OCEANA GROUP LIMITED

Incorporated in the Republic of South Africa (Registration number: 1939/001730/06)

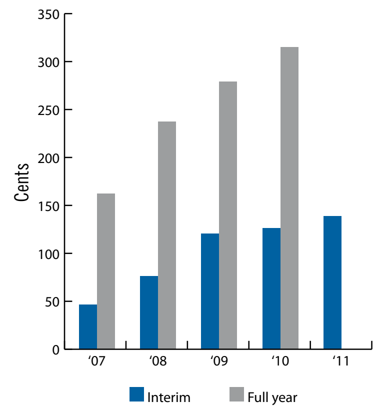
INTERIM REPORT

and dividend declaration

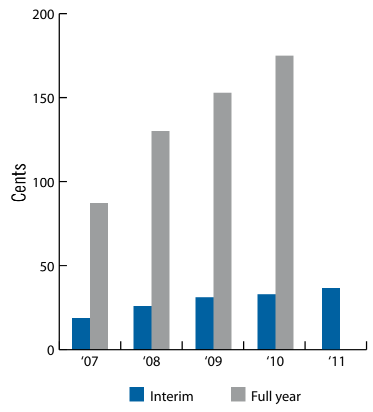
for the six months ended

31 March 2011

HEADLINE EARNINGS PER SHARE INCREASE BY 10%



DIVIDENDS PER SHARE INCREASE BY 12%



CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 31 March 2011 R'000	2010 R'000	Change %	Audited year ended 30 Sept 2010 R'000
Revenue		**1 765 427**	1 526 401	16	3 423 219
Cost of sales		**1 137 205**	982 961	16	2 160 639
Gross profit		**628 222**	543 440	16	1 262 580
Sales and distribution expenditure		**151 271**	133 361	13	298 073
Marketing expenditure		**21 949**	15 041	46	39 658
Overhead expenditure		**234 083**	195 085	20	426 780
Net foreign exchange loss		**8 271**	8 174		13 595
Operating profit before abnormal items		**212 648**	191 779	11	484 474
Abnormal items	2		(19 239)		(19 697)
Operating profit		**212 648**	172 540	23	464 777
Dividends received and accrued		**7 458**	6 846	9	13 532
Net interest received		**2 815**	877	221	721
Profit before taxation		**222 921**	180 263	24	479 030
Taxation		**79 300**	68 646	16	175 515
Profit after taxation		**143 621**	111 617	29	303 515
Other comprehensive income					
Movement on foreign currency translation reserve		**(987)**	(3 037)		(3 541)
Movement on cash flow hedging reserve		**5 478**	6 485		(75)
Other comprehensive income, net of taxation		**4 491**	3 448		(3 616)
Total comprehensive income for the period		**148 112**	115 065	29	299 899
Profit attributable to:					
Shareholders of Oceana Group Limited		**138 920**	106 671	30	294 424
Non-controlling interests		**4 701**	4 946	(5)	9 091
		143 621	111 617	29	303 515
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		**143 411**	110 119	30	290 808
Non-controlling interests		**4 701**	4 946	(5)	9 091
		148 112	115 065	29	299 899
Weighted average number of shares on which earnings per share is based (000's)	6	**99 842**	99 578		99 580
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)		**106 524**	104 981		104 923
Earnings per share (cents)					
Basic		**139.1**	107.1	30	295.7
Diluted		**130.4**	101.6	28	280.6
Dividends per share (cents)		**37.0**	33.0	12	208.0
Headline earnings per share (cents)					
Basic		**139.2**	126.4	10	315.2
Diluted		**130.5**	119.9	9	299.2

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2011 R'000	2010 R'000	Audited year ended 30 Sept 2010 R'000
Balance at the beginning of the period	**1 246 470**	1 125 696	1 125 696
Total comprehensive income for the period	**148 112**	115 065	299 899
Profit after taxation	**143 621**	111 617	303 515
Movement on foreign currency translation reserve	**(987)**	(3 037)	(3 541)
Movement on cash flow hedging reserve	**5 478**	6 485	(75)
Shares issued	**1 775**	6 428	6 429
Movement in treasury shares held by share trusts		99	164
Recognition of share-based payments	**4 812**	2 705	8 117
(Loss)/profit on sale of treasury shares		(3)	5
Dividends declared	**(180 780)**	(160 953)	(193 840)
Balance at the end of the period	**1 220 389**	1 089 037	1 246 470
Comprising:			
Share capital and premium	**24 904**	23 065	23 129
Distributable reserves	**1 127 045**	1 007 928	1 162 803
Foreign currency translation reserve	**(7 047)**	(5 555)	(6 059)
Cash flow hedging reserve	**(2 453)**	(1 371)	(7 931)
Capital redemption reserve	**130**	130	130
Share-based payment reserve	**44 829**	34 696	40 058
Non-controlling interests	**32 981**	30 144	34 340
Balance at the end of the period	**1 220 389**	1 089 037	1 246 470

