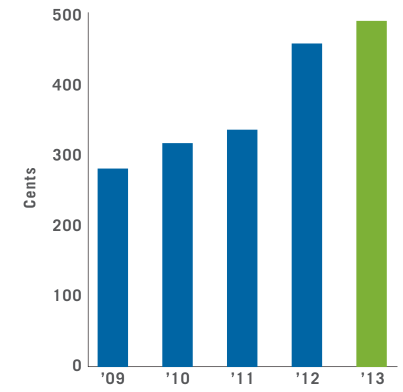
OCEANA GROUP

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

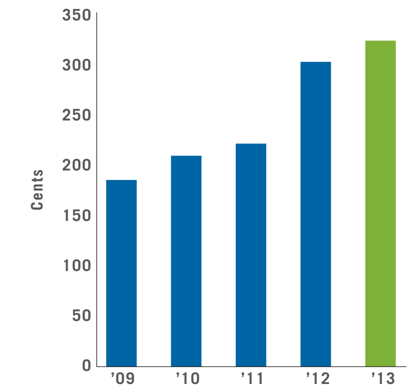
Audited preliminary GROUP RESULTS

and dividend declaration for the year ended 30 September 2013

HEADLINE EARNINGS PER SHARE INCREASE BY 7%



DIVIDENDS PER SHARE INCREASE BY 7%



PRELIMINARY SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Audited year ended 30 Sept 2013 R'000	Audited year ended 30 Sept 2012 R'000	Change %
Revenue		4 997 354	4 647 951	8
Cost of sales		3 049 222	2 875 765	6
Gross profit		1 948 132	1 772 186	10
Sales and distribution expenditure		491 756	428 870	15
Marketing expenditure		63 503	51 323	24
Overhead expenditure		687 622	599 363	15
Net foreign exchange gain		(43 428)	(18 395)	
Operating profit before abnormal items		748 679	711 025	5
Abnormal items	3		(47 955)	
Operating profit		748 679	663 070	13
Investment income		16 330	36 279	(55)
Interest paid		(10 282)	(3 108)	
Profit before taxation		754 727	696 241	8
Taxation		230 337	232 315	(1)
Profit after taxation		524 390	463 926	13
Other comprehensive income				
Items that may be re-classified subsequently to profit or loss				
Movement on foreign currency translation reserve		6 228	1 826	
Movement on cash flow hedging reserve		8 788	(1 522)	
Other comprehensive income, net of taxation		15 016	304	
Total comprehensive income for the year		539 406	464 230	16
Profit after taxation attributable to:				
Shareholders of Oceana Group Limited		491 016	443 790	11
Non-controlling interests		33 374	20 136	66
		524 390	463 926	13
Total comprehensive income attributable to:				
Shareholders of Oceana Group Limited		506 032	444 094	14
Non-controlling interests		33 374	20 136	66
		539 406	464 230	16
Weighted average number of shares on which earnings per share is based (000's)	7	100 302	100 100	
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)		110 402	108 659	
Earnings per share (cents)				
Basic		489,5	443,3	10
Diluted		444,8	408,4	9
Dividends per share (cents)		322,0	301,0	7
Headline earnings per share (cents)	4			
Basic		487,9	455,7	7
Diluted		443,2	419,8	6

PRELIMINARY SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited year ended 30 Sept 2013 R'000	Audited year ended 30 Sept 2012 R'000
Balance at the beginning of the year	1 633 242	1 399 351
Total comprehensive income for the year	539 406	464 230
Profit after taxation	524 390	463 926
Movement on foreign currency translation reserve	6 228	1 826
Movement on cash flow hedging reserve	8 788	(1 522)
Shares issued	1 365	3 524
Movement in treasury shares held by share trusts	1 713	875
Recognition of share-based payments	2 211	7 614
Loss on sale of treasury shares	(470)	(130)
Acquisition of additional shares in subsidiary	(7 158)	
Dividends paid	(380 934)	(242 222)
Balance at the end of the year	1 789 375	1 633 242
Comprising:		
Share capital and premium	33 770	30 692
Foreign currency translation reserve	5 507	(721)
Capital redemption reserve	130	130
Cash flow hedging reserve	9 188	400
Share-based payment reserve	59 337	57 144
Distributable reserves	1 620 682	1 496 895
Non-controlling interests	60 761	48 702
Balance at the end of the year	1 789 375	1 633 242

