

Interim report and dividend declaration for the six months ended 31 March 2005

The unaudited results of the group for the six months ended 31 March 2005 are set out herein.

This report has been prepared in compliance with South African Statements of Generally Accepted Accounting Practice applicable to interim financial reporting and in accordance with the principles applied in the most recently published annual financial statements.

Comments

Financial results

Headline earnings per share for the six months ended 31 March 2005 decreased by 57% compared to those of the first half of the previous year. Earnings per share for the same period were 73% lower than the previous year as a result of asset impairments, loan provisions and other costs of closure in the Namibian whitefish operations disclosed in abnormal items. Certain of the aforementioned items were added back in the calculation of headline earnings.

Group turnover increased by 7% whilst operating profit before abnormal items declined by 51%. The effective tax rate was negatively impacted by the non tax deductibility of abnormal losses in the Namibian whitefish companies.

Net cash balances increased by R89 million since year end mainly as a result of the reduction in inventories.

An interim dividend of 15.0 cents per share has been declared. (2004: 17.5 cents per share).

Review of operations

Inshore Fishing

Although the total allowable catch (TAC) for 2005 was reduced to 397 000 tons (2004: 457 000 tons) the pilchard biomass in South African waters remains healthy. Pilchard landings to the cannery at St Helena Bay were lower than last year due to

a late start to the season and fish being available only on the south coast. Pilchard fishing in Namibia commenced in April against a provisional TAC of 20 000 tons (2004: final TAC 25 000 tons).

Sales volumes of canned fish on the domestic market under the Lucky Star brand increased appreciably over the previous year although margins were lower as a result of price discounting in a very competitive market. Glenryck UK (acquired on 31 March 2004) performed well and provides an important market for canned fish produced in South Africa and Namibia.

Overall, profitability from canned fish was lower than the same period last year.

The fishmeal operations recorded a loss for the six months mainly due to lower sales volumes and prices. Industrial landings were reasonable and indications are that winter catches will be good.

Export prices for lobster improved on last year, however, realisations in rand terms were lower due to the stronger rand exchange rate. Catches were delayed in the early part of the season due to late moulting of the lobster. This resulted in earnings from lobster being lower than the same period last year. The group expects to land its full lobster quota by the end of the season.

Midwater and Deep-sea Fishing

Selling prices for Namibian horse mackerel were at low levels which, together with

poor fishing in South Africa, resulted in a reduced profit contribution. Trading activity in fish sourced from the North Atlantic resulted in a similar contribution to that of the previous year.

The group's earnings from hake were negatively affected by inconsistent catches, a large proportion of small fish, weak export markets and the strong rand exchange rate.

Market prices for squid remained soft during the period and the business made a significantly lower contribution to profit. Tuna trading recorded a loss. This business has since been restructured and refocused and is expected to return to profitability during the second half of the year.

Cold Storage and Logistics

Average occupancy levels in the cold storage division benefited from increased import activity and profits were substantially higher than those of last year. A meaningful contribution is expected from the Maydon Wharf steri-fruit facility in the second half of the year.

Draft policy for the allocation of long-term commercial fishing rights

The draft policy issued in March contains a number of provisions which in the group's view, if implemented in its current form, would lead to instability in the fishing industry, a loss of employment opportunities, destruction of economic value

and legal challenges. Oceana has submitted its comments on the draft policy to the Department of Environmental Affairs and Tourism and it is expected that the final policy will be announced in May. The application and allocation process for long-term rights is scheduled to be completed by the end of the year.

Directorate

In April Mr DF Behrens resigned as a director and Mr LT Langeni was appointed.

Prospects

Headline earnings for the second half are expected to exceed those of the first half. However, the group does not expect to achieve the same headline earnings per share for the full year as it did in the prior year.

