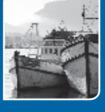


# **INTERIM REPORT**





31 March 2012



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

<b>CONDENSED GROUP STATEME</b>	NT	OF COMPR	EHENSIVE	INCOME	
		Un	audited		Audited
			nths ended March		year ended 30 Sept
1	Note	2012 R'000	2011 R'000	Change %	2011 R'000
Revenue		2 132 271	1 765 427	21	3 657 196
Cost of sales		1 342 227	1 137 205	18	2 299 778
Gross profit		790 044	628 222	26	1 357 418
Sales and distribution expenditure		203 621	151 271	35	338 927
Marketing expenditure		17 577	21 949	(20)	44 389
Overhead expenditure		268 314	234 083	15	461 487
Net foreign exchange loss/(profit)		729	8 271		(74)
Operating profit before abnormal item Abnormal item	3	299 803 (34 750)	212 648	41	512 689
Operating profit		265 053	212 648	25	512 689
Dividends received and accrued		5 552	7 458	(26)	13 141
Net interest received		11 998	2 815		9 813
Profit before taxation		282 603	222 921	27	535 643
Taxation		102 835	79 300	30	189 426
Profit after taxation		179 768	143 621	25	346 217
Other comprehensive income  Movement on foreign currency translation reserve		(433)	(987)		3 512
Movement on cash flow hedging					
reserve		(1 168)	5 478		9 853
Other comprehensive income, net of taxation		(1 601)	4 491		13 365
Total comprehensive income for the period		178 167	148 112	20	359 582
Profit attributable to: Shareholders of Oceana Group Limited Non-controlling interests		168 088 11 680 179 768	138 920 4 701 143 621	21 25	333 170 13 047 346 217
Total comprehensive income attributable to: Shareholders of Oceana Group					
Limited		166 487	143 411	16	346 535
Non-controlling interests		11 680	4 701		13 047
		178 167	148 112	20	359 582
Weighted average number of shares on which earnings per share is based (000's)	7	100 069	99 842		99 868
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)		107 964	106 524		106 544
Earnings per share (cents)					
Basic		168.0	139.1	21	333.6
Diluted		155.7	130.4	19	312.7
Dividends per share (cents)		45.0	37.0	22	220.0
Headline earnings per share (cents)					
Basic		167.9	139.2	21	333.7
Diluted		155.6	130.5	19	312.7

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

CONDENSED GROOT STATEMENT OF CHANGE	J IN LUUI		
	Un	Audited	
	six months ended		year ended
	31 March		30 Sept
	2012	2011	2011
	R'000	R'000	R'000
Balance at the beginning of the period	1 399 351	1 246 470	1 246 470
Total comprehensive income for the period	178 167	148 112	359 582
Profit after taxation	179 768	143 621	346 217
Movement on foreign currency translation reserve	(433)	(987)	3 512
Movement on cash flow hedging reserve	(1 168)	5 478	9 853
Shares issued	2 713	1 775	2 524
Movement in treasury shares held by share trusts			640
Recognition of share-based payments	3 713	4 812	9 628
Loss on sale of treasury shares			(52)
Additional non-controlling interest arising on acquisition			552
Dividends declared	(195 148)	(180 780)	(219 993)
Balance at the end of the period	1 388 796	1 220 389	1 399 351
Comprising:			
Share capital and premium	29 006	24 904	26 293
Foreign currency translation reserve	(2 980)	(7 047)	(2 547)
Capital redemption reserve	130	130	130
Cash flow hedging reserve	753	(2 453)	1 922
Share-based payment reserve	53 278	44 829	49 599
Distributable reserves	1 266 408	1 127 045	1 283 031
Non-controlling interests	42 201	32 981	40 923
Balance at the end of the period	1 388 796	1 220 389	1 399 351

