

UNAUDITED
INTERIM
RESULTS
2018

FOR THE SIX MONTHS ENDED 31 MARCH

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 March 2018

	Note	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Change %	Audited year ended 30 Sep 2017 R'000
Revenue		3 489 151	3 140 602	11	6 807 927
Cost of sales		2 176 284	1 918 812	13	4 360 013
Gross profit		1 312 867	1 221 790	7	2 447 914
Sales and distribution expenditure		268 550	243 750	10	548 078
Marketing expenditure		23 143	15 373	51	48 299
Overhead expenditure		475 931	405 100	17	795 533
Net foreign exchange loss		21 414	44 677	(52)	60 940
Operating profit before associate and joint venture (loss)/profit		523 829	512 890	2	995 064
Associate and joint venture (loss)/profit		(29 132)	(8 629)	(238)	6 364
Operating profit before other operating items		494 697	504 261	(2)	1 001 428
Other operating (expense)/income items	3	(15 922)	774	(2 157)	8 701
Operating profit		478 775	505 035	(5)	1 010 129
Investment income		22 063	14 927	48	29 248
Interest expense		(169 887)	(186 073)	(9)	(372 405)
Profit before taxation		330 951	333 889	(1)	666 972
Taxation (income)/expense	4	(46 731)	104 856	(145)	187 622
Profit after taxation		377 682	229 033	65	479 350
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Movement on foreign currency translation reserve		(488 743)	(136 394)		(145 763)
Movement on foreign currency translation reserve of associate and joint ventures		(31 299)	(1 542)		(8 234)
Movement on cash flow hedging reserve		8 469	(20 907)		9 438
Income tax related to loss recognised in equity					70
Other comprehensive income, net of taxation		(511 573)	(158 843)		(144 489)
Total comprehensive income for the period		(133 891)	70 190	(291)	334 861
Profit after taxation attributable to:					
Shareholders of Oceana Group Limited		364 873	226 324	61	468 310
Non-controlling interests		12 809	2 709	373	11 040
		377 682	229 033	65	479 350
Total comprehensive income for the period attributable to:					
Shareholders of Oceana Group Limited		(146 700)	67 481	(317)	323 821
Non-controlling interests		12 809	2 709	373	11 040
		(133 891)	70 190	(291)	334 861
Earnings per share (cents)					
Basic		312.5	194.0	61	401.3
Diluted		286.6	176.7	62	366.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2018

	Notes	Unaudited 31 Mar 2018 R'000	Unaudited 31 Mar 2017 R'000	Audited 30 Sep 2017 R'000
ASSETS				
Non-current assets		5 732 916	6 514 249	6 493 594
Property, plant and equipment		1 444 943	1 616 962	1 604 099
Intangible assets		3 901 285	4 448 917	4 434 878
Derivative assets	5	11 594	4 197	1 837
Deferred taxation		27 178	15 724	27 616
Investments and loans		347 916	428 449	425 164
Current assets		3 321 484	3 733 335	3 549 631
Inventories		1 035 551	1 197 337	1 201 049
Accounts receivable		1 366 554	1 456 850	1 071 444
Taxation		62 642	95 681	55 098
Cash and cash equivalents		856 737	983 467	1 222 040
Total assets		9 054 400	10 247 584	10 043 225
EQUITY AND LIABILITIES				
Capital and reserves		3 596 402	3 608 689	3 756 629
Stated capital		1 187 724	1 184 684	1 184 194
Foreign currency translation reserve		(254 130)	281 973	265 912
Capital redemption reserve			130	
Cash flow hedging reserve		(3 679)	(42 563)	(12 148)
Share-based payment reserve		86 617	93 491	92 586
Distributable reserves		2 499 021	2 000 821	2 134 148
Interest of own shareholders		3 515 553	3 518 536	3 664 692
Non-controlling interests		80 849	90 153	91 937
Non-current liabilities		3 414 375	4 675 821	3 924 245
Liability for share-based payments		11 134	32 321	17 019
Long-term loans		2 918 015	3 962 558	3 209 875
Derivative liabilities	6		1 723	6 283
Deferred taxation		485 226	679 219	691 068
Current liabilities		2 043 623	1 963 074	2 362 351
Accounts payable and provisions		1 175 841	1 162 715	1 221 941
Current portion – long-term loan		844 062	578 991	954 026
Current portion – derivative liabilities	6		164 615	164 181
Taxation		23 720	56 753	22 203
Total equity and liabilities		9 054 400	10 247 584	10 043 225