PRELIMINARY SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Audited year ended 30 Sept 2013 R'000	Audited year ended 30 Sept 2012 R'000
Cash flows from operating activities			
Operating profit before abnormal items		748 679	711 025
Adjustment for non-cash and other items		149 943	102 832
Cash operating profit before working capital changes		898 622	813 857
Working capital changes		(473 865)	(357 295)
Cash generated from operations		424 757	456 562
Investment income received		7 317	25 312
Interest paid		(10 282)	(3 108)
Taxation paid		(320 209)	(242 588)
Dividends paid		(380 934)	(242 222)
Cash outflow from operating activities		(279 351)	(6 044)
Cash outflow from investing activities		(135 719)	(153 331)
Capital expenditure		(132 908)	(69 746)
Proceeds on disposal of property, plant, equipment and fishing right		6 218	1 536
Acquisition of businesses	8	(10 450)	(105 296)
Acquisition of additional shares in subsidiary		(7 158)	
Acquisition of fishing rights		(26 695)	(1 296)
Repayment received on preference shares		39 377	11 949
Net movement on loans and advances		(5 848)	9 718
Loss of control over subsidiary	9	3 490	
Acquisition of joint venture	9	(1 745)	
Acquisition of investment			(196)
Cash inflow from financing activities		11 797	7 987
Proceeds from issue of share capital		2 608	4 270
Short-term borrowings raised		9 189	3 717
Net decrease in cash and cash equivalents		(403 273)	(151 388)
Cash and cash equivalents at the beginning of the year		231 604	384 544
Effect of exchange rate changes		1 693	(1 552)
Cash and cash equivalents at the end of the year		(169 976)	231 604

PRELIMINARY SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 Sept 2013 R'000	Audited 30 Sept 2012 R'000
Assets		
Non-current assets	725 407	690 615
Property, plant and equipment	473 821	435 850
Goodwill	10 000	10 000
Trademark	8 873	6 229
Fishing rights	83 929	72 409
Deferred taxation	30 360	23 187
Investments and loans	118 424	142 940
Current assets	2 169 999	1 878 113
Inventories	1 277 781	777 979
Accounts receivable	751 327	819 164
Taxation	14 456	4 792
Non-current assets held for sale	2 618	
Cash and cash equivalents	123 817	276 178
Total assets	2 895 406	2 568 728
Equity and liabilities		
Capital and reserves	1 789 375	1 633 242
Share capital and premium	33 770	30 692
Foreign currency translation reserve	5 507	(721)
Capital redemption reserve	130	130
Cash flow hedging reserve	9 188	400
Share-based payment reserve	59 337	57 144
Distributable reserves	1 620 682	1 496 895
Interest of own shareholders	1 728 614	1 584 540
Non-controlling interests	60 761	48 702
Non-current liabilities	183 688	139 270
Liability for share-based payments	143 891	97 427
Deferred taxation	39 797	41 843
Current liabilities	922 343	796 216
Accounts payable and provisions	628 550	751 642
Bank overdrafts	293 793	44 574
Total equity and liabilities	2 895 406	2 568 728
Number of shares in issue net of treasury shares (000's)	100 416	100 219
Net asset value per ordinary share (cents)	1 721	1 581
Total liabilities excluding deferred taxation: Total equity (%)	60	55
Total borrowings: Total equity (%)	16	3

NOTES

1. Basis of preparation

The preliminary summarised financial statements have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), 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 Listings Requirements of the JSE Limited ("JSE"), the information as required by IAS 34: Interim Financial Reporting and the requirements of the South African Companies Act, 71 of 2008, as amended ("Companies Act"). The report was prepared using accounting policies that comply with IFRS that are consistent with those applied in the financial statements for the year ended 30 September 2012 with the exception of the adoption of IAS 1: Presentation of Financial Statements: Presentation of other Comprehensive Income, and Circular 2/2013: Headline Earnings. The preliminary summarised financial statements were prepared under the supervision of the group financial director, I Soomra CA(SA) and have been audited in compliance with the Companies Act.

The auditors, Deloitte & Touche, have issued their unmodified audit opinion on the consolidated financial statements for the year ended 30 September 2013. The audit was conducted in accordance with International Standards on Auditing.

These preliminary summarised financial statements were derived from the consolidated financial statements, with which they are consistent in all material respects. These preliminary summarised financial statements have been audited by the company's auditors who have issued an unmodified opinion. A copy of the audit report is available for inspection at the company's registered office. The audit report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the company's website or from the registered office of the company.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