On behalf of the board

DMJ Ncube
Chairman

AB Marshall
Chief executive officer

5 May 2005

Group income statement

Note	Unaudited Six months ended 31 March		%	Audited Year ended 30 Sept	
	2005 R'000	2004 R'000		2004 R'000	2004 R'000
Revenue	1 230 712	1 154 447	7	2 487 502	
Operating profit before abnormal items	54 926	111 219	(51)	221 483	
Abnormal items	(26 863)	633		4 949	
Operating profit	28 063	111 852		226 432	
Dividends received	1	2 976		2 976	
Net interest received	12 435	9 708		16 617	
Profit before taxation	40 499	124 536	(67)	246 025	
Taxation	17 042	42 113	(60)	78 522	
Profit after taxation	23 457	82 423		167 503	
Attributable to outside shareholders in subsidiaries	1 496	1 266		3 123	
Attributable to own shareholders	21 961	81 157	(73)	164 380	
Number of shares in issue (000's)	111 720	109 549		109 976	
Weighted average number of shares on which earnings per share and headline earnings per share are based (000's)	111 467	109 390		109 530	
Adjusted weighted average number of shares on which diluted earnings per share and diluted headline earnings per share are based (000's)	111 663	111 969		111 670	
Earnings per share (cents)					
Basic	19.7	74.2	(73)	150.1	
Diluted	19.5	72.5	(73)	147.2	
Headline earnings per share (cents)					
Basic	31.0	72.2	(57)	143.8	
Diluted	30.7	70.6	(57)	141.1	
Dividends per share (cents)	15.0	17.5	(14)	76.5	

	2005 R'000	2004 R'000	2004 R'000
DETERMINATION OF HEADLINE EARNINGS			
Attributable to own shareholders	21 961	81 157	164 380
Adjusted for:			
Impairment loss on property, plant and equipment in Namibian whitefish business	5 580	160	160
Loan provision, staff retrenchment and other closure costs in Namibian whitefish business	10 115	–	–
Surplus on disposal of property, plant and equipment	(2 002)	(2 288)	(6 567)
Profit on change of interest in subsidiary/joint ventures	(1 125)	–	(416)
Headline earnings for the period	34 529	79 029	157 557

Group balance sheet

	Unaudited 31 March		Audited 30 Sept	
	2005 R'000	2004 R'000	2004 R'000	2004 R'000
Assets				
Non-current assets	415 268	462 233	460 496	
Property, plant and equipment	293 159	309 550	310 389	
Goodwill	18 219	19 279	18 581	
Fishing rights, trademarks	36 195	38 191	35 397	
Deferred taxation	17 424	17 414	20 990	
Investments and loans	50 271	77 799	75 139	
Current assets	901 136	856 070	1 011 406	
Inventories	216 815	280 368	309 288	
Accounts receivable	454 066	466 409	502 380	
Cash and cash equivalents	230 255	109 293	199 738	
Total assets	1 316 404	1 318 303	1 471 902	
Equity and liabilities				
Capital and reserves	815 753	791 029	848 613	
Share capital and premium	53 202	39 752	41 396	
Non-distributable reserves	12 009	21 138	12 930	
Distributable reserves	750 542	730 139	794 287	
Interest of outside shareholders	15 645	13 104	14 577	
Non-current liabilities				
Deferred taxation	20 809	12 708	24 287	
Current liabilities	464 197	501 462	584 425	
Bank overdraft	23 248	44 137	82 283	
Accounts payable and provisions	440 949	457 325	502 142	
Total equity and liabilities	1 316 404	1 318 303	1 471 902	
Net asset value per ordinary share (cents)	730	722	772	
Total liabilities excluding deferred taxation : Total shareholders' funds (%)	56	62	68	
Total borrowings : Total shareholders' funds (%)	3	5	10	

Group cash flow statement

	Unaudited Six months ended 31 March		Audited Year ended 30 Sept	
	2005 R'000	2004 R'000	2004 R'000	2004 R'000
Cash flows from operating activities				
Operating profit	54 926	111 219	221 483	
Adjustment for non-cash items	25 515	25 676	57 822	
Cash operating profit before working capital changes	80 441	136 895	279 305	
Working capital changes	77 350	(34 654)	(55 860)	
Cash generated from operations	157 791	102 241	223 445	
Interest and dividends received	12 771	14 574	23 876	
Interest paid	(335)	(1 890)	(4 283)	
Taxation paid	(22 222)	(65 332)	(104 766)	
Dividends paid	(66 707)	(67 224)	(86 464)	
Net cash inflow/(outflow) from operating activities	81 298	(17 631)	51 808	
Cash outflow from investing activities	(10 956)	(130 806)	(156 561)	
Net cash inflow/(outflow) before financing activities	70 342	(148 437)	(104 753)	
Net cash flows from financing activities	16 602	6 943	18 459	
Net increase/(decrease) in cash and cash equivalents	86 944	(141 494)	(86 294)	
Cash resulting from acquisition of business	–	2 662	2 662	
Cash and cash equivalents at the beginning of the period	117 455	205 040	205 040	
Effect of exchange rate changes	2 608	(1 052)	(3 953)	
Cash and cash equivalents at the end of the period	207 007	65 156	117 455	