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2018

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
Balance at the beginning of the period	3 756 629	4 007 699	4 007 699
Total comprehensive income for the period	(133 891)	70 190	334 861
Profit after taxation	377 682	229 033	479 350
Movement on foreign currency translation reserve	(488 743)	(136 394)	(145 763)
Movement on foreign currency translation reserve of associate and joint ventures	(31 299)	(1 542)	(8 234)
Movement on cash flow hedging reserve	8 469	(20 907)	9 438
Income tax related to loss recognised in equity			70
Share-based payment expense	8 041	8 366	9 664
Share-based payment exercised	(10 480)	(21 447)	(24 740)
Decrease in treasury shares held by share trusts		493	1 235
(Loss)/profit on sale of treasury shares		(962)	1 153
Oceana Empowerment Trust dividend distribution		(23 829)	(29 734)
Dividends paid	(23 897)	(431 821)	(543 509)
Balance at the end of the period	3 596 402	3 608 689	3 756 629
<i>Comprising:</i>			
Stated capital*	1 187 724	1 184 684	1 184 194
Foreign currency translation reserve	(254 130)	281 973	265 912
Capital redemption reserve		130	
Cash flow hedging reserve	(3 679)	(42 563)	(12 148)
Share-based payment reserve*	86 617	93 491	92 586
Distributable reserves	2 499 021	2 000 821	2 134 148
Non-controlling interests	80 849	90 153	91 937
Balance at the end of the period	3 596 402	3 608 689	3 756 629

*R3.5 million (March 2017: R4.5 million) was transferred between stated capital and share-based payment reserve during the period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 March 2018

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
Cash flow from operating activities			
Operating profit before associate and joint venture (loss)/profit	523 829	512 890	995 064
Adjustment for non-cash and other items	132 774	33 632	151 605
Cash operating profit before working capital changes	656 603	546 522	1 146 669
Working capital changes	(245 797)	39 529	560 579
Cash generated from operations	410 806	586 051	1 707 248
Investment income received	33 390	24 203	37 966
Interest paid	(155 717)	(199 677)	(344 895)
Taxation paid	(108 649)	(67 361)	(148 456)
Dividends paid	(23 897)	(455 650)	(573 243)
Cash inflow/(outflow) from operating activities	155 933	(112 434)	678 620
Cash outflow from investing activities	(253 009)	(67 329)	(191 097)
Capital expenditure	(68 602)	(83 347)	(154 476)
Replacement of intangible assets	(14 615)	(6 035)	(38 772)
Proceeds on disposal of property, plant and equipment	9 952	2 636	15 900
Payment on disposal of non-current assets held for sale			(2 900)
Movement on loans and advances	5 492	19 417	(11 167)
Acquisition of subsidiary	(2)		
Acquisition of a joint venture	(2)		
Settlement of put premium	(185 232)		
Decrease of investment			318
Cash outflow from financing activities	(208 186)	(121 668)	(553 613)
Proceeds from issue of share capital		953	2 387
Long-term borrowings (repaid)/raised		(122 621)	300 000
Short-term borrowings repaid	(200 353)		(831 260)
Equity-settled share-based payment	(7 833)		(24 740)
Net decrease in cash and cash equivalents	(305 262)	(301 431)	(66 090)
Cash and cash equivalents at the beginning of the period	1 222 040	1 312 942	1 312 942
Effect of exchange rate changes	(60 041)	(28 044)	(24 812)
Cash and cash equivalents at the end of the period	856 737	983 467	1 222 040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 March 2018

1. BASIS OF PREPARATION

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 Companies Act of South Africa. 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 2017, except for the adoption of revised standards that became effective during the current period. The adoption of these standards 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.

