OCEANA GROUP LIMITED

Incorporated in the Republic of South Africa (Registration number: 1939/001730/06)

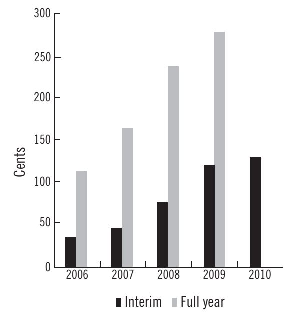
INTERIM REPORT

and dividend declaration

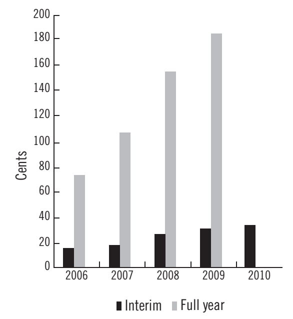
for the six months ended

31 March 2010

HEADLINE EARNINGS PER SHARE INCREASE BY 5%



DIVIDENDS PER SHARE INCREASE BY 6%



CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 31 March 2010 R'000	2009 R'000	Change %	Audited year ended 30 Sept 2009 R'000
Revenue		1 526 401	1 620 760	(6)	3 301 288
Cost of sales		982 961	1 169 169	(16)	2 231 648
Gross profit		543 440	451 591	20	1 069 640
Sales and distribution expenditure		133 361	109 314	22	246 473
Marketing expenditure		15 041	12 077	25	29 641
Overhead expenditure		195 085	180 711	8	377 760
Net foreign exchange loss/(profit)		8 174	(24 622)		4 900
Operating profit before abnormal items		191 779	174 111	10	410 866
Abnormal items	3	(19 239)	3 416		19 329
Operating profit		172 540	177 527	(3)	430 195
Dividends received and accrued		6 846	11 624		18 731
Net interest received		877	3 856		7 230
Profit before taxation		180 263	193 007	(7)	456 156
Taxation		68 646	63 093	9	148 223
Profit after taxation		111 617	129 914	(14)	307 933
Other comprehensive income					
Movement on foreign currency translation reserve		(3 037)	(6 324)		(24 894)
Movement on cash flow hedging reserve		6 485	(3 357)		(7 856)
Other comprehensive income, net of taxation		3 448	(9 681)		(32 750)
Total comprehensive income for the period		115 065	120 233	(4)	275 183
Profit attributable to:					
Shareholders of Oceana Group Limited		106 671	122 504	(13)	292 199
Non-controlling interest		4 946	7 410	(33)	15 734
		111 617	129 914	(14)	307 933
Total comprehensive income attributable to:					
Shareholders of Oceana Group Limited		110 119	112 823	(2)	259 449
Non-controlling interest		4 946	7 410	(33)	15 734
		115 065	120 233	(4)	275 183
Weighted average number of shares on which earnings per share is based (000's)	7	99 578	98 998		99 041
Adjusted weighted average number of shares on which diluted earnings per share is based (000's)		104 981	101 527		101 950
Earnings per share (cents)					
Basic		107.1	123.7	(13)	295.0
Diluted		101.6	120.7	(16)	286.6
Dividends per share (cents)		33.0	31.0	6	184.0
Headline earnings per share (cents)					
Basic		126.4	120.8	5	279.4
Diluted		119.9	117.8	2	271.5

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 March 2010 R'000	2009 R'000	Audited year ended 30 Sept 2009 R'000
Balance at the beginning of the period	1 125 696	999 558	999 558
Shares issued	6 428	11 294	12 979
Decrease in treasury shares held by share trusts	99	992	1 187
Movement on foreign currency translation reserve	(3 037)	(6 324)	(24 894)
Movement on cash flow hedging reserve	6 485	(3 357)	(7 856)
Recognition of share-based payments	2 705	3 920	7 466
Profit after taxation	111 617	129 914	307 933
(Loss)/profit on sale of treasury shares	(3)		307
Dividends declared	(160 953)	(135 429)	(170 984)
Balance at the end of the period	1 089 037	1 000 568	1 125 696
Comprising:			
Share capital and premium	23 065	14 656	16 536
Foreign currency translation reserve	(5 555)	16 052	(2 518)
Capital redemption reserve	130	130	130
Cash flow hedging reserve	(1 371)	(3 357)	(7 856)
Share-based payment reserve	34 696	28 502	32 015
Distributable reserves	1 007 928	914 449	1 053 395
Non-controlling interest	30 144	30 136	33 994
Total	1 089 037	1 000 568	1 125 696

