

Unaudited Interim Results

for the six months ended 31 March 2016



Oceana Group Limited
Incorporated in the Republic of South Africa
(Registration number 1939/001730/06
("Oceana" or "the Company" or "the Group"))

South Africa's MOST EMPOWERED listed company

Directors: MA Brey (chairman), FP Kuttel* (chief executive officer), ZBM Bassa, PG de Beyer, 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: ZAE000025284



CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Change %	Audited year ended 30 Sep 2015 R'000
Revenue		3 602 270	2 566 132	40	6 168 777
Cost of sales		2 314 888	1 635 734	42	3 832 997
Gross profit		1 287 382	930 398	38	2 335 780
Sales and distribution expenditure		263 187	238 962	10	513 241
Marketing expenditure		33 319	30 063	11	69 775
Overhead expenditure		472 861	327 755	44	812 148
Net foreign exchange gain		(69 909)	(7 684)		(40 542)
Operating profit before associate and joint venture (loss)/income		587 924	341 302	72	981 158
Associate and joint venture (loss)/income		(1 013)	10 636	(110)	26 097
Operating profit before abnormal items		586 911	351 938	67	1 007 255
Abnormal items	3	13 363	(11 191)		18 346
Operating profit		600 274	340 747	76	1 025 601
Investment income		12 886	22 520		61 558
Interest paid		(176 020)	(27 303)		(158 442)
Profit before taxation		437 140	335 964	30	928 717
Taxation		150 184	100 457	50	286 515
Profit after taxation		286 956	235 507	22	642 202
Other comprehensive income					
Movement on foreign currency translation reserve		255 101	(138)		432 332
Movement on cash flow hedging reserve		(36 477)	10 729		23 511
Movement on fuel hedging reserve		1 757			(1 757)
Other comprehensive income, net of taxation		220 381	10 591		454 086
Total comprehensive income for the period		507 337	246 098	106	1 096 288
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		271 891	225 836	20	611 224
Non-controlling interests		15 065	9 671	56	30 978
		286 956	235 507	22	642 202
Total comprehensive income for the period attributable to:					
Shareholders of Oceana Group Limited		492 272	236 427	108	1 065 310
Non-controlling interests		15 065	9 671	56	30 978
		507 337	246 098	106	1 096 288
Weighted average number of shares on which earnings per share is based (000's)	10	116 617	103 390		104 005
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)		128 064	114 403		114 959
Earnings per share (cents)					
Basic*		233.1	218.4	7	587.7
Diluted*		212.3	197.4	8	531.7
Dividends per share (cents)		112.0	106.0	6	365.0
Headline earnings per share (cents)	7				
Basic*		230.8	218.0	6	588.2
Diluted*		210.2	197.0	7	532.2

*Earnings per share for the prior year comparative has been restated due to the rights offer in the prior year, as required by IAS 33: Earnings per share.