2. SEGMENTAL RESULTS

March 2018 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Deferred taxation R'000	Financing ³ R'000	Total R'000
Operating results								
Revenue	1 893 511	614 361	672 053	102 357	206 869			3 489 151
Operating profit before other operating items	178 541	72 618	175 769	27 003	40 766			494 697
Other operating items	(7 526)	(11 893)	3 497					(15 922)
Operating profit	171 015	60 725	179 266	27 003	40 766			478 775
Investment income	19 036		3 067		(40)			22 063
Interest expense	(120 997)	(45 814)	(2 893)	(78)	(105)			(169 887)
Profit before taxation	69 054	14 911	179 440	26 925	40 621			330 951
Taxation expense/(income)	25 645	(152 181)	56 344	7 520	15 941			(46 731)
Profit after tax for the period	43 409	167 092	123 096	19 405	24 680			377 682
The above profit for the period include the following:								
Depreciation and amortisation	31 241	45 548	44 316	1 386	10 804			133 295
Statement of financial position								
Total assets	2 058 917	5 138 513	553 727	57 492	252 330	27 178	966 243	9 054 400
Total liabilities	770 359	67 511	231 037	38 895	80 642	485 226	3 784 328	5 457 998
The above amounts of assets and liabilities includes the following:								
Interest in associate and joint ventures	132 738	105 670		1				238 409

March 2018 Region	South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue¹	2 017 030	341 770	530 611	311 101	216 060	72 579	3 489 151
Non-current assets²	853 428		4 492 800				5 346 228

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

for the period ended 31 March 2018

2. SEGMENTAL RESULTS (CONTINUED)

March 2017 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Deferred taxation R'000	Financing ³ R'000	Total R'000
Operating results								
Revenue	1 671 436	704 733	490 519	73 875	200 039			3 140 602
Operating profit before other operating items	119 843	216 299	101 361	19 732	47 026			504 261
Other operating items	774							774
Operating profit	120 617	216 299	101 361	19 732	47 026			505 035
Investment income	10 526		4 247	70	84			14 927
Interest expense	(143 236)	(40 867)	(1 767)	(101)	(102)			(186 073)
Profit before taxation	(12 093)	175 432	103 841	19 701	47 008			333 889
Taxation (income)/expense	(9 607)	60 665	31 649	5 529	16 620			104 856
Profit after tax for the period	(2 486)	114 767	72 192	14 172	30 388			229 033
The above profit for the period include the following:								
Depreciation and amortisation	29 768	49 255	32 195	1 378	10 293			122 889
Statement of financial position								
Total assets	2 305 618	5 937 767	549 465	49 547	260 405	15 724	1 129 058	10 247 584
Total liabilities	846 027	258 540	193 359	35 965	67 444	679 219	4 558 341	6 638 895
The above amounts of assets and liabilities includes the following:								
Interest in associate and joint ventures	144 990	137 866		1				282 857
March 2017 Region		South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue¹		1 708 506	179 056	541 547	388 357	222 355	100 781	3 140 602
Non-current assets²		868 606		5 197 273				6 065 879

September 2017 Segment	Canned fish and fishmeal (Africa) R'000	Fishmeal and fish oil (USA) R'000	Horse mackerel and hake R'000	Lobster and squid R'000	Commercial cold storage and logistics R'000	Deferred taxation R'000	Financing ³ R'000	Total R'000
Operating results								
Revenue	3 768 707	1 438 605	1 054 153	144 907	401 555			6 807 927
Operating profit before other operating items	276 622	390 230	197 559	37 827	99 190			1 001 428
Other operating items	11 601				(2 900)			8 701
Operating profit	288 223	390 230	197 559	37 827	96 290			1 010 129
Investment income	19 792	7	7 907	54	1 488			29 248
Interest expense	(277 276)	(88 843)	(6 027)	(37)	(222)			(372 405)
Profit before taxation	30 739	301 394	199 439	37 844	97 556			666 972
Taxation (income)/expense	(11 142)	94 333	59 886	10 540	34 005			187 622
Profit after tax for the year	41 881	207 061	139 553	27 304	63 551			479 350
The above profit for the year include the following:								
Depreciation and amortisation	61 170	95 187	55 834	2 741	20 906			235 838
Statement of financial position								
Total assets	1 888 696	5 964 460	545 056	39 322	241 036	27 616	1 337 039	10 043 225
Total liabilities	647 896	435 671	232 444	29 944	68 313	691 068	4 181 260	6 286 596
The above amounts of assets and liabilities includes the following:								
Interest in associate and joint ventures	127 530	182 209		1				309 740
September 2017 Region		South Africa and Namibia R'000	Other Africa R'000	North America R'000	Europe R'000	Far East R'000	Other R'000	Total R'000
Revenue¹		3 641 248	412 486	1 137 749	753 315	623 775	239 354	6 807 927
Non-current assets²		888 863		5 150 114				6 038 977