## CONDENSED GROUP STATEMENT OF CASH FLOWS

	Una	audited	Audited
	six months ended		year ended
	31 March		30 Sept
	2012	2011	2011
	R'000	R'000	R'000
Cash flows from operating activities			
Operating profit before abnormal items	299 803	212 648	512 689
Adjustment for non-cash and other items	17 547	42 825	97 647
Cash operating profit before working capital changes	317 350	255 473	610 336
Working capital changes	(9 805)	79 905	118 875
Cash generated from operations	307 545	335 378	729 211
Interest and dividends received	13 211	4 700	14 320
Interest paid	(1 213)	(1 885)	(2 872)
Taxation paid	(78 032)	(63 375)	(169 132)
Dividends paid	(195 230)	(180 719)	(219 993)
Cash inflow from operating activities	46 281	94 099	351 534
Cash outflow from investing activities	(12 434)	(36 877)	(115 827)
Capital expenditure	(23 468)	(59 601)	(125 988)
Proceeds on disposal of property, plant and equipment	118	43	460
Net movement on loans and advances	3 239	1 849	(12 870)
Acquisition of business			(258)
Repayment received on preference share investment	7 677	20 832	22 829
Cash inflow from financing activities	5 860	6 336	4 902
Proceeds from issue of share capital	2 713	1 775	3 112
Short-term borrowings raised	3 147	4 561	1 790
Net increase in cash and cash equivalents	39 707	63 558	240 609
Cash and cash equivalents at the beginning of the period	384 544	145 116	145 116
Effect of exchange rate changes	611	6	(1 181)
Cash and cash equivalents at the end of the period	424 862	208 680	384 544

#### CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March		Audited 30 Sept
	2012 R'000	2011 R'000	2011 R'000
Assets			
Non-current assets	584 116	553 223	600 373
Property, plant and equipment	400 601	390 980	415 623
Fishing right	2 912		
Trademark	17 961	16 008	18 101
Deferred taxation	14 561	9 561	13 204
Investments and loans	148 081	136 674	153 445
Current assets	1 540 607	1 218 186	1 422 623
Inventories	517 318	426 621	489 850
Accounts receivable	554 136	556 935	536 913
Cash and cash equivalents	469 153	234 630	395 860
Total assets	2 124 723	1 771 409	2 022 996
Equity and liabilities Equity			
Share capital and premium	29 006	24 904	26 293
Foreign currency translation reserve	(2 980)	(7 047)	(2 547)
Capital redemption reserve	130	130	130
Cash flow hedging reserve	753	(2 453)	1 922
Share-based payment reserve	53 278	44 829	49 599
Distributable reserves	1 266 408	1 127 045	1 283 031
Interest of own shareholders	1 346 595	1 187 408	1 358 428
Non-controlling interests	42 201	32 981	40 923
Total equity	1 388 796	1 220 389	1 399 351
Non-current liabilities	101 379	91 266	95 363
Liability for share-based payments	63 713	47 837	53 694
Deferred taxation	37 666	43 429	41 669
Current liabilities	634 548	459 754	528 282
Accounts payable and provisions  Bank overdrafts	590 257 44 291	433 804	516 966
		25 950	11 316
Total equity and liabilities	2 124 723	1 771 409	2 022 996
Number of shares in issue net of treasury shares (000's)	100 113	99 876	99 939
Net asset value per ordinary share (cents)	1 345	1 189	1 359
Total liabilities excluding deferred taxation: Total equity (%)	50	42	42
Total borrowings: Total equity (%)	3	2	1

#### **NOTES**

2.

3.

Contracted

Not contracted

#### 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, the information as required by IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 30 September 2011. The condensed financial information was prepared under the supervision of the group financial director, RG Nicol CA(SA).