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 30 Sep 2015 R'000
ASSETS				
Non-current assets		6 793 839	1 235 580	6 502 886
Property, plant and equipment		1 585 900	680 994	1 537 293
Intangible assets		4 709 566	249 098	4 469 232
Derivative asset	5	18 225		
Deferred taxation		32 486	21 761	25 583
Investments and loans		447 662	283 727	470 778
Current assets		3 492 073	3 170 264	3 970 700
Inventories		1 372 794	953 862	1 316 266
Accounts receivable		1 558 249	974 857	1 473 161
Cash and cash equivalents		561 030	1 241 545	1 181 273
Non-current assets held for sale		89 358		39 478
Total assets		10 375 270	4 405 844	10 513 064
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		1 187 569	35 245	1 187 399
Foreign currency translation reserve		699 141	11 570	444 040
Capital redemption reserve		130	130	130
Cash flow hedging reserve		(11 124)	12 571	25 353
Fuel hedging reserve				(1 757)
Share-based payment reserve		86 833	70 444	73 111
Distributable reserve		1 709 370	1 499 033	1 755 638
Interest of own shareholders		3 671 919	1 628 993	3 483 914
Non-controlling interests		79 802	61 827	80 372
Total capital and reserves		3 751 721	1 690 820	3 564 286
Non-current liabilities		5 023 430	840 417	5 000 698
Liability for share-based payments		88 670	59 485	86 147
Long-term loan		4 364 695	680 985	4 374 483
Derivative liability	6	224 550		209 963
Deferred taxation		345 515	99 947	330 105
Current liabilities		1 576 007	1 874 607	1 948 080
Accounts payable and provisions		1 510 953	745 037	1 625 574
Taxation		49 122	26 566	322 506
Bank overdrafts		15 932	1 103 004	
Non-current liabilities held for sale		24 112		
Total equity and liabilities		10 375 270	4 405 844	10 513 064
Number of shares in issue net of treasury shares (000's)		116 627	100 512	116 588
Net asset value per ordinary share (cents)		3 148	1 621	2 988
Total liabilities excluding deferred taxation: Total equity (%)		167	155	180
Total borrowings: Total equity (%)		117	106	123

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 30 Sep 2015 R'000
Balance at the beginning of the period	3 564 286	1 746 906	1 746 906
Total comprehensive income for the period	507 337	246 098	1 096 288
Profit after taxation	286 956	235 507	642 202
Movement on foreign currency translation reserve	255 101	(138)	432 332
Movement on cash flow hedging reserve	(36 477)	10 729	23 511
Movement on fuel hedging reserve	1 757		(1 757)
Shares issued			1 150 997
Recognition of share-based payments	13 722	5 249	7 917
Movement in treasury shares held by share trusts	172		1 157
Profit on sale of treasury shares	504		1 078
Disposal of interest in subsidiary	102		
Additional non-controlling interest arising on acquisition		2 807	2 807
Distribution to Oceana Empowerment Trust beneficiaries			(15 469)
Oceana Empowerment Trust dividend distribution	(16 637)		(25 506)
Dividends paid	(317 765)	(310 240)	(401 889)
Balance at the end of the period	3 751 721	1 690 820	3 564 286
Comprising:			
Share capital and premium	1 187 569	35 245	1 187 399
Foreign currency translation reserve	699 141	11 570	444 040
Capital redemption reserve	130	130	130
Cash flow hedging reserve	(11 124)	12 571	25 353
Fuel hedging reserve			(1 757)
Share-based payment reserve	86 833	70 444	73 111
Distributable reserve	1 709 370	1 499 033	1 755 638
Non-controlling interests	79 802	61 827	80 372
Balance at the end of the period	3 751 721	1 690 820	3 564 286

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Notes	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 30 Sep 2015 R'000
Cash flow from operating activities				
Operating profit before joint venture (loss)/income		587 924	341 302	981 158
Adjustment for non-cash and other items		153 012	41 645	206 716
Cash operating profit before working capital changes		740 936	382 947	1 187 874
Working capital changes		(339 966)	(153 287)	(92 760)
Cash generated from operations		400 970	229 660	1 095 114
Investment income received		70 913	21 868	59 264
Interest paid		(166 949)	(27 303)	(158 442)
Taxation paid		(531 298)	(124 484)	(221 986)
Distribution to employee beneficiaries of Oceana Empowerment Trust		(15 469)		
Dividends paid		(334 402)	(310 240)	(427 395)
Cash (outflow)/inflow from operating activities		(576 235)	(210 499)	346 555
Cash outflow from investing activities		(98 239)	(372 530)	(4 747 216)
Capital expenditure		(100 061)	(75 264)	(160 613)
Replacement of intangible assets		(4 361)		(3 429)
Proceeds on disposal of property, plant and equipment		958	507	12 909
Proceeds on disposal of non-current assets held for sale		44 705		
Repayment received on preference shares			31 426	105 049
Net movement on loans and advances		(30 570)	(75 490)	(97 099)
Acquisition of business	4		(251 478)	(4 544 426)
Acquisition of additional shares in subsidiary				(1 276)
Acquisition of fishing rights			(2 812)	(2 812)
Increased contribution/acquisition of a joint venture		(9 279)		(56 321)
Disposal of interest in subsidiary		369		
Decrease of investment			581	802
Cash (outflow)/inflow from financing activities		(10 563)	380 732	5 146 173
Proceeds from issue of share capital		676		1 154 615
Long-term loan (repaid)/raised		(142 670)	380 985	4 025 301
Short-term borrowings raised/(repaid)		150 000	(253)	(33 743)
Cost associated with debt raising		(18 569)		
Net (decrease)/increase in cash and cash equivalents		(685 037)	(202 297)	745 512
Cash and cash equivalents at the beginning of the period		1 181 273	344 003	344 003
Effect of exchange rate changes		48 862	(3 165)	91 758
Cash and cash equivalents at the end of the period		545 098	138 541	1 181 273

