in Namibian whitefish business	–	5 580
Impairment loss on other assets	–	2 779
Headline earnings for the year	127 581	118 408
Number of shares		
Weighted average number of shares on which headline earnings per share are based (000's)	113 099	111 525
Adjusted weighted average number of shares on which diluted headline earnings per share are based (000's)	113 426	112 246
Cents		
Headline earnings per share		
Basic	112.8	106.2
Diluted	112.5	105.5
R'000	R'000	
4. Dividends		
Estimated dividend declared after reporting date	59 881	66 141
Dividend on shares issued prior to last day to trade		621
Actual dividend declared after reporting date		66 762
5. Supplementary information		
Cost of sales	1 805 035	1 813 926
Depreciation	57 316	58 861
Operating lease charges	17 470	18 647
Foreign exchange profit	(9 838)	(2 075)
Capital expenditure	94 276	46 072
Expansion	62 456	2 643
Replacement	31 820	43 429
Capital commitments	63 144	96 925
Contracted	2 124	703
Approved	61 020	96 222

COMMENTS

Financial results

In a very difficult year for the fishing industry due to poor fishing conditions, the group achieved very pleasing results. Earnings per share for the year ended 30 September 2006 increased by 19% compared to those of the previous year which had included provision for the closure costs of the Namibian white fish operations. Headline earnings per share were 6% above last year.

Group turnover decreased by 1% whilst operating profit before abnormal items increased by 1%. Investment income increased on higher average net cash balances due mainly to lower working capital requirements. The year-end net cash balance reduced to R126.7m as a result of the group's funding of R265.8m of its black economic empowerment transaction during September 2006.

A final unchanged dividend of 59.0 cents per share has been declared, which together with the interim dividend of 15.0 cents, brings the total dividend for the year to 74.0 cents per share (2005: 74.0 cents).

Review of operations

Inshore fishing

The total allowable catch (TAC) for pilchard in 2006 is 204 000 tons (2005: 397 000 tons). Although pilchard landings directed for canned fish production for the financial year were higher than last year, fish was only available on the south and east coasts and a higher proportion was transported by road from Mossel Bay to the cannery at St. Helena Bay. Higher fuel prices and the distance from the fishing grounds impacted on the cost of production. The Namibian pilchard TAC was set at 25 000 tons (2005: 25 000 tons) but no landings had been made by financial year-end.

Lucky Star sales volumes of canned fish on the domestic market decreased significantly compared to the previous year due to the shortage of supply.

Glenryck Foods, the group's canned fish business in the UK, performed well and achieved increased sales volumes particularly in the tuna category.

Overall, profitability from canned fish was well below that of the previous year.

Fish meal operations again showed a turnaround in the second half of the year and achieved a breakeven result overall. Landings of anchovy and pilchard for fish meal production were well below the previous year. Selling prices were higher.

Lobster landings were well below the previous year due to a combination of a reduced TAC, a permit requirement limiting catches to 76% of quota and rough sea conditions in August and September. Turnover declined due to the reduced volumes despite improved export prices. Profits were slightly above the previous year due to lower costs.

Squid catches were higher than the previous year and export prices improved resulting in a good contribution.

Midwater and deep-sea fishing

Selling prices for Namibian and South African horse mackerel were particularly good in the first half of the year and were on average higher than the previous year. Higher fuel prices impacted on fishing costs despite conversions to the vessels to enable the use of cheaper fuel grades. Trading volumes and margins on fish sourced from external fleets were lower. Overall, profitability from midwater pelagic operations was significantly higher than the previous year.

Hake results continued to be affected by inconsistent catches and a large proportion of small fish. However, sales realisations were higher and together with reduced overhead costs resulted in acceptable earnings for the year.

The restructured tuna trading business recorded a profit after last year's losses despite competitive market conditions.

Cold storage and logistics

Average occupancy levels were high and in line with those of the previous year, however citrus volumes handled through the Maydon Wharf steri-fruit facility were disappointing. The expansions at the Bayhead and Epping stores were completed in August and are expected to benefit results in the coming year. Profits improved marginally on the previous year.

Prior year results for the division included those of TRT Shipping Services until date of its disposal on 1 July 2005.

Long-term fishing rights

After a protracted application and appeal process, long-term commercial fishing rights were allocated in all fisheries in which Oceana is active. Rights are for periods of eight years (squid), ten years (west coast lobster and horse mackerel) and fifteen years (small pelagic and trawl hake). Whilst its allocations were reduced, Oceana now has the certainty and stability of long-term rights. Legal challenges have been brought by certain other applicants regarding their allocations.

Black economic empowerment (BEE) transaction

The BEE transaction announced in the circular to shareholders dated 31 August 2006 was duly approved by shareholders on 22 September 2006 and implemented on 28 September 2006.

Prospects

The finalisation of the long-term rights process will present opportunities for rationalisation and restructuring within the South African fishing industry. With its strong balance sheet and secured BEE shareholding, Oceana is well placed to participate in any consolidation.

Directorate

Ms Z Fuphe was appointed a director of the company with effect from 1 June 2006. Mr BP Connellan resigned as a director with effect from 3 August 2006 and we record our appreciation for his valuable contribution over many years.

On behalf of the board.

MA Brey 10 November 2006
Chairman Cape Town

AB Marshall
Chief Executive Officer

OCEANA GROUP LIMITED
Incorporated in the Republic of South Africa • Registration Number: 1939/001730/06
Directors: MA Brey (*Chairman*), RA Williams (*Vice Chairman*), AB Marshall (*Chief Executive Officer*), N Dennis, NP Doyle, Z Fuphe, RG Nicol, S Pather, L Ruthlall (*Executive*)
Registered Office: 16th Floor Metropolitan Centre, 7 Coen Steytler