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2010 R'000	2009 R'000	Audited 30 Sept 2009 R'000
Assets			
Non-current assets	515 643	524 188	534 276
Property, plant and equipment	344 206	342 225	352 170
Goodwill		21 720	18 774
Trademark	16 286	20 064	17 343
Deferred taxation	7 694	6 577	5 878
Investments and loans	147 457	133 602	140 111
Current assets	1 181 426	1 060 673	1 188 010
Inventories	587 666	491 667	589 814
Accounts receivable	504 747	467 928	408 793
Cash and cash equivalents	89 013	101 078	189 403
Total assets	1 697 069	1 584 861	1 722 286
Equity and liabilities			
Equity			
Share capital and premium	23 065	14 656	16 536
Foreign currency translation reserve	(5 555)	16 052	(2 518)
Capital redemption reserve	130	130	130
Cash flow hedging reserve	(1 371)	(3 357)	(7 856)
Share-based payment reserve	34 696	28 502	32 015
Distributable reserves	1 007 928	914 449	1 053 395
Interest of own shareholders	1 058 893	970 432	1 091 702
Non-controlling interest	30 144	30 136	33 994
Total equity	1 089 037	1 000 568	1 125 696
Non-current liabilities	81 969	60 264	76 291
Liability for share-based payments	30 445	18 227	26 462
Deferred taxation	51 524	42 037	49 829
Current liabilities	526 063	524 029	520 299
Accounts payable and provisions	444 531	443 670	499 866
Bank overdrafts	81 532	80 359	20 433
Total equity and liabilities	1 697 069	1 584 861	1 722 286
Number of shares in issue net of treasury shares (000's)	99 687	99 150	99 269
Net asset value per ordinary share (cents)	1 062	979	1 100
Total liabilities excluding deferred taxation: Total equity (%)	51	54	49
Total borrowings: Total equity (%)	7	8	2

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 March 2010 R'000	2009 R'000	Audited year ended 30 Sept 2009 R'000
Cash flows from operating activities			
Operating profit before abnormal items	191 779	174 111	410 866
Adjustment for non-cash and other items	41 193	37 110	89 659
Cash operating profit before working capital changes	232 972	211 221	500 525
Working capital changes	(168 028)	(196 574)	(206 875)
Cash generated from operations	64 944	14 647	293 650
Interest and dividends received	3 826	11 363	16 509
Interest paid	(2 611)	(4 157)	(5 600)
Taxation paid	(50 340)	(68 689)	(138 822)
Dividends paid	(160 953)	(133 925)	(170 984)
Cash outflow from operating activities	(145 134)	(180 761)	(5 247)
Cash outflow from investing activities	(27 299)	(28 632)	(62 429)
Capital expenditure	(27 765)	(38 792)	(91 138)
Proceeds on disposal of property, plant and equipment	1 304	814	10 275
Net movement on loans and advances	(838)	5 930	14 221
Cash related abnormal items		3 416	4 213
Cash inflow from financing activities	10 933	16 545	15 670
Proceeds from issue of share capital	6 527	12 286	14 472
Short-term borrowings raised	4 406	4 259	1 198
Net decrease in cash and cash equivalents	(161 500)	(192 848)	(52 006)
Cash and cash equivalents at the beginning of the period	168 970	218 133	218 133
Effect of exchange rate changes	11	(4 566)	2 843
Cash and cash equivalents at the end of the period	7 481	20 719	168 970

CONDENSED GROUP SEGMENTAL REPORT

	Unaudited six months ended 31 March 2010 R'000	2009 R'000	Audited year ended 30 Sept 2009 R'000
Revenue			
Inshore fishing	999 981	983 895	2 142 497
Midwater and deep-sea fishing	428 958	555 533	948 267
Commercial cold storage	97 462	81 332	210 524
Total	1 526 401	1 620 760	3 301 288
Operating profit before abnormal items			
Inshore fishing	67 790	58 838	165 451
Midwater and deep-sea fishing	99 893	96 473	177 681
Commercial cold storage	24 096	18 800	67 734
Total	191 779	174 111	410 866
Total assets			
Inshore fishing	1 042 554	809 616	926 830
Midwater and deep-sea fishing	233 878	357 172	286 029
Commercial cold storage	176 472	176 816	174 035
Financing	236 471	234 680	329 514
	1 689 375	1 578 284	1 716 408
Deferred taxation	7 694	6 577	5 878
Total	1 697 069	1 584 861	1 722 286
Total liabilities			
Inshore fishing	302 193	245 025	351 170
Midwater and deep-sea fishing	123 731	177 575	128 385
Commercial cold storage	42 311	33 900	44 437
Financing	88 273	85 756	22 769
	556 508	542 256	546 761
Deferred taxation	51 524	42 037	49 829
Total	608 032	584 293	596 590