	Audited year ended 30 Sept 2013 R'000	Audited year ended 30 Sept 2012 R'000
2. Segmental results		
Revenue		
Canned fish and fishmeal	2 657 106	2 582 636
Horse mackerel and hake	1 639 556	1 435 082
Lobster, squid and French fries	374 372	350 443
Commercial cold storage	326 320	279 790
Total	4 997 354	4 647 951
Operating profit before abnormal items		
Canned fish and fishmeal	219 646	318 941
Horse mackerel and hake	422 906	296 578
Lobster, squid and French fries	23 329	29 538
Commercial cold storage	82 798	65 968
Total	748 679	711 025
Total assets		
Canned fish and fishmeal	1 773 289	1 362 685
Horse mackerel and hake	509 979	427 057
Lobster, squid and French fries	103 930	95 680
Commercial cold storage	235 608	241 002
Financing	242 240	419 117
	2 865 046	2 545 541
Deferred taxation	30 360	23 187
Total	2 895 406	2 568 728
Total liabilities		
Canned fish and fishmeal	467 077	515 752
Horse mackerel and hake	177 684	220 055
Lobster, squid and French fries	43 364	44 808
Commercial cold storage	67 129	60 456
Financing	310 980	52 572
	1 066 234	893 643
Deferred taxation	39 797	41 843
Total	1 106 031	935 486
3. Abnormal items		
Competition Commission administrative penalty		(34 750)
Trademark impairment		(13 205)
Abnormal expenses before and after taxation		(47 955)
4. Determination of headline earnings		
Profit after taxation attributable to shareholders of Oceana Group Limited	491 016	443 790
Adjusted for:		
Trademark impairment		13 205
Net surplus on disposal of property, plant, equipment and fishing right	(2 351)	(1 193)
Total tax effect of adjustments	660	356
Headline earnings for the year	489 325	456 158
5. Dividends		
Estimated dividend declared after reporting date	222 951	256 560
Dividend on shares issued prior to last day to trade		83
Actual dividend declared after reporting date		256 643
6. Supplementary information		
Amortisation	15 175	853
Depreciation	88 444	86 339
Operating lease charges	53 752	39 615
Share-based expenses	154 587	83 197
Cash-settled compensation scheme	152 376	75 583
Oceana Empowerment Trust	2 211	7 614
Capital expenditure	132 908	69 746
Expansion	23 182	2 085
Replacement	109 726	67 661
Budgeted capital commitments	218 529	181 159
Contracted	44 005	21 879
Not contracted	174 524	159 280

	Number of shares '000	Number of shares '000
7. Elimination of treasury shares		
Weighted average number of shares in issue	119 451	119 332
Less: treasury shares held by share trusts	(14 055)	(14 138)
Less: treasury shares held by subsidiary company	(5 094)	(5 094)
Weighted average number of shares on which earnings per share and headline earnings per share are based	100 302	100 100

	Audited year ended 30 Sept 2013 R'000	Audited year ended 30 Sept 2012 R'000
8. Acquisition of businesses		
Property, plant and equipment		(37 400)
Goodwill		(10 000)
Fishing rights		(68 860)
Accounts payable and provisions		514
Contingent purchase consideration	(10 450)	10 450
Cash movement on acquisition of businesses	(10 450)	(105 296)

9. Reduction of interest in subsidiary

With effect from 31 January 2013, the group's interest in Oceana International Limited ("OI") reduced from 100% to 50% through the issue of new shares to an outside party. OI has been proportionately consolidated since the change in shareholding.

10. Events after the reporting date

No events occurred after the reporting date that may have an impact on the group's reported financial position at 30 September 2013.

CASH DIVIDEND DECLARATION

Notice is hereby given of dividend number 140. A gross final dividend amounting to 222,0 cents per share, in respect of the year ended 30 September 2013, was declared on Thursday, 7 November 2013, 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 188,7 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, 3 January 2014
Commence trading ex dividend	Monday, 6 January 2014
Record date	Friday, 10 January 2014
Dividend payable	Monday, 13 January 2014

Share certificates may not be dematerialised or rematerialised between Monday, 6 January 2014 and Friday, 10 January 2014, both dates inclusive.

By order of the board

JC Marais
Company secretary

7 November 2013

COMMENTS

Financial results

Group earnings for the year ended 30 September 2013 reflects the benefit of Oceana's diversified portfolio and continued execution of strategy.

Earnings per share for the year ended 30 September 2013 increased by 10% and headline earnings per share increased by 7% compared to the previous year.

Group revenue improved by 8% to R4,997 million in 2013. This growth was achieved from improvements in each of our four operating segments, led primarily by an increase of 14% in the horse mackerel and hake division. Revenue growth in the second half of the year was affected by the continued constraints felt by South African consumers, resulting in a slowdown in canned fish sales volumes and a significant decline in industrial fish landings.

Overhead expenditure includes a charge to the statement of comprehensive income of R152,4 million compared to R75,6 million in 2012, arising from IFRS 2 share-based expenses. This increase, which is a direct result of the significant improvement in Oceana's share price during the period under review, has had a material impact on the operating profit for the year.

Operating profit before abnormal items increased by 5% compared to the previous year.