Revenue excludes inter-segmental revenues in South Africa and Namibia which are eliminated on consolidation.

Notes:

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

² Non-current assets per region discloses where the subsidiary is located, includes property, plant and equipment, and intangible assets.

³ Financing includes cash and cash equivalents and loans receivable and payable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

for the period ended 31 March 2018

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
3. OTHER OPERATING (EXPENSE)/INCOME ITEMS			
Transaction costs*	(19 419)		
Profit on disposal of fishing vessel	3 497	796	
Profit on the disposal of immovable property			11 601
Loss on disposal of non-current assets held for sale			(2 900)
Loss on disposal of business interests		(22)	
	(15 922)	774	8 701

*Transaction costs relates to the extension of the Westbank Fishing Limited Liability Company ("Westbank") operating agreement and subsequent change in Westbank shareholding.

Transactions outside the ordinary course of business that are substantially capital or non-recurring in nature and are identified by management as warranting separate disclosure are disclosed under other operating items in the statement of comprehensive income. These comprise profits or losses on disposal and scrapping of property, plant and equipment, intangible assets and non-current assets held for sale, impairments or reversal of impairments, profits or losses on disposal of investments, operations or subsidiaries and business combination related costs or gains.

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
4. TAXATION (INCOME)/EXPENSE			
Current taxation	103 230	95 092	175 037
Current year	86 014	104 279	192 752
Withholding tax	5 323	653	13 452
Adjustments in respect of previous years	11 893	(9 840)	(31 167)
Deferred taxation	(149 961)	9 764	12 585
Current year	10 629	9 764	27 582
Adjustments in respect of previous years			(14 997)
Adjustments in respect of change in tax rate**	(160 590)		
	(46 731)	104 856	187 622

**This adjustment relates to a USD13 million release in Daybrook following the reduction in the federal corporate tax rate in the United States of America from 35% to 21%.

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
5. DERIVATIVE ASSETS			
Non-current			
Interest rate caps held as hedging instruments			
Opening balance	1 837	7 636	7 636
Fair value adjustments recognised in profit or loss (ineffective portion)	(1 712)	(562)	(243)
Fair value adjustments recognised in other comprehensive income (effective portion)	11 644	(2 877)	(5 556)
Reclassified from derivative liability	207		
Foreign currency translation adjustment	(382)		
	11 594	4 197	1 837

Interest rate caps and swaps recorded in the cash flow hedging reserve, derivative assets and derivative liabilities (note 6) are regarded as level 2 financial instruments. Level 2 fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of interest rate caps and swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Interest rate caps were executed in the 2016 financial year, with a maturity date of 20 July 2018 and 20 July 2020. Interest rate caps were designated as cash flow hedges and executed to hedge the interest that is payable under various debt facilities with principal values of R1 810 million. The amount of the principal value designated as a hedged item is R980 million. Gains or losses on interest rate caps held as hedging instruments in designated and effective hedging relationships are recognised in other comprehensive income and are reclassified to profit or loss in the same period that the hedge cash flows affect profit or loss.