NOTES

1. The unaudited results of the group for the six months ended 31 March 2010 have been prepared in compliance with International Financial Reporting Standards (IFRS) applicable to Interim Financial Reporting (IAS 34) and in accordance with the principles applied in the most recently published annual financial statements, except as described in note 2.
2. During the period, the group adopted IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments.

   The principal effects of the changes required by IAS 1 were as follows:
   - The condensed group income statement is now the condensed group statement of comprehensive income.
   - All non-owner changes in equity are now presented in other comprehensive income in the condensed group statement of comprehensive income.
   - The condensed group balance sheet is now the condensed group statement of financial position.
   - The condensed group cash flow is now the condensed group statement of cash flows.

   The adoption of IFRS 8 had no effect on the presentation of the current and prior period results.

	Unaudited six months ended 31 March 2010 R'000	2009 R'000	Audited year ended 30 Sept 2009 R'000
3. Abnormal items			
Goodwill impairment	(19 279)		
Net surplus on disposal of property	40		8 474
Reversal of provision for loans in Namibian whitefish business		3 416	7 422
Profit on disposal of investment			1 413
Reversal of provision for irrecoverable loans			600
Insurance proceeds			2 799
Impairment charge on vessels and equipment			(713)
Utilisation of pension fund surplus			(666)
Abnormal (loss)/profit before taxation	(19 239)	3 416	19 329
Taxation		(1 196)	(2 312)
Abnormal (loss)/profit after taxation	(19 239)	2 220	17 017
4. Determination of headline earnings			
Profit after taxation attributable to own shareholders	106 671	122 504	292 199
Adjusted for:			
Goodwill impairment	19 279		
Net surplus on disposal of property, plant and equipment	(86)	(705)	(9 954)
Reversal of provision for loans in Namibian whitefish business		(2 220)	(7 422)
Profit on disposal of investment			(1 413)
Impairment charge on vessels and equipment			713
Total tax effect of adjustments	13		2 641
Headline earnings for the period	125 877	119 579	276 764
5. Dividends			
Estimated dividend declared after reporting date	32 897	30 737	151 881
Dividend on shares issued prior to last day to trade		318	254
Actual dividend declared after reporting date		31 055	152 135
6. Supplementary information			
Depreciation	34 294	30 688	72 035
Operating lease charges	10 825	9 223	24 239
Capital expenditure	27 765	38 792	91 138
Expansion		16 901	19 618
Replacement	27 765	21 891	71 520
Budgeted capital commitments	118 208	74 847	105 264
Contracted	66 533	4 396	9 449
Not contracted	51 675	70 451	95 815

	Number of shares '000	Number of shares '000	Number of shares '000
7. Elimination of treasury shares			
Weighted average number of shares in issue	118 894	118 345	118 386
Less: treasury shares held by share trusts	(14 222)	(14 253)	(14 251)
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 is based	99 578	98 998	99 041

COMMENTS

Financial results

Operating profit before abnormal items increased by 10% compared with the first half of the previous year due to improved results from each of the three segments. Abnormal items primarily comprise an impairment expense relating to goodwill which arose on acquisition of the Glenryck UK business in 2004. Investment income was lower than last year mainly as a consequence of increased inventory of imported canned fish to meet market requirements.

Headline earnings per share for the six months rose by 5%.

An interim dividend of 33 cents per share has been declared (2009: 31 cents per share).

Review of operations

Inshore fishing

The 2010 Total Allowable Catch (TAC) for pilchard in South Africa is 90 000 tons (2009: 90 000 tons). Pilchard landings and processing yields at the St Helena Bay cannery were good. The Namibian pilchard TAC is 25 000 tons (2009: 17 000 tons). Fishing commenced in May and similar landings to last season are expected at Etosha in Walvis Bay despite the increased TAC. Overall production at Etosha is, however, expected to be higher for the year due to the canning of frozen fish from Morocco.