NOTES

1. Basis of preparation and accounting policies

The condensed consolidated interim financial information has been prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act, 71 of 2008. The condensed consolidated interim financial statements have 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 2015, except for the adoption of accounting standards and interpretations that became effective during the current period. The adoption of these standards and interpretations had no material impact on the Group. 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.

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 30 Sep 2015 R'000
2. Segmental results			
Revenue			
Canned fish and fishmeal (Africa)	1 899 793	1 580 611	3 408 988
Fishmeal and fish oil (USA)	705 682		574 328
Horse mackerel and hake	562 302	588 824	1 314 747
Lobster, squid and French fries	218 509	227 857	412 147
Commercial cold storage	215 984	168 840	458 567
Total	3 602 270	2 566 132	6 168 777
Operating profit before abnormal items			
Canned fish and fishmeal (Africa)	193 525	167 065	452 504
Fishmeal and fish oil (USA)	190 801		179 612
Horse mackerel and hake	109 522	108 998	211 020
Lobster, squid and French fries	27 125	34 772	46 574
Commercial cold storage	65 938	41 103	117 545
Total	586 911	351 938	1 007 255
Total assets			
Canned fish and fishmeal (Africa)	2 422 988	1 702 782	2 069 746
Fishmeal and fish oil (USA)	6 215 182		6 026 066
Horse mackerel and hake	589 487	844 356	679 403
Lobster, squid and French fries	132 933	148 516	125 703
Commercial cold storage	279 363	249 228	294 642
Financing	702 831	1 439 201	1 291 921
	10 342 784	4 384 083	10 487 481
Deferred taxation	32 486	21 761	25 583
Total	10 375 270	4 405 844	10 513 064
Total liabilities			
Canned fish and fishmeal (Africa)	444 987	540 938	700 772
Fishmeal and fish oil (USA)	444 052		934 466
Horse mackerel and hake	270 904	162 559	175 755
Lobster, squid and French fries	49 402	56 182	43 854
Commercial cold storage	128 155	46 177	88 507
Financing	4 940 534	1 809 221	4 675 319
	6 278 034	2 615 077	6 618 673
Deferred taxation	345 515	99 947	330 105
Total	6 623 549	2 715 024	6 948 778

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 31 Sep 2015 R'000
Revenue per region¹			
South Africa and Namibia	2 160 864	1 960 328	3 937 878
Other Africa	246 623	208 809	476 096
North America	692 034	214	400 470
Europe	221 179	191 642	710 302
Far East	237 626	184 988	546 955
Other	43 944	20 151	97 076
Total	3 602 270	2 566 132	6 168 777
Non-current asset per region²			
South Africa and Namibia	835 122	930 092	863 285
North America	5 460 344		5 143 240
Total	6 295 466	930 092	6 006 525

Notes:

