



The unaudited interim results of the group for the six months ended 31 March 2014 are set out herein.

**OPERATING PROFIT**

**6,3% ↑**

**EARNINGS PER SHARE**

**5,6% ↑**

**HEADLINE EARNINGS**

**5,6% ↑**

**INTERIM DIVIDEND**

**6,0% ↑**

**Oceana Group Limited**

Incorporated in the Republic of South Africa

(Registration Number 1939/001730/06) ("Oceana" or "the company" or "the group")

## CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 March 2014 R'000	Unaudited* six months ended 31 March 2013 R'000	Change %	Audited* year ended 30 Sept 2013 R'000
Notes				
<b>Revenue</b>	<b>2 361 652</b>	2 456 648	(4)	4 701 224
Cost of sales	<b>1 456 299</b>	1 539 313	(5)	2 833 604
Gross profit	<b>905 353</b>	917 335	(1)	1 867 620
Sales and distribution expenditure	<b>241 878</b>	216 818	12	458 384
Marketing expenditure	<b>19 659</b>	22 295	(12)	63 489
Overhead expenditure	<b>299 388</b>	323 464	(7)	675 526
Net foreign exchange gain	<b>(21 588)</b>	(8 508)		(43 292)
<b>Operating profit before joint venture income</b>	<b>366 016</b>	363 266	1	713 513
Joint venture income	<b>22 628</b>	2 262		30 046
<b>Operating profit</b>	<b>388 644</b>	365 528	6	743 559
Investment income	<b>6 312</b>	10 406	(39)	16 451
Interest paid	<b>(4 249)</b>	(654)		(7 485)
<b>Profit before taxation</b>	<b>390 707</b>	375 280	4	752 525
Taxation	<b>118 541</b>	116 980	1	228 135
<b>Profit after taxation</b>	<b>272 166</b>	258 300	5	524 390
<b>Other comprehensive income</b>				
Items that may be re-classified subsequently to profit or loss				
Movement on foreign currency translation reserve	<b>2 267</b>	2 375	(5)	6 223
Movement on cash flow hedging reserve	<b>(9 386)</b>	232		8 787
<b>Other comprehensive income, net of taxation</b>	<b>(7 119)</b>	2 607		15 010
<b>Total comprehensive income for the period</b>	<b>265 047</b>	260 907	2	539 400
<b>Profit after taxation attributable to:</b>				
Shareholders of Oceana Group Limited	<b>253 758</b>	240 118	6	491 016
Non-controlling interests	<b>18 408</b>	18 182	1	33 374
	<b>272 166</b>	258 300	5	524 390
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of Oceana Group Limited	<b>246 639</b>	242 725	2	506 026
Non-controlling interests	<b>18 408</b>	18 182	1	33 374
	<b>265 047</b>	260 907	2	539 400
Weighted average number of shares on which earnings per share is based (000's)	7 <b>100 366</b>	100 290		100 302
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)	<b>111 051</b>	110 387		110 402
<b>Earnings per share (cents)</b>				
Basic	<b>252,8</b>	239,4	6	489,5
Diluted	<b>228,5</b>	217,5	5	444,8
<b>Dividends per share (cents)</b>	<b>106,0</b>	100,0	6	322,0
<b>Headline earnings per share (cents)</b>				
Basic	<b>252,6</b>	239,3	6	487,9
Diluted	<b>228,3</b>	217,4	5	443,2