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
6. DERIVATIVE LIABILITIES			
Non-current			
Opening balance	6 283	176 301	176 301
(Gain)/loss recognised in other comprehensive income	(5 055)	(6 749)	246
(Gain)/loss recognised in profit or loss	(273)	2 080	
Transferred to current liabilities		(164 615)	(164 181)
Foreign currency translation adjustment	(748)	(5 294)	(6 083)
Reclassified to derivative asset	(207)		
Closing balance		1 723	6 283
Interest rate swap		1 723	6 283
Current			
Opening balance	164 181		
Transferred from current liabilities		164 615	164 181
Loss recognised in profit or loss	34 577		
Put premium exercised	(185 232)		
Foreign currency translation adjustment	(13 526)		
Closing balance		164 615	164 181
Put option		164 615	164 181

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

for the period ended 31 March 2018

6. DERIVATIVE LIABILITIES (CONTINUED)

The put option recorded in derivative liabilities is regarded as a level 3 financial instrument for fair value measurement purposes. Level 3 financial instruments are those derived from inputs that are not based on observable market data (unobservable inputs). The fair value of the put option is determined using discounted cash flow analysis.

In terms of the Westbank operating agreement the remaining shareholders of Westbank Fishing Limited Liability Company ("Westbank") could put their 75% equity stake in Westbank to Daybrook Fisheries Incorporated ("Daybrook") or its nominee for a fixed price of USD31.5 million ("put option strike price"). Effective 1 November 2016, the Westbank Fishing Limited Liability Company exercised the put option in terms of the Westbank operating agreement. The exercise of the put option triggered the payment of the put option strike price plus the put option premium as well as any unpaid distributions on the put closing date, being 15 November 2017.

In terms of the first addendum to the Westbank operating agreement, the put closing date was extended to 15 February 2018. In terms of this addendum, the put option premium (USD 15.0 million) was settled on 15 January 2018. The put option liability was remeasured to fair value prior to settlement by measuring the put option strike price plus put premium to the fair value of Westbank. Westbank was valued using a discounted cash flow model and unobservable inputs including forecast annual growth rates of 2.0% (March 2017: 2.0%), forecast EBITDA margin of 18.0% (March 2017: 18.0% to 22.2%) and a risk-adjusted discount rate of 6.8% (March 2017: 7.8%). A fair value loss of R34.6 million (March 2017: Nil) was recognised in operating profit, which offset the fair value gain that was recognised in 2016 of R42.6 million.

In terms of the second addendum to the Westbank operating agreement, the put closing date was extended to 15 April 2018 on which date the put option strike price (USD31.5 million) would be paid. In terms of this addendum, the unpaid distributions (USD7.9 million) were settled on 15 February 2018.

The notional principal amount of the interest rate swaps at 31 March 2018 amounts to R832 million (March 2017: R1 085 million). This comprises hedges on the term debt of R1 388 million (March 2017: R1 734 million). The swap is to hedge the interest that is payable under the debt facility. During the period a fair value gain of R5.1 million (March 2017: R6.7 million) was recognised in other comprehensive income. The interest rate swap was reclassified to derivative assets.

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
7. DETERMINATION OF HEADLINE EARNINGS			
Profit after taxation attributable to shareholders of Oceana Group Limited	364 873	226 324	468 310
<i>Adjusted for:</i>			
Profit on disposal of immovable property			(11 601)
Insurance proceeds		(998)	(998)
Headline earnings adjustments – joint ventures			(1 144)
Net (profit)/loss on disposal of property, plant and equipment and intangible assets	(3 472)	672	1 200
Loss/(profit) on change of interest in investment		22	(122)
Total non-controlling interest in above		68	195
Total tax effect of adjustments	972	(69)	1 469
Headline earnings for the period	362 373	226 019	457 309
Headline earnings per share (cents)			
– Basic	310.4	193.8	391.9
– Diluted	284.6	176.4	357.9
8. DIVIDENDS			
Dividend declared after reporting date	130 763	105 035	
Dividends per share (cents)	112.0	90.0	90.0
Number of shares in issue net of treasury shares	116 753	116 705	116 753