CONDENSED GROUP SEGMENTAL REPORT

	Unaudited six months ended 31 March 2011 R'000	2010 R'000	Audited year ended 30 Sept 2010 R'000
Revenue			
Inshore fishing	**1 126 534**	999 981	2 280 069
Midwater and deep-sea fishing	**553 162**	428 958	909 034
Commercial cold storage	**85 731**	97 462	234 116
Total	**1 765 427**	1 526 401	3 423 219
Operating profit before abnormal items			
Inshore fishing	**44 910**	67 790	211 060
Midwater and deep-sea fishing	**156 068**	99 893	196 993
Commercial cold storage	**11 670**	24 096	76 421
Total	**212 648**	191 779	484 474
Total assets			
Inshore fishing	**922 705**	1 042 554	1 020 241
Midwater and deep-sea fishing	**271 313**	233 878	268 830
Commercial cold storage	**196 526**	176 472	212 003
Financing	**371 304**	236 471	333 627
	1 761 848	1 689 375	1 834 701
Deferred taxation	**9 561**	7 694	8 528
Total	**1 771 409**	1 697 069	1 843 229
Total liabilities			
Inshore fishing	**273 223**	302 193	313 428
Midwater and deep-sea fishing	**172 150**	123 731	146 132
Commercial cold storage	**29 217**	42 311	51 194
Financing	**33 001**	88 273	39 105
	507 591	556 508	549 859
Deferred taxation	**43 429**	51 524	46 900
Total	**551 020**	608 032	596 759

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2011 R'000	2010 R'000	Audited 30 Sept 2010 R'000
Assets			
Non-current assets	**553 223**	515 643	541 146
Property, plant and equipment	**390 980**	344 206	364 538
Trademark	**16 008**	16 286	16 183
Deferred taxation	**9 561**	7 694	8 528
Investments and loans	**136 674**	147 457	151 897
Current assets	**1 218 186**	1 181 426	1 302 083
Inventories	**426 621**	587 666	574 838
Accounts receivable	**556 935**	504 747	545 515
Cash and cash equivalents	**234 630**	89 013	181 730
Total assets	**1 771 409**	1 697 069	1 843 229
Equity and liabilities			
Equity			
Share capital and premium	**24 904**	23 065	23 129
Distributable reserves	**1 127 045**	1 007 928	1 162 803
Foreign currency translation reserve	**(7 047)**	(5 555)	(6 059)
Cash flow hedging reserve	**(2 453)**	(1 371)	(7 931)
Capital redemption reserve	**130**	130	130
Share-based payment reserve	**44 829**	34 696	40 058
Interest of own shareholders	**1 187 408**	1 058 893	1 212 130
Non-controlling interests	**32 981**	30 144	34 340
Total equity	**1 220 389**	1 089 037	1 246 470
Non-current liabilities	**91 266**	81 969	89 841
Liability for share-based payments	**47 837**	30 445	42 941
Deferred taxation	**43 429**	51 524	46 900
Current liabilities	**459 754**	526 063	506 918
Accounts payable and provisions	**433 804**	444 531	470 304
Bank overdrafts	**25 950**	81 532	36 614
Total equity and liabilities	**1 771 409**	1 697 069	1 843 229
Number of shares in issue net of treasury shares (000's)	**99 876**	99 687	99 692
Net asset value per ordinary share (cents)	**1 189**	1 062	1 216
Total liabilities excluding deferred taxation: Total equity (%)	**42**	51	44
Total borrowings: Total equity (%)	**2**	7	3