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2014 R'000	Unaudited* 31 March 2013 R'000	Audited* 30 Sept 2013 R'000
<b>Assets</b>			
Non-current assets	813 650	731 537	814 277
Property, plant and equipment	463 383	430 734	458 200
Goodwill	10 000	10 000	10 000
Trademark	8 873	7 276	8 873
Fishing rights	75 439	65 658	83 929
Deferred taxation	22 967	22 502	28 502
Investments and loans	232 988	195 367	224 773
Current assets	1 817 166	1 664 011	2 019 292
Inventories	976 115	880 681	1 213 169
Accounts receivable	761 099	680 926	694 920
Cash and cash equivalents	79 952	102 404	111 203
<b>Total assets</b>	<b>2 630 816</b>	<b>2 395 548</b>	<b>2 833 569</b>
<b>Equity and liabilities</b>			
Capital and reserves			
Share capital and premium	33 964	32 387	33 770
Foreign currency translation reserve	7 770	1 654	5 503
Capital redemption reserve	130	130	130
Cash flow hedging reserve	(198)	632	9 188
Share-based payment reserve	61 353	59 688	59 337
Distributable reserves	1 356 677	1 470 231	1 620 682
Interest of own shareholders	1 459 696	1 564 722	1 728 610
Non-controlling interests	56 103	51 048	60 761
<b>Total capital and reserves</b>	<b>1 515 799</b>	<b>1 615 770</b>	<b>1 789 371</b>
Non-current liabilities	148 978	135 757	180 577
Liability for share-based payments	116 979	101 564	143 891
Deferred taxation	31 999	34 193	36 686
Current liabilities	966 039	644 021	863 621
Accounts payable and provisions	557 966	523 021	606 621
Distribution to Oceana Empowerment Trust beneficiaries	291 573		
Bank overdrafts	116 500	121 000	257 000
<b>Total equity and liabilities</b>	<b>2 630 816</b>	<b>2 395 548</b>	<b>2 833 569</b>
Number of shares in issue net of treasury shares (000's)	100 428	100 329	100 416
Net asset value per ordinary share (cents)	1 453	1 560	1 721
Total liabilities excluding deferred taxation:			
Total equity (%)	71	46	56
Total borrowings: Total equity (%)	8	7	14



## CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2014 R'000	Unaudited* six months ended 31 March 2013 R'000	Audited* year ended 30 Sept 2013 R'000
<b>Cash flows from operating activities</b>			
Operating profit before joint venture income	366 016	363 266	713 513
Adjustment for non-cash and other items	27 679	53 302	148 726
<b>Cash operating profit before working capital changes</b>	<b>393 695</b>	416 568	862 239
Working capital changes	125 843	(265 921)	(468 766)
<b>Cash generated from operations</b>	<b>519 538</b>	150 647	393 473
Investment income received	21 840	7 993	9 886
Interest paid	(4 249)	(654)	(7 485)
Taxation paid	(134 694)	(154 642)	(317 873)
Dividends paid	(249 256)	(277 010)	(380 934)
<b>Cash inflow/(outflow) from operating activities</b>	<b>153 179</b>	(273 666)	(302 933)
<b>Cash outflow from investing activities</b>	<b>(49 168)</b>	(23 658)	(128 265)
Capital expenditure	(49 691)	(49 093)	(127 172)
Proceeds on disposal of property, plant and equipment	139	608	3 800
Repayment received on preference shares	4 339	28 653	39 377
Net movement on loans and advances	(4 223)	(131)	(5 848)
Acquisition of additional shares in subsidiary		(7 158)	(7 158)
Acquisition of businesses			(10 450)
Acquisition of fishing rights			(26 695)
Loss of control of subsidiary		3 490	3 490
Proceeds on disposal of fishing right			2 418
Proceeds on disposal of joint venture	268		
Acquisition of joint venture		(27)	(27)
<b>Cash inflow from financing activities</b>	<b>4 540</b>	5 058	10 908
Proceeds from issue of share capital	195	1 342	2 608
Short-term borrowings raised	4 345	3 716	8 300
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>108 551</b>	(292 266)	(420 290)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(145 797)</b>	273 551	272 872
Effect of exchange rate changes	698	119	1 621
<b>Cash and cash equivalents at the end of the period</b>	<b>(36 548)</b>	(18 596)	(145 797)



## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2014 R'000	Unaudited* six months ended 31 March 2013 R'000	Audited* year ended 30 Sept 2013 R'000
Balance at the beginning of the period	1 789 371	1 633 242	1 633 242
Total comprehensive income for the period	265 047	260 907	539 400
Profit after taxation	272 166	258 300	524 390
Movement on foreign currency translation reserve	2 267	2 375	6 223
Movement on cash flow hedging reserve	(9 386)	232	8 787
Recognition of share-based payments	2 016	2 567	2 211
Share options exercised	194	325	1 365
Decrease in shares held by share trust		1 370	1 713
Loss on sale of shares by share trust		(353)	(470)
Shares in subsidiary purchased from non-controlling interest		(7 158)	(7 158)
Distribution to Oceana Empowerment Trust beneficiaries	(291 573)		
Dividends declared	(249 256)	(275 130)	(380 932)
Balance at the end of the period	1 515 799	1 615 770	1 789 371
Comprising:			
Share capital and premium	33 964	32 387	33 770
Foreign currency translation reserve	7 770	1 654	5 503
Capital redemption reserve	130	130	130
Cash flow hedging reserve	(198)	632	9 188
Share-based payment reserve	61 353	59 688	59 337
Distributable reserves	1 356 677	1 470 231	1 620 682
Non-controlling interests	56 103	51 048	60 761
Balance at the end of the period	1 515 799	1 615 770	1 789 371

# OCEANA

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

## 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 SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information required by IAS 34 – Interim Financial Reporting, the JSE Listing Requirements and the requirements of the Companies Act , 71 of 2008, as amended, 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 2013 except for the adoption of IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, IAS 27 – Consolidated and Separate Financial Statements and IAS 28 – Investment in Associates and Joint Ventures during the period under review. The group previously accounted for joint ventures using the proportionate consolidation method. The group has applied IFRS 11 retrospectively in accordance with the transitional provisions and the 2013 results have been restated accordingly. The condensed financial information was prepared under the supervision of the group financial director, I Soomra CA(SA).

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

### 2. Effect of restatement of prior periods

The adoption of IFRS 11 has resulted in the restatement of certain financial statement line items for the prior periods disclosed.

None of the restatements are material to the group results previously reported and had no impact on the net asset value of the group.

	Unaudited six months ended 31 March 2014 R'000	Unaudited* six months ended 31 March 2013 R'000	Audited* year ended 30 Sept 2013 R'000
<b>3. Segmental results</b>			
<b>Revenue</b>			
Canned fish and fishmeal	1 401 580	1 385 880	2 631 686
Horse mackerel and hake	611 279	761 536	1 373 824
Lobster, squid and French fries	204 424	172 033	369 394
Commercial cold storage	144 369	137 199	326 320
Total	<b>2 361 652</b>	<b>2 456 648</b>	<b>4 701 224</b>
<b>Operating profit</b>			
Canned fish and fishmeal	124 842	103 522	214 914
Horse mackerel and hake	204 205	239 118	422 504
Lobster, squid and French fries	22 083	(891)	23 343
Commercial cold storage	37 514	23 779	82 798
Total	<b>388 644</b>	<b>365 528</b>	<b>743 559</b>
<b>Total assets</b>			
Canned fish and fishmeal	1 571 330	1 380 690	1 774 724
Horse mackerel and hake	485 605	420 626	462 955
Lobster, squid and French fries	122 222	123 669	100 257
Commercial cold storage	224 479	219 371	235 608
Financing	204 213	228 690	231 523
	<b>2 607 849</b>	<b>2 373 046</b>	<b>2 805 067</b>
Deferred taxation	22 967	22 502	28 502
Total	<b>2 630 816</b>	<b>2 395 548</b>	<b>2 833 569</b>
<b>Total liabilities</b>			
Canned fish and fishmeal	414 702	314 178	476 028
Horse mackerel and hake	126 152	222 338	149 596
Lobster, squid and French fries	57 986	30 911	41 460
Commercial cold storage	55 461	45 442	67 129
Financing	428 717	132 715	273 299
	<b>1 083 018</b>	<b>745 584</b>	<b>1 007 512</b>
Deferred taxation	31 999	34 193	36 686
Total	<b>1 115 017</b>	<b>779 778</b>	<b>1 044 198</b>