	Unaudited six months ended 31 Mar 2018 R'000	Unaudited six months ended 31 Mar 2017 R'000	Audited year ended 30 Sep 2017 R'000
9. SUPPLEMENTARY INFORMATION			
Amortisation	27 649	27 467	57 568
Depreciation	105 646	95 422	178 270
Operating lease charges	45 304	25 127	129 059
Share-based expenses	6 569	11 836	2 187
Cash-settled compensation	(1 472)	3 470	(7 475)
Equity-settled compensation	8 041	7 771	8 999
Oceana Empowerment Trust		595	663
Capital expenditure	83 217	89 382	193 248
Expansion		14 730	14 730
Replacement	83 217	74 652	178 518
Budgeted capital commitments	136 649	223 351	161 047
Contracted	43 489	36 020	14 445
Not contracted	93 160	187 331	146 602
	Number of shares '000	Number of shares '000	Number of shares '000
10. WEIGHTED AVERAGE NUMBER OF SHARES			
Weighted average number of shares in issue	135 526	135 526	135 526
Less: Weighted average treasury shares held by share trusts	(13 679)	(13 785)	(13 732)
Less: Weighted average treasury shares held by subsidiary company	(5 094)	(5 094)	(5 094)
Weighted average number of shares on which basic earnings per share and basic headline earnings per share are based	116 753	116 647	116 700
Weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based	127 313	128 098	127 769

11. CONTINGENT LIABILITIES AND GUARANTEES

The group has given cross suretyships in support of bank overdraft facilities of certain subsidiaries and the company.

12. EVENTS AFTER THE REPORTING DATE

Effective 13 April 2018 Makimry Patronus Limited Liability Company, a U.S. company majority owned and controlled by Mr Francois Kuttel, the previous Oceana Group Limited ("Oceana") Chief Executive Officer, acquired the 75% shareholding in Westbank Fishing Limited Liability Company from Westbank Fishing Partners for USD31.5 million. The acquisition was approved by the requisite majority of Oceana shareholders present in person or represented by proxy at the General Meeting held on 13 April 2018.

The put option strike price due to Westbank Fishing Partners of USD 31.5 million was also settled on 13 April 2018.

No other events occurred after the reporting date that may have an impact on the group's reported financial position at 31 March 2018 or require separate disclosure in these financial statements.

COMMENTS

FINANCIAL RESULTS

Overall financial performance of the Group for the six months has been solid, underpinned by a recovery of the African operations after a challenging year in 2017. Material volume improvements in the canned fish and hake and horse mackerel segments and continued efficiencies contributed to the positive performance, bolstered by improved management of foreign currency exposure. The Daybrook operations in the United States (US), as previously communicated, endured the negative impact of 2017 prices on long term fishmeal and fish oil contracts.

Group revenue increased by 11% to R3 489 million (March 2017: R3 141 million) driven by an 18% improvement in Africa operations revenue mainly due to improved sales volumes. Fishmeal volume growth in our Daybrook operations was offset by lower fish oil volumes, reduced prices and the effect of a stronger Rand on US revenues.

Group operating profit before associate and joint venture income and fair value adjustments increased by 9% to R560 million (March 2017: R516 million). This is primarily due to a 51% increase in operating profit from Africa operations which, in addition to the revenue drivers listed above, is the effect of improved cost efficiencies resulting from lower raw material and logistics costs, improved vessel utilisation and higher catch rates.

Losses from associate and joint ventures increased to R29 million (March 2017: R9 million) attributable largely to the moratorium on Pilchard fishing in Namibia and challenging fishing conditions experienced in Angola.

Other operating expenses of R16 million (March 2017: R 1 million profit) relate mainly to transaction costs incurred in extending the Westbank Fishing operating agreement and the subsequent change in the majority shareholder of Westbank Fishing.

Interest expense for the period of R170 million (March 2017: R186 million) related to finance costs on facilities and long-term borrowings. The average interest rate for all debt is currently 6.87% (March 2017: 7.21%).

Taxation income of R47 million (March 2017: R105 million taxation expense) is reported for the period primarily due to a once-off R161 million deferred tax adjustment in Daybrook following the reduction in the federal corporate tax rate in the United States from 35% to 21%, effective after 31 December 2017. Blended tax rate of 25% was accordingly applied in calculating the deferred tax adjustment in this period.