1 Revenue per region discloses the region in which product is sold.

2 Non-current asset per region discloses where the subsidiary is located.

3. Abnormal items

Transaction costs	1 500	11 191	80 815
Forex gain on transaction			(97 734)
Profit on the disposal of immovable property			(1 537)
Impairment of equipment			110
Loss on disposal of property, plant and equipment	3 527		
Profit on disposal of non-current assets held for sale	(18 390)		
Total	(13 363)	11 191	(18 346)

4. Acquisition of business

4.1 Foodcorp acquisition

On 2 February 2015, the Group acquired hake, pelagic and lobster fishing rights and related assets from Foodcorp Proprietary Limited for a consideration of R355 million. Foodcorp Proprietary Limited was acquired to enhance the Group's hake, pelagic and lobster footprint.

Assets acquired and liabilities recognised at date of acquisition:

Property, plant and equipment	148 037	148 037
Intangible asset	128 277	90 890
Goodwill	35 918	62 835
Accounts receivables	26 745	26 745
Taxation	97	97
Inventories	39 815	39 815
Cash and cash equivalents	52 899	52 899
Non-controlling interest	(2 807)	(2 807)
Deferred taxation	(37 309)	(26 840)
Short-term loan	(170)	(170)
Provisions		(2 114)
Trade and other payables	(36 125)	(34 011)
Total purchase price	355 377	355 376
Less: Purchase consideration outstanding	(51 000)	
Consideration paid in cash	304 377	355 376

NOTES

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 31 Sep 2015 R'000
Net cash flow on acquisition of business			
Consideration paid in cash		304 377	355 376
Less: Cash and cash equivalents balances acquired		(52 899)	(52 899)
		251 478	302 477
Goodwill on acquisition			
Consideration		355 377	355 376
Less: Fair value of identifiable assets acquired and liabilities assumed		(319 459)	(292 541)
		35 918	62 835

The goodwill arising on the acquisition is attributable to the processing locations, as well as knowledgeable employees that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

4.2 Daybrook acquisition

On 30 June 2015, the Group acquired an effective 100% beneficial shareholding in Daybrook Fisheries for a consideration of R4 641 million. Daybrook was acquired to enhance the Group's operations internationally in order to diversify its fishing rights and licences, fish species, operational geography and currency exposure.

The fair value of the acquired intangible assets and goodwill is provisional as at the 31 March 2016 due to the uncertainty of the manner in calculating the fair value and will be finalised on the determination of the purchase price allocation. The provisional fair value of the identifiable assets and liabilities are shown below.

Assets acquired and liabilities recognised at date of acquisition:

Property, plant and equipment	784 444
Intangible asset	503 976
Investments in associate	127 733
Goodwill	3 191 027
Accounts receivables	250 522
Taxation	(212 441)
Inventories	322 678
Cash and cash equivalents	399 304
Provisions	(160 344)
Deferred taxation	(216 482)
Derivative liability	(182 475)
Trade and other payables	(166 689)
Consideration paid in cash	4 641 253
Net cash flow on acquisition of business	
Consideration paid in cash	4 641 253
Less: Cash and cash equivalents balances acquired	(399 304)
	4 241 949
Goodwill on acquisition	
Consideration	4 641 253
Less: Fair value of identifiable assets acquired and liabilities assumed	(1 450 226)
	3 191 027

The goodwill arising on the acquisition is attributable to the strategic business advantages acquired, key fishing and processing locations, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

5. **Derivative asset**

The derivative assets relates to interest rate caps, executed on 17 March 2016, the notional principal amount of the interest rate caps amounts to R18,5 million. This comprises hedges on the debt of R980,0 million. These caps are to hedge the interest that is payable under the various debt facilities. Gains and losses on interest rate caps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified in the same period that the hedge cash flows affect profit and loss.