	Unaudited six months ended 31 March 2014 R'000	Unaudited* six months ended 31 March 2013 R'000	Audited* year ended 30 Sept 2013 R'000
<b>4. Determination of headline earnings</b>			
Profit after taxation attributable to shareholders of Oceana Group Limited	253 758	240 118	491 016
Adjusted for:			
Net surplus on disposal of property, plant and equipment	(316)	(151)	(2 351)
Total tax effect of adjustments	63	43	660
Headline earnings for the period	253 505	240 010	489 325
<b>5. Dividends</b>			
Estimated dividend declared after reporting date	106 454	100 329	222 951
Dividend on shares issued prior to last day to trade			
Actual dividend declared after reporting date		100 329	222 951
<b>6. Supplementary information</b>			
Amortisation of fishing rights	8 490	6 752	15 175
Depreciation	44 401	39 998	87 193
Operating lease charges	23 383	22 516	53 178
Capital expenditure	49 691	49 093	127 172
Expansion	17 320	11 242	23 182
Replacement	32 371	37 851	103 990
Budgeted capital commitments	137 107	157 277	212 870
Contracted	12 905	49 939	40 809
Not contracted	124 202	107 338	172 061
	Number of shares '000	Number of shares '000	Number of shares '000
<b>7. Elimination of treasury shares</b>			
Weighted average number of shares in issue	119 464	119 440	119 451
Less: shares held by share trusts	(14 004)	(14 056)	(14 055)
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	100 366	100 290	100 302
<b>8. Events after the reporting date</b>			
No events occurred subsequent to the reporting date that may have an impact on the group's reported financial position at 31 March 2014.			

#### Note

\* Prior period disclosure has been restated to account for the adoption of new and revised accounting standards.



## COMMENTS

### Financial results

Group earnings for the six months ended 31 March 2014 have been solid under tough trading conditions, coming off a strong base for the comparative six month period. Basic earnings per share and basic headline earnings per share increased by 5,6% over the same period.

Revenue for the period decreased by 4% primarily due to the effect of lower horse mackerel catch rates but offset by the positive growth in our three remaining divisions and bolstered by better than expected canned fish volumes and the positive effect of a weaker exchange rate on exported products.

Inventory levels have improved significantly in the last six months in line with our canned fish procurement strategy. As a result, the group has been cash generative to the extent of R109 million compared to a decrease in cash of R292 million for the comparative period.

An interim dividend of 106 cents per share has been declared (2013: 100 cents per share).

### Review of operations

#### ***Canned fish and fishmeal***

Canned fish performance has been better than expected for the six months under review.

Canned fish volumes of 4,7 million cartons (2013: 4,8 million cartons) represent good performance off a high base in the prior period which included the effect of heightened stock build by customers during February and March 2013.

With volume stability revenue growth for canned fish has been achieved through price adjustments necessitated by the impact of the weaker rand exchange rate on the landed cost of imported product.

The 2014 South African Total Allowable Catch ("TAC") for pilchard remains the same as 2013 at 90 000 tons. Pilchard landings at the St Helena Bay cannery have been good and are currently higher than at the same stage last season. The Namibian pilchard TAC for 2014 is 30 000 tons (2013: 25 000 tons) and fishing commenced in April.

Profit from canned fish operations was above that for the same period last year due to the combined effect of stable volumes and operating efficiencies.

The 2014 initial South Africa anchovy A season TAC is 404 251 tons (final A season TAC for 2013: 450 000 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. Selling prices were high due to firm international market prices and the weaker rand exchange rate. The loss for the period was lower than the prior year.

#### ***Horse mackerel and hake***

The 2014 Namibian horse mackerel TAC remains the same as 2013 at 350 000 tons. The Ministry of Fisheries and Marine Resources continued to allocate further quota to new rights holders.

In South Africa the Precautionary Maximum Catch Limit for targeted catch of horse mackerel increased by 10% to 38 115 tons (2013: 34 650 tons).

Although catch rates in Namibia have been very good the overall tonnage caught was lower than for the comparative six month period. One of our three Namibian trawlers has been operating successfully in a joint venture in Angola since the second half of 2013. The revenue effect of the Angolan vessel is not included in the group revenues but included in joint venture income. Catch rates in South Africa were lower than in the previous year which resulted in an increase in vessel operating costs per ton.

Prices remained firm in our major markets with higher prices being achieved for certain fish sizes. Revenue was further enhanced in rand terms due to a favourable currency exchange rate.



Profit from horse mackerel showed a decrease as a direct result of lower tonnage caught for the period.