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

		Unaudited six months ended 31 March		Audited year ended 30 Sept
		2012 R'000	2011 R'000	2011 R'000
	Segmental results Revenue			
	Inshore fishing	1 274 643	1 126 534	2 268 296
	Midwater and deep-sea fishing	747 980	553 162	1 170 907
	Commercial cold storage	109 648	85 731	217 993
	Total	2 132 271	1 765 427	3 657 196
	Operating profit before abnormal item	100 202	44.010	10F 1CO
	Inshore fishing Midwater and deep-sea fishing	109 293 173 914	44 910 156 068	185 160 273 795
	Commercial cold storage	16 596	11 670	53 734
	Total	299 803	212 648	512 689
	Total assets			
	Inshore fishing	934 115	922 705	926 776
	Midwater and deep-sea fishing	348 440	271 313	319 370
	Commercial cold storage	210 374	196 526	214 342
	Financing	617 233 2 110 162	371 304	549 304
	Deferred taxation	14 561	1 761 848 9 561	2 009 792
	Total	2 124 723	1 771 409	2 022 996
			1771 105	
	Total liabilities			
	Inshore fishing	323 214	273 223	310 232
	Midwater and deep-sea fishing	283 184	172 150	212 653
	Commercial cold storage	40 144	29 217	43 493
	Financing	51 719	33 001	15 598
	Deferred taxation	698 261 37 666	507 591 43 429	581 976 41 669
	Total	735 927	551 020	623 645
-	Abnormal item			
	Competition Commission administrative penalty	34 750		
	Abnormal expense before taxation	34 750		
	Taxation Abnormal expense after taxation	34 750		
	Abilionnal expense after taxation	34 730		
	Determination of headline earnings			
	Profit after taxation attributable to own shareholders	168 088	138 920	333 170
	Adjusted for:			
	Net (surplus)/loss on disposal of property, plant	(60)	62	E.7
	and equipment Total tax effect of adjustments	(68) 20	(18)	57 (17)
	Headline earnings for the period	168 040	138 964	333 210
	·			
-	Dividends			
	Estimated dividend declared after reporting date	45 061	36 966	182 906
	Dividend on shares issued prior to last day to trade		9	213
	Actual dividend declared after reporting date		36 975	183 119
	Supplementary information			
	Depreciation Depreciation	38 439	33 054	77 209
	Operating lease charges	17 499	10 534	28 763
	Capital expenditure	23 468	59 601	125 988
	Expansion	2 006	17 960	23 321
	Replacement	21 462	41 641	102 667
	Budgeted capital commitments	82 737	100 196	141 545

32 822

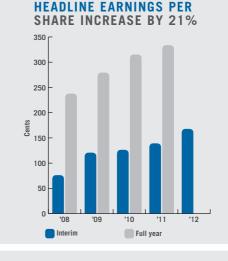
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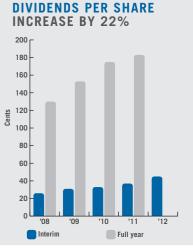
44 071

56 125

23 981

117 564





Jumber of Number of Number of

	shares '000	shares '000	shares '000
Elimination of treasury shares			
Weighted average number of shares in issue	119 308	119 132	119 157
Less: treasury shares held by share trusts	(14 145)	(14 196)	(14 195)
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	100 069	99 842	99 868

#### 8. Events after the reporting date

7.

Other than the item referred to in note 3 above, no events occurred since the reporting date that may have an impact on the group's reported financial position at 31 March 2012.

#### **CASH DIVIDEND DECLARATION**

Notice is hereby given of dividend number 137. A gross interim dividend amounting to 45 cents per share, in respect of the year ending 30 September 2012, was declared on Friday, 11 May 2012. Where applicable the deduction of dividend withholding tax at a rate of 15% will result in a net dividend amounting to 38.25 cents per share.

The company has no credits available in respect of secondary tax on companies. The number of ordinary shares in issue at the date of this declaration is 119 364 157. The company's tax reference number is 9675/139/71/2. Relevant dates are as follows

Last day to trade cum dividend Friday, 22 June 2012 Commence trading ex dividend Monday, 25 June 2012 Friday, 29 June 2012 Record date Dividend payable Monday, 2 July 2012

Share certificates may not be dematerialised or re-materialised between Monday, 25 June 2012, and Friday, 29 June 2012, both dates inclusive.

By order of the board

**JC Marais** Company secretary

11 May 2012

### **COMMENTS**

#### Financial results

Basic earnings per share and basic headline earnings per share for the six months ended 31 March 2012 rose by 21% due to improved results from each of the three operating segments.

Revenue for the period increased by 21% and operating profit before abnormal items increased by 41% compared to the first half of the previous year.

Provision for an administrative penalty agreed with the Competition Commission has been disclosed as an abnormal item in the statement of comprehensive income

An interim dividend of 45 cents per share has been declared (2011: 37 cents per share).