6. **Derivative liability**

The derivative liability relates to the put option (USD15,0 million) between Daybrook Fisheries and the remaining shareholders of Westbank Fishing LLC.

In terms of the Westbank Fishing LLC Agreement, notification of exercise of the put option can only be provided, at the earliest, during the second financial period following the transaction, following which the exercise will only be effective 12 months after the date of such notification. Should the put option be effectively exercised as described, there will be a cash outflow being the put option strike price of USD31,5 million plus the put premium of USD15,0 million (payable only if the put option is exercised within three years) as well as any unpaid distributions, while there will be a cash inflow, based on prevailing market values, from the new shareholder acquiring the 75% shareholding. When the put option is exercised the fair value of the put option liability will be derecognised from the statement of financial position and a corresponding entry will be made to reflect the cash payment. In the event that the put option is not exercised the fair value of the put option liability will be derecognised through profit and loss.

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 31 Sep 2015 R'000
7. Determination of headline earnings and adjusted headline earnings			
Profit after taxation attributable to shareholders of Oceana Group Limited	271 891	225 836	611 224
Adjusted for:			
Profit on disposal of immovable property			(1 537)
Headline earnings adjustments – joint ventures			99
Net loss/(profit) on disposal of property, plant, equipment and intangible assets	2 676	(265)	(1 293)
Profit on disposal of non-current assets held for sale	(8 847)		
Profit on change of interest in investment		(381)	(500)
Loss on the dissolution of foreign subsidiary			3 455
Impairment of equipment			110
Total tax effect of adjustments	3 409	161	220
Headline earnings for the period	269 129	225 351	611 778

NOTES

	Unaudited six months ended 31 Mar 2016 R'000	Unaudited six months ended 31 Mar 2015 R'000	Audited year ended 31 Sep 2015 R'000
8. Dividends			
Estimated dividend declared after reporting date	130 622	106 543	301 964
9. Supplementary information			
Amortisation	39 889	12 260	40 748
Depreciation	94 605	54 328	136 423
Operating lease charges	26 013	23 054	75 559
Capital expenditure	104 422	75 264	164 042
Expansion	11 635	35 281	57 424
Replacement	92 787	39 983	106 618
Budgeted capital commitments	162 191	167 363	218 686
Contracted	68 612	24 978	34 297
Not contracted	93 579	142 385	184 389
	Number of shares '000	Number of shares '000	Number of shares '000
10. Elimination of treasury shares			
Weighted average number of shares in issue	135 526	119 526	120 227
Plus: Bonus issue on rights offer		2 878	2 775
Less: Shares held by share trusts	(13 815)	(13 920)	(13 903)
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	116 617	103 390	104 005
Weighted average number of shares for the prior year comparative has been restated by 2 878 due to the rights offer in the prior year, as required by IAS 33: Earnings per share.			
11. Contingent liabilities and guarantees			
The Company and its subsidiaries have given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the Company. The Company and six subsidiaries has guaranteed the loan of R4 453 million (2015: R4 374 million).			
12. Events after the reporting date			
Subsequent to the reporting period the Commercial cold storage business disposed of its fruit refrigeration and handling business operated from Maydon Warf and Maydon Warf Fruit Terminal, disclosed under non-current assets held for sale. The transaction was completed on the 25 April 2016. No other events occurred that may have an impact on the Group's reported financial position at 31 March 2016.			

COMMENTS

GROUP OVERVIEW

The performance of the group for the six months ended 31 March 2016 has been positive. Daybrook and Foodcorp have been successfully integrated and both have performed in line with expectations. Increased SA canned fish and hake volumes, higher occupancy levels in the Commercial cold storage business and the effect of a favourable exchange rate have contributed to growth.

Revenue grew by 40%, increasing to R3 602 million from R2 566 million in 2015. Excluding the impact of Daybrook, the group achieved revenue growth of 13%.

Operating profit before abnormal items increased by 67% to R587 million (2015: R352 million) over the period and excluding Daybrook by 13%.