The 2014 hake TAC has remained unchanged at approximately 140 000 tons. Hake operations continue to benefit from the successful Lusitania integration. Revenue growth has resulted from improved catch rates and a favourable exchange rate. Profit from hake operations showed a substantial improvement as a consequence of revenue growth and operating efficiencies.

### ***Lobster, squid and French fries***

The 2014 TAC for West coast lobster decreased by 11% to 2 167 tons (2013: 2 425 tons), and quota available to Oceana for the current season amounts to 288 tons (2013: 327 tons). Catch rates were in line with those of last year. Improved pricing and a favourable exchange rate positively impacted revenue growth. Profits from lobster were significantly higher than the prior year.

Following the 2013 commercial fishing rights allocation process in the squid sector, the fishing rights allocated to Oceana remained unchanged. In the current year the squid business incurred a loss due to the continued decline in landings. The effect of lower sales volumes was partly offset by higher prices.

The French fries operation has improved significantly with a return to profitability primarily due to increased volumes driven by better raw material quality compared to the prior period and in addition, stronger pricing of finished product.

### ***Commercial cold storage (CCS)***

The CCS Logistics business continues to show material improvement. Revenue increased by 5% due to improved occupancy levels at most stores while cost efficiencies have further contributed to growth in operating profit margins.

### **Foodcorp acquisition**

Further to the announcement released on the Stock Exchange News Service of the JSE on 11 November 2013 in respect of Oceana's acquisition of the fishing interests of Foodcorp Proprietary Limited ("Foodcorp"), on 15 April 2014 the Competition Tribunal approved Oceana's acquisition, subject to conditions. The Competition Tribunal's decision followed a Request for Consideration challenging the conditions imposed by the Competition Commission which were not acceptable to both Oceana and Foodcorp. Oceana and Foodcorp have agreed to extend the sale of business agreement to 31 May 2014 during which time the Competition Tribunal's reasons will be received and reviewed and a decision taken with regard to filing a notice of appeal with the Competition Appeal Court.

### **Oceana Empowerment Trust (OET)**

On 13 February 2014 Oceana shareholders voted in favour of an extension to the OET lock-in period by a further four years from January 2017 to January 2021 and to a capital contribution of approximately R290 million to OET in order to make a once-off cash distribution to the 2 650 Employee Beneficiaries. This distribution was made on 4 April 2014 and has been positively received.

### **Prospects**

In light of improved industrial fish landings to date the group is positioned to take advantage of opportunities for export revenue growth in the second half of this financial year. We are mindful that the pressure faced by domestic consumers will continue to impact canned fish volume growth for the remainder of the year. The forecast information has not been audited or reviewed by the group's auditors.

On behalf of the Board

**MA Brey**  
*Chairman*

8 May 2014

**FP Kuttel**  
*Chief executive officer*

## CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 141. A gross interim dividend amounting to 106 cents per share, for the six months ended 31 March 2014, was declared on Thursday 8 May 2014. Where applicable the deduction of dividend withholding tax at a rate of 15% will result in a net dividend amounting to 90,1 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 119 526 157.

The Company's tax reference number is 9675/139/71/2.

Relevant dates are as follows:

Last day to trade cum dividend	—	Friday, 20 June 2014
Commence trading ex dividend	—	Monday, 23 June 2014
Record date	—	Friday, 27 June 2014
Dividend payable	—	Monday, 30 June 2014

Share certificates may not be dematerialised or re-materialised between Monday, 23 June 2014 and Friday, 27 June 2014, both dates inclusive.

By order of the Board

**JC Marais**

*Company secretary*

8 May 2014

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**Directors:** MA Brey (chairman), FP Kuttel\* (chief executive officer), ZBM Bassa, PG de Beyer, ABA Conrad\*, NP Doyle, PB Matlare, S Pather, NV Simamane, I Soomra\*, TJ Tapela (\* executive)

**Registered office:** 9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001

**Transfer secretaries:** Computershare Investor Services Proprietary Limited

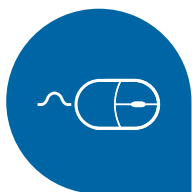
70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)

**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



see  
**[www.oceana.co.za](http://www.oceana.co.za)**  
for more details