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2011 R'000	2010 R'000	Audited year ended 30 Sept 2010 R'000
Cash flows from operating activities			
Operating profit before abnormal items	**212 648**	191 779	484 474
Adjustment for non-cash and other items	**42 825**	41 193	101 092
Cash operating profit before working capital changes	**255 473**	232 972	585 566
Working capital changes	**79 905**	(168 028)	(168 970)
Cash generated from operations	**335 378**	64 944	416 596
Interest and dividends received	**25 532**	3 826	6 639
Interest paid	**(1 885)**	(2 611)	(5 497)
Taxation paid	**(63 375)**	(50 340)	(166 234)
Dividends paid	**(180 719)**	(160 953)	(193 840)
Cash inflow/(outflow) from operating activities	**114 931**	(145 134)	57 664
Cash outflow from investing activities	**(57 709)**	(27 299)	(87 937)
Capital expenditure	**(59 601)**	(27 765)	(91 852)
Proceeds on disposal of property, plant and equipment	**43**	1 304	2 590
Net movement on loans	**1 849**	(838)	1 534
Acquisition of investment			(209)
Cash inflow from financing activities	**6 336**	10 933	6 753
Proceeds from issue of share capital	**1 775**	6 527	6 598
Short-term borrowings raised	**4 561**	4 406	155
Net increase/(decrease) in cash and cash equivalents	**63 558**	(161 500)	(23 520)
Cash and cash equivalents at the beginning of the period	**145 116**	168 970	168 970
Effect of exchange rate changes	**6**	11	(334)
Cash and cash equivalents at the end of the period	**208 680**	7 481	145 116

NOTES

1. Basis of preparation

The condensed financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board and in compliance with IAS 34: Interim Financial Reporting. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2010.

The results have not been audited or reviewed by the group's auditors, Deloitte & Touche.

	Unaudited six months ended 31 March 2011 R'000	2010 R'000	Audited year ended 30 Sept 2010 R'000
2. Abnormal items			
Goodwill impairment		(19 279)	(19 279)
Net surplus on disposal of property		40	14
Impairment charge on vessels and equipment			(432)
Abnormal loss before taxation		(19 239)	(19 697)
Taxation			(132)
Abnormal loss after taxation		(19 239)	(19 829)
3. Determination of headline earnings			
Profit after taxation attributable to own shareholders	**138 920**	106 671	294 424
Adjusted for:			
Net loss/(surplus) on disposal of property, plant and equipment	**62**	(86)	(497)
Goodwill impairment		19 279	19 279
Impairment charge on vessels and equipment			432
Total tax effect of adjustments	**(18)**	13	270
Headline earnings for the period	**138 964**	125 877	313 908
4. Dividends			
Estimated dividend declared after reporting date	**36 966**	32 897	174 574
Dividend on shares issued prior to last day to trade		1	103
Actual dividend declared after reporting date		32 898	174 677
5. Supplementary information			
Depreciation	**33 054**	34 294	76 875
Operating lease charges	**10 534**	10 825	28 691
Capital expenditure	**59 601**	27 765	91 852
Expansion	**17 960**		30 233
Replacement	**41 641**	27 765	61 619
Budgeted capital commitments	**100 196**	118 208	169 540
Contracted	**44 071**	66 533	44 904
Not contracted	**56 125**	51 675	124 636

	Number of shares '000	Number of shares '000	Number of shares '000
6. Elimination of treasury shares			
Weighted average number of shares in issue	**119 132**	118 894	118 895
Less: treasury shares held by share trusts	**(14 196)**	(14 222)	(14 221)
Less: treasury shares held by subsidiary company	**(5 094)**	(5 094)	(5 094)
Weighted average number of shares on which earnings per share and headline earnings per share are based	**99 842**	99 578	99 580

7. Contingent liability

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

DIVIDEND DECLARATION

Notice is hereby given that an interim dividend number 135 of 37 cents per share, in respect of the year ending 30 September 2011, was declared on Wednesday, 11 May 2011. Relevant dates are as follows:

Last day to trade cum dividend	–	Friday, 24 June 2011
Commence trading ex dividend	–	Monday, 27 June 2011
Record date	–	Friday, 1 July 2011
Dividend payable	–	Monday, 4 July 2011

Share certificates may not be dematerialised or re-materialised between Monday, 27 June 2011, and Friday, 1 July 2011, both dates inclusive.

By order of the board

JD Cole
Company secretary

11 May 2011

COMMENTS

Financial results

Operating profit before abnormal items increased by 11% compared with the first half of the previous year, with the horse mackerel and canned fish business units being the main areas contributing to the improvement.

Headline earnings per share for the six months rose by 10% and earnings per share by 30%. The main reason for the differential in the increase in headline earnings per share and earnings per share is that, in the prior year, earnings were impacted by an impairment expense relating to goodwill arising on acquisition of the Glenryck UK business in 2004 which was adjusted for purposes of headline earnings.