Headline earnings for the period increased by 60% compared to the prior period. Excluding the effect of the once-off deferred tax adjustment, fair value adjustments and other operating items, headline earnings increased by 8%. An interim dividend of 112.0 cents per share has been declared (March 2017: 90.0 cents per share).

FINANCIAL POSITION AND CASH FLOW

Group cash flows from operations reduced by 30% to R411 million (March 2017: R586 million) mainly due to an increase in accounts receivable following the higher canned fish, horse mackerel and hake volumes sold. At the end of the period, the group has positive cash balances of R857 million (March 2017: R983 million) of which R324 million (March 2017: R827 million) is held in dollar-denominated accounts.

At March 2018, group net debt was R2 905 million (March 2017: R3 558 million) of which R1 064 million (March 2017: R908 million) was US Dollar-denominated.

REVIEW OF OPERATIONS

Canned fish and fishmeal (Africa)

Sales volumes in the canned fish division increased by 23% to 4.4 million cartons (March 2017: 3.6 million cartons) due to an improved pricing strategy which stimulated consumer demand. Average sales prices remained in line with the prior period with no price increases actualised in the current period.

From a supply perspective our strategy of importing frozen raw material for local processing has been well executed. Production of canned fish from frozen fish raw material is on par with production from fresh fish landings for the period. Local supply has been bolstered by an increase in the initial 2018 South African Total Allowable Catch (TAC) for pilchard to 59 214 tons from 45 560 tons in 2017, but offset by a Ministerial decision in Namibia to suspend pilchard fishing in 2018 (March 2017: 14,000 tons) based on scientific advice. Costs have been well managed due to the positive impact of stable international procurement prices and the stronger Rand on raw material costs, supported by a revised forward cover policy.

As a result the canned fish segment has delivered an improved profit for the period.

The fishmeal and fish oil division has been adversely affected by lower landings and production yields in Angola. Anchovy landings in South Africa have been consistent with prior periods. Fishmeal and fish oil pricing for this segment remained firm in USD terms but have been offset by the stronger Rand.

Fishmeal and fish oil (USA)

The 2017 fishing season for the Gulf Menhaden fishery ended on 1 November 2017 and consequently our fishing and processing operations in Daybrook were inactive for a large portion of the period under review. During the closed season we invested \$2 million towards improvements in plant efficiency and throughput. The 2018 season opened on 16 April 2018 and will run to the end of October 2018.

Revenue was down on the prior period by 8% in USD terms. The reduced oil yield in the 2017 fishing season contributed to lower opening oil inventory levels for the period. Accordingly, despite the excellent 2017 landings, sales volumes of fishmeal and fish oil remain in line with the prior period at 31 315 tons (March 2017: 31 507 tons). Since a large portion of fishmeal and fish oil sales are concluded in advance, sales prices were adversely impacted by the lag effect of lower prices contracted during the latter part of 2017.

Operating profit reduced to USD10 million for the six months compared to USD16 million for the comparable period which was exacerbated by the effects of a stronger Rand when consolidating earnings into the group's results. Operating profit before other operating items and fair value adjustments (R35 million) reduced by 50% in Rand terms.

Horse mackerel and hake

In Namibia the 2018 horse mackerel TAC remained in line with 2017 at 340 000 tons. The Ministry of Fisheries and Marine Resources made an initial allocation of 236,000 tons (March 2017: 140 000 tons) for the 2018 fishing season with 48.7% (March 2017: 34.8%) allocated to existing rights holders.

Namibian landings improved against the comparable period due to higher catch rates and better vessel utilisation. The higher catch rates together with the positive effect of the stronger rand on USD denominated costs reduced the cost per ton of landed fish.

In South Africa, the Precautionary Maximum Catch Limit (PMCL) for targeted catch of horse mackerel decreased by 9.7% to 25 500 tons (March 2017: 28 231 tons). Quota available to Oceana through own and joint venture allocations remained in line with 2017 at 30.3% of the PMCL.

Catch rates in South Africa have improved by 55% during the period. Demand in the transshipment market for the larger sized South African fish was firm resulting in increased sales prices however this was partially offset by smaller size mix of the Namibian fish and the stronger exchange rate.