Canned fish sales volumes increased due to a more robust supply chain with imported product continuing to supplement local supplies. Margins showed some improvement and Lucky Star's market share recovered further as a result of the higher sales.

Market conditions at Glenryck in the United Kingdom were extremely difficult with margins under pressure due to pound weakness and competitor activity.

Overall, profit from canned fish operations was above that of the same period last year.

Fishmeal turnover declined due to lower volumes mainly as a result of low opening stock and poor landings at the end of last season. The lack of volume together with high maintenance costs incurred during the annual shutdown period resulted in a loss at the half year. The initial anchovy A season TAC for 2010 is 303 183 tons (final A season TAC for 2009: 449 437 tons). Current season landings of anchovy and redeye herring to the group's fishmeal plants are higher than in the same period last year and the expectation is that this will continue into the winter. Fishmeal selling prices increased substantially in recent months due to concerns of an international market shortage, the benefits of which should be seen in the second half.

The TAC for west coast lobster increased to 2 393 tons (2009: 2 340 tons). All commercial rights holders were allocated the same quota as the prior year which for Oceana was 348 tons. The additional 53 tons were allocated to subsistence fishermen. Catch rates were substantially better than last year which resulted in lower catching costs per unit. At 31 March 2010, 53% of Oceana's quotas had been landed compared to 28% at the same time last year. Selling prices were higher in foreign currency but lower in rand terms. Profits from lobster increased due to higher sales volumes and lower unit costs.

After a strong start to the season squid catches declined somewhat but nevertheless were better than the comparative period which had been affected by an industry-wide strike by fishermen. Despite selling prices in the European markets remaining under pressure the business returned to profitability.

The purchase cost of potatoes at the French fries business increased substantially during the first quarter of the financial year due to major crop failures in the growing areas. This impacted on volumes which declined as a result of lower production and competitive imported product resulting in a decline in profit for the six months.

Midwater and deep-sea fishing

The Namibian horse mackerel TAC increased to 247 000 tons (2009: 243 000 tons). Catch rates in Namibia were very good with no production lost through vessel dry-dock refits. In South Africa the Maximum Precautionary Catch limit remained at 31 500 tons. Oceana's vessel experienced less favourable fishing conditions than in the prior year resulting in lower catches. Vessel operating costs in both Namibia and South Africa were lower due to reduced fuel and maintenance costs. Selling prices were generally higher in US dollar terms but lower on conversion to rand compared to the first half of last year. Horse mackerel trading volumes out of Mauritania and the South Pacific were significantly lower. Overall, profit from horse mackerel was slightly up on the comparative period.

Hake made a loss for the period as a result of low selling prices, the firm rand exchange rate and costs associated with a breakdown on one of the vessels.

Cold storage

Revenue increased due to higher frozen capacity in the division and a higher overall occupancy rate driven mainly by the facilities at City Deep and Epping. The number of pallets handled also increased. Further expansion of the City Deep facility is currently under construction. Operating profit for the six months improved.

Prospects

Fishing conditions in the southern African region are expected to remain reasonably stable. Our South African, other African and Asian markets are anticipated to show growth while our European export markets have yet to recover to levels experienced before the global economic crisis.

MA Brey
Chairman

FP Kuttel
Chief executive officer

6 May 2010

DIVIDEND DECLARATION

Notice is hereby given that an interim dividend number 133 of 33 cents per share, in respect of the year ended 30 September 2010, was declared on Thursday, 6 May 2010. Relevant dates are as follows:

Last day to trade cum dividend	– Friday, 25 June 2010
Commence trading ex dividend	– Monday, 28 June 2010
Record date	– Friday, 2 July 2010
Dividend payable	– Monday, 5 July 2010

Share certificates may not be dematerialised or re-materialised between Monday, 28 June 2010 and Friday, 2 July 2010, both dates inclusive.

By order of the board

M Allie
Company secretary

6 May 2010

Directors: MA Brey (chairman), RA Williams (vice chairman), FP Kuttel* (chief executive officer), PG de Beyer, ABA Conrad*, M Fleming, PB Matlare, RG Nicol*, S Pather, NV Simamane, TJ Tapela (* executive)
Registered Office: 16th Floor Metropolitan Centre, 7 Coen Steytler Avenue, Cape Town 8001 • **Transfer Secretaries:** Computershare Investor Services (Pty) 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) (Pty) Limited • **Company Secretary:** M Allie

JSE Share Code: OCE **NSX Share Code:** OCG **ISIN Number:** ZAE000025284

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