Cashflow from operations increased by 75% to R401 million (2015: R230 million).

Net interest charged for the period is R176.0 million (2015: R27.3 million) primarily due to finance costs incurred on additional working capital facilities and increased long term debt. The average interest rate for all debt is currently 6.7% per annum.

Group headline earnings for the period increased by 19%. As a result of the diluting effect of the additional shares issued during September 2015, basic earnings per share and basic headline earnings per share increased by 7% and 6% respectively.

An interim dividend of 112 cents per share has been declared (2015: 106 cents per share).

REVIEW OF OPERATIONS

Canned fish and fishmeal (Africa)

The initial 2016 South African Total Allowable Catch ("TAC") for pilchard decreased to 64 563 tons (final 2015: 83 470 tons). The Namibian pilchard TAC for 2016 decreased to 14 000 tons (2015: 25 000 tons).

Revenue growth of canned fish for the six months has been achieved through a 10% growth in sales volumes combined with the effect of an 8% price increase from February 2015. SA volume growth of 13% for the six months has been driven by an improved pricing and marketing strategy.

The adverse impact of the exchange rate on imported canned fish has been partially offset by a reduction in dollar pricing and the effect of processing a higher proportion of frozen fish at our own production facilities in South Africa and Namibia. Operational efficiencies in supply chain, initiated in the prior period, have delivered further benefit for the period. As a result, canned fish delivered an improved operating profit for the period.

The 2016 initial South Africa anchovy A season TAC is 254 483 tons (final A season TAC for 2015: 450 000 tons). Current season landings of industrial fish to the group's fishmeal plants were 15% higher than the previous season primarily due to the addition of two new sites, the first arising from the Foodcorp acquisition and the other a greenfields expansion in Angola. The Angolan fishmeal plant was commissioned in December 2015 and is producing fishmeal and fish oil. Losses from fishmeal operations were above that for the prior year due to lower opening stock resulting from reduced catches at the end of the 2015 fishing season. As the period under review coincides with a significant portion of the closed season, pre-season costs for the period have increased due to the number of additional plants.

Fishmeal and fish oil (USA)

Daybrook performed well for the six month period with revenue of R706 million and operating profit before abnormal items of R191 million. The 2015 Gulf Menhaden fishing season ended on 30 October 2015 and as a result five of the six months under review have been outside of the fishing season. During this time the plant and vessels are shut down to undergo maintenance. Sales volumes of 21 437 tons of fishmeal and 6 373 tons of fish oil were achieved for the period, from inventory produced during the successful 2015 season.

Demand and prices for fishmeal softened during the last three months of the 2015 calendar year following good landings in the second 2015 Peruvian fishing season. Subsequently prices have stabilised with a more balanced supply and demand relationship returning to the market. Profit in US Dollars has been in line with our investment expectations.

Horse mackerel and hake

The 2015 Namibian horse mackerel TAC decreased by 4% to 335 000 tons (2015: 350 000 tons). The Ministry of Fisheries and Marine Resources made an initial allocation of 145 000 tons for the 2016 fishing season on the same basis as the prior period. Reduced owned quota and expensive purchased quota has necessitated a critical review of the commercial performance of our third vessel. As a result the Desert Rose was sold in October 2015.

COMMENTS

Horse mackerel prices were relatively unchanged despite an oversupply of fish in our traditional African markets. Pricing was however negatively impacted by a change in size mix. The favourable exchange rate partially offset the effect of weaker dollar prices. Despite weaker markets, margins in Namibia improved following the sale of excess fishing capacity and the termination of experimental fishing efforts in Angola.

In South Africa the Precautionary Maximum Catch Limit for targeted catch of horse mackerel decreased by 8% to 38 656 tons (2015: 41 927 tons). The Desert Diamond did not fish in South Africa during the period under review. The vessel was deployed in Namibia for the last two months of 2015 and was tied up for planned maintenance for the remainder of the period under review. As a result, profitability from horse mackerel in South Africa decreased materially for the period.