#### **Review of operations**

### Inshore fishing

The 2012 Total Allowable Catch (TAC) for pilchard in South Africa is 100 595 tons (2011: 90 000 tons). Pilchard landings and processing yields at the St Helena Bay cannery were good. The Namibian pilchard TAC for 2012 is 31 000 tons (2011: 25 000 tons) and fishing commenced in April.

Canned fish sales volumes on the domestic market increased meaningfully. This was partially due to a more robust supply chain with imported product continuing to supplement local supplies. Canned fish sales in the United Kingdom continued to be impacted by pricing pressure.

Profit from canned fish operations was well above that for the same period last year.

The initial anchovy A season TAC for 2012 is 202 718 tons (final A season TAC for 2011: 270 291 tons). Current season landings of anchovy and redeye herring to the group's fishmeal plants were significantly higher than in the previous season resulting in improved production efficiencies and lower costs per ton of manufactured product. Sales on the local market had increased whilst export volumes were lower due to weak international demand and prices. Fishmeal made a loss in line with budget expectations. The seasonal loss was materially lower than the prior year. The TAC for west coast lobster increased to 2 425 tons (2011: 2 286 tons). Quota available to Oceana for the current

season amounts to 327 tons (2011: 325 tons). Catch rates were lower than those of last year and landings for the season to date were lower, resulting in higher production costs per kilogram. However, higher export prices and the effect of the weaker currency translated into improved selling prices in rand terms. Profits from lobster were lower for the six month period.

Squid catches were well below the first half of last year with the industry as a whole reporting very poor catch rates. Despite poor economic conditions in our European export markets the lack of supply resulted in higher prices. The squid business made a small loss for the period.

The French fry operation returned to profitability due to increased volumes and lower production costs.

## Midwater and deep-sea fishing

The Namibian horse mackerel TAC for 2012 is 320 000 tons (2011: 310 000 tons). The initial allocation of quotas to existing rights holders (100 000 tons) was materially lower than in the previous year in order to accommodate new rights holders who received allocations totalling 100 000 tons. An amount of 90 000 tons of the TAC is still to be allocated by the minister. In South Africa the maximum precautionary catch limit for directed catch of horse mackerel

Catches were higher in Namibia for the six-month period as a result of additional quota being made available in the final quarter of calendar 2011 when the company had four vessels in operation. Increases in fuel and other costs were contained on a per ton basis due to higher volumes caught. Significant additional costs were incurred in contracting the catching and marketing of quota allocated to new rights holders.

Conditions in our major markets remained firm with the exception of the Democratic Republic of Congo where prices softened in recent months.

Whilst margins were under pressure, profit from horse mackerel showed a moderate increase. Results from hake operations showed a substantial improvement mainly as a consequence of higher prices.

## Cold storage

Revenue increased by 26% due mainly to improved occupancy levels particularly in the second quarter but also due to the additional capacity at the City Deep facility. The impact of higher occupancy levels have been offset to some extent by keener rates charged to customers. Overall profit from the cold storage business improved considerably.

## **Competition Commission**

A Consent Agreement was concluded with the Competition Commission in relation to their investigation into the small pelagic fishing industry in terms of which the company has agreed to pay an administrative penalty amounting to R34.75 million. The penalty is subject to approval by the Competition Tribunal. A provision of R34.75 million has been raised in the financial results for the half year to 31 March 2012. This matter was previously disclosed as a contingent liability.

The proposed transaction to purchase the hake, horse mackerel and south coast lobster fishing rights and related assets of the Lusitania group and associated companies as well as its cold storage business is still subject, inter alia, to the approval of the Minister of Agriculture, Forestry and Fisheries as well as the Competition Commission. Should the acquisition become unconditional, it is expected to be effective in August 2012.

## Prospects

The group is well positioned to take advantage of opportunities for organic and acquisitive growth. Earnings for the full year are expected to exceed those of last year. The forecast information has not been reviewed or audited by the group's auditors.

On behalf of the board

11 May 2012

MA Brey **FP Kuttel** Chairman Chief executive officer

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: 9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore. Cape Town 8001 Transfer secretaries: Computershare Investor Services Proprietary 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) Proprietary Limited Company secretary: JC Marais JSE share code: OCE NSX share code: OCG ISIN number: ZAE000025284