As a result revenue and operating profit for the horse mackerel segment is materially higher than the prior period.

The 2018 hake offshore TAC reduced by 5.0% to 111 294 tons (March 2017: 117 194 tons). Despite the TAC reduction revenue in the hake segment has grown by 30% on the prior period. Improved vessel utilisation due to a managed maintenance programme and higher opening stock volumes have contributed positively, marginally offset by a smaller size mix. Realised sales prices increased due to stronger European pricing and a stronger Euro exchange rate.

Operating profit in the hake segment also improved materially.

Lobster and squid

The 2018 TAC for west coast lobster remained unchanged at 1 924 tons, although the offshore allocation dropped from 1 204 tons in 2017 to 995 tons with a higher tonnage being allocated to small scale fishing.

Revenue and operating profit in the lobster business increased following the combined effect of higher landings, a higher mix of live sales and firmer pricing for live sales to China in USD terms.

Fishing rights allocated to the squid business remained unchanged over the period. Squid revenue and operating profit improved due to increased landings, stable prices and a stronger Euro exchange rate.

Commercial cold storage and logistics (CCS)

The CCS coastal stores have delivered improved performance over the period. The Western Cape region experienced increased activity with new customers contracted and increased volumes of frozen fish imports. The Namibian and Angolan stores operated at full occupancy during the period.

Tough trading conditions in the Gauteng region continued with occupancy levels adversely impacted by increased price competition and the oversupply of pallet space in the region.

Revenue growth of 3% in this division has been offset by the impact of low occupancies on leased sites. As a result operating profit reduced to R41 million (March 2017: R47 million) in the period.

COMMENTS continued

WESTBANK FISHING U.S. SHAREHOLDER

The acquisition of the 75% equity stake in Westbank Fishing by a suitable U.S.-based partner was successfully concluded on 13 April 2018, following the fulfillment of all conditions precedent including Oceana majority shareholder approval and the approval of the U.S. regulator. Westbank Fishing commenced the 2018 fishing season on 16 April 2018 as planned, under the control of the new U.S.-based partner.

PROSPECTS

Our African operations are well positioned to deliver a solid performance for the next six months. Our US operations are expected to be positively impacted by good landings and improved oil yields based on early season indicators.

The search for a new Chief Executive Officer (“CEO”) is underway. Imraan Soomra, who was appointed interim CEO in February 2018, will remain in the joint role of interim CEO and Chief Financial Officer until an appointment is made.

The information set out in the paragraphs above has not been reviewed or reported on by the auditors.

On behalf of the board

MA Brey
Chairman

17 May 2018

I Soomra
Interim Chief executive officer

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 148. A gross interim dividend amounting to 112 cents per share, for the six months ended 31 March 2018, was declared on Thursday, 17 May 2018, out of current earnings. Where applicable the deduction of dividends withholding tax at a rate of 20% will result in a net dividend amounting to 89.6 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 <i>cum</i> dividend	Tuesday, 26 June 2018
Commence trading <i>ex</i> dividend	Wednesday, 27 June 2018
Record date	Friday, 29 June 2018
Dividend payable	Monday, 2 July 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 27 June 2018 and Friday, 29 June 2018, both dates inclusive.

By order of the board

JC Marais

Company secretary

17 May 2018

DIRECTORATE AND STATUTORY INFORMATION

Directors:	MA Brey (chairman), I Soomra* (interim chief executive officer and chief financial officer), ZBM Bassa, PG de Beyer, NP Doyle, GG Fortuin, LL Mac Dougall, S Pather, NV Simamane. (*Executive)
Change to Directors:	FP Kuttel resigned from the Board of Directors effective 13 February 2018
Registered Office:	9th Floor, Oceana House, 25 Jan Smuts Street, Foreshore, Cape Town, 8001
Transfer Secretaries:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107)
Sponsor – South Africa:	The Standard Bank of South Africa Limited
Sponsor – Namibia:	Old Mutual Investment Services (Namibia) Proprietary Limited
Auditors:	Deloitte & Touche
Company Secretary:	JC Marais
JSE share code:	OCE
NSX share code:	OCG
ISIN:	ZAE000025284