An interim dividend of 37 cents per share has been declared (2010: 33 cents per share).

Review of operations

Inshore fishing

The 2011 Total Allowable Catch (TAC) for pilchard in South Africa is 90 000 tons (2010: 90 000 tons). Pilchard landings to date to the cannery at St Helena Bay were reasonable. The Namibian pilchard TAC for 2011 is 25 000 tons (2010: 25 000 tons) and fishing is expected to commence later in May. Canned fish sales volumes on the domestic market were higher in response to significant promotional activity in the initial months of the financial year. This was made possible through the continued availability of product from both local and offshore suppliers which has remained a key focus area for the business. Margins benefited from the strong rand exchange rate during the period under review.

The restructure of our canned fish operation in the United Kingdom was completed and core products are now being supplied by Oceana Brands to a third-party distributor under the Glenryck brand.

Overall, profit from canned fish operations was above that for the same period last year.

The initial anchovy A season TAC for 2011 is 247 500 tons (final A season TAC for 2010: 453 183 tons). Landings of anchovy and redeye herring for the season to date have been poor resulting in lower fishmeal production. The low volumes, together with high maintenance and refurbishment costs, resulted in a material loss at the half year.

The TAC for west coast lobster was reduced to 2 286 tons (2010: 2 393 tons). Quota available to Oceana for the current season amounts to 325 tons (2010: 348 tons). Catch rates were good and landings in line with those of last year with less catch effort. Selling prices on average were higher in foreign currency terms although turnover was adversely affected by a 6% stronger rand exchange rate. Profit from lobster declined mainly due to lower sales volumes.

Squid catches from own vessels were in line with those of last year whilst volumes handled on an agency basis were lower. Euro prices improved slightly but, as for lobster, in rand terms the benefit was muted. Lower overall volumes resulted in a decrease in profits when compared with the comparative period.

Turnover in the French fries business suffered due to competition from lower priced imported product. This resulted in a decline in profit for the six months.

Midwater and deep-sea fishing

The Namibian horse mackerel TAC increased to 310 000 tons (2010: 247 803 tons), although an amount of 75 500 tons has not yet been allocated to quota holders. In South Africa the maximum precautionary catch limit for directed catch remained at 31 500 tons. Catches increased in Namibia and South Africa. The vessels performed very well, benefiting from technology and efficiency improvements made in the previous and current year which had the effect of reducing the catch cost per ton. Conditions in our major markets remained firm and operating margins improved as a result of the aforementioned factors. Volumes procured from external fleets increased due to favourable market opportunities.

Turnover increased appreciably as a consequence of this trading activity and, overall, profit from horse mackerel was significantly higher.

The hake business showed an improvement on the comparative period which had been affected by a vessel breakdown.

Cold storage

Revenue declined at most of the division's facilities as a result of lower occupancy levels and throughput volumes. The reduction in demand was in respect of both local and imported product. The expansion at our facility at City Deep, Johannesburg, was commissioned in February.

Directorate

On 31 December 2010, Mr M Fleming resigned from the board. On 10 February, Mr RA Williams resigned and Mr PM Roux was appointed. Mrs ZBM Bassa was appointed to the board on 1 April 2011.

Prospects

Generally, fishing conditions are expected to remain stable. Purse seine fishing conditions for anchovy should improve in the winter months, weather permitting. Higher fuel prices will impact fishing costs in the second half, particularly midwater and deep-sea trawling.

Oceana's export markets in Africa and the Far East are expected to be stable whilst its European markets may show some improvement albeit off a low base. Further volume increase is anticipated in the local market for canned fish.

The cold storage division anticipates improved fruit volumes to be handled this season compared to the previous year.

Group headline earnings for the full year are expected to exceed those of last year. The forecast information has not been reviewed or audited by the company's auditors.

On behalf of the board

MA Brey
Chairman

FP Kuttel
Chief executive officer

11 May 2011

Directors: MA Brey (chairman), FP Kuttel* (chief executive officer), ZBM Bassa, PG de Beyer, ABA Conrad*, PB Matlare, RG Nicol*, S Pather, PM Roux, NV Simamane, TJ Tapela (* executive)
Registered office: 16th Floor Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town 8001
Transfer secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)
Sponsor – South Africa: The Standard Bank of South Africa Limited
Sponsor – Namibia: Old Mutual Investment Services (Namibia) (Pty) Limited
Company secretary: JD Cole **JSE share code:** OCE **NSX share code:** OCG **ISIN number:** ZAE000025284

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