Statement of changes in equity

	Unaudited Six months ended 31 March		Audited Year ended 30 Sept	
	2005 R'000	2004 R'000	2004 R'000	2004 R'000
Balance at the beginning of the period	848 613	768 863	768 863	
Shares issued	11 881	6 899	8 630	
Increase in treasury shares held by share trust	(75)	(41)	(128)	
Movement on foreign currency translation reserve	(921)	(1 359)	(9 567)	
Net profit for the period	21 961	81 157	164 380	
Profit on sale of treasury shares	189	86	250	
Dividends	(65 895)	(64 576)	(83 815)	
Balance at the end of the period	815 753	791 029	848 613	

Segment report

	Unaudited 31 March		Audited 30 Sept	
	2005 R'000	2004 R'000	2004 R'000	2004 R'000
Revenue				
Inshore Fishing	662 211	579 953	1 240 929	
Midwater and Deep-sea Fishing	503 904	519 187	1 100 298	
Commercial Cold Storage and Logistics	64 597	55 307	146 275	
Total	1 230 712	1 154 447	2 487 502	
Operating profit before abnormal items				
Inshore Fishing	30 037	55 496	130 072	
Midwater and Deep-sea Fishing	7 545	43 786	44 590	
Commercial Cold Storage and Logistics	17 344	11 937	46 821	
Total	54 926	111 219	221 483	
Total assets				
Inshore Fishing	537 600	611 494	606 007	
Midwater and Deep-sea Fishing	299 543	345 108	385 718	
Commercial Cold Storage and Logistics	181 311	157 195	184 310	
Financing	280 526	187 092	274 877	
Total	1 298 980	1 300 889	1 450 912	
Deferred taxation	17 424	17 414	20 990	
Total	1 316 404	1 318 303	1 471 902	
Total liabilities				
Inshore Fishing	261 325	299 257	294 890	
Midwater and Deep-sea Fishing	98 216	84 773	117 850	
Commercial Cold Storage and Logistics	81 408	73 295	89 402	
Financing	23 248	44 137	82 283	
Total	464 197	501 462	584 425	
Deferred taxation	20 809	12 708	24 287	
Total	485 006	514 170	608 712	

Notes

	Unaudited 31 March		Audited 30 Sept	
	2005 R'000	2004 R'000	2004 R'000	2004 R'000
1. Change in accounting policy				
Since September 2004 revenue is disclosed after deducting normal rebates and discounts, whereas the gross amount was previously shown. The effect of this change is set out below:				
Revenue as previously reported			1 190 926	
Less: Discounts and rebates			36 479	
As restated			1 154 447	
2. Abnormal items				
Impairment loss on property, plant and equipment in Namibian whitefish business	(5 580)	–	–	
Provision for loans, staff retrenchment and other closure costs in Namibian whitefish business	(24 682)	–	–	
Surplus on disposal of property, plant and equipment	2 075	633	5 072	
Profit/(loss) on change of interest in subsidiary/joint ventures	1 324	–	(123)	
Abnormal (loss)/profit before taxation	(26 863)	633	4 949	
Taxation	(199)	–	(88)	
Abnormal (loss)/profit attributable to own shareholders	(27 062)	633	4 861	
3. Dividends				
Dividend declared after reporting date	16 758	19 171	64 886	
4. Supplementary information				
Cost of sales	888 290	786 857	1 704 794	
Depreciation	26 375	26 670	58 036	
Amortisation of goodwill and other intangibles	–	617	1 190	
Operating lease charges	8 470	4 800	15 669	
Foreign exchange profit	(271)	(392)	(5 488)	
Capital expenditure	17 957	58 362	93 300	
Expansion	2 510	39 202	57 144	
Replacement	15 447	19 160	36 156	
Capital commitments	46 375	52 764	70 908	
Contracted	13 532	24 516	2 246	
Approved	32 843	28 248	68 662	
Contingent liabilities	–	1 489	–	

Dividend declaration

Notice is hereby given that an interim dividend No. 123 of 15.0 cents per share, in respect of the year ending 30 September 2005, was declared on Thursday 5 May 2005. Relevant dates are as follows:

Last day to trade cum dividend	– Friday 24 June 2005
Commence trading ex dividend	– Monday 27 June 2005
Record date	– Friday 1 July 2005
Dividend payable	– Monday 4 July 2005

Share certificates may not be dematerialised or rematerialised between Monday 27 June 2005 and Friday 1 July 2005, both dates inclusive.

By order of the board

JD Cole

Secretary

5 May 2005