The 2015 hake TAC remained unchanged from the prior year (2015: 123 020 tons). Hake profitability improved significantly during the period due to a combination of increased volumes following the Foodcorp acquisition, increased prices attributable to the favourable euro exchange rate and the positive effect of lower fuel prices.

Lobster, squid and French fries

The 2016 TAC for West coast lobster increased by 7% to 1 924 tons (2015: 1 801 tons), and quota available to Oceana for the current season amounts to 264 tons (2015: 238 tons). A decrease in landings due to lower catch rates and a lower live mix due to poorer fish quality negated the favourable effect of exchange rates and resulted in a reduction in profit for the period.

Fishing rights allocated to the squid business remained unchanged over the period. In the current period the squid business generated a profit due to higher sales volumes and prices.

Operating profit in the French fries operation was in line with prior period with higher sales volumes being offset by the effect of higher priced and poorer quality raw material.

Commercial cold storage (CCS)

The CCS business performed well in the period with revenue increasing by 28% due to improved occupancy levels at most stores and a full six months operation at the new Midrand stores. Improved revenue together with good cost management resulted in increased operating profit in the period.

CCS FRUIT BUSINESS DISPOSAL

Subsequent to the six months under review the CCS fruit business in Maydon Wharf has been sold to enable management to focus on core activities.

DIRECTORATE CHANGES

Takula Jenkins Tapela resigned from the board of directors ("the Board") on 12 May 2016 having served as a director since 2009. The Board wishes to thank Takula for his contribution during this period. Geoff Fortuin, who holds an executive position at Brimstone, was appointed to the Board on the same date.

PROSPECTS

As was required by the Department of Agriculture, Forestry and Fishing (DAFF), fishing rights applications for horse mackerel, hake inshore and West coast rock lobster were submitted on 24 February 2016. DAFF has indicated that the outcome of the allocations will be concluded during August 2016. This will not have an effect on the current year's financial results.

We expect pricing to improve in the fishmeal and fish oil sector based on consistent demand, and with supply challenges in the Peruvian and European sectors. In the USA the 2016 Gulf Menhaden fishing season commenced on the 18th April 2016 with the season planned to run for a 28 week period to the end of October 2016. Early season landings have been positive with good oil yields. In South Africa we expect consistent landing patterns of pilchards, industrial fish and hake. We anticipate that our canned fish value proposition will remain competitive. In Namibia, our performance for the second six months will be dependent on the timing and extent of the allocations of remaining horse mackerel quota. As the Group is materially a net exporter of goods, our overall performance for the full year will also be impacted by prevailing exchange rates. We anticipate that our acquisitions of Foodcorp and Daybrook will continue to deliver the projected returns. In our drive for efficiency and focus, we will continue to evaluate non-core and underperforming assets in the period ahead.

On behalf of the Board

MA Brey
Chairman

FP Kuttel
Chief executive officer

12 May 2016

COMMENTS

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 145. A gross interim dividend amounting to 112 cents per share, for the six months ended 31 March 2016, was declared on Thursday, 12 May 2016, out of current earnings. Where applicable the deduction of dividends withholding tax at a rate of 15% will result in a net dividend amounting to 95,2 cents per share.

The number of ordinary shares in issue at the date of this declaration is 135 526 154. The company's tax reference number is 9675/139/71/2. Relevant dates are as follows:

Last day to trade cum dividend	– Friday, 24 June 2016
Commence trading ex dividend	– Monday, 27 June 2016
Record date	– Friday, 1 July 2016
Dividend payable	– Monday, 4 July 2016

Share certificates may not be dematerialised or re-materialised between Monday, 27 June 2016 and Friday, 1 July 2016, both dates inclusive.

By order of the board

JC Marais

Company secretary

12 May 2016

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