Inventory levels increased by 64% in 2013 as a direct result of intentional canned fish stock build in anticipation of continued demand, further impacted by a downturn in domestic canned fish volumes in the second half of the year as a consequence of pressure on consumers. This has adversely impacted stock holding costs and working capital requirements.

A final dividend of 222 cents per share was declared which together with the interim dividend of 100 cents brings the total dividend for the year to 322 cents per share, an increase of 7% on the 2012 total dividend of 301 cents per share.

Review of operations

Canned fish and fishmeal

Canned fish sales volumes of 8,6 million cartons were marginally below 2012 levels of 8,7 million cartons. Strong first half growth was offset by a slowdown in the second half of the year primarily due to destocking by major retailers coupled with a general decline in overall consumption patterns of protein products. Lower than expected sales, together with higher import costs affected by a weaker currency, adversely impacted operating profit and also contributed to the increase in canned fish inventories.

The South African total allowable catch (TAC) for pilchard in 2013 was 90 000 tons (2012: 100 595 tons). Additional pilchard quota was contracted to offset the shortfall in TAC and maintain production volumes at the St Helena Bay cannery. The Namibian pilchard TAC for 2013 was 25 000 tons (2012: 31 000 tons). The full Namibian quota was landed before year-end. This, in addition to improved cannery performance and yields, resulted in an overall increase in local supply during the period.

The South African anchovy TAC for 2013 was 450 000 tons (2012: 472 718 tons). Landings of anchovy and redeye herring were extremely poor during the reporting period, the lowest historically in 50 years, largely due to unfavourable environmental climatic conditions. The lower volumes resulted in higher costs per ton of fishmeal and fish oil produced. Selling prices were higher due to firm international market prices and the weaker rand exchange rate, however this was not sufficient to compensate for lower sales volumes. Consequently, the fishmeal business suffered a loss for the year.

Horse mackerel and hake

The Namibian horse mackerel TAC for 2013 increased to 350 000 tons (2012: 320 000 tons). The Ministry of Fisheries and Marine Resources continued to allocate further quota to new rights holders. This resulted in lower managed quota in Namibia of 87 709 tons (2012: 107 761 tons). Catch rates in Namibia remained good.

In South Africa the precautionary maximum catch limit for directed catch of horse mackerel increased by 10% to 34 650 tons (2012: 31 500 tons). Catch rates in South Africa improved significantly contributing to higher sales volumes.

The resource in both countries remains healthy and well managed.

Horse mackerel prices remained reasonably firm in our major markets with higher prices being achieved for certain sizes. Revenue was further enhanced by a favourable exchange rate. As a result, profit from horse mackerel showed an increase.

Hake quota available to Oceana for deep-sea trawl was improved due to an increase in TAC of 7,8% as well as the acquisition of the Lusitania hake business. This contributed to an increase in sales volumes to 9 396 tons compared to 3 800 tons in 2012.

The successful integration of the businesses in addition to the abovementioned factors resulted in an increase in profitability.

Lobster, squid and French fries

The TAC for west coast lobster remained the same as in 2012 at 2 425 tons and quota available to Oceana for the current season amounted to 327 tons (2012: 327 tons), which was landed in full. 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 higher than the prior year.

Squid catches were lower than those of last year. The effect of lower sales volumes was partly offset by higher prices.

The French fries business incurred a loss due to the effect of poor quality potatoes on production yields.

Commercial cold storage

Revenue increased by 15% due to improved and consistent occupancy levels at most stores, additional capacity secured in the prior year and higher volumes of fruit handled. Revenue growth, coupled with a focus on cost efficiencies, contributed to a material improvement in operating profit.

Prospects

In light of the prevailing economic environment our ability to extract further volume growth in South Africa will remain under pressure. We continue exploring growth opportunities in the rest of Africa.

Operational efficiency and working capital management will remain focus areas. Procurement of canned fish from foreign suppliers, which has a six-month lead time, has been cut-back in order to compensate for current inventory levels. We anticipate that this will have a positive effect on working capital during the second half of the year once the lead time effect has been taken into account.

Foodcorp acquisition

Further to the announcement released on the Stock Exchange News Service of the JSE on 4 June 2013 in respect of Oceana's acquisition of the fishing interests of Foodcorp (Pty) Limited ("Foodcorp"), the Competition Commission has approved the acquisition, subject to certain conditions. One of these conditions is not acceptable to both Oceana and Foodcorp. Accordingly, the parties will file a Request for Consideration with the Competition Tribunal challenging the condition in question. In the interim Oceana and Foodcorp have agreed to extend the sale of business agreement for a further three months to 31 January 2014.

On behalf of the board

MA Brey
Chairman

FP Kuttel
Chief executive officer

7 November 2013

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:** ZAE000025284

SEE www.oceana.co.za FOR MORE DETAILS

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